**Effect of Return On Assets, Return On Equity, and Current Ratio on Stock Returns**

**Windasari Rachmawati1, Naufal Ulya, and Abdul Karim**

Faculty Of Economic, University Of Semarang

**ABSTRACT**

*The performance of a financial company can affect stock prices where stock prices sometimes experience increases and decreases. The stock price is very influential on stock returns for investors. This study aims to analyze the effect of the independent variables on the dependent variable. The independent variables in this study are Return On Assets, Return On Equity, and Current Ratio. While the dependent variable in this study is stock returns. The population in this study are food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange in 2018-2021. The sample selection in this study used a purposive sampling method and obtained a sample of 27 based on certain criteria. The data analysis technique used is multiple linear regression analysis using SPSS 22. The result of this study is significance value of the variabel Return On Assets is 0,099 > 0,05, variable Return On Equity is 0,950 > 0,05, and variable Current Ratio is 0,153, so hyphotesis is rejected. The conclusion of this study that Return On Assets, Return On Equity, and Current Ratio have no significant effect on stock returns.*

*Keywords : Return On Assets, Return On Equity, Current Ratio, stock returns.*

**INTRODUCTION**

Stock is the most widely used instrument by investors. In investing, companies must be able to convince investors that they will get returns for their investments without any fraud. Investors who invest in a company aim to get profits or income at the rate of return on investment which is commonly referred to as stock returns. Stock return is a form of profit obtained from investors for their investment activities in the company (Furry, 2019: 6).

There are several financial ratios that can reflect the financial condition and performance of a company. These financial ratios are used to explain the strengths and weaknesses of a company's financial condition and can predict stock returns in the capital market. Profitability ratio is a ratio that describes the level of profit associated with sales, assets, or total assets. Profitability ratios in this study use the variable Return On Assets (ROA). Return On Assets describes a measure of a company's ability to generate profits or profits from the utilization of assets or assets owned by a company. Return On Equity is a ratio used to measure the ability of own capital to generate profits for all shareholders, both ordinary shares and preferred shares (Sujarweni, W.V. 2017: 65). Return On Equity (ROE) is a ratio that shows the extent to which a company manages its own capital (net worth) effectively, measuring the level of profit from investments that have been made by owners of their own capital or company shareholders (Sawir, A. 2009: 20). The liquidity ratio is the ratio to determine the company's ability to meet its short-term obligations. The liquidity ratio in this study uses the Current Ratio (CR). The Current Ratio is used to measure a company's ability to meet its short-term debt.

**Table 1**

**Data on Return On Assets, Return On Equity, Current Ratio, and Return on Stocks of Food and Beverage Companies Listed on the IDX for 2018-2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | ***Return On Asset*** | ***Return On Equity*** | ***Current Ratio*** | ***Return Saham*** |
| 2018 | 0,598 | 0,072 | 0,128 | 3,476 |
| 2019 | -0,042 | 0,106 | 0,092 | 4,227 |
| 2020 | 0,052 | 0,059 | 0,109 | 6,286 |
| 2021 | 0,496 | 0,085 | 0,126 | 4,499 |

Source: Data processed from IDX, 2023

Based on Table 1, it can be seen that the stock returns of food and beverage companies listed on the Indonesia Stock Exchange in 2018-2021 tend to fluctuate. Stock return fluctuations should be influenced by Return On Assets, Return On Equity, and Current Ratio. However, the data above shows that fluctuations in stock returns are not followed by fluctuations in Return On Assets, Return On Equity, Current Ratio. It is interesting to study what factors can affect stock returns in food and beverage companies listed on the Indonesia Stock Exchange in 2018-2021.

Several studies in the field of capital markets have been carried out quite a lot, including the factors that influence stock returns. Of the many studies that have been conducted, there are several differences in the selected variables and produce different conclusions. Therefore, this study is intended to examine what factors influence stock returns. In this study the independent variables used are Return On Assets, Return On Equity, and Current Ratio. While the dependent variable is stock returns.

Return On Assets has a positive effect on stock returns. This is in accordance with the results of research by Apriliany and Effendi (2019), Salam et al. (2020), Akbar and Djawoto (2021), Pratiwi and Santoso (2019), and Arihta et al. (2020) which shows that Return On Assets has a positive effect on stock returns. Return On Equity has a positive effect on stock returns. This is in accordance with the research of Ekawati and Yuniati (2020), Saitri, et al. (2021), and Salam et al. (2020) which shows that Return On Equity has a positive effect on stock returns. Current Ratio has a positive effect on stock returns. This is in accordance with research by Saitri, et al. (2021), Pratiwi and Santoso (2019) which show that the Current Ratio has a positive effect on stock returns.

In this study using financial ratios obtained from the company's financial statements. The companies used in this research or research objects are food and beverage companies listed on the Indonesia Stock Exchange (IDX) in the 2018-2021 period. Researchers use food and beverage companies because basically these companies attract the attention of investors where food and beverage companies are more resilient to monetary or economic crises compared to other sectors because people under any circumstances still need food products.

This research is a replication of Anita Erari's research entitled "Analysis of the Influence of Current Ratio, Debt To Equity Ratio, and Return On Assets on Stock Returns in Mining Companies on the Indonesia Stock Exchange". It's just that the difference lies in the variables, samples used, research subjects, and the year of research where in previous studies used data for 2010-2013, while in this study used data for 2018-2021.

Based on the identification of the problems described above, a problem is formulated, namely whether there is a partial and simultaneous effect of Return On Assets, Return On Equity, and Current Ratio on stock returns in food and beverages companies listed on the Indonesia Stock Exchange in 2018-2021.

