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FACTORS AFFECTING DIVIDEND PAYOUT RATIO ON THE COMPANY LISTED IN INDONESIA STOCK EXCHANGE

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ABSTRACT

The purpose of this study is to find out variables affecting the dividend payout ratio by using sample of companies listed on the Indonesia Stock Exchange (IDX). The variables used in this study were free cash flow, asset return, debt to equity ratio, inventory turnover, and sales growth. There was no control variable in this study.

This study used data on companies listed on the Indonesia Stock Exchange during 2014-2018. Data samples were determined by purposive sampling data collection techniques. The data in this study were processed using a panel regression test to determine the effect of independent variables on the dependent variable.

The results of this study concluded that free cash flow had significant positive effect on dividend payout ratios. Debt to equity ratio and sales growth have significant negative effect on dividend payout ratios. Variable return on assets and inventory turnover proved to have no significant effect on dividend payout ratios.

Keywords: Dividend Payout Ratio, Free Cash Flow, Asset Returns, Inventory Turnover, Debt to Equity Ratio, Sales Growth.