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The Effect of Fundamental Factors and Systematic Risk on the Return of LQ45 Shares Listed on the Indonesia Stock Exchange

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Abstract

This study aims to find out the influence of fundamental factors which are represented by the Current Ratio, Total Asset Turn Over, Debt to Equity Ratio, Return On Equity and Price Book Value and Systematic Risk which is represented by beta toward stock returns of LQ45 stock that listed in Indonesia Stock Exchange period 2018 - 2021. Purposive sampling is used as the sampling technique with criteria: The stock of industry in LQ45 has always seen the annual financial report over the period 2018-2021 and could be made financial ratio from the annual report as used in this research. 28 samples of LQ45 stock were taken in this research. The partial regression coefficient was tested using multiple linear regression and hypothesis testing using the statistical t-test with a level of significance of 5%. The classic assumption test, which also included the normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test, was also run. Based on the result of this research, classic assumption deviation has not founded, this indicated that available data has fulfilled the condition to use a multiple regression model. Empirical evidence of analysis showed as partially Price to Book Value and Systematic Risk have a positive dan significant effect on stock return, while CR, TATO, and DER have no significant effect on stock returns and ROE has a negative and significant effect on LQ45 stock returns for the 2018-2021 period. The result of this research indicated that PBV and Systematic Risk were used by the investor to predict the stock return of LQ45 company period 2018-2021.

Keywords: stock return, fundamental factors and systematic risk

1. Introduction

The Capital Market Law Number 8 of 1995 states that the capital market is a place of activities related to public offerings and Securities Trading, public companies related to the securities they issue, as well as institutions and professions related to securities. According to Pratiwi & Adi (2021), the capital market or commonly referred to as the capital market is a market where there are various long-term financial instruments that can be traded.The capital market is one of the funding facilities for companies and government institutions and also as a means for investing activities. Where investors can invest their money to get a return in the form of capital gains and dividends and obtain the right to ownership of the company.

Stocks are one of the most popular instruments in the financial market. Issuing stock is one of the company's options when deciding for corporate funding. On the other hand, stocks are the preferred investment instrument of many investors because of their ability to offer attractive returns. Stocks can be interpreted as a sign of equity participation by a person or a party (business entity) in a company or limited liability company. Investors will be more interested in investing in stocks when stock returns increase. However, please note that stocks have a higher level of risk compared to other investment alternatives such as bonds, savings, and deposits. This is because the expected income from stock investment is not fixed

According to Dewi and Vijaya (Yakhub & Kristanti, 2022) stock return is the profit earned by companies, individuals and institutions from the results of their investment policies. Every investment, both short-term and long-term, has the main objective to obtain a profit called return, either directly or indirectly. The main objective of investors investing in the capital market is to get a return on invested funds. Investors expect to get the maximum return by doing analysis and efforts to invest in stocks. Therefore, as an investor must know the factors that can affect stock returns.

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By doing this analysis, it is expected that investors will get the maximum return in accordance with the desired performance. Investors can approach stock analysis, namely technical analysis, fundamental analysis and information analysis.

Fundamental information can generally be described as information relating to a company's historical financial data. Profit information in the published financial statements is one of the important factors for investors and creditors in making investment decisions. When investors use fundamental analysis when analyzing stocks, they are looking at historical financial data. The alternative chosen depends on the investor when evaluating the risk at which the investment is made and the expected rate of return. Assuming rational investors, fundamental information becomes the main valuation criterion as a basis for stock valuation. The basic argument is that share price represents the value of the company. This includes not only the stock's intrinsic value, which is its actual value at a given point in time, but also the expectation of the company's ability to increase the value of its assets in the future.

To analyze company performance, financial ratios can be used which are divided into five groups, namely liquidity ratios, activity ratios, debt ratios, profitability ratios and market ratios. In this study the liquidity ratio is represented by the current ratio, the activity ratio is represented by total asset turnover, the debt ratio is represented by the debt to equity ratio, the profitability ratio is represented by return on equity and the market ratio is represented by price to book value.

Investment is always associated with uncertain risks in the future, so that investors' investment decisions contain risks and uncertainties. Risk knowledge is an important thing that must be possessed by an investor or potential investor. Therefore, before making an investment decision, an investor must consider two things, namely the expected return and the risks associated with the investment instrument. Investing in stocks is considered to have a higher level of risk than other investment alternatives such as bonds and deposits. This is caused by the uncertainty of the return on this investment. In the world of stocks, the LQ45 is the stock index that investors and stock traders are most interested in (www.cermati.com, 2022)

The results of previous studies showed that the influence of these variables on stock returns is sometimes inconsistent (research gaps). This raises questions for further research and is formulated in the form of questions as follows: (1) Is there any effect on the Current Ratio of lq45 stock returns on the Indonesia Stock Exchange in 2018-2021? (2) Is there an effect on Total Asset Turnover on the return of Lq45 shares on the Indonesia Stock Exchange in 2018-2021? (3) Is there a Debt to Equity Ratio effect on the return of lq45 shares on the Indonesia Stock Exchange in 2018-2021? (4) Is there any effect of Return on Equity on the return of lq45 shares on the Indonesia Stock Exchange in 2018-2021? (5) Is there an effect of Price Book Value on the return of lq45 shares on the Indonesia Stock Exchange in 2018-2021? (6) Is there an influence of systematic risk on the return of lq45 shares on the Indonesia Stock Exchange in 2018-2021?

In accordance with the formulation of the above problems, this study has the following objectives: (1) To determine and analyze the effect of the Current Ratio on the return of LQ45 shares on the Indonesia Stock Exchange in 2018-2021. (2) To determine and analyze the effect of Total Asset Turn Over on the return of LQ45 shares on the Indonesia Stock Exchange in 2018-2021. (3) To determine and analyze the effect of Debt to Equity Ratio on the return of lq45 shares on the Indonesia Stock Exchange in 2018-2021.(4) To determine and analyze the effect of Return on Equity on the return of lq45 shares on the Indonesia Stock Exchange in 2018-2021. (5) To determine and analyze the Price Book Value of the lq45 stock return on the Indonesia Stock Exchange in 2018-2021. (6) To determine and analyze the influence of systematic risk on the return of lq45 shares on the Indonesia Stock Exchange in 2018-2021.

