ABSTRACT

THE EFFECT OF MANAGERIAL OWNERSHIP STRUCTURE ON PROFITABILITY AND ITS IMPACT TOWARDS STOCK PRICE OF FINANCIAL SECTOR COMPANIES LISTING IN INDONESIA STOCK EXCHANGE 2009-2013 PERIOD

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This study aims to (1) determine the development of managerial ownership structure, profitability, and stock price (2) to determine the effect of managerial ownership structure on profitability (3) to determine the effect of managerial ownership structure and profitability partially and simultaneously on stock price of financial sector companies listing in Indonesia Stock Exchange 2009-2013 period.

The type of research used is descriptive and verification method. Samples were obtained by using purposive sampling method by using several criteria established by the authors, and as the result eight companies are used as research samples. The analysis method used in this research is path analysis.

The result of regression equation (1) shows that managerial ownership variable does not affect the profitability. The result of regression equation (2) shows that the profitability has significant positive effect on stock price. The results of regression equation (3) show that managerial ownership variable does not affect the stock price while the variable profitability has significant positive effect on stock prices. The result of F test show that managerial ownership and profitability have a significant effect on stock prices simultaneously.

Keywords: Managerial Ownership, Profitability, Stock Price and Path Analysis