

ABSTRACT

Investment is very important for companies to be able to carry out their business activities. Food and beverages subsector is an important role in economic growth in Indonesia and one of the sectors that has become the government's priority in encouraging industry as a pusher of the national economic. However the phenomenon of fluctuating return on equity and return on investment shows that the trading volume activity continued to decline in food and beverage subsector in 2014-2016.

The purpose of this research is to find out the effect of return on equity and return on investment on trading volume activity either partially or simultaneously. The research is a descriptive and verification research and the population is the food and beverage subsector companies which are listed in Indonesia Stock Exchange between 2014-2016. The data analysis technique has been done by performing data panel.

The sample collection technique has been done by using purposive sampling, 11 food and beverage companies. The results showed that return on equity and return on investment is not affect the trading volume activity either partially or simultaneously.

The results showed that return on equity and return on investment did not affect the trading volume activity in the 2014-2016 food and beverage subsector companies either partially or simultaneously. Adjusted R-squared shows a result of 0.061847 or 6.1847% indicating that return on equity and return on investment have an effect of 6.1847% on trading volume activity.

The author provides suggestions for further research to add independent variables namely stock prices, operating income and net income, and increase the number of years of research or with other research objects.

Keywords: Return on equity, return on investment, trading volume activity.