Based on the formulation of the problem above, the research objective is to answer the formulation of the problem, namely to find out and analyze the effect of partially and simultaneously Return On Assets, Return On Equity, and Current Ratio on stock returns in food and beverages companies listed on the Indonesia Stock Exchange in 2018 -2021.

​

**THEORETICAL BACKGROUND**

**Stock returns**

Return is the result obtained from investment, while shares are proof of ownership in a company in the form of a Limited Liability Company (PT). It can be interpreted that stock returns are payments received due to ownership rights, plus the price of changes in market prices, which are divided by the initial price. Stock returns received by investors for investing can cause other people to participate in investing in stocks in the future (Putra and Kindangen, 2016: 237). Stock return is income earned when investing in stocks. The profit rate is the ratio between investment income over several periods and the amount of funds invested. Stock return is a profit that will be received by investors. So the level of investment made is proportional to the amount of profit obtained from the investment in the form of stock returns (Putra, 2018: 12).

**Return On Assets**

Return On Assets is a comparison between net income and total assets. Return On Assets (ROA) is a measurement of the company's overall ability to generate profits with the total assets available to the company (Syamsudin, 2009: 63). Return On Assets is a measuring tool regarding the company's effectiveness in obtaining profits by utilizing its assets. Return On Assets is the company's ability to gain profits by using the assets owned by the company. The reason for choosing ROA as an independent variable is because ROA is a ratio that shows company performance. Therefore ROA is the right ratio to measure the company's effectiveness in obtaining profits using the company's assets.

**Return On Equity**

Return On Equity (ROE) is a ratio that shows how far a company manages its own capital (net worth) effectively, measuring the level of profit from investments that have been made by owners of their own capital or company shareholders (Sawir, 2009: 20). According to Sofyan Syafri Harahap. (2015: 305) Return On Equity (ROE) is a comparison between net profit after tax and total equity. Return On Equity is a measurement of the income (income) available to company owners (both ordinary shareholders and preferred shareholders) for the capital they invest in the company. According to Sujarweni (2017: 65) Return On Equity is the ratio used to measure the ability of own capital to generate profits for all shareholders, both ordinary shares and preferred shares. Based on the opinions of the experts above, it can be synthesized that Return On Equity is the ratio used to describe the company's ability to generate profits for shareholders from the company's own capital.

**Current Ratio**

The Current Ratio is the ratio used to determine a company's ability to meet its short-term obligations when they fall due by using its current assets. The reason for choosing the CR variable as an independent variable is because this ratio can measure the level of repayment of a company's debt, or it can be said that the amount of funds provided by the borrower and the owner of the company. This ratio is used how much the company's ability to meet its short-term debt in utilizing existing activities in the company. The Current Ratio in the capital market is used to fulfill its current obligations by using its current assets. Because this can be seen from some of the assets it has.

**Effect of Return On Assets on Stock Returns**

Signal theory suggests how a company should provide signals to users of financial statements. Information published as an announcement will provide a signal for investors in making investment decisions based on the results of the financial statements, including the value of Return On Assets. Fahmi (2011: 137) states that Return On Assets (ROA) shows the company's ability to generate profits from every asset used by the company and shows a measure of management effectiveness in managing the funds invested by investors. Investors expect a high rate of return on the funds invested (Fahmi, 2012: 58). In investing, what investors want is profit so that the company's ability to generate high profits will increase the company's attractiveness in the eyes of investors so that the demand for company securities increases and share prices increase. When stock prices increase, stock returns will also increase (Nasicha, 2018). Research conducted by Erari (2014) and Sinaga (2019) shows that Return On Assets has a positive and significant effect on stock returns. Based on these descriptions, the following hypotheses can be obtained:

H1: Return On Assets has a significant positive effect on stock returns

**Effect of Return On Equity on Stock Returns**

Signal theory suggests how a company should provide signals to users of financial statements. Information published as an announcement will provide a signal for investors in making investment decisions based on the results of the financial statements, including the value of Return On Equity. Return On Equity is a ratio used to measure the ability of own capital to generate profits for all shareholders, both ordinary shares and preferred shares (Sujarweni, W.V. 2017: 65). High Return On Equity (ROE) means that the company maximizes its equity effectively and efficiently. Conversely, a low Return On Equity (ROE) indicates that the company is not effective and efficient in maximizing its equity. The higher Return On Equity (ROE) shows that the company is successful in managing and empowering its equity to generate profits. In this regard, it will have a positive impact on investors, namely creating added value to attract investors to invest their funds in the company. So that it will make stock prices increase or in other words Return On Equity (ROE) has a positive impact on stock returns. Furthermore, Dewi Fitriani, Rita Andini & Abrar Oemar (2016) revealed that a high Return On Equity means that the ability of company management to optimize its capital used to generate higher profits. This will be a positive signal for investors that the company can have a positive influence on stock returns. Research conducted by Choirurodin (2018) shows that Return On Equity has a positive and significant effect on stock returns.

