

ACKNOWLEDGEMENT

May all glory be to Jesus Christ, Lord Almighty for His grace, guiding spirit, and love that has made it possible for this thesis entitled —The effect of cash flow and profitability on dividend policy| to be completed well and under His guidance. This thesis is written by knowledge, efforts, and experiences that were obtained through the three and half years of studies in Universitas Pelita Harapan which is intended to attain the Bachelor Degree in Accounting of Universitas Pelita Harapan, Lippo Village faculty of business and economics.

The process of completing this thesis will not be possible without the direction, backing, and prayers from the individuals around the writer. In this chance, the writer wants to commit her appreciation and give the most elevated regard to those whose names will be written in the accompanying:

1. Dra. Gracia Shinta S. Ugut. M.B.A., Ph.D. as the dean of the faculty of Business and Economics of Universitas Pelita Harapan.
2. Dra. Wijaya Triwacaningrum SE., M.A., CA., CMA., CSP as the Head of Accounting study program.
3. Dr. Mulyadi Noto Soetardjo, Ak., M.Com., CA., CPA as of the supervisor of this thesis for his time, advice, guidance, patience, critics, and inputs, and also for sharing his remarkable knowledge to help in completing this thesis into an acceptable paper for gaining writer's bachelor degree.
4. Ms. Elfina Sambuaga, Ms. Liza Handoko, Ms. Hanna Wijaya, Ms. Melinda Haryanto, as my academic advisor throughout the writer's three and a half years of university.

5. Mr. Eduardo Naibaho, Mr. Tanggor Sihombing, Mr. Ricky, Mr. Ferdinand Butarbutar, Mr. Rajesh Singh, Mr. Septian Bayu Kristianto, Mr. Clint, and all lecturers that names have not been mentioned, for their guidance and valuable knowledge for the three and a half years writer, spent studying in Universitas Pelita Harapan.
6. Edwin Tjahyadi, Wiwiet Julistia, Ryan Tjahyadi Sugianto, as writer's beloved and irreplaceable family who have given endless support, love, care, and guidance throughout the writer's life especially to complete this thesis.
7. Reynaldi Somantri as my beloved boyfriend who has always supported and becoming the writer's go-to person when the writer faces a difficult situation throughout my final year in high school but most especially being with me during my stressful times while building this thesis into a complete and acceptable paper.
8. Bella Anastasia Montolalu and Jennifer Antonio who has always been by the writer's side since the start of the university until the end of the writer's university life. Especially for their support, they gave the writer whenever the writer is stressed for all the corrections, do's, and don'ts was given while writing this thesis.
9. Bryan Jonathan Purnama, Calista Janie, Kyeong Rim Baek, and Lydia Lingkan Sibarani as my RMIT Accounting batch 2017 friends who have always got each other's back especially through the process of making this thesis.

10. Jarean Tjen and Yien Yien as my theses classmates under the supervision of Dr. Mulyadi Noto Soetardjo, Ak., M.Com., CA., CPA who has always been my support system and go-to place when the writer encounters problems throughout making this thesis.



