ABSTRACT

Indonesian capital market has developed quite rapidly, as evidenced by the increase in the company went public listed and more investors who invest in stocks. To get the optimum return, investors need to know the information relating to the implementation of the investment. It can be predicted by the analysis of financial statements. The financial statements include information concerning the company's financial developments both in numbers and in a particular ratio. Variables and ratios that can be obtained from the financial statements including earning management, liquidity ratios, leverage ratios, activity ratios, profitability ratios, and firm size.

This study aims to analyze the development of earnings management, liquidity ratio, leverage ratio, activity ratio, profitability ratio, and firm size as well as the effect of each variable and the interaction of these variables to return stock at the telecommunications company that go public in the Indonesian Stock Exchange. This is because the telecommunications company is closely connected with the additional capital to expand their business due to technological advances.

Data in this study is collected through secondary data and methods of documentation and literature study. The population in this study is 6 telecommunications company listed on the Stock Exchange 2010-2014 period, namely PT. Bakrie Telecom Tbk., PT. XL Axiata Tbk., PT. Smartfren Telecom Tbk., PT. Inovisi Infracom Tbk., PT. Indosat Ooredoo Tbk, and PT. Telekomunikasi Tbk. This study used a sample of six telecommunications companies with a method of pooling the data (2010-2014), bringing the total number of samples (n) = 30. The sampling technique used purposive sampling method. The method used is descriptive quantitative data analysis techniques performed by the panel data regression analysis using a fixed effect model, and hypotheses were tested using the F test and t test with a significance of 5%.

The results showed that simultaneous variable profit management, liquidity ratio, leverage ratio, activity ratio, profitability ratio, and firm size have significant effect on stock returns with a probability value of 0.000052 <0.05. The coefficient of determination shows the dependent variable can be explained by the independent variables of 84.99%. Partial variable liquidity ratio (CR), activity ratio (TAT), the profitability ratio (ROA) and firm size have a significant effect on stock returns, with variable CR amounting 0.0011< 0.05, variable TAT by 0.0211<0.05, ROA amounted to 0.0054<0.05 and firm size variables at 0.0038<0.05. While the earnings management variables (DA) and the leverage ratio (DER) has no significant effect on stock returns, with variable DA for 0.8786> 0.5 where telecommunication companies have a tendency of decreasing income techniques are toying with the current period income will be lower than the revenue The actual and or costs to be higher than the actual cost. For the calculation of the variable DER of 0.0581> 0.5.

Keywords: *Earnings Management, Liquidity Ratio, Leverage Ratio, Activity Ratio, Profitability Ratio, Firm Size, Stock Return*