

# **THE INFLUENCE OF FREE CASH FLOW ON THE FIRM VALUE USING DIVIDEND POLICY AS A MEDIATING VARIABLE**

## **Compiled by:**

Soraya Iriany Kereh

International Financial Accounting Program

[Sorayairiany@yahoo.co.id](mailto:Sorayairiany@yahoo.co.id)

## **Advisor:**

DR. I Putu Sugiarta Sanjaya, M.Si.,CA.,Ak.

[siputusugiarta@yahoo.com](mailto:siputusugiarta@yahoo.com)

University of Atma Jaya Yogyakarta

## **Abstract**

Purpose of this study is to investigate whether the dividend policy can mediate the influence of free cash flow on the firm value in all industrial firms contained in IDX. Regression is the model used by this study to test the mediating variable in this case the dividend policy as measured by the dividend payout ratio (DPR) to the free cash flow as independent variable on the firm value as dependent variable. As well as firm size as control variable. Sample in this study are the entire firm in all industries during the period 2008-2013 with certain criteria. The result show that the dividend policy has positive and significant value in the influence of free cash flow on the firm value.

**Keywords :Free cash flow, Dividend policy, Firm value, Firm Size**

## 1.1 Background

Currently, the Indonesia Stock Exchange has great potential for the business world. Many people are interested in investing their funds in the capital market. It means that the final objective of the investment activities is to obtain a profit in the future. One of the investments that are traded in the capital market is stock. In fact, the management has another objective that is different from the main goal, which triggers the conflict of interest between managers and shareholders. Problems can cause conflicts involving various parties. Conflicts can occur between managers and shareholder, managers along with the majority of shareholders and the minority of shareholders, or shareholders and creditors. This is called agency conflicts.

Jansen (1986) mentioned that mitigating agency conflicts between managers and shareholders will create an agency cost charged by each of them. In principle they can reduce importance differentiation by monitoring the agent's expenditures and the welfare. An agent will reduce importance differences by expanding resources (bonding costs). One way to reduce agency costs is to increase the dividend. Eventually, firms must choose the best way to overcome the agency cost by taking the right decision to keep achieving goals. Crutchley and Hansen (1989) mentioned that managers make financial policies tradeoffs such as paying dividends to control agency cost. Dividend policy is a policy that relates to dividend payment by a firm, that are the dividends to be distributed and the retained earnings for the firm's interest (Levi and Sarnat, 1990). According to De Angelo et al. (2006) firms in the mature stage are the best candidates to pay dividends because they have higher profitability and fewer attractive investments opportunities. The Dividend policy is determined by the General Meeting of Shareholders and affect the amount of cash distributed as dividends. It can be calculated using the dividend payout ratio (DPR). The funds should be paid to shareholders in the form of increasing dividends. Black (1976) supports the idea by saying that investors put

their attention on dividends and obtain the return from their investment. In this case, the dividend policy can be linked to the firm value which either increases or decreases it. The firm's main purpose is to increase the firm value by increasing the prosperity of the shareholders (Brigham and Gapenski, 1996). The total return the shareholders receive for a certain time consists of increases in stock prices and the obtained dividends. Basically, every firm wants a profit in running its business. Similarly, shareholders also wish to gain profits from their shares. As we know in Indonesia, lots of sustainable firms enter the capital market. Of course, it will be a good news for investors because they have lots of places to make an investment and expect dividend payment.

Kester et al. (1994) conducted interviews with executives in the Asia-Pacific region, including Indonesia. From interviews lead to the conclusion that the manager in Indonesia believe that the dividend paid by the firm may be a good signal for the future prospects of the firm. Basically, firm has some condition that can affect the value of free cash flow. For example if the firm has higher free cash flow with lower growth, the cash flow is supposed to be distributed to shareholders. But if the firm has higher free cash flow with high growth then the cash flow can be held temporarily and can be used for investment in the future.

