

ABSTRACT

Johny Barita Simanjuntak, NIM ; 2001-01-062. **Factor Analysis Influencing Price To Book Value Share of Insurance Company In Jakarta Stocks Exchange (BEJ)**, below tuition of Dr. Ahmad Rodoni

The purpose of this research is (1) To analyze what is variable of *Return On Equity (ROE)*, *Dividend Payout Ratio (DPR)*, and *Earning Growth Rate (EGR)* influence Price to Book Value (*PBV*) ratio of the company in Jakarta Stocks Exchange both individually and simultaneously; (2) To analyze which variable is the most stronger and having an effect on which explain changes of Price to Book Value ratio of insurance company which go public in Jakarta Stocks Exchange.

The method used in this research is the multiple regression analysis using *Ordinary Least Square (OLS)* model, to identify a line that fits the sample data better than any other line that can be drawn, through multicollinearity, heteroscedasticity, and chow test. Also, there is the validity testing of the hypothesis which are (1) Statistic-t that is to see how far the influence of one independent variabel individually in explaining dependent variable, (2) Statistic-F (ANOVA) that is to see how far the independent variable simultaneously influencing the dependent variabel.

The result of analysis indicate that ROE, DPR and of EGR have an effect to change the Price to Book Value. But, unhappily ability of the independent variable by together in explaining PBV variability is not overweening, posed at by coefficient of determination (Adjusted R^2) range from 25,90 % till 98,80 %. Individually among three independent variable, only Dividend Payout Ratio (most dominant) its influence to PBV variability

Based on year regression 1994-2003 that is $PBV = 0,511 + 0,160 DPR$, where R^2 equal to 41,60 % (enough strength) with assumption that other factor disregarded, there are 2 company owning share of undervalued, meaning that the company shares represent candidate to be bought. On the contrary, there are 4 company owning share of overvalued, which [is] indication that the companys share represent candidate to be sold

Hopefully, by implementing the recommendations, in the last chapter, investor using analysis based on fundamental strategy in Jakarta Stocks Exchange, have to onsider Dividend Payout Ratio (DPR) as a basis of taking a decision, when to buy and sell their shares.