

THE EFFECT OF PROFITABILITY, CAPITAL STRUCTURE AND SALES GROWTH ON STOCK RETURN

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Abstract: The purpose of this study are as follows: 1) To examine the effect of profitability on stock return; 2) To examine the effect of the Capital Structure on Stock Return; and 3) To examine the effect of Sales Growth on Stock Return. This type of research used in this study is a casual associative research (causal associative research). The population in this study are property, real estate, and building construction companies listed on the Indonesia Stock Exchange in 2013-2018. Sample selection with purposive sampling method. The analytical method used to test hypotheses is the Multiple Regression Test. The results showed that: 1) Profitability did not affect Stock Return in a positive direction; 2) Capital Structure has a positive effect on Stock Return; 3) Sales growth has no effect on Stock Return in a negative direction.

Keywords: Profitability, Capital Structure, Sales Growth, Stock Return

INTRODUCTION

One of the things that become a benchmark for a country's economic development is the level of world capital market development and securities industries in that country. The capital market acts as a means to mobilize funds from parties who have excess funds to those who need funds. The presence of the capital market increases the choice of sources of funds and investment choices for investors, so that the opportunity to obtain greater returns in accordance with the characteristics of the selected investment. According Jogiyanto (2015) investment activity itself is an activity of placing funds in one or more assets during a certain period in the hope of earning income or an increase in the value of the initial investment (capital) which aims to maximize the expected return (return) within the risk limit acceptable to every investor.

The main conditions desired by investors to be willing to channel their funds through the capital market are a feeling of security of the investment being invested and the level of return that will be obtained from the investment. This feeling of security is obtained among others because investors obtain clear, reasonable and timely information as a basis for making investment decisions. Return is also a return obtained by investors for their decision to bear the risk of the investment made, because the capital market cannot provide guarantees to investors to obtain stock returns with certainty.

Trisnawati (2009) states that the capital market has a number of unique characteristics when compared to other markets. One of these characteristics is uncertainty about the quality of the products offered. This uncertainty situation encourages rational investors to always consider the risk and expected return of each security which is theoretically directly proportional. The greater the expected return, the greater the inherent risk level, and vice versa. To achieve optimal returns, investors also need to make various considerations and accurate analysis before buying, selling, or holding shares.

Shares of companies that go public as investment commodities are classified as having a high level of risk because they are very sensitive to changes in political and economic conditions and changes that occur within the company itself. These changes can have a positive or negative impact on the company's stock price. This shows that investors need to take a cautious attitude in investing in the form of shares to prevent possible losses to be received. One of the efforts to prevent these losses is to predict stock returns that investors might receive in the future.

According to Musyarofah et al., (2015) that the higher the stock returns, the better the company's financial performance so that the return on investment invested by investors will be even greater. This will make investors interested in the company's shares and make the demand for company shares will increase. Conversely, if the company's return is lower, it will make investors not interested to invest their funds into the company because investors will assess the company's performance is not good and the low rate of return on investment invested by investors. To assess a company's performance, investors can use financial ratios. In this study the authors use several financial ratios as independent variables, namely profitability, sales growth, and capital structure because these three factors better reflect the company's ability to carry out its business activities.

Profitability is the ability of a company to operate in the long run which depends on obtaining an adequate level of profit (Pearce and Robinson, 2008). Profitability in this study is proxied by the ROA (Return On Asset) ratio. ROA measures the rate of return from business on all existing assets (Sugiono, 2009). ROA ratio is important to measure the company's ability to make a profit by utilizing the company's assets. High ROA shows that the company is able to make good use of assets in making a profit, thereby increasing the company's stock price. The higher the company's profitability, the higher the company's stock price. The results of Anisa's research (2015), Haryanto (2016), Bintara&Tanjung. (2019) and Solihati (2019) show that profitability has a positive effect on stock returns. However, research conducted by Susilowati&Turyanto (2011), and Budialim (2013) found conflicting results namely profitability had no significant effect on stock returns.

According to Brigham and Houston (2011), capital structure is a proportion or comparison in determining the fulfillment of corporate spending needs, whether by using debt, equity, or by issuing shares. In a company, of course, to finance all activities is a company consideration because from an economic point of view capital structure is very influential in allocating funds both short and long term, of course the company has plans in the future, so that the opportunity in allocating funds will be optimal. Capital structure decisions include the selection of sources of funds both from their own capital and foreign capital in the form of debt, both of these funds are external funds that can affect stock prices. In addition to profits, the negative impact can also be caused by debt that is too high is the risk of default due to high interest costs and principal debt that exceeds the benefits provided from the debt, which can cause share prices to decline.

