IJER © Serials Publications
12(5), 2015: 1647-1669
ISSN: 0972-9380

THE EFFECT OF FREE CASH FLOW, DIVIDEND POLICY AND GROWTH OPPORTUNITY TO DEBT POLICY IN MANUFACTURING COMPANYLISTED ON BEI

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Abstract: *The purpose of this study was to determine the effect of free cash flow to debt policy, dividend policy ondebt policyandinfluencegrowthopportunityfordebt policyandthe influence offree cash flow, dividend policy and growth opportunity for the debt policy in companies listed on the Stock Exchange. The strategy used in this study is descriptive strategies and multiple linear regression. The method used is descriptive research method. The populationin this studyis thatthe companieslisted onthe Stock Exchange in2010-2013, the sample used in this study were selected based on purposive sampling method to obtain a sample of15companies. The results of this study indicate that the free cash flow and growth opportunity to have a positive influence on the policy of debt, while the dividend policy has a negative impact on debt policy. The results of this study also showed that the variables of free cash flow, dividend sand growth opportunity policies have an influence on the debt policy.*

Keywords: *Free Cash Flow, Dividend Policy, Growth Opportunities, Debt Policy*

INTRODUCTION

Companies in Indonesia consists of several parts of the industry. Companies with manufacturing industry is one of the largest industries in Indonesia are able to compete in developing the company. These companies are publicly traded company listed on the Indonesia Stock Exchange.In starting the investment activity, financing policy is needed here. Funds can come from internal funds and external funds. Selection of sources of funds which have been the authority of the manager of the company which has been entrusted by the shareholders to manage and run the company.

When the manager will invest at least funding needs can be met by attracting new loans (debt). This will reduce conflicts of interest between management and the shareholders. Because the company will distribute a high amount of dividends to shareholders. But the actual decision followed other problems attached to it, namely

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the emergence of demands from creditors in the form of interest. With the burden of this interest, it will have an impact also for shareholders because most of the company's profits must first be used to pay loan interest expenses. High and low conflict between the shareholders and lenders are influenced by the growth opportunities of the companies that see investment opportunities, The greater the investment opportunities of the company, the greater the conflict between the two.

Issues to be addressed in this study are:

1. Is there any influence between free cash flow to debt policy?
2. Is there any influence of dividend policy on debt policy?
3. Is there any influence between the growth opportunity of the debt policy?
4. Is there any influence of free cash flow, dividend policy and growth opportunity of the debt policy together?

The purpose of this study was to determine the effect between free cash flow to debt policy, to determine the effect of dividend policy on debt policy, to determine the effect of growth opportunity for debt policy and to determine the effect of free cash flow, dividend policy and growth opportunity for the policy Debt in companies listed on the Stock Exchange.

The expected benefits of the research is to be able to apply the knowledge received by the researchers during the lecture, assist companies in selecting a debt policy that will take the company to meet the objectives of the company itself, and can increase knowledge about the research with the dependent variable dept until policy is expected to help to be used as future reference.

LITERATURE REVIEW

Debt Policy

Every company both large and small have debts. Debt is defined as the sacrifice of future liabilities arising from the present. For reporting purposes, loans are classified into two main types, namely, current debts and long term debt. The debt policy describe decisions taken by management in determining sources of funding. According to Suad Husnan and Enny Pudjiastuti (2004: 70) policy of debt a company can be measured by leverage ratio is the ratio that measures how much the company in using debt. Debt policy can also be seen from the ratio of debt-to-equity ratio is also known as Sofyansol vabilitas. According to SyafriHarahap (2011: 303) This solvency ratio describes the company's ability to pay long-term liabilities or obligations if the company is liquidated.

There are several factors that affect the debt policy, namely: sales stability, asset structure, elasticity of operations, growth rates, profitability, tax, corporate control, management attitude, the attitude of creditors, market conditions, the internal condition

of the company. And there are four theories on debt policy, namely: Agency Theory, Signalling Theory, Packing Order Theory and the Trade-Off Theory.

Free Cash Flow

Free cash flow by Arthur J Keown (2010: 45), "free cash flow or free cash flow is the amount of cash available from operations after investments in working capital and net operating constant cash. Money assets available for distribution to the owners of the company and creditor. Simple meaning of free cash flow in the website snowballs (2012) is the remainder of the calculation of the cash flow generated by a company at the end of the financial period after paying salaries, production costs, charges, taxes and capital expenditures for business development. The rest is called free cash flow or free cash flow.From some of the above understanding, it can be concluded that free cash flow is the free cash flow is obtained after use as working capital or investments in assets.

Free cash flow likely will lead to the manager's behavior is wrong and a bad decision is not for the benefit of holders of stock.debt can be used to control the use of excessive free cash flow by manager. Ifcompany issued new debt and use the proceeds to buy back ordinary shares owed, the management is obliged to pay in cash to cover this debt. With the existence of this debt, management will work more efficiently in order to avoid financial failure that would reduce agency costs of free cash flow.

Dividend Policy

According to Donald E. Kieso (2008: 329) is the dividend distribution may take the form of cash, other assets, letter or other evidence that states the company's debt. In determining how much profit to be paid as dividends to shareholders and how much should be planted back as retained earnings on the company needed policy commonly known as the dividend policy (Rinaldi Siahaan, 2013). Dividend policy has an influence on the level of use of debt an enterprise. Dividend policy is a policy that is controversial because: when dividends increased, cash flow for investors will increase and benefit the investors as well as when enhanced dividends, retained earnings is reinvested and future growth will decline to the detriment of investors.

So it can be said that the dividend policy is a determination on the part of the company regarding the amount of dividend distribution and decision making on the use of funds for investment dividends other companies or for distribution in whole / proportion to the holders of stocks dividend.The policy very important for the company for two reasons. First, payment of dividends may affect the value of the company as reflected in the company's stock price. Second, retained earnings is usually a source of internal funds greatest and most important for the growth of the company.

