

## **ABSTRACT**

*Dividend policy is a decision whether the profits earned by the company at the end of the period will be distributed to shareholders or will be retained as an additional capital for further investment financing. Dividends are distribution of cash or company shares to shareholders in proportion to the ownership of each shareholder. Before dividends are declared, company management must consider the availability of funds before paying dividends to shareholders.*

*Dividends can be in the form of cash or cash, property, scripts or shares. Dividends in the form of cash or cash are the dividends most often used by companies, and are most attractive to investors because of their easy profits.*

*This study aim to determine the variables that affect the company in making decisions regarding dividend policy in food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019. Some of these factors, namely, liquidity, cash flow, and business effectiveness. The data used in this study were obtained from annual financial reports for 2015-2019.*

*The population in this study are food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2015-2019. The sampling technique used purposive sampling in order to obtain 8 samples of companies with 40 total data. The data analysis method used in this research is panel data regression.*

*The results showed that simultaneously the liquidity ratio, cash flow, and business effectiveness had a significant effect on dividend policy. Partially, the liquidity ratio has no effect on dividend policy, cash flow has a positive effect on dividend policy, and business effectiveness has a positive effect on dividend policy.*

*The results of this study are expected to be used as a reference, and information to companies regarding the effect of liquidity, cash flow, and business effectiveness on dividend policy to be taken into consideration in making decisions regarding dividend distribution so that the company can use it optimally.*

**Keywords:** *business effectiveness, cash flow, dividend policy, liquidity*