The Influence of Financial Ratios and Company Size on Stock Returns (Case Study on Consumer Goods Industry Listed on the Indonesia Stock Exchange 2014-2018)

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Abstract - This study aims to determine the effect of financial ratios and company size on stock returns in consumer goods industry companies listed on the Indonesia Stock Exchange (BEI) from 2014 to 2018. The population of this study is all consumer goods industry companies listed on the Stock Exchange. Indonesia (BEI), after sampling with a purposive sampling method, 26 consumer goods industry companies were obtained, so that the total observations in this study were 130 observations. Furthermore, the data is analyzed using multiple regression analysis using the Eviews10 application.

Based on the results of the coefficient of determination (Adjusted R-square), it is explained that TATO, DER, ROE, PBV, dividend yield, and firm size have an influence on stock returns of 96.25% and the remaining 3.75% is explained by other factors not included. in this research. The results of this study indicate that partially TATO, ROE, PBV, and dividend yield, have a positive and significant effect on stock returns at a significant level of 5%. Meanwhile, DER also has a positive and significant effect on stock returns, but at a significant level of 10%. And the firm size variable shows that it has a positive and insignificant effect on stock returns.

Keywords: TATO, DER, ROE, PBV, Dividend Yield, Company Size, Stock Return.

I. Introduction

The development of the capital market in Indonesia has attracted investors to invest. Recorded until December 27, 2019, PT. The Indonesian Central Securities Depository (KSEI) released data on capital market investors in Indonesia, which reached 2.47 million investors. This number increased significantly from the 2018 period of 1.61 million (CNBC Indonesia, 2019). The main objective of investors buying shares is to expect to get the maximum return possible in the future from the dividend (profit sharing) each year and to benefit from the increase in share price (capital gain) when the shares are sold back. From the company side, issuance of shares in the capital market is an alternative to getting funds from investors to finance the company's operations and investment.

Investors who will invest by buying shares in the capital market will first analyze the condition of the company in order to get a return. One of the ways that investors use to get stock returns is by doing fundamental analysis and technical analysis. Another thing that also affects stock returns is from a macroeconomic perspective or the policies made by the government.

Fregina Rahma Nursari¹, Dr. Iman Sofian Suriawinata, SE., AK, MBA., M.COM (Hons)., CA., CPC²

In terms of macro analysis, Sri Mulyani as Minister of Finance announced a policy to increase tobacco excise rates (CHT) by 23% and cigarette selling prices to increase by 35% starting January 1, 2020 (CNBC Indonesia, 2019). If the price of cigarettes increases, the purchasing power of the people will decrease and this will affect the net profit of cigarette companies and the distribution of dividends. If this happens, investors' interest in buying cigarette companies that have been listed on the Indonesia Stock Exchange (IDX), the issuer HMSP in the consolidated financial statements for the first quarter of 2020 released that HM Sampoerna sales fell 7.6 percent compared to the first quarter of 2019.

In this study, researchers used fundamental analysis, and the results of this analysis will have an impact on the long term because the fundamental value reflects the true value of the company. The approach used is to use financial statement data to obtain several ratios that are seen as reflecting the company's financial condition and performance. Broadly speaking, currently in practice there are at least five types of financial ratios that are often used to assess a company's financial condition and performance, namely liquidity ratios, solvency or leverage ratios, activity ratios, profitability ratios and valuation ratios or market size ratios (Hery, 2016). : 26).

According to some literature, there are several factors that can affect stock returns, including: (i) total asset turnover (Dewi, 2016); (ii) debt to equity ratio (Handayani and Zulyanti, 2018, Dewi, 2016; (iii) return on equity (Rahmawati and Yuniati, 2019, Allozi and Obeidat, 2016); (iv) price to book value (Andansari, et al., 2016); (v) dividend yield (Purwandari, 2020); (vi) firm size (Kariuki, et al, 2016). Based on this study,Researchers use activity ratios, solvency ratios, profitability ratios, market size ratios and company sizes. As well as choosing industrial consumer goods companies as research objects. This is because the consumer goods industry company is one of the companies that has good prospects and is also resistant to crises.