H2: Return On Equity has a significant positive effect on stock returns

**Effect of Current Ratio on Stock Return**

Signal theory suggests how a company should provide signals to users of financial statements. Information published as an announcement will provide a signal for investors in making investment decisions based on the results of the financial statements, including the value of the Current Ratio. The Current Ratio shows the company's ability to meet the company's short-term obligations or debt by using its current assets. The greater the ratio of current assets to current liabilities, it means that the higher the company's ability to cover its short-term debt (Fahmi, 2011: 121). Stock return for the company is cash out, the better it is in fulfilling its short-term debt, the better the company's ability to provide stock returns to investors. So investors will be interested in companies that can meet their short-term debt (Erari, 2014: 178). Research conducted by Erari (2014) shows that the Current Ratio has a positive and significant effect on stock returns. Based on these descriptions, the following hypotheses can be obtained:

H3: Current Ratio has a significant positive effect on stock returns

**Effect of Return On Assets, Return On Equity, and Current Ratio on Stock Returns**

Basically, an investor will pay attention to the company's financial condition when investing. The condition of the financial statements is a reference for measuring the performance of a company. The financial statements are used as information to assess a company's performance, including the level of profitability of the company. Return On Assets describes a measure of a company's ability to generate profits or profits from the utilization of assets or assets owned by a company (Vireyto and Sulasmiyati, 2017: 77). The higher the ROA value will also increase the value of the company, increasing the value of the company will be better and can attract the attention of investors to buy company shares, so that it will affect stock returns in the capital market (Laksono, 2017: 40). As well as investors will check the financial statements because a good company will fulfill obligations in a timely manner. The better the company fulfills its obligations, the company's performance will increase. The Current Ratio shows the company's ability to meet the company's short-term obligations or debts by using its current assets. In addition, investors will also see a comparison of debt with the number of assets of the company. Research conducted by Erari (2014) and Sinaga (2019) shows that Return On Assets and Current Ratio have a positive and significant effect on stock returns. Based on these descriptions, the following hypotheses can be obtained:

H4: Return On Assets, Return On Equity, and Current Ratio have a significant positive effect on stock returns

**METHOD, DATA AND ANALYSIS**

The object of this study are manufacturing companies in the food and beverages sub-sector which are listed on the Indonesia Stock Exchange in 2018-2021. The data used in this study is secondary data in the form of annual financial reports of manufacturing companies listed on the Indonesia Stock Exchange. The population used in this study is all manufacturing companies in the food and beverages sub-sector that are listed on the Indonesia Stock Exchange in 2018-2021. While the sampling technique used in sampling is nonprobability sampling. While the method used is purposive sampling where the sampling is in accordance with the specified criteria.

The criteria used in determining the sample in this study were to analyze data on manufacturing companies in the food and beverages sub-sector listed on the Indonesia Stock Exchange for 2018-2021 with the characteristics of manufacturing companies in the food and beverages sub-sector listed on the IDX for the 2018-2021 period; Companies that issue annual reports but are not complete for 2018-2021; and the company has data that fits the criteria and is complete regarding the variables used in this study. Based on the criteria above, companies that meet these criteria have been obtained and a total of 27 food and beverage companies are listed on the Indonesia Stock Exchange in 2018-2021 .

The data used is secondary data. The research data was obtained from a database of manufacturing company financial reports available on the Indonesia Stock Exchange (IDX) which can be accessed by downloading via the internet from the official website of the Indonesia Stock Exchange (IDX) with the website address www.idx.co.id. The data used is in the form of financial reports contained in food and beverage companies listed on the Indonesia Stock Exchange in 2018-2021.

The data collection technique in this study was carried out by means of a documentation study by collecting all documentation in the form of annual reports of manufacturing companies in the food and beverages sub-sector which are listed on the Indonesia Stock Exchange for 2018-2021 obtained from www.idx.co.id. Apart from that, literature study was also carried out by studying and reading and reviewing literature in the form of books and journals to obtain information in accordance with the research title.

**Operational definition**

Stock return is the level of profit that will be obtained by investors who invest. The way to calculate the stock return is as follows:

 

Information :

Pt = Current period stock price

Pt -1 = Share price of the past period

Return On Assets (ROA) is the company's ability to gain profits by using the assets owned by the company. The way to calculate Return On Assets is as follows:

Return On Assets = Net Profit After Tax/Total Assets

Return On Equity (ROE) is a comparison between net income and equity. The way to calculate Return On Equity is as follows:

Return On Equity = Net Profit After Tax/Total Equity

Current Ratio (CR) is the ratio used to determine a company's ability to meet its short-term obligations when they are due by using its current assets. The way to calculate the Current Ratio is as follows:

Current Ratio = Current assets / Current debt

**Data analysis method**

**Descriptive statistics**

Descriptive statistics are used to analyze a data by describing the data or describing the data seen from the average value (mean), maximum value, minimum value, range, and standard deviation of each dependent variable and independent variable. This was done to see an overall picture of the samples that were successfully collected and met the requirements to be used as research samples.

**Classic assumption test**

The multiple linear regression model can also be called a good model with the condition that it fulfills the data normality assumptions and is free from classical assumptions. But it must also be supported by other statistical tests. The classic assumption test consists of several tests as follows:

**Normality test**

The normality test is used to determine if the data is normally distributed or not. Data normality is important because with normally distributed data, the data can be considered to represent the population. In this study, researchers used the Kolmogorov-Smirnov test for normality testing. The test criteria is that if the significance is less than equal to 0.05 then H0 is rejected which means the data is not normally distributed. Meanwhile, if the significance is more than 0.05 then H0 is accepted, which means that the data is normally distributed. Besides that, decision making in the normality test can also be tested by the graphical method, which is by looking at the distribution of data on diagonal sources on the P-P Plot of Regression Standardized Residual chart. As a basis for decision making, if the dots spread around the line and follow the diagonal line, the residual value is normal (Sugiyono, 2017: 128).

