ABSTRACT

ABILITY OF FINANCIAL RATIOS AS A TOOL FOR PREDICTING BOND RATINGS ON MANUFACTURING COMPANY IN BEI

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The capital market is one of the intermediaries to connect the excess funds (surplus units) with need the funds (deficit units). One of the instruments of the capital market is the bond. This study aims to analyze the ability of financial ratios to predict bond ratings.

Secondary data sources of this study was obtained from the Indonesian Capital Market Directory in the form of financial statements published by companies listed on the Stock Exchange. Sample is the entire population and manufacturing company listed on the bond rating agencies PT. Pefindo thirteen (13) manufacturing company with 52 types of bonds.

The study concluded that: 1) significantly DER able to serve as a tool to predict bond ratings in a group of investment grade and non-investment grade companies manufacturing in IDX (sig. 0.030). 2) Significantly can be used as a tool to predict bond ratings in a group of investment grade and non-investment grade companies manufacturing in IDX (sig.0.047). 3) That significantly ROA can be used as a tool to predict bond ratings in a group of investment grade and non-investment grade companies manufacturing in IDX (sig.0,041). 4) That the significantly TAT can be used as a tool to predict bond ratings in a group of inves-tment grade and non-investment grade companies manufacturing in IDX (sig. 0,015).

Keywords: Ability of Financial Ratios as a Tool for Predicting Bond Rating on Manufacturing Company on the Stock Exchange