II. THEORETICAL BASIS

2.1. Stock

According to Azis (2015: 76), shares can be defined as a sign of participation or ownership of individual investors or institutional investors or traders on their investment or a number of funds invested in a company. The characteristics of shares include being able to receive dividends, having voting rights at the General Meeting of Shareholders (GMS), being able to have Pre-emptive Rights (HMETD) or rights issues, and potential for obtaining capital gains or capital losses.

In the science of financial management, there are several theories that can be applied by companies, the theory that is in accordance with this research is signal theory. Signal theory can explain the reasons why companies should present information for the capital section. Signal theory shows the existence of information asymmetry between company management and parties with an interest in this information, as well as how the company should provide signals to users of financial statements (Putra and Kindangen, 2008). Signal theory suggests the importance of the information issued by the company on investment decisions. Events about dividend distribution announcements are often associated with signaling theory. Dividend increases contain signal information or good news,

2.2.2. Stock returns

Return is the profit obtained by companies, individuals, and institutions from the results of their investment policies. Returns can be in the form of realized returns that have occurred or expected returns that have not occurred but which are expected to occur in the future (Samsul, 2015: 291). In the investment world, it is known that there is a strong relationship between risk and return, that is, if the risk is high, the return will also be high, and vice versa, if the return is low, the risk will also be low (Fahmi, 2014: 450).Systematically, the calculation of stock returns is as follows (Hartono, 2013):

$$R_{t} = \frac{P_{t} - P_{t-1} + D_{t}}{P_{t-1}}$$

2.2.3. Financial Ratios

According to Hery (2016: 19), financial ratios are a ratio calculation using financial reports that serve as a measuring tool in assessing the company's financial condition and performance. Financial ratios show a systematic relationship in the form of comparisons between estimates (post) financial statements. Several uses of financial ratios, which can be used to determine the level of company liquidity, management effectiveness in generating operating profit on assets owned by the company, the need for managed company funds, to determine the rate of return or return of shareholders, and to find out whether management has reached the target. has been established.

According to Kariyoto (2017: 33), the ratio instrument reveals a mathematical relationship between an amount and another or a comparison between one post and another. Ratio analysis can reveal the relationship and at the same time become the basis for comparison which shows conditions or trends that cannot be detected if we only look at the components themselves.

2.2.4. Total Assets Turnover (TATO)

According to Hery (2016: 25), Total Assets Turnover (TATO) is a ratio used to measure how much sales will be generated from each rupiah of funds invested in total assets. According to Zulfikar (2016: 157), Total Assets Turnover (TATO) is a ratio used to measure the turnover of all assets owned by a company and measure how many sales are obtained from each rupiah of its assets. The following is the formula used to calculate TATTOOS (Ross, 2018: 71):



2.2.5. Debt to Equity Ratio (DER)

According to Hery (2016: 78), DER is a ratio used to measure the ratio between total debt and total equity. The higher the DER, the smaller the owner's capital which can be used as debt collateral. According to Hantono (2018: 12) DER is a ratio that shows the extent to which own capital guarantees all debt. The following is the formula used to calculate DER (Hery, 2016: 79):



2.2.6. Return On Equity (ROE)

According to Hery (2016: 107), ROE is a ratio that shows how much equity contributes to creating net income. The higher the return on equity, the higher the amount of net profit generated from each rupiah of funds that is embedded in equity. According to Hantono (2015: 12), ROE is a ratio that shows the level obtained by business owners from the capital that has been spent for the business. The following is the formula used to calculate ROE (Hery, 2016: 108):

$$ROE = \frac{Net \ Profit}{Total \ Equity}$$

2.2.7. Price to Book Value (PBV)

According to Widyatuti (2017: 100), the PBV ratio describes the financial market assessment of the management and organization of an ongoing company (going concern). According to Ross (2018:

75), the PBV ratio compares the market value of a company's investment to the cost or cost. A ratio value of less than 1 means the company is not successful in creating value for its shareholders. The following is the formula used to calculate PBV (Ross, 2018: 75):

$$PBV = \frac{Market \ Price \ per \ Share}{Book \ Value \ per \ Share}$$

2.2.8. Dividend Yield

According to Hery (2016: 27), dividend yield is a ratio that shows the comparison between cash dividends per share and the market price per share. According to Sudana (2009: 27), dividend yield measures how much profit in the form of dividends can be generated from investing in stocks. The higher this ratio, the greater the dividends that can be generated with certain investments in stocks. The following is the formula used to calculate Dividend Yield (Hery, 2016: 27):

 $Dividend Yield = \frac{Dividend per Share}{Market Price per Share}$

2.2.9. Company Size (Firm Size)

The size of the company is one of the factors considered by investors. According to Aisa and Mandala (2016: 6914) Firm size is the size of a company. based on the firm size, the company is divided into large and small companies. The size of the company can be measured by the natural logarithm of total assets (Ln of total assets). Total assets are used as an indicator of the size of the company because it is long-term compared to sales. The following is the formula used to calculate the Firm Size (Hartono, 2014: 282):



2.2.10. Hypothesis Development

Based on the problem formulation and empirical studies that have been done before, the hypotheses proposed in this study are:

- H1 = Total Assets Turnover (TATO) has an effect on stock returns.
- H2 = Debt to Equity Ratio (DER) affects stock returns.
- H3 = Return on Equity (ROE) affects stock returns.
- H4 = Dividend yield affects stock returns.
- H5 = Price to Book Value (PBV) affects stock returns.
- H6 = Firm Size has an effect on stock returns.

2.2.11. conceptual framework



From the theoretical framework above, it can be explained the relationship between the independent variables (TATO, DER, ROE, PBV, dividend yield and firm size) and the dependent variable (stock return). Where the independent variable is thought to have an effect on stock returns as the dependent variable.

III. RESEARCH METHODS

Research strategy which is done with an associative that is causal (cause-effect). The causal research design is used to determine the cause-effect relationship of the variables studied to answer research questions. In this study, there are four independent variables used, namely Total Assets Turnover (TATO), Debt to Equity Ratio (DER), Return on Equity (ROE), Price to Book Value (PBV), Dividend yield, and Firm Size with the dependent variable used is Stock Return.

According to Sanusi (2014: 87), Population is the entire collection of elements that show certain characteristics that can be used to make conclusions. The population in this study are consumer goods industry companies listed on the Indonesia Stock Exchange (BEI). There are 36 consumer goods industry companies.

According to Sanusi (2014: 87), the sample is part of the selected population elements. The sample of this research is the consumer goods industry company whose selection is based on purposive sampling technique, with the following criteria:

1. The company is a company listed in the consumer goods industry sector.

2. Listed as a company listed on the Indonesia Stock Exchange (IDX) that published financial reports from 2014-2018 and has been audited by an independent auditor.

No.	Stock code	Company name
1	ALTO	Tri Banyan Tirta Tbk.
2	BUDI	Budi Starch & Sweetener Tbk.
3	СЕКА	Wilmar Cahaya Indonesia Tbk.
4	DLTA	Delta Djakarta Tbk.
5	DVLA	Darya-Varia Laboratoria Tbk.
6	GGRM	Gudang Garam Tbk.
7	HMSP	HM Sampoerna Tbk.
8	ICBP	Indofood CBP Sukses Makmur Tbk.
9	INAF	Indofarma Tbk.
10	INDF	Indofood Sukses Makmur Tbk.
11	KAEF	Kimia Farma (Persero) Tbk.
12	KETCH	Kedaung Indah Can Tbk.
13	KLBF	Kalbe Farma Tbk.
14	MBTO	Martina Berto Tbk.
15	MLBI	Multi Bintang Indonesia Tbk.
16	MRAT	Mustika Ratu Tbk.
17	MYOR	Mayora Indah Tbk.
18	RMBA	Bentoel Internasional Investama Tbk.
19	BREAD	Nippon Indosari Corpindo Tbk.
20	SIDO	Sido Muncul Tbk's Herbal and Pharmaceutical Industry.
21	TBLA	Tunas Baru Lampung Tbk.
22	TCID	Mandom Indonesia Tbk
23	TSPC	Tempo Scan Pacific Tbk
24	ULTJ	Ultra Jaya Milk Industry & Trading Company Tbk.
25	UNVR	Unilever Indonesia Tbk
26	WIIM	Wismilak Inti Makmur Tbk.

