THE EFFECT OF PRICE EARNING RATIO (PER), RETURN ON EQUITY (ROE), NET PROFIT MARGIN (NPM), AND RETURN ON ASSETS (ROA) TO THE PROPORTION OF FOREIGN OWNERSHIP IN JAKARTA STOCK EXCHANGE

A THESIS

Presented as a Partial Fulfillment of the Requirements
to Obtain the Bachelor Degree in Accounting Department

By

HERI RISWANDI

Student Number: 01312004

DEPARTMENT OF ACCOUNTING
INTERNATIONAL PROGRAM
FACULTY OF ECONOMICS
ISLAMIC UNIVERSITY OF INDONESIA
YOGYAKARTA
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A BACHELOR DEGREE THESIS

By

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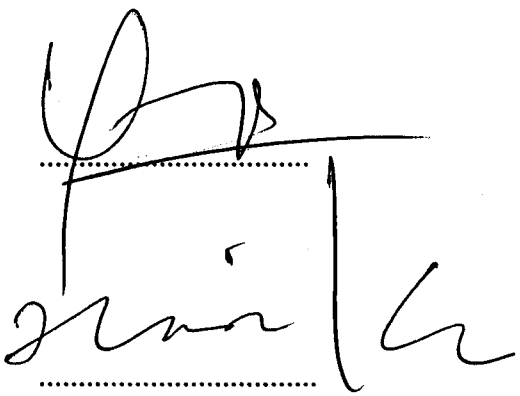
Examiner 1

Yunan Najamudin, Drs., MBA ..... 

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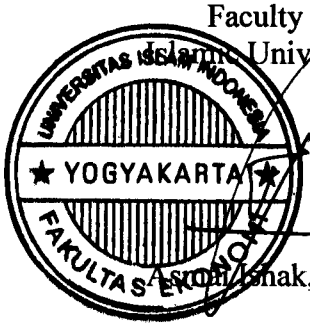

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DECLARATION OF AUTHENTICITY

Herein I declare the originality of this thesis; I have not presented anyone else's work to obtain my university degree, nor have I presented anyone else's words, ideas or expression without acknowledgement. All questions are cited and listed in the bibliography of this thesis.

If in the future this statement is proven to be false, I am willing to accept any sanction complying with the determined regulation for its consequence.

Yogyakarta, August 2nd, 2007

Heri Riswandi

بسم الله الرحمن الرحيم

"Don't make your assignments or works as an obligation, but make it as a chance to enjoy the beautiful of science, the satisfaction, we get when we are finished and the benefits that will receive by other people or society if your struggle succeed."

—Albert Einstein—

"A truly good man never says "this is my Father" but he always says "this is me!"

—Ali Bin Abi Thalib—

"Don't you ever regret a failure, but take a lesson and face it, therefore you can face the future brightly. Failed? Try Again!"

—Heri Riswandi—

I dedicate this thesis to my families

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ABSTRACT

Riswandi, Heri (2007). The Effect of Financial Ratio PER, ROE, NPM, and ROA to the Proportion of Foreign Ownership in Jakarta Stock Exchange. Yogyakarta. Faculty of Economics. Islamic University of Indonesia.

The aim of this research is to find out and analyze the effect of company financial ratios on proportion of foreign ownership in Jakarta Stock Exchange. The financial ratios are crucial information for investor in analyzing stock and predicting the firm's financial power in the future. This research focused on investigating factors determined the proportion of foreign ownership of Indonesian Companies listing at Jakarta Stock Exchange in the period of 2002-2005. This research analyzed yearly data which use proportion of foreign ownership as dependent variable. The independent variables consist of Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM), and Return on Assets (ROA).

The study uses linear multiple regression model of a proportion of foreign ownership as the proxy of dependent variable. The model is used to explain the effect of Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM), and Return on Assets (ROA) on proportion of foreign ownership. The result of this research is all four independent variables used in the model, simultaneously does not have significant effect on proportion of foreign ownership. In individual test, none of Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM) and Return on Assets (ROA) have significant effect on proportion of foreign ownership.

Key Word: Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM), Return on Assets (ROA), Proportion of Foreign Ownership, Jakarta Stock Exchange.

ABSTRAK

Riswandi, Heri (2007). Pengaruh rasio keuangan perusahaan PER, ROE, NPM, dan ROA terhadap proporsi kepemilikan saham asing di Bursa Efek Jakarta. Yogyakarta. Fakultas Ekonomi. Universitas Islam Indonesia.

Tujuan dari studi ini adalah untuk menemukan dan menganalisa pengaruh rasio keuangan perusahaan terhadap proporsi kepemilikan saham asing di Bursa Efek Jakarta. Rasio keuangan merupakan informasi yang berharga bagi investor untuk melakukan analisis saham dan untuk memprediksi kekuatan keuangan perusahaan dimasa yang akan datang. Studi ini memfokuskan pada investigasi hal-hal yang menentukan proporsi kepemilikan asing pada perusahaan-perusahaan di Indonesia yang terdaftar di Bursa Efek Jakarta selama periode 2002-2005. Studi ini menganalisa data tahunan dengan menggunakan variable proporsi kepemilikan asing sebagai variabel terikat. PER, ROE, NPM, dan ROA sebagai variabel bebas.

Studi ini menggunakan model regresi linear berganda dengan proporsi kepemilikan saham asing sebagai proksi dari variabel terikat. Model digunakan untuk menerangkan pengaruh dari PER, ROE, NPM dan ROA terhadap proporsi kepemilikan saham asing. Dari studi tersebut diperoleh hasil bahwa keempat faktor dari variabel bebas yang digunakan dalam model, secara bersama-sama tidak memiliki pengaruh terhadap proporsi kepemilikan saham asing. Untuk pengujian secara individu diperoleh hasil bahwa PER, ROE, NPM, dan ROA tidak mempengaruhi secara signifikan terhadap proporsi kepemilikan saham asing.

Kata kunci : PER, ROE, NPM, ROA, proporsi kepemilikan saham asing.

CHAPTER I

INTRODUCTION

1.1. Background of the Study

Many people start to think that one of the ways to increase their income is to put aside some money to be invested. An investor who buys the company stock in order to expect for the return is called capital gains. When doing the investment, it is important to the investor to know the stock price, but it is not easy to be predicted. The investor has to know the indicator which influences the stock price. Objective of financial analysis is to identify every weakness in financial situation that can cause some problems in the future and determine every strength that can be used. There are factors which influence the stock price such as PER, ROE, NPM, and ROA.

Financial information has the most important role. It is very useful to measure the financial position of a company in the past, present, and future. Chang, Most & Brain (1993) in Foster (1986) said that financial statement was the source of information that had the greatest rank compared with the other sources of information such as mass media, prospectus, management letter, etc. Financial information can be represented by financial report especially by financial statement. Financial statement shows how well the performance of management uses available resources.

Although in analyzing financial statements can be quite complex, a general idea of a company financial position can be determined using ratio analysis. The

relationship between financial statement elements can be explained by financial ratios. According to Machfoedz (1994), financial ratios are always used in prediction, even absolutely or explicitly. One way in determining when the company does well is to use financial ratio analysis that represents the financial statement analysis. According to investor's point of view, in using financial statement that relates to the stock analysis is profitability, disposition of earning, and market indicator (Helfred, 1994). Thus, in this research, ratios used are profitability analysis. According to Laksana (2002), the ratios include: Return on Equity (ROE), Net Present Value (NPM), Return on Asset (ROA), and Price Earning Ratio (PER).

In stock trading, each company tries to attract investors to put their money in that company. Investors also try to find which company gives the highest benefit for them. In this research, investor analyzed is foreign investor, because domestic investors tend to follow the foreign investors. According to Chung's research (1998), it shows that the foreign investors have faster response as compare to the domestic investors. They are also more selective in choosing company where they want to invest. According to Sinaga (2002), domestic investor activity in Jakarta Stock Exchange shows that they become foreign investor follower. In this research, the foreign investors can be recognized if they have the proportion share of foreign ownership.

Based on those phenomena, the writer tries to analyze and make a research about: **"The Effect of Financial Ratio PER, ROE, NPM, and ROA to the Proportion of Foreign Ownership in Jakarta Stock Exchange".**

1.2. Problem Formulation

This research tries to obtain the answers of the following questions:

1. Is there any significant effect of Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM), and Return on Asset (ROA) to the proportion of Foreign Ownership?
2. Which one of Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM), and Return on Asset (ROA) that have stronger effect to the proportion of Foreign Ownership?
3. Is there any significant effect of Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM), and Return on Asset (ROA) simultaneously to the proportion of Foreign Ownership?

1.3. Problem Limitation

In this research, all data used are quantitative data. Based on its source, the type of this data is secondary data which is taken from Jakarta Stock Exchange and Indonesian Capital Market Directory which contains a lot of data, so it needs to restrict the scope of the data as follows:

1. This research uses 4 years data which are published in Indonesian Capital Market Directory (ICMD) for the period of 2002 until 2005.
2. Sample of the company is taken from the company which listed continuously in Jakarta Stock Exchange for period of 2002-2005, and has foreign ownership shares for the period of 2002 until 2005.

3. Financial ratios used in this research are Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM), and Return on Assets (ROA). All data are reported and presented in Indonesian Capital Market Directory (ICMD).

1.4. Research Objectives

The objective of this research is to study the effect of financial ratio such as PER, ROE, NPM, and ROA to the proportion of foreign ownership in Jakarta Stock Exchange (JSX).

1.5. Research Contributions

The contributions from this research are, for:

1. Investor

   This research can be used as a basis for investor to determine which information is needed to invest the capital or investment to the company listed in Jakarta Stock Exchange. That information can be properly used to make decision.

2. Financial Manager

   The result of this research adds knowledge about financial management especially for company which the investor can see all kind of information, which can be dug deeply for making investment decision. Thus, financial manager can determine a policy to increase stockholder's prosperity and company revenue.

3. Academician

This research can be used as an additional literature for next research about investing valuation in Stock Exchange and additional knowledge about stock analysis.

1.6. Definition of Term

Key Word: Company Financial Ratio and Proportion of Foreign Ownership in Jakarta Stock Exchange. The writer will elaborate about Financial Ratio and Proportion of Foreign Ownership in Jakarta Stock Exchange.

Financial Ratios are tools to measure the financial performance of the company. There are varieties of financial ratio, but in this research, financial ratios used are Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM), and Return on Asset (ROA).

Proportion of Foreign Ownership represents the proportion of all investors including domestic investors, because domestic investors tend to follow foreign investors and they have faster response as compare to domestic investors.

Jakarta Stock Exchange is the place where the share is traded. We can get the information which relates to share in Indonesia in Jakarta Stock Exchange.

CHAPTER II

REVIEW OF RELATED LITERATURE

This section discusses about the review of related literature that gives explanations about the relevant theories used in conducting this research and the previous studies. This chapter explains about stock market, factors affecting stock price, stock price prediction, and financial statement. This chapter also explains more about review of related research which explains about some previous studies, and theoretical framework which covers theoretical assumptions used as basis for this research and about hypothesis in each variable.

2.1. Stock Market

Stock market is a tool or a capitalism medium. It is a part of bid and ask theory which connected with money cycle in economic market. The money rotary in society will be pooled and become a capital to be distributed in the form of goods or services which are needed by society in transaction. It uses cash, and then the cash will be withdrawn back again to become a capital, and so forth.

