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Determinants of Stock Returns in Food and Beverage SubSector Manufacturing Companies

Edisah Putra Nainggolan, SE., M.Ak, Firya Naziha Parinduri
Fakultas Ekonomi dan Bisnis
Universitas Muhammadiyah Sumatera Utara
Email: edisahputra@umsu.ac.id, firya0412@gmail.com

Abstract

This study aims to determine the effect of Return On Assets on stock returns in food and beverage companies on the Indonesia Stock Exchange. To determine the effect of Return On Equity on stock returns in food and beverage companies on the Indonesia Stock Exchange. in food and beverage companies on the Indonesia Stock Exchange. This research approach uses a quantitative associative approach. The population used in this study is a financial report. The total population of food and beverage companies is 51 and the sample is 11 food and beverage companies listed on the IDX. Analysis of the data used in this study is quantitative data using classical assumption test, multiple regression, and hypothesis testing. Based on the results of the study there is a significant effect of ROA on stock returns in food and beverage companies listed on the IDX. There is a significant effect of ROE on stock returns in food and beverage companies listed on the IDX. There is a significant effect of NPM on stock returns in food and beverage companies listed on the IDX. There is a significant effect of ROA, ROE, and NPM on stock returns in food and beverage companies listed on the BEI

Keywords: ROA, ROE, NPM, Stock Return.

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Introduction

Every company or organization always wants its goals to be achieved effectively and efficiently. Moreover, in an atmosphere of globalization like the current era, companies must be able to compete with competing companies to survive. Established companies must also provide evidence and reports on all of their activities in the company's implementation which are carried out within a certain period, both regarding their performance and finances to the aspects that require it.

Food and beverage companies are companies engaged in the food and beverage industry. In Indonesia, food and beverage companies are growing rapidly, this can be seen in the increasing number of companies listed on the Indonesia Stock Exchange. The community needs this company so that they can benefit from it now and in the future.

From an investor's point of view, one of the important indicators in assessing the company's prospects in the future is the extent to which the company's profitability has developed. This indicator is one of the most important parts that need to be considered to understand the extent to which investors will invest in a company so that they can provide returns that are by the level of profitability desired by investors.

Researchers often use different techniques to determine stock returns and also few reflect the relationship between profitability and stock returns, especially in food and beverage companies that go public on the Indonesia Stock Exchange Hartono (2010).

The management and owners of companies listed on the capital market are most important in understanding the extent to which the financial performance ratios relevant to this business can be responded to by the market, especially their effect on stock returns because this will help in making it easier to find additional capital, namely from investments made by investors. (Susilowati and Turyanto, 2011).

Stock return is the profit that will be obtained from the investor's share ownership on the investment to be made, which consists of capital gain/loss (Nainggolan & Lastari, 2019).

Investors invest their capital in securities to obtain maximum returns with a certain risk or to obtain these returns with minimal risk. traded it

This is indicated by the profit generated from the sale and the income from the company's investment. The use of profitability can be done by comparing the various components in the financial statements, especially the balance sheet and profit and loss statements. The goal is to establish how the company develops in a certain period, either a decrease or increase in profitability achieved by the company, as well as look for factors that cause these changes. Profitability in this study is Return On Assets (ROA), Return On Equity (ROE), and Net Profit Margin (NPM).

ROA is a kind of profitability ratio that makes it easy for companies to explain the company's performance ability seen from net profit with total assets owned by the company as well as being able to measure the rate of return on the company's capital (Sukamulja, 2019).

ROE is a ratio used to measure the company's success in generating profits for shareholders. ROE is considered a reflection of shareholder capital or stock returns (Hery 2015, p. 230).

Net Profit Margin is the ratio between net profit and sales. The larger the net profit margin, the company's performance will increase productivity, as well as increase investor confidence in investing in the company. This ratio shows the percentage of net income earned from each sale. The larger the ratio, the greater the consideration and the stronger the company's ability to earn high profits (Bastian and Suhardjono 2006).