**Autocorrelation Test**

The autocorrelation test aims to test whether in the regression model there is a correlation between the confounding variables in a certain period with the confounding variables in the previous period (t-1). The autocorrelation test can be performed using the Durbin-Watson test, in which the test results are determined based on the Durbin-Watson value. The criteria for the Durbin-Watson score are 0<d<dL, then there is a positive autocorrelation; if dL<d<dU it means that there is no certainty (doubtful); if 4-dL<d<4 then there is a negative autocorrelation; if 4-dU<d<4-dL then there is no certainty (in doubt); and if dU<d<4-dU means there is no positive or negative autocorrelation (Sujarweni, 2008: 180).

**Multicollinearity Test**

The multicollinearity test aims to test whether the regression model found a correlation between the independent variables. To detect the existence of multicollinearity, it can be done by looking at the VIF (Variance Inflation Factor) value and the Tolerance value. If the VIF value is not greater than 10 and the Tolerance value is not less than 0.1, this indicates that there is no multicollinearity problem between the independent variables in the regression model used (Sugiyono, 2017: 134).

**Heteroscedasticity Test**

Heteroscedasticity is a condition where in the regression model there is an inequality of variance from the residuals in one observation to another. A good regression model is that there is no heteroscedasticity. Determining whether there is heteroscedasticity in this study is done by looking at the presence or absence of certain patterns on the scatterplot graph. If the points spread, there is no heteroscedasticity problem (Sugiyono, 2017: 136-142).

Multiple Linear Regression Analysis

The multiple linear regression test is a test to find out whether the line formed from the values of the independent variable (X) with the dependent variable (Y) forms a linear line or not (Mauludi, 2020: 182). Thus linear regression is used for research that includes several variables at once. The regression equation model used in this study is formulated as follows:

Y = a + β1X1+ β2X2+ β3X3+e

Information :

Y : Stock Returns

a : constant value

b1,2,3,4 : regression coefficients for variables X1, X2, X3

X1 : Return On Assets

X2 : Return On Equity

X3 : Current Ratio

e : Standard Error

Hypothesis testing

**t test**

The t test is used to determine whether the independent variable partially affects the dependent variable or not (Widarjono, 2010: 25). The way to do the t test is to compare the t statistical value with the critical point according to the table. If the statistical value of Tcount ˃ Ttable, then it can be expressed by the independent variables individually affecting the dependent variable (Ghozali, 2013: 98-99); and if the value is ˂ 0.05, then H0 is rejected, which means that there is a partial effect of the independent variable on the dependent variable. If the value is ˃ 0.05, then H0 is accepted which means that there is no effect of the independent variable on the dependent variable (Sujarweni, 2008: 155).

**F test**

The F test is used to determine the effect of the independent variables jointly on the dependent variable, whether the effect is significant or not at the significance level (ɑ) = 5%. If F count <F table and its significance value is > 0.05, it means that the independent variables jointly affect the dependent variable. If F count > F table and the significance value is <0.05, it means that the independent variables together have no effect on the dependent variable (Ghozali, 2013: 98).

Coefficient of Determination (R2)

The coefficient of determination (R2) is used to determine the percentage of independent variable influence on the dependent variable. The value of the coefficient of determination is 0-1. The value of the determinant coefficient that is close to 1 means that the independent variable provides all the information needed to predict the dependent variable (Sigoarto, 2006: 259). In this study the independent variables used are Return On Assets, Return On Equity, and Current Ratio, while the dependent variable is stock returns.

**RESULTS**

Descriptive Statistical Test Results

**Table 2**

|  |
| --- |
| **Descriptive Statistics** |
|  | N | Minimum | Maximum | Sum | Mean | Std. Deviation |
| RS | 108 | -,79 | 15,93 | 29,80 | ,2759 | 2,05567 |
| ROA | 108 | -,22 | ,86 | 8,69 | ,0805 | ,14775 |
| ROE | 108 | -,97 | 1,46 | 12,26 | ,1135 | ,26097 |
| CR | 108 | ,15 | 98,63 | 499,16 | 4,6218 | 11,69792 |
| Valid N (listwise) | 108 |  |  |  |  |  |

Based on Table 2 shows that:

1. Stock returns have a minimum value of -0.79 for Prima Cakrawala Abadi Tbk. in 2019 and a maximum value of 15.93 for the company Prima Cakrawala Abadi Tbk. in 2018 with an average value (mean) in 4 years of 0.2759 and a standard deviation of 2.05567.

2. Return On Assets has a minimum value of -0.22 for the Inti Agri Resources Tbk company. in 2019 and the maximum value is 0.86 for the company Tiga Pilar Sejahtera Food Tbk. in 2019 with an average value (mean) in 4 years of 0.0805 and a standard deviation of 0.14775.

3. Return On Equity has a minimum value of -0.97 for Tiga Pilar Sejahtera Food Tbk. in 2019 and the maximum value is 15.93 for the company Tiga Pilar Sejahtera Food Tbk. in 2020 with an average value (mean) in 4 years of 0.1135 and a standard deviation of 0.26097.

4. Current Ratio has a minimum value of 0.15 for Tiga Pilar Sejahtera Food Tbk company. in 2018 and a maximum value of 15.93 for the company Inti Agri Resources Tbk. in 2020 with an average value (mean) in 4 years of 4.6218 and a standard deviation of 11.69792.

**Classical Assumption Test Results**

**Normality Test Results**

**Table 3**

**Normality Test Results**



Source: SPSS Output 22 (data processed), 2023.

Based on Table 3 it can be seen that the sig. 0.000 < 0.05. So it can be concluded that the data is not normally distributed. So to overcome this, it can be done by removing the outliers.



Source: SPSS Output 22 (data processed), 2023.

Based on the Kolmogorov – Smirnov test results in Table 4 it shows that the Exact Sig. (2-tailed) of 0.077 > 0.05, meaning that the residual data in the study are normally distributed so that the data is feasible to use. So it can be concluded that the data in this study are normally distributed or the assumption of normality is fulfilled.