It means the condition of the free cash flow does not necessarily guarantee the higher distribution of dividends. The Indonesia Corporate Act (2007) has amended and imposed limitations on dividend payment. Only firms with positive profit balance which pay dividends. The firms shall set aside a certain amount of the net profit for each financial year as the reserve from the paid-up capital, retained earnings, and net assets of at least 20%. Firms who fail to meet the requirements can only use this reserve to cover losses (Indonesia Corporate Act article 70).

Gitman (2003) mentioned the factors that affect the firm value are debt covenants, liquidity, cash position, growth prospects, and the powerful control of the shareholders

owning a majority of the firm's stock. Furthermore, the dividend policy is expected to increase the firm value, it is seen from the stock price (Utomo, 2000). According to Utomo (2000) the marketplace can be used to measure the actual firm value. The optimal dividend policy is a policy that creates a balance between the current dividends and the future growth to maximize a firm's stock price (Weston and Brigham, 2005:199). This value can only be determined if the firm's stock is sold in the stock market. The higher the stock price, the higher firm value. A higher firm value will increase the expectation of the shareholders because it indicates a high profit for these shareholders. A higher firm' value indicates good performance. If it is implied not good, then investors will assess the firm with low. The firm value seen by the price of shares issued by the firm. Nowadays, in Indonesia lots of firms are in the stable condition of the firm's activities, but not all of the firms pay a dividend. Of course, these conditions will attract those who are parts of the business especially investors, to determine the factors that makes profit for them.

## **2. Literature Review and Hyphotesis Development**

### **The Dividend Policy Positively Mediates the Influence of the Free Cash Flow on the Firm Value.**

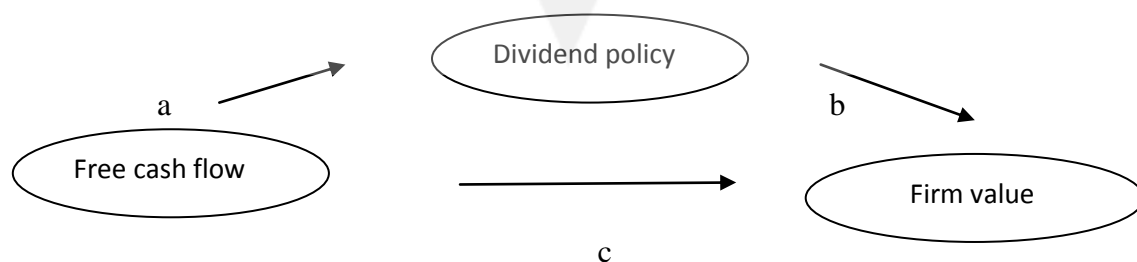
Most investors prefer gaining profits. It will help developing firms from the perspective of the stock price resulting from by the real situation of the dividend distribution. Based on the agency theory, Jansen (1986) states that attempts to mitigate agency conflicts between managers and shareholders will create an agency cost charged by each of them.

Basically, managers have incentives to cause their firms to grow beyond the optimal size. Growth increases managers' power by increasing the resources under their control. Finally, they must pay dividends in order that the free cash flow can be used properly. According to Jansen (1986:137), the free cash flow is the excess of cash required to fund all projects that have a positive net present value after the dividends are paid. The existence of

agency problems makes firms must take the wise decision in order to achieve their goal, which is paying the dividends.

According to Pasternak (2007: 1), “forget earnings” if you really want to see if a firm’s dividend is secure, then you need to evaluate the real bottom-line free cash flow. This indicates that although a firm’s activities generate a profit, the availability of the free cash flow is still necessary to ensure that dividends are paid. Actually the dividend distribution will function as a benchmark, in which investors are convinced that a firm has a good prospect in the future. Thus, it is certainly going to be good news for the firm itself because the interests of the investors will make the firm’s stock price increase rapidly. It can clearly illustrate the situation of the firm value. The proper distribution of dividends will increase investors’ interests to invest and it is certainly closely related to the determination of the firm value which is followed by an increase in the stock price. Suharli (2006) mentions that there are several methods and techniques to measure firm values such as the dividend-growth approach and the stock-price approach. In fact, firm values play a vital role as a higher firm value will be followed by a higher level of shareholders’ prosperity. The higher stock price indicates a higher firm value as well. Because a high firm value will make the market believe not only in the firm’s current performance but also in the firm’ future prospects.