RESEARCH PROCEDURES

This research was done by taking data from PT. Indonesian Capital Market Electronic Library (ICaMEL), in the Indonesia Stock Exchange Building is located at Jl. Kav.52-53 Sudirman, Jakarta 12190. The data collection and implementation of this research is for 5 months, namely the month of September 2014 until January 2015.

The strategy used in this study is a research strategy of descriptive statistics and multiple linear regression.Research methodsused in this research is descriptive research method.

The population in this study are manufacturing companies listed in Indonesia Stock Exchange (BEI) 2010-2013. It is known that the number of manufacturing companies that went public on the Stock Exchange and listed on the 2010-2013 year in a row is at least 138 companies were divided into 19 categories of companies based on their fields.

As for the selection of the sample used in this study were selected using purposive sampling method. As for the criteria in determining the sample in this research is a Manufacturing Company in accordance with the type of classification of Indonesia Capital Market Directory (ICMD), the Company publishes financial reports in a row during the study period and the financial statements ending December 31, the company published a report finance the rupiah currency, Listed on the Stock Exchange at least one year prior to the observation period and successively during the observation period the year 2010-2013, a manufacturing company that reported dividend for the year 2010-2013. Number of sample was 15 companies, data is as follows:

Sample Data Table

No.	*Field*	*Code*	*Company Name*
1	Ceramics, porcelain and glass	AMFG	PT. Asahimas Flat Glass Tbk
2	Ceramics, porcelain and glass	ARNA	PT. Arwana Citra MuliaTbk
3	Automotive and Components	ASII	PT. Astra International Tbk
4	Automotive and Components	AUTO	PT. Astra AutopartsTbk
5	Animal Feed	CPIN	PT. Charoen Pokphand Indonesia Tbk
6	Chemistry	EKAD	PT. Ekadharma International Tbk
7	Cigarette	GGRM	PT. GudangGaramTbk
8	Food and Drink	INDF	PT. Indofood SuksesMakmurTbk
9	Cement	INTP	PT. Indocement Tunggal Prakarsa Tbk
10	Pharmacy	KAEF	PT. Kimia FarmaTbk
11	Pharmacy	KLBF	PT. Kalbe FarmaTbk
12	Metal and the like	LION	PT. Lion Metal Works Tbk
13	Metal and the like	LMSH	PT. Lionmesh Prima Tbk
14	Cement	SMGR	PT. Semen Gresik Tbk
15	Cosmetic Purposes and Items RT	UNVR	PT. Unilever Indonesia Tbk

Source : www.idx.co.id

The data used in this research is secondary data which includes data on the financial statements of companies listed on the Stock Exchange in 2010-2013. Here are variables used in this study:

Dependent Variables

Debt policy

Debt policy is measured by the debt ratio (debt to equity ratio) or on call as well as the solvency ratio. This ratio shows the ratio of debt and capital. This ratio illustrates the extent to which the owners of capital to cover debts to outside parties. The smaller this ratio, the better.

Here is the formula:

$$\text{Debt} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Independent Variables

(a) Free cash flow

Free cash flow is calculated by using the formula Ross et al. in the journal Tarjo (2003), which was formulated as follows:

$$\text{FCF it} = \frac{\text{AKOit - Pmit - NWCit}}{\text{equity}}$$

In this case:

FCFit	:	Free cash flow
AKOit	:	operating cash flow of the company i in year t
Pmit	:	Capital expenditures firm i in year t
NWCit	:	Net working capital the company i in year t
Equity	:	Equity Company

To calculate their capital expenditure, then use the following formula:

Pm = AT end – At beginning

Specification:

Pm	=	capital expenditure
ATend	=	fixed assets end
ATbegining	=	initial fixed assets

According Wijantini (2012) to calculate the NWC (net working capital) used the following formula:

NWC = AL - HL

Specification:

NWC (net working capital)	= net working capital
AL	= current assets
HL	= current liabilities

(b) Dividend Policy

In this study the variable dividend policy symbolized by the dividend payout ratio (DPR), which is the ratio between dividend payments proxied by DPS (dividend per share) against to EPS (earnings per share).

Parliament formula can be described as follows:

$$DPR = \frac{DPS}{EPS}$$

Specification:

DPR= Dividend Payout Ratio

DPS = Dividend Per Share

EPS =Earning Per Share

(c) Growth opportunity

The use of market value in forming the ratio of investment opportunity is right because the company is able to demonstrate the potential for growth (growth opportunity) in the future.

The formula according to Sofyan Syafri Harahap (2011: 311) as follows:

$$\text{Market to Book Value Ratio} = \frac{\text{Value Stock Market}}{\text{Book Value}}$$

The analysis used in this study is a quantitative analysis of a set of data that is expressed in the figures as a result of observation or collection. This analysis uses multiple linear regression model (multiple linear regression method). Multiple linear regression analysis was used to examine the effect of two or more independent variables on the dependent variable with interval or ratio measurement scale in a linear equation. Processing of the data in this study using SPSS v.19.

Classical assumption test

(a) Test of normality

Normality test used in this study is the Kolmogorov-Smirnov test, P-Plot, and skewnes kurtosis. This test examined data independent variables and the dependent variable

in the regression equation generated, whether the normal distribution or distribution is not normal. The regression equation is quite good if it has a free variable data and the data were normally distributed dependent variable or normal at all (Danang Sunyoto, 2011: 84)

Testing of data normality using Kolmogorov Smirnov test using the level of significant use is 0.05. Basis for decision making are as follows:

If the value Asymp. Sig. (2-tailed) <0.05, then the data is not normally distributed.

If the value Asymp. Sig. (2-tailed)> 0.05, then the normal distribution of data.

Variabel normal distribution can be said when the value of skewness and kurtosisnyaberada the range of values for an alpha of 0.05 ± 1.96 whereas the critical value. The critical value is obtained based on significance level of 5%.

(b) Test multicolinearity

Classical assumption of this kind is applied to multiple regression analysis which consists of two or more independent variables, which will be measured the level of association relationship / influence of the free between variables through correlation coefficient (DanangSunyoto, 2011: 81).

