

# Analysis of the Factors Influencing Stock Return in Company Sub-Sector of Consumer Goods Industry in the Indonesia Stock Exchange Period 2016-2019

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**Abstract:-** Stock return is a benefit for investor after buying a company stock. Stock return are positively proportional to risk, meaning that the greater risk borne by shareholders, the greater the profits they get. This study aimed to analyze the effect of ROA, DER, CR, TATO and PBV to the Stock Return Consumer Goods Companies Industry that list in the Indonesia Stock Exchange 2016 to 2019. Samples were selected of 31 companies with a purposive sampling technique. The data gathered the financial statement on the company in the period of 2016 to 2019. The method of analysis used in this study is linear multiple regression analysis method. Result show that ROA, CR, TATO and PBV have positive significant effect to Stock Return. DER has no effect to Stock Return.

**Keywords:-** Stock Return, ROA, DER, CR, TATO and PBV.

## I. INTRODUCTION

The manufacturing sector is a major component in national economic development. Based on data from the Quarterly GDP Distribution at Current Prices by Business Field, the output contribution of the manufacturing sector to the National Gross Domestic Product (GDP) during the Quarter I-III of 2019 is around 19 percent. This sector also provides a major economic contribution in the transformation of the nation's economic structure from the agricultural sector to the industrial sector.

In 2019, Indonesia's economic sectors experienced increased growth. When viewed cumulatively in the third quarter of 2019, both National GDP and the processing industry experienced positive growth compared to the third quarter of 2018, namely 5.02 percent for National GDP and 4.15 percent for the manufacturing sector. In addition, in the same year during different quarter periods, the performance of the Indonesian economy, seen from GDP, also experienced positive growth. In the third quarter of 2019, based on constant prices, GDP increased by 3.06 percent or from Rp. 2,735,245.5 billion to Rp. 2,818,875.2 billion. Meanwhile, the contribution of the manufacturing sector to GDP in the third quarter of 2019 was IDR 582,944.5 billion. ([www.bps.go.id](http://www.bps.go.id))

Based on data from the Ministry of Industry, Indonesia's slow economic growth in the first quarter of 2020 was due to, among other things, slowing growth in the Non-oil and Gas Processing Industry sector, as well as slowing growth in the manufacturing sector as a whole (oil and gas and non-oil and gas). In the first quarter of 2020, the Non-Oil and Gas Manufacturing Sector only recorded a growth of 2.01%, which is the lowest growth since the third quarter of 2009. Meanwhile, the growth of the Manufacturing Industry Sector as a whole (including oil and gas) in the first quarter of 2020 was recorded at 2.06%, which is also the lowest growth since quarter III - 2009. In quarter III - 2009, the overall growth of the Manufacturing Sector was recorded at 1.46% (yoy), while growth in the Non-Oil and Gas Manufacturing Industry was recorded at 1.54%. ([www.kemenperin.go.id](http://www.kemenperin.go.id))

The importance of the manufacturing sector can increase the interest of investors and potential investors to invest in this sector. The manufacturing industry covers 3 sectors, which consist of: Basic Industry and Chemicals, Miscellaneous Industry and Consumer Goods Industry. Based on the following data IHSG, LQ45 and the Manufacturing Sector for the Period 2009 - 2019 sourced on [www.idx.co.id](http://www.idx.co.id) in 2019, namely the decline in the combined stock index of the manufacturing sector due to the dominance of share prices in the consumer goods industry sub-sector, of which 188 manufacturing sector companies are listed on the Indonesia Stock Exchange in 2019, 77 companies are in the Basic Industry and Chemical sub-sector, 51 companies are in the Miscellaneous Industry sub-sector and 60 companies are in the Consumer Goods Industry sub-sector. The stock price will affect the stock return. Based on the data on Average Stock Return for the Consumer Goods Industry Sub-Sector 2012-2019, which has been processed from the Indonesia Stock Exchange 2019, it shows that the movement of stock return in the consumer goods industry sub-sector tends to decline in the 2018-2019 period can be seen in Figure 1.2 above. The smallest stock return in the consumer goods industry sub-sector is - 20.1% in 2019 and the highest stock return is 23.1% in 2017.

According to Copeland (1997), one of the factors that influence the development of securities prices is financial ratios. This encourages the development of research on factors or variables that affect changes in securities. These

factors, among others, can be seen from the company performance.

The company performance can be seen from the profitability ratio, solvency ratio, liquidity ratio and asset turnover ratio. The financial ratios of ROA, DER, CR, TATO and PBV in the consumer goods industry sub-sector companies for the period 2016-2019 seem to fluctuate, namely the DER, CR, and PBV ratios while the ROA and TATO ratios tend to decline.

