ABSTRACT

This research is performed in order to test influence of traditional financial performance as profitability, price earning ratio, firm size, sales growth, business risk, institutional ownership to debt to equity ratio (DER). The used type of data is secondary data coming from ICMD 2008, JSX Watch 2002-2008.

Methodology research as the sample used purposive sampling with criteria as (1) stock industry of property was traded in Jakarta Stock Exchange. (2) The stock of industry was always seen annual report over period 2001-2007. Data that needed in this research from Indonesian Capital Market Directory (ICMD) and total sample was acquired 20 was list in JSX. Data analysis with linier regression of ordinary least square and hipotesis used t-statistic and level significance5% a classic assumption examination which consist of data normaly test, multicolonierity and auto correlation test also being done to test hypothesis.

During 2001-2007 period show as variable and data research was abnormally distributed. Based on result of research, classic assumption deviation was not founded this indicated that available data has fulfil the condition to use multilinier regression model. Empirical evidence show as profitability, price earning ratio, firm size, sales growth, business risk, institutional ownership to have influence toward DER at significancy level 5%. While six independendent (as profitability, price earning ratio, firm size, sales growth, business risk, institutional ownership) variable to have influence toward DER with adjusted R^2 values 33.1%. But this research have six fundamental factors only with 20 samples over yearly period along 7 years.

Keyword:Debt to equity ratio (DER), profitability, price earning ratio, firm size, sales growth, business risk, institutional ownership.