

ABSTRACT

INFLUENCE OF FUNDAMENTAL ANALYSIS TOWARDS EARNING RESPONSE COEFFICIENT IN FINANCIAL STATEMENTS OF MANUFACTURING COMPANY LISTED IN IDX

By

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This study aims to analyze how much the influence of the factors that included in the fundamental analysis towards earnings response coefficient of company in its annual report (especially manufacturing companies, which are listed on the Indonesia Stock Exchange / IDX). Factors that were tested in this study are fundamental analysis that often performed by the company (internally) that are financial ratios of the company, there are *Current Ratio* that representing liquidity, *return on equity* which shows the company's profitability, *Debt Ratio* which shows the level of solvency /Leveraged, and *Price Book Value* that indicates market ratio.

Data collected using *purposive sampling judgment* on listed companies in Indonesia Stock Exchange (IDX) during 2008 - 2011. 30 companies are used as samples in this study. There are 4 ratios which represents the fundamental analysis to detect how big their influence on earnings response coefficients of each company.

This study used multiple regression to examine the factors that influence to Earnings Response Coefficient (ERC). The results showed that the independent variables significantly affect the ERC are *Current Ratio* (CR) and *Debt Ratio* (DR). But *Return On Equity*(ROE) and *Price Book Value* (PBV) are concentrated not show a significant affect on earnings response coefficient's level.

Keywords : *Earnings Response Coefficient (ERC), Current Ratio (CR),
Return On Equity (ROE), Debt Ratio (DR), Price Book Value (PBV)*