Autocorrelation Test Results

**Table 5**

**Autocorrelation Test Results before LAG transform**



Source: SPSS Output 22 (data processed), 2023.

Based on Table 5 above, the Durbin Watson value is 1.134. This value is not between 1.72413 (dU value) and 1.64878 (dL value) obtained from the Durbin Watson table. This figure shows that this study did not pass the autocorrelation test or autocorrelation occurred. To overcome this can be done by using Transform LAG.

**Table 6**

**Autocorrelation Test Results**



Source: SPSS Output 22 (data processed), 2023.

 Based on Table 6, the Durbin Watson value is 2.043. This value is between 1.70920 (dU value) and 2.45677 (4-dL value) obtained from the Durbin Watson table. This figure shows that this study passed the autocorrelation test or there was no autocorrelation in the regression model used in this study.

Multicollinearity Test Results

**Table 7**

**Multicollinearity Test Results**



a. Dependent Variable: LAG\_Y

Source: SPSS Output 22 (data processed), 2023.

Based on Table 7 it can be seen that Lag X1 (Return On Assets) has a tolerance value of 0.102 which is greater than 0.1 and a VIF value of 9.845 which is less than 10. Lag X2 (Return On Equity) has a tolerance value of 0.105 which is greater than 0.1 and the VIF value is 9.568 which is less than 10. Lag X3 (Current Ratio) has a tolerance value of 0.978 which is greater than 0.1 and a VIF value of 1.023 which is less than 10 So it can be concluded that there is no multicollinearity between variables in the regression model.

**Heteroscedasticity Test Results**

​



Based on Figure 1, the scatterplot graph proves that the data is spread randomly and is spread both above and below the number 0 (zero) on the Y axis and no clear pattern is found in the distribution. Therefore it can be concluded that there is no heteroscedasticity in the regression equation model, so the model in this study is feasible to use.

Results of Multiple Linear Regression Analysis

**Table 8**

**Multiple Linear Regression Analysis Test Results**

 Source: SPSS Output 22 (data processed), 2023.

Based on Table 8 it can be concluded that the multiple linear regression equation is as follows:

Y = α + β 1X1 + β 2X2 + β 3X3 + β 4X4 + e

Stock Return = 0.069 + 0.096 X1 + 0.030 X2 - 0.011 X3 + e

Information:

1. α or a constant of 0.069 states that if the variable Return On Assets, Return On Equity, Current Ratio, and Debt To Equity Ratio is constant (fixed) or in a zero state (not rotating), then the stock return rate is 0.069 one -unit.

2. The regression coefficient of Return On Assets of 0.096 states that for every one-unit increase in Return On Assets, it will increase Stock Returns by 0.096 one-unit.

3. The regression coefficient of Return On Equity of 0.030 states that for every one-unit increase in Return On Equity, it will increase Stock Return by 0.030 one-unit.

4. Current Ratio regression coefficient of -0.011 states that every one-unit increase in Current Ratio will decrease Stock Return by 0.011 units

Hypothesis Test Results

Test Results t

**Table 9**

**Test Results t**



Source: SPSS Output 22 (data processed), 2023.

From Table 9 it can be seen that:

1. ROA (Lag X1) based on the results of X1 research obtained a t value of 0.102 and a significance value of 0.099 which is greater than the significant level α = 0.05. So that hypothesis 1 is rejected because the significance value of ROA is greater than the significant level. Thus, the ROA variable partially has no significant effect on stock returns.

2. ROE (Lag X2) based on the results of X2 research obtained a t value of 0.063 and a significance value of 0.950 which is greater than the significant level α = 0.05. So that hypothesis 2 is rejected because the significance value of ROE is greater than the significant level. Thus, the ROE variable partially has no significant effect on stock returns.

3. CR (Lag X3) based on the results of research X3 obtained a t value of (–1.446) and a significance value of 0.153 greater than the significant level α = 0.05. So that hypothesis 3 is rejected because the significance value of CR is greater than the significant level. Thus the CR variable partially has no significant effect on stock returns.

**F test results**

**Table 10**

**F test results**



Source: SPSS Output 22 (data processed), 2023.

Based on Table 10, it can be seen that the calculated F value is 0.691 and a significance value of 0.600. F count > F table (0.691 <2.69) and a significance value of 0.600 > 0.05, so the independent variables ROA, ROE, and CR together have no effect on the dependent variable Stock Return, so hypothesis 5 is rejected. Thus, the variables ROA, ROE, CR, and DER simultaneously have no significant effect on stock returns.

**Result Coefficient of Determination (R2)**

**Table 11**

**Determination Coefficient Test Results**



Source: SPSS Output 22 (data processed), 2023.

Based on the results of data processing using SPSS in Table 11 it shows that the Adjusted R Square value is 0.017 indicating that the proportion of the influence of the independent variables (ROA, ROE, and CR) on the dependent variable (stock return) is -1.7%, while for the remainder it is 98 .3% is influenced by other variables that are not used in this study.

**DISCUSSION**

The Effect of Return On Assets on Stock Returns in Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2018-2021

Based on data analysis and hypothesis testing that has been carried out in this study, the results of testing individual variables (t test) show that Return On Assets partially has no significant effect on Stock Returns in food and beverages companies listed on the Indonesia Stock Exchange in 2018-2021 . This is evidenced by the results of the t-test variable Return On Assets, namely the tcount value of 0.102 < ttable of 1.98282 and with a significance value of 0.919 > 0.05. So hypothesis 1 (H1) is rejected, meaning that if the Return On Assets increases, it will not affect the company's stock return.

