ABSTRACT

AN ANALYSIS OF THE DIVIDEND PAYOUT RATIO AND PROFITABILITY (ROI) EFFECTS ON STOCK PRICES

(A Case Study at PT. Gudang Garam (Persero) Tbk)

This research was carried out at PT. Gudang Garam (Persero) Tbk operating in cigarette industrial world, and having a variety of cigarette products, among of them are Gudang Garam Merah, Gudang Garam Internasional, and various another cigarette products. The aim of this research is to examine the Devidend Payout Ratio and Profitability (ROI) relationship on PT. Gudang Garam (Persero) Tbk's stock prices, both partially or simultantly.

The method used in this research is a descriptive analytical and verificative methods with quantitative approach. Samples used in the research made use a nonprofitability sampling technique, namely, PT. Gudang Garam (Persero) Tbk's yearly financial report from 2004 to 2010 as much 7 exemplars as. To examine the Devidend Payout Ratio and Profitability (ROI) relationships on Stock Prices, it is utilized a correlation analysis. To examine the effects of the Dividend Payout Ratio and Profitability (ROI) on prices, it is utilized a path analysis. The hypothetical testing in this research, it was used a two-parties statistical F-test and F-count with F_{count} product = 4,46s. Such statistical analytical process applied the SPSS.18 for windows program.

This research findings showed that Dividend Payout Ratio variable on Stock Price have no a significant relation, meaning that such Dividend Payout Ratio provides a very small effect on Stock Prices, meanwhile its Profitability (ROI) results in a positive significant effect on Stock Prices and it means that Profitability (ROI) largely tends to rise Stock Prices up.

Keywords : *Dividend Payout Ratio, Profitability (ROI), Stock Prices.*