Essentially, the dividend policy mediates the relationship between the free cash flow and the firm value. Because the presence of the free cash flow will create the condition in which dividends will be distributed and this distribution of dividends can raise the stock price which later will be followed by increases in the firm value.



**H<sub>1</sub> : The Dividend Policy Positively Mediates the Influence of the Free Cash Flow on the Firm Value.**

### **3. Research Methodology**

#### **3.1 Population and Sample**

Population refers to the entire group and also something that researcher hope to investigated (Sekaran 2010:262). The population in this study uses all firms listed in Indonesian Stock Exchange during 2008-2013. Sampling was conducted by research purposive sampling method. Purposive sampling is a sampling technique in which certain types can provide the expected information (Sekaran 2010:276). Criteria samples used in this study are:

- a. All firms listed in Indonesia Stock Exchange and published its financial statements during 2008-2013.
- b. Firms that had completeness data of financial statement used in this research.
- c. The financial statemetn are in Rp
- d. The financial statement has positive equity
- e. The financial statement has positive income

Based on several criteria in the sample selection, the sample of firms used in this study are 209.

#### **3.2 Research Variables**

##### **a) Independent variable**

##### **i. Free cash flow**

Cash flow from operating activities can be directly derived from the statement of cash flow, while investment is obtained with an increase in total assets (Philips, 2003). Ross et al. (2000) Free cash flow calculated with the formula as follows:

**Free Cash Flow = cash flow from operations– net capital expenditure/total asset**

where :

Cash flow from operations = net value of increase / decrease in cash flow from operating activities

Net capital expenditure = the value in the end of fixed asset – the value in the beginning of fixed asset.

Total asset = total assets at the year.

Free cash flow represents the financial flexibility of the firm, that is these funds represent the ability to take advantage of investment opportunities beyond than investment and how much cash a firm has after paying it bills for ongoing activities and growth (McClure, 2010). International Accounting Standards (IAS) 7 recommended free cash flow should be recognized as cash from operations less the amount of capital expenditures requires to maintain the firm present productive capacity.

#### **b) Dependent variable**

##### **ii. Firm value**

Firm Value is a perception of investor on how the firm shows the wealth of shareholders. reflected in the stock price (Brigham and Ehrhardt, 2005:7-8). In this research i used closing price at 31 December to determine the PBV. The market price used is the closing price, it beacuse of the market price which stated the fluctuation of the stock (Ang, 1997). Jogyanto (2000), mentioned by looking at the book value and the market value, the firm's growth can be known. The higher the ratio, the more successful firm creates value for shareholders (Ang 1997). PBV formulated as follows:

**PBV : Price per share at 31 December (the end of the year) / book value per share**

Book Value (Book Value) is the price ratio that calculated by dividing the total net assets (assets - debts) with total shares outstanding. Price-book value or PBV describes how big the market appreciates the shares of the book value in the firm. The higher this ratio means the market believes the firm prospects. When the firm goes well, generally PBV ratio reaches more than one, which indicates that the market value is greater than its book value (Ang, 1997).

**Where :  $BV = \text{total equity} / \text{total shares}$ .**

**c) Mediating variable**

**iii. Dividend policy**

Dividend payout ratio (dividend payout ratio) is the percentage of profit paid out on dividends or the ratio between the earnings paid in dividends to total earnings available for shareholders (Sartono 2001). Dividend payout ratio is an indication of the percentage of the amount earned that is distributed to shareholders in the form of cash (Gitman, 2003). Dividend Payout Ratio (DPR) determined to pay a dividend to shareholders every year, the determination of the size of the DPR based on the profit after tax.  $\text{Dividend per share} / \text{income per share} \times 100\%$  (M.Hanafi and Abdul Salim, 2007:86).