One ratio that reflects the capital structure is the DER (debt to equity ratio). According to Nelson (2012) DER is a comparison of a company's long-term debt with shareholder equity or owner's equity. According to Anisa (2015) and Bintara&Tanjung. (2019) in his research, stated that capital structure has a significant effect on stock returns. However, research conducted by Vitri& Indra (2018), and Solihati (2019) found conflicting results namely Capital Structure (DER) had no significant effect on stock returns.

Sales growth reflects the success of investment in the past period and can be used as a prediction of future growth. Sales growth is also an indicator of demand and competitiveness of companies in a company (Deitiana, 2011). In addition, the company also continues to maintain and increase sales growth to increase company profits and attract investors to invest which in turn has an impact on stock prices. So the higher the sales growth, the higher the company's stock price. Tumonggor et al (2017) research results show that sales growth affects stock returns. But the results of Nurmasari's research (2017) show that sales growth has no significant effect on stock returns.

The object of this study was conducted on companies listed on the Indonesia Stock Exchange using a sample of Property, Real Estate, and Building Construction companies listed on the Indonesia Stock Exchange. The reason for using Property, Real Estate, and Building Construction companies is because of developments in the country's massive development in the face of the Asian Economic Community (AEC) and of course involving property, real estate and building construction companies. The service industry is one of the highly developed fields in Indonesia, especially property, real estate, and building construction companies. This development can be seen from the massive mega-project development, and continues to spread throughout Indonesia. With the increasing number of developments, property, real estate, and building construction companies are one of the biggest users of the state budget and the largest tax contributor after the mining sector.

Based on the description above, the authors are interested in conducting a study entitled "The Effect of Profitability, Capital Structure and Sales Growth on Stock Return"

From the description of the research background above, it can be formulated the main issues that will be discussed in this study, namely: 1) Does Profitability significantly influence Stock Return?; 2) Does the Capital Structure have a significant effect on Stock Return?; and 3) Does Sales Growth significantly influence Stock Return?.

LITERATURE REVIEW

Agency Theory

Jensen and Meckling (1976) state that an agency relationship is a contract between a manager (agent) and an investor (principal). There is a conflict of interest between the owner and agent because the possibility of the agent acting is not in accordance with the interests of the principal, thereby triggering agency costs. Conflict in agency theory is usually caused by decision makers who do not participate in taking risks as a result of decision making mistakes. According to decision makers, the risk should be borne by the shareholders. This is what causes the asynchronous between the decision maker (manager) with the shareholders. Conflicts between shareholders and company management can be minimized in a way, managers must run the company in accordance with the interests of shareholders as well as in making decisions by managers must be adjusted to the interests of shareholders (Wahyuni, 2013).

Stakeholders Theory

According to Clarkson (1995) in Hasian (2017), stakeholders are divided into two groups, namely primary and secondary. Primary stakeholders are groups of stakeholders who do not take part or participate in the operations of a company. Secondary stakeholders are groups of stakeholders who influence and are influenced by the company, but are not involved and are not so important for the survival of the company.

Stakeholder theory is a theory that states that a company is an entity that not only operates for its own interests, but must provide benefits to all its stakeholders, because the survival of a company is supported by stakeholders (Ghazali and Chariri, 2007 in Hasian, 2017) . Shareholders, creditors, consumers, suppliers, the government, the public, analysts, and other parties are stakeholder groups that are considered by the company to disclose or not reveal information in the company's financial statements. All stakeholders have the right to obtain information about company activities.

Signaling Theory

Signaling theory is a theory that discusses the ups and downs of prices in the market such as the prices of stocks, bonds, and so on, so that it will influence the investor's decision. Investors' responses to positive and negative signals are very influential in market conditions, they will react in various ways in responding to these signals. If the company gives a convincing signal to potential investors, investors will be interested and this will affect the price of the security.

According to Tandelilin (2010), this signal theory assumes that asymmetric information that occurs in the market causes it to have to make corrections of information by giving concrete actions and will clearly be captured as a signal that distinguishes it from others. The impact of a signal error will actually cause a negative response greater than a positive response when sending the wrong signal to the market.

Profitability

Profitability is the ability of a bank to generate profits, both from operational activities and those from non-operational activities. Profitability is one of the factors considered in assessing whether a bank is healthy or not other than capital, asset quality, management and liquidity (Hafidz and Safira, 2018).

Profitability in this study was measured by Return On Assets (ROA). ROA is one ratio that measures the level of profitability of a company. ROA is used to determine the amount of net profit that can be obtained from the company's operations using all of his wealth. High and low ROA depends on the management of company assets by management that illustrates the efficiency of the company's operations. The higher the ROA the more efficient

the company's operations and vice versa, the lower ROA can be caused by the number of company assets that are unemployed, investments in excess inventory, excess paper money, fixed assets operating below normal and others occur on the stock exchange (Teguh, 2014). ROA is obtained from the comparison of net income with the company's total assets.

