ABSTRACT

Credit rating reflects emiten condition related to its obligation. Credit rating is used to assess the default risk of emiten's obligation. This study aims to analyze the influence of the independent variables that include leverage, decrease leverage, profitability, delta profitability, size, delta size, interest coverage, institutional ownership and delta DOL on the dependent variable which is credit rating and decrease credit rating. This study replicated prior study conducted by Coliins et al (2006).

Population consists of obligations that have credit rating 2008-2012 assessment from PEFINDO. Sample was collected based on purposive sampling. Sample used in this study is 111 observations. Credit rating data was collected from PEFINDO official website dan companies official website. Secondary data derived from ICMD and the financial statements. Data analysis using regression test tool and regression binsry logistik. Regression test tool which includes the classical assumption test of normality test, multicollinearity test, autocorrelation test and heterocedastisity test. Regression binary logistik which includes hosmer and lemeshow test, overall model fit test, and nagel karke test.

The test results found that partially only leverage, profitability and size growth are significant effect on credit rating while interst coverage and institutional ownership not significantly affect credit rating.This test result from decrease in credit rating found that delta leverage, delta profitability, delta size, and delta DOL not significantly affect decrease credit rating.

Keywords: Leverage, Delta Leverage, Profitability, Delta Profitability, Size, Delta Size, Delta DOL, Interest Coverage, Institutional Ownership, Credit Rating, and Decrease Credit Rating.