Stocks are purchased as investments to gain some profit from the money invested. There are many ways to do investment, including real estate, jeweler, and rare paintings. However, investing in stocks offers a great number of advantages. Stock investments have relatively low commission costs, easy to purchase, and easy to sell. Investments in stocks have proven to be an excellent way to protect from inflation effects.

All investors expect advantage from buying the company stocks. In the short-term investment, the investor expects for the profit called capital gains. For example, an investor buys company stock at primary market with price of Rp 2500 per share, and if in the secondary market the price goes up to Rp 3000 per share, the stockholder will get the profit equal to difference, that is Rp 500 per share. In this case, the company shall no longer get any profit from that circulated stock.

When a stock is purchased at a given price, and it subsequently sold at a higher price, the profit of the investment is called capital gain. Trying for such buy-low, sell-high profits over a short time span is a speculative activity known as short-term trading. The securities are often held only for less than a single day, but they are sometimes just for several hours. Most individual and institutional investors, however, have a longer time horizon and will hold stocks for many years.

In the short-term investment, the investor thinks to make a "killing" by buying stock at a low price and subsequently selling it at a much higher price. Such investment rarely produces income while it is held, unlike stocks, and the investor only hopes for gain astute enough to buy at the right time at a low price and to sell later at a higher price. The "buy-low, sell-high" is the essence to make capital gains. The stock market affords another method for striving to get capital gains, and that is through the medium of the short sale.

Investors who think a stock is sold at a bargain price will purchase it in anticipation of later selling the security at a higher price. They are bullish on the

stock and expect it to increase in price. Such situations also offer the opportunity for capital gains through the medium of the short sale. If someone thinks that a stock is in a peak of high sales price, the price will decline. He or she should sell the stock, but he or she does not have capability which is called short selling. When he or she is asked to fill his or her selling, he or she can sell at the latest time. As contrary to the situation, it is possible (at least in the stock market) to sell this supposedly overpriced item first and to buy it later. It is a proper way to sell it first at the high price and then buy it at the low price. The difference between the sale price and the purchase price represents the investor's profit and loss. Naturally, the investor wishes the stock to decline in value after the investor sold it, and the purchase will be at lower price.

Short selling is different from "investing". Individual and institutional investors purchase stocks for their potential investment. They hope to make money on their invested capital through the receipt of capital gains. Short selling is a very risky undertaking, and individual investor usually does it. For the institutional traders and arbitragers usually use long-term investment in order to get dividend and manage the other company.

Long-term investments of stocks that have been held for more than a year are sold for a profit. Investors buy stocks in anticipating that their per-share value will increase over time as the company prospers as well as its per-share earnings and dividend increase. The amount and timing of dividend payment are at the discretion of the corporation boards of directors. Most profitable corporations share their profits with their investors by paying them with a cash dividend. A

very general rule is that one-half of the profit paid to the shareholders and the remaining half reinvested in the company.

The expected receipt of dividend income is sometimes justified for investing in a given stock, particularly if the yield on the investment exceeds the return afforded by saving accounts. Stocks that pay out a fairly generous dividend are known as income stocks. They are generally popular with individuals or institutions that are satisfied with their rate of return. Such dependable income producers are usually found in stable industries. While the receipt of income is important to investors, and it stated previously that sometimes the only reason for purchasing a stock is that most investors hope to gain an additional profit by managing the other company with the purpose to get the profit and also to make acquisition.

2.1.1. Factors Affecting Stock Price

Stock price in security market basically is determined by bid ask level of share in stock exchange, so stock market will change (increase or decrease) every time depending on which higher bid or ask level is.

According to Gart's (1998) empirical studies, three factors influencing individual stock price are:

1. Market level in all aspects
2. Behavior of a group market
3. Individual (internal) company performance

Investor perception in valuing stock price can also be influenced by economic situation (external factors) that happens or will be happened and company policy (internal factors). Recession economic situation can cause decreasing of stock price, and policy of the company can cause changes of stock price.

2.1.2 Stock Price Prediction

In selecting the stock, the company prospect or ability to grow and to earn profit is required serious attention. A cheap price does not always indicate economical or a good selection. Investor in doing "buy-low, sell-high" is far easier to say than to do. Living and profiting by this dictum means predicting the highs and lows of stock prices. It entails by knowing when and for how long buyers will outnumber sellers, and vice versa. Anyone who can accurately foresee bull and bear markets will never have to work another day and can live like a monarch, so the search for highs and lows goes on and on.

In the following, stock price earn can go up or down or remain constant. The up and down of stock price represent one issue which must be taken into consideration by investor in concerning an activity in capital market or public company management which their stock noted in capital market. It can be known that stock price indication can be used to measure company performance and can be designed to the number of investor in investing their capital in that company. The stock price in the stock exchange always becomes an interesting object to be predicted and analyzed by all experts. The result in predicting the development of

stock price represents the target expected by all investors playing in the capital market especially the investor-representing speculator.

Several things predicted and analyzed by expert, referred as capital market analyses are:

- Which stock will increase in prices?
- How much are the increases?
- How long the increases stand?

According to some market observers, the influence on supply and demand is already reflected to the stock prices. For example, if a company is rumored to bankrupt, if a manufacture is awarded a fat defense contract or if a corporation is a takeover target, other influences must have been considered by reasonably well-informed investors before they decide their buy or sell orders. The market is regarded as efficient into account or discount. All these conditions affect supply and demand.

Many professional traders said that the information on financial statement is one of the indicators to predict the stock price. The financial statement provides profit and loss balance sheet. The report contains a lot of information required by investor to consider whether the company is good enough or not. The stability of financial statement in some years continuously shows the probability of higher growth and prosperity. Because of that consideration, investor can measure the company performance that will effect demand and supply. By recognizing that situation, the stock price can be predicted either will be higher or lower than before.

An investor deserves to get the accurate periodic information from the company. The communication between investor and company represents an important matter. Investor has to know every company information as accurate as possible. The important information covering company performance results in related-financial, information about dividend, selling securities, big contract, and the highest management commutation through the press release.

Investor has to be more critical in seeing the company information, because the company will report the financial statement carefully in order to compete with other companies. The information from the investor has to be really reliable. A company can not avoid or refuse environment which is sometimes not appropriate with direction of management policy, because that matter will generate risk for company business.

In this research, the writer will conduct the financial statement as a tool to measure the company performance representing the indicator to predict the stock price.

2.2. Financial Statement

Financial statement represents accurate information sources for every institution or people interested to company stock and want to know more information before buying stock. The reason of the writer to analyze financial statement is the financial statement of investor will be useful to estimate the position of their stock. By looking at the company financial report, investor will see the whole operational activity resulted from the company.

The importance of information concerning financial statement has been proven by some researches. Chang, Most and Brain (1983) in Foster (1986) proved that annual financial statement of a company had the highest ranks compared with other source of information such as interim financial statement, information from broker, mass media, prospectus, or other notice from the management.

Source of information which is used by the majority of investors comes from financial statement. The information from broker is in the second place, and it is still be considered as an important position as the main source of information.

In the capital investment policy, the investors need information from financial statement published by the company to the public. For the investors that come from outside the company, they can only do financial analysis with limited data only based on the financial statement published by the company (Riyanto, 1990).

There are several definitions of financial statement. According to Berstein (1989), financial statement analysis is a process that is full of consideration in order to evaluate the financial position from the operation of the company in the present and the past. Financial statement analysis is an effort (activity) to make a complex information in a financial statement into simpler and easier elements (Harnanto, 1991). Financial statement analysis is a method that will produce the company strengths and weaknesses through its financial statement (Bowlin, 1990).

Using this definition, it is clear that the main objective of financial statement analysis is to see or evaluate the financial condition of a company in the present and the past, and also to predict the future financial of the company (Harnanto, 1991).

The previous research conducted about the financial report is from Husnan et. al. Husnan (1995) did research on the impact of financial statement report as the indicator of financial performance toward trade activity of stock and the stock return of the 30 company stocks listed in Jakarta Stock Exchange for the period of 1993-1994. His result showed that the financial statement report which contained the company information had influence toward trade activity and stock return. This term is described by higher trade activity and the variability of stock return at the financial report announcement period.

Referring to the companies financial report as the company performance, we need some measurement tools as the way to calculate the financial ratio. The financial ratio shows the relationship between two financial data. The analysis and measurement of many ratios show better understanding to the achievement and financial condition than analyzing the financial data.

Financial ratio analysis derived from financial report analyses the success, failure, and progress of business. Ratio analysis enables the business owner/manager to predict future trends in a business and to compare its performance and condition with the average performance of similar businesses in the same industry. Even though financial ratio analysis is a vital part of the successful operation of any business, the term of financial ratio basically refers to

the comparison of one performance indicator versus another one such as relating bottom line profits to revenues in the form of profits as a percent of revenues. Financial ratios represent an important gauge for monitoring the performance of your business over time and is compared with your peers in the industry.

Ratios are useful for investor in making comparisons among the companies. A financial ratio is a simple mathematical comparison of two or more entries from a company financial statements. Creditors use ratios to chart a company progress, uncover trends, and point to potential problem areas.

Before we know deeply about the financial ratio, the writer will tell the previous research conducted to company financial ratio as the performance measurement. According to Brandt. et. al (1989), ratio analysis is an analytic procedure which can help the auditor in evaluating eligibility from data showing in financial report. Financial statement analysis is based on the historical financial data and measured by the last result as main target from its ratio analysis which gives indication for the next company performance.

Helfert (1991) said that financial ratio as the company performance analysis instrument explained about relationship between each ratio. Financial indicator had purpose to show the changes of company financial condition and operational performance in the past. It was used to describe the changes of trend pattern showing company risk and opportunity. This matter indicates that financial ratio analysis was based on data and condition in the past that intended to assess risk and opportunity in the future.

The benefit of each financial ratio is determined by specific target by the analyst. Furthermore, financial ratio does not represent absolute criterion (Helfert, 1991). In reality, financial ratio analysis is only a starting points in company financial analysis. Ratio analysis does not give a lot of answers, except it provides a sign about what ought to be expected (Friedlob and Plewa, 1996).

However, applications of financial ratio analysis in the business practice and study have been conducted to become an opinion to make the financial ratio as fundamental indicator in economy and business practice. Financial ratios have also been used as the independent and descriptive variable in economic study, even they have tendency to use single financial ratio such as ROI (Zainuddin and Hartono, 1999).

2.3. Theoretical Framework and Hypothesis Formulation

Generally, there is no standard in grouping the financial ratio. However, the financial ratio is grouped based on the equality in their character. According to Sartono (1995) and Husnan (1994), grouping the financial ratio is divided into four categories namely liquidity ratio, activity ratio, leverage ratio, and profitability ratio. Brearly and Myers (1991) group the financial ratio into four categories namely leverage ratio, liquidity ratio, profitability ratio or efficiency ratio, and market value ratio. Brigham (1995) groups the financial ratio into five categories namely liquidity ratio, asset of management ratio, debt management ratio, profitability, and market value ratio.

There are many measurement tools to calculate the financial report, but the writer will only take several financial ratios to be analyzed in this research. Some of the ratio analysis tools which expected as variables can represent all clarification about company appraisal.

Laksana (2002) analyzed the influence of company financial ratios (PER, ROE, NPM, and ROA) to the proportion of foreign ownership in Jakarta Stock Exchanges. From the result, it can be concluded that all independent variables simultaneously influenced the proportion of foreign ownership. It can be said that PER and NPM significantly influenced the proportion of foreign ownership, but ROE and ROA did not significantly influence the proportion foreign ownership. PER, ROE, NPM, and ROA only affected 2, 69% of the proportion of foreign ownership.

