

THE EFFECT OF CURRENT RATIO, RETURN ON EQUITY, AND DEBT TO EQUITY RATIO ON STOCK RETURNS ON THE INDONESIA STOCK EXCHANGE

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Abstract

This research examined the effect of the Current Ratio, Return on Equity, and Debt to Equity Ratio on Stock Returns in Kompas 100 Companies Listed on the Indonesia Stock Exchange in the 2015-2019 period. The sampling technique used in this study was purposive sampling. The samples obtained were 30 companies from 100 companies. The type of data used in this research is secondary data, and the method of analysis uses multiple linear regression analysis. Based on the data analysis done, the variable Return on Equity has a positive and significant effect on stock returns. The Current Ratio has a negative and insignificant effect on stock returns, and the Debt to Equity Ratio has a negative and insignificant effect on stock returns. The current ratio, return on equity, and debt to equity ratio simultaneously does not affect stock returns.

Keywords: Current Ratio, Return On Equity, Debt To Equity Ratio, and Stock Return

1. INTRODUCTION

The capital market is a meeting between parties with excess funds and those who need funds by trading securities. In this capital market, market participants, namely individuals or business entities with excess funds (surplus funds), will invest in shares offered by issuers or go public companies listed on the Indonesia Stock Exchange. The Indonesia Stock Exchange has several stock index categories, one of which is the Kompas 100 index. Kompas 100 is an index on the IDX with a membership of one hundred issuers consisting of several sectors in it.

The number of shares listed on the IDX often makes investors confused in choosing good stocks to include in their portfolio. Therefore, investors in investing will choose stocks that are included in the index in the capital market. The Kompas 100 Index is a stock index of 100 public

company shares traded on the IDX. The IDX officially published the Kompas 100 Index in collaboration with the Kompas newspaper on Friday, August 10, 2007.

The selected stocks included in the Kompas 100 Index, apart from having high liquidity and large market capitalization, are also stocks with good fundamentals and performance. For example, the capital market has a new reference in creating index-based innovation products, for example, referring to the Kompas 100 Index. The Kompas 100 Index performs stock changes and evaluations every semester (6 months), namely February and August, and is released on the IDX website every period.

Return is obtained from the investment. Investment activity is an activity of placing funds in one or more assets during a specific period in the hope of obtaining income or increasing the value of the initial investment (capital), which aims to maximize the expected return within the

acceptable risk limit for each investor (Jogiyanto, 2000). Information about financial statements is essential for investors because it relates to the level of return that will be obtained in the future. This information can be obtained when investors view the company's financial statements that have been published on the Indonesia Stock Exchange.

The company's current condition is the company's financial condition on a specific date (balance sheet) and a certain period (income statement). The profit of a company in each period is expected to increase continuously. So, it takes an estimate of the profit that the company will achieve for the next period. Estimation of profit can be done by analyzing the financial statements.

An investor needs to know the company's financial performance that will be invested in to estimate whether investing in the company is good or not and profitable. To help investors increase their insight about the advantages and disadvantages that will be obtained in investing, many researchers have tested the company's financial performance with the level of return that investors might receive in the future. Research on the effect of a company's financial performance has been widely carried out.

Research conducted by Candradewi (2016) explains that the return on equity variable significantly affects stock returns. The current ratio, debt to equity ratio, and total assets turnover variables have no significant effect on stock returns. The difference between the research conducted by Candradewi and this research is the type of company and the year used. The sample companies were LQ45 companies on the Indonesia Stock Exchange for the 2011-2015 period in the previous study. At the same time, this study uses Kompas 100 companies listed on the Indonesia Stock Exchange, with the 2015-2019 period.

Financial statements are made to find out an overview of the company's financial position and the results obtained by the company. Financial statements result from an accounting process that can communicate financial data between company managers and parties interested in these data. In general, financial statements are files that contain records of money. The point is a report that contains all kinds of transactions involving money, both purchases and sales, and credit transactions. Usually, this report is also made within a certain period. These financial statements are part of the financial reporting process.