Variable	Year			
	2016	2017	2018	2019
Return on Asset (ROA)	8,415	7,742	6,201	0,043
Debt Equity to Ratio (DER)	0,957	0,894	0,793	0,926
Current Ratio (CR)	297,38	279,84	262,88	298,11
Total Asset Turn Over (TATO)	1,135	1,099	1,047	1,010
Price Book to Value (PBV)	5,216	6,943	4,669	5,072

Table 1: - Average Financial Ratio of Companies in the Consumer Goods Industry in the Period 2016-2019

Source: Indonesia Stock Exchange, 2020 (Data Processed)

Some Related Research ROA (return on assets), DER (debt equity to ratio), current ratio, total asset turnover (TATO), and *Price to Book Value Ratio (PBV)* on Stock Return is still a *research gap* where the results of several studies previous researchers tend to differ from one researcher to another as below:

- Research conducted by Christmas Bisara (2015) states that ROA has a positive effect on stock return in manufacturing companies listed on the Indonesia Stock Exchange (IDX) in 2011-2013. This research contradicts the results of research from Afriyani (2018) which states that ROA has no effect on stock return.
- Research conducted by Endah and I Made (2016) shows that DER has a positive effect on stock return. Meanwhile, Tri Laksita Asmi research (2014) on Real Estate and Property industrial companies listed on the Indonesia Stock Exchange for the period 2012 - 2013 shows that DER does not have a significant effect on stock return.
- Research conducted by Tri Laksita Asmi (2014) shows that CR has no significant effect on stock returns, while Ayu Dika and Gede Mertha research (2016) shows that CR has a positive and significant effect on stock return.
- Research conducted by Cahyo Dwi Laksono (2017) shows that TATO has a positive effect on stock return. While the research of Neni Awika Andansari, Kharis Raharjo and Rita Andini (2016) in the Food and Beverage Sector Manufacturing company for the period 2008-2014 shows that TATO has no significant effect on stock return.
- Research conducted by Rendra Akbar and Sri Herianingrum (2015) shows that PBV has a positive and significant effect on stock return. This contradicts the research conducted by Cahyo Dwi Laksono (2017) which shows that PBV has no effect on stock return.

Based on these conditions and the inconsistency of the results of previous research on financial ratios that affect stock return, this study aims to re-examine the effect of this financial ratio. Therefore, the authors are interested in conducting a research entitled "Analysis Of The Factors Influencing Stock Return In Company Sub-Sector Of Consumer Goods Industry In The Indonesia Stock Exchange Period 2016-2019".

## II. LITERATURE REVIEW

### A. Stock return

According to Brigham et al (2011) stock return is a measurement of the financial performance of an investment. Stock return is one of the factors that motivates investors to invest and is also a reward for the courage of the investor to bear the risk of the investment that has been made (Tandellin 2010: 105).

Stock return are positively proportional to risk, meaning that the greater the risk borne by shareholders, the greater the profits will be, and vice versa (Brigham 2006). The return component consists of current income and capital gain.

### B. Return on Asset (ROA)

Return on Asset (ROA) or called Return on Investment (ROI) is a measure of the company ability to generate profits (return) for the company by utilizing its assets. The greater the ROA, the better the performance (Van Horne & Wachowicz, 2007). The higher ROA value indicates a company that is more efficient in utilizing its assets to make a profit, so that the company value increases (Brigham & Houston, 2006). Better company performance and increasing company value will give hope of an increase in the company stock price which in turn will have an impact on increasing stock return.

### C. Debt to Equity Ratio (DER)

Debt to Equity Ratio (DER) is a solvency ratio that is used to measure a company own capital ability to be used as collateral for all company debts. Debt to Equity Ratio (DER) is a debt ratio which is illustrated by the ratio between all debt, both long-term debt and short-term debt, with the company capital (Van Horne & Wachowicz, 2007)

Debt to Equity Ratio (DER) reflects the proportion between total debt and total equity. Debt to Equity Ratio (DER) will have a negative effect on stock return, the higher the Debt to Equity Ratio (DER), the stock price will tend to fall. The higher the Debt to Equity Ratio (DER) shows the composition of the total debt with its own capital, so that it has a greater impact on the company burden on outsiders (creditors). The increase in creditors shows that the source of the company capital depends on outside parties, thereby reducing investors' interest in investing their funds in the company. The decline in investors has an impact on the decline in stock prices so that stock return will decline further.

**D. Current Ratio (CR)**

Current Ratio (CR) is a liquidity ratio that shows the comparison between Current Asset and Current Liabilities (CL) (Van Horne & Wachowicz, 2007) measures a company ability to meet companies with current liabilities. The higher the Current Ratio (CR) means the greater the company ability to pay debts. A high current ratio (CR) indicates that the company liquidity is high and this is beneficial for investors because the company is able to deal with business fluctuations (Gudono, 1999).

