

ABSTRACT

Net profit growth in the food and beverages industry companies listed on the Indonesian Stock Exchange from 2004 until 2014 had been increasing. But it was not consistent with the existence of several companies which did not distribute dividends when the net profit increased. It is necessary to do this research on dividend policy.

This study was conducted to examine the effect of the company's financial performance through Return On Investment (ROI), Current Ratio (CR) and Debt to Equity Ratio (DER) on dividend policy as measured by Dividend Payout Ratio (DPR) on manufacture companies sub sectors food and beverages listed in Indonesia Stock Exchange (BEI) in the period of 2004 to 2014.

This study used secondary data obtained from www.idx.co.id and www.icamel.id. Sampling of this study used purposive sampling method. Analysis of data used in this study is regression analysis using panel data test.

The test model used from panel data test is a Chow test and Hausmann test with the results obtained is a model of fixed effects. The statistical test used in this study are F-test and t-test statistics.

The results showed that simultaneously ROI, CR, and DER significantly effect DPR. Partially variables ROI and DER didn't have significant effect on DPR. While variables CR showed significant effect on DPR.

Keywords: Return On Investment (ROI), Current Ratio (CR), Debt to Equity Ratio (DER), Dividend Payout Ratio (DPR), and food and beverages industry companies.