ABSTRACT

The global financial crisis marked by declining stock prices and stock indexes in the United States stock exchange and then extending to global stock exchange including Indonesia stock exchange. Stock market performance experience a sharp decline. In addition to external factors influenced by the macroeconomic conditions, stock market performance is also influenced by corporate internal factors. During the crisis many companies are experiencing financial difficulties and declining sales levels that affect the company's performance. Descent of corporate performance affects its stock price in the stock market and finally affects the level of return and risk of the stock. How does the global financial crisis affect the level of return and risk of the stock needs to be researched.

This research objective is to analyse: 1) How is the level of risk and return of the stock before the global financial crisis (January 2006 - Decembers 2006) and during the global financial crisis (January 2008 - Decembers 2008), 2) Is there any correlation between risk and return both before and during the global financial crisis, 3) Are there any differences in the level of risk and return both before and during the global financial crisis. The method of analysis used is Single Index Model to determine level of risk and return, the correlation test used to determine the strength of the relationship between the level of risk and return and also two different test average to determine the differences in the level of risk and return both before and during the global financial crisis.

The research result shows that the level of unsystematic risk before the global financial crisis is greater than during the global financial crisis but the level of total risk during the crisis period is greater than before the global financial crisis. Correlation test shows that for the period before the crisis occurs correlation between the level of risk and return is about 62.1% while during the crisis period correlation between the level of risk and return is about 39.1% which means supporting the theory of high risk high return. Difference test of two average shows that the level of risk and return before the crisis period is greater than during the crisis period.