**d) Control variable**

**iv. Firm size**

Weston and Copeland (1996: 100) it is called large for the firm in order to firm size when the firm could give a dividend pay out rate higher than the small firm or new. Kartika (2005), the firm that has the size of a large firm would be easier to enter the capital market so that with this opportunity the firm pay a big dividends to shareholders. Benchmark that indicates the size of a firm concerns, the total sales, the average level of sales and total assets (Ferry and Jones, 1979).



(LnTA) Firm size can be calculated through the natural log of total assets each year (Kartika, 2005).

### 3.3 Method of data analysis

The regression performed on the following equations:

- $DP_t : \alpha_1 + \beta_1 FCF_{t-1} + \beta_2 FS_t + e_1$  equation I

- $FV_t : \alpha_1 + \beta_2 FCF_{t-1} + \beta_3 FS_t + e_2$  equation II

- $FV_t : \alpha_1 + \beta_3 FCF_{t-1} + \beta_1 DP_t + \beta_4 FS_t + e_3$  equation III

Information:

$FCF_{t-1}$  : free cash flow from previous year

$DP_t$  : Dividend policy current the year

$FV_t$  : Firm value current the year

$\beta_1 FCF$ : free cash flow intercept

$\beta_1 DP$  : dividend policy intercept.

$FS$  : Firm size

$e$  : Error

After that we performed follow-up analyses to test the indirect effect. Baron and Kenny (1986) provide an approximate significance test for the indirect effect. The path from respectively, free cash flow to dividend policy is denoted  $\alpha$  and it's standard error  $s_\alpha$ ; the path from dividend policy to firm value is denoted to  $\beta$  and it's standard error  $s_\beta$ . The product  $\alpha\beta$  is the estimate of the indirect effect of free cash flow to dividend policy and dividend policy to firm value. The standard error of  $\alpha\beta$  is:

$$s_{ab} = \sqrt{b^2 sa^2 + a^2 sb^2 + sa^2 sb^2}$$

**Where :**

a= beta of DP

b= beta of FV

Sa<sup>2</sup>= std. error on DP

Sb<sup>2</sup>= std. Error on FV

#### **4. Data Analysis and Discussion**

##### **a. Regression analysis model 1**

From the results of regression analysis below, researcher is able to derive a regression model as follows:  $DP = -0,563 + 0,169FCF + 0,029FV$ . On the table also obtains value of Adjusted R Square (Adj. R<sup>2</sup>). Value of Adjusted R Square (Adj. R<sup>2</sup>) is 0,106. This condition shows that free cash flow is able to explain the changes on the dividend policy, that is about 10,6% on the other hand and the rest 89,4% is explained by other variables that are not explain in this research. Significant F value is 0,000 under 0,05 indicates that the regression model used is this research feasible and shows that the regression equation model has fulfilled goodness of fit. On partial testing variables (t-test) the free cash flow variable has t-count value for about 3.142, regression coefficient value is 0,169 and the probability is 0,002 (<0,05). Alternative hypothesis is accepted if the sig < 5%. The results of the regression testing suggest that the free cash flow variable, as indicated by the CFO-CE/TA, positively affects the dividend policy, as indicated by the DPR, of all industrial firms in Indonesia. This can be seen from the significant value by less than 5%. The results of this study support the results of the

research conducted by White et al. (2003), Rosdini (2009), and Thanatawee (2011) that the free cash flow positively affects the dividend policy. Thus, it can be concluded that the more free cash flow a firm has, the higher the dividends it will pay to its shareholders.