The results of this study are supported by previous studies conducted by Putra (2018) which show that Return On Assets has no effect on Stock Returns. But this is not in accordance with Nasicha's research (2018), which shows that Return On Assets has a positive effect on Stock Returns. Return On Assets has no effect on stock returns. This happens because the high value of the assets that settle in the company is not followed by an increase in the productivity of the company's assets to obtain net share profits (Putra, 2018: 146). So it can be concluded that the high and low ROA is not used as a benchmark for investors in assessing company performance to predict stock returns in the capital market (Putri, 2017: 60). Because ROA is a profitability ratio and a measuring tool in assessing a company's performance in generating profits, it cannot predict the success or failure of a company in generating stock returns for investors (Wulandari, 2015: 8). Return On Assets is used to measure management's ability to obtain net profit from the use of assets. This means that management cannot use total assets properly (current assets and fixed assets) and in the end cannot increase the company's stock returns (Purnamasari, 2017: 11).

Based on this description it can be concluded that Return On Assets has no significant effect on Stock Returns. This is because the reference for investors to obtain stock returns is not from the company's ROA value, so that investors will continue to invest in the company.

The Effect of Return On Equity on Stock Returns in Food and Beverages Companies Listed on the Indonesia Stock Exchange in 2018-2021

Based on data analysis and hypothesis testing that has been carried out in this study, the results of testing individual variables (t test) show that Return On Equity partially has no significant effect on Stock Returns in food and beverages companies listed on the Indonesia Stock Exchange in 2018-2021 . This is evidenced by the results of the t-test for the Return On Equity variable, namely the tcount value of 0.063 < ttable of 1.98282 and with a significance value of 0.950 > 0.05. So hypothesis 2 (H2) is rejected, meaning that if the Return On Equity increases, it will not affect the company's stock return.

The results of this study are supported by previous studies conducted by Abdullah and Merdekawati (2015) which show that Return On Equity has no effect on Stock Returns. But this is not in accordance with Choirurodin's research (2018) which shows that Return On Equity has a positive effect on Stock Returns. Return On Equity has no effect on stock returns. ROE value is one of the benchmarks for investors to consider before investing. From the ROE value, potential investors can consider the amount of return on their investment. This result means that ROE as information is not responded positively by stock market participants, but instead the opposite occurs, which tends to be responded negatively. This condition is caused by the data distribution pattern of stock returns which tends to decrease when ROE increases (Hidayat, 2020).

Based on this description it can be concluded that Return On Equity has no significant effect on Stock Return. This is because the reference for investors to obtain stock returns is not only from the value of the company's ROE, so that investors will continue to invest in the company.

The Effect of Current Ratio on Stock Returns in Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2018-2021

Based on data analysis and hypothesis testing that has been carried out in this study, the results of testing individual variables (t test) show that the Current Ratio partially has no significant effect on Stock Returns in food and beverages companies listed on the Indonesia Stock Exchange in 2018-2021. This is evidenced by the results of the t-test for the Current Ratio variable, namely the tcount value of -1.446 < ttable of 1.98282 and with a significance value of 0.153 > 0.05. So hypothesis 3 (H3) is rejected, meaning that if the Current Ratio increases, it will not affect the company's stock return.

The results of this study support Kurniatun's research (2017) which shows that the Current Ratio has no effect on stock returns. But this is not in accordance with previous research conducted by Erari (2011) which showed that the Current Ratio. positive effect on stock returns. Current Ratio has no effect on Stock Return. This is because the Current Ratio is not a benchmark for investors in investing in a desired company. The current ratio has no effect on stock returns because the high value of the current ratio means that the management of current assets is not going well, so that many current assets are unemployed and not optimized by the company. This results in a decrease in investor interest in investing their capital, so that the size of the Current Ratio does not affect stock returns (Putri, 2017: 59). A high Current Ratio is not necessarily good because under certain conditions it shows a lot of idle company funds which in turn can reduce the company's profit ability. It can be said that current assets which are of considerable value, which in this case are used as the numerator in calculating the Current Ratio, are more dominated by the components of uncollectible receivables and unsold inventories where the value of these two components is higher than the value of other current asset components that are used to pay off current liabilities. If this happens, of course the Current Ratio of a company will be high and it will appear as if the company is in a liquid condition. This condition causes the profit or profitability derived from operational activities, namely sales to also decrease. Declining profits show that the demand for company shares is decreasing, so stock prices and stock returns on the capital market tend to decrease (Pratama and Idawati, 2019: 41).

Based on this description it can be concluded that the Current Ratio has no significant effect on Stock Return. Investors will continue to invest in our company regardless of the CR value because investors assume that companies with high CR values have a lot of uncollectible receivables, or from the amount of inventory that has accumulated, so investors will continue to invest in these companies.

The Effect of Return On Assets, Return On Equity, and Current Ratio on Stock Returns in Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2018-2021

Based on data analysis and hypothesis testing that has been carried out in this study, the results of simultaneous variable testing (F test) indicate that Return On Assets, Return On Equity, and Current Ratio simultaneously have no significant effect on Stock Returns of food and beverages companies listed on the Indonesia Stock Exchange 2018-2021. This is evidenced by the results of the F test variable Return On Assets, Return On Equity, and Current Ratio, namely the Fcount value of 0.691 < Ftable of 2.69 and with a significance value of 0.600 > 0.05. So hypothesis 5 (H5) is accepted, meaning that if the Return On Assets, Return On Equity, and Current Ratio increase, it will not affect the company's stock return.