Rahmani (2005) analyzed the influence of financial ratio (EPS, NPM, ROA, and DER) to the stock return. From the result, it can be concluded that all independent variables simultaneously influenced stock return. It can be said that EPS and NPM significantly influenced the stock return. Therefore, investor in stock market considered EPS and NPM in deciding stock price to be bought or sold. Moreover, ROA and DER did not significantly influence the stock return. ROA, EPS, NPM, and DER explained 36% of the variety of the stock returns.

Financial statement analysis is used by the writer in this research using profitability financial ratios to measure company internal performance. There are some variables which are relevant to represent the company internal factors which influence stock market, especially for foreign ownership.

Chang, Most & Brain (1983) in Foster (1986) prove that Annual financial statement is the source of information that has the greatest rank compare with the other sources information such as mass media, prospectus, management letter, etc. Chenhall and Juchan in Laksana (2002) prove that the most use source of information by investor is come from financial statement. This condition agreed with financial statement objective in Statement of Financial Accounting Concept (SFAC) stated that financial statement must show information which:

a. Useful for investor and other user in making decision for investment, credit issuing and other decision.
b. Help investor and other user to estimate the amount, time and uncertainty from cash receive in the future time.
c. Shows company economic sources, claim of sources and influence from transaction, events and condition which is influencing sources and claim of sources.

The potential stockholder interested to the value of return, where the value is related with company profitability in this time and in the future. Because of that, potential stockholder interested at the relationship which is showing in financial statement whether how good the management in using sources. In the point of view of investor in using financial statement which related with stock analysis are profitability, disposition of earning and market indicator (Helfert, 1994). Profitability information is one of financial statement component, according to statement of financial accounting concepts no.1 (1992) has benefit to measure management performance, to estimating representative profitability in

long term, to predict profit and estimate risk in investment (Parawiyanti, 2000). Financial statement has positive influence to the stock market activity, and also financial statement use by investor in stock exchange activity (Husnan, 1996).

2.3.1. Price Earning Ratio (PER)

Price earning ratio is the ratio of the market price per share to earnings per share (Bringham E. F., 1997). This ratio is an indicator to know market trust of company growth prospect. It shows how many investors allow to buy the stock which is shown by the fold of earning resulted by the company (Sartono, 1996). Thus, price earning ratio usually is called earning multiplier approach.

Many tycoons, practitioners, and marketers are more concern about Price Earning Ratio (PER) compared with Earning Per Share (EPS) because PER is a comparison between market price and EPS (Sartono, 1996). According to Sanjov (1977), stock with low price earning ratio will result high average return. It means that if the amount of PER decreases (low), investor's return will increase (high). Thereby, investors will invest their money to company that has low PER.

H_1 = There is significant effect of Price Earning Ratio to the proportion of foreign ownership

2.3.2. Return On Equity (ROE)

Return on equity is a ratio in financial statement that measures ability of company to get return for investor. It shows how much earning that becomes a stockholder's right (Bringham E. F, 1997).

H_2 = There is significant effect of Return on Equity to the proportion of foreign ownership

2.3.3. Net Profit Margin (NPM)

Profit margin is a ratio which measures how much earning that company gets from sales activity. Profit margin also indicates ability of management in doing business activity by cost recovery approach (Helfred, 1994). Profit margin is divided into two ratios, Net Profit Margin (NPM) and Operating Profit Margin (OPM).

Net profit margin is the comparison between net income with total sales. Net profit margin can be obtained by dividing net income with total sales. This ratio can be used to measure how much net profit can be obtained from each Rupiah in selling per share. Moreover, this ratio also has benefit to measure total efficiency level paid as the cost in company operational. The more efficient a company to pay their operational cost, the bigger profit level. The profit margin indicates the company ability to obtain profit from certain selling level. Profit margin can be interpreted as the company efficiency level, i.e. how far the company ability reduces the operational cost. This total asset rotation reflects the company ability to earn selling from the certain total investment.

NPM is chosen as the representation of other profitability ratio to measure how much net profit is earned by the company in each company selling. This ratio also has benefit to measure total efficiency level paid as the cost in company

operational. The more efficient a company in paying their operational cost, the bigger profit level obtained. This ratio is the percentage of sales left after subtracting the cost of goods sold and all expenses, excluding income taxes. It provides a good opportunity to compare ones company "return on sales" with the performance of other companies in an industry. It is calculated before income tax, because tax rates and tax liabilities vary from company to company for a wide variety of reasons, making comparisons after taxes is much more difficult.

To the investor, this ratio also becomes consideration matter in judging the company condition, because the bigger the company in ability to earn profit, the more stock price in stock market will also increase. Based on that explanation, hypothesis is formulated as:

H_3 = There is significant effect of Net Profit Margin to the proportion of foreign ownership

2.3.4. Return on Assets (ROA)

ROA is a comparison between Net Income with Total Assets. This analysis returns measure the company ability to earn profit using company total asset after adjusting the asset of cost paid. Fluctuation of Return on Asset does not only depend on the company decision, but also it depends on the usefulness of company asset efficiency level. Inefficient asset used as the number of unused funds in asset, a lot of receivable funds, excessive of cash, asset operation below normal capacities, and others, can cause lowering this ratio. This condition also happens vice versa.

Positive return on asset shows that from total asset used for company operational is able to earn profits. Conversely, if the return on asset is negative, it shows that from total asset used, the company gets loss. To the investor who wants to do stock selling transaction, the judgment of company ability in obtaining profits is very important thing. If the company profit increases, the company stock price will increase, in other words the profitability will influence the stock price.

ROA is chosen because this ratio includes in the profitability ratio which can be used to measure how much the net profit earns from the whole assets owned by the company. ROA measures how efficiently the profits are generated from the assets employed in the business when it is compared with the ratios of firms in a similar business. The low ratio in comparison with industrial average indicates an inefficient used of business assets.

H_4 = There is significant effect of Return on Assets to the proportion of foreign ownership

CHAPTER III

RESEARCH METHOD

3.1. Research Method

The method that is used in this research is purposive sampling method. In this method, the sample is based on the corer variable representing this research. Purposive sampling method is a technique of taking the sample based on certain considerations, namely considerations on the basis of the purpose of the research (Sugiono, 1999). This research is emphasized on the effect of financial ratio PER, ROE, NPM, ROA to the proportion of foreign ownership in Jakarta Stock Exchange (JSX).

3.2. Research Subject (Population and Sample)

In this research, all data used are quantitative data. Based on its source, the type of this data is secondary data. In this research, the population used is financial reports of the manufacture companies which have share of foreign ownership and continuously exist within 4 periods from 2002 until 2005. The year of observation from 2002 to 2005 is chosen because the latest data presented.

Sample is a part of collection from unit population. The companies that are chosen as the sample of this research are 62 companies that listed in the Jakarta Stock Exchange for the period of 2002-2005. Restricted data are as follows:

1. In this research, period used is 4 years data which are published in Indonesia Capital Market Directory (ICMD) for the period of 2002-2005.

2. Sample of the companies used is the companies which continuously exist in Jakarta Stock Exchange from 2002 until 2005 and have foreign ownership shares in 2002-2005 because the available data are only until 2005.
3. In this research, variables used are several financial ratios such as PER, ROE, NPM, and ROA. All variables are reported and presented in Indonesian Capital Market Directory (ICMD).

Table 3.1. The List of companies which has shares of foreign ownership listed on Indonesian Capital Market Directory 2002-2005

No.	Company Name
1	Ades Alfindo Putrasetia
2	Davomas Abadi
3	Delta Djakarta
4	Indofood Sukses Makmur
5	Multi Bintang Indonesia
6	Pioneerindo Gourmet International
7	Sari Husada
8	Tunas Baru Lampung
9	BAT Indonesia
10	Argo Pantes
11	Century Textile Industry (Centex)
12	Eratex Djaja Limited
13	Teijin Indonesia Fiber Corporation (Tifico)
14	Fortune Mate Indonesia
15	Ind-Rama Syntetics
16	Karwell Indonesia
17	Ricky Putra Globalindo
18	Sepatu Bata
19	Barito Pacific Timber
20	Tirta Mahakam Plywood Industry
21	Indah Kiat Pulp & Paper Corporation
22	Budi Acid Jaya

23	Colorpak Indonesia
24	Eterindo Wahanatama
25	Kurnia Kapuas Utama Glue Industries
26	Argha Karya Prima Industry
27	Asahimas Flat Glass Co. Ltd.
28	Dynaplast
29	Fatrapolindo Nusa Industri
30	Langgeng Makmur Plastik Industry
31	Siwani Makmur
32	Summiplast Interbenua
33	Indocement Tunggal Perkasa
34	Semen Cibinong
35	Semen Gresik (Persero)
36	Citra Tubindo
37	Jakarta Kyoei Steel Works Ltd.
38	Jaya Pari Steel
39	Lion Mesh Prima
40	Lion Metal Works
41	Tembaga Mulia Semanan
42	Kedaung Indah Can
43	Arwana Citramulia
44	Surya Toto Indonesia
45	GT Kabel Indonesia
46	Jembo Cable Company
47	Sumi Indo kabel
48	Voksel Electric
49	Metrodata Electronics
50	Multipolar Corporation
51	Astra International
52	Branta Mulia
53	Goodyear Indonesia
54	Hexindo Adiperkasa
55	Multi Prima Sejahtera
56	Tunas Ridean
57	Bristol-Myers Squibb Indonesia
58	Darya-Varia Laboratoria
59	Merck
60	Schering-plough Indonesia
61	Mandom Indonesia
62	Unilever Indonesia

3.3. Research Setting (Data Collection)

The research is conducted by using all relevant data which are collected from various reliable sources such as Indonesian Capital Market Directory (ICMD) 2002-2005 and each company website if it is available. The data are also taken from Indonesian Capital Market Directory at the corner of BEJ, FE UII, Yogyakarta. The data that are chosen are as follows: PER, ROE, NPM, Net Income, Total Assets, and Net Sales. Most of these data are derived from a certain calculation. Data collection and the sources of data are taken from the company listed in JSX with consideration that JSX is the largest stock market in Indonesia, and it is also accessible in gathering the data and the completeness of the data.

3.4. Research Variables

Variables used in this research are as follows:

1. Price Earning Ratio (PER)

   This ratio is an indicator to know market trust of company growth prospect, because it shows how many investors allow to buy the stock which is shown by the fold of earning resulted by company (Sartono, 1996).

   PER can be formulated as:

$$PER = \frac{Market\ Price\ per\ Share}{Earnings\ per\ Share}$$

2. Return On Equity (ROE)

Return on equity is ratio in financial statement that measures ability of company to get return for investor, the meaning shows that how much earning becomes a right of stockholder (Bringham E. F, 1997).

ROE can be formulated as:

$$ROE = \frac{Net\ Profit\ After\ Tax}{Common\ Equity} \times 100\%$$

3. Net Profit Margin (NPM)

Profit margin is the ratio which measures how much earning that company got from sales activity. Profit margin also shows ability of management in doing business activity by cost recovery approach (Helfred, 1994).

NPM is calculated by the formula:

$$NPM = \frac{Net\ Profit\ After\ Tax}{Net\ Sales} \times 100\%$$

4. Return on Asset (ROA)

This ratio is used to measure how much the net profit got from the whole asset which is owned by the company.

