



Company Financial Performance: Influence on Stock Returns

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Abstrak

Persaingan industri makanan dan minuman di Indonesia semakin ketat, terbukti dengan banyaknya pabrik makanan dan minuman yang menghasilkan berbagai produk makanan yang kreatif dan inovatif dengan iklan yang intensif, baik melalui media televisi, iklan online, media cetak, dan lain-lain. menandakan bahwa perusahaan-perusahaan tersebut berusaha untuk tetap eksis di tengah ketatnya persaingan, terutama perusahaan-perusahaan yang telah go public dan terdaftar di Bursa Efek Indonesia atau disebut emiten. Tujuan penelitian ini adalah untuk mengetahui pengaruh kinerja keuangan terhadap return saham. Populasi dalam penelitian ini adalah perusahaan manufaktur subsektor makanan dan minuman yang terdaftar di Bursa Efek Indonesia tahun 2014-2017. Seleksi data menggunakan metode purposive sampling dengan jumlah data amatan sebanyak 44. Penelitian ini adalah penelitian kuantitatif dan mengambil data sekunder. Uji hipotesis penelitian ini menggunakan analisis regresi berganda dengan uji prasyarat uji normalitas, uji autokorelasi, uji multikolinearitas, dan uji heteroskedastisitas. Penelitian ini menghasilkan simpulan bahwa kinerja keuangan perusahaan berupa profitabilitas yang diproksikan dengan earning per share (EPS) dan return on asset (ROA) berpengaruh negatif signifikan terhadap return saham. Sedangkan proksi profitabilitas lain yakni return on equity (ROE) tidak memiliki pengaruh terhadap return saham. Pengaruh kinerja keuangan terhadap return saham juga dilihat dari rasio solvabilitas yang diproksikan dengan debt asset ratio (DAR) yang hasilnya DAR tidak berpengaruh terhadap return saham. Sedangkan proksi lain dari solvabilitas berupa debt to equity ratio (DER) memiliki pengaruh negatif dan signifikan terhadap tingkat pengembalian saham (return saham).

Kata kunci: *Kinerja Keuangan, Earning Per Share, Return On Asset, Return On Equity, Debt To Asset Ratio, Debt To Equity Ratio, Return Saham.*

Abstract

Competition in the food and beverage industry in Indonesia is increasingly fierce, as evidenced by the large number of food and beverage factories that produce various creative and innovative food products with intensive advertising, whether through television media, online advertising, print media, etc. This indicates that these companies are trying to continue to exist amidst intense competition, especially companies that have gone public and are listed on the Indonesian Stock Exchange or are called issuers. This research aims to determine the effect of financial performance on stock returns. The population in this research are food and beverage subsector manufacturing companies listed on the Indonesia Stock Exchange in 2014-2017. Data selection used a purposive sampling method with a total of 44 observed data. This research is quantitative and takes secondary data. This research hypothesis test uses multiple regression analysis with prerequisite tests of normality test, autocorrelation test, multicollinearity test, and heteroscedasticity test. This research

concludes that the company's financial performance in the form of profitability as proxied by earnings per share (EPS) and return on assets (ROA) has a significant negative effect on stock returns. Meanwhile, another profitability proxy, namely return on equity (ROE), does not influence stock returns. The influence of financial performance on stock returns can also be seen from the solvency ratio which is proxied by the debt-asset ratio (DAR), the results of which are that DAR does not affect stock returns. Meanwhile, another proxy for solvency in the form of debt-to-equity ratio (DER) has a negative and significant influence on stock returns.

Keywords: *Financial Performance, Earning Per Share, Return On Asset, Return On Equity, Debt To Asset Ratio, Debt To Equity Ratio, Stock Return.*

INTRODUCTION

Competition in the food and beverage industry in Indonesia is increasingly fierce, as evidenced by the large number of food and beverage factories that produce various creative and innovative food products with intensive advertising, whether through television media, online advertising, print media, etc. This indicates that these companies are trying to continue to exist amidst intense competition, especially companies that have gone public and are listed on the Indonesian Stock Exchange or are called issuers. Apart from carrying the company name, this issuer also has links with investors, which is very important for them in terms of capital availability. Issuers are required to publish audited financial reports every year. The financial report itself consists of a balance sheet, profit and loss report, cash flow report, capital changes report, and other financial records. These financial reports will later be used by interested parties such as investors, creditors, or even regulators for analysis so that they will know how the company's financial performance is and then be used as a basis for making decisions.