Meanwhile, profit/loss reflects the results achieved during a specific period, usually in one year. Financial Accounting Standards (IAI, 2012) explain that the purpose of financial statements is to provide information about the financial position, performance, and changes in the financial position of an entity that is useful for a large number of users in making economic decisions. Financial statements also show what management has done (stewardship) or management's responsibility for its resources. In order to achieve these objectives, the financial statements present information about the entity, which includes assets, liabilities, equity, income, and expenses, including gains and losses, contributions and distributions to owners in their capacity as owners, and cash flows.

Kasmir (2014) revealed that financial statements aim to provide information, namely: about the types and amounts of assets (assets) currently owned by the company, providing information about the types and amounts of liabilities and capital currently owned by the company, providing information about the types and the amount of income earned in a certain period, provides information about changes that occur in the assets, liabilities, and capital of

the company, provides information about the performance of the company's management in a period, provides information about the notes to the statement financial statements.

2. LITERATURE REVIEW AND HYPOTHESES

2.1. Current Ratio and Stock Return

The current ratio shows the company's ability to pay the short-term debt. Companies that have a high value in the Current Ratio positively impact the company and investors. These positive impacts include increasing investor interest in buying shares and increasing demand for company shares with an increase in demand for shares, making stock prices increase and causing a positive impact on stock returns, namely an increase in stock returns for companies and investors. Conversely, if the Current Ratio shows the ability of current assets is low in paying debts, it will have a negative impact on the company and investors.

Based on this description, it can be concluded that the current ratio has a positive effect on stock returns. It is suspected that the Current Ratio has a positive effect on stock returns in the Kompas 100 company on the Indonesia Stock Exchange. Research conducted by Basalama et al. (2017) on the Effect of Current Ratio, DER, and ROA on Stock Returns in Automotive and Component Companies, explains that this study uses analysis and multiple regression techniques. It was concluded from the data analysis that; The variables Current Ratio, Debt to Equity Ratio, and Return on Asset Ratio simultaneously affect stock returns with a calculated F value of 5.973 with a significance level less than 0.05. Furthermore, partially Current Ratio does not affect stock returns, while the Debt to Equity Ratio and Return on Assets affects stock returns.

2.2. Return On Equity and Stock Return

Research conducted by Mahardika and Artini (2017) on the Effect of Market Ratios and Profitability Ratios on Company Stock Returns on the Indonesia Stock Exchange explains that determining the number of samples uses the purposive sampling method, namely using criteria for sampling. Multiple linear panel data using Eviews and Stata as data processing. Based on the analysis results, it was found that partially price earning ratio and return on equity have a positive and significant effect on stock returns. In contrast, earnings per share have a negative but not significant effect on returns. Stocks and net profit margin have a positive but not significant effect on stock returns.

2.3. Debt To Equity Ratio and Stock Return

The debt to equity ratio describes the company's capital structure used as a source of business funding. Debt to Equity Ratio shows that the company's ability to what extent the company is funded by debt will know the company's burden in meeting the debts given by creditors. If the company's operations are funded with large debts by creditors, it will negatively impact. The negative impact is that the profits earned by the company will be prioritized first to pay debts so that it has an impact on dividend distribution. Large debt will be a burden on the company, and in the eyes of investors, the high burden will reduce investors' interest in investing their capital. The decline in investor interest had a negative impact on stock prices and spread to total returns. It is suspected that the Debt to Equity Ratio has a negative effect on stock returns at the Kompas 100 company on the Indonesia Stock Exchange.

2.4. Current Ratio, Return On Equity, Debt To Equity Ratio, and Stock Return

In previous research conducted by Malinggato et al. (2018), it was said that the

current ratio, return on equity, and debt to equity ratio simultaneously affect stock returns in pharmaceutical companies listed on the Indonesia Stock Exchange for the period 2014-2016. Another study conducted by Basalama et al. (2017) shows the same results: the current ratio, debt to equity ratio, and return on assets affect stock returns. It is suspected that the current ratio, return on equity, and debt to equity ratio affect the stock return of Kompas 100 on the Indonesia Stock Exchange simultaneously.