According to Imam Ghozali (2011: 105) good regression model should not happen because the correlation between the independent variables when there is a correlation between variables then these variables are not orthogonal. Orthogonal variable is the independent variable correlation values between the members of the independent variables equal to zero.

Multicolinearity can be seen from (a) The value of tolerance and the opponent (b) Variance Inflation Factor (VIF).

The basis for decision making:

If VIF> 10 or tolerance <0.1, then there multikolinieritas.

If VIF <10 or tolerance> 0.1, then it does not happen multikolinieritas.

(c) Test Autocorrelation

A good regression equation is that no problems occur autocorrelation.If the equation becomes bad or improper use prediction.In order to know the symptoms of autocorrelation can use the Durbin-Watson test (DW). This test produces DW count value and the value DW tables (dL& d U).

(d) Test Heteroskidastity

Heteroskidastity test aims to test whether the regression model occurred inequality residual variance from one observation to another observation. One way to detect the presence or absence Heteroskidastity is using this glejser. This test proposed for absoluteregressing the residual value of the independent variable.

The basis for decision making:

If significant <0.05, then the case heteroscedasticity.

If significant> 0.05, then there is no heteroscedasticity.

Multiple Regression Analysis

Multiple regression analysis is used to determine whether or not a significant independent variables influence free cash flow, dividend policy and growth opportunity for the dependent variable, namely debt policy.

Forms of multiple regression equation that can be used for this research are:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + e$$

Where:

Y = debt policy

X1 = free cash flow

X2 = the dividend policy

X3 = growth opportunity

β1, β2, β3, = coefficient of regression

α = constant

e = standard error

Hypothesis Testing

(a) Individual Parameter Significance test (Test Statistic t)

Testing by t test or t test that compares between t with t table.Tests carried out using a 0.05 significance level (α = 5%). Acceptance or rejection of the hypothesis performed with the following criteria:

1. If a significant value> 0.05 then the hypothesis is rejected. This means that partially independent variable has no significant effect on the dependent variable.
2. If the significant value ≤ 0.05 then the hypothesis is accepted. This means partially independent variables have a significant influence on the dependent variable.

Decision-making is based on the t:

Ho accepted if t <t table

Ho is rejected if t> t table

b. Simultaneous Significance Test (Test Statistic F)

According Ghozali (2011: 98) F statistical test basically shows whether all independent variables in the model that is intended to have the simultaneous effect on the dependent variable. Tests carried out using a 0.05 significance level ($\alpha = 5\%$).

Provisions acceptance or rejection of the hypothesis is as follows:

1) If significant value ¬≥ 0.05 then the hypothesis is accepted (regression coefficient is not significant).
2) If significant value ≤ 0.05, then the hypothesis is rejected (significant regression coefficients).

Decision-making based on the calculated F F table:

1) If F count> F table, then Ho is rejected
2) If F arithmetic <F table, then Ho is accepted

c. Test The coefficient of determination (R2)

The coefficient of determination (R2) essentially measures how far the ability of the model to explain variations in the dependent variable. R2 is little value means the ability of independent variables in explaining the dependent variables is very limited. Mean value approaching one independent variables provide almost all the information needed to predict the variation of the dependent variable (Ghozali, 2011: 97).

RESULTS AND DISCUSSION

Description of the unit of analysis explains the parts of the research and discussion level independent variables (independent) and the dependent variable (dependent). Where the independent variables; free cash flow, dividend policy and growth opportunity for the dependent variable; debt policy. The researchers process data for 4 (four) years from 15 companies so that the amount of data examined in this study were 60 Data companies listed in 2010-2013. Here is a data table that becomes the criteria in this study:

Sample Criteria Table

No	*Criteria Purposive Sampling*	*Sample*
1.	Manufacturing Company in accordance with the type of classification of Indonesia Capital Market Directory (ICMD).	138
2.	The Company publishes financial reports in a row during the study period and the financial statements ending December 31	121
3.	The Company publishes its financial statements currency.	119
4.	Listed on the Stock Exchange at least one year prior to the observation period and successively during the observation period, namely 2010-2013	43
5.	Companies that reported dividend for 2010-2013	15

Source: Adapted researcher

Here are the results obtained by researchers debt policy on manufacturing companies in 2010-2013 in accordance with the purposive sampling method by researchers.

Result of Debt on Equity Ratio
(in Millionof rupiah)

No	*Company Name*	*Year*	*Total Debt*	*Total Equity*	*Debt*
1	PT. Asahimas Flat Glass, Tbk.	2010	529,732.00	1,842,925.00	0.29
		2011	545,395.00	2,145,200.00	0.25
		2012	658,332.00	2,457,089.00	0.27
		2013	778,666.00	2,760,727.00	0.28
2	PT. Arwana Citra Mulia, Tbk.	2010	458,094.00	415,060.00	1.10
		2011	348,334.00	483,173.00	0.72
		2012	332,552.00	604,808.00	0.55
		2013	366,755.00	768,490.00	0.48
3	PT. Astra International, Tbk.	2010	54,168,000.00	58,689,000.00	0.92
		2011	77,683,000.00	75,838,000.00	1.02
		2012	92,460,000.00	89,814,000.00	1.03
		2013	107,806,000.00	106,188,000.00	1.02
4	PT. Astra Autoparts, Tbk.	2010	1,482,705.00	4,103,147.00	0.36
		2011	2,241,333.00	4,722,894.00	0.47
		2012	3,396,543.00	5,485,099.00	0.62
		2013	3,058,924.00	9,558,754.00	0.32
5	PT. Charoen Phokphand Indonesia, Tbk.	2010	2,036,240.00	4,482,036.00	0.45
		2011	2,658,734.00	6,189,470.00	0.43
		2012	4,172,163.00	8,176,464.00	0.51
		2013	5,771,297.00	9,950,900.00	0.58
6	PT. Ekadharma International, Tbk.	2010	79,271.00	125,199.00	0.63
		2011	89,947.00	147,645.00	0.61
		2012	81,916.00	191,978.00	0.43
		2013	105,894.00	237,708.00	0.45
7	PT. GudangGaram, Tbk.	2010	9,421,403.00	21,320,276.00	0.44
		2011	14,537,777.00	24,550,928.00	0.59
		2012	14,903,612.00	26,605,713.00	0.56
		2013	21,353,980.00	29,416,271.00	0.73
8	PT. Indofood SuksesMakmur, Tbk.	2010	22,423,117.00	24,852,838.00	0.90
		2011	21,975,708.00	31,610,225.00	0.70
		2012	25,249,168.00	34,140,237.00	0.74
		2013	39,719,660.00	38,373,129.00	1.04
9	PT. Indocement Tunggal Prakarsa, Tbk.	2010	2,245,548.00	13,077,390.00	0.17
		2011	2,417,380.00	15,733,951.00	0.15
		2012	3,336,422.00	19,418,738.00	0.17
		2013	3,629,554.00	22,977,687.00	0.16
10	PT. Kimia Farma, Tbk.	2010	543,257.00	1,114,034.00	0.49
		2011	541,737.00	1,252,506.00	0.43
		2012	634,814.00	1,441,534.00	0.44
		2013	847,585.00	1,624,355.00	0.52
11	PT. Kalbe Farma, Tbk.	2010	1,260,361.00	5,771,917.00	0.22
		2011	1,758,619.00	6,515,935.00	0.27
		2012	2,046,313.00	7,371,644.00	0.28
		2013	2,815,103.00	8,499,958.00	0.33

