

**ANALYSIS FIRM'S OPERATING PROFITABILITY ON BOOK AND
MARKET PERFORMANCE IN INDONESIA MANUFACTURE COMPANIES
LISTED IN IDX**

By

Puput Dwi Putri

2-1653-006

MASTER'S DEGREE

in

Business Administration

Faculty of Business Administration and Humanities



SWISS GERMAN UNIVERSITY

The Prominence Tower

Jalan Jalur Sutera Barat No. 15, Alam Sutera

Tangerang, Banten 15143 - Indonesia

Revision after Thesis Defense 9th March 2018

ABSTRACT

Analysis Firm's Operating Profitability on Book and Market Performance in
Indonesian Manufacture Companies Listed in Idx

By

Puput Dwi Putri

Dr.Ir.Yosman Bustaman, MBA,.,Advisor

Dr.Antonious TP Siahaan, SE., Akt., MM., Co-Advisor

SWISS GERMAN UNIVERSITY

This thesis examines how operating profitability which represents accrual basis, cash-basis, and operating profit influence either book or stock return. Book returns will be measured by ROE and market stock return measure return on the stock. For Independent variables which are operating profit measured by the calculation of revenue minus cost of goods sold, reported sales, and general administrative. Accrual basis measured by operating profitability minus decrease in current asset and current liability. Last cash basis measure by an average of the current asset, cash, current liability, income tax, and depreciation. Operating profit has a positive influence toward ROE. In general, the coefficient mark is as expected where more than 50% of ROE has been influenced by operating profit. The result of this research is cash basis has a positive influence towards book return. Because cash basis on operating profitability become the guideline for some investor to see company financial condition. This method explains the condition whether this company profitable or not. Next, in general, accrual method is commonly used by most of the company. It provides more neat data since it will record as per transaction with neglecting the exact time of cash is being received. This has positive influence to ROE because the good condition of cash will lead higher ROE. Also, in stock market return accrual basis has the highest coefficient that means accrual basis has the highest influence on market stock return. This research use sample from manufacture companies.

Keywords: Accrual, cash, operating profit, ROE, Stock return, leverage



DEDICATION

I dedicate this to all my family, friends and everyone that has helped through the process of making this thesis.



ACKNOWLEDGMENTS

First of all, I would like to thank Allah SWT as I complete this thesis. Also in this opportunity, I would like to thank Dr.Ir.Yosman Bustaman who is acting as my advisor for helping throughout the process of creating this thesis, and also Dr. Antonius Siahaan who act as my co-advisor that has support and give fully assist me to complete this thesis. This thesis cannot be done without the help, guide, and support that they have given. Then, to my beloved family as they as my support system. Lastly, all my friends.

I discover that all the lesson throughout the semesters certainly relevant and useful which totally help me in this thesis process