Investors will like a company with a high ROA value because a company with a high ROA value can produce a greater profit level than a company with a low ROA value (Ang, 1997 in Teguh, 2014). The higher the value of ROA, the better the company's performance on the use of its assets.

Based on Bank Indonesia Circular Letter No.13 / 24 / DPNP dated 25 October 2011 (Hafidz and Safira, 2018). Return On Assets can be calculated using the formula:

$$ROA = \frac{\text{Profit before tax}}{\text{Total Assets}}$$

Capital structure

According to Sudana (2011) Capital structure is related to the long-term expenditure of a company as measured by the comparison of long-term debt with own capital. Companies that are public (go public), have access to a wider source of funding, with consideration that the shares can be sold to the wider community, whereas companies with a closed status and not a limited liability company, funders generally rely on their own capital (equity) and debt to third parties three (Sugiarto, 2009).

The capital structure in this study is measured by Debt to Equity Ratio (DER). DER is a ratio that illustrates the ratio of debt and equity in corporate funding and shows the ability of the company's own capital to meet all its obligations (Sawir, 2000 in Anisa, 2015). According to Susilowati&Turyanto (2011) the greater use of debt, which is reflected by the greater debt ratio (ratio of debt to total assets), the same earning before interest and tax (EBIT) will result in greater earnings per share. If earnings per share increase, investor interest will also increase. This will have an impact on increasing share prices and causing an increase in stock returns.

The formula of Debt to Equity Ratio (DER) according to Husnan (2015) is

$$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

Sales Growth

The growth rate of sales shows the rate of change in sales from year to year. The higher the growth rate, a company will rely more on external capital. According to Brigham and Houston (2006 in Mahapsari and Parks, 2013) a company whose sales are relatively stable will be safe in taking on more debt and bear higher fixed costs than companies whose sales are unstable. In this study sales growth used is the growth of sales. Formulated as follows:

$$\text{Growth} = \frac{\text{Sales}_t - \text{Sales}_{t-1}}{\text{Sales}_{t-1}}$$

Stock Return

Stock return or stock returns are one of the most important aspects in conducting investment analysis. Stock return is the level of profit that investors will enjoy for an investment they make. The amount of stock returns can be seen from the abnormal return obtained by investors in connection with the occurrence of stock split events.

Abnormal return is the difference between the actual return that occurs with the expected return. Positive abnormal returns indicate that the return received is greater than the expected return, conversely if the return received is smaller than expected; it is called a negative abnormal return.

Calculation of abnormal returns in this study uses a market-adjusted model, namely the market adjusted model. In this model, it is assumed that the best predictor for returning a security is the market index return at that time. If the market index return at the time of the announcement is 10%, the expected return of all securities at the same time is the same as the market index return of 10%. If the return of a security at the same time is 25%, the abnormal return for the security is 15% (Jogiyanto, 2015).

Some studies on the study of events also use abnormal accumulated returns. Accumulation of abnormal returns (cumulative abnormal return (CAR) is the sum of abnormal returns of the previous day in the event period for each security (Jogiyanto, 2015). To get the cumulative abnormal return (CAR), several steps are needed, namely:

- a. Calculate Actual Stock Returns during the event period. To calculate the Actual Return formula is used as follows:

$$R_{i,j} = \frac{P_j - P_{j-1}}{P_{j-1}}$$

Wherein:

$R_{i,j}$ = stock return to i in the estimated period to j

P_j = stock price to i in the estimated period to j

P_{j-1} = stock price to i in the estimated period to j-1

- b. Calculate daily stock expected returns during the event period.

Expected Return is to calculate the expected return on securities by finding a weighted average value of all possible returns. Brown & Warner (1980) states that the expected return can be calculated using three models in order to test market efficiency, namely:

- 1) Mean-adjusted Returns

The mean-adjusted return model assumes that the expected return is constant which is equal to the previous average return realization during the estimation period. The formula is as follows:

$$E[R_{i,t}] = \frac{\sum_{j=t1}^{t2} R_{i,j}}{T}$$

Wherein:

$E[R_{i,t}]$ = Expected return on security i at time t

$R_{i,j}$ = Return on securities realization i in the estimated period j

T = The duration of the estimation period, namely from t1 to t2

- 2) Market Model Return

The expected return calculation with the market model is done in two stages, namely: (1) forming the expectation model using realization data during the estimation period, and (2) using this expectation model to estimate the expected return in the window period. Expectation models can be formed using OLS (Ordinary Least Square) regression techniques with the equation:

$$R_{i,j} = a_i + \beta_i \cdot R_{Mj} + \mathcal{E}_i$$

Wherein:

$R_{i,j}$ = Return on securities realization i in the estimated period j

a_i = Intercept in regression for securities i.

