

## **ABSTRAC**

*The establishment of a company based in order to gain profit. The manufacturing company is a company that is in a branch of industry that operates to process raw materials into finished goods which ready for sale. Just like businesses in other companies, manufacturing companies make a profit by generating a sales value higher than the costs and expenses incurred. The resulting profit after tax (earnings after tax) is used by analysts to measure the return on equity (ROE) compared to the total equity of the company.*

*The objective of this research was measured to determine the effect of variable debt to asset ratio (DR), debt to equity ratio (DER), time interest earned ratio (TIER), and the degree of financial leverage (DFL) either simultaneously or partially to the variable return on equity (ROE) as well as the variable most dominant influence on ROE.*

*The type of this research is descriptive verification that is causality. The number of companies listed on the Indonesia Stock Exchange (BEI) over the period 2011-2015 were entered as the population register is a total of 143 companies. The sampling technique chosen is a kind of nonprobability sampling that is purposive sampling. Based on the sampling technique has done, only 82 companies were valid. Model analysis of the data in this research is using panel data regression analysis with Eviews 8.0. software.*

*Based on the results of this research, it showed a combination of debt to asset ratio (DR), debt to equity ratio (DER), time interest earned ratio (TIER), and the degree of financial leverage (DFL) can explain or influence the dependent variable return on equity (ROE) 87,64%, while the remaining 12,36% influenced by other variables outside the research that is not included in this model. The results also showed simultaneously DR, DER, TIER, and DFL significant effect on ROE.*

*Through partial test results obtained showed that the variables DR significant effect with the positive direction of the ROE. DER variables have a significant effect on ROE negative direction. TIER variables did not significantly affect ROE, and DFL significant effect with the positive direction of the ROE.*

*Keywords: Debt to Asset Ratio, Debt to Equity Ratio, Time Interest Earned Ratio, Degree of Financial Leverage, Return on Equity.*