12	PT. Lion Metal Works, Tbk.	2010	43,971.00	259,929.00	0.17
		2011	63,755.00	302,060.00	0.21
		2012	61,668.00	371,829.00	0.17
		2013	82,783.00	415,784.00	0.20
13	PT. Lionmesh Prima, Tbk.	2010	31,415.00	46,785.00	0.67
		2011	40,816.00	57,203.00	0.71
		2012	31,023.00	97,525.00	0.32
		2013	31,229.00	110,468.00	0.28
14	PT. Semen Gresik, Tbk.	2010	3,423,246.00	12,139,753.00	0.28
		2011	5,046,506.00	14,615,097.00	0.35
		2012	8,414,229.00	18,164,855.00	0.46
		2013	8,988,908.00	21,803,976.00	0.41
15	PT. Unilever Indonesia, Tbk.	2010	4,652,409.00	4,048,853.00	1.15
		2011	6,801,375.00	3,680,937.00	1.85
		2012	8,016,614.00	3,968,365.00	2.02
		2013	9,093,518.00	4,254,670.00	2.14

Sumber: data sekunderdiolah

Here is the result of free cash flow in 2010-2013 manufacturing company selected by purposive sampling method by researchers.

Results Free Cash Flow Ratio Calculation
(in millions of rupiah)

No	*Code*	*Year*	*AKO*	*PM*	*NWC*	*Ekuitas*	*FCF*
1	AMFG	2010	556,902.00	62,018.00	957,858.00	1,842,925.00	-0.25
		2011	465,707.00	254,215.00	1,140,293.00	2,145,200.00	-0.43
		2012	411,135.00	348,751.00	1,231,799.00	2,457,089.00	-0.48
		2013	551,871.00	93,488.00	1,506,156.00	2,760,727.00	-0.38
2	ARNA	2010	115,491.00	-3,633.00	-8,723.00	415,060.00	0.31
		2011	143,853.00	46,819.00	4,055.00	483,173.00	0.19
		2012	237,696.00	71,749.00	46,159.00	604,808.00	0.20
		2013	278,878.00	164,591.00	93,325.00	768,490.00	0.03
3	*ASII*	2010	2,907,000.00	6,552,000.00	10,361,000.00	58,689,000.00	-0.24
		2011	9,330,000.00	10,366,000.00	17,607,000.00	75,838,000.00	-0.25
		2012	8,930,000.00	10,017,000.00	21,621,000.00	89,814,000.00	-0.25
		2013	21,250,000.00	9,054,000.00	17,213,000.00	106,188,000.00	-0.05
4	AUTO	2010	399,127.00	409,006.00	947,994.00	4,103,147.00	-0.23
		2011	258,576.00	697,618.00	671,637.00	4,722,894.00	-0.24
		2012	537,785.00	730,322.00	453,865.00	5,485,099.00	-0.12
		2013	551,756.00	2,035,595.00	2,368,205.00	9,558,754.00	-0.40
5	*CPIN*	2010	2,408,406.00	382,599.00	2,813,295.00	4,482,036.00	-0.18
		2011	1,076,052.00	1,424,557.00	3,674,693.00	6,189,470.00	-0.65
		2012	1,689,376.00	1,621,768.00	5,013,238.00	8,176,464.00	-0.60
		2013	2,061,273.00	2,095,138.00	6,497,852.00	9,950,900.00	-0.66
6	*EKAD*	2010	13,961.00	4,328.00	52,998.00	125,199.00	-0.35
		2011	14,468.00	12,118.00	73,926.00	147,645.00	-0.48
		2012	28,583.00	16,456.00	105,557.00	191,978.00	-0.49
		2013	23,212.00	27,263.00	130,686.00	237,708.00	-0.57
7	*GGRM*	2010	2,872,598.00	1,183,351.00	14,426,360.00	21,320,276.00	-0.60
		2011	-90,307.00	1,645,910.00	16,847,435.00	24,550,928.00	-0.76
		2012	3,953,574.00	2,911,482.00	16,151,704.00	26,605,713.00	-0.57

