ABSTRACT

THE EFFECT OF THE RIGHT ISSUE ON THE COMPANY’S PERFORMANCE LISTED ON THE INDONESIA STOCK EXCHANGE

The formula of problem in this research are: is there a difference in a company’s performance before and after execution of a right issue at company listed on Indonesia Stock Exchange, is there a difference between companies’s performance which execution of a right issue and the companies that do not, and is a right issue significantly influence the company’s performance that execution right issue listed on Indonesia Stock Exchange. This research aimed to determine whether there is difference in companies’s performance before and after the execution of a rights issue, whether there are differences in companies’s performance which execution of a right issue and the companies that do not, and to analyze whether there is a significant influence on companies listed on the Indonesia Stock Exchange.

Hypothesis in this research are: there is a difference in a company’s performance at current ratio, debt ratio, total assets turnover, return on assets, dan net profit margin before and after execution of a right issue at company listed on Indonesia Stock Exchange. There is a difference on the companies’s performance at current ratio, debt ratio, total assets turnover, return on assets, dan net profit margin between issuer companies and nonissuer companies, and a right issue influence on the companies’s performance at current ratio, debt ratio, total assets turnover, return on assets, dan net profit margin listed on Indonesia Stock Exchange.

The sample is 26 issuer companies and 26 nonissuer companies as a sample comparison in this research. This research uses secondary data sourced from financial statements of companies listed on the Indonesia Stock Exchange (BEI) and conduct a rights issue from 2007 to 2009. Data collection method is a quantitative approach by data analysis techniques that the first hypothesis is paired sample t test, the second hypothesis is independent sample t test, and the third hypothesis is simple regression analysis.

The results of this research in that: 1)There is a difference in a company's financial performance proxied by net profit margin before and after execution of the rights issue. While there is no difference in the company's financial performance proxied by the current ratio, debt ratio, total asset turnover, and return on assets before and after execution of the rights issue, 2) There is no difference in financial performance between companies that conduct a rights issue and the companies that do not, and 3) Right issue influences negatively and significant to the company's financial performance by the debt ratio and the net profit margin. But the right issue influences positively and not significant to the financial performance by the current ratio, and return on assets, and right issue influences negatively and not significant to the company's financial performance by total asset turnover.

Keywords: Right Issue, Current Ratio, Debt Ratio, Total Asset Turnover, Return on Assets, and Net Profit Margin