

**THE IMPACT OF FREE CASH FLOW ON DIVIDEND PAYOUT RATIO
OF MANUFACTURING FIRMS LISTED IN INDONESIA STOCK
EXCHANGE**

THESIS

**Presented as Partial Fulfillment of the Requirements for the Degree of
Sarjana Ekonomi (S1) in Accounting Program
Faculty of Economics Universitas Atma Jaya Yogyakarta**



Compiled by:

Ivana Anggraini Djafar

Student ID: 13 15 20120

**FACULTY OF ECONOMICS
UNIVERSITAS ATMA JAYA YOGYAKARTA**

2017

Thesis

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Compiled by:

Ivana Anggraini Djafar

Student ID: 13 15 20120

Has been read and approved by:

Supervisor



Dewi Ratnaningsih, Dra., MBA., Akt. CA. Yogyakarta, November 10, 2017

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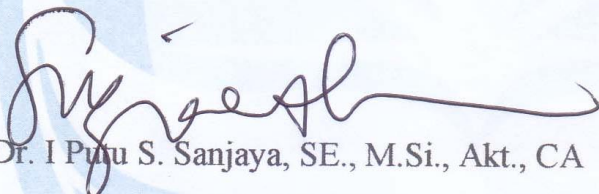
Ivana Anggraini Djafar

Student ID: 13 15 20120

Has been defended and accepted on December 2017, towards fulfillment of the requirements for the degree of Sarjana Ekonomi (S1) International Financial Accounting Program Faculty of Economics Universitas Atma Jaya Yogyakarta

EXAMINATION COMMITTEE

Chairman

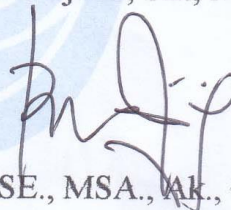


Dr. I Putu S. Sanjaya, SE., M.Si., Akt., CA

Members




MG. Fitria Harjanti, SE., M.Sc



Pratiwi Budiharta, SE., MSA., Ak., CA

Yogyakarta, December 2017

**Dean of the Faculty of Economics
Universitas Atma Jaya Yogyakarta**



Drs. Budi Suprpto, MBA., Ph.D

AUTHENTICITY ACKNOWLEDGMENT

I hereby declare that the thesis with the title:

**THE IMPACT OF FREE CASH FLOW ON DIVIDEND PAYOUT RATIO
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Is really my own thinking and writing, I fully knowledge that my writings does not contain other or parts of others writing, except for those that have been cited and mentioned in the references.

Yogyakarta, November 10th, 2017



Ivana Anggraini Djafar

ACKNOWLEDGEMENTS

1. First and foremost, I would like to praise and thanks to the Lord Jesus Christ for His grace and love for the accomplishment of this thesis.
2. I would like to express my sincere gratitude to my advisor, Bu Dewi, for the guidance, motivation, patience, and immense knowledge through the writing process. Your guidance helped me a lot in completing this thesis.
3. I also want to thank my family: my mother, my father, and my twin sister, for supporting me spiritually throughout my life.
4. My sincere thanks also goes to my classmates, IFAP 2013: Didiw, Odil, Caca, Hening, Arif, Mas Aryo, Eta, Linda, Grace, Lisa, Jean. Jo, Denny, also Kak Maya, your presence are a miracle, and I would not complete this thesis without all of you. Thank you for your friendship and support.
5. For my high school best friends: Eva, Rana, Pepet, Tika, thank you for the longterm friendship, thank you for always being by my side and listen to me everytime I needed you.
6. For my family in Thailand, the teacher and students in Wat Wongkhong School. Thank you for praying for me and supporting me from afar. Thank you for everything you taught me and thank you for making me a better person. Also for the students that always making me smile. I never met such a wonderful and loving person like all of you.

7. For my best friends in Thailand: Fai, Pee and Ghing. I'm so grateful for the sweet friendship and thank you always supporting me and cheer me up everytime I feel exhausted with my thesis.

