

The Influence Of Debt To Equity Ratio, Return On Equity, And Return On Investment On Stock Returns On Non-Cyclicals Consumer Sub-Sector Companies Listed On The Indonesia Stock Exchange For The Period 2016-2020

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ABSTRACT

Investment is an activity that can involve and can be done by anyone to generate profits in an industry. This study has a purpose, the purpose is to test the influence of DER, ROE, and ROI on Stock Returns on non-cyclicals consumer subsector companies listed on the Indonesian Stock Exchange period of 2016-2020, both partially and simultaneously.

In this study, the authors used quantitative methods. The data used is secondary, sampling was performed by using a purposive sampling technique with a sample count of 6 companies over a 5-year period of consecutive observations, resulting in a total sampling of 30.

The results give information that the variables have simultaneous influence between DER, ROE, and ROI. Partially, there are a significant influence between DER and ROE on Stock Returns, whereas one other variable, namely, ROI does not have a significant effect on stock returns.

Keywords: Debt to Equity Ratio, Return On Equity, Return On Investment, and Stock Return

INTRODUCTION

Consumer goods company or consumer goods industry is a company engaged in manufacturing with activities to process raw materials into ready-made goods, which later the product will be marketed so that it can be consumed by the community. Because consumer goods products are products that can be said to be the needs of the community and have high purchasing power, companies in this sector are considered appropriate to invest because they tend to be stable. A stable company every year is a company that has a Defensive Stock character. Defensive Stock describes the value of stocks that tend not to be affected by economic events or shocks. The sector is then divided into two, namely Consumer Cyclical and Consumer Non-Cyclical. Cyclical shares can be said to be shares of companies that produce products of goods or services purchased when the economy is on the rise or boom, these stocks tend to be more volatile and follow the general economic trend. While Non-Cyclical stocks perform better than the market when economic conditions are declining, because no matter what economic conditions occur, these goods or services are still sought.

LIBRARY REVIEW

Financial Management

According to (Kasmir 2016, 5) said that any activity related to the acquisition, funding, and management of assets with several overarching objectives are called as financial management.

Financial Management Purposes

According to (Musthafa 2017, 5) there are two purposes of financial management, which are : profit and risk approach, and liquidity and profitability approach.

Financial Ratios

According to Syafri in (Hantono 2018, 8) said that financial ratio is a calculation of ratio using financial statements that serve as a measuring instrument in assessing financial condition and performance of the company. A number collected from the results of comparison between one post and another post of the financial statement that has a relevant and significant relationship is called as financial ratios.

Debt to Equity Ratio

According to (Hery 2016, 24) said that DER is used to see the comparison between total debt and total equity. The formula for calculating the DER is as follows:

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Return on Equity

According to (Hery 2016, 26) said that this ratio is a ratio that reveals the return on the use of the company's equity in inventing net income. The formula for calculating ROE is as follows:

$$ROE = \frac{\text{Net Income}}{\text{Total Equity}}$$

Return on Investment

According to (Hery 2016, 26) said that this ratio is a ratio that reveals the return on the use of the company's assets in inventing net profit. The formula for calculating ROI is as follows:

$$ROI = \frac{\text{Net Income}}{\text{Total Asset}}$$

Stock Returns

According to (Syarifudin 2021, 16) said that stock return is a benefit earned by investing their stocks which are invested by shareholders . The formula for calculating Stock Returns is as follows:

$$R_i = \frac{P_t - P_{t-1}}{P_{t-1}}$$

METHOD

Research conducted using quantitative research. Quantitative research aims to test the theory that has been valid so far whether it is true or false (Sarmanu 2017, 2) The object of the research used is the financial statements of non-cyclicals consumer subsector companies listed on the Indonesia Stock Exchange for the period 2016-2020. The population used for this study is all non-cyclicals consumer subsector companies listed on the Indonesia Stock Exchange for the period 2016-2020. The technique used in determining samples is Purposive Sampling, which sample means part of total and characteristics being have by the population (Sugiyono 2019, 146) and 30 samples was obtained.