According to Sawir (2000), a low Current Ratio (CR) is usually considered to indicate a problem in the company liquidity. A low current ratio (CR) will result in a decrease in the market price of the company shares. Conversely, if the Current Ratio (CR) is too high it is not necessarily good, because in certain conditions it shows that a lot of company funds are not rotating (little activity, decreased productivity) which in turn can reduce a company profitability.

**E. Total Assets Turn Over (TATO)**

Total Assets Turn Over (TATO) is a ratio used to show the effectiveness of company management in using its assets to generate income or profit. TATO measures the intensity of a company in using its assets. The most relevant measure of use of assets is sales, because sales are related and important for generating profit. The TATO ratio provides a measure of how far the assets have been used for company activities in a certain period.

**F. Price Book To Value (PBV)**

Price Book To Value (PBV) is a valuation ratio that is often used by investors to compare the market value of a company stock with its book value. This ratio shows whether the price of shares being traded is under valued or over valued (above) the book value of the shares.

Price Book To Value (PBV) is one of the variables considered by investors in determining the choice of shares to be purchased. For companies that are running well, generally the Price Book To Value (PBV) ratio reaches more than 1, which indicates that the market value is greater than its book value. The higher this ratio, the more trust the market will have in the company prospects.

**G. Framework**

The conceptual framework for this research is as follows:

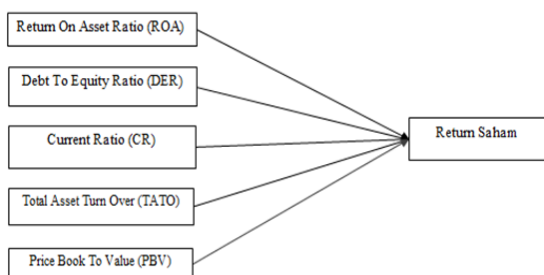


Fig. 1:- Conceptual Framework

**H. Hypothesis**

Based on the findings of previous research, the independent variable affects the dependent variable, the following hypothesis can be developed:

- H1: Return on Asset (ROA) has a positive effect on Stock Return.
- H2: Debt to Equity Ratio (DER) has no effect on Stock Return.
- H3: Current Ratio (CR) has a positive effect on Stock Return.
- H4: Total Assets Turn Over (TATO) has a positive effect on Stock Return.
- H5: Price Book To Value (PBV) has a positive effect on Stock Return.

**III. RESEARCH METHODS**

**A. Type of Research**

This research is a quantitative research. The type of research that will be used is Causal Associative. This study intends to analyze the effect of Profitability, Capital Structure, Liquidity, Activities and Markets on stock return in manufacturing companies in the Consumer Goods Industry sub-sector listed on the Indonesia Stock Exchange in 2016 - 2019.

**B. Population and Sample**

The population in this study are all companies in the Consumer Goods Industry sub-sector that are listed on the Indonesia Stock Exchange. The sample is the Consumer Goods Industry sub-sector companies listed on the Indonesia Stock Exchange from 2016 to 2019. The number of consumer goods industry sub-sector companies listed on the Indonesia Stock Exchange is 60 companies and of these 60 companies only 32 meet the sampling criteria for this study such as attached in table 2 below:

No	Nama Perusahaan	Kode Saham
1	Akasha Wira Internasional Tbk.	ADES
2	Buana Telekomunikasi Unggul Tbk	BTEK
3	Iziri Agri Resources Tbk	IKIP
4	Merek Tbk.	MERK
5	Prasidha Aneka Nisga Tbk	PSDN
6	Pyridam Farma Tbk	PYFA
7	Merek Sharp Dolma Pharma Tbk.	SCPI
8	Tiga Pilar Sejahtera Food Tbk	AISA
9	Tri Banyan Tirta Tbk	ALTO
10	Budi Starch & Sweetener Tbk.	BUDI
11	Wilmar Cahaya Indonesia Tbk.	CEKA
12	Delta Jakarta Tbk.	DLTA
13	Darya-Varia Laboratoria Tbk.	DVLA
14	Gudang Garam Tbk.	GGRM
15	H.M. Sampoerna Tbk.	HMSP
16	Indofood CBP Sukses Makanan Tbk	ICBP
17	Indofood Sukses Makmur Tbk.	INDF
18	Kania Farma Tbk.	KAEF
19	Kedauang Indah Can Tbk	KICI
20	Kalbe Farma Tbk.	KLBF
21	Martina Berto Tbk.	MBTO
22	Mustika Ratu Tbk.	MIRAT
23	Mayera Indah Tbk.	MYOR
24	Bentoel Internasional Investam	BNBA
25	Nippon Indosari Corpindo Tbk.	ROTI
26	Industri Jama dan Farmasi Sido	SIDO
27	Tunas Baru Lampung Tbk.	TBLA
28	Nandom Indonesia Tbk.	TCID
29	Tempo Sean Pacific Tbk.	TSPC
30	Ultra Jaya Milk Industry & Tra	ULTJ
31	Unilever Indonesia Tbk.	UNVR

Table 2:- List of Sample company Goods Industry sub-sector consumption listed in Indonesia Stock Exchange in 2016-2019  
Source: Indonesia Stock Exchange

### C. Data Collection Methods

This study uses secondary data. The data in this study come from the Indonesia Stock Exchange which is included in Facebook, statistics, work summaries and annual reports.