This ratio is calculated by the formula:

$$ROA = \frac{Net\ Profit\ After\ Tax}{Total\ Assets} \times 100\%$$

3.5. Research Procedures

In order to answer the research problems, it is imperative to conduct research procedures. The procedures are arranged as follows:

1. Identify all of the companies that become the proper sample in this research which have shares of foreign ownership for the period of 2002-2005 in Indonesian Capital Market Directory (ICMD).
2. List all companies in Jakarta Stock Exchange that is listed for the period of 2002-2005 and have shares of foreign ownership.
3. Check all of the data that are used as variable in this research in all reliable sources and also in JSX database at the corner of BEJ, FE UII, Yogyakarta.
4. Do calculation of variables needed in this research.
5. Do the statistical test to find out whether there is a significant variation on the relationship between the variables. To predict the relationship form of dependent and independent variable, the regression analysis is used in this research. Based on the regression equation, it will also be determined the standard error of estimate to measure the dispersion from actual data around the regression line. Furthermore, the quantitative analysis of probability value (ρ-value) approach is used to determine whether the result of the regression analysis is significant or not.
6. Analyze and interpret the data.
7. Derive conclusion and any other findings.

3.6. Data Analysis Method

3.6.1. Classical Assumption Test

According to Gujarati (1991), to conduct the linier regression analysis of double predictors needs to avoid the deviation of classical assumption in order not to raise any problem in using it. Therefore, this research adopts three classical assumptions tests, namely no multicolinearity between independent variables, no autocorrelation, and the disturbance / error variable (homoscedasticity) is constant.

3.6.1.1. Multicolinearity

The term of multicolinearity is used to show the existence of linier relationship between independent variables in regression model. If the independent variables are fully correlated, the least square method cannot be used. The existence of multicollinearity causes the least square estimators are not efficient. Therefore, multicolinearity problem should be regarded as a weakness (black mark) that reduces the certainty in conventional significance test toward the least square estimators.

There are some indicators to detect multicolinearity:

1. Examination of this assumption is by conducting the correlation test between independent variable and correlation matrix. If there are some variables which have strong correlation, the variable, which has that correlation indicates the existence multicollinearity.

2. According to Gujarati (1991), the clearest sign from multicolinearity is when R^2 is very high, but none of the regression coefficient has statistically significant relationship in the t-test. In order to avoid this multicollinearity indication, we should remove one of variable which has the lowest R^2.

In this research, the tool of analysis used to detect multicollinearity is partial correlation approach. This approach can be done by comparing result of r-squared from regression model with result of r-squared from each independent variable in partial. If the result of r-squared from regression model is greater than result of r-squared from each independent variable in partial, it means that there is no multicollinearity in the model of the research.

3.6.1.2. Autocorrelation

Autocorrelation data or serial correlation is an internal correlation which happens among the members of serial examination arranged on the series of time or space. The results happen on the estimators when the least square method applied on the data which own autocorrelation. The variant from the least square estimation will be biased downwards or underestimate. In other words, the prediction done based on the least square estimators will be wrong for the prediction which has bigger variance.

The term autocorrelation is defined as correlation between members of series of observations ordered in time (as in time series data) or space (as in cross-sectional data) (Gujarati, 1995: 400). If there is autocorrelation in the model, it

will raise the value of residual, and the impact is the number of t-test, F-test and R^2 will decline.

The tool of analysis used to detect autocorrelation is LM test (Lagrange Multiplier Test) or *Breusch-Godfrey test*. This test uses the level of degree (χ^2) which expresses that there is no autocorrelation. If χ^2 statistic is smaller than the value of χ^2 table, the model does not have autocorrelation.

If the research shows that there is autocorrelation, the way to solve this problem is by doing appropriate procedure according to the cause, i.e. by inserting the lost independent variable to the model or by changing the form into the real model (linier) to become "log" model or quadratic model, then re-run to test the statistic regression.

3.6.1.3. Heterocedasticity

One important assumption from the model of classical linier regression is the Ui disturbance which appears on population of regression function that is called homocedasticity. It means that all disturbances have similar variance. However, there is a case in which all disturbance factors do not have nir-constant variance or nir-homogen variance which is called heterocedasticity.

The effect of heteroscedasticity is similar to the effect of autocorrelation, i.e. variance from appraisal of the least square will be incorrect and the prediction result obtained will be inefficient.

To detect the heteroscedasticity, the writer uses one of the formal methods, that is white no cross term test. This test has condition if variance from one

residual to another residual is constant, it is called homoscedasticity and if it is not constant, it is called heteroscedasticity.

If there is heteroscedasticity recognized, it means that probability value is significant value of 10% or 0.1, so it is needed some adjustment action by doing 'log' transformation.

3.6.2. Statistical test

Regression analysis is commonly used in researches. The writer also uses this analysis method for this research. This analysis needs two groups of data, those are the dependent data and independent data. The relationship between these two kinds of data is cause and effect relationship. The existence of regression shows that there is a tendency toward the similar result average estimation on the next measurement. The term of regression is also used in statistical analysis which is used in developing similarity of predicting a variable from the known second variable.

It is different from the (fx) function, regression analysis is on the analysis data group which adds ins function. An add ins function is a function which is added if it is necessary, and it can be non active if it is not needed anymore. All the output results obtained by using add ins function as permanent character cause the result that will not change automatically even though the data changes. To get the latest result after the data has been changed, the comment has to be run once again. For the comment in the insert function group, the output still depends on

the related data. If there is a change of data input, the output will be automatically changed.

If the output from the data is spread around the straight line (or the curve), the Y value can be found from the X value identified. The advantage of the regression line is to estimate the dependent variable value from the independent variable value if the independent variables have already been identified.

Multiple regressions are an improvement of regression method whether or not there are more than one independent variable to predict toward dependent variable. If there are more than one independent variable used to estimate the Y value, the first level similarity called regression surface, e.g. $Y = a + bX + cZ$. Y is linier combination from X and Z. The constant of b and c are called regression coefficients.

In this regression, simple regression (with one independent variable) or changed regression (with more than one independent variable) must be calculated by using three basic steps, those are:

1. Regression line expresses relationship between variables.
2. Estimate standard error (SXX) is price measuring divergence every dot (data) to its regression line or representing the standard deviation of dependent price (Y) to its regression line.
3. Correlation coefficient (r) is a number that expresses the strength of the relationship between those variables.

This research uses a model to describe each variable for PER, ROE, NPM, ROA whether there is an effect to the proportion of foreign ownership or not. The model is formulated as follow:

$$FI = \alpha_i + \beta_1 PER + \beta_2 ROE + \beta_3 NPM + \beta_4 ROA + \varepsilon$$

where:

α_i = Intercept from the regression line

β_i = Coefficient of variable , $i = 1, 2, 3, 4$

FI = Proportion of Foreign Ownership

PER = Price Earning Ratio

ROE = Return on Equity

NPM = Net Profit Margin

ROA = Return on Assets

ε = Residual Error

3.6.2.1 Hypotheses Formulation and Requirement of Rejecting Null Hypotheses

Based on the problem statements and the review of the related literature; the null hypotheses, the alternative hypotheses, and the requirements of rejecting null hypotheses are as follows:

1. H_{o1}: Price Earning Ratio (PER) does not negatively influence Foreign Ownership.

   H_{a1}: Price Earning Ratio (PER) negatively influences Foreign Ownership.

The writer uses proposed model for testing this hypothesis. If the regression result of that model shows that the β_1 has negative sign and significant at 10% level of confidence, the H_{o1} is rejected.

2. H_{o2}: Return on Equity (ROE) does not positively influence Foreign Ownership.

   H_{a2}: Return on Equity (ROE) positively influences Foreign Ownership.

   The writer uses proposed model for testing this hypothesis. If the regression result of that model shows that the β_2 has positive sign and significant at 10% level of confidence, the H_{o2} is rejected.

3. H_{o3}: Net Profit Margin (NPM) does not positively influence Foreign Ownership.

   H_{a3}: Net Profit Margin (NPM) positively influences Foreign Ownership.

   The writer uses proposed model for testing this hypothesis. If the regression result of that model shows that the β_3 has positive sign and significant at 10% level of confidence, the H_{o3} is rejected.

4. H_{o4}: Return on Assets (ROA) does not positively influence Foreign Ownership.

H_{a4}: Return on Assets (ROA) positively influences Foreign Ownership.

The writer uses proposed model for testing this hypothesis. If the regression result of that model shows that the β_4 has positive sign and significant at 10% level of confidence, the H_{o4} is rejected.

Table 3.2. Effect of Independent Variable to Dependent Variable

Independent Variable	Sign of Effect	Dependent Variable
Price Earning Ratio (PER)	Negative (-)	Foreign Ownership
Return on Equity (ROE)	Positive (+)	Foreign Ownership
Net Profit Margin (NPM)	Positive (+)	Foreign Ownership
Return on Assets (ROA)	Positive (+)	Foreign Ownership

3.6.3. F – test

This test is used to detect the correlation between dependent variable and independent variables. The testing of F test is the same as the testing for t test. Hypothesis is formulated as follows:

$H_0 : \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$: the independent variables do not affect the dependent variable.

$H_1 : \beta_1 \neq \beta_2 \neq \beta_3 \neq \beta_4 \neq 0$: the independent variables not all affect the dependent variable.

The decision will be made with the parameter (α) 5% based on the following rules:

a. When the value of computed F < F table value, the decision accepts H_0. In this case, the independent variables significantly do not effect on dependent variable.

b. When the value of computed F > F table value, the decision rejects H_0. In this case, the independent variables significantly effect on dependent variable.

The way to run the F test is similar to t test in terms of comparing the computed value and table value. First, we look at the value of F table in the statistical table. The way to find the F table is by getting the degree of freedom for numerator (k-1) and degree of freedom for denominator (n-k).

3.6.4. Goodness of Fit (R^2)

An important property of R^2 is a nondecreasing function of the number of explanatory variables or regressors which present in the model; as the number of regressor increases, R^2 almost invariably increases and it never decreases. R^2 is used to detect how far the independent variable influences the dependent variable in the model (Gujarati, 1995: 207). R^2 is a measure of the goodness of fit of a sample least squares linear regression of data. The number of R^2 is between 0 – 1. The closer the number of R^2 to 1, the better the model explains about relationship between dependent variable and independent variables.

CHAPTER IV

RESEARCH FINDINGS, DISCUSSIONS AND IMPLICATIONS

This chapter will explain the early process of collecting the data, the measurement of variables used in this research, the data analysis and the interpretation of hypothesis testing which includes the explanations about the research findings, discussions, and research implications.

4.1. Research Descriptions

4.1.1. Research Preparation

This research has been started by studying the literature, journals, and websites to get the relevant topic to conduct a research. The needed data in this research are taken from the Indonesian Capital Market Directory (ICMD) 2002-2005 with the data criteria:

a. Companies selected as sample of this research consist of 62 companies which were shorted over the period of 2002-2005 and it can fulfill the requirements as a sample in this research with the complete data based on the research variables. The companies were listed in Indonesian Capital Market Directory (ICMD) at the period of 2002-2005 with the appropriate and the complete data for the research requirements.

b. The data used in this research include the information of the ownership structure from the companies (62 companies) in the Indonesian Capital Market Directory (ICMD) for the period of 2002-

2005. The data include: Foreign Ownership, Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM), Return on Assets (ROA) of each company over the period of 2002-2005.