RESEARCH RESULTS

Table 1. Descriptive Statistics
Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
Debt to Equity Ratio	30	,17	1,77	,6640	,46653
Return On Equity	30	-,03	,26	,1327	,08391
Return On Investment	30	-,02	,30	,0980	,08829
Stock Return	30	-,41	,43	,0280	,24578
Valid N (listwise)	30				

The lowest value (minimum) variable DER is 0.17, while the highest value (maximum) is 1.77. The lowest (minimum) value of the ROE variable is -0.03, while the highest value (maximum) is 0.26. The lowest (minimum) value of the ROI variable is -0.02,

while the highest value (maximum) is 0.30. The lowest (minimum) value of the Stock Returns variable is -0.41, while the highest value (maximum) is 0.43.

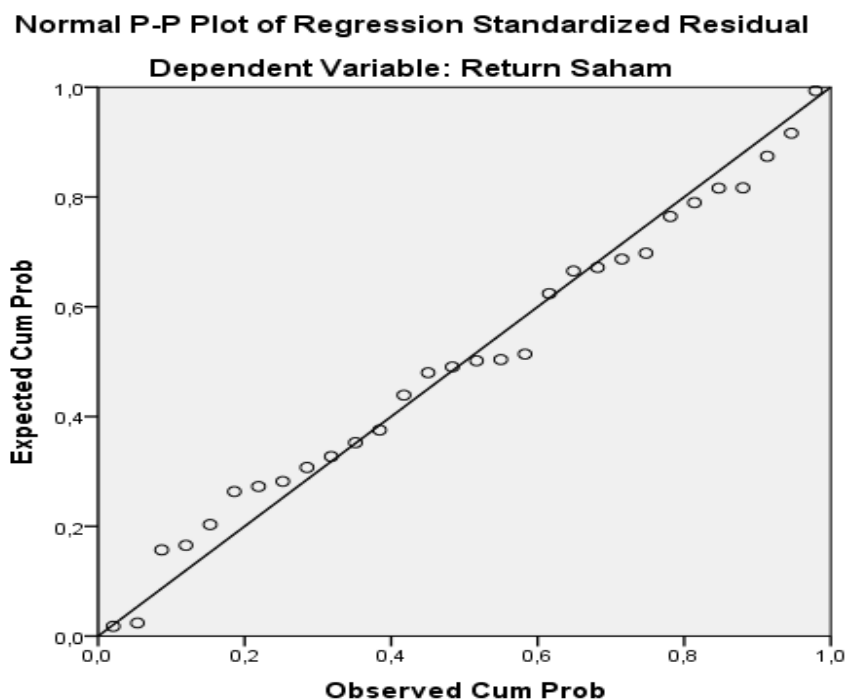


Image 1. Normality Test

Normality test is used to determine whether the population data is normally distributed or not (Pujiarti, 2020). In the figure above is the test result of normal P-P Plot using the help of SPSS software version 24, it can be explained that the points spread following a diagonal line and following the direction of the histogram chart, so chart shows that the data is distributed normally. Thus can be concluded as this regression model meets the assumption of normality. There are other results besides the Normal P-P Plot statistical analysis test, namely, test with the Kolmogorov-Smirnov One-Sample method. This statistical test is done by comparing the distribution of the researcher's data and the distribution of normal data. If the test result produces a significant value ($p < 0.05$) then the data is abnormal. But if the test results produce an insignificant value ($p > 0.05$) then there is no difference between the researcher's data and normal data, so the data can be said to be normal. Here are the results of the Kolmogorov-Smirnov One-Sample method using the help of SPSS software version 24:

Table 2. One-Sample Kolmogorov-Smirnov Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardize d Residual
N		30
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,20468317
Most	Extreme Absolute	,085

Differences	Positive	,085
	Negative	-,085
Test Statistic		,085
Asymp. Sig. (2-tailed)		,200c,d
Monte Carlo Sig. (2-tailed)	Itself.	,967e
	99% Lower Bound	,963
	Confidence Interval Upper Bound	,972

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.
- d. This is a lower bound of the true significance.
- e. Based on 10000 sampled tables with starting seed 2000000.