### D. Data Analysis Method

This study uses the panel data regression analysis method because the data used in this study is a combination of time series data, namely data in certain time intervals, namely 2016-2019 and cross section data, namely data at a certain time period. in several companies in the consumer goods industry sub-sector. Prior to panel data analysis, descriptive statistical analysis and stationary test were conducted first.

#### 1. Descriptive Statistical Analysis

In this analysis, the calculation of the mean, median, maximum and minimum data, the standard deviation of the previously collected data.

#### 2. Panel Data Regression Analysis Model Selection

This research uses Panel Data analysis method. Panel data is a combination of times series and cross section data. Because the panel is a combination of time series and cross section data, it will have more data to be observed than just time series or cross section data. There are 3 approaches to estimate the panel regression model (Widarjono, 2013) as follows:

- Common Effect Model / Pool Least Square
- Fixed Effect Model (FEM)
- Random Effect Model (REM)

According to Widarjono (2013), there are three test for selecting panel data estimation techniques, namely:

- Perform the Chow test. The Chow test aims to test or compare or choose which panel data regression model is the best, whether the common fixed model or the fixed effect model.
- Hausman Test. The Hausman test is conducted to compare or choose which model is the best between the Fixed Effect Model or the Random Effect Model. If the result of the Hausman test for the regression model chosen is the fixed effect model, then the panel data regression test is immediately carried out. But if the Random effect Model is chosen, then the Lagrange Multiplier test is performed.
- Lagrange Multiplier Test. The Lagrange Multiplier test is a test to determine whether the common effect model or random effect model is most appropriate to use.

#### 3. Hypothesis Test

Hypothesis test in this research is f test, t test and the coefficient of determination (R<sup>2</sup>) test.

## IV. RESULTS AND DISCUSSION

### A. Descriptive Analysis Results

The results of data analysis are presented descriptively of each variable obtained from company data during this research period and the results can be seen as follows :

- Stock Return Variable. The average stock return of the consumer goods industry subsector during the 2016-2019 period was 0.063 with a standard deviation of 0.30. The return of shares in the Consumer Goods Industry Sub-Sector decreased in 2017-2018 and rose again in 2019. The highest return value of shares from Kimia Farma Tbk was 2.16% in 2016 and the lowest value was from Bumi Teknokultura Unggul Tbk, which was - 0.89% in 2017.
- Variable Return on Asset (ROA). The average ROA of companies in the Consumer Goods Industry in the 2016-2019 period was 557.5% with a standard deviation of 781.35%. The highest ROA value from Unilever Indonesia Tbk was 46.66% in 2018 and the lowest value from the Bentoel International Investama Tbk company was -15.48% in 2018.
- Variable Debt to Equity Ratio (DER). The average DER value for companies in the Consumer Goods Industry in the period 2016-2019 is 0.891 with a standard deviation of 0.936. The average DER value in the consumer goods industry sub-sector at that time has a value below 1 which indicates that the company uses its own capital more than debt in developing its business. The highest DER value from the Merck Sharp Dohme Pharma Tbk Company was 4.95 in 2016 which shows that the company uses more debt than its own capital in developing its business and making profits. The lowest value of the Tiga Pilar Sejahtera Food Tbk company is - 2.13 in 2019 which shows that the company uses its own capital more than debt in developing its business.
- Variable Current Ratio (CR). The average CR value for the Consumer Goods Industry Sub-Sector in the 2016-2019 period was 2.84% with a standard deviation of 1.98%. CR value above 100% indicates the ability of companies in the consumer goods industry sector to pay their debts is quite good. The highest CR value of the Delta Djakarta Tbk Company was 8.63% in 2017 and the lowest value of the Tiga Pilar Sejahtera Food Tbk company was 0.15% in 2018. Based on the trend, in 2017 and 2018 the average CR of the companies in the Industrial Sub-Sector Consumer Goods has decreased and in 2019 it has increased, which means that on average, companies in the Consumer Goods Industry Sub-Sector are able to pay their short-term obligations.

