

ABSTRACT

This research was performed to examine the effect of working capital turnover, long term debt-to-equity ratio and return on equity on the stock return by nonfinancial companies listed in LQ45 index during 2010 – 2012. Independent variables in this study are working capital turnover, long term debt-to-equity ratio, and return on equity. Working capital turnover was measured by dividing companies' net income with working capital. Long term debt-to equity ratio was measured by dividing companies' long term liabilities with stockholders' equity. Return on equity was measured by dividing companies' profit after tax with stockholders' equity. While the dependent variable in this study is stock return.

Population in this study is nonfinancial companies listed which are listed in LQ45 index during 2010 – 2012, with the sampling method is multi shape purposive sampling. Data were obtained from Indonesian Capital Market Directory (ICMD) and Yahoo! Finance stock price information website (finance.yahoo.com). The analysis technique used was multiple regression analysis. Samples used in this study were 116 nonfinancial companies listed on LQ45 index in August through December 2010 – 2012.

The results of multiple regression analysis showed that the usage of working capital turnover, long term debt-to-equity ratio and return on equity altogether had no significant impact on stock return. The partial t tests were resulted in negative nonsignificant effect of working capital turnover on stock effect, positive nonsignificant effect of return on equity on stock return, and nonsignificant negative effect of long term debt-to-equity ratio on stock return.

Keyword : stock return, working capital turnover, long term debt-to-equity ratio, return on equity