ABSTRACT

Bond ratings are an indicator of the rating agency's assessment of the relative performance of contract-based debt issuers in meeting their contractual obligations. Bond ratings describe the prospects for the reliability and viability of the bonds purchased.

This study aims to determine the factors that affect bond ratings. The variables studied are the liquidity ratio projected by the current ratio, the activity ratio projected to total asset turnover, CEO power projected by the CEO pay slice and Economic freedom projected by the unemployment rate to the Bond Rating (Empirical Study on Non-Financial Companies Rated Indonesian Securities Rating Company 2016-2020).

Population in this study are Non-Financial company listed in the Indonesia Bond Market Directory and rated by PT Pemeringkat Efek Indonesia in 2016 – 2020. The sampling technique used was purposive sampling and obtained 7 companies in Non-Financial company listed in the Indonesia Bond Market Directory and rated by PT Pemeringkat Efek Indonesia with an observation period of five years so that 35 samples were obtained in this study. The data analysis method in this study is logistic regression analysis with SPSS 25.

The findings of this study are partially activity ratio has a significant negative effect on bond rating, while liquidity ratio, CEO power and economic freedom does not affect on bond rating. However, simultaneously show that liquidity ratio, activity ratio, CEO power and economic freedom on bond rating have a significant effect on bond rating.

Suggestions for the next writer, to add different variables such as profitability, company size, inflation rate, interest rate, or other indicators that can be used to examine the effect of bond ratings and for company management to pay attention to the company's total assets.

Keywords *: Activity Ratio, Bond Rating, CEO Power, Economic Freedom, Liquidity ratio*