β_i = Regression coefficients which state the regression line slope.

R_{Mj} = Market index return in the estimated period j which can be calculated by the formula:

$$R_{Mj} = \frac{IHSG_j - IHSG_{j-1}}{IHSG_{j-1}}$$

\mathcal{E}_i = Error in securities residue i in the estimated period j

- 3) Market-Adjusted Model

Market-adjusted model assumes that the best estimator for estimating a security's return is the market index return at that time. By using this model, it is not necessary to use the estimation period to form the estimation model, because the estimated return of securities is the same as the market index return.

- c. Menghitung Abnormal Return saham selama event period.

With the formula:

$$AR_{it} = R_{it} - E(R_{it})$$

Wherein:

$AR_{i,j}$ = abnormal return securities i in the estimated period j

$R_{i,j}$ = Return on securities realization i in the estimated period j

$E(R_{it})$ = Expected stock return i on day t

Because this study uses Market Adjusted Model which has the assumption that the expected return of all shares or issuers is the same (close to equivalent) with the expected market return, the following formula will be obtained:

$$AR_{it} = R_{i,j} - R_{M,j}$$

Wherein:

$AR_{i,j}$ = abnormal return securities i in the estimated period j

$R_{i,j}$ = Return on securities realization i in the estimated period j

$R_{M,j}$ = Market index return in the estimated period j

- d. Calculate the Abnormal average Stock return on day t with the following formula:

$$AAR_{nt} = \frac{\sum_{i=1}^n AR_{it}}{n}$$

AAR_{nt} is the average stock abnormal return on day t, N is the number of companies studied.

- e. Calculating Cumulative Abnormal Daily return of each share during the observation period with the following formula:

$$CAR_{Nn} = \sum_{t=-10}^{t=+10} AAR_{nt}$$

CAR_{Nn} is the daily accumulation of abnormal returns per share. The event period is determined by the researcher, which is 21 days, which is 10 days before and 10 days after the Internet Financial Reporting.

Prior Research

Previous research that can support this research is as follows: Heryanto (2016) in his research entitled "The Effect of Liquidity and Profitability to Bank Stock Returns in Indonesia Stock Exchange (IDX)". The results of this study indicate that liquidity and profitability have a significant effect on stock returns.

Vitri and Indra (2018) in their research entitled "Effect of Debt to Equity Ratio, Total Asset Turnover, Inflation and BI Rate on Stock Returns". The results showed that inflation and the BI rate had a significant effect on stock returns. Whereas Debt to Equity Ratio (DER) and Total Asset Turn over (TATO) have no effect on Stock Returns.

Solihati (2019) in her research entitled "Analysis of Factors Affecting Abnormal Returns in the Private Banking Sector Registered in Indonesia Stock Exchange 2015-2017". The results of this study concluded that NPM, DR, and DER had no effect on Cumulative Absolute Return. While ROE has significant and significant effect on Cumulative Absolute Return.

Bintara & Tanjung. (2019) in his research entitled "Analysis of Fundamental Factors on Stock Return". The results of this study prove that 1) ROA has a positive effect on Stock Returns; 2) CR has a positive effect on Stock Returns; 3) DER has a negative impact on Stock Returns; 4) PER has a positive effect on stock returns; and 5) PBV does not affect Stock Return.

Thought Framework

Based on the theoretical foundation and previous studies, the researcher develops the research framework tested as shown in the following figure:

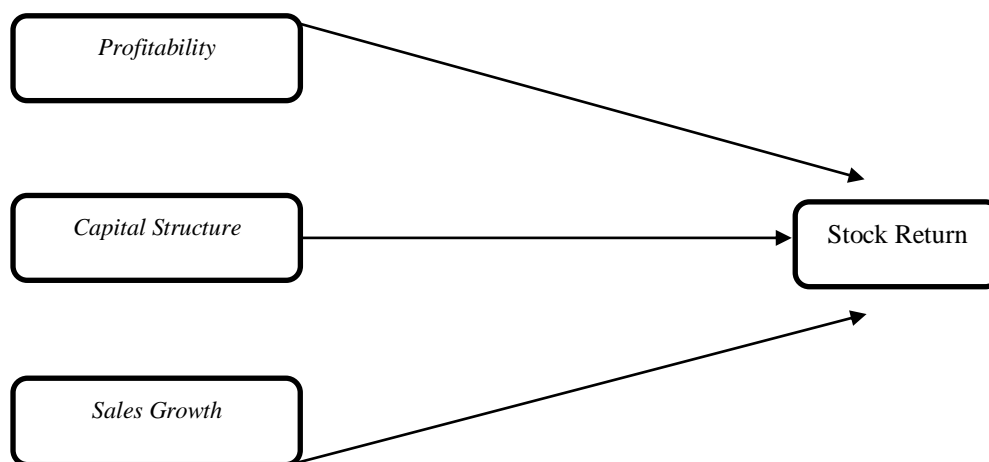


Figure 1.1 Frameworks for Thinking

Hypothesis

The research hypotheses proposed are as follows:

Ha1: Profitability has a positive effect on Stock Return

Ha2: Capital Structure has a positive effect on Stock Return

Ha3: Sales Growth has a positive effect on Stock Return

RESEARCH METHOD

Types of research

The research used in this study is casual associative research (causal associative research). According to Sanusi (2011), associative-causal research is a research that seeks a relationship between two or more variables. The purpose of associative research is to look for relationships between one variable and another.

Definition of Variable Operations

Operational research variables on the Effect of Profitability, Capital Structure and Sales Growth on Stock Return can be summarized in table 1.1.

Table 1.1 Operationalization of Variables

Variable Type	Operational definition	Measurement	Scale
Dependent			
<i>Stock Return</i>	The benefits that investors enjoy for the stock investment they do (Jogiyanto, 2015)	CAR	Ratio
Independent			
Profitability	The ability of a bank to generate profits, both from operational activities and from non-operational activities.	ROA	Ratio
Capital Structure	An illustration of the form of corporate financial	DER	Ratio

Variable Type	Operational definition	Measurement	Scale
	proportion between owned capital sourced from long-term liabilities and shareholder's equity which is a source of financing for a company.		
Sales Growth	The rate of change in sales from year to year.	Growthonsales	Ratio

Data Types and Sources

The data used in conducting this research is secondary data, that is data obtained through intermediaries from both parties and certain media that support this research. The data used in this study are secondary data in the form of financial statements of property companies, real estate, and building construction which were listed on the IDX during 2013-2018 obtained from the Indonesia Stock Exchange website (www.idx.co.id) and the site official of each of these companies.

Research Population

The population in this study are property, real estate, and building construction companies listed on the Indonesia Stock Exchange in the period 2013-2018.

Research Samples

The sample is part of the population used to estimate population characteristics. The sampling technique is using purposive sampling technique. According to Widyani (2010) the purposive sampling method is the selection of samples on the basis of the suitability of the characteristics of the sample with the specified sample selection criteria. The sample criteria used in this study are:

1. Property, Real Estate and Building Construction Companies listed on the Indonesia Stock Exchange for the period 2013-2018.
2. Publish audited financial statements for the period 2013-2018.
3. The company did not experience a loss during the study year.
4. Data owned by the company are complete and in accordance with the variables studied.

According to the criteria above, the number of samples used were 13 companies during the 6 periods namely 2013, 2014, 2015, 2016, and 2018. Then the number of samples obtained was 13 companies x 6 periods = 78 data to be used in this study.

Data collection technique

Data collection methods in this research are literature study and documentation methods. Literature study method by studying literature and reviewing a variety of literature literature such as various journals, articles and other literature books that support the research process. While the documentation method is the process of collecting data by recording documents related to this research.

Analysis Method

Descriptive statistics

Descriptive statistics in this study are used to provide a description of the character of the research variable using a frequency distribution table that shows the mode number, the range of scores and the standard of division

Classic assumption test

This research was conducted with a simple regression analysis. The use of simple regression analysis must be free from testing classic assumptions. For this reason, before a simple regression analysis is required, classical

assumptions must be tested first. Testing classic assumptions is done using normality test, multicollinearity test, heterokedasticity test and autocorrelation test.

Hypothesis testing

In this study the authors used five independent variables and one dependent variable. The analytical method used to test the hypothesis is the multiple regression method, namely regression used to find out how much influence the independent variable has on the dependent variable, with a simple linear regression analysis that aims to meet the researchers' expectations regarding the effect of profitability, capital structure and sales growth on stock returns . Regression analysis using SPSS software version 25. The regression equation is as follows: $Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \epsilon$

Where :

- Y = Stock Return
- α = constant or price Y if X = 0
- β = number or direction of the regression coefficient, which indicates an increase or decrease in the dependent variable based on the independent variable

- X1 = Profitability
- X2 = Capital Structure
- X3 = Sales Growth
- ϵ = level of disturbing error

In this study, the significance level (α) of 0.05 or 5% was used. To test whether the proposed hypothesis is accepted or rejected, a test of the research variables is carried out by simultaneously testing through the simultaneous significance test (F statistic test), which intends to explain the effect of the independent variable on the dependent variable. Meanwhile, to test each variable partially, it is carried out by means of an individual parameter significance test (statistical t test) which aims to find out whether the independent variable influences the dependent variable, and which variables are dominantly affecting the dependent variable.

