

ABSTRACT

Capital market acts as intermediary for investors to invest their money in forms of shares, bonds, and others. Investors always consider the amount of return they will obtain as they have invested their money. The amount of return is determined by the volatility of shares price, which is affected by internal factor (management performance) and external factors (such as economic and political condition)

This research focused in analyzing internal factor (management performance) using Economic Value Added (EVA) method and external factors (inflation and BI rate) toward shares return of banking subsector which is listed in Indonesia Stock Exchange in period 2009-2010.

The population of this research consists of 31 companies, from which was taken using purposive sampling method of 18 companies and 152 observation, and then analyzed using multiple linear regression.

The results shows that (1) EVA, Inflation, and BI Rate affect Return significantly, (2) In partial, EVA gives negative effect toward Return significantly, (3) In partial, Inflation gives negative effect and insignificant toward Return, (4) In partial, BI Rate gives negative effect and insignificant toward Return.

Keywords: Economic Value Added (EVA), Inflation, BI Rate, Return