Ma'arif (2017) research on the Analysis of the Effect of Financial Performance on Stock Returns in Manufacturing Sector Companies listed on the IDX explains that the Current Ratio, Debt To Equity Ratio, and Earning Per Share variables do not affect stock returns. In comparison, the variables Return On Equity and Total Assets Turnover positively affect stock returns. In Ma'arif's research, there are similarities in variables, namely the Current Ratio, Debt To Equity Ratio, and Return On Equity variables. The difference between these two studies is that Ma'arif uses a manufacturing sector company listed on the IDX for 2012-2014. The author uses a Kompas 100 company listed on the IDX in the 2015-2019 period.

Kurniawan's research (2017) on the Effect of Financial Performance on Stock Returns, With Dividend Policy as a Moderate Variable in Companies Listed in the Jakarta Islamic Index, explains that the dependent variable is stock returns. The independent variables include Current Ratio, Return on Assets, Return on Equity, Debt to Equity Ratio, and Total Asset Turnover, while dividend policy is a moderate variable. The method used in this study is the Multiple Linear Regression Method and the Moderate Regression Analysis Method. The multiple linear regression analysis results are seen from the significance value; CR, ROA, ROE, and DER have no significant effect on stock returns. In contrast, TATO shows the results that there is a significant effect on stock

returns. The results of moderate regression analysis show that dividend policy cannot moderate financial performance on stock returns.

Rusydina (2017) research on the Effect of Financial Ratios on Stock Returns explains that the sampling technique uses purposive sampling with multiple regression analysis techniques. The test results show that the current ratio, debt to equity ratio, total asset turnover, return on equity, and earnings per share together affect stock returns. These results are supported by the obtained correlation coefficient of 61.4%. So these results indicate that there is a relationship between the model used on stock returns. The test results partially show that the current ratio and total asset turnover do not significantly affect stock returns. While the variable debt to equity ratio, return on equity, and earnings per share significantly affected stock returns. Then, further research was conducted by Malinggato et al. (2018), with the title about the effect of the current ratio, debt to equity ratio, and return on equity on stock returns in pharmaceutical companies listed on the Indonesia Stock Exchange. The results explain that the analytical method used is multiple linear regression analysis. This study indicates that simultaneously Current Ratio, Debt to Equity, and Return On Equity affect Stock Return, but partially Current Ratio does not affect. Pharmaceutical companies should increase the profit received to attract more investors to the company to increase the stock return that the company will receive.

2.5. Hypothesis

- H1:** Current Ratio has a significant and positive effect on Stock Return.
- H2:** Return on Equity has a significant and positive effect on Stock Return.
- H3:** Debt To Equity Ratio has a significant and positive effect on Stock Return.

H4: Current Ratio, Return On Equity, Debt To Equity Ratio simultaneously have a significant and positive effect on Stock Return.

3. RESEARCH METHODS

3.1. Research Design

The type of research used in this study is a quantitative approach. A *quantitative approach* is an approach that uses data in the form of numbers in statistical analysis. This quantitative approach gives more meaning concerning the interpretation of statistical figures. According to Sugiyono (2009), this research is associative-causal, namely research that aims to determine the relationship between two or more variables, namely the independent/independent variable (X) to the dependent/bound variable (Y). This study's independent variable (X) is the Current Ratio, Return On Equity, and Debt To Equity Ratio. At the same time, the dependent variable is Stock Return.

3.2. Research Sample

The population in this study were Kompas 100 companies listed on the Indonesia Stock Exchange (IDX) with an observation period starting from 2015 - 2019. The sample in this study was 30 of 100 Kompas 100 companies listed on the IDX in 2015-2019. Sampling in this study using the purposive sampling method. The method limits the selection of samples based on specific criteria. The criteria for sampling are the Kompas 100 company which is consistently listed on the Indonesia Stock Exchange for the 2015-2019 period, the Kompas 100 company, which presents financial statements in rupiah during the 2015-2019 period, publishes complete financial statements, the company earns a profit from 2015 through 2019. The years studied are from 2015-2019.