For investors who do business in the capital market, it is very important to analyze financial reports so that they will know how the company's financial performance is and how the issuer's stock returns are. This is useful for deciding whether the stock market "player" will sell the shares he owns, or add shares, or even buy shares in different issuers. This can all be analyzed from a company's financial reports. For internal companies, the analyzed financial reports will be very useful for the company to find out the company's strengths and weaknesses so that the company can make decisions and take action effectively and efficiently based on appropriate company data.

METHOD

This research was quantitative research with an explanatory form aimed at finding out the relationship between financial performance and stock returns. The population in this study were manufacturing companies operating in the food and beverage sector and which were listed on the Indonesia Stock Exchange (BEI) in 2014-2017. Samples were taken using a purposive sampling technique so that 44 data were obtained from 11 samples over four years. This research was tested using the multiple regression method because it has more than one independent variable and the analytical tool is multiple regression analysis with the prerequisite tests being the normality test, autocorrelation test, multicollinearity test, and heteroscedasticity test. The multiple regression equation model formed is:

$$Y = a + b_1EPS_1 + b_2ROA_2 + b_3ROE_3 + b_4DAR_4 + b_5DER_5 + e$$

Y = Return Saham

a = Constanta

EPS₁ = Earning per share

ROA₂ = Return on asset

ROE₃ = Return on equity

DAR₄ = Debt to asset ratio
 DER₅ = Debt to equity ratio
 e = error

The dependent variable in this research is stock returns, namely the level of profit on capital investments made by investors. The amount of stock return is known in the following way:

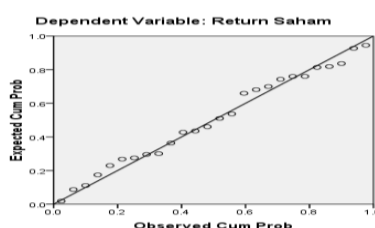
$$\text{Return Saham} = (P^t - P^{t-1}) : P^{t-1}$$

The independent variable: 1) Earning Per Share (EPS) shows the amount of a company's net profit that is ready to be distributed to all shareholders. The amount of EPS can be calculated using the formula (EPS = profit after tax: Number of shares outstanding); 2) Return On Assets (ROA) is a ratio used to see the extent of returns on investments that have been made (ROA = net profit after tax: total assets); 3) Return on Equity (ROE) is a ratio used to determine how well the company's resources can utilize the company's equity to be maximized in generating profits. ROE can be seen from the comparison of profit after tax with own capital (ROE = net profit after tax: own capital); 4) Debt to Asset Ratio (DAR) is a ratio used to assess how much influence debt has in debt management (DAR = Total debt: total assets); 5) Debt to Equity Ratio (DER) is a ratio used to assess how much influence debt has in equity management (DER = Total debt: equity).

RESULTS AND DISCUSSION

Normality Test

Normal P-P Plot of Regression Standardized Residual



The normality test results can be seen from the P-plot of the Regression Standardized Residual graph. The normal probability plot graph showed plot points that are not far from the diagonal line. These results indicate that the data in this study was normally distributed, and the data normality test has been fulfilled.

Autocorrelation Test

Model Summary						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.708 ^a	.697	.521	.48643	1.843	

a. Predictors: (Constant), Debt to Equity Ratio, Return On Equity, Earning Per Share, Debt to Asset Ratio, Return On Asset

b. Dependent Variable: Return Saham

The Durbin-Watson value in the model summary table shows whether or not there is autocorrelation. The table above showed the Durbin-Watson value between -2 and 2, namely 1.843. Thus, it can be concluded that there was no autocorrelation in this study.

Multicollinearity Test

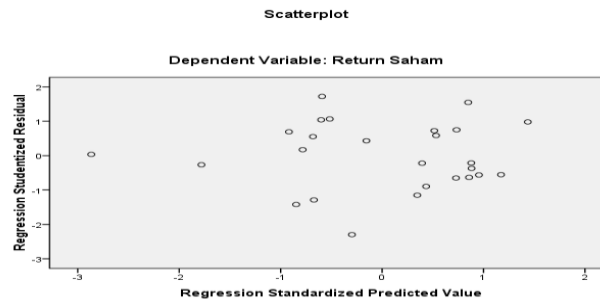
The coefficient table showed the tolerance value is greater than 0.10 and the VIF value is smaller than 10, this means that multicollinearity did not occur between the

variables in this study.

