ABSTRACT

Dividend policy is the decision to share profits earned by a company with shareholders in the form of dividends or retained in the form of retained earnings to be used as investment financing in the future. Dividend policy also provides information about a company's performance.

The purpose of this study is to determine the factors that influence dividend policy. The purpose of this study was to determine the effect of variables that influence Dividend Policy. The variables studied were free cash flow, collateralizable assets and Investment Opportunity Set. the population in this study is the food and beverage sub-sector companies listed on the Stock Exchange in the 2013-2018 period.

The sampling technique used was purposive sampling. The samples obtained were 6 out of 18 companies studied for 6 years and the total sample used was 36. The data analysis method used was multiple linear regression analysis using Microsoft Excel 2019 software and SPSS 25.

The results of this study indicate that simultaneous variables of free cash flow, collateralizable assets and investment opportunity sets influence dividend policy. whereas partially the free cash flow variable has a significant effect on the positive direction of the dividend policy, Collateralizable assets have a significant effect on the negative direction of the dividend policy and the Investment opportunity set has no effect on the dividend policy.

Based on the results of this study, the authors suggest the next researcher to add other variables that are suspected to influence the dividend policy, increase the number of years and other research objects by including the Investment opportunity set variable that has no effect on this study. In addition, the company is expected to be a reference for increasing free cash flow because it can affect the amount of dividends distributed to shareholders.

Keywords   : Free cash flow, collateralizable assets, Investment opportunity set, Dividend Policy