In general, profitability can be interpreted as a ratio used to compare the company's ability to set aside profits from revenues. This single type of ratio is used for other purposes to

measure the ability to generate all profits from the production activities carried out. Included in this ratio are Return On Assets (ROA), Return On Equity (ROE), and Net Profit Margin (NPM).
Based on the background above, the formulation of the problem in this study is the Effect of Profitability on Stock Returns in Manufacturing Companies in the Food and Beverage Sub-Sector Listed on the Indonesia Stock Exchange.

Research Method

The data collection technique is a method of collecting data in a way that has been used by researchers to collect data to be studied (Ridwan 2010, p. 51).
The data collection technique in this study used a study to collect data, from the Indonesia Stock Exchange for the period 2015 to 2019 which was obtained by researchers indirectly through internet media and was taken directly from the Indonesia Stock Exchange website www.IDX.co.id. The data needed in this study is financial statement data for 5 years running.
This research is a study conducted on food and beverage companies on the Indonesia Stock Exchange for the 2015-2019 period. The reason for choosing the food and beverage industry sector is because compared to other companies, these stocks are the most resistant to currency or economic crises. After all, food and beverage products are always needed in crisis or non-crisis. And this product wants to become a basic need for all Indonesian people

Results and Discussion

a. Normality test

In the normal p-plot graph, it can be seen in the figure that the data spreads around the diagonal line and follows the direction of the diagonal line..

Gambar 1
Uji Normalitas

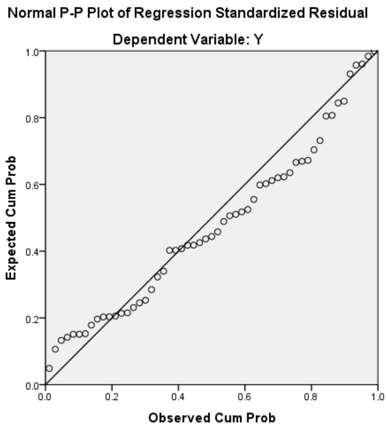


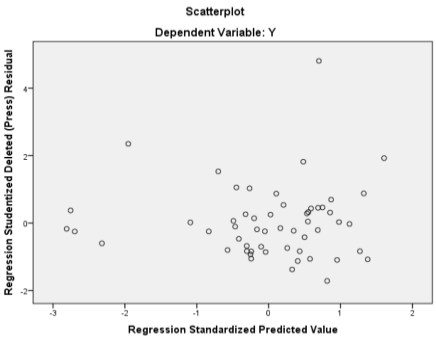
Figure 1 above, it can be concluded that the regression model has met the assumption of normality with the Kolmogorov-Smirnov (K-S) non-parametric statistical test by making a hypothesis.

b. Multicolonearity Test

It was concluded that there was no symptom of multicollinearity between the independent variables as indicated by the tolerance value of each independent variable greater than 0.1 and the VIF value less than 10, so it can be concluded that further analysis can be carried out using multiple regression models.

c. Heteroscedasticity Test

From the scatterplot graph, it can be seen that if there is no clear pattern, and the points spread above and below the number 0 on the Y axis, it indicates that there is no heteroscedasticity.



That there is no heteroscedasticity in the regression model so that the regression model is feasible to use to see stock returns of Food and Beverage Sector Companies listed on the Indonesia Stock Exchange based on the input of the independent variables Return On Assets, Return On Equity, Net Profit Margin.

Multiple Linear Regression Analysis

In analyzing the data using multiple linear regression analysis. Where multiple analysis is useful to determine the effect of each independent variable on the dependent variable.