Table 1. Population and Research Sample

No	Explanation	Number of Companies
1	Company population for the period 2015 to 2019	100
2	Kompas 100 company which is listed on the Indonesia Stock Exchange and survived during the research period.	61
3	Companies that have complete financial data	30
4	The company has a positive profit for the period 2015 to 2019	30
Number of research samples		30

Based on the sampling criteria, 30 Kompas 100 companies listed on the Indonesia Stock Exchange were obtained as research samples, presented in Table 2. The following is the Kompas company which is the research sample.

Table 2. Research Sample

No	Kode	Nama Saham
1	AKRA	AKR Corporindo Tbk.
2	ASRI	Alam Sutera Realty Tbk
3	ASII	Astra International Tbk.
4	ANTM	Aneka Tambang (Persero) Tbk
5	BBCA	Bank Central Asia Tbk
6	BBNI	Bank Negara Indonesia (Persero) Tbk
7	BBRI	Bank Rakyat Indonesia (Persero) Tbk
8	BMRI	Bank Mandiri (Persero) Tbk.
9	BUMI	Bumi Resources Tbk
10	CTRA	Ciputra Development Tbk
11	EXCL	XL Axiata Tbk.
12	GGRM	Gudang Garam Tbk
13	ICBP	Indofood CBP Sukses Makmur Tbk
14	INCO	Vale Indonesia Tbk
15	INTP	Indocement Tunggul Prakarsa Tbk
16	JPFA	JAPFA Comfeed Indonesia Tbk
17	JSMR	Jasa Marga (Persero) Tbk
18	KLBF	Kalbe Farma Tbk.
19	LPKR	Lippo Karawaci Tbk.
20	LPPF	Matahari Department Store Tbk.
21	MNCN	Media Nusantara Citra Tbk.
22	PGAS	Perusahaan Gas Negara (Persero) Tbk
23	PTBA	Tambang Batubara Bukit Asam Tbk
24	PTPP	PP (Persero) Tbk
25	SMGR	Semen Indonesia (Persero) Tbk.
26	TLKM	Telekomunikasi Indonesia (Persero) Tbk.

27	UNTR	United Tractors Tbk.
28	UNVR	Unilever Indonesia Tbk.
29	WIKA	Wijaya Karya (Persero) Tbk.
30	WSKT	Waskita Karya (Persero) Tbk.

3.3. Data Analysis

The data used in this research is secondary data. The researcher himself does not collect secondary data, for example, data from the Central Bureau of Statistics, magazines, information, or other publications. This research data are in the form of financial reports published by the company Kompas 100, which are published through the Indonesia Stock Exchange (IDX). The data used in this study are financial statements for 2015 to 2019 during the observation period issued by the sample companies. In this study, researchers took data from financial reports published through the Indonesia Stock Exchange, which can be accessed through www.idx.co.id.

This study uses two methods of data collection, namely, literature study and documentary study. A literature study is a research conducted by collecting data and theories relevant to the problem to be studied by conducting a literature study of literature and other library materials such as articles, journals, books, and previous research. Meanwhile, the documentary study is secondary data collection in the form of annual reports of banking companies listed on the Indonesia Stock Exchange from 2010 to 2015.

The dependent variable (bound) is a variable that is influenced or becomes a result because of the independent variable (Sugiyono, 2012). In this study, the dependent variable is stock return as a variable (Y). Return is the level of profit enjoyed by investors on their investments. The type of return used in this study is realized returns, often called actual returns, capital gains, namely the difference between the current period's stock price and the previous period's stock price divided by the previous period's stock price. The actual

return of each stock during the event period is formulated as follows (Jogiyanto, 2014):

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

Information :

P_t = Stock price in period t.

