

ABSTRACT

Dividend policy is the company's decision on the profits earned by the company at the end of the period to be distributed to investors or held for investment in the future. Dividend is a return on investment that is proportional to the ownership of shares from the company to shareholders. Dividends can be paid in the form of cash, property and liquidation. However, the most frequently used dividend distribution is cash dividend.

The purpose of this study was to determine the effect of net income and operating cash flow on dividend policy in processed food sub-sector companies listed on the Indonesia Stock Exchange for the 2016-2020 period simultaneously and partially. The data used in this study were taken from the financial statements of each company for the 2016-2020 period.

This study uses a population of processed food sub-sector companies listed on the Indonesia Stock Exchange for the 2016-2020 period. The technique in selecting the sample is purposive sampling and obtained 35 sample units. The research method used in this research is panel data regression analysis.

The results of the study show that the variables of net income and operating cash flow have a simultaneous effect on dividend policy and are able to explain dividend policy of 72.5% and the remaining 27.5% is explained by other variables. Partially, net income and operating cash flow have no significant effect on dividend policy.

The results of this study are expected to help the management to identify factors that can influence dividend policy decision making and can help investors to determine investment decisions related to dividend policy.

Key Words: Dividend policy, net income, operating cash flow