#### **b. Regression analysis model 2**

From results of regression analysis below, researcher is able to derive a regression model as follows:  $FV = -2,801 + 0,456FCF + 0,113FS$ . On the table also obtains value of Adjusted R Square (Adj.  $R^2$ ). Value of Adjusted R Square (Adj.  $R^2$ ) is 0,087. This condition shows that free cash flow is able to explain the changes on firm value also, that is about 8,7% on the other hand and the rest 91,3% is explained by other variables that are not explain in this research. Significant F value is 0,000 under 0,05 indicates that the regression model used is this research feasible and shows that the regression equation model has fulfilled goodness of fit. On partial testing variables (t-test) the free cash flow variable has t-count value for about 1,990, regression coefficient value is 0,456 and the probability is 0,047. Alternative hyphotesis is accepted if the sig < 5%. The results of the regression testing suggest that the free cash flow variable, as indicated by the CFO-CE/TA, positively affects the firm value of all industrial firms in Indonesia. This can be seen from the significant value by less than 5% is 0,47. Because the free cash flow has potentially pay dividend in the future and it will increase shareholder' wealth. Studied by Cruthley and Hansen (1989) that managers make financial policy tradeoffs such as paying dividend to control agency costs. It means that the higher free cash flow will increase the firm value as well. Higher firm value can be measured by increases in the stock price. Therefore dividend payment is one of the benchmark that increase the stock price.

### c. Regression analysis model 3.

From results of regression analysis below, researcher is able to derive a regression model as follows:  $FV = -2,199 + 0,275FCF + 1,067DP + 0,083FS$ . Significant F value is 0,220 for FCF it means above 0,05 indicates that the regression model used is this research unfeasible and shows that the regression equation model has not fulfilled goodness of fit. On partial testing variables (t-test) the free cash flow variable has t-count value for about 1,229, regression coefficient value is 0,275 and the probability is 0,220. Alternative hypothesis is accepted if the  $\text{sig} < 5\%$ . It can be concluded that free cash flow have no impact on the firm value.

Based on the output, we can concludes that dividend policy can be mediating variable. Perfect mediation holds if free cash flow have no effect when the effect of dividend policy for (model 3) (Baron and Kenny, 1986). The FCF in Model 3 is equal to 0.275, which is less than that in Model 2, which is 0.456 (Baron and Kenny, 1986). It means that the dividend policy does the mediating function. Results of this study support the results of the research conducted by Jensen (1986) as well as Martono and Harjito (2005) that the free cash flow affects the dividend policy. It means that the dividend policy will trigger the stock price so that the firm value will absolutely increase. The FCF in Model 3 is equal to 0.275, which is less than that in Model 2, which is 0.456 (Baron and Kenny, 1986).

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.563	.109		-5.152	.000		
FCF	.169	.054	.127	3.142	.002	.999	1.001
FS	.029	.004	.304	7.525	.000	.999	1.001

a. Dependent Variable: DP

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-2.801	.465		-6.024	.000		
FCF	.456	.229	.081	1.990	.047	.999	1.001
FS	.113	.016	.286	7.003	.000	.999	1.001

a. Dependent Variable: FV

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-2.199	.461		-4.768	.000		
FCF	.275	.224	.049	1.229	.220	.981	1.019
DP	1.067	.176	.254	6.064	.000	.894	1.119
FS	.083	.016	.209	5.025	.000	.905	1.104

a. Dependent Variable: FV

After measuring with in 3 models, then perform the indirect test. According to 3 regressing models, the results is:

$$z \text{ test} = \frac{(0,169 \times 1,067)}{\sqrt{(1,067^2) \times (0,054)^2 + (0,169)^2 \times (0,176)^2 + (0,054)^2 \times (0,176)^2}} = 2,75. \text{ The value is}$$

interpreted as z statistic, and it is greater than 1,96. Baron and Kenny (1986) provide an approximate significance test for the indirect effect. The results of the indirect effects how that the influence of the free cash flow on the firm value through the dividend policy as the mediating variable is represented by z statistics 2.75. The results is the z statistics is greater than 1,96. It means DPR as function to mediating variable. Basically, firms with a free cash flow are likely to pay dividends as dividend payment will increase their firm value as can be seen from their stock prices (Karnadi, 1993). Dividend distribution makes investors agree to invest because of the advantages offered and the future value of the firm (Fama et al., 1998).

Finally, it can be stated the dividend policy may serve as a mediating variable in the influence of the free cash flow on the firm value of all industrial firms listed in the IDX in the periods of 2008-2013.