2. Literature Review

2.1. Investment

Investmen can be interpreted as an investment activity, either directly or indirectly, with the hope that investors will benefit a lot from their investment results. According to Widoatmodjo (Purnama, Asnawi and Lestari, 2018), to increase the value of his wealth and protect the decline in value from inflation causes investors to invest. According to Tandelilin, investment is defined as a commitment to allocate resources in the hope of obtaining future returns (Purnama et al., 2018). According to Widoatmodjo, investment can be divided into two large groups, namely investment in the real sector (gold, silver or property) and financial investment. Financial investments are made in securities and foreign exchange instruments (Purnama et al., 2018).

According to Widoatmodjo, investment can be divided into two large groups, namely investment in the real sector (gold, silver or property) and financial investment. Financial investments are made in securities and foreign exchange instruments (Purnama et al., 2018). According to Tandelilin, investors can buy and sell their securities in the capital market, which is a meeting place between sellers and buyers of securities (Purnama et al., 2018). Investors who invest in stocks will face the risk of falling prices and the possibility that the company's shares will be delisted for certain reasons. In addition, investors also face the possibility that the company will go bankrupt or fail. Meanwhile, if investors invest in bonds, they face the risk of default on the company's coupon, or better known as default.

2.2. Stock Return

According to Pratiwi & Adi (2021) in making investments, an investor always expects a return or profit. Stock Return is a benefit that will be enjoyed by investors from investment results. Return is divided into two, namely return realization and return expectations. A realized Return is a return that has already occurred and can be calculated using historical data. Return realization is considered very important because it can be used as a tool to measure the performance of a company and also as a basis for determining return expectations and all types of risks in the future. While the expected return (expected return) is a return that has not occurred but the expected return will occur in the future.

The calculation of return in the stock market can be divided into two, namely capital gain (loss) and yield. Capital gain (loss) is the difference between the value of the stock when purchased and the value of the stock when sold. The profit obtained from capital gains is due to the higher selling price of shares than the purchase price. Conversely, if the selling price of the stock is lower than the purchase price, it is said to have suffered a capital loss. While the definition of yield or dividend is the distribution of net profit earned by a business entity to shareholders, which is determined by the general meeting of shareholders. The amount of dividends distributed is based on the size of the profits obtained by the business entity and the policy of dividend distribution. In general, the return on stock realization formula can be explained using the following formula :

$$R_{(t)} = \frac{P_{(t)} - P_{(t-1)} + D}{P_{(t-1)}} x100\%$$

where :

R(t) = stock Return over time t

P(t) = current investment price

P(t-1) = Investment price of the last period

D = dividend during period t

Meanwhile, to get a certain return or profit, an investor must also pay attention to the risks he will bear if he wants to get a certain return. Risk is the possible difference between the actual return received and the expected return. The greater the possible difference, the higher the investment risk.

2.3. Agency Theory

Agency theory is the theoretical basis underlying the company's business practices used so far. The theory is based on the synergy of economic theory, decision theory, sociology, and organizational theory. The main principle of this theory explains the existence of a working relationship between the authorizing party (principal), namely the investor and the party receiving the authority (agency), namely the manager, in the form of a cooperation agreement known as the nexus of contract. This difference in economic interests can lead to information asymmetry (information gap) between shareholders (stakeholders) and the organization. Jensen & Meckling (1976) stated agency relationship is as a contract, where one or several people or called principals hire other people or agents to perform a number of services and delegate authority in making decisions to the agent. From the theory it follows that an agent is appointed by the principal to carry out certain tasks in order to generate the greatest profit for the principal

2.4. Signaling Theory

Signal theory was proposed by M Spence (1973) which defines a signal as an attempt by an informant to accurately explain a problem to another party so that the other party is willing to invest even under uncertainty. This theory confirms the importance of information provided by the company to investment decisions by parties outside the company (Ross, 1977). Typically, one party, the sender, must choose and signal that information, and the other party, as the receiver must choose how to interpret the signal (Brian et al., 2011). Signal theory also explains that information or news delivered by companies can be classified into two, namely good news and bad news (Su et al., 2014). Signal theory is also used to describe the behavior between parties related to the presence of information even though access to information is different (Brian et al., 2011). A signal is also given when the board of Directors decides to increase its stake in the company. Management seeks to inform the market that diversification strategies are beneficial to prospective owners of the company (Goranova et al., 2007). In addition, the principal is also interested in signals about the distribution of dividends or profit sharing from the company.

2.5. Trade Off Theory

Trade-off theory was first introduced in 1963 by Modigliani and Miller in an American Economic Review article53 (1963, June) entitled Corporate Income Taxes on the Cost of Capital: a Correction. This article is a refinement of their original model that previously took into account the existence of corporate taxes (but still ignored individual taxes). In addition, this model is also known as the MM-2 model or MM model with corporate tax (Brigham & Houston, 2018). In theory this explains the idea that how much debt a company has and how much equity company so that the balance between costs and profits.

This trade-off is known as balanced theory. Husnan (2015), states that broadly speaking it can be concluded that balanced theory adheres to a pattern that balances the benefits of using high-interest debt with the costs of bankruptcy. Balance theory (trade-off theory) is a balance of benefits and sacrifices arising as a result of the use of debt. If the resulting profit is greater, the debt portion can be increased. Based on this theory, companies try to maintain a targeted capital structure with the aim of maximizing market value.

