ABSTRACT

YATIMAH, "The Effects of the Dividend Policy and Financial Performance on the Business Value of Food and Beverage Companies In Indonesia Stock Exchange" under guidance of Prof. Dr. Hj. Umi Narimawati. Dra., SE.,Msi.

The business value give shareholders with maximal prosperity when stock value rise. The more high the stock value of a corporate, the more high the prosperity of shareholders. Both dividend policy and financial performance are factors affecting business value. The aim of the research is to understand the effects of the dividend policy and financial performance on the business value of food and beverage corporate that registered on 2005 to 2010 Indonesia Stock Exchange.

The research was conducted over 6 food and beverage companies registered on Indonesia Stock Exchange using time series data from 2005 to 2010 and cross section called pooling data. Variable used is dividend policy and financial performance as independent variable and business value as dependent variable. The research uses multiple linear regression analytical tools to understand whether there is linear relationship between one dependent variable (business value) and some independent variables (dividend policy and financial performance).

The results of the research suggest dividend policy and financial performance simultaneously have significant effects on the business value. Partially, dividend policy variable have not significant effect in the business value. While financial performance partially has significant effect on the business value.

Keywords: Dividend Policy, Financial Performance, and Business Value.