

ABSTRACT

The main firm's goal according to theory of the firm is to maximize value of the firm. Firm can increase owners' and stockholder' wealth by increasing the firms' value. The value of the firm can be influenced by many factors, either internal or external. This research examines the affect of Intensitas Penelitian dan Pengembangan, return on equity and dividend payout ratio to the value of the firm.

Samples of this research are firms listed in Indonesia Stock Exchange during period time of 2007 to 2009. By using purposive sampling method, it's found 12 sample firms with 36 observations. Input data are analysed by using Ordinary Least Square analysis.

The results show that (1) Research and Development Intensity Ratio negatively and significantly affects M/B Ratio, (2) Return on Equity positively and significantly affects M/B Ratio, and (3) Dividend Payout Ratio doesn't affect M/B Ratio significantly.

Keywords : Value of The Firm, Research and Development (R&D) Intensity Ratio , Return on Equity, Dividend Payout Ratio