

ABSTRACT

THE EFFECT OF DEBT RATIO ANALYSIS TO RETURN OF STOCK ON PROPERTY AND REAL ESTATE COMPANIES IN INDONESIA STOCK EXCHANGE

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Debt ratio is a measure of the funds coming from the company's creditors compared with the company's internal resources. The size of the debt ratio will be responded to investors and therefore the greater debt ratio would increase the current changes in affecting net income return earned. This study aims to determine the effect of the debt ratio (DR), the debt to equity ratio (DER) and long-term debt to equity ratio (LDER) on the level of stock returns.

This research method is quantitative and secondary sources data of companies. The population and samples are property and real estate companies which listed in Indonesian Stock Exchange from 2006-2010, distributed by 18 companies for 5 years in order to obtain the amount of data as much as 90 data.

The research concluded that: there is a significant influence jointly between DR, DER and LDER to stock returns of real estate property company which listed in the Indonesian Stock Exchange (IDX) 2006-2010, while the hypothesis testing showed that partial conclusion that DR and LDR have significant effect on stock returns of real estate property company which listed in Indonesia Stock Exchange (IDX) 2006-2010. While DER has no significant effect on stock returns of real estate property company which listed in the Indonesian Stock Exchange (IDX) 2006-2010. The result of study are not consistent with previous studies conducted by Sudarto (1999) which states that the debt ratio negatively affect to the stock return, because the impact on the debt ratio of the company stock returns occurred but does not directly advance rate fluctuations affect the profitability of the company which analyzed by the investor of the financial statements.

Keywords: Debt Ratio, Debt to Equity Ratio, Long Term Debt to Equity Ratio and stock returns