RESEARCH RESULTS AND DISCUSSION

Research Data Description

The following are descriptive statistical results about the research variables as follows:

Table 1.2 Descriptive Statistics Results

Variable	N	Min	Max	Mean	Std. Deviation
Profitability	78	0,01	0,24	0,07	0,042
Capital Structure	78	0,28	5,37	1,63	1,212
Sales Growth	78	-0,37	1,16	0,17	0,279
Stock Return	78	-0,01	0,02	0,0004	0,0054

Source: Primary data processed (2020)

Based on Table 1.2 above can be presented descriptive statistical results about the research variables as follows: The average value of the Profitability Variable measured by Return on Assets (ROA) of 0.07 or 7%, with a standard deviation of 0.042 or 4, 2%, which means the data used is highly fluctuating from 2013 to 2018. Profitability variables range from the lowest value of 0.01 (1%), namely Sentul City Tbk companies in 2015 to the highest value of 0.24 (24%) namely Bekasi Fajar Industrial Estate company in 2015. The average value of profitability of 0.07 shows that every Rp 1 of the funds invested by investors as share capital, will generate a net profit of 7%.

The average value of the Capital Structure Variable measured by Debt to Equity Ratio is 1.63% with a standard deviation value of 1.212, this shows that the data used fluctuated greatly from 2013 to 2018. The Capital Structure Variable ranges from the lowest value of 0,28%, namely Bekasi Fajar Industrial Estate company in 2014 up to the highest value of 11.4%, namely Adhi Karya (Persero) Tbk. Year 2014.

Sales Growth Variable has an average of 0.17% with a standard deviation value of 0.279%, this shows that the Sales Growth Variable data used is highly fluctuating from 2013 to 2018. Sales Growth Variable ranges from the lowest value of -0.37 % ie Bekasi Fajar Industrial Estate company in 2014 up to the highest value of 1.16%, namely Sentul City Tbk company in 2016.

The average value of the Stock Return Variable measured by Cumulative Abnormal Return (CAR) of 0,0004 with a standard deviation value of 0.0054, which means the data used is highly fluctuating from 2013 to 2018. Cumulative Abnormal Return ranges from the lowest value of -0.01, namely the Sentul City Tbk company in 2016 up to the highest value of 0.02, namely the Adhi Karya (Persero) Tbk company. in 2016. The average value of Cumulative Abnormal Return of 0,0004 shows that as many as 0.04% of companies received a positive market response from investors.

Classic Assumption Test

Normality test

Testing for normality using the Lilliefors test. Provisions in the error test are if the statistic L count <L table ($\alpha = 0.05$), then the error data is normally distributed. But if L count > L table ($\alpha = 0.05$), then the data is not normally distributed.

Thus the overall results of the normality test calculation using the Lilliefors test can be seen in the summary in Table 1.3.

Table 1.3 Summary of Normality Test

No	Estimation	n	L _{count}	L _{Table}		Decision
				$\alpha = 0,05$	$\alpha = 0.01$	
1	Y atas X1	78	-0,1064	0,1003	0,1167	Normal
2	Y atas X2	78	-0,1126	0,1003	0,1167	Normal
3	Y atas X3	78	-0,1016	0,1003	0,1167	Normal

Source: Primary data processed (2020)

Multicollinearity Test

Multicollinearity Test aims to test whether in a regression model found a correlation between independent variables. A good regression model should not occur correlation between independent variables (Ghozali, 2010). Detection of the presence or absence of multicollinearity in this study by (1) analyzing the correlation matrix between independent variables, if there is a high enough correlation between independent variables (generally above 0.90), then this is an indication of multicollinearity, (2) Looking at the value tolerance and the value of the variance inflation factor, a regression model that is free from multicollinearity problems if it has a tolerance value of more than 0.10 or 10% and the value of the variance inflation factor (VIF) is less than 10. The results of the tolerance calculation are in accordance with Table 1.4. shows that there are no independent variables that have a tolerance value of less than 10%; all tolerance values are more than 10%; which means there is no correlation between variables. The results of the calculation of the value of the variance inflation factor (VIF) also show the same thing, there are no independent variables that have a VIF value of more than 10; the value of the variance inflation factor (VIF) are all less than 10. The conclusion is that there is no multicollinearity between the independent variables in the regression model based on the tolerance value test.