4.1.2. Research Process

The data used in this research are quantitative data that is taken from the Indonesian Capital Market Directory (ICMD) 2002-2005. The companies that become the object of this research are 62 go public companies that are consistently listed in Jakarta Stock Exchange (JSX) for the period of 2002-2005. They are selected because they can fulfill the requirements of this research.

The hypothesis testing is done by statistical testing method for the measurement of variables. Microsoft excel is used, and the data are processed by using EViews 4.1 for the statistical calculations.

4.2. Research Findings and Discussions

4.2.1. Descriptive Statistics

Descriptive statistics is needed to observe the sample characteristics that are used in this research. The sample characteristics are shown in table 4.1. From the table 4.1, we find the sample amount, minimum and maximum value, mean and the standard deviation of each variable that are used.

TABLE 4.1
DESCRIPTIVE STATISTICS

Date: 09/13/07 Time: 10:13
Sample: 1 248

	FI	PER	ROE	NPM	ROA
Mean	48.24351	5.782621	59.33121	0.170665	-0.054424
Median	49.65500	4.405000	8.365000	0.040000	0.036700
Maximum	99.25000	537.3500	20242.26	27.60000	0.962500
Minimum	1.330000	-429.0000	-4428.620	-1.422400	-12.48430
Std. Dev.	27.97334	53.42018	1332.012	1.774366	1.034813
Skewness	0.187500	1.981269	13.94930	14.99295	-10.67147
Kurtosis	1.851809	60.09482	214.8209	232.1571	119.6978
Jarque-Bera	15.07600	33847.04	471679.7	551925.4	145430.3
Probability	0.000532	0.000000	0.000000	0.000000	0.000000
Sum	11964.39	1434.090	14714.14	42.32500	-13.49710
Sum Sq. Dev.	193279.4	704867.9	4.38E+08	777.6482	264.4970
Observations	248	248	248	248	248

4.2.2. Probability Approach for Testing the Significance Influence of the Independent Variables to the Dependent Variable

The significance influence of the independent variables to the dependent variable can be tested by using the probability approach (ρ-value approach). The ρ-value approach compares the ρ-value of each coefficient of independent variable from t test statistic with the level of confidence (α). In this research, the writer uses α =10 %. If the ρ-value of each coefficient of independent variable from t test statistic is equal to or lower than α, the independent variable has significant influence to the dependent variable. In the other hand, if the ρ-value of each coefficient of independent variable t test statistic is greater than α, the independent variable does not have significant influence to the dependent variable.

4.2.3. The Hypotheses Testing

The first step to test the hypotheses is obtaining the regression result of the empirical model. The regression result of the empirical model is as follow:

Table 4.2
THE REGRESSION RESULT OF THE EMPIRICAL MODEL

Dependent Variable: FI
Method: Least Squares
Date: 09/13/07 Time: 09:56
Sample: 1 248
Included observations: 248

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	48.65372	1.789043	27.19539	0.0000
PER	-0.041506	0.033149	-1.252114	0.2117
ROE	0.002130	0.001332	1.599286	0.1111
NPM	-1.423133	1.000933	-1.421806	0.1564
ROA	0.986612	1.719900	0.573645	0.5667

R-squared	0.026729	Mean dependent var	48.24351
Adjusted R-squared	0.010708	S.D. dependent var	27.97334
S.E. of regression	27.82316	Akaike info criterion	9.509570
Sum squared resid	188113.2	Schwarz criterion	9.580405
Log likelihood	-1174.187	F-statistic	1.668399
Durbin-Watson stat	1.799298	Prob(F-statistic)	0.157955

From the model that are used and the regression result of the empirical model, the writer gets the estimation equation for the foreign ownership in Indonesia, that is:

Foreign Ownership = 48.65372 - 0.041506 PER + 0.002130 ROE - 1.423133 NPM + 0.986612 ROA

The constant value is 48.65372 indicating that the average level of Foreign Ownership in Indonesia is 48.65372 when other variable is zero. The sign is positive. It means that the proportion of foreign

ownership in Indonesia tends to increase, keeping other variables constant.

The test for the first until fourth hypotheses of the empirical model equation is done by identifying the coefficient (slope or β_i) of Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM), and Return on Assets (ROA). If the coefficient (slope or β_i) is in conformity with the hypothesis alternatives, the hypothesis alternatives will be accepted. To observe the significance level of the regression coefficient, the writer uses the probability value approach (ρ-value approach). The determination of accepting and rejecting Ho is based on the ρ-value result. If ρ-value of β from empirical model equation is greater than the significant level ($\alpha = 0.10$), the Null Hypothesis (Ho) is failed to reject, it means that the independent variable is not significant to the dependent variable. Meanwhile, if ρ-value is smaller than the significant level that is chosen ($\alpha = 0.10$), the Null Hypothesis (Ho) is rejected, it means that the independent variable is significant to the dependent variables.

After arranging all the data that are available for this test and arranging them into one basket (since this research uses pooled cross section method), the test of the first until fourth hypotheses which refers to the empirical model equation is done by identifying the coefficient (slope or β_i) of Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM), Return on Assets (ROA) on Foreign Ownership. It

uses the multiple regression method, so the coefficient (slope or β_i) and ρ-value result of the linear regression for each independent variable can be described as follows:

We obtain the hypotheses testing result by analyzing the regression result of the empirical model. The hypotheses testing results are as follow:

1. In testing the **first hypothesis**, the writer analyzes the coefficient of Price Earning Ratio (PER) (β_1). In the regression result of the empirical model, the coefficient of Price Earning Ratio (PER) variable (β_1) is -0.041506 and ρ-value of β_1 t test statistic is 0.2117. It means that for each increase of one unit Price Earning Ratio (PER), it will cause a decrease in the amount of Foreign Ownership by 0.041506, if other variables are constant. The sign of β_1 is negative, and there is no significant influence on Price Earning Ratio (PER) to Foreign Ownership since ρ-value of β_1 t test statistic (0.2117) is greater than α (10%). The writer fails to reject H_{o1} since there is no negative β_1 that is significant at 10% level. The conclusion is Price Earning Ratio (PER) does not negatively influence Foreign Ownership. It does not support Laksana Ferry (2002) finding stating that Price Earning Ratio (PER) negatively influences proportion of foreign ownership.

2. In testing the **second hypothesis**, the writer analyzes the coefficient of Return on Equity (ROE) (β_2). In the regression result of the empirical model, the coefficient of Return on Equity (ROE) variable (β_2) is 0.002130 and ρ-value of β_2 t test statistic is 0.1111. It means that for each increase of one unit Return on Equity (ROE), it will cause an increase in the amount of Foreign Ownership by 0.002130, if other variables are constant. The sign of β_2 is positive, and there is no significant influence on Return on Equity (ROE) to Foreign Ownership since ρ-value of β_2 t test statistic (0.1111) is greater than α (10%). The writer fails to reject H_{o2} since there is no positive β_2 that is significant at 10% level. The conclusion is Return on Equity (ROE) does not positively influence Foreign Ownership. It does not support Laksana Ferry (2002) finding stating that Return on Equity (ROE) positively influences proportion of foreign ownership.

3. In testing the **third hypothesis**, the writer analyzes the coefficient of Net Profit Margin (NPM) (β_3). In the regression result of the empirical model, the coefficient of Net Profit Margin (NPM) variable (β_8) is -1.423133 and ρ-value of β_3 t test statistic is 0.1564. It means that for each increase of one unit Net Profit Margin (NPM), it will cause a decrease in the amount of Foreign Ownership by 1.423133, if other variables are constant. The sign of

β_3 is negative, and there is no significant influence on Net Profit Margin (NPM) to Foreign Ownership since ρ-value of β_8 t test statistic (0.1564) is greater than α (10%). The writer fails to reject H_{o3} since there is no negative β_3 that is significant at 10% level. The conclusion is Net Profit Margin (NPM) does not negatively influence Foreign Ownership. It does not support Laksana Ferry (2002) finding stating that Net Profit Margin (NPM) positively influences proportion of foreign ownership.

4. In testing the **fourth hypothesis**, the writer analyzes the coefficient of Return on Assets (ROA) (β_4). In the regression result of the empirical model, the coefficient of Return on Assets (ROA) variable (β_4) is 0.986612 and ρ-value of β_4 t test statistic is 0.5667. It means that for each increase of one unit Return on Assets (ROA), it will cause an increase in the amount of Foreign Ownership by 0.986612, if other variables are constant. The sign of β_4 is positive, and there is significant influence on Return on Assets (ROA) to Foreign Ownership since ρ-value of β_4 t test statistic (0.5667) is smaller than α (10%). The writer rejects H_{o4} since there is positive β_4 that is significant at 10% level. The conclusion is Return on Assets (ROA) positively influences Foreign Ownership. It does not support Laksana Ferry (2002) finding stating that Return on Assets (ROA) positively influences the proportion of foreign ownership.

4.2.4. F – test

This test is used to detect the relationship between dependent variable and independent variables. The testing of F test is similar to the testing for t test. Hypothesis is formulated as follows:

$H_0 : \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$: the independent variables do not affect the dependent variable.

$H_1 : \beta_1 \neq \beta_2 \neq \beta_3 \neq \beta_4 \neq 0$: the independent variables not all affect the dependent variable.

The decision will be made with level of significant (α) 10% based on the following rules:

c. When the value of computed F < F table value, the decision is accepting H_0. In this case, the independent variables significantly do not effect on dependent variable.

d. When the value of computed F > F table value, the decision is rejecting H_0. In this case, the independent variables significantly effect on dependent variable.

The way to run the F test is similar to t test in terms of comparing the value of computed value and table value. First, we look at the value of F table in the statistical table. The way to find the F table is by using the degree of freedom for numerator (k-1) and degree of freedom for denominator (n-k).

With the level of α=10%, degree of freedom for numerator 4 (5-1) and the degree of freedom for denominator 243 (248-5), it is found that

the value of F table for $F_{(4:243)}$ is 1.94. Meanwhile, the value of computed F value from the regression result is 1.668399. Since the value of computed F value is smaller than the value of F table, it can be concluded that the independent variables simultaneously do not significantly influence the dependent variable. In other words, the Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM), and Return on Assets (ROA) simultaneously do not significantly influence on the proportion of foreign ownership.

4.2.5. Goodness of Fit (R^2)

From the regression analysis run by the writer, the resulted value of coefficient determination (R^2) is 0.026729. This value shows a relative high measure for independent variables to explain its effect on dependent variable in the model. It means that the variation of the dependent variable can be explained by the independent variables about 2.6729 % when the rest 97.3271 % is explained by factors outside the model.

4.2.6. Classical Assumption Test for Regression

Basically, this test is used to detect whether the model in this research is a valid model or not. The model is considered as a valid model if there is no correlation, autocorrelation, and heteroscedasticity in the model.

4.2.6.1. Multicollinearity

In this research, the tool of analysis used to detect multicollinearity is partial correlation approach. This test can be done by comparing result of R-squared from regression model with result of R-squared from each independent variable in partial. If the result of R-squared from regression model is greater than result of R-squared from each independent variable in partial, it means that there is no multicollonearity in the model.