The results of this study are in contrast to research conducted by Pratama and Idawati (2019), namely the variables of liquidity ratios, activity, profitability, leverage, and market value simultaneously have a significant positive effect on stock returns. The results of this study are also in contrast to research conducted by Erari (2011), namely the variables Current Ratio, Debt To Equity Ratio, and Return On Assets which simultaneously affect stock returns, as well as research conducted by Sinaga (2019), namely the variable Inventory Turn Over , Debt To Equity Ratio, Return On Assets, Earning Per Share, and Price Earning Ratio simultaneously affect stock returns.

Basically, an investor will pay attention to the company's financial condition when investing. The condition of the financial statements is a reference for measuring the performance of a company. The financial statements are used as information to assess a company's performance, including the level of profitability of the company. Return On Assets describes a measure of a company's ability to generate profits or profits from the utilization of assets or assets owned by a company (Vireyto and Sulasmiyati, 2017: 77). The higher the value of ROA will also increase the value of the company, increasing the value of the company will be better and can attract the attention of investors to buy company shares, so that it will affect stock returns in the capital market (Laksono, 2017: 40). Return On Equity is used to determine the company's ability to generate profits for shareholders from their own capital. High Return On Equity (ROE) means that the company maximizes its equity effectively and efficiently. Conversely, a low Return On Equity (ROE) indicates that the company is not effective and efficient in maximizing its equity. The higher Return On Equity (ROE) shows that the company is successful in managing and empowering its equity to generate profits (Choirurodin, 2018: 69). Investors will also check financial statements because a good company will fulfill obligations on time. The better the company fulfills its obligations, the company's performance will increase. The Current Ratio shows the company's ability to meet the company's short-term obligations or debts by using its current assets (Fahmi, 2015: 12). Based on this description it can be concluded that Return On Assets, Return On Equity, and Current Ratio have no significant effect on Stock Returns.

**CONCLUSIONS**

This study aims to analyze the partial and simultaneous effect of Return On Assets, Return On Equity, and Current Ratio on stock returns in food and beverage companies listed on the Indonesia Stock Exchange in 2018-2021. The conclusion shows that Return On Assets, Return On Equity, and Current Ratio partially and simultaneously have no significant effect on stock returns. For investors should pay attention to the ratios that can affect stock returns, also choose to invest in companies that have the lowest risk of loss. Meanwhile, future researchers should add other independent variables that affect stock returns, as well as research samples used in future studies to be more extensive in order to obtain maximum results, and it is necessary to extend the research period, so that a clearer picture of capital market conditions will be obtained. in Indonesia.Conclusion should be written briefly in single paragraph. This part presents recommendation as well as implication of the finding as a whole, either intended to broaden method realm or to develop a theoretical framework, as such that it outreaches the users from broader societies. Moreover, it can also be added the prospect of further studies into the next (based on results and discussion).

**REFERENCES**

Ali, Muhardi. 2016. Pengaruh Profitabilitas terhadap Return Saham Pada Perusahaan BUMN Yang Terdaftar di BEI Periode 2010-2014. Skripsi. Bandarlampung: Fakultas Ekonomi dan Bisnis Universitas Lampung.

Arikunto, Suharsimi. 2010. Prosedur Penelitian Suatu Pendekatan Praktik. Jakarta: Rineka Cipta.

Brigham dan Houston. 2010. Dasar-dasar Manajemen Keuangan, Buku 1 Edisi 11. Jakarta: Salemba Empat.

Dewi Hanggraeni. 2014. Manajemen Risiko Perusahaan Terintegrasi (Enterprise Risk Management) dan Good Corporate Governance: Pengujian Pentingnya Penerapan Enterprise Risk Management terhadap Peningkatan Praktik GCG dan Kinerja Perusahaan. Jakarta: Penerbit Universitas Indonesia (UI-Press).

Erari, Anita. 2014. Analisis Pengaruh Current Ratio, Debt To Equity Ratio, dan Return On Asset terhadap Return Saham pada Perusahaan Pertambangan di Bursa Efek Indonesia. Jurnal Manajemen dan Bisnis, Vol. 5 No. 2. Jayapura: Universitas Cenderawasih.

Fahmi, Irham. 2011. Analisis Kinerja Keuangan. Bandung: Alfabeta

\_\_\_\_\_\_\_\_. 2012. Pengantar Manajemen Keuangan: Teori dan Soal Jawab. Bandung: Alfabeta.

\_\_\_\_\_\_\_\_. 2015. Analisis Laporan Keuangan. Bandung: Alfabeta.

Furry, Muzaik Fitrian. 2019. Pengaruh Return On Asset (ROA) terhadap Return Saham Syariah dan Struktur Modal sebagai Variabel Moderasi (Studi Kasus pada Saham-Saham di Jakarta Islamic Index Periode 2014-2017. Skripsi. Semarang: Fakultas Ekonomi dan Bisnis Islam Universitas Islam Negeri Walisongo.

Ghozali, Imam. 2011. Aplikasi Analisis Multivariate dengan Program IBM SPSS 19. Semarang: Badan Penerbit Universitas Diponegoro.

Harmono. 2009. Manajemen Keuangan: Berbasis Balanced Scorecard. Jakarta: Bumi Aksara.

Hartono, J. 2003. Teori Portofolio dan Analisis Investasi, Edisi Kelima. Yogyakarta: BPFE UGM.

Hery. 2015. Analisis Laporan Keuangan: Pendekatan Rasio Keuangan, Jakarta: Center for Academic Publishing Service.

\_\_\_\_\_\_\_\_. 2017. Analisis Laporan Keuangan: Pendekatan Rasio Keuangan, Jakarta: Center for Academic Publishing Service.

