

ABSTRACT

This research aims to analyze the effect of unexpected earnings, large working capital accruals positive, large working capital accruals negative, firm size, earnings per share, and investment opportunity set on stock return. And to analyze the influence of large working capital accruals positive and large working capital accruals negative as a moderating variable on the relation of unexpected earnings to stock return. This research is divided into three groups. Group I is the firm that reported an increase and decrease in earnings. Group II is the firm that just reported an increase in earnings. Group III is the firm that just reported a decrease in earnings.

Samples are manufacturing companies listed in Indonesia Stock Exchange in the year 2007-2009. Samples were selected using purposive sampling method. Test of hypothesis using multiple regression analysis.

The results of the research reveals that in group I and II, unexpected earnings has not effect on stock return, while in group III, unexpected earnings has significantly negative effect on stock returns. In group I and III, large working capital accruals positive has significantly positive effect on stock return, while in group II, large working capital accruals positive has not effect on stock return. In group I, II, and III, large working capital accruals negative has significantly positive effect on stock return. In group I, II, and III, the large working capital accruals positive affect the relations of unexpected earnings on stock return. In group I, II, and III, the large working capital accruals negative has not effect the relations of unexpected earnings on stock return. In group I, II, and III, firm size has not effect on stock return. In group I, II, and III, earnings per share has significantly positive effect on stock return. In group I, II, and III, investment opportunity set has not effect on stock return.

Keywords: unexpected earnings, large working capital accruals, firm size, earnings per share, investment opportunity set, stock return.