ABSTRACT

Phenomena that occur in 2013 at a pharmaceutical company where the profitability of these companies experienced increment while the value of the company or its stock price decline this is indicated because dividends are distributed so that the small company's value decline. The purpose of this research is to find out how big an influence profitability of the firm value and how big an influence dividend policy of the firm value.

The research method used is descriptive method quantitative approach with verifikatif. While the data used are secondary data in the form of time series that is made up of years 2009-2013 on the pharmaceutical sector companies were listed on the Indonesia stock exchange. The sample used in this study amounted to 30 samples. The test statistic used is a classic assumption test, an analysis of the multiple linear correlation coefficient, coefficient of determination and hypothesis testing used is SPSS 21.0 for windows.

The results showed that, profitability has a strong positive relationship of 16,90% and significant effect against the firm value, as well as dividend policy has a strong positive relationship of 20.21% and influential significantly to firm value.

Keyword: profitability, dividend policy, firm value