Table 3. Multicollinearity Test

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	BRIGHT
1	Debt to Equity Ratio	,934	1,071
	Return On Equity	,888	1,126
	Return On Investment	,944	1,059

- a. Dependent Variable: Return Saham

Multicollinearity tests aims to test whether the regression model found a correlation between the independent variables (Fidellis, 2019) . How to discover symptoms of multicollinearity is to look at the results of the Tolerance and Variance Inflation Factor (VIF) test. If the VIF value < 10 or the Tolerance value > 0.01, then it is stated that there is no multicollinearity and vice versa. The conclusion that can be drawn from the above results is no multicollinearity because the tolerance value > 0.1 and the Variance Inflation Factor (VIF) value < 10.

Table 4. Autocorrelation Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,554 ^a	,306	,226	,21617	2,041

- a. Predictors: (Constant), Return On Investment, Debt to Equity Ratio, Return On Equity
- b. Dependent Variable: Stock Return

This method is used to test wheter the regression model found a correlation between residuals in period t with residuals in period t-1 (previous). A good one is model that is free from autocorellation (Rina Aprilyanti, 2018) . Because the upper limit value (du) of

1,650 is smaller equal to that of the value of dw 2,041 and smaller is equal to that of the value of 4 is deducted the upper limit (du) 2,350. Then the conclusion from the results show no positive or negative autocorrelations.

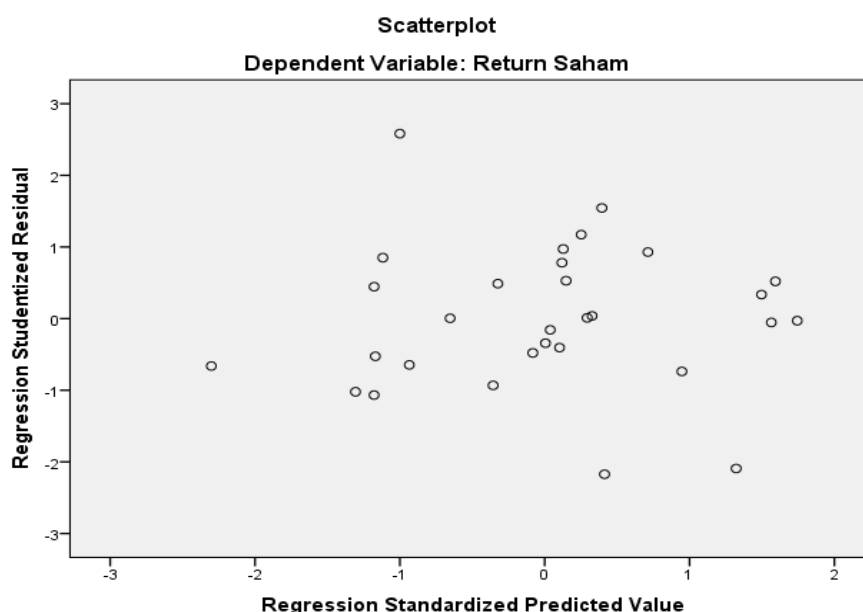


Image 2. Heteroscedasticity Test

The figure above shows the results of the heteroscedasticity test which shows that distributed dots spread randomly above and below 0 (Zero) on the Y axis, thus not creating a definite pattern. Thus can be concluded as this study is free from heteroscedasticity, so that research conducted with this regression model can or is worth using.