## **5. Conclusion**

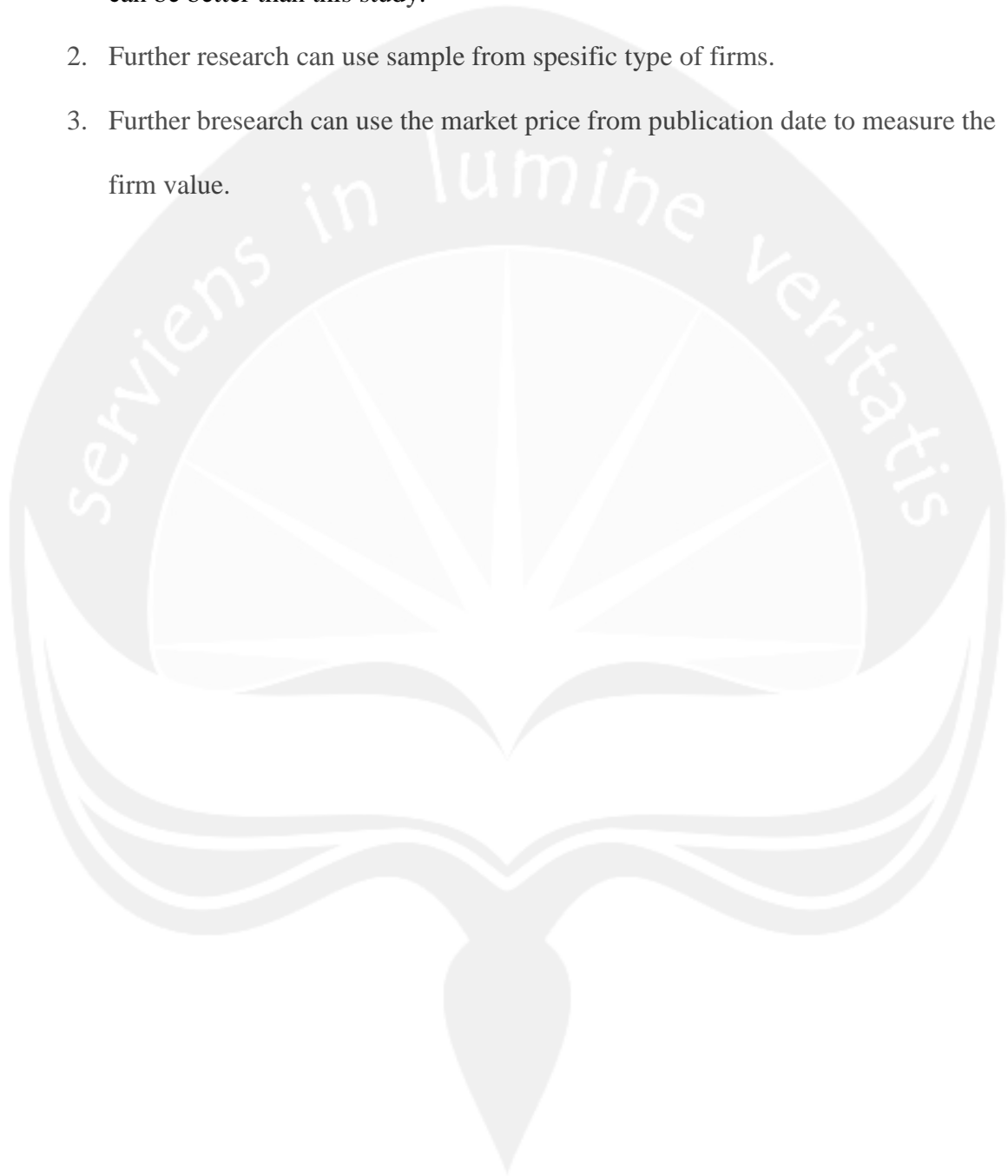
This study aims 1) to examine the direct effect of the free cash flow on the dividend policy and the effect of the free cash flow on the firm value; 2) to examine the effect of the free cash flow on the firm value through the dividend policy; and 3) to measure the indirect test. Based on the analysis and discussion that have been described in the previous chapter, the results of this study prove that:

