

ABSTRACT

This study aims to examine the effect of firm size and free cash flow on dividend policy. The population of this study were manufacturing companies listed on the Indonesia Stock Exchange during the period of 2009-2010. Samples determined by using purposive sampling method. The samples obtained were as much 12 companies. Testing the hypothesis using multiple regression analysis method with the help of SPSS Ver. 19,0. The test results showed that the first hypothesis (H1) which states that the firm size of the integration of the dividend policy, rejected. The second hypothesis (H2) which states that the free cash flow to dividend policy, rejected.

Keywords: Dividend Policy, Firm Size, Free Cash Flow.