I realized that this thesis is still far from perfect because of limited knowledge and ability of me. Therefore, constructive criticism and suggestion from readers is desirable.

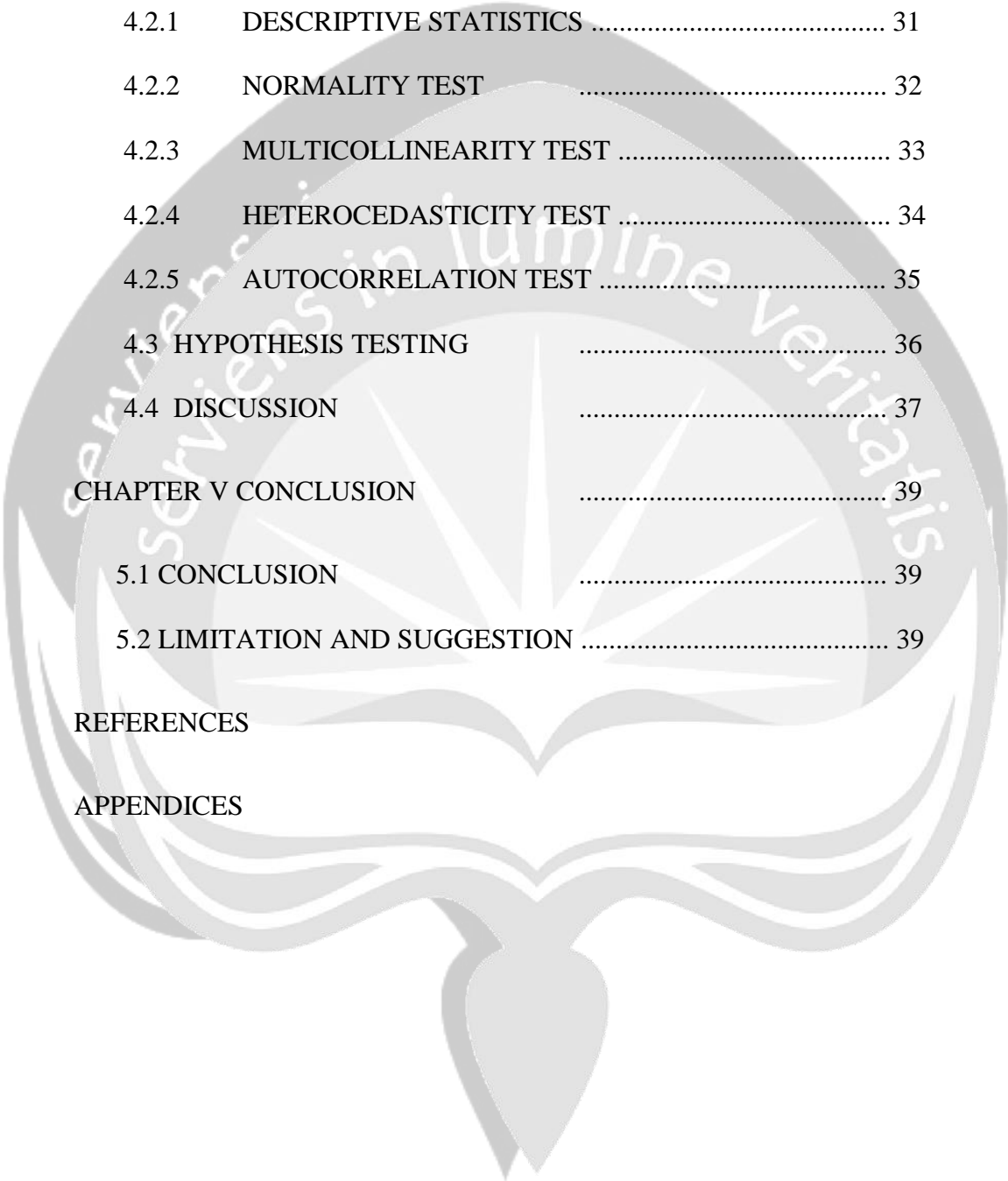
Signed

Ivana Anggraini Djafar

TABLE OF CONTENTS

TITLE PAGE	.....	i
SUPERVISOR APPROVAL	.....	ii
THESIS APPROVAL	.....	iii
AUTHENTICITY ACKNOWLEDGEMENT	.....	iv
ACKNOWLEDGEMENT	.....	v
TABLE OF CONTENTS	.....	vii
LIST OF TABLES	.....	x
LIST OF PICTURE	.....	xi
LIST OF APPENDICES	.....	xii
ABSTRACT	.....	xiii
CHAPTER I INTRODUCTION	.....	1
1.1 BACKGROUND	.....	1
1.2 RESEARCH PROBLEM	.....	5
1.3 THE OBJECTIVE OF RESEARCH	.....	5
1.4 THE CONTRIBUTION OF RESEARCH	.....	6
1.5 WRITING STRUCTURE	.....	6
CHAPTER II LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT	.....	8

2.1 AGENCY THEORY	8
2.2 FREE CASH FLOW	9
2.2.1 THE USE OF FREE CASH FLOW	10
2.3 DIVIDEND POLICY	11
2.3.1 THEORY OF DIVIDEND POLICY	12
2.3.2 TYPES OF DIVIDEND POLICY	13
2.4 DIVIDEND PAYOUT RATIO	14
2.5 PREVIOUS RESEARCH	15
2.6 HYPOTHESIS DEVELOPMENT	18
CHAPTER III RESEARCH METHODOLOGY	22
3.1 TYPES OF RESEARCH	22
3.2 POPULATION AND SAMPLE	22
3.3 DATA COLLECTION METHOD	23
3.4 OPERATION DEFINITION AND MEASUREMENT OF RESEARCH VARIABLES	23
3.4.1 DEPENDENT VARIABLE	23
3.4.2 INDEPENDENT VARIABLE	24
3.4.3 CONTROL VARIABLE	25
3.5 RESEARCH MODEL	26
3.6 CLASSICAL ASSUMPTION TEST	26
3.7 HYPOTHESIS TESTING	28
CHAPTER IV DATA ANALYSIS AND DISCUSSION	30