- R-squared regression model (PER, ROE, NPM, ROA) or $R^2 = 0.026729$
- R-squared regression model (PER, ROE) or R^2 (1) = 0.016737
- R-squared regression model (PER, NPM) or R^2 (2) = 0.014651
- R-squared regression model (PER, ROA) or R^2 (3) = 0.008681
- R-squared regression model (ROE, NPM) or R^2 (4) = 0.019255
- R-squared regression model (ROE, ROA) or R^2 (5) = 0.012250
- R-squared regression model (NPM, ROA) or R^2 (6) = 0.010225

From the result of regression, we can see that $R^2 > R^2$ (1), R^2 (2), R^2 (3), R^2 (4), R^2 (5), R^2 (6), so it can be concluded that there is no multicollinearity in the model.

4.2.6.2. Autocorrelation

The term autocorrelation can be defined as correlation between members of series of observations ordered in time (as in time series data) or space (as in cross-sectional data) (Gujarati, 1995: 400). If there is autocorrelation in the model, it will raise the value of residual and the effect is the number of t-test, F-test, and R^2 will decline.

The tool of analysis used to detect autocorrelation is LM test (Lagrange Multiplier Test) or *Breusch-Godfrey test*. This test uses the level of degree (χ^2) which shows that there is no autocorrelation. If χ^2 statistic is smaller than the value of χ^2 table, the model does not have autocorrelation. The result of LM test or *Breusch-Godfrey test* is shown in next page:

Tabel 4.3. Breusch-Godfrey Serial Correlation LM Test

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	1.152226	Probability	0.317667
Obs*R-squared	2.348925	Probability	0.308985

Test Equation:
Dependent Variable: RESID
Method: Least Squares
Date: 09/13/07 Time: 09:59
Presample missing value lagged residuals set to zero.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.039795	1.788224	-0.022254	0.9823
PER	0.003842	0.033232	0.115600	0.9081
ROE	0.000113	0.001333	0.084685	0.9326
NPM	-0.000894	1.000308	-0.000893	0.9993
ROA	0.091563	1.724386	0.053099	0.9577
RESID(-1)	0.091834	0.064883	1.415363	0.1583
RESID(-2)	0.027101	0.064762	0.418470	0.6760

R-squared	0.009471	Mean dependent var	7.42E-15
Adjusted R-squared	-0.015189	S.D. dependent var	27.59695
S.E. of regression	27.80575	Akaike info criterion	9.516182
Sum squared resid	186331.4	Schwarz criterion	9.615352
Log likelihood	-1173.007	F-statistic	0.384075
Durbin-Watson stat	1.989979	Prob(F-statistic)	0.888837

From the LM test, it is found that the value of χ^2 computed is 2.348925 which is smaller than the value of χ^2 table; with df = 4 α = 10%, the value of χ^2 table is 7.77944, (χ^2 computed = 2.348925 < 7.77944 = χ^2 table), in other words, there is no autocorrelation in the model because the value of χ^2 computed is smaller than the value of χ^2 table.

Tabel 4.4. Result of Breusch-Godfrey test (L-M test)

Type of Test	χ^2 Computed	χ^2 Table	Conclusion
Breusch-Godfrey test (L-M test)	2.348925	7.77944	There is no autocorrelation

4.2.6.3. Heterocedasticity

It is a situation in which there is correlation between independent variables and residual value in the model. To detect the heterocedasticity, the writer uses one of the formal methods; that is white no cross term test. This test has condition if variance from one residual to another residual is constant, it is called homocedasticity and if it is not constant, it is called heterocedasticity.

Table 4.5. Heterocedasticity Test

White Heteroskedasticity Test:

F-statistic	1.027353	Probability	0.415948
Obs*R-squared	8.244792	Probability	0.409931

Test Equation:
Dependent Variable: RESID^2
Method: Least Squares
Date: 09/13/07 Time: 10:00
Sample: 1 248
Included observations: 248

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	783.5003	47.31962	16.55762	0.0000
PER	-1.258813	0.895723	-1.405360	0.1612
PER^2	-0.000783	0.002160	-0.362465	0.7173
ROE	-0.042783	0.117764	-0.363296	0.7167
ROE^2	6.02E-08	6.05E-06	0.009964	0.9921
NPM	209.0649	224.7397	0.930254	0.3532
NPM^2	-8.499313	8.182018	-1.038780	0.3000
ROA	-396.7526	256.8611	-1.544619	0.1238
ROA^2	-40.57200	24.11424	-1.682491	0.0938

R-squared	0.033245	Mean dependent var	758.5208
Adjusted R-squared	0.000885	S.D. dependent var	715.8587
S.E. of regression	715.5418	Akaike info criterion	16.01957
Sum squared resid	1.22E+08	Schwarz criterion	16.14708
Log likelihood	-1977.427	F-statistic	1.027353
Durbin-Watson stat	2.044722	Prob(F-statistic)	0.415948

From the result, we can see the χ^2 computed (Obs*R-squared) is 8.244792 and χ^2 table with df = 8, α = 10% is 13.3616, so χ^2 computed (Obs*R-squared) = 8.244792 < 13.3616 = χ^2 table, it means that there is no heterocedasticity in the model.

Tabel 4.6. Result of Heterocedasticity Test

Type of Test	χ^2 Computed	χ^2 Table	Conclusion
NO-CROSS TERM	8.244792	13.3616	There is no Heterocedasticity

4.3. Research Implication

Based on the regression result, the correlation of independent variable to dependent variable is Price Earning Ratio (PER) negatively correlates with proportion of foreign ownership, Return on Equity (ROE) positively correlates with proportion of foreign ownership, Net Profit Margin (NPM) negatively correlates with proportion of foreign ownership, and Return on Assets (ROA) positively correlates with proportion of foreign ownership. This correlation can be seen by looking at the sign on the coefficient of each independent variable. The significant result shows that Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM) and Return on Assets (ROA) do not have significant influence to the independent variable (proportion of foreign ownership).

The result of first independent variable implies that in Indonesian firms for the period of 2002 up to 2005, the foreign investor does not tend to analyze the

Price Earning Ratio (PER) of company as a basis for investing in Jakarta Stock Exchange (JSX). The result of second independent variable implies that in Indonesian firms for the period of 2002 up to 2005, the foreign investor does not tend to analyze the Return on Equity (ROE) of company as a basis for investing in Jakarta Stock Exchange (JSX). The result of third independent variable implies that in Indonesian firms for the period of 2002 up to 2005, the foreign investor does not tend to analyze the Net Profit Margin (NPM) of company as a basis for investing in Jakarta Stock Exchange (JSX). The result of fourth independent variable implies that in Indonesian firms for the period of 2002 up to 2005, the foreign investor does not tend to analyze the Return on Assets (ROA) of company as a basis for investing in Jakarta Stock Exchange (JSX). Return on Assets (ROA) of company is a ratio to measure the efficiency of company and an indicator of management capability in doing company activity to use company assets to earn profit.

This condition is different from Laksana research in which he found that the first independent variable Price Earning Ratio (PER) influenced to the proportion of foreign ownership in Jakarta Stock Exchange (JSX), for the second independent variable, Return on Equity (ROE) did not influence the proportion of foreign ownership in Jakarta Stock Exchange (JSX), for the third independent variable, Net Profit Margin (NPM) influenced to the proportion of foreign ownership in Jakarta Stock Exchange (JSX), and for the last independent variable, Return on Assets (ROA) did not influence the proportion of foreign ownership in Jakarta Stock Exchange (JSX). This condition can be caused by fluctuation in

yearly data which compared to monthly data that is used by Laksana research. The period of Laksana research was only 1 year. It is different from this research which is analyzed for 4 years, and uses yearly period from 2002 up to 2005.

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1. Research Conclusion

Based on the research purpose, the statistical test, and analysis that have been described in the earlier chapter, some conclusions are drawn as follows:

1. None of Price Earning Ratio (PER), Return on Equity (ROE), Net Profit Margin (NPM) and Return on Assets (ROA) significantly affects the proportion of foreign ownership.
2. Return on Equity (ROE) has stronger effect between other variables, but is not significant variable for internal factors that significantly affect the proportion of foreign investor. It is indicated by the lowest ρ-value = 0.1111 compared with other variables. But it not significantly affects the proportion of foreign investor.
3. Company financial ratio variables PER, ROE, NPM, and ROA simultaneously does not have significant effect to the proportion of foreign ownership. It is indicated by ρ-value of F = 0.157955, that is more than 0.1, so Ho is accepted and Ha is rejected. It cannot be used as the measurement tool to predict the proportion of foreign investors.
4. From the estimation, R^2 = 0.026729, it means that only around 2.6729 % of the proportion of foreign ownership is shown by the variety of PER, ROE, NPM, and ROA; and remaining 97.3271 % can be explained by the other factors.

5.2. Research Recommendations

After completing this research, the following recommendations are suggested:

1. The period of research consideration for the same research hopefully can be conducted over a longer period, such as 10 years period in monthly data. The period of 10 years is recommended in order to show the more significant results.
2. For further researches, it is suggested to observe the other fundamental and additional variables that affect the proportion of foreign ownership in Indonesian firms.

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APPENDICES

No.	Company Name	Foreign Ownership			
		2002	2003	2004	2005
1	Ades Alfindo Putrasetia	37.87	32.63	83.06	84.06
2	Davomas Abadi	54.00	57.39	57.40	54.00
3	Delta Djakarta	58.30	58.30	58.30	58.30
4	Indofood Sukses Makmur	51.89	51.53	51.53	51.53
5	Multi Bintang Indonesia	83.37	83.37	83.37	83.37
6	Pioneerindo Gourmet International	83.76	78.76	88.42	88.41
7	Sari Husada	83.80	84.52	81.93	93.44
8	Tunas Baru Lampung	26.29	26.29	26.29	26.29
9	BAT Indonesia	86.00	87.00	87.00	86.00
10	Argo Pantes	10.50	12.78	13.43	12.78
11	Century Textile Industry (Centex)	57.00	57.00	57.00	57.00
12	Eratex Djaja Limited	50.00	50.00	50.00	50.00
13	Teijin Indonesia Fiber Corporation (Tifico)	96.60	96.60	96.80	96.80
14	Fortune Mate Indonesia	55.56	55.56	55.56	55.56
15	Ind-Rama Syntetics	53.52	47.73	49.31	52.30
16	Karwell Indonesia	3.52	3.52	3.52	3.52
17	Ricky Putra Globalindo	10.61	10.61	53.66	53.66
18	Sepatu Bata	80.60	84.20	72.60	84.10
19	Barito Pacific Timber	34.21	33.70	41.05	33.69
20	Tirta Mahakam Plywood Industry	29.04	42.49	42.49	48.42
21	Indah Kiat Pulp & Paper Corporation	12.69	8.49	8.49	2.62
22	Budi Acid Jaya	11.10	11.10	11.10	9.47
23	Colorpak Indonesia	25.08	25.00	25.00	25.00
24	Eterindo Wahanatama	21.83	58.14	55.96	55.96
25	Kurnia Kapuas Utama Glue Industries	12.56	12.56	12.56	12.56
26	Argha Karya Prima Industry	10.68	53.76	53.76	53.76
27	Asahimas Flat Glass Co. Ltd.	43.71	43.71	43.76	43.85
28	Dynaplast	32.33	44.90	43.67	44.06
29	Fatrapolindo Nusa Industri	17.27	17.27	13.11	13.11
30	Langgeng Makmur Plastik Industry	15.00	15.00	23.20	59.75
31	Siwani Makmur	11.89	11.89	11.89	11.89

