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## ANALYSIS OF THE INFLUENCE OF PROFITABILITY (ROA), PRICE EARNING RATIO (PER), LEVERAGE (DER), AND NET PROFIT MARGIN (NPM) ON STOCK RETURNS IN FOOD AND BEVERAGE COMPANIES

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### Abstract

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Foods and beverages subsector is able to make investors feel interested because this subsector is stable and demand is always increasing in line with the increase in human population as well as the increase in human needs for food consumption. In Indonesia. The research uses quantitative research methods. The quantitative data used is in the form of secondary data, namely annual financial reports listed on the Indonesia Stock Exchange (BEI) and historic data on stock prices in the foods and beverages subsector for 2018 – 2022. The calculated F value > F table, namely with a value of 3.011 > 2.48 and a significant value < 0.05, namely with a value of 0.023 < 0.05. The results of this test show that H5 is accepted, which means that Return On Assets, Price Earning Ratio, Debt to Equity Ratio, and Net Profit Margin have a significant impact on stock returns in foods and beverages subsector companies listed on the IDX for the 2018 - 2022 period. It is hoped that you will consider the values of Return on Assets, Price Earning Ratio, Debt to Equity Ratio, and Net Profit Margin as benchmarks for decision making before investing to achieve the expected profit.

**Keywords:** ROA, PER, DER, NPM, Companies

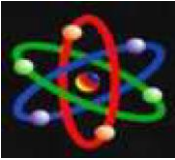


## INTRODUCTION

Foods and beverages subsector is able to make investors feel interested because this subsector is stable and demand is always increasing in line with the increase in human population as well as the increase in human needs for food consumption. In Indonesia, this sector is experiencing rapid growth, this can be seen from the increase in companies listed on the IDX from year to year, even though some companies are temporarily short of funds due to the economic crisis. It does not rule out the possibility that this company is really needed so that its positive impact will provide benefits both now and in the future. Increasing public consumption of foods and beverages will definitely have an impact on company income and profits. According to known facts, the emergence of Covid-19 resulted in a decline and growth in share prices in the foods and beverages subsector throughout 2019-2020 or during the Covid-19 pandemic. Based on previous research, namely from Almira, NPAK & NLP Wiagustini (2020), Devi, N. & Artini, L. (2019) and Mawardi et al (2020) stated that profitability ratios have a positive impact on stock returns which explains that ROA has a positive impact and relevant to stock returns, ROE has a positive and relevant impact on stock returns. Another explanation from Samalam et al (2018), Budiharjo (2018) and Worotikan et al (2021) argue that profitability ratios have no relevant impact on stock returns. A high level of debt means collateral for assets and the influence on stock returns shows a high risk so that investors and potential investors will avoid investing. This explanation is proven by research by Devi, N. & Artini, L. (2019) which states that

DER has a negative and relevant impact on stock returns. However, high risk is directly proportional to high stock returns, so that when the DER value increases, share prices and stock returns also increase. This statement is in line with research by Mawardi et al (2020) which states that DER has a positive value and has an impact on stock returns. A different opinion was expressed by Samalam et al (2018), Budiharjo (2018) and Worotikan et al (2021) who said that the debt ratio does not change anything on stock returns. As for the comparison of the current research carried out with previous research, the similarities are in the form of the variables used, namely NPM and PER as variable x and stock returns as variable y and the difference in the research is the difference in the years studied. The known phenomenon is that net sales from the food and beverage sector on average fell in 2020 compared to the previous year. The biggest decline in sales was experienced by FKS Food Sejahtera worth 15.04% with IDR 1.51T in 2019 valued at IDR 1.28T in 2020. Meanwhile, Mayora had the lowest decline of 2.2%. Apart from that, FKS Food Sejahtera and Nippon Indosari experienced quite high losses in 2020. Meanwhile, Mayora and Sariguna Primatirta experienced an increase in profits. ROA ratio which assesses the company's potential to seek profits in a period (Kasmir 2019:114). This ratio is obtained by comparing net profit with total assets. This ROA provides results from the assets used by the company. This ratio is an effective standard for management in controlling investment. A low ROA ratio means the company's condition is not good. The higher the ROA ratio, the better the condition of a company. Attractive to





investors and potential investors because good profits have the possibility of a good return rate . A high ROA has a positive impact on investors because it can generate profits based on a certain level of assets. If the company's burden on external parties is higher, the company's performance will become worse and this will have an impact on decreasing share prices in the capital market. The decline in share prices that occurred resulted in a decline in share returns as well.