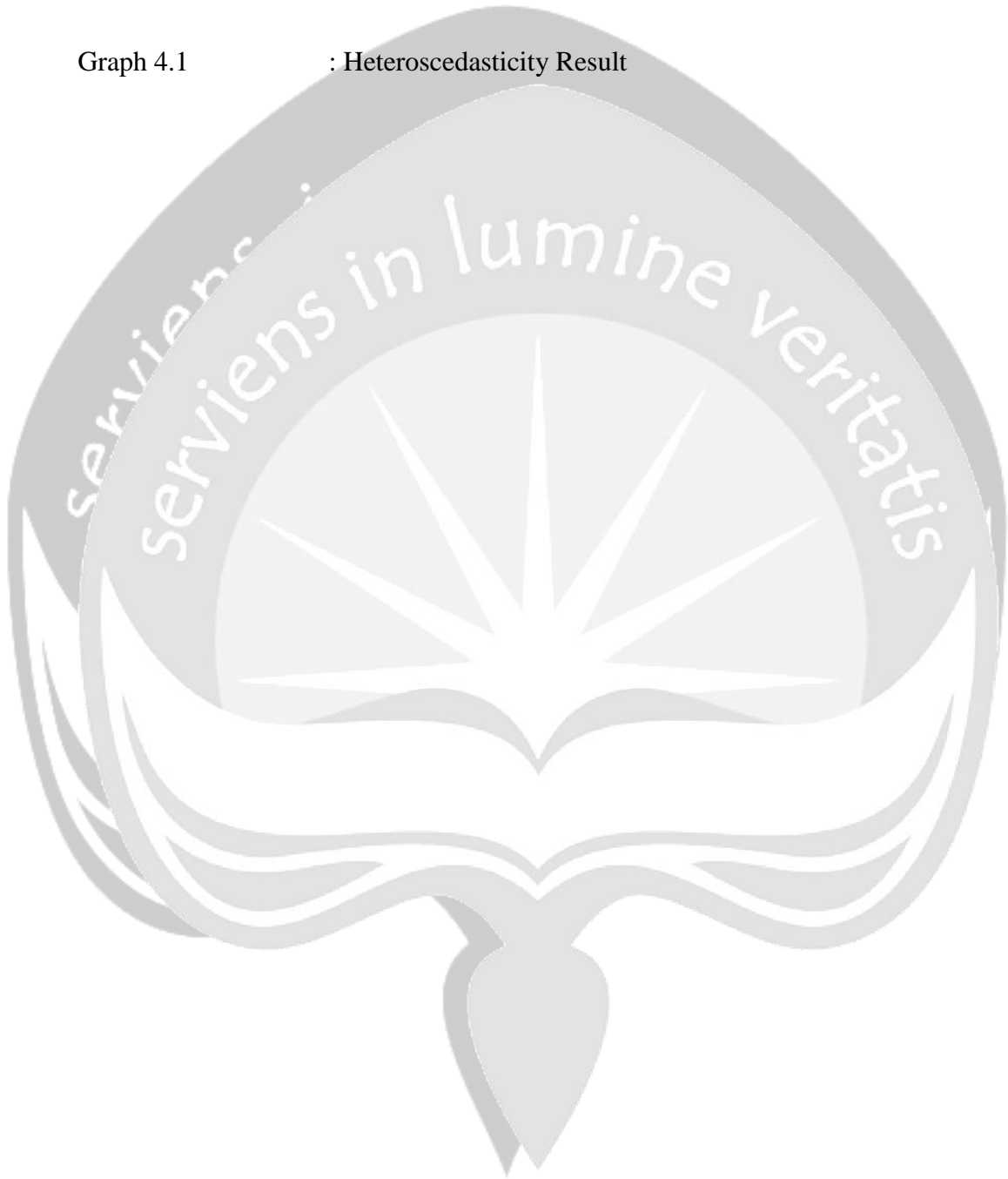
4.1	SAMPLE SELECTION	30
4.2	DATA ANALYSIS	31
4.2.1	DESCRIPTIVE STATISTICS	31
4.2.2	NORMALITY TEST	32
4.2.3	MULTICOLLINEARITY TEST	33
4.2.4	HETEROCEDASTICITY TEST	34
4.2.5	AUTOCORRELATION TEST	35
4.3	HYPOTHESIS TESTING	36
4.4	DISCUSSION	37
CHAPTER V CONCLUSION		39
5.1	CONCLUSION	39
5.2	LIMITATION AND SUGGESTION	39
REFERENCES		
APPENDICES		

LIST OF TABLES

Table 4.1	: Sample Selection
Table 4.2	: Descriptive Statistics
Table 4.3	: Normality Test Before Trimming
Table 4.4	: Normality Test After Trimming
Table 4.5	: Multicollinearity Test
Table 4.6	: Autocorrelation Test
Table 4.7	: Hypothesis Testing