P_{t-1} = Stock price in the previous year

Independent variables are variables that are often referred to as stimulus, predictor, and antecedent variables. This variable affects or is the cause of the change or the emergence of the dependent variable (Sugiyono, 2012). Concerning the problem under study, the independent variables are the Current Ratio, Return On Equity, and Debt to Equity Ratio. Current Ratio, this ratio measures the company's ability to meet its short-term debt by using its current assets. If this ratio is low, it will indicate a high liquidity risk. In contrast, a high current ratio indicates an excess of current assets, which will have an adverse effect on the company's profitability. Current assets generally generate lower returns than fixed assets.

$$\text{Current ratio} = \frac{\text{Current Asset}}{\text{Current Liabilitas}}$$

Return On Equity, this ratio measures the extent to which the company can generate profits for shareholders on the capital they have invested. The bigger this ratio, the better because the company's ability to earn profits through sales is relatively high, and the company's ability to reduce costs is quite good. The following formula can calculate ROE:

$$\text{Return On Equity} = \frac{\text{Net Profit}}{\text{Equity}}$$

The debt to Equity Ratio ratio measures the company's long-term liquidity and thus focuses on the right side of the balance sheet. The ratio that compares the amount of debt to equity. Analysts and investors often use this ratio to see how much debt the company owes. When

compared to the equity owned by the company or shareholders. The higher the DER number, it is assumed that the company has a higher risk of its liquidity.

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

The data analysis technique is an essential step in research. The data analysis technique in this study used descriptive quantitative analysis. The function of descriptive statistical analysis, among others, is to present information in such a way so that other people in need can utilize the resulting data.

4. RESEARCH RESULTS AND DISCUSSION

4.1. Research Result

Testing the data will be carried out through several steps, namely descriptive statistical analysis and hypothesis testing. Hypothesis testing in this study was carried out by multiple linear regression analysis, coefficient of determination test, T-test, and F test. Descriptive statistical analysis of this study aims to provide an overview of the variables in the study. Descriptive statistics used based on the average value, standard deviation, variance, maximum, minimum, sum, range, and kurtosis.

The data analysis method was carried out with the help of the SPSS computer application program. Hypothesis testing was carried out with multiple linear regression to determine how significant the relationship between the independent and dependent variables is. Regression analysis performed

Multiple linear regression analysis equation models in this study are as follows:

$$Y = a + b_1.X_1 + b_2.X_2 + b_3.X_3 + e$$

Y = Stock returns

a = Constant value

b_1, b_2, b_3 = Regression coefficient of the independent variable

X1 = Regression coefficient of Current Ratio

X2 = Regression coefficient of Return on Equity

X3 = Regression coefficient of Debt to Equity Ratio

e = Error

The next test step is carried out by testing the coefficient of determination used to determine the effect of the independent variable with the dependent. In this study, the coefficient analysis used is Adjusted R Square, the independent variable used is more than one variable. Meanwhile, the T-test was conducted to test whether the variables Current Ratio, Return On Equity, and Debt to Equity Ratio significantly affected Stock Return. Meanwhile, the F test was conducted to test whether the variables, namely Current Ratio, Return On Equity, and Debt to Equity Ratio, simultaneously significantly affect Stock Return.

4.2. Descriptive Statistics

Descriptive statistics have a function to provide an overview or description of data seen from the average value (mean), standard deviation, maximum, and minimum. The following table is the result of the descriptive statistical tests that have been carried out.

Tabel 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CR	150	6	8076426233	2104078852.89	1525756029.457
ROE	150	644373	9941596874	246288184.78	839466798.287
DER	150	1959264	9341013023	1007731472.97	1016906165.158

STOCK RETURNS	150	-634343434	1883506344	13879756.26	353578263.552
Valid N (listwise)	150				

From the statistical table above, it can be seen that the minimum stock return value is -634343434, and the maximum value is 1883506344. These results indicate that the stock return value of the Kompas 100 company is in the range of -634343434 to 1883506344. The average value of stock returns during the 2015-2019 period was 13879756.26 with a standard deviation of 353578263.552. The average value (mean) is smaller than the standard deviation of 13879756.26 < 353578263.552, meaning that the distribution of stock return values is not good.

