SUMMARY

WIDYA RETNO UTAMI. The Effect of Internal and External Factors on Stock Returns of Construction Subsector Companies. Supervised by SRI HARTOYO and TUBAGUS NUR AHMAD MAULANA.

One form of investment activity is by getting involved in becoming an investor in the capital market. The capital market is an alternative source for company in obtaining long-term financing from various financial instruments in different securities. Stocks that have a high price potentially attract investors due to the movement of the stock price which reflected the fundamental performance of the issuers concerned. The stock price is important because it shows the value of the company. The company's value is determined on the company's performance in managing assets to generate earnings. If the performance is increased, then the value of the company will increase as well. The high rate of return generated by the company will attract investors to invest. This will cause the demand for stocks rose and followed the rise in its stock price and vice versa.

The construction sector in Indonesia has a strategic role in the growth of national economy. The strategic role includes the contribution of the construction sector to Gross Domestic Product (GDP), which peaked at number six out of nine sector contributor to the national GDP and the absorption of a large workforce, and also supply chain of which can encourage industry to support the construction sector so on finally able to move the business growth in the procurement of goods and services to increase productivity and income distribution community.

Previous research on the effect of internal and external have been carried out with varying results. Research conducted by Suyanto (2007), Thobarry (2009), Prihantini (2009), Mardiyati and Rosalina (2013) and Garba (2014) found mixed results regarding the influence of external factors, namely macroeconomic conditions such as inflation, interest rates, and exchange rate of money on stock returns, while Hijriah (2007), Susilowati and Turyanto (2011), Srinivasan (2012), Furda et al. (2012) and Hutami (2012), which examines the influence of internal factors such as the company's financial ratio on stock returns also produce varying results.

Previous research on the effect of micro-economic condition of the company as well as macroeconomic conditions generate different effects on stock returns. Therefore, this study was conducted to re-examine how the influence of internal and external factors on stock returns on the construction sub-sector in Indonesia. This study aimed to analyze the influence of factors internal and external to the company's stock return on construction subsectors listed in the Indonesia Stock Exchange and predict beta shares in each sub-sector issuers construction in Indonesia. Research using descriptive analysis and panel data regression analysis to estimate the annual financial statements of the six sub-sector construction companies listed on the Indonesian Stock Exchange (BEI) during the period 2010 to 2014. The dependent variable used in the study was the construction sub-sector stock returns. Independent variables representing internal factors consist of financial ratios of the company which is the Quick Ratio, Debt to Equity Ratio (DER), Return on Equity (ROE), Earning Per Share (EPS) and Price Earning
Regression analysis of the entire company showed varying results on the dependent variable. Variable Debt to Equity Ratio (DER), Return on Equity (ROE), Earning per Share (EPS) and Price Earning Ratio (PER) resulted in a significant effect on stock return subsector construction. Variables derived from external factors, namely inflation and the exchange rate against the US dollar resulted in a significant impact on stock returns subsector construction.

Regarding the predictive value of beta for all issuers incorporated in subsector construction of the object of study, based on the calculation of all listed companies subsector construction has a beta stocks more than one when compared with market beta or JKSE, so that all issuers subsector of this construction included of beta aggressive stock. Because beta construction stocks classified into aggressive stocks, so the construction sector may be an option investor transactions when macroeconomic conditions were bullish.

Keywords: construction subsector, external factors, Indonesia Stock Exchange (IDX), internal factors, panel data, stock returns.