		2013	2,472,971.00	5,429,144.00	14,509,881.00	29,416,271.00	-0.59
8	INDF	2010	6,989,734.00	1,793,180.00	10,218,876.00	24,852,838.00	-0.20
		2011	4,968,991.00	2,059,779.00	11,670,430.00	31,610,225.00	-0.28
		2012	7,419,046.00	3,976,491.00	13,430,790.00	34,140,237.00	-0.29
		2013	6,928,790.00	8,723,757.00	12,993,188.00	38,373,129.00	-0.39
9	INTP	2010	3,376,092.00	528,328.00	6,137,101.00	13,077,390.00	-0.25
		2011	3,883,711.00	574,419.00	8,837,976.00	15,733,951.00	-0.35
		2012	5,674,822.00	802,721.00	12,160,638.00	19,418,738.00	-0.38
		2013	5,419,268.00	2,152,104.00	14,106,159.00	22,977,687.00	-0.47
10	*KAEF*	2010	139,120.00	34,835.00	669,726.00	1,114,034.00	-0.51
		2011	81,553.00	40,048.00	803,335.00	1,252,506.00	-0.61
		2012	230,613.00	76,293.00	968,614.00	1,441,534.00	-0.56
		2013	253,784.00	71,699.00	1,064,491.00	1,624,355.00	-0.54
11	*KLBF*	2010	1,253,908.00	215,119.00	3,885,056.00	5,771,917.00	-0.49
		2011	1,473,495.00	419,946.00	4,325,535.00	6,515,935.00	-0.50
		2012	1,376,344.00	514,633.00	4,550,093.00	7,371,644.00	-0.50
		2013	927,164.00	855,486.00	4,856,729.00	8,499,958.00	-0.56
12	*LION*	2010	32,526.00	1,780.00	242,535.00	259,929.00	-0.81
		2011	40,207.00	2,095.00	281,663.00	302,060.00	-0.81
		2012	66,606.00	16,108.00	352,554.00	371,829.00	-0.81
		2013	52,557.00	33,270.00	365,092.00	415,784.00	-0.83
13	*LMSH*	2010	9,648.00	648.00	31,282.00	46,785.00	-0.48
		2011	5,100.00	-2,444.00	42,751.00	57,203.00	-0.62
		2012	10,589.00	5,355.00	76,797.00	97,525.00	-0.73
		2013	13,815.00	1,425.00	87,966.00	110,468.00	-0.68
14	*SMGR*	2010	3,378,416.00	4,022,902.00	4,828,349.00	12,139,753.00	-0.45
		2011	4,415,753.00	4,464,934.00	4,757,008.00	14,615,097.00	-0.33
		2012	5,591,865.00	6,180,481.00	3,406,092.00	18,164,855.00	-0.22
		2013	6,047,147.00	3,144,410.00	4,674,480.00	21,803,976.00	-0.08
15	*UNVR*	2010	3,619,189.00	1,273,913.00	-654,810.00	4,048,853.00	0.74
		2011	5,461,876.00	1,419,527.00	-2,028,375.00	3,680,937.00	1.65
		2012	5,191,646.00	1,218,006.00	-2,499,934.00	3,968,365.00	1.63
		2013	6,241,679.00	1,031,438.00	-2,556,503.00	4,254,670.00	1.83

Source: Secondary data is processed

Here are the results obtained from the manufacturing company in 2010-2013 were selected by purposive method samplingoleh researchers.

Results of calculation of dividend payout ratio (DPR)

No	*Company Name*	*Year*	*DPS*	*EPS*	*DPR*
1	PT. Asahimas Flat Glass, Tbk.	2010	80.00	762.61	0.10
		2011	80.00	776.49	0.10
		2012	80.00	798.64	0.10
		2013	80.00	779.63	0.10
2	PT. Arwana Citra Mulia, Tbk.	2010	15.00	43.07	0.35
		2011	20.00	51.62	0.39
		2012	40.00	85.25	0.47
		2013	16.00	32.03	0.50
3	PT. Astra International, Tbk.	2010	470.00	3,548.60	0.13
		2011	1,980.00	4,393.14	0.45

		2012	216.00	479.73	0.45
		2013	216.00	479.63	0.45
4	PT. Astra Autoparts, Tbk.	2010	592.00	1,479.83	0.40
		2011	105.00	286.75	0.37
		2012	87.00	294.60	0.30
		2013	105.50	208.78	0.51
5	PT. Charoen Phokphand Indonesia, Tbk.	2010	39.80	1,347.89	0.03
		2011	42.00	143.64	0.29
		2012	46.00	163.68	0.28
		2013	46.00	154.34	0.30
6	PT. Ekadharma International, Tbk.	2010	8.00	35.04	0.23
		2011	7.00	37.75	0.19
		2012	8.00	51.80	0.15
		2013	9.00	56.46	0.16
7	PT. GudangGaram, Tbk.	2010	880.00	2,154.93	0.41
		2011	1,000.00	2,543.57	0.39
		2012	800.00	2,086.06	0.38
		2013	800.00	2,249.76	0.36
8	PT. Indofood SuksesMakmur, Tbk.	2010	133.00	336.30	0.40
		2011	175.00	350.46	0.50
		2012	185.00	371.41	0.50
		2013	142.00	285.16	0.50
9	PT. Indocement Tunggal Prakarsa, Tbk.	2010	263.00	876.05	0.30
		2011	293.00	977.10	0.30
		2012	450.00	1,293.15	0.35
		2013	900.00	1,361.02	0.66
10	PT. Kimia Farma, Tbk.	2010	5.00	24.98	0.20
		2011	6.19	30.93	0.20
		2012	5.54	36.24	0.15
		2013	9.66	38.63	0.25
11	PT. Kalbe Farma, Tbk.	2010	70.00	124.69	0.56
		2011	95.00	145.95	0.65
		2012	19.00	28.45	0.67
		2013	17.00	37.80	0.45
12	PT. Lion Metal Works, Tbk.	2010	200.00	742.68	0.27
		2011	300.00	1,009.98	0.30
		2012	400.00	1,641.30	0.24
		2013	400.00	1,245.03	0.32
13	PT. Lionmesh Prima, Tbk.	2010	50.00	765.68	0.07
		2011	100.00	1,135.14	0.09
		2012	150.00	4,300.26	0.03
		2013	200.00	1,498.22	0.13
14	PT. Semen Gresik, Tbk.	2010	306.26	612.53	0.50
		2011	330.89	661.79	0.50
		2012	367.74	817.20	0.45
		2013	407.42	905.37	0.45
15	PT. Unilever Indonesia, Tbk.	2010	444.00	443.90	1.00
		2011	546.00	545.66	1.00
		2012	634.00	634.24	1.00
		2013	701.00	701.52	1.00

Source: Secondary data is processed

Here are the results of the research results obtained from the manufacturing company in 2010-2013 were selected by purposive sampling method by researchers.

