

ABSTRACT

Dividend policy is a decision made by a company related to the distribution of profits to shareholders. Making the right dividend policy is important thing to do to avoid the conflict of interest. One that the company must prosper it to their shareholders, while the other hand the company must always support for its growth. The growth of market capitalization of Indonesia Sharia compliant stock has risen until now, where this becomes another favorable market for investors. Therefore it is interesting to find out what factors that will affect the dividend policy inside the company listed in Indonesia Sharia Stocks.

This study aims to determine the factors that can affect a company's dividend policy which is listed in Indonesia Sharia Stock Index (ISSI). The sample used in this study is companies that are consistently listed on the ISSI during the period between 2011 and 2018. The method used in this study is panel data analysis. Dividend policy will be measured using the dividend payout ratio as dependent variable. While the independent variable used consists of firm size, financial leverage, growth opportunity, profitability, past dividends, liquidity, free cash flow, and the state of the economy. The results of this study reveal that firm size, current profit, and past dividend have a positive effect on dividend policy and have a significant negative effect on growth opportunity, future profit, and state of the economy. While, financial leverage, liquidity, and free cash flow do not effect the dividend policy.

Keyword: *Dividend Policy, Firm Size, Growth Opportunity, Financial Leverage, Indonesian Sharia Stock Indeks*