		Coefficients	
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Earning Per Share	.470	2.130
	Return On Asset	.520	2.260
	Return On Equity	.516	3.979
	Debt to Asset Ratio	.999	1.011
	Debt to Equity Ratio	.683	1.344

a. Dependent Variable: Return Saham

Heteroscedasticity Test



The scatterplot graphic image above shows that the points are scattered randomly in all directions and do not form a particular pattern. This shows that this research model does not have heteroscedasticity.

Hypothesis Test Results

The ANOVA table gives an F value of 2.346 with a significance of 0.008. The significance value was smaller than 0.05 (5%), so the regression model used fits the data. This also means that the regression model can statistically predict the dependent variable significantly. In other words, the independent variables, namely return on assets, return on equity, earnings per share, debt to equity ratio, and debt to asset ratio, have a joint effect on the dependent variable of stock returns.

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.776	5	.555	2.346	.008 ^a
	Residual	6.175	38	.346		
	Total	8.951	43			

a. Predictors: (Constant), Debt to Equity Ratio, Return On Equity, Earning Per Share, Debt to Asset Ratio, Return On Asset

b. Dependent Variable: Return Saham

		Coefficients ^a				T	Sig.
Model		Unstandardized Coefficients		Standardized Coefficients			
		B	Std. Error	Beta			
1	(Constant)	1.637	1.990		.823	.000	
	Earning Per Share	-.383	.213		-.466	.009	
	Return On Asset	-5.991	4.097		-3.599	.016	
	Return On Equity	6.206	4.060		3.780	.420	

Debt to Asset Ratio	4.574	7.633	1.058	.599	.556
Debt to Equity Ratio	-4.504	5.514	-1.754	-.817	.042

a. Dependent Variable: Return Saham

From the coefficient table above, it is known that the earnings per share variable has a significance value of 0.009. This value is smaller than 0.05 (5%), so hypothesis one is accepted, meaning that earnings per share have a negative influence on stock returns with a negative coefficient of -0.383. High earnings per share (EPS) does not guarantee that investors will get stock returns, because issuers will tend to use these profits to develop the business to a larger scale. Low earnings per share will generally provide stock returns to investors. The hope is that sharing profits with investors will be a breath of fresh air for investors and potential investors so that it will attract other investors or potential investors to add and invest their capital in the company.

The test results for the return on assets (ROA) variable show a significance value of 0.016, which indicates that the two research hypotheses are accepted, namely that return on assets influences stock returns. However, the coefficient value shown gives a negative value of -5.991. ROA shows the company's ability to manage its assets or assets to generate profits. The greater the ROA value, the greater the profit the company will generate, but in this study the coefficient value of the influence of ROA on stock returns is negative. So a high ROA does not necessarily mean that investors' stock returns will also be higher. If this is the case, the company may focus the profits it makes on developing the company so that its stock returns will not be high, and vice versa.

The significance value of the debt-to-asset ratio (DAR) in the coefficient table above is 0.556, this value is greater than 0.05 and has a positive regression coefficient value of 4.574. So hypothesis four is rejected, meaning that the debt-to-asset ratio in the research does not affect stock returns. The debt-to-asset ratio is used to assess how much debt finances the company's assets. This does not affect stock returns because the source of company asset management is not only debt but also equity or capital. Apart from that, investors will not see how the company manages its assets from debt alone, but from all management sources, namely debt and capital.

The debt to equity ratio (DER) variable has a significance value of 0.042, this value is smaller than 0.05 so hypothesis five is accepted, namely, the debt to equity ratio affects stock returns. The coefficient value of the influence of DER on stock returns is negative, namely -4.504. This negative value reflects the opposite direction, the greater the DER, the smaller the influence on stock returns, because the company's focus will be more inclined towards managing high debt. Likewise, a low DER indicates that debt does not influence the company in managing equity, so the profits obtained by the company will not be focused on debt management, one of which is allocated to stock returns.

CONCLUSION

This research on financial performance and its influence on stock returns shows that the company's financial performance in the form of profitability as proxied by earnings per share (EPS) and return on assets (ROA) has a significant negative effect on stock returns. Meanwhile, another profitability proxy, namely return on equity (ROE), does not influence stock returns. The influence of financial performance on stock returns can also be seen from the solvency ratio which is proxied by the debt-asset ratio (DAR), the results of which are that DAR does not affect stock returns. Meanwhile, another proxy for solvency in the form of debt-to-equity ratio (DER) has a negative and significant influence on stock returns.

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