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Determinants of Stock Returns Based on Liquidity and Profitability in Manufacturing Companies Listed on The IDX for the Period 2017-2022

Faktor Penentu Return Saham Berdasarkan Likuiditas dan Profitabilitas pada Perusahaan Manufaktur yang Terdaftar di BEI Periode 2017-2022

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ABSTRACT

This research is quantitative research which aims to determine and analyze the influence of liquidity and profitability on manufacturing companies listed on the IDX for the 2017-2022 period. In business activities, of course it is necessary to analyze the condition of the company to predict future share prices so that expectations of high returns can be achieved. When analyzing a company's financial reports, it can be done in various ways, one of which is by calculating the desired ratios. The research population was 26 companies with a sample of 11 companies where the method used was the purposive sampling method. Utilizing secondary data types and using quantitative methods, the data will be processed using the SPSS program. Based on the results of the t test research, it proves that liquidity partially has a significant effect on stock returns with a significant value of 0.009 < 0.050 and tu 2.757 > t el 2.02108, partial profitability has a significant effect on stock returns with a significant value of 0.009 < 0.050 and tu -2.751 < t el 2.02108. The results of the F test research prove simultaneously that liquidity and profitability have a significant effect on stock returns with a significant value of 0.036 < 0.050 and tu 2.852 > t el 2.61.
Keywords: *liquidity, profitability, manufacturing, IDX*

ABSTRAK

Penelitian ini merupakan penelitian kuantitatif yang bertujuan untuk mengetahui dan menganalisis pengaruh likuiditas dan profitabilitas pada perusahaan manufaktur yang terdaftar di BEI periode 2017-2022. Dalam kegiatan bisnis, tentunya perlu dilakukan analisis terhadap kondisi perusahaan untuk memprediksi harga saham di masa yang akan datang sehingga harapan akan return yang tinggi dapat tercapai. Dalam menganalisis laporan keuangan perusahaan dapat dilakukan dengan berbagai cara, salah satunya dengan menghitung rasio-rasio yang diinginkan. Populasi penelitian sebanyak 26 perusahaan dengan sampel sebanyak 11 perusahaan dimana metode yang digunakan adalah metode purposive sampling. Memanfaatkan jenis data sekunder dan menggunakan metode kuantitatif, data akan diolah dengan menggunakan program SPSS. Berdasarkan hasil penelitian uji t membuktikan bahwa likuiditas secara parsial berpengaruh signifikan terhadap return saham dengan nilai signifikan 0.009 < 0.050 dan tu 2.757 > t el 2.02108, profitabilitas secara parsial berpengaruh signifikan terhadap return saham dengan nilai signifikan 0.009 < 0.050 dan tu -2.751 < t el 2.02108. Hasil penelitian uji F membuktikan secara simultan likuiditas dan profitabilitas berpengaruh signifikan terhadap return saham dengan nilai signifikan 0,036 < 0,050 dan tu 2,852 > t el 2,61.
Kata kunci: likuiditas, profitabilitas, manufaktur, BEI

1. Introduction

Rapid economic growth and development requires companies to have adequate operational performance in order to be able to face intense competition. This makes companies show each other's performance to attract the public to invest with the aim of getting maximum profit. This certainly makes every company look for additional and the fastest alternative is in the capital market.

The capital market is defined as a place that creates or a place that is used to build a better economy by providing direct benefits to the community (Effendi & Hermanto, 2017). The existence

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of the capital market is very important for companies and investors, where companies that need funds can sell stocks and bonds to fund company activities, while investors who have excess funds can invest in the capital market to get profits. Investors who invest in a company sometimes will not get the expected return. This happens because the company experiences unstable increases and decreases in profits, making it difficult for investors to determine their investment.

Investments made by investors certainly expect a high return. According to Noviyanti & Yahya (2017) Return is the result obtained by investors who have invested in a company. Every investor also needs to consider both systematic and unsystematic risks. If the stock return obtained is higher, the risk that will be borne is also greater, on the other hand, if the stock return obtained is lower, the risk that will be borne is also smaller. The return obtained by investors consists of two sources, namely profit sharing referred to as dividends or in the form of capital gains which are the benefits obtained by investors through the resale of their shares.

Stock returns are the result of investors' resilience in bearing the risk of their investment (Tandelilin, 2012). Determination of the return of a security is obtained from the company's performance through its profitability ratio. The profitability ratio itself is a ratio that is applied to measure management effectiveness based on the return on sales and the company's capability to create profits. The company's capability in creating profits during its operating activities is the main focus in assessing the company's performance, because the profit earned by the company is an indicator of the company's ability to set the rate of return on shares (return). An indication that the company's operational and financial strength is getting better is evident from the company's increasing profits, this has a positive impact on the company's stock return. The research results of Pratiwi and Putra (2015), Mariani, et al (2016), Ayu and Geriadi (2017), Stefano (2015) and Anwaar (2016), Muhammad (2015) show that profitability has a positive effect on stock returns. In contrast to Dewi and Ratnadi's (2019) research that profitability has no effect on stock returns.