2.6. Stock Analysis Concept

The concept of stock analysis is basically divided into two, namely technical and fundamental analysis. Technical analysis is a form of analysis based on the publication of market data that includes stock prices, trading volumes, stock indices and other technical indicators. Therefore, technical analysis is also called market analysis (Husnan, 2015)

Fundamental analysis is divided into two, namely external and internal. Internal fundamental analysis is a study that studies matters related to the company's financial statements to determine the company's performance. historically on the financial strength of the company also called the term company analysis, investors will study the financial statements to determine the strengths and weaknesses of the company, learn the trends that may exist, evaluate operational efficiency and understand the nature of the company's operational characteristics. If the company's prospects are good, the stock price will reflect the information in the form of an increase in the stock price as well as better (Sukardi, 2010).

While the external fundamental analysis is a study that studies various things related to information that comes from outside the company that is macro, among others, such as inflation, exchange rates and GDP.

2.7. Fundamental Analysis

Fundamental analysis deals with the assessment of the company's performance, about the effectiveness and efficiency of the company in achieving its goals. To analyze the performance of the company can be used financial ratios are divided into five groups, namely liquidity ratios, activity ratios, debt ratios, profitability ratios and market ratios.

Fundamental analysis also states that every stock investment has a solid foundation called intrinsic value which can be determined by analyzing the current condition of the company and its prospects in the future. Intrinsic value is a function of a company's factors combined to produce an expected return with an inherent risk of the stock. This value

is estimated by investors or analysts and the results of this estimate can be compared with the current market value (current market price) so that it can be seen that stocks are overprice and underprice (Husnan, 2015).

With this analysis, investors try to estimate future stock prices by estimating the value of the fundamental factors that affect stock prices in the future and applying the relationship between these factors to estimate stock prices. Based on this information, investors can estimate the rate of return on their investment and decide whether to buy, hold or sell the stock.

Important things that are usually the center of attention of investors and financial analysts (financial analyst) in analyzing historical data (financial statements) are: (1) Company's competitive advantage position. (2) Profit margin corporate profit growth (3) The liquidity of the company is primarily related to the company's ability to meet its short-term obligations (4) Level of leverage (use of borrowed funds) against shareholder's equity (5) Composition and growth of the company's sales operations.

The financial statements presented by the company will not be useful if they are not analyzed or traced in depth through various financial analyzes to obtain better and more detailed information about the performance that has been achieved.

2.8. Financial Ratios

According to Endiana et al. (2020), financial ratios are a guide that guides the management of a company in setting various targets and standards. By using financial ratios, we can see comparisons that are more useful than just looking at the numbers on the financial statements. financial statements related financial reports related to financial reports related to financial reports related to financial reports related to financial statements financial reports related to financial reports related to financial reports related to financial reports.

According to (Sukardi, 2010), financial ratios can be grouped based on the desired scope and objectives, into 5 operations, namely: (1) The liquidity ratio can be used to increase a company's ability to pay its short-term obligations. This ratio consists of the Current Ratio, acid test ratio, and net working capital. (2) Activity ratio.(activity ratio). This ratio shows the company's ability and efficiency in utilizing the activities it owns or the turnover from these activities. The activity ratio consists of total asset turnover, fixed asset turnover, accounts receivable turnover, inventory turnover and average collection period. (3) The solvency ratio (solvency ratio) and often called the leverage ratio is used to analyze a company's liquidity capability in the long term (the company's ability to pay long-term debt) which includes debt to equity ratio, debt to networth ratio, cash flow to net income ratio, cash flow to Total liabilities ratio and cash flow to long term debt ratio. (4) Rentability ratio or profitability (profitability ratio). This type of ratio shows the company's profit in generating profits assisted into two, namely the ratio that shows profitability in relation to sales and in relation to investment. The two ratios together state the efficiency of the company. Company profits in relation to sales can be shown by gross profit margin and net profit margin. Meanwhile, profitability related to investment is indicated by return on equity (ROE) and return on assets (ROA). (5) Market ratio or market ratio. US stock index futures fell as investors weighed the extent of the equity rally and how likely a rate hike in December is likely to be. This ratio is divided into 7 types, namely dividend yield, dividend per share, earnings per share, dividend payout ratio, price earning ratio, book value per share and price to book value.

2.9. Systematic Risk (Beta)

Return and risk are two inseparable things, because the consideration of an investment is a trade-off of these two factors. Return and risk have a positive relationship, the higher the risk, the higher the return and conversely, the lower the risk level, the smaller the expected return (Hartono, 2017). Things like this answer the question why not all investors only invest in assets that offer the highest rate of return.

According to Husnan (2015), the overall risk (total risk) of owning a share consists of two parts, namely systematic risk and non-systematic risk. Systematic risk is the overall risk in the market and cannot be eliminated by diversification (investing in various types of stocks). This risk occurs due to activities outside the company's activities such as inflation, recession, tax regulations, monetary policies and so on which affect stock prices. Meanwhile, unsystematic risk is a risk that can be eliminated by diversification.

According to Myers (2019), the relationship between systematic risk and the level of profit can be seen from the figure 1.

The expected Return is described in the vertical axis, while the systematic risk is described as the horizontal axis. An oblique linear line that describes the relationship between systematic risk and the expected level of profit is called The Capital Market Line. From the picture above, the expected profit is higher than the risk free rate (RF). The capital market line shows that the higher the systematic risk, the higher the return expected by an investor. The slope of the capital market line indicates the degree to which investors are avoiding risk. The steeper the slope of the Capital Market Line, the more investors dislike risk.Beta can be used for systematic comparison of relative risks of different stocks, so it can be used by investors to estimate the risk of a stock.

In this study, the calculated beta is the beta of the market. Market Beta can be estimated using historical values of returns and Securities and returns from the market over a given period, assuming that the relationship between securities returns and market returns is linear, then beta can be estimated manually by plotting lines between return points or by regression techniques or by using a single index model.

