

ABSTRACT

THE EFFECT OF DIVIDEND PREMIUM AND FREE CASH FLOW ON DIVIDEND POLICY IN THE FOOD & BEVERAGE SUBSECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE 2018- 2022

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Dividend policy is a decision related to the profits earned by the company, which are distributed to shareholders or retained as retained earnings to finance the company's expansion. This study aims to examine the effect of dividend premium and free cash flow on dividend policy. This research uses quantitative data with secondary data sources, and the sample consists of food & beverage subsector companies listed on the Indonesia Stock Exchange during the period of 2018-2022, totaling 20 companies. The data analysis technique used is multiple linear regression and t-test. The result of the study indicated that dividend premium had no significant effect on dividend policy, while free cash flow had a positive and significant effect on dividend policy.

Keywords: Dividend Policy, Dividend Premium, Free Cash Flow, Dividend Cash Theory