Table 1. Research Sample

Source: Data processed, 2020

The data collection method used in this research is library research. According to Sugiyono (2015), literature study is a theoretical study, references and other scientific literature related to culture, values and norms that develop in the social situation under study. The type of data used in this research is secondary data. According to Sujarweni, (2014: 74), secondary data is obtained from notes, books, magazines in the form of corporate publication financial reports, government reports, articles, books as theory, and others. etc. The data obtained does not need to be processed again.

Data collection methods in this study were obtained from:

- 1. Internet research (Online Research), namely by searching for various data and information related to this research problem through the website <u>www.idx.co.id</u> and the website of each company.
- 2. The literature study method, namely by looking for written information that is used as a reference in obtaining data related to research problems through journals, books, and previous research.

IV. RESEARCH RESULTS AND DISCUSSION

4.1 Description of Research Object

The object of this research is the consumer goods industry companies listed on the Indonesia Stock Exchange (BEI) in 2014-2018. There are as many as 36 companies engaged in the consumer goods industry sector on the Indonesia Stock Exchange, but after selecting the sample using the purposive sampling method with the following criteria: (i) Companies in the consumer goods industry listed on the Indonesia Stock Exchange during the period 2014 to 2018 and (ii) the company publishes audited financial statements using the financial year ended December 31, so there are 10 companies that must be eliminated and finally produce a sample of 26 companies for the purposes of this study.

A consumer goods industry company is a company engaged in manufacturing that processes raw materials into finished goods, which are later sold for consumption or use by the wider community. Consumer goods will continue to be sought after by the public so that sales will be the main thing in order to obtain large profits. To achieve these objectives, management with a high level of effectiveness is required. Measuring the level of management effectiveness can be seen from the company's financial statements. The consumer goods industry company is one of the companies that has good prospects and is also resistant to crises, this is what makes researchers interested in making industrial consumer goods companies as objects to be studied.

4.2 Statistical Analysis of Data

Descriptive analysis used in this study, namely: mean, median, maximum, minimum and standard deviation. Based on the results of statistical tests, 130 data were obtained from the results of research between the 5 year period from 2014-2018 with a total sample of 26 companies. The results of descriptive statistics in this study are:

	RETURN	TATO	DER	ROE	PBV	DIV. YIELD	Firm Size
Mean	0,3680	1,1917	0,7388	0,2618	4,9164	0,0845	12.685,42
Median	0,0443	1,1148	0,5803	0,1422	1,9236	0,0147	3.000,20
Maximum	26,8571	3,1048	3,0286	3,4753	45,4655	3,8496	96.537,80
Minimum	-0,6443	0,2363	-9,4474	-0,3798	-2,9389	0,0000	0,99
Std. Dev	2,4010	0,5810	1,2419	0,5060	8,0751	0,3805	21.174,74
Observations	130	130	130	130	130	130	130

Table 2	. Descriptive	Statistical	Analysis
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Source: Data processed, 2020

Based on table 2, it can be explained that the financial ratios as measured by the total assets turnover (TATO) variable have an average value of 1.1917 with a standard deviation of 0.5810. The minimum value of TATO is 0.2363 and the maximum is 3.1048.