LIST OF PICTURES

Graph 4.1 : Heteroscedasticity Result

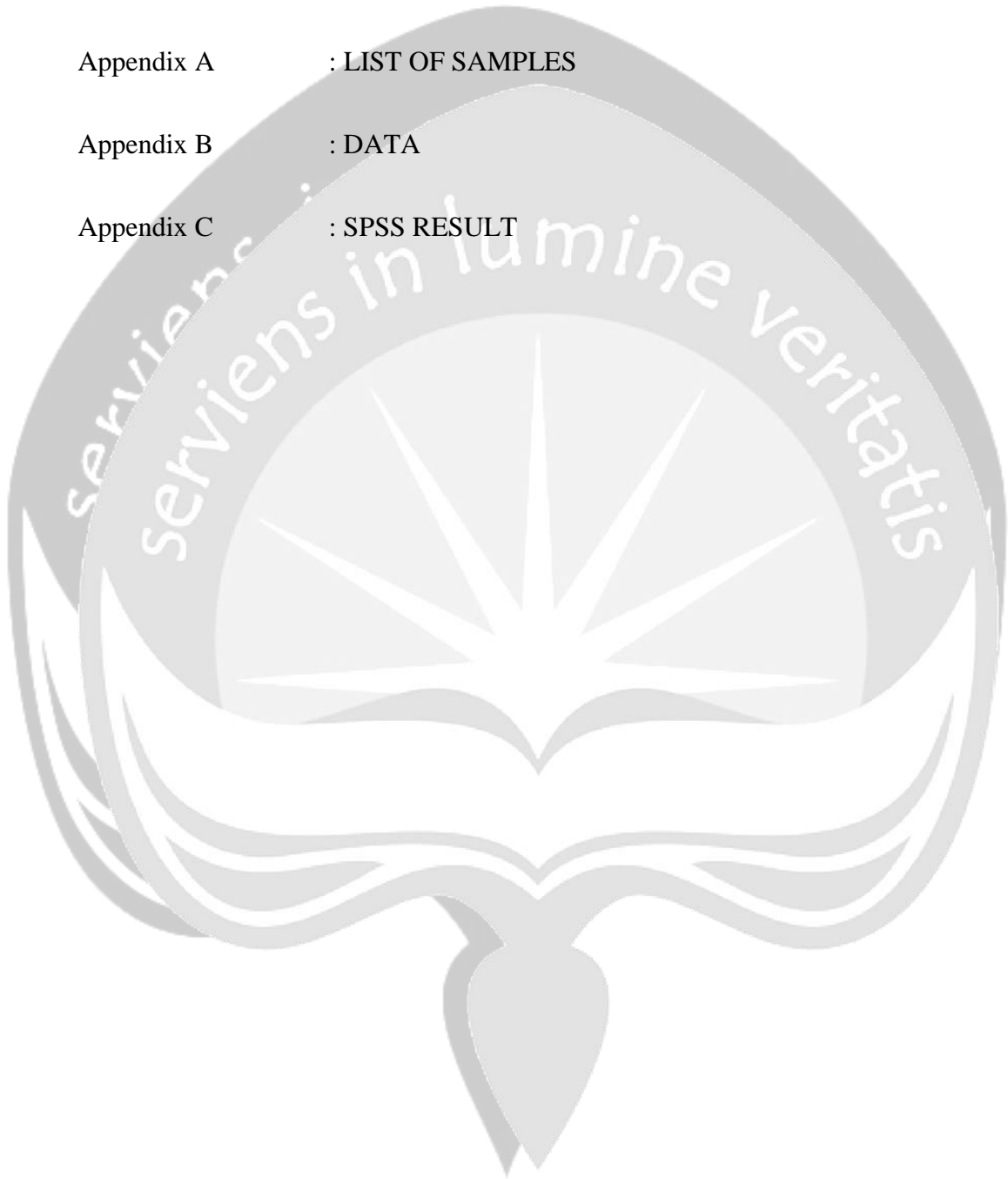


LIST OF APPENDICES

Appendix A : LIST OF SAMPLES

Appendix B : DATA

Appendix C : SPSS RESULT



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Supervised by :
Dewi Ratnaningsih, Dra., MBA., Akt. CA.

Abstract

This research examines the impact of free cash flow on dividend payout ratio. The population of this research is all manufacturing firms listed in Indonesia Stock Exchange (BEI) from 2012 – 2015. Sample is taken using purposive sampling technique. The research uses 216 samples that are taken from 82 manufacturing firms that are listed in the Indonesia Stock Exchange (IDX) from 2012-2015.

The result of this research shows that free cash flow has an impact on dividend payout ratio of manufacturing firms listed in Indonesia Stock Exchange. Size also has an impact on dividend payout ratio but the age of the firms does not have an impact on dividend payout ratio. This research conclude that firms with higher free cash flow will also produce more dividend.

Keywords: Free Cash Flow, Dividend Payout Ratio, Firm Size, Firm Age