Investment activities certainly need to analyze the condition of the company to predict future stock prices so that the desired expectations are achieved. Some sources of information that can be used such as analyzing financial statements and economic conditions of a country. The analyzed financial statements can be done by calculating the desired ratios. The ratios used as a calculation tool certainly have a number of benefits that can show how good the performance of a company to be invested.

Wage et al., (2021) state that the profitability ratio means a ratio that measures the company's rate of return in earning profits and measures how effective it is in managing company management. In the profitability variable, the authors use the Return On Assets (ROA) and Net Profit Margin (NPM) ratios where ROA is a ratio that provides a return on the total assets used in the company. This ratio serves to measure the effectiveness of the company's overall operations while NPM is a ratio that displays the percentage ratio between net equity and total revenue (Handayani & Harris, 2019).

Hidayat & Indrihastuti (2019) argue that the liquidity ratio means the ratio that evaluates the relationship between current assets and current liabilities in the company and explains how long the entity makes short-term debt payments. The company can be said to remain liquid when it has funds that can cover current liabilities (debt). In the liquidity variable, the author uses the current ratio and cash ratio where the current ratio is a ratio that has the function of assessing the entity's ability to pay off any current obligations that will come due by utilizing available current assets while the cash ratio is a ratio that serves to measure how the entity's ability to pay short-term obligations using available cash (Sujarweni, 2021).

Research conducted by Sululing & Sandangan (2019) proves that profitability represented by return on assets shows a positive and significant effect on stock returns. Other research researched by Handayati & Zulyanti (2018) where profitability represented by return on assets also shows the results significantly have a positive effect on stock returns. Noviyanti & Yahya (2017) conducted research on liquidity represented by the current ratio, which showed a significant effect on stock returns. Razak & Syahfitri (2018) conducted research on profitability which is represented by net profit margin showing the results partially have a significant effect on stock returns. G & Ninnasi (2019) the results of the study prove that the cash ratio has a positive but insignificant effect on stock returns.

2. Methods

Research design is the provision of a plan and structure that allows researchers to get results on research questions validly and accurately (Sugiyono, 2017). The purpose of this research design is to get good results on the research carried out. The research design has a plan and structure and how to implement the research properly at a predetermined time. The research conducted by researchers uses a quantitative approach, where this method is a researcher method that functions to test a predetermined hypothesis and the results of the data tested show in the form of numbers and statistics (Sugiyono, 2017). This study examines the effect between profitability and liquidity on stock returns in manufacturing companies listed on the Indonesia Stock Exchange in 2017-2022. This study has a total of 5 operational variables, of which there are 4 independent variables, namely ROA (X1), NPM (X2), CR (X3) and CRA (X4) and 1 dependent variable, namely Stock Return (Y). The dependent variable in this research is Stock Return. The independent variables in this research are ROA (X1), NPM (X2), CR (X3) and CRA (X4). The population in this study are food and beverage subsector manufacturing companies listed on the Indonesia Stock Exchange with a period of 2017-2022 amounting to 26 companies. This study uses purposive sampling technique, where this method is a method whose sampling is based on certain categories or criteria (Sugiyono, 2017) so that 11 companies are obtained.

Methods in collecting data using literature and documentation. The analysis technique used in this research is quantitative analysis. Descriptive analysis is carried out first before conducting further tests where the results are displayed in the form of mean, standard deviation, variance, maximum, minimum and so on (Ghozali, 2021).Furthermore, the outlier test which is a test used on data that has unique characteristics and looks different from other observations and arises in the form of extreme values on single variables or combination variables. Then, the classic assumption test which starts the normality test, multicolonierity, heteroscedasticity, autocorrelation, multiple regression analysis, hypothesis testing (t test and F test) and determination coefficient.