Jogiyanto. 2003. Teori Portofolio dan Analisis Investasi. Yogyakarta: BPFE UGM.

Kamaludin. 2011. Manajemen Keuangan: Konsep Dasar dan Penerapannya. Bandung: Mandar Maju.

Kasmir. 2012. Analisis Laporan Keuangan. Jakarta: PT Raja Grafindo Persada.

\_\_\_\_\_\_\_\_. 2016. Analisis Laporan Keuangan. Jakarta: PT Raja Grafindo Persada.

Kurniatun, Maya. 2017. Pengaruh CR, DER, TAT, ROA dan PER terhadap Return Saham. Jurnal Ilmu Administrasi Bisnis, Vol. 4 No. 3. Semarang: Fakultas Ilmu Administrasi Universitas Diponegoro.

Laksono, Cahyo Dwi. 2017. Pengaruh Rasio Keuangan Terhadap Return Saham Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. Skripsi. Yogyakarta: Universitas Negeri Yogyakarta.

Mauludi, Ali. 2020. Analisis Data Dengan Statistik. Jakarta: Alim’s Publishing.

Munawir, S. 2016. Analisis Laporan Keuangan. Jakarta: PT Raja Grafindo Persada.

Putra, Benny Frastiawan Ahmad. 2018. Pengaruh Operation Cash Flow, Earning Per Share, Return On Asset, Return On Equity, dan Tax Planning terhadap Return Saham (Studi Empiris pada Perusahaan Manufaktur yang Masuk LQ45 di Bursa Efek Indonesia Tahun 2012-2016). Jurnal Ekobis Dewantara Vol. 1 No. 8, Yogyakarta: Universitas Sarjanawiyata Tamansiswa.

Putra, Ferdinan Eka dan Paulus Kindangen. 2016. Pengaruh ROA, NPM, EPS Terhadap Return Saham Perusahaan Makanan dan Minuman yang Terdaftar di BEI. Jurnal EMBA, Vol. 4 No. 4. Manado: Universitas Sam Ratulangi Manado.

Putra, I Made Gunartha Dwi dan I Made Dana. 2016. Pengaruh Profitabilitas, Leverage, Likuiditas, dan Ukuran Perusahaan terhadap Return Saham Perusahaan Farmasi di BEI. E-Jurnal Manajemen Unud, Vol. 5 No. 11. Denpasar: Universitas Udayana.

Ridwan. 2010. Skala Pengukuran Variabel-Variabel Penelitian. Bandung: Alfabeta.

Rosadi, Alfi Priestyan. 2018. Pengaruh Rasio Profitabilitas, Rasio Pasar, dan Sertifikat Bank Indonesia Syariah terhadap Return Saham. Skripsi. Jakarta: UIN Syarif Hidayatullah.

Samsul, Mohammad. 2015. Pasar Modal dan Manajemen Portofolio. Jakarta: Erlangga.

Sigoarto, Dergibson S. 2006. Metode Statistik Untuk Bisnis dan Ekonomi. Jakarta: PT Gramedia Pustaka Umum.

Sinaga, Ria Veronica. 2019. Pengaruh ITO, DER, ROA, EPS, dan PER, terhadap Return Saham pada Perusahaan Food and Beverage yang Terdaftar di BEI. Jurnal Manajemen dan Bisnis. Medan: Universitas Katolik Santo Thomas Medan

Singarimbun, Masri dan Sofian Effendi. 2008. Metode Penelitian Survei. Jakarta: LP3ES.

Sugiyono. 2012. Metode Penelitian Kuantitatif, Kualitatif dan R&D. Bandung: Alfabeta.

Sujarweni, V. Wiratna. 2008. Belajar Mudah SPSS Untuk Penelitian Skripsi, Tesis, Disertasi & Umum. Yogyakarta: Global Media Informasi.

Sujianto, Agus Eko. 2009. Aplikasi Statistik dengan SPSS 16.0. Jakarta: Prestasi Pustaka Publisher.

Sulistiawan et.al. (2011). Creative Accounting. Mengungkapkan Manajemen Laba dan Skandal Akuntansi. Jakarta: Salemba Empat.

Susilowati, Lantip. 2015. Mahir Akuntansi Perusahaan Jasa dan Dagang. Yogyakarta: Kalimedia

Sutedi, Adrian. (2011). Good Corporate Governance. Jakarta: Sinar Grafika.

Syamsudin, Lukman. 2009. Manajemen Keuangan Perusahaan. Jakarta: Rajawali Pers.

Tandelilin. 2001. Analisis Investasi dan Manajemen Portofolio, Edisi Pertama. Yogyakarta: BPFE.

Undang-Undang Republik Indonesia tentang Pasar Modal. 1995. Jakarta: Presiden Republik Indonesia.

Van Horne, James C & John M.Wachowicz. 2012. Prinsip-Prinsip Manajemen Keuangan, Buku 1 Edisi 13. Jakarta: Salemba Empat.

Vireyto, Nikita dan Sri Sulasmiyati. 2017. Analisis Pengaruh Return On Asset, Return On Equity, dan Earning Per Share terhadap Harga Saham. Jurnal Administrasi Bisnis, Vol. 51 No. 1. Malang: Fakultas Ilmu Administrasi Universitas Brawijaya Malang.

Wiagustini, Ni Luh Putu. 2010. Dasar-Dasar Manajemen Keuangan. Denpasar: Udayana University Press.

Widarjono, Agus. 2010. Analisis Statistik Multivariate Terapan. Yogyakarta: UPP STIM YKPN.