Results of calculation Market to Book Value Ratio (PBV)

No	*Code*	*Year*	*Closing price*	*Book value*	*PBV*
1	AMFG	2010	5,800.00	4,246.37	1.37
		2011	6,550.00	4,942.86	1.33
		2012	8,300.00	5,661.50	1.47
		2013	7,000.00	6,361.12	1.10
2	ARNA	2010	290.00	222.69	1.30
		2011	365.00	263.26	1.39
		2012	1,640.00	329.53	4.98
		2013	820.00	104.68	7.83
3	*ASII*	2010	54,550.00	12,180.25	4.48
		2011	74,000.00	18,733.04	3.95
		2012	7,600.00	2,218.53	3.43
		2013	6,800.00	2,622.99	2.59
4	AUTO	2010	13,950.00	5,006.54	2.79
		2011	3,400.00	1,224.88	2.78
		2012	3,700.00	1,422.56	2.60
		2013	3,650.00	1,983.25	1.84
5	*CPIN*	2010	1,840.00	2,718.89	0.68
		2011	2,150.00	377.45	5.70
		2012	3,650.00	498.63	7.32
		2013	3,375.00	606.84	5.56
6	*EKAD*	2010	255.00	190.55	1.34
		2011	280.00	211.29	1.33
		2012	350.00	274.73	1.27
		2013	390.00	340.18	1.15
7	*GGRM*	2010	40,000.00	11,016.73	3.63
		2011	62,050.00	12,759.77	4.86
		2012	56,300.00	13,827.70	4.07
		2013	42,000.00	15,288.42	2.75
8	INDF	2010	4,875.00	1,911.60	2.55
		2011	4,600.00	3,600.08	1.28
		2012	5,850.00	3,888.50	1.50
		2013	6,600.00	4,370.30	1.51
9	INTP	2010	15,950.00	3,552.45	4.49
		2011	17,050.00	4,274.10	3.99
		2012	22,450.00	5,275.07	4.26
		2013	20,000.00	6,241.85	3.20
10	*KAEF*	2010	159.00	200.58	0.79
		2011	340.00	225.51	1.51
		2012	740.00	258.74	2.86
		2013	590.00	292.47	2.02
11	*KLBF*	2010	3,250.00	529.12	6.14
		2011	3,400.00	641.58	5.30
		2012	1,060.00	120.97	8.76
		2013	1,250.00	167.39	7.47
12	*LION*	2010	3,800.00	4,997.09	0.76
		2011	5,250.00	5,807.07	0.90

		2012	10,400.00	7,148.37	1.45
		2013	12,000.00	7,993.39	1.50
13	*LMSH*	2010	4,800.00	4,873.47	0.98
		2011	5,000.00	5,958.61	0.84
		2012	10,500.00	10,158.87	1.03
		2013	8,000.00	11,507.09	0.70
14	*SMGR*	2010	9,450.00	2,024.18	4.67
		2011	11,450.00	2,463.97	4.65
		2012	15,850.00	3,062.43	5.18
		2013	14,150.00	3,675.95	3.85
15	*UNVR*	2010	16,500.00	530.20	31.12
		2011	18,800.00	482.43	38.97
		2012	20,850.00	520.10	40.09
		2013	26,000.00	557.62	46.63

Source: Secondary Data processed

Description Variable Statistics Research

Variabel	*N*	*Minimum*	*Maximum*	*Mean*	*Std.Deviation*
KebijakanHutang	60	0,15	2,14	0,58	0,42
Free cash flow	60	-0,83	1,83	-0,28	0,54
Kebijakandividen	60	0,03	1,00	0,37	0,23
Growth opportunity	60	0,68	46,63	5,43	9,43

Based on Table, it can be seen that the variable debt policy has an average value of 0.54. This means that in general the company manufacturing the period 2010-2013 has a total debt as much as 54% of its equity value. The minimum value that is owned by PT.Indocement Tunggal Perkasa Tbk in 2011 amounted to 0.15 and the maximum value of which is owned by PT. Unillever Indonesia Tbk in 2013 amounted to 2.14 with a standard deviation that is equal to 0.42.

Then to free cash flow can be seen that the average is -0.28. This means that in general the companies listed in 2010-2013 had a cash flow from operations less capital expenditures and net working capital amounted to -28% of the minimum equity. The value is -0.83 ie, owned by PT. Lion Metal Works Tbk in 2013 and the maximum value is 1,83 owned by PT. Unilever Indonesia Tbk 2013 with the standard deviation is 0.54.

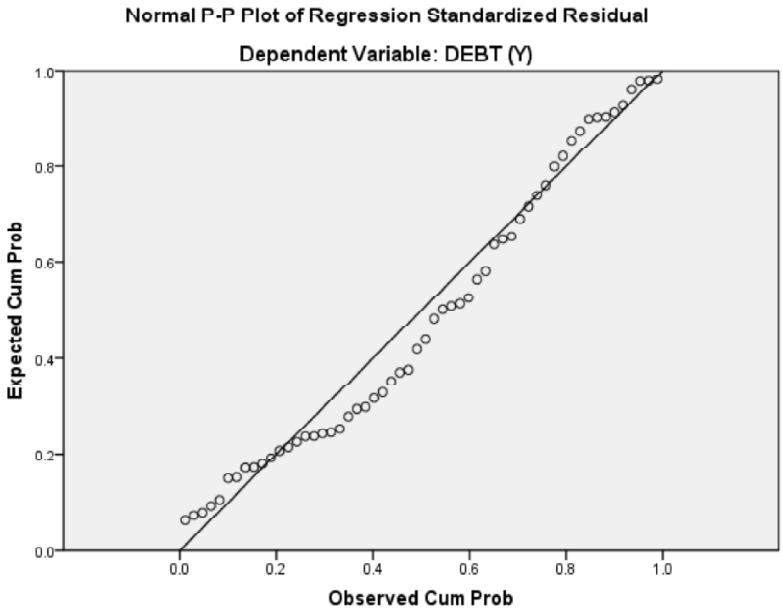
For the dividend policy can be seen that average is 0.37. This means that in general companies listed in 2010-2013 distribute a dividend of 37% of earnings per share. The minimum value of the DPR of 0.03 owned by the two companies, namely, PT. Charoen Phokpand Indonesia Tbk in 2010 and PT. Lionmesh Prima Tbk in 2012 as well as the maximum value of 1,00 owned by PT. Unilever Indonesia Tbk in a row in 2010 until 2013. While the value of the standard deviation is 0.23.