1. The free cash flow directly affects the dividend policy with a significant result by 0.002 or less than 5%. This suggests that the presence of the free cash flow can make a firm pay dividends.
2. The results suggest that the free cash flow have no effect on the firm value when the dividend policy is controlled. Those results confirm that Hypothesis 3 generates a value which is smaller than 2. The results shows that the perfect mediation occurred as the free cash flow does not affect the firm value when the effect of the dividend policy is controlled. This means that the presence of the free cash flow may split the dividends and thus the dividend policy can increase the firm value. Dividend payment can raise the stock price and this will certainly increase the firm value.
3. The results of the indirect effect suggest that the z statistics is greater than the z table. This implies that the dividend policy positively mediates the effect of the free cash flow on the firm value.

## 5.1 Suggestion

**The suggestion for further research are:**

1. Further reasearch expected to add other mediating variables so the results obtain can be better than this study.
2. Further research can use sample from spesific type of firms.
3. Further bresearch can use the market price from publication date to measure the firm value.



## References

- Agus Sartono, (2001), *"Manajemen Keuangan Teori dan Aplikasi"*, Edisi Empat, BPFE; Yogyakarta.
- Ang, Robert (1997), *Buku Pintar Pasar Modal Indonesia*, Jakarta, Mediasoft Indonesia.
- Agusyana, Yus, (2011). *Olah Data Skripsi dan Penelitian dengan SPSS 19*, PT Elex Media Komputindo, Jakarta.
- Algifari.2000.Analisis Regresi, Teori, Kasus & Solusi. BPFE UGM. Yogyakarta.
- Bambang Riyanto, *Dasar-Dasar Pembelanjaan Perusahaan*, BPFE Yogyakarta, 2001.
- Bhattacharya, N.(2007). "Dividend Policy. A Review". *Managerial Finan*l. Vol.1:4-13
- Brigham, Eugene and I.C. Gapenski. (1996). *Intermediate Financial Management*. Fifth Edition.
- Brigham, Eugene dan Joel F Houston, (2001). *Manajemen Keuangan II*. Jakarta:Salemba Empat.
- Brigham, E,F & Weston, J,F. (2005). *Dasar-Dasar Manajemen Keuangan*, Edisi Kesembilan, Jilid 2, Penerbit Erlangga, Jakarta.
- Christiawan dan Tarigan. (2007). *Kepemilikan Manajeral : Kebijakan Hutang, Kinerja dan Nilai Perusahaan*.Jurnal Akuntansi dan Keuangan, Vol. 1, Mei 2007, Hal : 1-8.
- Claire E.Crutchley and Robert S.Hansen (1989). A test of the agency theory of managerial ownership, corporate leverage, and corporate dividend. *Financial Management*.Winter.
- De Angelo, H. and R.Masulis.(1980). Leverage, and dividend irrelevancy under corporate and personal taxation. *Journal of Finance*, 35:453-464.
- Easterbook, F.(1984) Two Agency Cost Explanations of Dividends, *and American Economic Review*,74,650-659.
- Fama, Eugene F. "Agency Problems and the Theory of the Firm." *The Journal of Political Economy* 88:2 (April 1980): 288-307.
- Hanafi, Mahmud M dan Abdul Halim (2007). *Analisa Laporan Keuangan*. Yogyakarta: UPP YKPN
- Jones, Charles P. *Invesments: Analysis and Management*. John Wiley and Sons, Inc: 2004.
- Martono dan Harjito. (2007). *Manajemen Keuangan*. Yogyakarta: BPFE.
- Gitman, Lawrence J. (2003). *Fundamental of Investing International*. 10<sup>th</sup> ed., International Editions Financial Series. Boston: Addison-Wesley.