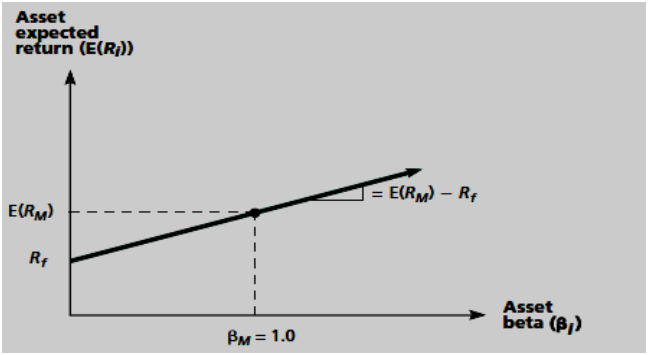

Figure 1. Relationship Risk – Stock Return

The single index Model is based on the observation that a company's stock price fluctuates in the direction of the market price index. In particular, it can be observed that most stocks tend to rise in price when the stock price index rises. The reverse is also true, i.e. if the stock price index falls, most stocks fall in price. This shows that stock returns are correlated due to a common response to changes in market value. On this basis, the return of a security and the return of a market index can be written with a relationship (Elton, Edwin J; Gruber, 2013):

$$Ri = \alpha i + \beta i \, . \, Rm + e$$

Where :

Ri = return of a security for a period

αi = expected value of security return independent of market return

Rm = rate of Return of The Market Index

βi = beta, is a coefficient that measures the change in Ri, resulting from changes in Rm

e = error term

Single index model divides stock returns into two components, as follows: (1) A unique return component by ai that is independent of market returns. (2) The component of return relating to the market return represented by βi . Rm

2.10. LQ45 Stock

On the stock exchange, some stocks will be classified as the most actively traded stocks or the most liquid stocks among investors. Such stocks are also known as blue chip stocks. Stock issuers are generally market-leading companies with the best financial performance. These stocks tend to have a decent price, provide dividends that continue to rise, generate growth, offer security and reliability, and low to moderate risk. The list of companies included in LQ45 shares for the period August 2021 to January 2022 can be seen in the table 1.

Table 1. List of all companies in LQ45

No	Kode Saham	Nama Perusahaan	Tanggal Pencatatan
1	ACES	Ace Hardware Indonesia Tbk.	06-Nov-2007

No	Kode Saham	Nama Perusahaan	Tanggal Pencatatan
2	ADRO	Adaro Energy Tbk.	16-Jul-2008
3	AKRA	AKR Corporindo Tbk.	03 Okt 1994
4	ANTM	Aneka Tambang Tbk.	27-Nov-1997
5	ASII	Astra International Tbk.	04-Apr-1990
6	BBCA	Bank Central Asia Tbk.	31 Mei 2000
7	BBNI	Bank Negara Indonesia (Persero) Tbk.	25-Nov-1996
8	BBRI	Bank Rakyat Indonesia (Persero) Tbk.	10-Nov-2003
9	BBTN	Bank Tabungan Negara (Persero) Tbk.	17 Des 2009
10	BMRI	Bank Mandiri (Persero) Tbk.	14-Jul-2003
11	BRPT	Barito Pacific Tbk.	01 Okt 1993
12	BSDE	Bumi Serpong Damai Tbk.	06-Jun-2008
13	BUKA	Bukalapak.com Tbk.	06 Ags 2021
14	CPIN	Charoen Pokphand Indonesia Tbk	18-Mar-1991
15	ERAA	Erajaya Swasembada Tbk.	14 Des 2011
16	EXCL	XL Axiata Tbk.	29-Sep-2005
17	GGRM	Gudang Garam Tbk.	27 Ags 1990
18	HMSP	H.M. Sampoerna Tbk.	15 Ags 1990
19	ICBP	Indofood CBP Sukses Makmur Tbk.	07 Okt 2010
20	INCO	Vale Indonesia Tbk.	16 Mei 1990
21	INDF	Indofood Sukses Makmur Tbk.	14-Jul-1994
22	INKP	Indah Kiat Pulp & Paper Tbk.	16-Jul-1990
23	INTP	Indocement Tunggal Prakarsa Tbk.	05 Des 1989
24	ITMG	Indo Tambangraya Megah Tbk.	18 Des 2007
25	JPFA	Japfa Comfeed Indonesia Tbk.	23 Okt 1989
26	JSMR	Jasa Marga (Persero) Tbk.	12-Nov-2007
27	KLBF	Kalbe Farma Tbk.	30-Jul-1991
28	MDKA	Merdeka Copper Gold Tbk.	19-Jun-2015
29	MEDC	Medco Energi Internasional Tbk.	12 Okt 1994
30	MIKA	Mitra Keluarga Karyasehat Tbk.	24-Mar-2015
31	MNCN	Media Nusantara Citra Tbk.	22-Jun-2007
32	PGAS	Perusahaan Gas Negara Tbk.	15 Des 2003
33	PTBA	Bukit Asam Tbk.	23 Des 2002
34	PTPP	PP (Persero) Tbk.	09-Feb-2010
35	PWON	Pakuwon Jati Tbk.	09 Okt 1989
36	SMGR	Semen Indonesia (Persero) Tbk.	08-Jul-1991
37	TBIG	Tower Bersama Infrastructure Tbk.	26 Okt 2010
38	TINS	Timah Tbk.	19 Okt 1995
39	TKIM	Pabrik Kertas Tjiwi Kimia Tbk.	03-Apr-1990
40	TLKM	Telkom Indonesia (Persero) Tbk.	14-Nov-1995
41	TOWR	Sarana Menara Nusantara Tbk.	08-Mar-2010
42	TPIA	Chandra Asri Petrochemical Tbk.	26 Mei 2008
43	UNTR	United Tractors Tbk.	19-Sep-1989
44	UNVR	Unilever Indonesia Tbk.	11-Jan-1982
45	WIKA	Wijaya Karya (Persero) Tbk.	29 Okt 2007

Source: BEI, processed Data, 2022

Similar to other common stock indices, changes in the blue chip index will be used to measure price movements of blue chip stocks. In countries that have derivative markets, the blue chip index often serves as the underlying asset of derivative securities, such as options and futures.

