

## **ABSTRACT**

*The dividend policy of a company has an important impact for many parties involved in the community. The dividend policy is an inseparable part of the company's funding decision because basically the dividend policy is the determination of how much of a portion of the profit will be given to shareholders. If arrested will be made as reained earnings and if dividend will be paid all the profit reserve interest will be neglected. However, if the profits will be retained all the interests of shareholders will be cash money also neglected. Therefore, an optimal dividend policy is required to safeguard both interests.*

*For the shareholders or investors dividend policy is often considered important because it tends to attract more attention, because the dividends obtained is one form of a reflection of the certainty of the value obtained on paid capital. In addition, dividend policy is often used as an indicator for investors in assessing the good of a company and a source of funding for investors. Meanwhile, for dividend management is cash outflow which reduces the company's cash. Therefore, there is often a difference between the interests of shareholders and management companies. In this regard, it is necessary to test to know the factors influencing dividend policy.*

*This study is an empirical study to determine the effect of Current Ratio, Debt to Equity Ratio, profitability and firm size to dividend policy measured by Dividend Payout Ratio. The sample technique used is purposive sampling. The data used in this study were obtained from the financial statements. Population in this research is manufacturing company of Food and Beverage subsector which listed in Bursa Efek Indonesia (BEI) year 2013-2016. Data analysis method in this research is panel data regression by using Software Eviews 9.0.*

*Based on the results of data testing shows that simultaneously Current Ratio, Debt to Equity Ratio, profitability and firm size have a significant effect on Dividend Policy. While partially Current Ratio have positive influence to dividend policy, Debt to Equity Ratio have positive effect to Dividend Policy, Profitability has no significant effect to Dividend Policy and Company Size negatively affect Dividend Policy.*

*Based on the results of this study, the company is expected to be more concerned in making decisions on dividend policy to shareholders by considering Current Ratio. Due to the high Current Ratio affect the Dividend Policy.*

**Keywords:** *Current Ratio, Debt to Equity Ratio, Profitability, Dividend Policy*