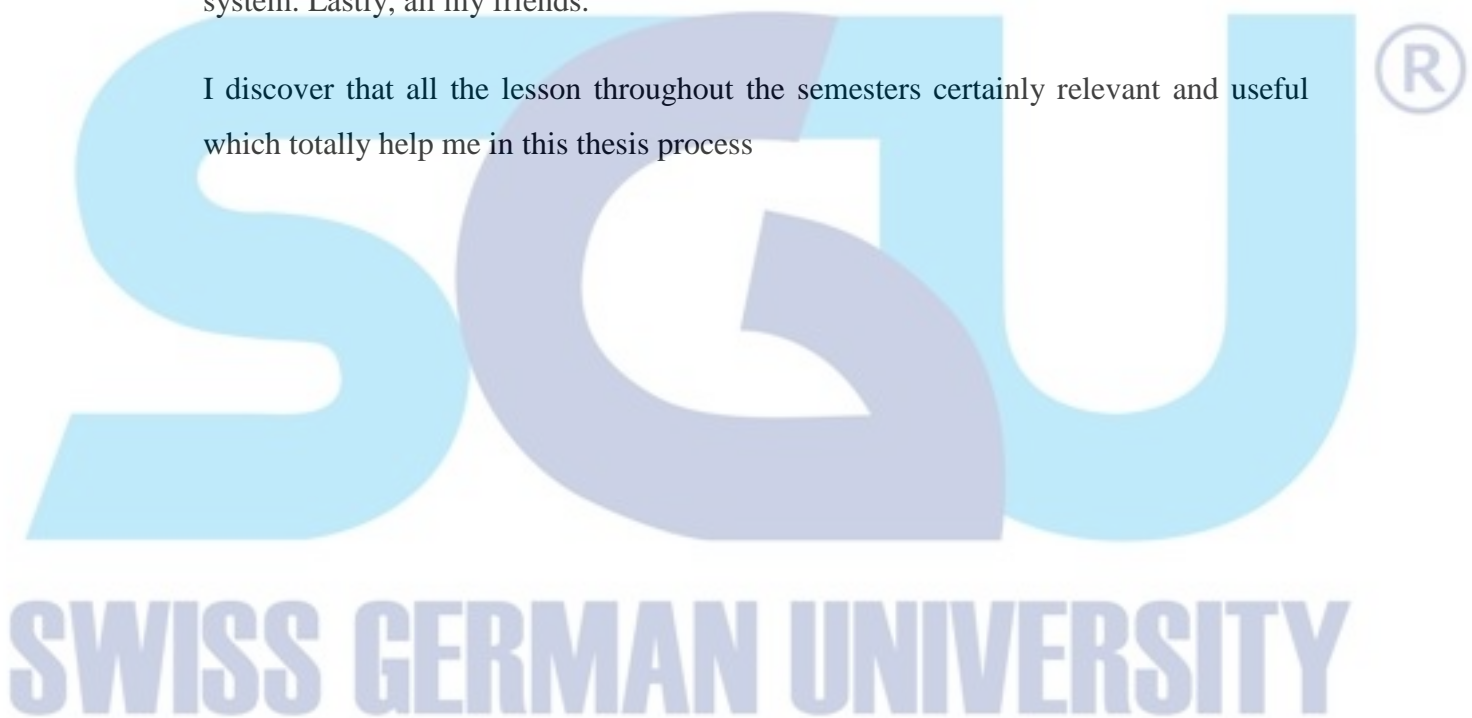


TABLE OF CONTENT

COVER

STATEMENT BY THE AUTHOR..... 2

ABSTRACT..... 3

DEDICATION 6

ACKNOWLEDGEMENTS 6

LIST OF CONTENTS 7

LIST OF FIGURES 9

LIST OF TABLES 10

CHAPTER 1 1

 1.1 Background..... 10

 1.2 Research Question 13

 1.3 Research Problem 14

 1.4 Research Purpose..... 14

 1.5 Significance of Study 14

 1.6 Scope and Limitation..... 15

 1.7 Thesis Proposal Structure 15

CHAPTER 2..... 17

 2.1 Theories..... 14

 2.1.1 Manufacture Sector 17

 2.1.2 Accrual 17

 2.1.3 Cash Based 19

 2.1.4 Operating Profit 21

 2.1.5 Firm size and leverage 23

 2.1.6 Stock Return..... 24

 2.2 Past Research 28

CHAPTER 3..... 29

 3.1 Research Process..... 29

3.2 Type of Study	30
3.3 Type of Data	32
3.4 Data Collection	33
3.5 Research Model	33
3.6 Research Question and Hypothesis	33
3.7 Data Analysis	36
CHAPTER 4	39
4.1 Research Object	39
4.2 Data Analysis	41
4.2.2 Regression Analysis with Panel Date ROE	41
4.2.3 Coefficients of Determinations Test	42
4.2.4 Individual Parameter Significance Test (Test Statistic Z)	42
4.2.5 Regression for Control Variable (ROE)	46
4.2.6 Regression Analysis with Panel Date Stock Return	46
4.2.7 Coefficients of Determinations Test	46
4.2.8 Individual Parameter Significance Test (Test Statistics Z)	48
4.2.9 Regression for Control Variable	49
CHAPTER 5	52
5.1 Conclusion	52
5.1 Recommendation	54
Table of Reference	55
Table of Appendix	57