3. Methods

The study was conducted by quantitative research methods. In this study, the quantified data is data on financial ratios and lq45 stock returns listed on the Indonesia Stock Exchange for the 2018-2021 period. This research was conducted on companies listed on the Indonesia Stock Exchange as LQ45 stock index for the period 2018-2021. The Data used in this study was obtained from the IDX annual Fact Book of the Indonesia Stock Exchange and from the Indonesia Capital Market Directory (ICMD) which can be accessed through www.idx.co.id. The time of this study is from September 2022 to October 2022. The population used in this study is the shares of companies listed as the 45 most liquid stocks on the stock exchange or commonly called LQ45 listed on the Indonesia Stock Exchange for the period 2018-2021. The research sample was taken by purposive sampling, where the sample is used if it meets the following criteria: a) The LQ45 company has gone public on the Indonesia Stock Exchange (IDX) and is consistently listed as an LQ45 stock index during the 2018-2021 period. b) There is financial statement data from LQ45 companies during the 2018-2021 period that can be used to fulfill financial ratio calculations. Multiple regression analysis is used as an analytical tool in this study because the dependent variable sought to explain the hypothesis depends on more than one independent variable.

4. Results and Discussion

4.1. Results

In this study, descriptive analysis is used to provide an overview of the values of research variables seen from the maximum, minimum, mean and standard deviation. Based on the mean and standard deviation, the distribution of data on each research variable can be observed. A standard deviation value lower than the mean value indicates a good data distribution because it does not contain many fluctuations so that the data is normally distributed, while a standard deviation value higher than the mean value indicates a poor data distribution because it contains many fluctuations so that the data distribution is not normally distributed.

Table 2. Descriptive Statistics

Variabel	N	Maximum	Minimum	Mean	Standard Deviation
Return	112	1.21	-0.54	0.015	0.289
CR	112	4.97	0.17	1.679	1.196
TATO	112	6.03	0.06	0.672	0.737
DER	112	17.07	0.14	2.247	3.012
ROE	112	145.11	0.88	16.721	23.239
PBV	112	60.67	0.57	3.872	9.213
Beta	112	5.24	0.05	1.602	1.058

Source : processed data (2022)

Table shows the maximum, minimum, mean and standard deviation of each research variable. Based on the results of descriptive analysis in the table obtained the following results :

4.1.1. Stock Return

In this study, variable stock return is measured by using the actual return of the stock in the form of return that occurs in perode to t which is the relative change in stock prices from the previous period. The results of the analysis in Table 2 show that the company's stock return during 2018-2021 has a minimum value of -0.54 and a maximum of 1.21, a mean of 0.015 and a standard deviation of 0.289. The value of standard deviation exceeding the mean indicates that the company's stock return data contains many fluctuations and is not normally distributed. The highest share Return was obtained by ANTM company in 2020 and MNCN company in 2019.

4.1.2. CR

Current Ratio is the ratio used to measure a company's ability to meet its short-term obligations with its current assets. This ratio describes how quickly current assets can be converted into cash to meet short-term obligations. Current Ratio is calculated by dividing current assets with current liabilities. The results of the analysis in table 5.2 show that the value of the CR variable has a maximum value of 4.97 and a minimum of 0.17, a mean of 1.679 and a standard deviation of 1.196. The results of the analysis in Figure 5.2 show that the highest CR value is obtained by the INCO company in 2021.

4.1.3. TATO

Total Asset Turn Over is one of the activity ratios that shows the ability and efficiency of the company in utilizing its assets or the turnover of these assets. Therefore, TATO can be used to measure how efficient all company assets in supporting sales. The results of the analysis in Table 5.2 shows that the value of the variable TATO has a minimum value of 0.06 and a maximum of 6.03, mean 0.672 and standard deviation 0.737. Figure 5.3 shows that the TLKM of 2021 has the highest TATO value**.**