Table 5. Multiple Linear Regression Analysis Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Itself .
	B	Std. Error	Beta		
1 (Constant)	-,346	,125		-2,768	,010
Debt to Equity Ratio	,248	,089	,471	2,789	,010
Return On Equity	1,305	,508	,446	2,571	,016
Return On Investment	,366	,468	,132	,783	,441

a. Dependent Variable: Return Saham

a.Constant

The constant value shows a negative influence of -0.346 which means that if all independent variables, namely DER, ROE, and ROI, do not change or have no effect in one unit equal to zero (0), then the dependent variable, namely Stock Returns, will go down by - 0.346.

b.DER to Stock Return

The value of the variable regression coefficient X1 shows a positive influence between DER and Stock Return of 0.248, so it can be explained if the DER go up, then the Stock Returns will go up by 0.248.

c.ROE to Stock Return

The value of the regression coefficient of variable X2 shows a positive influence between ROE and Stock Returns of 1,305, so it can be explained if the ROE go up, then the Stock Returns will go up by 1,305.

d.ROI to Stock Return

The value of the X3 variable regression coefficient shows a positive influence between ROI and Stock Returns of 0.366, so it can be explained if the ROI go up, then the Stock Returns will go up by 0.366.

Table 6. Partial Test Coefficients^a

Model	Unstandardized Coefficients		Standardize	t	Itself
	B	Std. Error	d Coefficients Beta		
1 (Constant)	-,346	,125		-2,768	,010
Debt to Equity Ratio	,248	,089	,471	2,789	,010
Return On Equity	1,305	,508	,446	2,571	,016
Return On Investment	,366	,468	,132	,783	,441

a. Dependent Variable: Return Saham

The results can be explained as follows:

a.DER (X1) on Stock Returns (Y)

The calculation result of t (count) 2,789 > t (table) 2. 052 and a significant value of 0.010 < 0.05 indicate that DER has a significant positive influence on stock returns, which means if (X1) go up, it going to work on stock returns and making go up, then the hypothesis proposed in the H1 study is accepted and H0 rejected. With the conclusion that DER (X1) has a significant positive effect on the Stock Returns (Y).

b.ROE (X2) on Stock Returns (Y)

The calculation results of t(calculate) 2,751 > t(table) 2,052 and a significant value of 0.016 < 0.05 show that ROE has a significant positive influence on stock returns, which means (X2) go up, it going to work on stock returns and making go up, then the hypothesis proposed in the H2 study is accepted and H0 is rejected. With the conclusion that ROE (X2) has a significant positive effect on Stock Returns (Y).

c.ROI (X3) on Stock Returns (Y)

The calculation results of t(calculate) 0.783 < t(table) 2.052 and a significant value of 0.441 > 0.05 indicate that roi has an insignificant positive influence on stock returns,

which means (X3) go up, it going to have little effect on stock returns and not necessarily or not going to go up, then the hypothesis proposed in the H3 study is rejected and H0 is accepted. With the conclusion that ROI (X3) has a positive effect on Stock Returns (Y).

Table 7. Simultaneous Test

		ANOVA ^a				
Model		Sum of Squares	Df	Mean Square	F	Itself.
1	Regression	,537	3	,179	3,830	,021 ^b
	Residual	1,215	26	,047		
	Total	1,752	29			

a. Dependent Variable: Return Saham

b. Predictors: (Constant), Return On Investment, Debt to Equity Ratio, Return On Equity

Based on the results above, the conclusion is independent variables namely DER (X1), ROE (X2) and ROI (X3) work on simultaneously or together on the dependent variable, namely Stock return because the result of f (calculate) 3,830 > f (table) 2,960 and a significant value of 0.021 < 0.05, so that the hypothesis proposed in the H4 study was accepted and H0 was rejected.

Table 8. Determination Coefficient Test

		Model Summary ^b			
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
1	,554 ^a	,306	,226	,21617	

a. Predictors: (Constant), Return On Investment, Debt to Equity Ratio,

Return On Equity

b. Dependent Variable: Stock Return

Adjusted R Square result of 0.226 or 22.6% where the value is close to the number 0 which means the ability of independent variables is considered limited and weak in describing dependent variables. So it can be concluded that all of x variables are only can provide a little information needed to predict y variable and the remaining 77.4% (100% - 22.6%) are another factors which could describe dependent variables.

CONCLUSION

The results of research on the tests that have been conducted giving a conclusion that the influence of each variable is partial: DER has a significant positive influence on Stock Returns, ROE has a significant positive influence on Stock Returns, ROI has not a significant but positive influence on Stock Returns, then simultaneously all independent variables have a significant positive influence on Stock Returns.

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