

ABSTRACT

Investment is trade-off between return and risk. The risk appears when actual return unmatched to the expected one. The bigger of expected return, the bigger of risk which have to be required. Generally, the risk can be divided into unsystematic and systematic risk. Systematic risk sticks at all company and cannot be eliminated because it is influenced by factors coming from outside company, so that only relevant systematic risk considered in the investment decision making. In the stock investment context, beside macro economic factors, the result of several previous researches indicate that systematic risk (β) is influenced by fundamental factors as well.

To know economic macro and fundamental factor influence to stock beta, this research applied multiple regression analytical technique with ordinary least square (OLS), where research model beforehand must fulfill all classic assumption to give result which Best Linear Unbiased Estimator (BLUE). This research sampling technique done through purposive sampling method from manufacture companies that always allots cash dividend, minimum listing one year before observation period, and which the stock is active traded in Jakarta Stock Exchange. Out of 150 manufacture companies listed, taken 23 companies fulfilling criterion to be used as research sample which will enter in hypothesis testing.

Result at this research (F test) shows that during time line 2002 - 2004, economic macro and fundamental factors had significant influence to systematic risk at 1% significant level with prediction ability (R^2 adjusted) 29,6%. While test result t shows cyclicalitiy, exchange rate, and interest rate having a significant effect to systematic risk at 5% alpha level.

Keyword: dividend payout, earning variability, financial leverage, operating leverage, liquidity, asset size, cyclicalitiy, inflation, exchange rate, GDP, interest rate, stock beta