The debt to equity ratio (DER) variable has a maximum value of 3.0286 and The minimum value is -9.4474, while the average value is 0.7388 and the standard deviation value is 1.2419. The return on equity (ROE) variable has an average value of 0.2618 with a standard deviation of 0.5060 and a maximum value of 3.4753 with a minimum value of -0.3798. The dividend yield variable has a maximum value of 3,8496 and a minimum value of 0.0000. The average value of the dividend yield variable is 0.0845 and the standard deviation value is 0.3805.

The company size as measured by firm size shows that the maximum value is IDR 96,537.80 billion and the minimum value is IDR 0.99 billion. The average value of the firm size variable is IDR 12,685.42 billion and the standard deviation value is IDR 21,174.74 billion.

4.3 Panel Data Regression Model Selection Test

Correlated Random Effects - Ha Equation: REM Cross-section random effects te	Tabl usman Test st	e 3. Hausm	an Test Resul	its
Test Summary	TO X	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-section	F2 02	11.11 <mark>1352</mark>	6	0.0850
** WARNING: estimated cross-s	ection rando	om effects va	riance is zero.	

Source: Data processed (2020)

Based on the results of the Hausman test in Table 3, it shows that the probability value of random cross section is 0.0850. This value is smaller than the alpha significance level (0.10). This means that H0 in the Hausman test is rejected, so it can be concluded that the right approach to use is the fixed effect model (FEM) approach.

4.4 Classic Assumption Test

4.4.1 Multicollinearity Test

Table 4. Multicollinearity Test Results

	RETURN	TATTOOS	DER	ROE	PBV	DIV_YIELD	FIRM_SIZE
RETURN	1,000000	0.055912	0.085616	0.000229	0.307628	0.139394	-0.008579
TATTOOS	0.055912	1,000000	-0.027605	0.325562	0.247680	0.217384	0.197711
DER	0.085616	-0.027605	1,000000	-0.031842	0.308964	0.144357	0.071661
ROE	0.000229	0.325562	-0.031842	1,000000	0.291255	0.259115	0.161667
PBV	0.307628	0.247680	0.308964	0.291255	1,000000	0.451423	0.118360

DIV_YIELD 0.139394 0.217384 0.144357 0.259115 0.451423 1,000000 -0.035659 FIRM_SIZE -0.008579 0.197711 0.071661 0.161667 0.118360 -0.035659 1,000000 Source: Data processed (2020)

In Table 4.4, it can be seen that the correlation value between variables in this study does not have a value greater than 0.90, so it can be concluded that there is no correlation in the data used in this study, so this data is good and suitable for further testing.

4.4.2 Correlation Test

Correlation test consists of two types of tests, namely autocorrelation test and cross section dependent test.

1. Autocorrelation Test

Table 5. Autocorrelation Test Results

N	Κ	dL	dU	dw	4- dU	4- dL	Conclusion
130	6	1,6184	1,8110	2.675665	2,189	2.3816	There is negative
							autocorrelation

Source: Data processed (2020)

Based on The results of the autocorrelation test with Durbin-Watson (DW), show that the d value is 2.675665, the dL value is 1.6184 and the dU value is 1.8110. In this case, when viewed from the predetermined basis for decision making, the value of d is close to number 4 so that there is negative autocorrelation.

2. Cross Section Dependence Test

Table 6. Cross Section Dependence Test Results

Residual Cross-Sectio n Dependence	e Test		
Null hypothesis: No cross-section dep	pendence (correlation)	in residuals	
Equation: ORIGINAL_1		ESIA	
Periods included: 5			
Cross-sections included: 26			
Total panel observations: 130			
Note: non-zero cross-section means	detected in data		
Cross-section means were removed	during computation of	correlations	
Test	Statistics	df	Pro

lest	Statistics	đĩ	Prob.
Breusch-Pagan LM	456.2695	325	0.0000
LM scaled magnification	5.148813		0.0000
CD zoom	6.193981		0.0000

Source: Data processed (2020)

Based on the table above, it shows a probability value of 0.0000 < 0.05, these results indicate that there is a cross-section dependence problem.