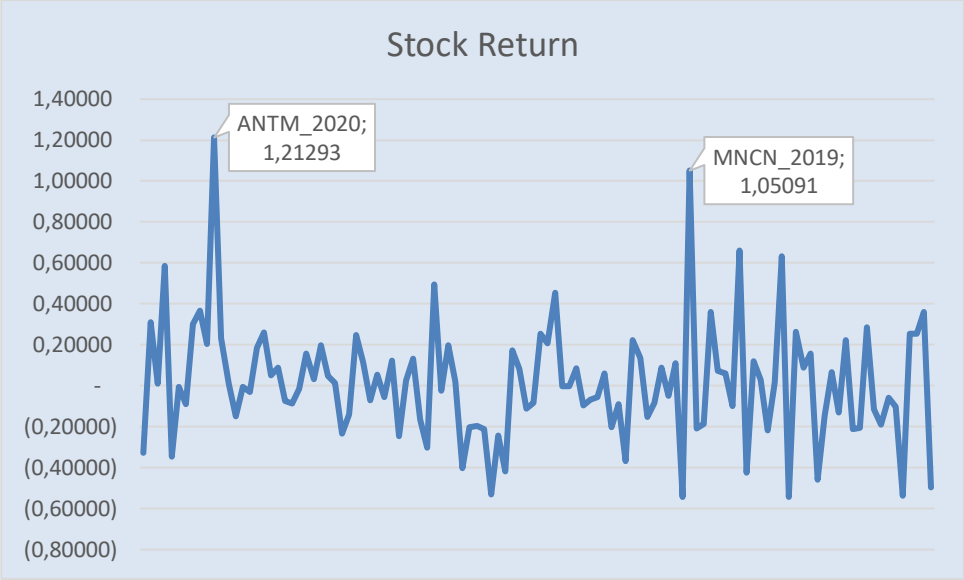

Figure 2. Sample Company Stock Returns For 2018-2021

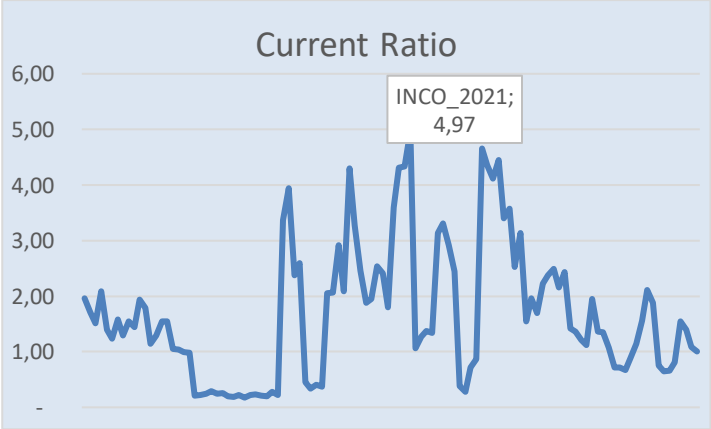

Figure 3. 2018-2021 Sample Company CR

Figure 4. TATO Sample Companies Of The Year 2018-2021

4.1.4. DER

Debt to Equity Ratio is a ratio used to measure the leverage (use of debt) to the total equity owned by the company. DER is an instrument to determine the ability of a company's equity to pay off all its obligations. The results of the analysis in Table 5.2 shows the value of DER variables have a minimum value of 0.14 and a maximum of 17.07 with an average of 2.247 and a standard deviation of 3.012. The highest DER in 2018 – 2021 from all sample companies was obtained by the BBTN company in 2020.

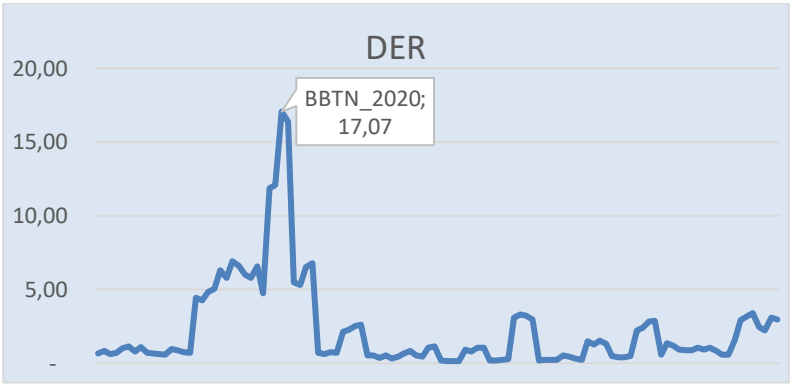

Figure 5. DER sample company Year 2018-2021

4.1.5. ROE

Return on Equity is a ratio to measure how effectively the company utilizes the contribution of the owner or how effectively the company utilizes other sources for the benefit of the owner. In other words, ROE is an instrument to determine the ability of Management in managing existing capital to obtain net income. The results of the analysis in Table 5.2 shows that the minimum value of ROE during the observation period was 0.88 and a maximum of 145.11 with an average of 16.721 and a standard deviation of 23.239. The highest ROE value was obtained by the UNVR company in 2020**.**

4.1.6. PBV

Price to Book Value is a market ratio used to measure the performance of a stock's market price against its book value. High-performing companies usually have a PBV ratio above 1, which indicates that the market value of the stock is higher than its book value. The results of the analysis in Table 5.2 show that the PBV value of the sample companies during 2018 – 2021 had a minimum value of 0.57 and a maximum of 60.67 with an average of 3.872 and a standard deviation of 9.213. The highest PBV value was obtained by UNVR company in 2019.

4.1.7. Beta

In this study the calculated beta is the beta of the stock. The Beta of a stock can be estimated using the historical values of the return of the security and the return of the market over a given period. The results of the analysis in Table 5.2 show that the Beta value of the sample companies during the 2018-2021 period has a minimum value of

0.05 and a maximum of 5.24 with an average value of 1.602 and a standard deviation of 1.058. The highest Beta value was obtained by WIKA in 2018, PTPP in 2019 and BBTN in 2021.

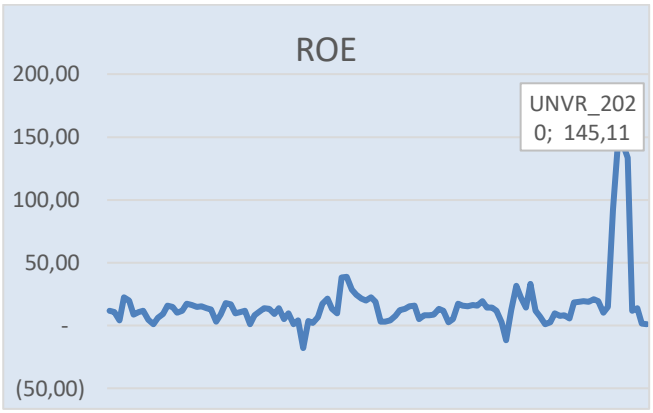

Figure 6. ROE Enterprise Sample year 2018-2021

4.1.8. Multiple Linear Regression Analysis

In this study, multiple linear regression analysis was conducted to examine the influence of Current Ratio, Total Asset Turnover, Debt to Equity Ratio, Return on Equity, Price Book Value and Beta on the stock Return of the sample companies during the period of 2018 – 2021. In Ghozali (2016) mentioned that multiple linear regression is a multivariate analysis that has several stages, namely the classical assumption test stage and the regression model test stage. Classical assumption test that should be done consists of normality test, multicollience test, heteroscedasticity test and autocorrelation test. These four classical assumptions must be met for regression analysis to be performed.

