

**ABSTRACT****The Effect of Managerial Factors on Business Performance and Stock Return in Manufacturing Companies Listed in Jakarta Stock Exchange**

Ardi Paminto

The objective of this research was to analyze the effect of managerial factors including production capacity, marketing capacity, financial capacity and technological capacity on the business performance and the stock return. Object of the research was the manufacturing companies listed in Jakarta Stock Exchange.

The production capacity, marketing capacity and technological capacity were used as primary data, while the financial capacity, business performance and the stock return served as the secondary data with the sample of 51 manufacturing companies

The analytical tools were regression and path analysis. The analytical results showed that, first the financial capacity and technological capacity partially produced a significant effect on the business performance with Standardized Coefficient Beta of 0.363 and 0.503, respectively, and p-value of both under 5%. Furthermore, the production capacity and marketing capacity partially generated an insignificant effect on the business performance.

The second, the partial analysis showed that the business performance was significantly correlated with the stock return with Standardized Coefficient Beta of 0.416 and p-value of 0.010. The direct effect of the production capacity on the stock return was not significant, while its indirect effect with intervening of business performance was not significant either. The direct effect of marketing capacity on the stock return was significant, with Standardized Coefficient Beta of 0.400 and p-value of 0.033, while its indirect effect with intervening of the business performance was not significant. The direct effect financial capacity on the stock return was significant, with of Standardized Coefficient Beta of -0.367 and p-value of 0.010, while its indirect effect with intervening of the business performance was significant. The direct effect of technological capacity on the stock return was not significant; however, its indirect effect with intervening of business performance was significant.

**Key words:** Stock return, business performance, managerial factors, production capacity, marketing capacity, financial capacity, technological capacity.