

ABSTRACT

This research was conducted to find out the effect of profitability and liquidity towards the policy of cash dividend with free cash flow as moderate variable. The object of his research were manufacturing companies listed in Indonesia Stock Exchange during the period of 2011-2017. The samples were taken using purposive sampling method involving 235 companies. The data were analyzed using Moderated Regression Analysis (MRA) with eviews software.

The results show that profitability has not impact for the policy of cash dividend, liquidity has not impact for the policy of cash dividend and free cash flow can to moderation the impact of profitability toward policy of cash dividend.

Key words: the policy of cash dividend, profitability, liquidity and free cash flow