

ABSTRACT

Dividend policy is a financial decision related to the distribution of profits obtained by companies. The principle of dividend policy is about the decision whether the profits earned by the company are better distributed to shareholders in the form of dividends or the profit should be retained in the form of retained earnings.

This study aims to determine the effect of investment opportunity set, sales growth, and debt policies on dividend policy. The population in this study are companies listed in the LQ45 index for the 2015-2018 period.

The technique used in this research is purposive sampling. Samples obtained were 12 companies with a four-year observation period so that in this study 48 data were obtained. Data taken in the form of financial statements sourced from the Indonesia Stock Exchange (IDX). The analysis technique used is multiple linear regression analysis.

The results showed that the variable investment opportunity set, sales growth and debt policy simultaneously influence dividend policy. Partially the investment opportunity set has a positive effect on dividend policy, while sales growth negatively affects dividend policy and debt policy does not affect dividend policy. The results of this study indicate that investment opportunity set and sales growth only affect dividend policy of 0.377 or 37.7% and the rest is explained by other variables outside this study.

Based on the results of the study, the authors want to provide suggestions for future researchers to use other variables that are thought to influence dividend policy. In addition, this research is expected to be a reference for companies in determining decision making regarding dividend policy.

Keywords: *Investment Opportunity Set, Sales Growth, Debt Policy and Dividend Policy.*