1. The constant of 0.476 with a positive relationship direction indicates that if the independent variable is considered constant, the stock return has increased by 0.476 or 47.6%.
2. 1 of 0.188 with a positive correlation direction indicates that every 100-point increase in ROA will be followed by an increase in stock returns of 0.188 or 18.8% with the assumption that other independent variables are held constant.
3. 2 of 0.113 with a positive relationship direction indicates that every 100-point increase in ROE will be followed by an increase in stock returns of 0.113 or 11.3% with the assumption that other independent variables are held constant.
4. 3 of 0.447 with a positive relationship direction indicates that every 100-point increase in NPM will be followed by an increase in stock returns of 0.447 or 44.7% with the assumption that other independent variables are held constant.

Hypothesis testing

Partial Significance Test (-t-Test)
The t-test was used in this study to determine the ability of each independent variable in influencing the dependent variable.
Effect of ROA on Stock Return

The tcount value for the ROA variable is 4.164 and -ttable with = 5% is known to be 2.005. Thus, tcount is greater than -ttable (5.205>2.005) and a significance value of 0.000 (less than 0.05) means that Ha is accepted and H0 is rejected. Based on these results, it can be concluded that Ha is accepted and H0 is rejected, this shows that partially there is a significant effect of ROA on stock returns.
Effect of ROE on Stock Return
The t-count for the capital structure variable is 3.226 and the t-table with = 5% is known to be 2.005. Thus, tcount is greater than ttable and a significance value of 0.000 (less than 0.05) means that Ha is accepted and H0 is rejected. Based on these results, it can be concluded that Ha is accepted and H0 is rejected, this shows that partially there is a significant effect of ROE on stock returns.

The Effect of NPM on Stock Return

The t-count for the capital structure variable is 4.693 and the t-table with = 5% is known to be 2.005. Thus, tcount is greater than ttable and a significance value of 0.000 (less than 0.05) means that Ha is accepted and H0 is rejected. Based on these results, it can be concluded that Ha is accepted and H0 is rejected, this shows that partially there is a significant effect of NPM on stock returns
Simultaneous Significance Test (F-Test)
The F statistical test was conducted to test whether the independent variable (X) simultaneously had a significant relationship or not with the dependent variable (Y).
Effect of ROA, ROE, NPM on Stock Return
From the ANOVA (Analysis Of Variance) test in the table above, the F-count is 10.282 with a significance level of 0.000. Meanwhile, the F-table is known to be 3.18. Based on these results, it can be seen that Fcount> Ftable (10.282>3.18) Reject H0 and Ha is accepted. So it can be concluded that the variables ROA, ROE, and NPM together have a significant effect on stock returns of food and beverage sector companies listed on the Indonesia Stock Exchange.

Conclusion

Based on the results of the research and discussion that have been stated previously, conclusions can be drawn from the research regarding the following:
1. There is a significant effect of ROA on stock returns in food and beverage companies listed on the IDX.
2. There is a significant effect of ROE on stock returns in food and beverage companies listed on the BEI
3. There is a significant effect of NPM on stock returns in food and beverage companies listed on the BEI
4. There is a significant effect of ROA, ROE, and NPM on stock returns in food and beverage companies listed on the IDX.

Suggestion

Based on the conclusions above, in this case, the author can suggest the following:
1. In general, food and beverage sector companies can be said to be liquid if the rate of return within the company is high so that it can produce high stock returns. But the company must also control its assets to generate maximum profit.

2. In addition to sales which are measured to see whether a company is liquid or not, the company must also look at ROE or not because if the amount of ROE increases, it will show the company's ability to use its capital very well.
3. If investors want to invest in parties who want to invest, investors should pay more attention to factors that can affect the company's stock return, especially on stock returns, namely profit growth, which is known to simultaneously affect stock returns. However, other researchers are advised to continue or follow up studies from other sectors, namely Working capital turnover ratio / Working capital turnover ratio, Receivable turnover ratio / Receivable turnover ratio, and Profit growth / Sales growth.
4. For further research, it is better to increase the number of variables and increase the number of years in making observations so that they can add to better research results

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