- Total Asset Turnover (TATO) variable. The average TATO value for the Consumer Goods Industry Sub-Sector in the 2016-2019 period was 1,072 with a standard deviation of 0.60. The highest TATO value from the Wilmar Cahaya Indonesia Tbk company was 3.1 in 2018 and the lowest TATO value from the Inti Agri Resources Tbk company was 0.05 in 2019. When seen from the TATO value which tends to decrease, this shows that the Sub company The Consumer Goods Industry Sector has not been able to utilize its assets to generate sales.
- Variable Price to Book Value (PBV) . The average PBV value for the consumer goods industry sub-sector in the 2016-2019 period was 5.47 with a standard deviation of 10.95. A PBV value of more than 1 indicates that the stock market value is greater than the book value. The highest PBV value from Unilever Indonesia Tbk was 82.44 in 2017 and the lowest value from the Wilmar Cahaya Indonesia Tbk was 0.00 in 2016.

**B. Panel Data Regression Analysis Results**

**1. Panel Data Regression Model Testing Results**

Test model can be done in three alternative methods, methods with common effect models, fixed effect models and random effects models. Here is the result p engolahan c ommon effect models, fixed effect models and random effect models :

a) Common Effect Model.

The results of testing the Common Effect Model (CEM) Estimation in this study using Eviews 10 with the following results:

Dependent Variable: RETURN  
 Method: Panel Least Squares  
 Date: 01/19/21 Time: 11:15  
 Sample: 2016 2019  
 Periods included: 4  
 Cross-sections included: 31  
 Total panel (balanced) observations: 124

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA	0.007601	0.004087	1.860002	0.0053
DER	0.057502	0.034676	1.658251	0.0999
CR	0.005744	0.017653	2.325394	0.0454
TATO	0.088623	0.055929	1.984559	0.0157
PBV	0.005760	0.003116	1.848344	0.0370
C	-0.109241	0.091682	-1.191523	0.0235

R-squared	0.702185	Mean dependent var	0.064355
Adjusted R-squared	0.641421	S.D. dependent var	0.348293
S.E. of regression	0.336937	Akaike info criterion	0.709338
Sum squared resid	13.39616	Schwarz criterion	0.845803
Log likelihood	-37.97894	Hannan-Quinn criter.	0.764773
F-statistic	2.686043	Durbin-Watson stat	1.974943
Prob(F-statistic)	0.024541		

Table 3: - Common Effect Model  
 Source: Data processed by researchers (2020)

b) Fixed Effect Model.

The results of the Fixed Effect Model testing are as follows:

Dependent Variable: RETURN  
 Method: Panel Least Squares  
 Date: 01/20/21 Time: 11:16  
 Sample: 2016 2019  
 Periods included: 4  
 Cross-sections included: 31  
 Total panel (balanced) observations: 124

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA	0.008620	0.005323	1.619262	0.0089
DER	0.002126	0.058703	0.036217	0.0119
CR	0.019707	0.039916	0.493717	0.0273
TATO	0.545895	0.241010	2.265030	0.0260
PBV	0.008388	0.009282	0.903716	0.0368
C	-0.673336	0.286403	-2.351010	0.0210

Effects Specification

R-squared	0.337685	Mean dependent var	0.064355
Adjusted R-squared	0.074265	S.D. dependent var	0.348293
S.E. of regression	0.335110	Akaike info criterion	0.888986
Sum squared resid	9.882299	Schwarz criterion	1.707777
Log likelihood	-19.11712	Hannan-Quinn criter.	1.221598
F-statistic	1.281924	Durbin-Watson stat	2.505237
Prob(F-statistic)	0.006532		

Table 4: - Fixed Effect Model  
 Source: Data processed by researchers (2020)

c) Random Effect Model.

The results of the *Random Effect* model test are as follows:

Dependent Variable: RETURN  
 Method: Panel EGLS (Cross-section random effects)  
 Date: 01/20/21 Time: 11:27  
 Sample: 2016 2019  
 Periods included: 4  
 Cross-sections included: 31  
 Total panel (balanced) observations: 124  
 Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA	0.007801	0.004065	1.870144	0.0439
DER	0.057502	0.034488	1.667292	0.0381
CR	0.005744	0.017558	0.327169	0.0074
TATO	0.088623	0.055628	1.593199	0.0113
PBV	-0.005760	0.003099	-1.858422	0.0356
C	-0.109241	0.091185	-1.198020	0.0233

Effects Specification

	S.D.	Rho
Cross-section random	0.000000	0.0000
Idiosyncratic random	0.335110	1.0000

Weighted Statistics

R-squared	0.621851	Mean dependent var	0.064355
Adjusted R-squared	0.564142	S.D. dependent var	0.348293
S.E. of regression	0.336937	Sum squared resid	13.39616
F-statistic	2.686043	Durbin-Watson stat	1.974943
Prob(F-statistic)	0.024541		

Unweighted Statistics

R-squared	0.621851	Mean dependent var	0.064355
Sum squared resid	13.39616	Durbin-Watson stat	1.974943

Table 5: - Random Effect Model  
 Source: Data processed by researchers (2020)

