

## ABSTRACT

*The financial statements have several objectives, one of which is to provide information about the financial position, financial performance, cash flows of entities that are beneficial to most users of financial statements in making economic decisions. Therefore, the company is not allowed to provide fictitious information and must comply with applicable regulations. The financial statements are one of the important sources of information used by investors in assessing the company's performance. Especially information net income, the information obtained can be used as a basis to assess how much the value of investor returns of each share bought.*

*In simple terms ERC can be interpreted as a change in stock prices resulting from the issuance of financial statements by the company. Generally when a company makes a profit, then the profit will raise the stock price of the company. Vice versa if the company suffered losses will reduce the price of its shares. However, there are some incidents that are inconsistent with the theory, which causes a change in the value of ERC.*

*The purpose of this study is to determine how big the effect of firm size, capital structure and earnings persistence earnings response coefficient either simultaneously or partially. The sample used by the manufacturing company is the various industry sectors listed on Indonesia Stock Exchange (IDX) in the period 2012-2016 which presents the financial statements consistently in the period of study.*

*The selected sample result is 13 companies from 39 Manufacturing Companies of Various Industries Sector listed on BEI in period 2012-2016. Data analysis method in this research is panel data regression analysis using software Eviews version 9.0 Hypothesis testing result indicate that jointly firm size, capital structure and earnings persistence influence to ERC, with coefficient of determination equal to 14%. Partial test shows that firm size have positive effect to ERC, meanwhile capital structure and earnings persistence do not have an effect on to ERC.*

*Based on result of this research, writer try to give suggestion for subsequent research to add other variables such as risk default and audit quality and use proxy in calculating the same variable as calculating firm size with market capitalization and using sector other than multifarious industry sector.*

*Keyword: Firm Size, Capital Structure, Earnings Persistence, Earnings Response Coefficient*