

Abstract

Currently, capital market is seen as an effective way to accelerate the development of a country. This is in line with the capital market functions, first as a funding vehicle for business or as a means for companies to obtain funds from the public or investors. Investors before investing in the stock market, will gather as much information useful in making investment decisions. Information needed include stock prices, company performance (financial or other operational reports), external factors and the company risk. There are many factors that affect the company's systematic risk, which are fundamental factors. The aim of this research is to study about the effect of Asset Growth, Earning per Share, Debt to Total Assets, Return on Investment, and Dividend Yield to the stock beta.

The analytical method used in this study is the method of multiple regression analysis performed with SPSS 16. Results from this study indicate that the variable Asset Growth, Debt to Total Assets and Return on Investment have a significant effect to the stock beta. While variable Earning per Share and Dividend Yield not significantly affected the stock beta.

From the calculation on chapter IV, investors should consider a movement from variable Asset Growth, Debt to Total Assets, and Return on Investment because it is proved to significantly affect the movement of stock beta. Nevertheless, considering the coefficient of adjusted R square is low (4.2%), then the investor will also need to observe other variables that might affect the beta stocks.

Keywords : IHSG, *financial ratio*, stock beta, risk