**2. Panel Data Regression Model Selection Results**

The selection of the right model in this study was carried out by conducting several tests, namely the Chow Test, Hausman Test and the Langrange Multiplier (LM) Test. Below will be described the tests as follows:

a) Chow Test

Based on the results of the chow test that has been processed by the researcher with the *Eviews* analysis tool, it is known that the value of *Prob.* is equal to 0.4126, which value is greater than the  $\alpha$  value of 0.05%. From these results it can be concluded that the right model for panel data regression is the *Comon Effect Model*, which means that  $H_0$  is accepted and  $H_1$  is rejected.

b) Hausman Test

Based on the results of the Hausman test that the researcher has processed using the *Eviews* analysis tool, it is known that the value of *Prob.* is equal to 0.1980, which value is greater than the  $\alpha$  value of 0.05. From these results it can be concluded that the appropriate model for panel data regression is the *Random Effect Model*, which means that  $H_1$  is rejected and  $H_0$  is accepted.

c) Langrange Multiplier (LM) Test

Based on the results of the Langrange Multiplier (LM) Test that has been processed by the researcher with the *Eviews* analysis tool in the *Breusch-Pagan Probability* section, it can be seen that the probability value is 0.2517. This value is greater than 0.05, so  $H_1$  is rejected, and  $H_0$  is accepted, so it can be concluded that the *Common Effect* model is more appropriate than the *Random Effect* model .

Dependent Variable	Independent Variable	Chow Model test	Hausman Model Test	LM Model Test	Conclusion
Stock return	ROA, DER, CR, TATTOOS, PBV	Prob. > $\alpha$ , $H_0$ is accepted using the Comm on Effect Model	Prob. > $\alpha$ , $H_0$ is accepted using the Random Effect Model	Prob. > $\alpha$ , $H_0$ is accepted using the Common Effect Model	Using the Common Effect Model

Table 6: Conclusion of Panel Data Regression Model Selection

**3. Panel Data Linear Regression Analysis**

Hypothesis Testing or Panel Data Linear Regression Analysis in this study uses the Common Effects method for the diagrammatic model. The selection of the Common Effects method as a method of panel data analysis in this study was previously tested through the chow test, the Hausman test, and the LM test first, so that finally the Common Effect method was the most appropriate.

Dependent Variable: RETURN  
 Method: Panel Least Squares  
 Date: 01/19/21 Time: 11:15  
 Sample: 2016 2019  
 Periods included: 4  
 Cross-sections included: 31  
 Total panel (balanced) observations: 124

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROA	0.007601	0.004087	1.860002	0.0053
DER	0.057502	0.034676	1.658251	0.0999
CR	0.005744	0.017653	2.325394	0.0454
TATO	0.088623	0.055929	1.984559	0.0157
PBV	0.005760	0.003116	1.848344	0.0370
C	-0.109241	0.091682	-1.191523	0.0235
R-squared	0.702185	Mean dependent var		0.064355
Adjusted R-squared	0.641421	S.D. dependent var		0.348293
S.E. of regression	0.336937	Akaike info criterion		0.709338
Sum squared resid	13.39616	Schwarz criterion		0.845803
Log likelihood	-37.97894	Hannan-Quinn criter.		0.764773
F-statistic	2.686043	Durbin-Watson stat		1.974943
Prob(F-statistic)	0.024541			

Table 7: - Panel Data Linear Regression  
 Source: Data processed by researcher (2020)

Based on the table above, the panel data regression equation is obtained as follows:

$$Y = -0.1092 + 0.0076 X_1 + 0.0575 X_2 + 0.0057 X_3 + 0.08886 X_4 + 0.0057 X_5$$

From the above equation it can be said that:

- The constant coefficient value is -0.1092, which means that if the ROA ( $X_1$ ) DER ( $X_2$ ), CR ( $X_3$ ), TATO ( $X_4$ ) and PBV ( $X_5$ ) variables are 0, then the amount of Stock Return is -0.1092.
- The regression coefficient value of the ROA variable ( $X_1$ ) is positive, which is equal to 0.0076, meaning that if there is an increase in the ROA variable by 1%, the Return ( $Y$ ) variable has an increase of 0.0076 or vice versa with the assumption that other variables are fixed.
- The regression coefficient value of the DER variable ( $X_2$ ) is positive, which is equal to 0.0575, meaning that every 1% increase in DER ( $X_2$ ) will cause an increase in Return ( $Y$ ) of 0.0575 or vice versa assuming the other variables are fixed.
- The regression coefficient value of the CR variable ( $X_3$ ) is positive, which is equal to 0.0057, meaning that if there is an increase in the CR variable by 1%, the Return ( $Y$ ) variable has an increase of 0.0057 or vice versa with the assumption that the other variables are constant.
- The regression coefficient value of the TATO variable ( $X_4$ ) is positive at 0.0886, meaning that if there is an increase in the TATO ( $X_4$ ) variable by 1% it will cause an increase in Return ( $Y$ ) of 0.0886 or vice versa assuming the other variables are fixed.