No.	Company Name	Foreign Ownership			
		2002	2003	2004	2005
32	Summiplast Interbenua	24.95	24.95	21.39	99.25
33	Indocement Tunggal Perkasa	61.70	65.14	65.14	65.14
34	Semen Cibinong	90.03	90.36	88.47	91.83
35	Semen Gresik (Persero)	25.53	25.53	25.53	25.53
36	Citra Tubindo	35.70	35.70	35.88	30.42
37	Jakarta Kyoei Steel Works Ltd.	1.33	1.33	1.33	1.33
38	Jaya Pari Steel	30.78	32.18	32.18	32.18
39	Lion Mesh Prima	32.22	32.22	32.22	32.22
40	Lion Metal Works	57.70	57.70	57.70	57.70
41	Tembaga Mulia Semanan	51.03	51.03	51.03	51.03
42	Kedaung Indah Can	34.08	34.08	34.08	34.08
43	Arwana Citramulia	24.63	37.95	39.09	32.90
44	Surya Toto Indonesia	38.80	38.80	38.13	39.50
45	GT Kabel Indonesia	81.78	70.53	75.88	81.23
46	Jembo Cable Company	20.00	20.00	20.00	20.00
47	Sumi Indo kabel	93.06	93.06	93.06	93.06
48	Voksel Electric	14.01	14.01	14.01	14.01
49	Metrodata Electronics	13.07	13.07	13.07	13.07
50	Multipolar Corporation	50.13	50.13	50.13	51.15
51	Astra International	51.87	41.94	47.55	50.11
52	Branta Mulia	24.41	24.40	24.40	19.78
53	Goodyear Indonesia	85.00	85.00	85.00	85.00
54	Hexindo Adiperkasa	76.21	76.21	76.21	76.21
55	Multi Prima Sejahtera	25.00	25.00	25.00	25.00
56	Tunas Ridean	33.70	33.70	37.38	37.38
57	Bristol-Myers Squibb Indonesia	98.00	98.00	98.00	98.00
58	Darya-Varia Laboratoria	89.50	89.50	89.50	89.50
59	Merck	79.55	78.34	74.00	74.00
60	Schering-plough Indonesia	89.20	89.20	89.20	89.20
61	Mandom Indonesia	60.12	60.12	60.12	60.78
62	Unilever Indonesia	85.00	85.00	84.99	85.00

No.	Company Name	PER			
		2001	2002	2003	2004
1	Ades Alfindo Putrasetia	-8.35	8.23	22.14	-2.10
2	Davomas Abadi	38.8	5.05	27.63	12.53
3	Delta Djakarta	2.73	2.93	3.70	6.00
4	Indofood Sukses Makmur	7.67	7.02	12.52	19.53
5	Multi Bintang Indonesia	3.89	6.81	7.47	10.26
6	Pioneerindo Gourmet International	1.9	10.61	-10.68	-4.22
7	Sari Husada	7.55	10.62	12.38	20.58
8	Tunas Baru Lampung	-68.05	5.55	9.78	22.58
9	BAT Indonesia	3.57	5.00	10.83	-29.12
10	Argo Pantes	-1.39	0.54	23.06	-1.50
11	Century Textile Industry (Centex)	2.02	-5.33	-0.75	-13.47
12	Eratex Djaja Limited	6.28	4.58	-0.44	-0.55
13	Teijin Indonesia Fiber Corporation (Tifico)	33.08	-8.11	-2.56	-1.48
14	Fortune Mate Indonesia	33.72	-2.73	-3.90	-1.79
15	Ind-Rama Syntetics	2.37	8.82	8.47	8.89
16	Karwell Indonesia	-3.55	-99.95	-9.97	537.35
17	Ricky Putra Globalindo	-1.15	-2.41	8.77	8.34
18	Sepatu Bata	2.87	4.03	5.10	5.15
19	Barito Pacific Timber	-0.05	0.95	3.08	-8.22
20	Tirta Mahakam Plywood Industry	8.92	6.78	18.59	18.59
21	Indah Kiat Pulp & Paper Corporation	-3.78	-0.33	-1.30	0.30
22	Budi Acid Jaya	-6.83	18.45	25.82	77.62
23	Colorpak Indonesia	10.93	13.66	32.19	22.55
24	Eterindo Wahanatama	-0.26	-2.74	-5.30	-429.00
25	Kurnia Kapuas Utama Glue Industries	16.46	-14.02	-32.45	-114.41
26	Argha Karya Prima Industry	-0.37	0.14	1.15	46.08
27	Asahimas Flat Glass Co. Ltd.	4.3	2.78	5.25	4.51
28	Dynaplast	4.43	5.49	7.85	11.89
29	Fatrapolindo Nusa Industri	4.66	4.48	-36.95	-3.52
30	Langgeng Makmur Plastik Industry	-4.95	-0.23	-0.55	-0.75
31	Siwani Makmur	7.37	16.95	-0.66	11.69

No.	Company Name	PER			
		2001	2002	2003	2004
32	Summiplast Interbenua	19.34	-60.24	96.32	18.14
33	Indocement Tunggal Perkasa	-40.82	2.39	11.67	97.56
34	Semen Cibinong	2.54	2.21	17.82	-8.26
35	Semen Gresik (Persero)	10.28	17.99	12.50	21.56
36	Citra Tubindo	193.6	214.03	44.51	46.41
37	Jakarta Kyoei Steel Works Ltd.	-0.07	0.11	0.16	-0.23
38	Jaya Pari Steel	1.36	1.23	4.93	2.16
39	Lion Mesh Prima	8.51	2.27	3.28	2.66
40	Lion Metal Works	2.66	3.28	3.61	3.75
41	Tembaga Mulia Semanan	3.79	1.67	5.08	-14.20
42	Kedaung Indah Can	4.76	-14.27	-2.11	-1.48
43	Arwana Citramulia	4.38	6.04	12.97	10.63
44	Surya Toto Indonesia	17.65	3.96	7.27	11.49
45	GT Kabel Indonesia	-0.13	0.08	-8.57	-2.17
46	Jembo Cable Company	67.03	23.65	31.97	61.03
47	Sumi Indo kabel	13.93	-23.03	-9.47	23.97
48	Voksel Electric	-1.31	1.51	-1.06	-0.56
49	Metrodata Electronics	2.25	-6.13	-138.42	14.02
50	Multipolar Corporation	2.9	15.84	34.75	25.49
51	Astra International	5.86	2.26	4.56	7.19
52	Branta Mulia	3.32	1.85	5.78	8.49
53	Goodyear Indonesia	17.13	10.84	9.35	14.11
54	Hexindo Adiperkasa	2.72	1.70	3.66	28.25
55	Multi Prima Sejahtera	-1.17	0.63	-23.22	-5.31
56	Tunas Ridean	3.95	5.41	5.16	5.17
57	Bristol-Myers Squibb Indonesia	7.52	5.40	0.40	8.88
58	Darya-Varia Laboratoria	-132.9	4.05	8.92	7.87
59	Merck	4.17	5.98	7.09	8.92
60	Schering-plough Indonesia	-9.33	-27.49	12.79	-124.60
61	Mandom Indonesia	7	4.03	5.93	7.56
62	Unilever Indonesia	14.07	14.20	21.33	17.20

No.	Company Name	ROE			
		2001	2002	2003	2004
1	Ades Alfindo Putrasetia	-12.88	8.51	3.90	-428.81
2	Davomas Abadi	1.32	4.44	15.58	14.35
3	Delta Djakarta	17.38	15.20	11.76	10.90
4	Indofood Sukses Makmur	20.96	21.91	14.74	9.23
5	Multi Bintang Indonesia	39.00	30.06	33.63	34.99
6	Pioneerindo Gourmet International	128.62	39.04	-41.11	-1768.16
7	Sari Husada	33.06	21.17	22.57	17.77
8	Tunas Baru Lampung	-1.80	8.67	5.26	3.22
9	BAT Indonesia	28.13	29.21	11.80	-5.19
10	Argo Pantes	-30.72	-4428.62	826.13	-104.21
11	Century Textile Industry (Centex)	10.40	-6.32	-2.72	-2.54
12	Eratex Djaja Limited	9.40	5.87	-196.36	1611.43
13	Teijin Indonesia Fiber Corporation (Tifico)	1.34	-5.55	-9.85	-24.15
14	Fortune Mate Indonesia	3.59	-5.44	-23.51	-58.84
15	Ind-Rama Syntetics	-15.82	5.06	5.06	5.06
16	Karwell Indonesia	-88.48	-2.82	-49.55	1.00
17	Ricky Putra Globalindo	-294.83	-49.22	27.11	12.61
18	Sepatu Bata	44.78	32.42	22.68	20.68
19	Barito Pacific Timber	-134.54	18.13	53.38	-25.48
20	Tirta Mahakam Plywood Industry	8.81	9.08	4.18	5.36
21	Indah Kiat Pulp & Paper Corporation	-8.31	-13.82	-17.47	19.30
22	Budi Acid Jaya	-12.70	4.29	2.84	0.77
23	Colorpak Indonesia	24.86	18.97	9.62	12.34
24	Eterindo Wahanatama	-92.37	-7.80	-7.92	-10.84
25	Kurnia Kapuas Utama Glue Industries	3.32	-1.27	-0.89	-0.32
26	Argha Karya Prima Industry	-31.35	-203.80	75.27	1.17
27	Asahimas Flat Glass Co. Ltd.	23.41	28.48	19.03	20.05
28	Dynaplast	13.20	14.71	15.09	12.06
29	Fatrapolindo Nusa Industri	25.93	16.62	-2.19	-22.30
30	Langgeng Makmur Plastik Industry	-9.88	-126.29	-316.59	-1183.97
31	Siwani Makmur	4.63	1.59	-76.59	5.20

No.	Company Name	ROE			
		2001	2002	2003	2004
32	Summiplast Interbenua	7.76	-2.43	1.31	632.00
33	Indocement Tunggal Perkasa	-2.28	27.34	14.79	2.49
34	Semen Cibinong	20242.26	20.03	6.55	-24.76
35	Semen Gresik (Persero)	10.04	8.22	11.17	13.97
36	Citra Tubindo	2.57	2.37	2.87	2.53
37	Jakarta Kyoei Steel Works Ltd.	-13.29	5.44	11.76	-11.26
38	Jaya Pari Steel	19.22	23.46	17.77	48.00
39	Lion Mesh Prima	8.70	3.11	4.50	8.72
40	Lion Metal Works	13.68	12.57	12.07	19.54
41	Tembaga Mulia Semanan	21.67	19.37	6.88	-3.53
42	Kedaung Indah Can	6.51	-2.48	-11.77	-19.91
43	Arwana Citramulia	16.06	13.40	16.10	17.23
44	Surya Toto Indonesia	40.01	64.09	24.51	17.82
45	GT Kabel Indonesia	-32.98	-384.67	-33.42	-824.60
46	Jembo Cable Company	1.67	7.61	2.59	1.43
47	Sumi Indo kabel	4.87	-1.40	-3.13	2.32
48	Voksel Electric	-20.28	13.05	-9.32	-24.58
49	Metrodata Electronics	34.30	-17.51	-0.61	5.23
50	Multipolar Corporation	15.38	1.92	1.25	2.45
51	Astra International	32.90	55.96	40.70	35.48
52	Branta Mulia	14.94	19.43	11.64	5.97
53	Goodyear Indonesia	4.53	6.09	6.15	8.73
54	Hexindo Adiperkasa	28.09	21.93	20.56	32.29
55	Multi Prima Sejahtera	-102.31	25.66	-0.77	-4.62
56	Tunas Ridean	21.89	17.47	17.05	25.74
57	Bristol-Myers Squibb Indonesia	20.71	22.41	24.95	31.82
58	Darya-Varia Laboratoria	-1.12	27.98	18.07	15.61
59	Merck	44.24	25.08	31.71	37.16
60	Schering-plough Indonesia	-227.68	-32.86	107.05	-17.47
61	Mandom Indonesia	17.67	19.15	18.14	20.74
62	Unilever Indonesia	51.32	48.43	61.88	64.83

