ABSTRACT

EFFECT OF PROFITABILITY AND SOLVENCY OF CASH DIVIDEND POLICY IN THE FOOD INDUSTRY SECTOR IN INDONESIA STOCK EXCHANGE LISTING PERIOD 2011-2013

By

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This study aims to determine the effect on the profitability and solvency of the company's cash dividend policy food industry sector listed in Indonesia Stock Exchange 2011-2013. The population in this study are the financial statements of the food industry sector company listing in BEI period 2011-2013 as many as 15 companies. The sampling technique used purposive sampling technique, then obtained a sample of eight companies. The method used in this study is the verification with quantitative approach. Testing the hypothesis first, second and third using statistical t-test, F whereas to determine the percentage of independent variables on the dependent variable using the coefficient of determination.

Based on the result: (1) There is a positive and significant impact on the profitability of the cash dividend policy as indicated by the regression coefficient positive value of 0.021534. The statistical results showed that the t-test (t count > t table) amounted to 3.494801 > 1.72074 with a probability value of 0.0097 that is smaller than the significance level α = 0.05. (2) There is a negative and significant impact on the solvency of the cash dividend policy as indicated by the regression coefficient is negative for -0.000933. The statistical results showed that the t-test (t count > t table) of -2.164712 > 1.72074 to 0.00098 so the probability value of less than the significance level α = 0.05. (3) There is a significant effect on the profitability and solvency of the cash dividend policy as indicated by F count is greater than the F table, namely, 2430 6.66 > 3.47 and a probability value is less than the value of α (0.05), namely, 0.000726 < 0.05. As well as the adjusted R² value of 0.50220 or 50.22%.

Keywords: profitability (X₁), solvency (X₂), and the cash dividend policy (Y)