4.4.3 Heteroscedasticity Test

Table 7. Heteroscedasticity Test Results

Cross-section Test
Panel Cross-section Heteroskedasticity LR Test
Null hypothesis: Residuals are homoskedastic
Equation: ORIGINAL
Specification: RETURN C TATO DER ROE PBV DIV_YIELD FIRM_SIZE

Period Test
Panel Period Heteroskedasticity LR Test
Null hypothesis: Residuals are homoskedastic
Equation: ORIGINAL
Specification: RETURN C TATO DER ROE PBV DIV_YIELD FIRM_SIZE

	Value	df	Probability
Likelihood ratio	387.7751	26	0.0000

Source: Data processed (2020)

Based on the results of the heteroscedasticity test in Table 7, it shows that the probability value on the cross-section test is 0.0000 < 0.05, these results indicate that the error has heteroscedasticity symptoms. The period test shows a probability value of 0.0000 < 0.05, this indicates that the error is a symptom of heteroscedasticity. So, it can be concluded that heteroscedasticity occurs.

4.5 Panel Data Regression Analysis

Hypothesis testing with multiple linear regression is carried out using the E-Views 10 program. After conducting the Hausman test, it can be seen that the correct approach used in this study is the Fixed effect model, which includes the impact of cross-sections effects with white period correction, because of the test results. Classical assumptions show that the research data shows heteroscedasticity symptoms caused by cross-correlation, so panel data regression estimates are carried out using the white period standard error & covariance.

Table 8. Results of Panel Data Regression Analysis

Dependent Variable: RETURN Method: Panel EGLS (Cross-section weights) Date: 08/24/20 Time: 4:29 PM Sample: 2014 2018 Periods included: 5 Cross-sections included: 26 Total panel (balanced) observations: 130 Linear estimation after one-step weighting matrix White period standard errors & covariance (df corrected) WARNING: an estimated coefficient covariance matrix is of reduced rank

Source: Data processed (2020)								
R-squared Sum squared resid	0.240198Me 565.0160Du	ean dep <mark>end</mark> ent Irbin-Wa <mark>tson st</mark>	var at	0.368030 3.113095				
Unweighted Statistics								
Prob (F-statistic)	0.000000		u.	2.010000				
o⊏ or regression F-statistic	2.19380550	ini squared res	at	4/1.0024 2.675665				
Adjusted K-squared	0.962518SL	dependent va	r	11,8/915				
R-squared	0.971525Me	ean dependent	var	1.996543				
	Weighted S	tatistics						
Cross-section fixed (dum	my variables)							
	Effects Spec	cification						
FIRM_SIZE	0.003844	0.132043	0.029115	0.9768				
	0.070433	0.004400	25 95045	0.0000				
RUE	0.097811	0.033890	2.886094	0.0048				
DER	-0.049164	0.026561	-1.850981	0.0672				
TATTOOS	0.443123	0.209001	2.120191	0.0365				
	0.695659	2 0 4 9 9 7 4	0 172624	0.9625				
Variable	Coefficient	Std. Error	t-Statistic	Prob.				

Fregina Rahma Nursari¹, Dr. Iman Sofian Suriawinata, SE., AK, MBA., M.COM (Hons)., CA., CPC²

4.6 Significance Test

4.6.1 Coefficient of Determination (R-Square)

Based on the regression results with the Fixed Effect Model (FEM) shown in table 8, it is known that the Adjusted R-squared value is 0.962518 which indicates that the dependent variable (stock return) can be explained by independent variables (TATO, DER, ROE, PBV, Dividend yield), and Firm size) of 96.25%. While the remaining 3.75% is influenced by other variables which are not analyzed in the regression equation model in this study.

4.6.2 t test

Ghozali (2013: 98) t test is used to test the hypothesis partially to show the effect of each independent variable partially on the dependent variable and to find out how much influence the independent variable has on the dependent variable.

