

## **ABSTRACT**

### **ANALYSIS OF FACTORS WHICH INFLUENTING *DIVIDEND PER SHARE* ON MANUFACTURE COMPANIES LISTED IN INDONESIA STOCK EXCHANGE IN THE PERIOD 2004-2008**

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Dividend policy is a decision to determine the amount of income (earnings) will be distributed to the shareholders and the part that will be held at the company. Generally, the investors would want relatively stable dividends because investor confidence in the company will improved due to the stability of dividend, thereby reducing investor uncertainty in investing their funds into the company. Companies that will pay dividends should also consider the growth and survival of the company. Therefore, companies need the right management in considering the factors that affect dividend policy.

This research examined the effect of current ratio (CR), debt to equity ratio (DER), earnings per share (EPS) and dividend per share on the previous year (DPS<sub>min1</sub>), to the dividend per share (DPS). This study uses a sample of manufacturing company that pays dividend and is registered in the Indonesia Stock Exchange year 2004-2008 which are amounted to 27 companies. The

dependent variable of this study is the dividend per share (DPS) and the independent variables in this study is the current ratio (CR), debt to equity ratio (DER), earnings per share (EPS) and dividend per share on the previous year (DPSmin1).

Partial simulation results show that only two hypotheses are acceptable, which are earnings per share (EPS) with significantly positive effect 0,000 (less than 0.05) and dividend per share on the previous year (DPSmin1) with significantly positive effect 0,000 (less than 0.05), while the current ratio (CR) with significantly negative effect 0.028 (less than 0.05) and debt to equity ratio (DER) with significantly negative effect 0.226 (greater than 0.05). The result simultaneously shows that together, current ratio (CR), debt to equity ratio (DER), earnings per share (EPS), dividend per share on the previous year (DPSmin1) could explain the dividend per share (DPS) which was distributed by companies listed on the Indonesia Stock Exchange 2004-2008 period, which are amount to 80.7% and the remaining 19.3% is explained by other variables not tested in this study

Based on the research, investors can use earnings per share (EPS) and dividend per share on the previous year (DPSmin1) as a consideration factor for predicting the dividend will be distributed by manufacturer companies listed on the Indonesia Stock Exchange.