With 150 data shows a minimum Current Ratio value of 6 and a maximum value of 8076426233. This indicates that the smallest current ratio value in this study is 6 to 8076426233. For the average value of the Current Ratio variable, there is a number 2104078852.89 with data distribution of 1525756029.457. The average value (mean) is greater than the standard deviation, namely 2104078852.89 > 1525756029.457, which means that the distribution of values is good.

From the results of the tests carried out, Return On Equity, an independent variable in this study, has a minimum value of 644373 and a maximum value of 9941596874. This shows the current ratio number in the sample in this study is 644373 to 9941596874. The average value of the Current Ratio is 246288184.78 with data distribution of 839466798.287. The average value (mean) is smaller than the standard deviation, namely the average 246288184.78 < 839466798.287, meaning that the distribution of ROE values is not good.

The last independent variable in this study is the Debt to Equity Ratio. The minimum value shown in the table of descriptive test results is 1959264, and the

maximum value is 9341013023. The Debt to Equity Ratio value in this study ranges from 1959264 to 9341013023, with an average value of 1007731472.97 and a standard deviation of 1016906165.158. The average value (mean) is smaller than the standard deviation of 1007731472.97 < 1016906165.158, which means that the distribution of DER values is not good.

4.3. Multiple Linear Regression Analysis

The regression equation in this study aims to determine how much influence the independent variables, namely the current ratio, return on equity, and debt to equity ratio, have on the dependent variable, namely stock returns. The model used in this regression test is:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Explanation :

Y = Stock returns

A = Constant value

B₁B₂B₃ = Regression coefficient of the independent variable

X₁ = Regression coefficient of Current Ratio

X₂ = Regression coefficient of Return on Equity

X₃ = Regression coefficient of Debt to Equity Ratio

e = Error

Tabel 4. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	-17273119.054	48822748.963	
CR	-.015	.017	-.090
ROE	.175	.081	
DER	-.044	.025	.207
			-.182

Based on the table of multiple linear regression analysis test results above, the regression equation is obtained as follows:

$$Y = -17273119,054 + -0,015CR + 0,175ROE + -0,044DER$$

The X1 coefficient value is -0.015, which means that the Current Ratio increases by 1 unit, then the Stock Return will decrease by -0.044 with the assumption that X2, X3 remains. X2 coefficient value is 0.175, which means Return on Equity increases by 1 unit, then Stock Return will increase by 0.175 assuming X1, X2 remains. The X3 coefficient value is -0.044, which

means that the Debt to Equity Ratio increases by 1 unit, then the Stock Return will decrease by -0.044, assuming X1, X2 remains.

4.4. Determinant Coefficient Test

The coefficient of determination is one of the analytical tools used to determine the effect of the independent variable on the dependent variable. In this study, the coefficient analysis used is Adjusted R Square because the independent variable used is more than one variable.

Tabel 5. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.236 ^a	.056	.031	175661375.791	2.163

- a. Predictors: (Constant), DER, ROE, CR
- b. Dependent Variable: STOCK RETURNS

The table above shows that the coefficient of determination test produces an Adjusted R Square of 0.031 or 3.1%. This shows that the variables studied are Current Ratio, Return On Equity, and Debt To Equity Ratio affect Stock Return of 3.1% while other variables influence 96.9%.

4.5. T-test

The t-test is used to test how the influence of the independent variables

individually on the dependent variable. The independent variables in this study are the Current Ratio, Return On Equity Ratio, and Debt to Equity Ratio. The dependent variable in this study is a stock return. The results in the partial test state that if the test results have a significant level of less than 0.05, then the hypothesis is accepted. Vice versa, if the resulting significant level is more than 0.05, then the hypothesis will be rejected.