- The regression coefficient value of the PBV variable (X5) is positive at 0.0057, meaning that if there is an increase in the PBV variable (X4) by 1% it will cause an increase in Return (Y) of 0.0057 or vice versa assuming the other variables are fixed.

#### 4. Hypothesis Test Results

##### a) Simultaneous Significance Test Result (Test F)

Based on the results of the calculation of Eviews, it is obtained that F count is 2.686. While the  $F_{table}$  value can be seen in the F table, using a significance level of 0.05, with df 1 (number of variables -1) or  $6 - 1 = 5$ , and  $df_2 (n - k - 1)$  or  $124 - 5 - 1 = 118$  (k is the number of independent variables), obtained for the  $F_{table}$  of 2.29. The test criteria is done by comparing  $F_{count}$  with  $F_{table}$ .  $H_0$  is accepted if  $F_{count} < F_{table}$  and  $H_0$  is rejected if  $F_{count} > F_{table}$ . The value of  $F_{count} > F_{table}$  ( $2.68 > 2.29$ ), then  $H_0$  is rejected, meaning that ROA, DER, CR, TATO and PBV together have an effect on the stock return of companies in the consumer goods industry sub-sector from 2016 to 2019.

The results of the  $F_{table}$  calculation are in line with the results of calculations using the prob - value at a significance level of 0.05 (5%). The magnitude of the prob-value is 0.02 ( $0.02 < 0.05$ ) which indicates that  $H_0$  is rejected, meaning that ROA, DER, CR, TATO and PBV together have an effect on the stock return of companies in the consumer goods industry sub-sector. 2016 to 2019. There is an agreement between using the  $F_{table}$  calculation and prob - value.

##### b) T test result

- Based on the results of the Eviews calculation, the results of the T test can explain the influence between variables as follows:
- ROA (X1) has a statistical t value of 1.8600 > t table 1.6578 with a significant value of  $0.0053 < 0.05$ , so  $H_0$  is rejected, which means that ROA has a positive and significant effect on Stock Return.
- DER (X2) has a statistical t value of 1.6582 > t table 1.6578 with a significant value of  $0.0999 > 0.05$ , so  $H_0$  is accepted, which means that there is no influence of the DER variable on Stock Return.
- CR (X3) has a statistical t value of 2.3253 > t table 1.6578 with a significant value of  $0.0454 < 0.05$ , so  $H_0$  is rejected, meaning that there is a positive and significant effect of the CR variable on Stock Return.
- TATO (X4) has a statistical t value of 1.9845 > t table 1.6578 with a significant value of  $0.0157 < 0.05$ , so  $H_0$  is rejected, which means that there is a positive and significant effect of the TATO variable on Stock Return.
- PBV (X5) has a statistical t value of 1.8483 > t table 1.6578 with a significant value of  $0.0370 < 0.05$ , so  $H_0$  is rejected, which means that there is a positive and significant effect of the PBV variable on Stock Return.

##### c) Coefficient of Determination (R2) Test Result

Based on the results of the Eviews calculation, the results of the  $r^2$  test, it is known that the value of  $R\text{-Squared} = 0.7021$ . This shows that 70.21% Stock Return is influenced by the variables ROA (X<sub>1</sub>), DER (X<sub>2</sub>), CR (X<sub>3</sub>), TATO (X<sub>4</sub>) and PBV (X<sub>5</sub>), while the remaining 29.79% is affected by other factors outside of this research.

#### C. Discussion of Research Results

##### 1. Effect of ROA on Stock Return

ROA has a significant positive effect on stock return of the consumer goods industry sub-sector companies in 2016-2019. Theoretically, if the ROA increases, the company performance will be better because the rate of return received by the company will also be greater. High ROA indicates that the return received is high. Capital structure policies involve an exchange between risk and return. The results of this study indicate that the risks taken provide good return. The initial hypothesis that was built is that ROA has an influence on Stock Return. The results of this study indicate that ROA has a significant positive effect on Stock Return. Thus the results of this study are in accordance with the initial hypothesis that was built. The increase in ROE value will cause an increase in Stock Return or vice versa. The results of this study are in line with the research of Christmas Bisara (2015) and Ferdina Eka Putra and Paulus Kindang (2016) which state that ROA has a positive and significant effect on stock return.

##### 2. Effect of DER on Stock Return

DER has no effect on the stock returns of the consumer goods industry sub-sector companies for the period 2016 - 2019. DER reflects the company ability to fulfill all its obligations as shown by the ratio of how much its own capital is used to pay debts. The higher the DER, the greater the company debt level. The DER value of the consumer goods industry sub-sector companies in this period tends to increase. Based on this research, it can be seen that the size of the DER value does not have an influence on the size or size of stock returns. This shows that DER is not a signal that is taken into account by investors when buying company shares. The initial hypothesis that was built is that DER has an influence on Stock Return. The results of this study indicate that DER has no effect on Stock Return. The increase or decrease in the value of DER does not have an effect on the increase or decrease in the value of the Stock Return. The results of this study are in line with research by Afriyani (2018) and research by Cokorda, Puspita Dewi and Henny (2016) which also show that DER has no effect on company stock return.

