

ABSTRACT

This study is performed to analyze the effect of fundamental factors and systematic risk on stock return in times of before and after global financial crisis (subprime mortgage crisis) for manufacture companies listed in the Indonesia Stock Exchange. Sample used in this research consist of 97 manufacture companies which are observed anually from the “before crisis” period in 2006-2007 until “after crisis” period in 2009-2010. The objective of this study is to analyze the effect of the fundamental variables (ROI, DER and PBV) and systematic risk (stock beta) toward stock return in manufacture companies that is listed in Indonesia Stock Exchange over period 2006-2010.

Sampling technique used here is purposive sampling on criterion (1) manufacture companies that actively trade their stocks in Indonesia Stock Exchange; (2) manufacture companies that have complete and reliable financial report during 2006-2010; and (3) having complete disclosure in Indonesia Capital Market Directory during 2006-2007 and 2009-2010. The data is obtained based on Indonesia Capital Market Directory publication. It is gained sample amount of 92 companies from 133 manufacture companies those are listed in Indonesia Stock Exchange. The analysis techniques used here is multiple regression with the Chow test difference and hypothesis test using t-test to examine partial regression and f-test to examine the mean of mutual effect with level of significance 5%. In addition, classical assumption is also performed including normality test, multicollinearity test, autocorrealation test and heteroscedasticity test.

The result of investigation showed that fundamental variables and systematic risks influenced the stock return in “before crisis” period. In the other hand, some fundamental variables don’t have significant influenced such as ROI and DER. The Chow test difference indicate that there is a significant difference influence of fundamental variables and systematic risk toward stock return between “before crisis” period and “after crisis” period.

Keywords: ROI, DER, PBV, stock beta, return