While the growth opportunity in mind that the average in this study was 5.43, this means that in general the company manufactures the period 2010-2013 has a stock market value 5.43% of book value. The minimum value is equal to 0,68 owned by PT. Charoen Phokphand Indonesia Tbk in 2010 and a maximum value of 46,63yang owned byPT.UnileverTbk 2013. While the standard deviation value was of 9.43.

Classical assumption test

Normality Test

Normality test data in this test using normal probability plot method (P-Plots) which aims to see whether the data have normal distribution or not. Basis for a decision that is, when the data spread and follow the direction of the diagonal line.



In the picture above shows the points spread around a diagonal line and spread diagonally. The following result means the direction of the line indicates that the normally distributed data.

Test Multicolinearity

In this study,the results ofthe calculation oftoleranceandvarianceinflationfactor (VIF) is as follows:

Test results Multicolinearity

Variabel	*Tolerance*	*VIF*	*Conclusion*
FCF	0,227	4,408	No Multicolinearity
DPR	0,814	1,228	No Multicolinearity
PBV	0,233	4,289	No Multicolinearity

Source: Secondary datais processed

From these results, it can be said that the regression model free frommultikolinieritas because VIF no tolerance values exceeding 10 and no less than 0.10.

Test Auto correlation

The testis used todetect thepresence or absence ofclassic assumption deviation auto correlation is the Durbin-Watson test (DW test).

Test Autocorrelation

Model	*N*	*K*	d_L	d_U	*DW*	*Conclusion*
1	60	3	1,4797	1,6889	2,278	Noautocorrelation, positiveor negative

Source: Secondary datais processed

Based on thetable above, can beseen the value ofDurbinWatsonresultingfrom the regression modelis2.278. DWvalueis at5criteria, namely=Du<DwHit<(4-Du) =1.6889<2.278 <2.3111 (4-1.6889). So it canbe saidthat the regression modelfree ofautocorrelation.

Test Heteroskidastity

Test Heteroskidastity

Variabel	*Signifikansi*	*Conclusion*
FCF	0,094	No Heteroskidastity
DPR	0,662	No Heteroskidastity
PBV	0,065	No Heteroskidastity

Source: Secondary datais processed

From the results ofSPSS, it can be seenthat thesignificanceabove5% confidence level(0.05), so it can be concluded that the regression model did not contain any heteroskidastityorit can be said homoscedasticity.

Hypothesis Testing

Multiple Linear Regression Model

Multiple linear regression analysis was used to predict the value of the effect of two or more independent variables on the dependent variable. Once the data are calculated, the obtained results as follows:

Coefficients[a]

Model		*Unstandardized Coefficients*		*Standardized Coefficients*		
		B	*Std. Error*	*Beta*	*t*	*Sig.*
1	(Constant)	,701	,078		9,030	,000
	FCF	,515	,108	,659	4,783	,000
	DPR	-,209	,080	-,189	-2,596	,012
	PBV	,014	,006	,303	2,234	,029

a. Dependent Variable: DEBT

Based on table of data above, here are the result:

a = 0,701

b1 = 0,515

b2 = -0,209

B3 = 0,014

If the value is inserted into the multiple linear regression equation it will be:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e,$$

$$Y = 0{,}701 + 0{,}515\ FCF - 0{,}209\ DPR + 0{,}014\ PBV + e$$

From this equation can be explained as follows:

a) Constant value (a) is positive is 0.701, indicating that if the variable Free Cash Flow (X1), Dividend Policy (X2), Growth Opportunity (X3) value is 0, then the debt policy is 0.701.

b) variable regression coefficient FCF (free cash flow) positive value of 0.515, meaning that if another independent variable value is fixed and FCF increased to Rp 1, then the debt policy (variable Y) will be increased by 0.515. The coefficient is positive between Free cash flow with debt policy which states that the supplement free cash flow it will be increasing debt policy.

c) Dividend policy variable regression coefficient (DPR) is negative amounting to 0.209 means that if another independent variable value is fixed and dividend manufacturing companies decreased 1%, then DEBT (variable Y) will increase 0.209. The coefficient is negative between dividend policy with a debt policy that states that the size of the dividend distribution policy of debt will increase.

d) Growth Opportunity variable regression coefficient (PBV) positive value of 0.014, meaning that if another independent variable value is fixed and the growth opportunity of manufacturing companies rose 1%, then DEBT (variable Y) will have increased 0,014. The coefficient is positive between growth opportunity with the debt policy that states that increased growth opportunity of a company, the higher the debt policy in the company.

Significant Individual Test Parameters (Test Statistic t)

T-statistics test is done by comparing t arithmetic with t table, significance level of 5%: 2 = 2.5% (Test 2 sides) with degrees of freedom (df) nk-1 or 60-3-1 = 56 (n is the number of samples and k is the number of independent variables). By testing two sides (significant = 0.025), the results obtained for the t table of 2.00324.