### RESEARCH METHODS

The research uses quantitative research methods. The quantitative data used is in the form of secondary data, namely annual financial reports listed on the Indonesia Stock Exchange (BEI) and historic data on stock prices in the foods and beverages subsector for 2018 - 2022. The aim of this method is to collect information, process data, analyze data, and presents data and testable hypotheses. Sugiyono (2018 : 80) states that population is a general area consisting of quality objects or subjects and certain characteristics determined by researchers to study and draw conclusions. The population in this study are companies in the foods and beverages subsector listed on the IDX in 2018 – 2022. Sugiyono (2018 :81) states that a sample is one of the numbers and characteristics possessed by a population. The sample for this research was determined using a purposive sampling technique. Table 1. Population and Sample.

No	Criteria	Number of Samples
1	Food and beverage subsector companies listed on the IDX in 2018-2022	24

0	Food and beverage subsector companies that did not publish financial reports on the IDX website in 2018-2022	
2	Food and beverage subsector companies that experienced no profit per share during 2018-2022	
3	Number of Research Samples	17
	Number of Research Observations (17 x 5 years)	85

Table 1. Population and Sample

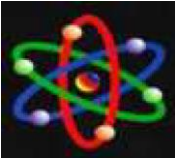
The technique used to collect this data is the non-participation observe method , namely by observing data, researching data and processing secondary data, namely annual financial reports & share prices from food and beverage subsector companies published on the IDX for 2018-2022.

### RESULT

Descriptive statistics aims to collect information, process data and analyze data so that it can be shown better, consisting of the average value, maximum value, minimum value and standard deviation used. Below is a statistical data table for the variables used in the research.

	N	Minimum	Maximum	Mean	Std. Deviation
Return On Assets	85	1,080	42,380	9.82188	7.694346
Price Earning Ratio	85	4,610	61,900	19.65965	13.410923
Debt to Equity Ratio	85	10,850	133,390	60.70718	32.339610
Net Profit	85	1,350	36,360	10.70635	8.235227





Margin					
Stock Returns	85	0.010	0.290	0.11659	0.077576
Valid N (listwise)	85				

Table 2. Descriptive Statistics  
 Based on the table above, it can be concluded that:

1. Variable ROA (X 1 ), from this data it can be described that the minimum value is 1.080 while the maximum value is 42.380 and the average ROA is 9.82188. Std. ROA data deviation is 7.694346.
2. Variable PER (X 2 ), from this data it can be described that the minimum value is 4.610 while the maximum value is 61.900 and the average ROA is 19.65965. Std. ROA data deviation is 13.410923.
3. The DER variable (X 3 ), from this data it can be described that the minimum value is 10.850 while the maximum value is 133.390 and the average ROA is 60.70718. Std. ROA data deviation is 32.339610.
4. Variable NPM (X 4 ), from this data it can be described that the minimum value is 1.350 while the maximum value is 36.360 and the average ROA is 10.70635. Std. ROA data deviation is 8,235,227.
5. Variable Stock Return (Y), from this data it can be described that the minimum value is 0.010 while the maximum value is 0.290 and the average ROA is 0.11659. Std. ROA data deviation is 0.77576.

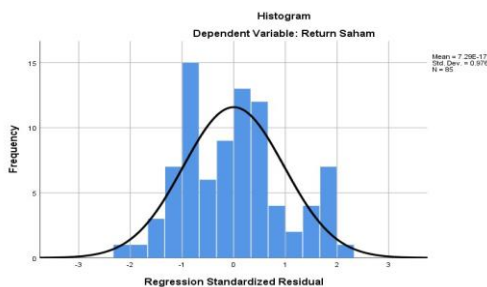


Figure 1. Normality Test

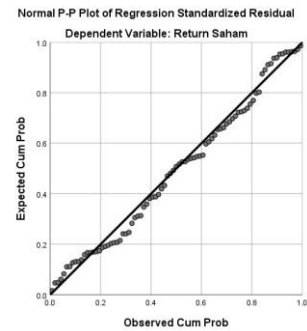


Figure 2. P-P Plot Diagram  
 Based on Figure above, the distribution of points traces and spreads along a line. This shows the data is normally distributed.

N	85	
Normal Parameters <sup>a, b</sup>	Mean	0.0000000
	Std. Deviation	0.07232292
Most Extreme Differences	Absolute	0.076
	Positive	0.076
	Negative	-0.059
Statistical Tests	0.076	
Asymp. Sig. (2-tailed)	0.200 <sup>c, d</sup>	

Table 3. Normality Test  
 Based on the table above, the Kolmogorov Smirnov statistical test value is 0.076 with a significant value obtained of  $0.2 > 0.05$ . This shows that the research data is normally distributed.

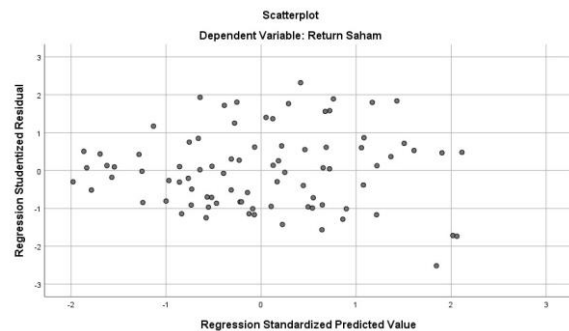
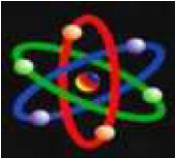


Figure 3. Scatter Plot Graph





It can be seen that the data pattern points do not gather in just one place or spread around the number 0 on the X and Y axes, meaning that heteroscedasticity does not occur.

