# **ABSTRACT**

Albert Utomo / 36150053/ 2019 / Analysis of the Effect of Company Growth, Profitability Ratio, Solvability Ratio and Liquidity Ratio on Dividend Policy in Manufacturing Companies Listed in Indonesia Stock Exchange in 2015-2017 / Advisor : Sugi Suhartono, S.E., M.Ak.

Dividend policy is a decision in the company that regulates whether the profits obtained by a company will be distributed as dividends to shareholders or will be used as retained earnings to finance the expansion of a company. For investors, dividends are the rate of return on investment returns, but management is considered as a cost that will reduce the profits of a company. Therefore, dividend policy is a very important thing. This study aims to examine factors that influence dividend policies such as company growth, profitability ratios, solvency ratios, and liquidity ratios.

The theory used in this research is Agency theory. Agency Theory explains that shareholders as principals and managers as agents. There is an agency relationship in the form of a contract where one or more people involve other people to do a service on behalf of the principal, as well as giving authority to the agent to make a good decision. In addition to Agency theory, there are dividend policy theories namely Dividend Irrelevance Theory, Bird in the Hand Theory and Tax Differential Theory. Dividend Irrelevance Theory contains that investment decisions, dividend payments do not affect the prosperity of shareholders. Then, the theory of Bird in the Hand Theory that explains the required company profits will increase if the dividend distribution is reduced because investors are more confident about receiving dividends than the increase in capital value that will be generated from retained earnings. Furthermore, the Tax Differential Theory states that because of the tax on dividend profits and capital gains, investors prefer capital gains because taxes in capital gains are lower.

The sample from this study consisted of 105 manufacturing companies which were divided into three sectors, namely the basic industrial sector and chemistry, various industrial sectors, and the consumer goods industry sectors listed on the Indonesia Stock Exchange for the period 2015-2017. The sampling in this study used a purposive method sampling. The analytical method used is multiple regression analysis using SPSS 20 application.

The results of multiple linear regression testing indicate that the company's growth has a sig value. 0.339 with a negative direction, the profitability ratio has a sig value. 0,000 with a positive direction, the solvency ratio has a sig value. 0.010 with a negative direction, and the liquidity ratio has a sig value. 0.085 with negative direction.

The conclusion from the results of the above analysis is not proven that the company's growth has a positive effect on dividend policy, it is evident that profitability ratios have a positive effect on dividend policy, it is evident the solvency ratio has a negative effect on dividend policy, and it is not proven that the liquidity ratio has a positive effect on dividend policy.