

Abstract

The purpose of this study is to analyze the impact of the variables firm size (SIZE), business risk (BRISK), liquidity (CR) on leverage (DTA) and the influence of leverage on the value of firm (price book value) on manufacturing companies listed in Indonesia Stock Exchange 2004-2007 period. Research using purposive sampling method for taking samples. Data obtained on the basis of the publication of Indonesian Capital Market Directory (ICMD), obtained 137 samples of manufacturing firms.

Analysis technique used is multiple regression analysis. Based on the test statistic F indicates that both of the model is fit because has a significance value less than 5% of Alpha value.. Meanwhile, based on statistical t test showed that the firm size is positive and significant impact on leverage because it has a significance value less than 5% of Alpha value. Similarly, business risk is positive and significant impact on leverage. Meanwhile, liquidity is positive and not significant impact on leverage because it has a significance value more than 5% of Alpha value. Leverage it self is negative and significant impact on (price book value) .

Result of analisis show that predictive ability of the three independent variables (firm size, business risk, liquidity) is 30,3% and it shown by adjusted R^2 value, the rest 69,7% influenced by other variables outside the model. Meanwhile, for the dependen variabel price book value, *adjusted* R^2 is 10,6% and it means that the variation of variabel price book value can shown by leverage is 10,6% and the rest 89,4% influenced by other variables outside the model.

Key Words: Firm size (SIZE), Business Risk (BRISK), Liquidity (CR), Leverage (DTA) , Price book value (PBV) and Manufacturing Companies