

ABSTRACT

The purpose of financial statements is to provide information regarding the financial position, financial performance, cash flow entities that benefit the majority of users of financial statements in making economic decisions. Therefore, companies are not allowed to provide misleading information and in accordance with applicable regulations. Basically, the financial statements is one important source of information used by investors to assess the company's performance. Information net income can be used as a basis for assessing how much the value of return investors of every share bought. ERC can be simply defined as the change in stock price resulting from the issuance of the financial statements by the company. Generally, when a company makes a profit, such profits will raise the company's stock price. Vice versa if the company suffers a loss it will lower the price of its shares. However, there are some events that are not in line with the theory, which leads to changes in the value of the ERC.

The purpose of this study is to determine how much influence company size, risk default of the earnings response coefficient either simultaneously or partially. The samples are Companies manufacturing sector consumption listed on the Indonesia Stock Exchange (IDX) in the period 2011 to 2015 were consistently present financial statements in the period. The selected sample results are as many as 20 companies sector consumption out of 37 companies sector consumption listed on the Stock Exchange in the period 2011-2015.

Methods of data analysis in this research is panel data regression analysis using Eviews software version 7.

Hypothesis testing results indicate that jointly disclosure of company size, and the risk default affect the ERC, with a coefficient of determination of 13%. Partial test shows that company size have a significant affect the ERC, in the meantime, risk default does not affect the ERC.

Based on these results, the authors try to give suggestions for further research to add other variables such as the persistence of earnings, gain information, and systematic risk, as well as extend the research time and using the sector in addition to companies sector consumption.

Keywords: Company size, Risk Default, Earnings Response Coefficient