No.	Company Name	NPM			
		2001	2002	2003	2004
1	Ades Alfindo Putrasetia	0.0831	0.0500	0.0200	-1.0709
2	Davomas Abadi	0.0100	0.0400	0.1100	0.1000
3	Delta Djakarta	0.1500	0.1600	0.1200	0.1100
4	Indofood Sukses Makmur	0.0500	0.0500	0.0300	0.0200
5	Multi Bintang Indonesia	0.2000	0.1600	0.1600	0.1200
6	Pioneerindo Gourmet International	0.1400	0.0600	-0.0540	-0.1308
7	Sari Husada	0.2400	0.1700	0.2000	0.1500
8	Tunas Baru Lampung	-0.0118	0.0700	0.0400	0.0100
9	BAT Indonesia	0.1500	0.1700	0.0800	-0.0150
10	Argo Pantes	-0.1425	0.5300	0.0100	-0.2375
11	Century Textile Industry (Centex)	0.0700	-0.0430	-0.0161	-0.0131
12	Eratex Djaja Limited	0.0100	0.0100	-0.1203	-0.0546
13	Teijin Indonesia Fiber Corporation (Tifico)	0.0100	-0.0302	-0.0373	-0.0618
14	Fortune Mate Indonesia	0.0200	-0.0286	-0.1241	-1.4224
15	Ind-Rama Syntetics	0.0400	0.0400	0.0400	0.0400
16	Karwell Indonesia	-0.0781	-0.0038	-0.0460	0.0800
17	Ricky Putra Globalindo	-0.1559	-0.0204	0.0200	0.1200
18	Sepatu Bata	0.1600	0.1200	0.0900	0.0800
19	Barito Pacific Timber	-0.9426	0.1300	0.1200	-0.1121
20	Tirta Mahakam Plywood Industry	0.0300	0.0300	0.0200	0.0100
21	Indah Kiat Pulp & Paper Corporation	-0.1658	-0.2223	-0.2130	27.6000
22	Budi Acid Jaya	-0.0205	0.0100	0.0100	0.0016
23	Colorpak Indonesia	0.1700	0.1700	0.0800	0.0600
24	Eterindo Wahanatama	-0.2426	-0.0200	-0.0570	-0.3590
25	Kurnia Kapuas Utama Glue Industries	0.0300	-0.0104	-0.0080	-0.0028
26	Argha Karya Prima Industry	-0.1922	0.4400	0.4900	0.0100
27	Asahimas Flat Glass Co. Ltd.	0.1000	0.1600	0.1200	0.1400
28	Dynaplast	0.0900	0.1100	0.0900	0.0600
29	Fatrapolindo Nusa Industri	0.1600	0.1300	-0.0232	-0.1642
30	Langgeng Makmur Plastik Industry	-0.0329	-0.2982	2.0508	2.1454
31	Siwani Makmur	0.0400	0.0200	-0.4380	0.0300

No.	Company Name	NPM			
		2001	2002	2003	2004
32	Summiplast Interbenua	0.0600	-0.0220	0.0100	0.0400
33	Indocement Tunggal Perkasa	-0.0183	0.2600	0.1600	0.0300
34	Semen Cibinong	0.6400	0.2500	0.0800	-0.0879
35	Semen Gresik (Persero)	0.0700	0.0500	0.0700	0.0800
36	Citra Tubindo	0.0400	0.0300	0.0200	0.0200
37	Jakarta Kyoei Steel Works Ltd.	1.6857	0.1100	0.3600	-0.4770
38	Jaya Pari Steel	0.1000	0.0600	0.0500	0.1600
39	Lion Mesh Prima	0.0200	0.0300	0.0200	0.0600
40	Lion Metal Works	0.1800	0.1400	0.1400	0.2100
41	Tembaga Mulia Semanan	0.0200	0.0200	0.0100	-0.0021
42	Kedaung Indah Can	0.0700	-0.0297	-0.1550	-0.2065
43	Arwana Citramulia	0.0900	0.0900	0.1100	0.1200
44	Surya Toto Indonesia	0.0400	0.1700	0.0700	0.0500
45	GT Kabel Indonesia	-0.7699	1.2100	-0.0845	-0.2408
46	Jembo Cable Company	0.0035	0.0200	0.0100	0.0000
47	Sumi Indo kabel	0.0200	-0.0079	-0.0166	0.7500
48	Voksel Electric	-0.0444	0.0200	-0.0252	-0.0627
49	Metrodata Electronics	0.0900	-0.0381	-0.0014	0.0100
50	Multipolar Corporation	0.2700	0.0400	0.0200	0.0100
51	Astra International	0.1200	0.1200	0.1400	0.1200
52	Branta Mulia	0.0500	0.0800	0.0600	0.0300
53	Goodyear Indonesia	0.0200	0.0300	0.0300	0.0300
54	Hexindo Adiperkasa	0.0900	0.0800	0.0600	0.0900
55	Multi Prima Sejahtera	-0.3563	0.5800	-0.0206	-0.0878
56	Tunas Ridean	0.0300	0.0300	0.0300	0.0500
57	Bristol-Myers Squibb Indonesia	0.0800	0.1000	0.1400	0.1800
58	Darya-Varia Laboratoria	0.0000	0.1200	0.1200	0.1200
59	Merck	0.2500	0.1700	0.1700	0.1500
60	Schering-plough Indonesia	-0.0949	-0.0095	0.0200	-0.0030
61	Mandom Indonesia	0.0900	0.1000	0.1000	0.1000
62	Unilever Indonesia	0.1500	0.1400	0.1600	0.1600

No.	Company Name	ROA			
		2001	2002	2003	2004
1	Ades Alfindo Putrasetia	-0.0494	0.0357	0.0183	-1.2618
2	Davomas Abadi	0.0080	0.0279	0.1029	0.0627
3	Delta Djakarta	0.1287	0.1181	0.0944	0.0850
4	Indofood Sukses Makmur	0.0575	0.0526	0.0394	0.0247
5	Multi Bintang Indonesia	0.2199	0.1790	0.1868	0.1579
6	Pioneerindo Gourmet International	0.1551	0.0833	-0.0743	-0.2480
7	Sari Husada	0.2822	0.1895	0.1968	0.1491
8	Tunas Baru Lampung	-0.0077	0.0407	0.0230	0.0122
9	BAT Indonesia	0.1552	0.1697	0.0761	-0.0292
10	Argo Pantes	-0.0632	0.2410	0.0070	-0.1326
11	Century Textile Industry (Centex)	0.0699	-0.0350	-0.0151	-0.0111
12	Eratex Djaja Limited	0.0143	0.0102	-0.1622	-0.0782
13	Teijin Indonesia Fiber Corporation (Tifico)	0.0054	-0.0208	-0.0342	-0.0629
14	Fortune Mate Indonesia	0.0318	-0.0478	-0.1992	-0.5882
15	Ind-Rama Syntetics	-0.0643	0.0069	0.0090	0.0093
16	Karwell Indonesia	-0.1324	-0.0042	-0.0585	0.0009
17	Ricky Putra Globalindo	-0.1458	-0.0183	0.0137	0.0918
18	Sepatu Bata	0.2847	0.2302	0.1547	0.1354
19	Barito Pacific Timber	-0.2314	0.0403	0.0692	-0.0429
20	Tirta Mahakam Plywood Industry	0.0312	0.0285	0.0119	0.0125
21	Indah Kiat Pulp & Paper Corporation	-0.0326	-0.0481	-0.0526	0.0730
22	Budi Acid Jaya	-0.0169	0.0064	0.0044	0.0016
23	Colorpak Indonesia	0.1995	0.1598	0.0770	0.0786
24	Eterindo Wahanatama	-0.0901	-0.0090	-0.0707	-0.0784
25	Kurnia Kapuas Utama Glue Industries	0.0168	-0.0066	-0.0055	-0.0020
26	Argha Karya Prima Industry	-0.1007	0.2565	0.3048	0.0047
27	Asahimas Flat Glass Co. Ltd.	0.0767	0.1374	0.1098	0.1322
28	Dynaplast	0.0690	0.0890	0.0714	0.0477
29	Fatrapolindo Nusa Industri	0.1436	0.1200	-0.0097	-0.0797
30	Langgeng Makmur Plastik Industry	-0.0133	-0.1323	-12.4843	-10.0259
31	Siwani Makmur	0.0389	0.0133	-0.5492	0.0369

No.	Company Name	ROA			
		2001	2002	2003	2004
32	Summiplast Interbenua	0.0430	-0.0175	0.0079	0.0393
33	Indocement Tunggal Perkasa	-0.0053	0.0908	0.0661	0.0119
34	Semen Cibinong	0.1948	0.0651	0.0228	-0.0709
35	Semen Gresik (Persero)	0.0362	0.0387	0.0568	0.0763
36	Citra Tubindo	0.0157	0.0190	0.0219	0.0212
37	Jakarta Kyoei Steel Works Ltd.	0.1103	0.0373	0.1015	-0.1341
38	Jaya Pari Steel	0.1055	0.1245	0.0919	0.2546
39	Lion Mesh Prima	0.0244	0.0424	0.0472	0.1288
40	Lion Metal Works	0.1172	0.1097	0.1017	0.1605
41	Tembaga Mulia Semanan	0.0313	0.0370	0.0143	-0.0055
42	Kedaung Indah Can	0.0401	-0.0155	-0.0736	-0.1069
43	Arwana Citramulia	0.0482	0.0609	0.0831	0.0849
44	Surya Toto Indonesia	0.0294	0.1249	0.0571	0.0365
45	GT Kabel Indonesia	-0.2718	0.9625	-0.0688	-0.2718
46	Jembo Cable Company	0.0034	0.0163	0.0060	0.0031
47	Sumi Indo kabel	0.0405	-0.0110	-0.0262	0.0165
48	Voksel Electric	-0.0429	0.0266	-0.0303	-0.0929
49	Metrodata Electronics	0.1980	-0.0838	-0.0029	0.0201
50	Multipolar Corporation	0.0978	0.0113	0.0072	0.0047
51	Astra International	0.0318	0.1389	0.1613	0.1381
52	Branta Mulia	0.0393	0.0668	0.0479	0.0248
53	Goodyear Indonesia	0.0301	0.0427	0.0419	0.0567
54	Hexindo Adiperkasa	0.0759	0.0610	0.0727	0.1437
55	Multi Prima Sejahtera	-0.2049	0.1615	-0.0048	-0.0263
56	Tunas Ridean	0.0713	0.0662	0.0546	0.0763
57	Bristol-Myers Squibb Indonesia	0.1292	0.1496	0.1708	0.2083
58	Darya-Varia Laboratoria	-0.0048	0.1967	0.1296	0.1155
59	Merck	0.3466	0.2172	0.2525	0.2855
60	Schering-plough Indonesia	-1.5354	-0.0171	0.0405	-0.0057
61	Mandom Indonesia	0.1309	0.1632	0.1596	0.1746
62	Unilever Indonesia	0.3307	0.3164	0.3796	0.4015