Tabel 6. Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-17273119.054	48822748.963		-.354	.724
CR	-.015	.017	-.090	-.892	.374
ROE	.175	.081	.207	2.156	.033
DER	-.044	.025	-.182	-1.761	.081

- a. Dependent Variable: STOCK RETURNS

Based on the table of test results above, the influence of the variables partially can be explained as follows:

Effect of Current Ratio on Stock Return Based on the table above, the value of t arithmetic < t table is -0.892 < 1.97635, and

the CR variable also has a significance value of 0.374 > 0.05. Because t count < t table, the current ratio has no significant effect on stock returns at the Kompas 100 company for the 2015-2019 period.

Effect of Return On Equity Ratio on Stock Return In the table above, the partial test results show the t count > t table is 2.156 > 1.97635 and has a significance value of 0.033 < 0.05. Because t count > t table, the conclusion is that Return On Equity has a significant effect on stock returns in the Kompas 100 company for the 2015-2019 period.

Effect of Debt to Equity Ratio on Stock Return Return The Debt To Equity Ratio in the table above shows that t count < t table is -1.761 < 1.97635, with a significance value of 0.081 > 0.05. Because t count < t table, the conclusion is that the Debt To Equity Ratio has no significant effect on stock returns in the Kompas 100 company for the 2015-2019 period.

4.6. F-test

The F test is known as the simultaneous test or ANOVA test, which is a test that aims to see how the influence of all independent variables simultaneously affects the dependent variable. In the ANOVA test, if the test results have a significance level of less than 0.05, then the hypothesis being tested can be accepted. On the other hand, if the test results show a significant level greater than 0.05, then the tested hypothesis is rejected.

The table above shows that this equation model has a calculated F value of 2.228 < F table 2.67 with a significant level of 0.089. So it can be concluded that CR, ROE, and DER together (simultaneously) have no significant effect on stock returns.

Tabel 6. ANOVA^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regressio	206223346900707808.000	3	68741115633569272.000	2.228	.089 ^b
Residual	3486831840744918000.000	113	30856918944645292.000		
Total	3693055187645625900.000	116			

a. Dependent Variable: STOCK RETURNS

4.7. Discussion

This study aims to determine the effect of the Current Ratio, Return On Equity, Debt to Equity Ratio variables partially or simultaneously on stock returns in the Kompas 100 company in 2015-2019. Based on the analysis results, the discussion of the research results is as follows: The results of multiple linear regression showed the R2 value of 0.031 or 3.1%. This shows that the variables studied are the Current Ratio, Return On Equity, and Debt to Equity Ratio, which affect stock returns of 3.1%, while 96.9% is influenced by other variables that are not examined. The regression coefficient of the CR variable is negative (-), which is 0.015. This shows that the relationship between CR and stock returns is not unidirectional.

The results of the regression coefficient test obtained the t-count value of -0.892 with a significance of 0.374 when compared with

the expected significance level of 5%, which means that the t-count is greater than the expected significance level (0.374 > 0.05). So it can be concluded that CR does not affect stock returns, so the first hypothesis is rejected. In this study, CR showed negative and insignificant results. CR does not affect stock returns, meaning that companies with high CR will not necessarily produce high stock returns. A high CR value indicates that the availability of current assets to pay off current liabilities is also high. In contrast, current assets contain cash and cash equivalents, receivables, inventories, and marketable securities.

However, a high CR does not necessarily guarantee sufficient cash to meet its current liabilities. These results are consistent with the research conducted by Candradewi (2016) and Ma'arif (2017), whose results show that the current ratio has a negative and insignificant effect on stock

returns. The regression coefficient of the variable is positive (+), which is 0.175. This shows that the relationship between ROE and stock returns is unidirectional. The results of the regression coefficient test obtained the t-count value of 2.156 with a significance of 0.033 when compared to the expected significance level of 5%, which means that the t-count is smaller than the expected significance level ($0.033 < 0.05$). So it can be concluded that ROE has a positive and significant effect on stock returns, so the second hypothesis is accepted. A high Return On Equity means that the company maximizes its equity effectively and efficiently.