##### 3. Effect of CR on Stock Return

Current Ratio or CR has a significant positive effect on stock return of the consumer goods industry sub-sector companies for the period 2016 - 2019. The higher the CR, it can be said that the company has a greater ability to fulfill its short-term financial obligations. The better the CR reflects the more liquid the company is, so that the ability to meet its short-term obligations is higher. The results of this study indicate that CR has an effect on Stock Return. The

initial hypothesis that was built is that CR has an effect on Stock Return. The results of this study indicate that CR has a significant positive effect on Stock Return. Thus the results of this study are in accordance with the initial hypothesis that was built. Increasing the value of CR will increase the value of Stock Return or vice versa. The results of this study are in line with the research results of Cahyo Dwi Laksono (2017) and Ayu Dika and Gede Mertha (2016) which show that DER has an effect on company return.

#### 4. Effect of TATO on Stock Return

TATO has a significant positive effect on stock return of the consumer goods industry sub-sector companies for the period 2016-2019. The higher the effectiveness of the company in using assets for sales, the greater the profit will be, assuming there is no loss in sales. Higher profits will have a positive effect on the company performance. The higher the profit a company gets, it will attract the attention of investors to invest in the company. hypothesis start built is TATO influence on Stock Return. The results of this study indicate that TATO has a significant positive effect on Stock Return. Thus the results of this study are in accordance with the initial hypothesis that was built. The increase in the value of TATO will also lead to an increase in the value of the Stock Return or vice versa. The results of this study are in line with the results of research by Cahyo Dwi Laksono (2017) which shows that TATO has an effect on stock return.

#### 5. The Effect of PBV on Stock Return

PBV has a significant positive effect on stock return of the consumer goods industry sub-sector companies for the period 2016-2019. Companies that have a high *price to book value* ratio indicate a tendency for good company performance. This is because the market value of its shares is greater than its book value. Therefore, the company reputation in the future will get better. The PBV value of the consumer goods industry sub-sector companies has increased in the 2016-2019 period which causes the return of shares of the consumer goods industry sub-sector companies to also increase. The initial hypothesis that was built is that PBV has an effect on Stock Return. Has il study showed that the PBV has a significant positive effect on Stock Return. Thus the results of this study are in accordance with the initial hypothesis that was built. The increase in PBV value will cause an increase in Stock Return or vice versa. The results of this study are in line with the research of Rendra (2015) and Nina (2016) which show that PBV has a significant positive effect on stock return.

### V. CONCLUSIONS AND SUGGESTIONS

#### A. Conclusion

Based on the results of research and discussion, the following conclusions :

1. *Return on assets* (ROA) has a positive effect on stock return in consumer goods industry sub-sector companies listed on the Indonesia Stock Exchange in 2016 - 2019

2. *Debt Equity Ratio* (DER) has no effect on stock return in consumer goods industry sub-sector companies listed on the Indonesia Stock Exchange 2016 - 2019
3. *Current Ratio* (CR) has a positive effect on stock return in consumer goods industry sub-sector companies listed on the Indonesia Stock Exchange in 2016 - 2019
4. *Total Asset Turn Over* (TATO) has a positive effect on stock return in consumer goods industry sub-sector companies listed on the Indonesia Stock Exchange in 2016 - 2019
5. *Price Book to Value* (PBV) has a positive effect on stock return in consumer goods industry sub-sector companies listed on the Indonesia Stock Exchange in 2016 - 2019

#### B. Suggestions

Based on the description of the conclusions stated earlier, the suggestions that can be given for further research are as follows:

##### 1. Theoretical Suggestions

It is suggested to further researchers that they can develop this research with a more varied title as a contribution to the development of the science of Financial Management, specifically aimed at students of the University of Mercu Buana Jakarta who are completing their final project.

##### 2. Practical Suggestions

- For investors and potential investors who want to invest in stocks, it is better to consider the current ratio, return on asset ratio, price to book value and total assets turnover because these factors have a significant effect on stock return in listed consumer goods industry sub-sector companies. on the Indonesia Stock Exchange in 2016-2019.
- For the management of the company to be more optimal in utilizing its assets to generate maximum sales because the research results show that TATO is the variable that most influences stock return.
- Further researchers can consider adding other variables in stock return, such as inflation, net profit margin, interest rates and other external factors as well as extending the research period, so that a clearer picture of the condition of the capital market in Indonesia will be obtained.

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