Table 1.4 Summary of Multicollinearity Test

Variable	Co linearity Statistics	
	Tolerance	VIF
Profitability	0,932	1,073
Capital Structure	0,938	1,066
Sales Growth	0,964	1,037

Source: Primary data processed (2020)

Autocorrelation Test

Autocorrelation test is used to determine whether there is a correlation between a fault in a certain period with a mistake in the previous period. A good regression model is a regression that is free from autocorrelation. Autocorrelation test can be done by testing the Durbin-Watson (DW). The autocorrelation test results can be seen in the following Table 1.5:

Table 1.5 Autocorrelation test results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,640 ^a	0,410	0,386	0,004	1,745

Source: Primary data processed (2020)

Based on SPSS output, the Durbin Watson statistical value is 1,745. While from the Durbin Watson table with $n = 78$ and $k = 3$, we get d tables, namely d_l (outer boundary) = 1.554 and d_u (inner limit) = 1.713 with a significance level of 5%, $4 - d_u = 2,287$; and $4 - d_l = 2,447$; then from the calculation it is concluded that the DW-test is located in the test area. Referring to Ghozali (2010), the regression model in this study is free from the autocorrelation problem because the Durbin Watson values are between d_u and $4 d_u$.

Heteroscedasticity Test

Heterokedastisitas test is used to determine whether or not there is a deviation from the classic assumption of heterokedasticity, that is, the variance of the residual inequality for all observations in the regression model (Priyatno, 2009). Detection of heterokedastisitas are: 1) Probability value > 0.05 means free from heterokedastisitas. 2) Probability value < 0.05 means it is exposed to heterokedasticity. The test results using the Spearman rank test can be seen in the following Table 1.6:

Table 1.6 Heteroscedasticity Test Results

		X1	X2	X3	
Spearman's rho	Absres	Correlation Coefficient	0,066	0,034	0,010
		Sig. (2-tailed)	0,331	0,770	0,928
		N	78	78	78

Source: Primary data processed (2020)

Spearman rank test results in the table above shows the value of the probability of significance for the variable profitability, capital structure, and sales growth of 0.331; 0.770; and 0.928. Because the significance value of probability for profitability, capital structure, and sales growth is greater than 0.05, it can be concluded that the data are free from heterocedasticity.

Hypothesis test

Multiple regression analysis

Multiple regression analysis is used to get the regression coefficient which will determine whether the hypothesis made will be accepted or rejected. By using multiple linear regression methods the following results are obtained:

Table 1.7 Regression Analysis Results

Model		B	T _{count}	Sig	T _{table}	adj R ²	F _{count}	Sig
1	(Constant)	-0,005			1,665	0,386	17,136	0,000
	X1	0,015	1,240	0,219				
	X2	0,003	7,150	0,000				
	X3	-0,002	-1,290	0,201				

Source: Primary data processed (2020)

Based on the results of the regression tests above, an equation can be formed as follows: $Y = -0,005 + 0,015X_1 + 0,003X_2 - 0,002X_3 + \epsilon$

Determination Coefficient Test (R²)

The coefficient of determination shown by the adjusted R Square value. The adjusted R-Square value of the regression model is used to find out how much the ability of the independent variable in explaining the dependent variable. From Table 1.7 it is known that the adjusted R square value is 0.386. This means that 38.6% of Stock Return can be explained by variations in independent variables namely profitability, capital structure, and sales growth, the remaining 61.4% (100% - 38.6%) is explained by other causes outside the model.

Simultaneous Significance Test (Statistical Test F)

Simultaneous significance test (Test F) is used to show whether all the independent variables entered in the model have an influence together on the dependent variable. (Ghozali, 2009). If the analysis using the F test shows that all the independent variables simultaneously are an explanatory significance of the dependent variable.

From the Anova test or the F test in Table 1.7 above, the F value is 17,136 with a significance probability of 0,000. Test probability values are much smaller than $\alpha = 0.05$. This shows that jointly (simultaneously) Stock Return can be influenced by profitability variables, capital structure, and sales growth.

Significance Test of Individual Parameters (t Test)

Effect of Profitability on Stock Returns

Based on the calculation results in Table 1.7 above shows that the Profitability variable has no effect on Stock Return, which can be seen from the comparison between ttable and tcount, ie ttable is smaller than tcount, with a ttable value of 1.665 and tcount 1.240 and a significance level greater than 0, 05. Thus Ha1 was rejected.

Effect of Capital Structure on Stock Return

Based on the calculation results in Table 1.7 above shows that the Capital Structure variable has a positive effect on Stock Return, which can be seen from the comparison between ttable and tcount, which is ttable smaller than tcount, with a ttable value of 1,665 and ttest 7,150 and a significance level below 0.05. Thus Ha2 received.