Conversely, a low Return On Equity indicates that the company is ineffective and efficient in maximizing its equity. The higher the Return on Equity, the higher its success in managing and empowering its equity to generate profits. In connection with this, it will positively impact investors, namely, creating added value to attract investors to invest their funds in the company. So it will make stock prices increase. In other words, Return On Equity has a positive impact on stock returns.

These results are consistent with research conducted by Candradewi (2016), Ma'arif (2017), Rusydina (2017), Malinggato et al. (2018), Mahardika, and Artini (2017). Their results show that ROE has a positive and significant effect on stock returns. The regression coefficient for the DER variable is negative (-), which is 0.044. This shows that the relationship between DER and stock returns is not unidirectional. The results of the regression coefficient test obtained a t-count value of -1.761 with a significance of 0.081; when compared with the expected significance level of 5%, it means that t-count is greater than the expected significance level ($0.081 > 0.05$). So it can be concluded that DER does not affect stock returns, so the third hypothesis is rejected. The debt to equity ratio describes the company's capital structure used as a source

of business funding. A negative DER means that the higher the debt to equity ratio indicates, the higher the composition of the company's debt compared to its capital. It significantly impacts the company's burden on outside parties because it will increase its solvency. This is because the company will try to fulfill its debt obligations before providing returns to investors.

The higher the DER reflects the company's relatively high risk; as a result, investors tend to avoid stocks that have a high DER value. These results are consistent with research that has been conducted by Candradewi (2016), Ma'arif (2017), Ruwanti and Rizky (2013), Kurniawan (2017), and Handara and Purbawangsa (2017), whose results show that DER has a negative influence and does not significant to stock returns.

5. CONCLUSION

Based on the tests' results, it is concluded that the current ratio has a negative and insignificant effect on stock returns at the Kompas 100 company listed on the Indonesia Stock Exchange for the 2015-2019 period. A high current ratio is not certain to produce high stock returns, and debt payments will be fulfilled when the company is due. This can be caused by the high value of the amount of inventory compared to estimated future sales. It will show excess inventory and show that the company cannot maximize the existing inventory. Return on Equity has a positive and significant effect on stock returns in food and beverage companies listed on the Indonesia Stock Exchange for the 2015-2019 period. A high Return On Equity means that the company maximizes its equity effectively and efficiently.

Conversely, a low Return On Equity indicates that the company is ineffective and efficient in maximizing its equity. The higher the Return On Equity shows the company successfully manages and empowers its

equity to generate profits. In connection with this, it will positively impact investors, namely, creating added value to attract investors to invest their funds in the company. The Debt to Equity Ratio negatively affects stock returns in Kompas 100 companies listed on the Indonesia Stock Exchange for the 2015-2019 period. The larger the Debt to Equity Ratio shows the capital structure originating from debt to meet equity.

Conversely, if the Debt to Equity Ratio has a low value, the better the high DER will negatively impact. From the creditor's perspective, the risk of default on the company's debt will also be more significant. From the investor's perspective, it means that to fulfill the company's operational activities from loans or more significant debts, it will show that its performance is not good. Stock returns will decrease, so the Debt to Equity Ratio has a negative effect on stock returns. Together, the Current Ratio, Return on Equity, and Debt to Equity ratio does not

affect stock returns in Kompas 100 companies listed on the Indonesia Stock Exchange for the 2015-2019 period. Based on the study results, it is stated that the Adjusted R² value is 0.031 or 3.1%. This shows that the variables studied affect stock returns of 3.1%, while 96.9 is influenced by other variables not examined.

Meanwhile, as a suggestion for potential investors who want to invest their funds, they should pay attention to and weigh the return on equity because this ratio has been proven in this study to influence stock returns in the Kompas 100 company listed on the Indonesia Stock Exchange for the 2015-2019 period. For further researchers, it is recommended to add other financial ratios as independent variables because it is possible that other financial ratios that are not included in this study affect changes in stock prices concerning stock returns.

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