3. Results and Discussion

The study aims to explore whether the profitability ratio and liquidity ratio affect stock returns in food and beverage subsector manufacturing companies on the IDX in 2017-2022. And, based on the results of the analysis that has been done, it can be concluded, the results of his research state that the profitability ratio has a positive effect, this states that the higher the profitability ratio, the higher the company's stock return and vice versa. The results of his research state that the liquidity ratio has a positive effect on stock returns. This states that the higher the liquidity ratio, the higher the company's stock return and vice versa. The results of his research state that simultaneously the profitability ratio and liquidity ratio have a significant effect on stock returns. The proportion of the influence of the profitability ratio and liquidity ratio on stock returns is 21.2 percent while the rest is influenced by other variables that are not examined in this studyMean liquidity calculated by current ratio is 3.44422 and standard deviation is 4.53164. The maximum current ratio in this industry is 19.69318. The minimum current ratio in this industry is 0.5169. The mean company size calculated by total assets is 29.39093 and the standard deviation is 1.80943. The maximum total assets in this industry are 33.53567. The minimum total assets in this industry are 26.50683. The mean interest rate of BI 7- Days Repo Rate is 0.04771 and the standard deviation is 0.00261. The maximum BI 7-Days Repo Rate interest rate is 0.05063. The minimum BI 7-Days Repo Rate interest rate is 0.04438.

The results of the normality test, indicating that the histogram provides a distribution pattern that is to the right, which means that the data is normally distributed and the P-plot image shows that the point spreads around the diagonal line to the right.
obtained the conclusion that this research has fulfilled the assumption of normality. Apart from using graph analysis, it is also done by applying Kolmogrov-Smirnov with the criteria, the data is normally distributed, if sig> 0.05 and the data is not normally distributed, if sig < 0.05. The results of the normality test indicate that the significance is 0.196> 0.05 so that it is stated that the research data is normally distributed and the basic assumptions of normality have been met.

Furthermore, the multicolonierity test, the test is used in tracing the relationship between the independent variables with one another in a study. The multicollinearity test in his research was carried out by observing the acquisition of VIF and Tolerance with the criteria: a. The data is not multicollinear, if VIF < 10 and tolerance> 0.1. And the data is symptomatic of multicollinearity, if VIF> 10 and tolerance < 0.1. The test results indicate that the VIF on profitability and liquidity is 1.001 < 10 and tolerance 0.999 > 0.1, so it is stated that the two independent variables do not have multicollinearity symptoms.

For the heteroscedasticity test, the test results are based on the scatterplot image, indicating that the points are scattered around the number 0. The points do not gather and are only above or below and the distribution of the points does not resemble a pattern. Until it can be stated that the data is not symptomatic of heteroscedasticity. Apart from using the scatter plot graph, the test is also carried out by Glejser testing which shows that the significance value on profitability and liquidity is 0.816 and 0.515> 0.05, respectively. This states that this research is not symptomatic of heteroscedasticity.

For the autocorrelation test, the test results indicate the acquisition of durbin watson (dw) of 2.119. The du value in the durbin watson table is 1.680, so the comparison is obtained, namely 1.680 < 2.119 < 2.320 (4 -2.119), which means that the data in the study does not occur autocorrelation. And, in multiple linear regression analysis, it is done in exploring the relationship between profitability and liquidity on stock returns with an alpha level of 0.05. The constant a is -0.127, stating that if profitability and liquidity are 0 (neither increase nor decrease), then the stock return is -0.127.2). The regression coefficient of profitability (ROE) of 0.006 states its positive direction. This states that profitability is positively related to stock returns, where if profitability increases by 1 percent while liquidity remains, then stock returns will also increase by 0.6%. The liquidity regression coefficient (CR) of 0.281 states its positive direction. This states that liquidity is positively related to stock returns, where if liquidity increases by 1 percent while profitability remains, then stock returns will also increase by 28.1%.

Based on the test results, profitability and liquidity ratios together have an influence on stock returns in food and beverage companies on the Indonesia Stock Exchange for 2017-2022. The test results show that the sig. F (Statistic) of 0.000 is smaller than the significance level of 0.05 and the value of F statistics> from F table, namely 10,952> 3.12. This means that the profitability ratio and liquidity ratio simultaneously / together affect the company's stock return. Based on these statistical results, the third hypothesis proposed is accepted.

And based on the results, it is known that the acquisition of the coefficient of determination, namely the adjusted R square of 0.212, this states that profitability and liquidity have a weak effect on stock returns. The proportion of the effect of profitability and liquidity on stock returns is 21.2%, while the remaining 78.8% is affected by other variables that are not studied

4. Conclusions

The study aims to explore whether the profitability ratio and liquidity ratio affect stock returns in food and beverage subsector manufacturing companies on the IDX in 2017-2022. And, based on the results of the analysis that has been done, it can be concluded, the results of his research state that the profitability ratio has a positive effect, this states that the higher the profitability ratio, the higher the company's stock return and vice versa. The results of his research state that the liquidity ratio has a positive effect on stock returns. This states that the higher the liquidity ratio, the higher the company's stock return and vice versa. The results of his research state that simultaneously the profitability ratio and liquidity ratio have a significant effect on stock returns. The proportion of the influence of the profitability ratio and liquidity ratio on stock returns is 21.2 percent while the rest is influenced by other variables that are not examined in this study.

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