Effect of Sales Growth on Stock Returns

Based on the calculation results in Table 1.7 above shows that the Sales Growth variable has no effect on Stock Return, which can be seen from the comparison between ttable and tcount, ie ttable is smaller than tcount, with a ttable value of 1.665 and tcount -1.290 and a significance level greater than 0.05. Thus Ha3 was rejected.

Discussion

Effect of Profit ability on Stock Return

From the results of the study note that profitability measured by Return On Assets does not affect Stock Return. This shows that the better the company's profitability, the higher the stock returns. The results of this evidence indicate that companies with good or increased profitability have the potential for attractiveness of the company by investors. This condition makes the company's stock price increase so that the increase in profitability will have an impact on the company's stock return.

These results support research conducted by Yeye (2011), Arista & Astohar (2012), Widyawati (2012), and Thrisye & Simu (2013) which states that ROA has no effect on stock returns. However, the results of this study are not in line with research conducted by Farkhan & Ika (2012), Bramantyo and Daljono (2013), Bintara (2015), Nesa (2015), Heryanto (2016), and Bintara & Tanjung. (2019) which states that the Return On Assets variable has a positive effect on the company's stock returns.

Effect of Capital Structure on Stock Return

From the results of the study note that the Capital Structure as measured by Debt to Equity Ratio has a positive effect on Stock Return. This indicates that if the company's burden is getting higher, the company's performance is getting better and this has an impact on raising stock prices in the capital market. With the increase in the company's stock price in the capital market, the return also increases.

Debt to equity ratio (DER) can provide an overview of the capital structure owned by the company so that it can be seen the level of risk of unpaid debt. The greater the debt to equity ratio, indicating the greater the company's burden on outsiders, both in the form of principal and interest on the loan. The statement is supported by a trade off theory in which a capital structure states that companies exchange tax benefits from debt financing with problems arising from potential bankruptcy.

The results of this study support the findings of Susilowati and Tri (2011), Acheaphong et. al (2014), Basalama et. Al (2017), and Bintara&Tanjung (2019), which shows that the Capital Structure (Debt to Equity Ratio) has an effect on stock returns.

Effect of Sales Growth on Stock Return

From the results of the study note that the variable Sales Growth does not affect Stock Return in a negative direction. If sales growth decreases, it will not necessarily increase stock returns. This is because sales growth does not guarantee a high rate of return and guarantees security for invested capital. Therefore the results of this study indicate that sales growth has no effect on stock returns.

According to Fahmi (2011), sales growth is a ratio that measures how much a company's ability to maintain its position in the industry and in economic development in general. According to Riyanto (2010), the faster the company's growth rate, the greater the need for funds to finance the company's growth. The greater the need for funds in the future to finance its growth, the company usually prefers to withhold income rather than being paid as dividends to shareholders by keeping in mind the cost constraints. Thus it can be said that the faster the company's growth the greater the funds needed, the greater the opportunity for profit, the greater the share of income retained from the company, which means the lower the dividend payout ratio.

The results of this study are supported by research by Kusumawati & Syafiq (2019), which states that sales growth has no effect on stock returns. However, the results of this study are not in line with research conducted by Tumonggor et al. (2017) showing that sales growth affects stock returns.

Conclusion

Based on the results of the analysis and discussion that has been done, the following conclusions can be drawn: 1) Profitability does not affect Stock Return in a positive direction; 2) Capital Structure has a positive effect on Stock Return; 3) Sales growth has no effect on Stock Return in a negative direction.

Limitation

This research is inseparable from the shortcomings and limitations. Limitations in this study are as follows: 1) Limited research uses independent variables, namely the variable Profitability, Capital Structure and Sales Growth; 2) Researchers limit the object of research companies Property, Real Estate, and Building Construction which are listed on the Indonesia Stock Exchange (IDX) within the period of 2013 to 2018.

Suggestions

As explained earlier that this study contains limitations. But the results of this study can at least motivate further research. By considering the existing limitations, it is expected that future research will improve the following factors: 1) In the next research, it is better to add several companies from various sectors to be studied in order to better describe the condition of each company, researchers also need to add periods longer research so that the results can be generalized and add one or more variables that are more influential on stock returns; 2) For investors and company management, it is better to optimize the capital structure which is proxied by a debt equity ratio, because this variable has a positive and significant relationship to stock returns. In addition, especially for investors and investment managers in the decision to purchase shares in the capital market not only consider the ratio analysis approach in assessing the return of a stock, but also consider factors outside the company policy such as market conditions that occur as well as other external factors due to this will indirectly affect the benefits obtained in making investments.

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