

# ASSOCIATION ANALYSIS OF INVESTMENT OPPORTUNITY SET PROXIES (IOS), DIVIDEND POLICY AND FINANCING POLICIES IN FOOD AND BEVERAGES COMPANIES IN INDONESIA

## Abstract

This study aims to identify the level of Investment Opportunity Set, funding policy and dividend policy at food and beverages firms in Indonesia as well as examine the relationship between the level of Investment Opportunity Set, funding policy and dividend policy at food and beverages firms in Indonesia.

This research included in this type of ex post facto research, which is a type of research that examines past data (historical data). The variables in this study is proxied Investment Opportunity Set with the ratio of the market value of the firm to the book value of the assets (MKTBKAS), the ratio of market to the book value of equity (MKTBKEQ) and the price earnings ratio (PER). The population in this study were all firms in the group of Food and Beverages Industries listed on the Indonesia Stock Exchange. Samples drawn by using purposive sampling (judgment sampling). The data obtained in this study was secondary data in the form of financial statements in 2010 on the companies selected as a sample. Data collection techniques in this study was documentation. Data analysis was performed with Financial Ratio Analysis and Inferential Statistical analysis using Pearson Product Moment correlation analysis.

The results showed that: (a) the average asset value of food and beverage companies listed on the Indonesia Stock Exchange (BEI) is Rp4.585.571.426.554, 0740; the average value of equity is Rp 1.481.364.511.594.7036 ; the average shares outstanding is 2,490,349,225 shares, average price of the company's stock is Rp16.540.94; average value of MKTBKAS ratio is 1.63, (b) The ratio MKTBKEQ of food and beverage companies listed on Indonesia Stock Exchange (IDX) shows the average value of 2.69, (c) the ratio of PER shows the average value of 12.0363 (d) funding policy indicates the average value of capital structure is 0.6715; ( e) The dividend policy shows the average value of Dividend Payout Ratio (DPR) is 0.1778, (f). From three IOS proxies are used, only the P / E ratio are significant in relation to the IOS. While proxy MKTBKAS and MKTBKEQ have not a significant relationship with the IOS. P / E ratio correlated negatively to the firm's financing policy as indicated by the value of the correlation coefficient of -0.270, (g) From the three IOS proxies are used, none of which have a significant relationship to the dividend policy on an alpha of 5%. Only MKTBKEQ ratio has a significant relationship to the IOS on the alpha of 10% (0.10) is by testing the significance of 0.088.

**Keywords:** *Investment Opportunity Set, Financing Policy, Dividend Policy*