- Ghozali, Imam. (2005). *Aplikasi Analisis Multivariate Dengan Program SPSS*. Semarang : UNDIP
- Ghozali, Imam dan Hengki Latan. (2014). *Partial Least Squares second edition*. Semarang
- Harjito, A., dan Martono. (2005). “Manajemen Keuangan”. Yogyakarta. Hasnawati, Sri. 2005. Dampak set peluang investasi terhadap nilai perusahaan publik di Bursa Efek Jakarta.
- Hanafi, Mahmud. 2004. Manajemen Keuangan. Edisi 2004/2005. Yogyakarta: BPFE.
- Higgins, C. Robert. 2007. *Analysis for Financial Management*, Eight Edition, Mc.Graw Hill, Singapore.
- Jurnal Akuntansi Auditing Indonesia, vol. 9, no. 2, hlm: 117 – 126.
- Jogiyanto HM. (2000). Analisis dan Desain Sistem Informasi : Pendekatan terstruktur teori dan praktis aplikasi bisnis. Andi. Yogyakarta.
- James C. Van Horne dan John M. Wachowicz, JR (2007 : 270) *manajemen keuangan (financial manajemen)*.
- Jensen, M. (1986). Agency cost of free cash flow, corporate finance, and takeovers. *American Economic Review*. 76: 323-329.
- Keown. (2003). *Basic Financial Management*. New Jersey: Prentice-Hall Englewood Cliffs.
- Lang, L., and R. Litzenberger. (1989). Dividend announcement: Cash flow signalling vs free cash flow hypothesis, *Journal of Financial Economics*, 24 181-191.
- Lestari, Jenjang Sri. (2012). “Determinants of Dividend Decision: Evidence from the Indonesia Stock Exchange.” *Integr. Bus. Econ. Res.* 1(1) 346.
- Levy, H., dan M. Sarnat, 1990. *Capital Investment and Financial Decisions*, Fourth Edition, Prentice Hall Inc.
- Karnadi, Steve H. 1993. *Manajemen Pembelajaran*, Yayasan Promotion Humana, Jakarta.
- Modigliani, F. dan Miller, M. (1961). Dividend Policy Growth and Devaluation of Share, *Journal of Business*, October.
- Miller, M.H. and K. Rock, (1985), Dividend Policy Under Asymmetric Information, *Journal of Finance*, September.
- Myers, S, and N. Majluf (1984), “Corporate Financing and Investment Decisions When Firms Have Information that Investors Do Not Have”, *Journal of Financial Economics*, 39, 187-221.
- Ross et. Al., 2000, *Corporate Finance*, 5th, Mc Graw-Hill.

Sartono.2001.Manajemen Keuangan: Teori dan Aplikasi.Edisi Keempat. BPFE, Yogyakarta.

Sekaran, Uma, Bougie, Roger, “Research methods for business : a skill building approach”, 2010, Wiley.

Salvatore, Dominick.(2005).*Managerial Economics*. Fifth Edition. Singapore: Thomson Learning.

Suharli, Michell.(2006). Studi Empiris Terhadap Faktor yang mempengaruhi Nilai Perusahaan Go Public di Indonesia, Jurnal Maksi, vol.6 No 1hal 23-41.

Suharli, (2007), Pengaruh *Profitability* dan *Invesment Opportunity Set* Terhadap Kebijakan Dividen Tunai dengan Likuiditas Sebagai Variabel Penguat,Jurnal Ekomomi Akuntansi, 9-17.

Susanti, Rika. (2010). Analisis factor-faktor yang berpengaruh terhadap nilai perusahaan. Universitas Diponegoro Semarang.

Suryabrata, S. (2005). *Metodologi Penelitian*. Jakarta : PT. RajaGrafindo Persada.

Sunariyah. (2003).*Pengantar Pengetahuan Pasar Modal* , UUP AMP YKPN, Yogyakarta.

Utomo, Muhammad Muslim. 2000 “Prakter Pengungkapan Sosial Pada Laporan Tahunan Perusahaan di Indonesia (Studi Perbandingan Antara Perusahaan-Perusahaan High Profile dan Low Profile)”. Simposium Nasional Akuntansi III. Jakarta.

Weston and Brigham. (2005). *Dasar-Dasar Manajemen Keuangan*. Jakarta: Erlangga.