

ABSTRACT

The capital market is where the buyer and seller meet with the effects the risk of profit and loss. Capital markets can encourage the creation of an efficient allocation of funds, as with the stock market then the party that the excess funds (investors) can choose investments that provide a relatively large return. In 2012-2016, the rate of expected return on stock in the manufacturing industry which is listed on the Indonesia stock exchange tend to decline so that research needs to be done. Because of the expected rate of return when stocks declined then the investor can potentially suffer losses.

The purpose of this research is to know the dividend policy development, leverage ratio, profitability ratio, systematic risk, inflation, and the expected return of stocks as well as know how the policy dividend, leverage ratio, profitability ratio, systematic risk, inflation, and against the expected return of stocks on the manufacturing industry registered in BEI 2012-2016 period.

These studies use quantitative methods with descriptive research approach and causality. The sample used in this study is as much as 35 companies chosen by purposive sampling technique. Data analysis methods used are use the data panel with random effect model approach.

The development of a policy dividend, leverage ratio, profitability ratio, systematic risk, inflation, and the expected return of stocks experiencing fluctuations caused by the activity of the company. Results of testing the hypothesis partially stated that DER and systematic risk have positive and significant influence towards $E(R_i)$. Inflation has a negative and significant influence towards $E(R_i)$. While DPR and ROE have no effect significantly to $E(R_i)$. The results of hypothesis testing simultaneously declared that the DPR, DER, ROE, systematic risk, and inflation effect significantly to $E(R_i)$.

For further recommended that researchers add to research variable e.g. by NPM, ROA, the exchange rate of Rupiah, and interest rates. Then add the sample research, not only the manufacturing industry but also non-manufacturing.

Keywords: DPR, DER, ROE, Systematic Risk, Beta, Inflation, GDP, Expected Stock Return.

