ABSTRACT

Investment is the commitment of a number of funds or financial resources to do at this time with the purpose of gaining profit in the future. In the context of a stock investment, profit expectations are often called return. Return may be the form of dividends and capital gain (loss). Investors expect that in this case the dividend. Information about the dividend policy is important because the dividend policy is a determining factor for the decision of whether they will invest their money or not. Information about the ups and downs of cash dividends distributed by the company is one of information deemed important enough. This is because the information it contains charge information (information content) with respect to the prospect of benefits to be derived by an enterprise in the future.

Dividend policy is a difficult decision for the company management. Dividend payout on one side will meet the expectations of investors to get a return as a result of the investment, while on one hand the dividend distribution is not expected to threaten the survival of the company. Many factors that affect the company's decision in determining the profits to be distributed as dividends, profitability, liquidity, solvency, etc.

This study aims to prove that the factors which consist of profitability, operating cash flows, current ratio, corporate tax, investment, debt to equity ratio and market to book value affect the dividend payout ratio policy. This research is a causal research study is a research study conducted to establish a causal relationship between two or more variables. This study sampled by purposive sampling with populations in the form of financial statements of companies listed on the Indonesia Stock Exchange 2012-2014.

The results of this study indicate that profitability, operating cash flows, current ratio, corporate tax, have a significant influence on the policy of dividend payout ratio, while investment, debt to equity ratio and market to book value has no significant effect on dividend payout ratio policy.

Keywords: profitability, operating cash flows, current ratio, corporate tax, investment, debt to equity ratio, market to book value, dividend payout ratio