Table 4.8 shows the influence of each independent variable on the dependent variable in this study. This test was carried out with a significance level of 1%, 5%, and 10%. Based on table 4.8, it states that the results of these calculations have the following t test:

1. Based on the results of the t test, it can be seen from table 8 that the probability value is 0.0365, where the value is (0.0365 < 0.05). then from these results states that TATO has a significant effect on the value of companies listed on the Indonesian stock exchange (IDX) can be accepted.

- 2. Based on the results of the t test it can be seen from table 8 that the probability value is 0.0672, where the value is (0.0672> 0.05). with a significance level of 5% DER is not significant, but significant at the 10% level. From these results it can be concluded that DER has a significant effect on the value of companies listed on the Indonesian stock exchange (BEI) and is acceptable (with a significance level of 10%).
- 3. Based on the results of the t test it can be seen from table 8 that the probability value is 0.0048, where the value is (0.0048 <0.05). then from these results it states that ROE has a significant effect on the value of companies listed on the Indonesian stock exchange (IDX).
- 4. Based on the results of the t test, it can be seen from table 8 that the probability value is 0.0000, where the value is (0.0000 <0.05). then from these results it states that PBV has a significant effect on the value of companies listed on the Indonesian stock exchange (BEI).
- 5. Based on the results of the t test, it can be seen from table 8 that the probability value is 0.0000, where the value is (0.0000 <0.05). then from these results it states that the dividend yield has a significant effect on the value of companies listed on the Indonesian stock exchange (BEI) can be accepted.
- 6. Based on the results of the t test it can be seen from table 8 that the probability value is 0.9768, where the value is (0.9768> 0.05). At a significance level of 10% (0.10) the value of 0.9768 is greater than 0.10, so the results state that Firm Size has a significant effect on the value of companies listed on the Indonesian stock exchange (IDX) which cannot be accepted.

V. CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

Based on the results of data processing and the results of discussion in research conducted on 26 consumer goods industry companies listed on the IDX for the 2014-2018 period regarding the effect of financial ratios and company size on stock returns. The financial ratios used in this study are TATO, DER, ROE, PBV, dividend yield and firm size using the firm size ratio. Then it can be concluded as follows:

- 1. TATO has a positive and significant effect on stock returns in consumer goods industry companies listed on the IDX for the 2014-2018 period.
- 2. DER has a negative and significant effect on stock returns in consumer goods industry companies listed on the IDX for the 2014-2018 period.
- 3. ROE has a positive and significant effect on stock returns in consumer goods industry companies listed on the IDX for the 2014-2018 period.
- 4. PBV has a positive and significant effect on stock returns in consumer goods industry companies listed on the IDX for the 2014-2018 period.
- 5. Dividend yield has a positive and significant effect on stock returns in consumer goods industry companies listed on the IDX for the 2014-2018 period.
- 6. Firm size has no significant effect on stock returns in consumer goods industry companies listed on the IDX for the 2014-2018 period.

5.2 Suggestions

Based on the results of this study, the researcher can provide suggestions, including:

1. Investors and potential investors are expected to be even more selective in choosing companies to invest in. Investors are expected to pay more attention to the company's financial performance. This research shows that consumer goods companies that have high value on

TATO, ROE, PBV and Dividend Yield can be used as a positive signal for investors in making investment decisions, while the high value owned by DER can be used as a negative signal for investors in making investment decisions.

- 2. For companies, especially companies engaged in the consumer goods industry, to pay more attention to the company's performance and ability to manage debt, it can be seen in the DER ratio. This is because if the higher the DER value will have an impact on the decline in company profits, if the company's profits decline, investors will be less interested in investing so that the stock price will decline further. In addition, companies need to pay attention to the value of TATO, ROE, PBV and Dividend Yield because the higher these values will make it easier for the company to get investment.
- 3. For further research academics, it is advisable to conduct research on other sector companies with different years of research and use other independent variables in order to provide another picture of the factors that affect stock returns. The difference between the object and the research subject will affect the results of different studies.

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