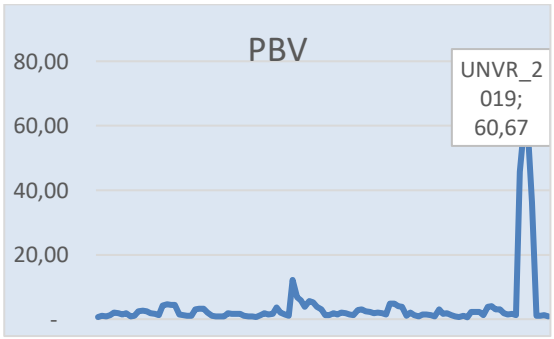

Figure 7. PBV Enterprise Sample year 2018-2021

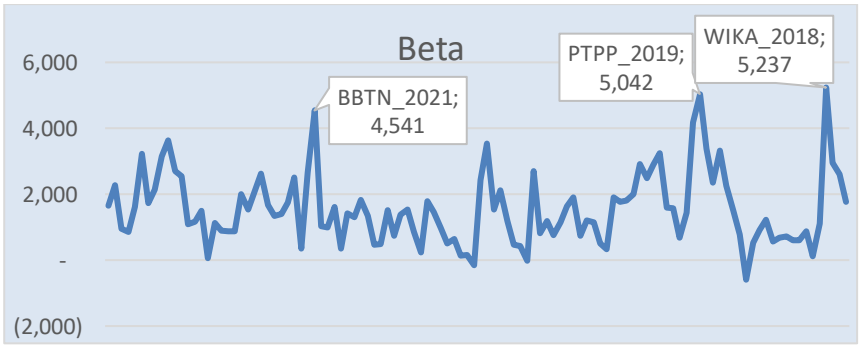

Figure 8. Beta Sample Companies Of The Year 2018-2021

4.1.9. Screening Data

The results of descriptive analysis in Table 5.2 shows that almost all variables have enough data to contain fluctuations so that the distribution of data is not normally distributed. Therefore, before regression analysis, screening data needs to be done to remove outliers that can interfere with the analysis results (Ghozali, 2016).

In this study the outlier test is done by looking at the Z Score Value of the regression residual, where the data with a residual Z Score Value <-2.58 and data with a residual Z Score Value >2.58 are outlier data that should be removed so as not to interfere with the analysis results (Ghozali, 2016). Based on the outlier test, from 112 data analyzed, there are 4 data included in the outlier criteria, namely: ANTM data in 2020, MNCN data in 2019, PTBA data in 2018 and PTPP data in 2021. After the four data were released, the total number of observations analyzed was 108 observations.

4.2. Discussion

4.2.1. The Effect of CR on Stock Returns

Liquidity can be used in considering the company's ability to pay its short-term obligations. The higher the company's ability to pay its short-term obligations, the company's stock returns tend to be high, but in fact in the lq45 company that is sampled in this study, the high liquidity of the company does not always indicate that the company will have a high stock return. The results of this study will certainly be a finding where investors often observe liquidity as a parameter of the company's high and low stock returns in the future, even though after further research, it turns out that in LQ45 companies the high liquidity does not always indicate that in the future, the company will have a high stock return.

The results of this study are in line with the results of research by Nuralita (2021), Rachmawati & Rahayu (2017) and Endiana et al. (2020) which show that the current ratio has no effect on the company's stock return, the high and low current ratio has no effect on the company's stock return. However, the results of this study are contrary to the results of Insani et al. research (2019) which explains that the current ratio has a positive effect on stock returns and also contradicts the results of Hidayat research (2020) and Asia (2020)which actually show that the current ratio has a negative effect on company stock returns.

4.2.2. The Effect of TATO on Stock Returns

Hypothesis 2 in this study is not proven and concluded that the TATO does not significantly affect the company's stock returns. This means that the high and low of the company TATO does not affect the high and low of the company's stock return.

Total asset turn over (TATO) is one of the activity ratios, which is a ratio that shows the ability and efficiency of the company in utilizing its assets or the turnover of these assets. TATO are used to measure how efficiently all company assets are utilized in supporting sales. Typically, a high TATO ratio value indicates the more efficient a company is in utilizing its assets and shows the greater sales generated. The high TATO ratio value will reduce investor uncertainty in investing their funds. With high sales expected to generate high returns as well. But the results of this study actually showed that TATOs have no effect on the company's stock returns.

The absence of a significant effect of TATO on stock returns due to high asset turnover does not provide high profits so that it is considered less profitable for investors where receivables and inventories that occur in the company are high. This triggered a weakening of interest and interest of investors in lq45 stocks traded. Further weakening of investor reaction on a stock can affect the low fluctuation in demand for the stock itself which further affects the price and stock return.

The results of this study will certainly provide very useful findings for investors, where TATOs are one of the parameters that investors look at before deciding to invest. Investors usually prefer companies that have a high activity ratio, because the company is a company that is more efficient in using all of its assets. This study successfully showed that in LQ45 companies, TATOs are not a parameter that can be used as a consideration for investors to invest because high TATOs are not necessarily in the future will produce high stock returns.

The results of this study are in line with the results of Jamaluddin, Natalya & Paulina's research (2021) which showed that TATOs had no effect on stock returns. However, the results of this study are contrary to the results of Asian Studies (2020), Rachmawati & Rahayu (2017) and Endiana et al. (2020) which show that TATOs have a positive effect on company stock returns and also contradict the results of Insani et al. (2019) which actually show that TATOs have a negative effect on stock returns.

4.2.3. The Effect of DER on Stock Returns

This study is not proven and concluded that DER has no significant effect on the company's stock return, indicated by a significance value of 0.894 > 0.05. This means that the high and low DER of the company has no effect on the high and low return of the company's shares.

Typically, the greater the DER will result in higher financial risk of the company. With the use of debt that is getting bigger will result in the higher risk of default (default) on the debt owned by the company. However, the results of this study managed to prove that in LQ45 companies, it turns out that DER is not a parameter that can significantly indicate the high and low return of lq45 company shares.

Creditors generally prefer a low leverage ratio because a low leverage ratio means the creditor has a higher level of security against receivables. While the greater the leverage ratio means the faster the company becomes insolvable. The addition of debt will reduce the solvency level of the company, because the increase in debt is accompanied by an increase in assets so that the amount of excess value in absolute numbers is fixed, but in relative numbers or smaller percentage. However, with this study, then the future should investors LQ45 companies no longer see the DER as a parameter that indicates the high return of shares in the future because the results of this study indicate that the high and low DER does not affect the high and low return of the company's shares.