Model		Standardized	
		Unstandardized Coefficients	Coefficients
		1 Std. Error	Beta
1	(Constant)	.130	
	Return of Assets	.002	.202
	Price Earning Ratio	.000	-.056
	Debt to Equity Ratio	-.001	-.225
	Net Profit Margin	.001	.057

Table 4. Multiple Linear Regression Analysis Test Results

Based on the results in the table, the conclusions are:

$$\text{Stock Return} = 0.130 + 0.002 \text{ Return On Assets} + 0.000 \text{ Price Earning Ratio} - 0.001 \text{ Debt to Equity Ratio} + 0.001 \text{ Net Profit Margin}$$

1. Constant ( $\alpha$ ) = 0.130 shows the Constant value. If the values X1 to X4 are 0 then the Stock Return value is 0.130.
2. Coefficient X 1 = 0.002 indicates that the ROA variable has a positive impact on stock returns of 0.002. For every increase in ROA (X 1) by 1 unit, the Stock Return will increase by 0.002.
3. Coefficient X 2 = 0.000 shows that the PER variable has no effect between the two variables. For every increase in PER (X 2) by 1 unit, Stock Returns will not increase or decrease (still).
4. Coefficient X 3 = -0.001 indicates that the DER variable has a negative impact on stock returns of -0.001. Every time the

DER (X 3) decreases by 1 unit, the stock return will decrease by 0.001.

5. Coefficient X 4 = 0.001 indicates that the NPM variable has a positive impact on stock returns of 0.001. For every increase in NPM (X 4) by 1 unit, the Stock Return will increase by 0.001.

Model		t	Sig.
1	(Constant)	5,346	,000
	Return of Assets	1,020	,311
	Price Earning Ratio	-.530	,597
	Debt to Equity Ratio	-2.105	,038
	Net Profit Margin	,284	,777

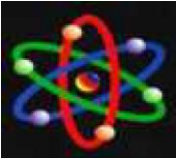
Table 5. Partial Test (t test) The

Based on the results in the table above, it can be concluded as follows:

1. The variable ROA (X 1), has a calculated t value of 1.020 with a significant value of 0.311. From the t distribution table, the t table value is 1.98896. The value is  $1.020 < 1.98896$  and the significant value is  $0.311 > 0.05$ . The results of this test show that H 1 is rejected, meaning that ROA has no significant impact on stock returns in foods and beverages subsector companies listed on the IDX for the 2018-2022 period.
2. The variable PER (X 2), has a calculated t value of -0.530 with a significant value of 0.597. From the t distribution table, the t table value is -1.98896. The value is  $0.530 > -1.98896$  and the significant value is  $0.597 > 0.05$ . The results of this test show that H 2 is rejected, meaning that PER has no significant impact on stock returns in foods and beverages subsector companies listed on the IDX for the 2018-2022 period.







3. The variable DER (X 3 ), has a calculated t value of -2.105 with a significant value of 0.038. From the t distribution table, the t table value is -1.98896. The value is  $2.105 < -1.98896$  and the significant value is  $0.038 < 0.05$ . The results of this test show that H 3 is accepted, which means DER has a significant impact on stock returns in foods and beverages subsector companies listed on the IDX for the 2018-2022 period.

4. The NPM variable (X 4 ), has a calculated t value of 0.284 with a significant value of 0.777. From the t distribution table, the t table value is 1.98896. The value is  $0.284 < 1.98896$  and the significant value is  $0.777 > 0.05$ . The results of this test show that H 4 is rejected, which means that NPM has no significant impact on stock returns in foods and beverages subsector companies listed on the IDX for the 2018-2022 period.

## CONCLUSION

The conclusions from the research carried out are as follows:

1. Return On Assets has no impact on share returns of companies in the foods and beverages subsector listed on the IDX for the 2018-2022 period.
2. Price Earning Ratio has no impact on share returns of companies in the foods and beverages subsector listed on the IDX for the 2018-2022 period.
3. Debt to Equity Ratio has a positive and significant impact on share returns of companies in the foods and beverages subsector listed on the IDX for the 2018-2022 period.

4. Net Profit Margin has no impact on share returns of companies in the foods and beverages subsector listed on the IDX for the 2018-2022 period.

5. Return on Assets, Price Earning Ratio, Debt to Equity Ratio, and Net Profit Margin have a positive and significant impact on stock returns of companies in the foods and beverages subsector listed on the IDX for the 2018-2022 period

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