

## ABSTRACT

*This research was conducted to find out the effect of profitability, investment opportunity set, and leverage towards the policy of cash dividend with liquidity as moderate variable. The objects of this research were manufacturing companies listed in Indonesia Stock Exchange during the period of 2010-2014. The sample in this study amounted to 156 enterprises selected by using purposive sampling method. The data were analyzed using double linear regression with particular application whose regression contained interaction aspect (moderated regression analysis).*

*The results show that profitability has positive effect and is significant for the policy of cash dividend. Meanwhile, investment opportunity set and leverage ratio have no effect on the policy of cash dividend, liquidity has positive effect and is significant for the policy of cash dividend and liquidity is a moderate variable.*

*Key words: the policy of cash dividend, profitability, investment opportunity set, leverage, liquidity*