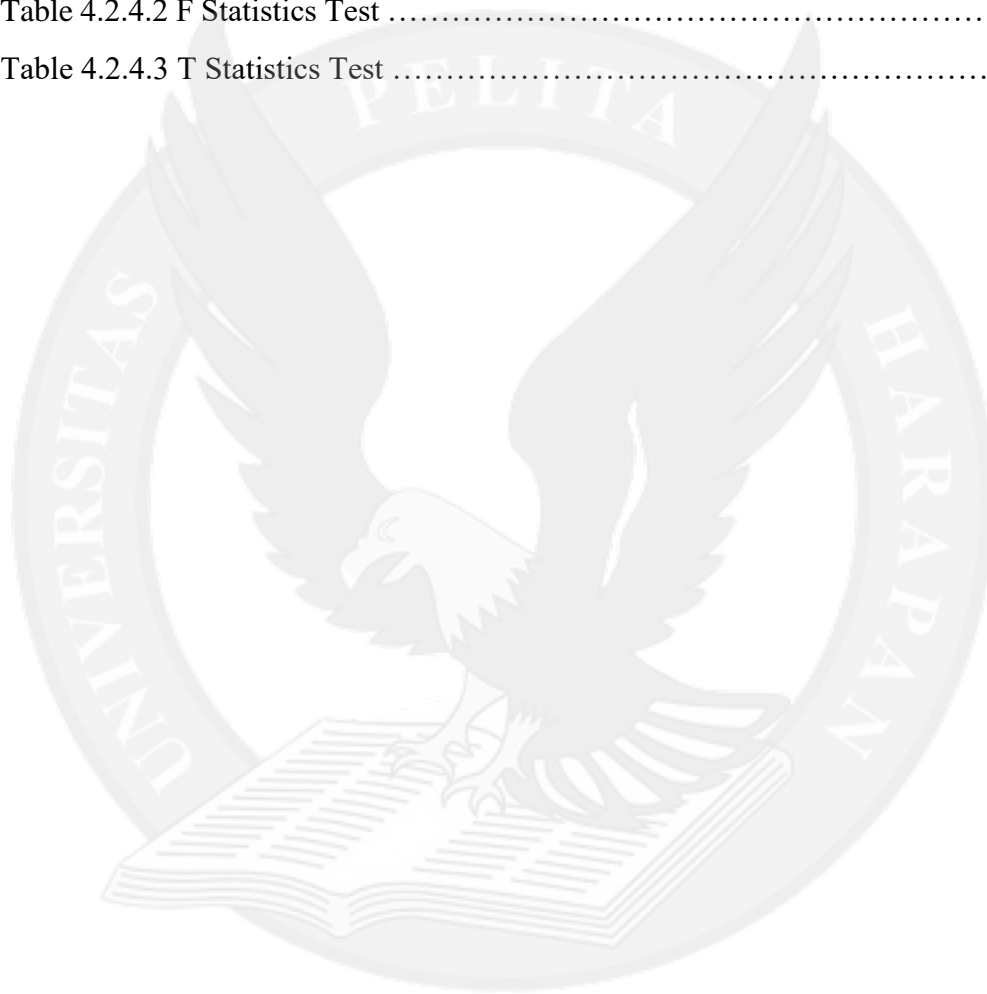
TABLE OF CONTENTS

COVER PAGE.....	i
FINAL ASSIGNMENT STATEMENT AND UPLOAD AGREEMENT.....	ii
AGREEMENT OF MENTORING GUIDANCE FOR FINAL PAPER.....	iii
EXAMINATION BOARD APPROVAL.....	iv
ABSTRACT	v
ACKNOWLEDGEMENT	vi
LIST OF TABLES.....	xi
LIST OF FIGURES.....	xii
LIST OF APPENDICES.....	xiii
CHAPTER I INTRODUCTION.....	1
1.1 Background	1
1.2 Research Problem.....	5
1.3 Research Objective.....	5
1.4 Significance of the Study	6
1.5 Scope of the Study.....	7
1.6 Systematic Discussion	7
CHAPTER II THEORITICAL FRAMEWORK AND HYPOTHESES DEVELOPMENT	9
2.1 Literature Review	9
2.1.2 Profitability	9
2.1.3 Cash Flow	11
2.1.5 Dividend Policy.....	15
2.2 Previous Research	18
2.3 Conceptual Framework	20
2.4 Hypotheses Development.....	21
2.4.1 Cash Flow on Dividend Policy	21
2.4.2 Profitability on Dividend Policy	24
CHAPTER III METHODOLOGY	27
3.1 Population and Sample	27
3.2 Data Collection Technique	28

3.3 Empirical Model.....	29
3.4 Operational Variable Definition.....	30
3.4.1 Dependent Variables.....	30
3.4.2 Independent Variables.....	31
3.4.3 Control Variable.....	32
3.5 Method of Data Analysis.....	34
3.5.1 Descriptive Statistics.....	34
3.5.2 Test of Classical Assumption.....	35
3.5.3 Multiple Regression.....	39
3.5.4 Hypotheses Testing.....	40
CHAPTER IV RESULTS AND DISCUSSION	42
4.1 Overview of Research Data (Observations).....	42
4.2 Research Result.....	42
4.2.1 Analysis of Descriptive Statistics.....	42
4.2.2 Pearson Correlation.....	44
4.2.3 Classical Assumptions Test.....	45
4.2.4 Result of Hypotheses Testing.....	49
4.3 Research Result Analysis.....	52
4.3.1 Effect of Profitability on Dividend Policy.....	52
4.3.2 Effect of Cash Flow on Dividend Policy.....	54
CHAPTER V CONCLUSION AND RECOMMENDATION.....	57
5.1 Conclusion.....	57
5.2. Implications of Research Results.....	57
5.3 Research Limitations and Recommendations.....	58
REFERENCES	
APPENDICES	

LIST OF TABLES

Table 4.1 Summary of Research Data	43
Table 4.2.1 Descriptive Statistics	44
Table 4.2.2 Pearson Correlation Table	46
Table 4.2.4.1 Coefficient of Determination Test	51
Table 4.2.4.2 F Statistics Test	52
Table 4.2.4.3 T Statistics Test	53



LIST OF FIGURES

Figure 2.1 Conceptual Framework21



LIST OF APPENDICES

Appendix A Histogram, P Plot Test.....	A
Appendix B Kolmogorov-Smirnov Test.....	B
Appendix C Multicollinearity, Heteroscedasticity, and Autocorrelation	C
Appendix D Previous Research.....	D