Statistics t test

Coefficients[a]

Unstandardized Coefficients		*Standardized Coefficients*		
B	*Std. Error*	*Beta*	*t*	*Sig.*
,701	,078		9,030	,000
,515	,108	,659	4,783	,000
-,209	,080	-,189	-2,596	,012
,014	,006	,303	2,234	,029

a. Dependent Variable: DEBT

From the above table, in order to obtain the test results as follows:

a. Free cash flow variable (X1) has t count equal to 4.783. Thus it appears that t count> t-table. Besides, based on the results of SPSS, t value of 4.783 is the significant level of 0,000 (0.0%), which means under the significant level of 0.05 (5%). This shows that the free cash flow positive effect on debt policy in manufacturing companies, namely the high free cash flow, the high debt policies.

b. Dividend policy variables (X2) have t calculate equal to -2.596. Thus it appears that t count> t-table. Besides, based on the results of SPSS, t value of -2.596 is the significant level of 0.012 (1.2%), which means under the significant level of 0.05 (5%). This indicates that the dividend policy negatively affect debt policy in manufacturing companies, namely the low dividend policy of high debt policy.

c. Variable growth opportunity (X3) has amounted to 2,234 t. Thus it appears that t count> t-table. Besides, based on the results SPSSv.19, t-test value of 2.234 is the significant level of 0.029 (2.9%), which means under the significant level of 0.05 (5%). This suggests that the growth opportunity positive effect on debt policy in manufacturing companies, namely the opportunity of high growth rate of the high debt policies as well.

Significant Simultaneous Test (Test Statistic F)

This testing is done by comparing Fhitung with Ftabel and a significance level of less than 5% (0.05).

Test Statistic F

ANOVA[B]

Model		*Sum of Squares*	*df*	*Mean Square*	*F*	*Sig.*
1	Regression	8,047	3	2,682	58,827	,000[a]
	Residual	2,554	56	,046		
	Total	10,601	59			

Source: Secondary data is processed

From the above table it is known that Fhitung 58.827 with a significance of 0.000 and the value of F table 2,76 with a significance level of 5%. From the calculation results show that F-count> F-table that is 58.827> 2.76 and a significance level of less than 0.05 is equal to 0.000. Thus showing that there is a simultaneous effect between free cash flow, dividend policy, and growth opprtunity against debt policy in companies listed on the Stock Exchange 2010-2013.

Coefficient of Determination

In the multiple linear regression is analyzed also the magnitude of the coefficient of determination (R2) as a whole.

Coefficient of Determination

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	,871[a]	,759	,746	,21354

This test shows the results of R2 (adjusted R2) of 0.746 means that the influence of the independent variables together on the dependent variable of 74.6%. So it can be said that the magnitude of the debt policy 74.6% of manufacturing companies due to Free Cash Flow, dividend policy and growth opportunity, the remaining 25.4% is influenced by other variables.

Based on research data and its processing is sourced from the financial statements of companies listed on the Indonesian Stock Exchange (BEI) 2010-2013, the discussion of each variable in the study was as follows:

The influence of free cash flow to debt policy

The results showed that the free cash flow significantly influence debt policy. The positive results obtained in this study reflect the direction of the relationship between free cash flow to debt policy. This indicates that the manufacturing companies that have high debt policies mostly have free cash flow the company is high as well. It can be concluded that the manufacturing companies in Indonesia, the use of high debt because they have a high free cash flow.

The influence of dividend policy on debt policy

Dividend policy one of the things that affect the debt policy a dividend policy of the company.In this study gave negative results but significant. This means that the dividend policy is inversely proportional to the impact on the debt policy and debt policy of the company.If high dividend policy, low debt policy. If the company has a lot of debt, the company will reduce the amount of the dividend because most of the profits will be used to pay interest and installment loans.

Effect of growth opportunity against debt policy

Based on the hypothesis that the results obtained, it is known that the growth opportunity companies influence the direction of the debt policy, which means if growth opportunity increases the debt policy of an enterprise increases. When growth increases the opportunity of a company's debt policy will increase as well supported with funds needed for the development of the company's growth.

Effect of Free Cash Flow, Dividend Policy and Growth Opportunity on Debt Policy

The results showed that these three variables can influence debt policy co-general sama. Several companies generate a lot of cash but a limited amount of its investment opportunities-this is happening to the companies in the lucrative industry, too mature, where there is little growth. Companies are also usually share a large percentage of cash to shareholders, thus attracting a group of investors who choose high dividend and cause the company to have a low amount of debt.

Results of this study indicate the three independent variables affect the dependent variable together. With manufacturing companies the object of research in 2010-2013 has the result that a high free cash flow, a low dividend policy and the high growth opportunity that influence the debt policy so that high debt policy

CONCLUSIONS AND SUGGESTIONS

Based on the analysis and discussion of research that has been conducted on a manufacturing company, then the results of this study can be summarized as follows:

1. There is a significantly positive influence between free cash flow for debt policy and has a unidirectional relationship with debt policy. So it can be said that when a high free cash flow, the debt policy will be high as well. This is because the debt policy can reduce agency costs that occur.
2. Dividend policy has a significant negative effect on debt policy and has an inverse relationship with debt policy. These results reinforce the assertion that if the high dividend policy, the debt will be low. This is because at the time of a high dividend, the company is still able to fund its operations without having to use funds from external parties.

3. The growth opportunity positive effect on debt policy in manufacturing companies, namely the opportunity of high growth rate of the high debt juga.memiliki influence policy and direction of the debt policy. So if a company has a high growth opportunity, the high debt policy will also result from a company that has a high growth opportunities tend to borrow loans for business development and operations.
4. The free cash flow, dividend policy and growth opportunity positive and significant impact on debt policy with a significance of 0,000dengan F-count 58.827. This means that the hypothesis that these three variables influencing variables debt policy. Its influence is with high free cash flow, a low dividend policy and the high growth opportunity companies have high debt policies as well.

SUGGESTION

Based on research that has been done, researchers will provide some suggestions that can be submitted is limited samples in manufacturing companies alone. Future studies need to expand beyond manufacturing samples such as other industries which are in the BEI and can add research years. Also need for samples with intervals and in different studies of the development of the capital market which is quite high.

For further research, it is expected that researchers can add multiple variables such as profitability, sales growth, investment, business risk, and can also be seen from the relationship with the tax or other variables that include new variables that can influence the policy of debt and further research could also use another proxy, so can be compared with previous research.

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