The absence of significant influence of DER on stock returns is due to bias regarding the investor's view of the value of DER. Why this is so, because a high DER value indicates the company's total debt that is getting bigger so that the debt burden can reduce the company's profit. On the other hand, DER values that are too small indicate the low ability of management's own capital to be used as a guarantee of all management obligations in developing operational productivity. All of these things can affect the high and low profits of the company. In this case the bias understanding and interpretation of the role of DER for the company to be ignored by investors on investment decisions, so it does not affect the price changes and stock returns.

The results of this study are in line with the research results of Nuralita (2021), Yakhub & Kristanti (2022), Sutarni (2018), Pandaya et al. (2020), Merangin et al. (2018), Wardhana (2021), Mahsusin et al. (2022), Endiana et al. (2020) and Jaya & Kuswanto (2021) which shows that Der has no effect on the company's stock return. However, the results of this study are contrary to the results of an Asian study (2020) which showed that DER had a negative effect on company stock returns and also contrary to the results of Rachmawati & Rahayu's Research (2017) which actually showed that DER had a significant effect on stock returns.

4.2.4. The Effect of ROE on Stock Returns

This study is not proven because it is concluded that ROE has a negative and significant effect on the company's stock returns. This means that the higher the company'S ROE will actually reduce the company's stock return.

Return on Equity (ROE) is a measure of a company's ability to generate corporate returns, or the effectiveness of a company in making a profit by using shares owned by the company. Typically, the higher the ROE value indicates the more efficiently the company uses its own capital to generate profits. However, the results of this study show that high ROE actually produces low stock returns. This is likely because ROE as information is not responded positively by the stock market players, but instead the opposite happens, which tends to be responded negatively. This condition is caused by the distribution pattern of data from stock returns that tends to decrease when ROE increases as seen in the figure 9 which shows that when the ROE of the LQ45 sample increases in 2021, the stock return even decreases.

The results of this study are in line with the results of Hidayat's research (2020) which showed that ROE negatively affects stock returns. However, the results of this study are contrary to the results of Mahsusin et al. research (2022)which shows that ROE has a positive effect on company stock returns and also contrary to the results of Pandaya et al. (2020) and Endiana et al. (2020) which actually show that ROE has no effect on stock returns.

The results of this study will be a finding for investors, which at the time will invest in the company LQ45, they should be careful in estimating the high return of the stock, because the high ROE was actually able to reduce the stock return of the company LQ45.

4.2.5. The Effect of PBV on Stock Returns

This study proved and concluded that PBV has a positive and significant effect on the company's stock returns. This means that the higher the company'S PBV, the higher the company's stock return.PBV shows how far the company is able to create corporate value relative to the amount of invested capital. The higher the PBV ratio, the more successful the company is in creating value for its shareholders. For companies that are doing well, generally their

PBV ratio reaches above one, which means that the market value of the stock is greater than its book value. The greater the PBV ratio, the higher an enterprise is valued by financiers.

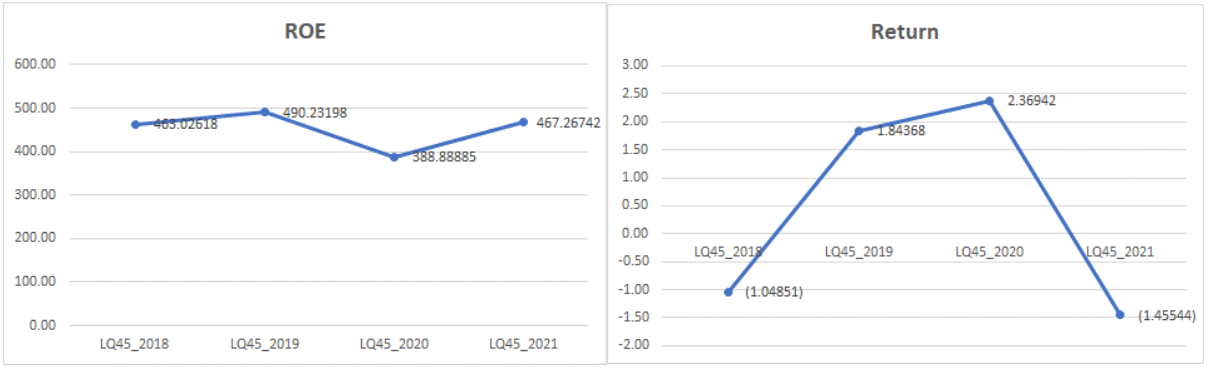

Figure 9. ROE and Stock Returns

Source : Data processed researchers

The results of this study are in line with the research results of Pandaya et al. (2020), Wardhana (2021) and Jaya & Kuswanto (2021) which show that PBV has a positive and significant effect on company stock returns.

4.2.6. The Effect of Beta on Stock Returns

This study is proven and concluded that Beta has a positive and significant effect on the company's stock return. This means that the higher the company's beta, the higher the company's stock return. A systematic measure of relative risk is known as Beta which indicates a measure of a stock's relative risk to the market portfolio. The greater the fluctuation of the company's stock return to the market return, the greater the beta of the stock. And vice versa, the smaller the fluctuation of the company's stock returns to market returns, the smaller the beta of the stock.

The results of this study are in line with the research results of Azhari et al. (2020) and Effendy & Pamungkas (2018) which show that stock beta has a positive and significant effect on stock returns.

5. Conclusions

The conclusions obtained from the results of this study are as follows: (1) CR has no significant effect on the company's stock return, the high and low of the company'S CR has no effect on the high and low of the company's stock return. (2) TATOs have no significant effect on the company's stock returns, the high and low of the company'S TATOs have no effect on the high and low of the company's stock returns (3) DER has no significant effect on the company's stock return, the high and low DER of the company has no effect on the high and low return of the company's stock (4) ROE has a negative and significant effect on the company's stock return, the higher the company'S ROE will actually reduce the company's stock return. (5) PBV has a positive and significant effect on the company's stock return, the higher the company'S PBV, the higher the company's stock return.(6) Beta has a positive and significant effect on the company's stock return, the higher the company's beta, the higher the company's stock return.

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