Determinant of Stock Return and Its Implications on Market Value (Study on Construction and Building Issuer Year 2015-2019)
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Abstract

The purpose of this study was to determine and analyze the behavior of stock returns and the market value of the company in the construction and building sub-sector listed on the Indonesia Stock Exchange for the year 2015-2019. The population in this research was 18 companies; using purposive sampling method obtained 8 companies as analysis units. The data analysis technique used is multiple linear regressions with the help of the SPSS v.26 application. The results of this study indicate that NWC has a negative significant effect on stock returns, DER has a negative significant effect on stock returns, ROA has a negative insignificant effect on stock returns, TATO has a positive insignificant effect on stock returns, and stock returns have a negative significant effect on PER.

Keywords: Stock Returns, Net Working Capital, Debt to Equity, Return on Assets, Total Assets Turnover, Price Earning Ratio.

INTRODUCTION

Infrastructure development and physical projects in Indonesia, both privately owned and state-owned, have been massive since 2014. This condition should have a positive impact on construction and building companies as project executors. The following effect is certainly that many investors are interested in investing in the securities of the sector's companies in the hope of getting a more profitable return than investing in other sectors.

Figures 1 through 3 below show the development of average earnings, sales, stock return (dividend payout ratio), and market value (price earning ratio) in construction and building issuers during 2015-2019.
The profit of construction and building issuers from 2015 to 2019 looks volatile with an increasing trend.

The same conditions as profit occur in sales. Construction and building issuers experienced sales that tended to increase during the year 2015 – 2019.

Conditions in line with earnings also occurred in dividend payments to shareholders during 2015-2019 which fluctuated with an increasing trend.

The opposite condition with the three indicators above occurs in the market value of the company. From 2015 to 2019 the market value of construction and building issuers tends to decline.

Based on the above phenomenon, it is worth suspecting that there are other factors that cause the value of the company tends to decrease.

**LITERATURE DEVELOPMENT**

**Market Value**

The market value is defined as the estimated amount of money on the valuation date, which can be obtained from the sale and exchange transaction of property, between the buyer and the seller, in a bond-free transaction, whose marketing is carried out properly, in which both parties act on the basis of their understanding, prudence and without coercion. (3.1. SPI 1, SPI 2007).

This study uses the price earning ratio (PER) as a market value approach with the formula:

\[
\text{PER} = \frac{\text{Market Price per Share}}{\text{Earnings per Share (EPS)}}
\]

**Stock Return**

According to Aryanti [1], the return can be in the form of capital gain in the form of profit received due to the difference between the selling price and the purchase price of an investment instrument, or the level of dividend for investment in shares that are a form of performance results.

The stock form in the investment in the stock is divided by 2, which is:

1. **Capital Gain**

   Capital gain is an advantage where the selling price is greater than the purchase price of a stock. The opposite condition results in investors experiencing capital loss.
2. **Dividend**

Dividends are part of the company’s net income distributed to shareholders based on the number of shares held. The dividend is one of the company's efforts in providing welfare to shareholders.

Measuring dividends paid by the company, dividend payout ratio (DPR) is used as a measuring instrument with the formula:

\[
\text{DPR} = \frac{\text{Dividend}}{\text{Net Income}}
\]

**Liquidity Ratio**

The liquidity ratio indicates the relationship between cash and other assets of the company and its current liabilities [3]. The increasing amount of working capital indicates a high level of liquidity [15]. The formula for calculating Net working capital is:

\[
\text{NWC} = \text{Current Assets} - \text{Current Liabilities}
\]

**Solvency Ratio**

This ratio measures the use of borrowed capital to finance business projects [2]. The debt to equity ratio is used as a measure of solvency with the formula:

\[
\text{DER} = \frac{\text{Total Liabilities}}{\text{Total Equity}}
\]

**Profitability Ratio**

A profitability ratio is a ratio that reflects the outcome of all financial policies and operational decisions [3]. Return on assets is one of the measuring instruments of this ratio with the formula:

\[
\text{ROA} = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}
\]

**Activity Ratio**

Activity ratio is a ratio that shows how quickly a company converts the efficiency level of its asset utilization (such as sales, receivables, inventory, and accounts receivable) into cash [4]. Total asset turnover is one of the measuring instruments of this ratio with the formula:

\[
\text{TATO} = \frac{\text{Sales}}{\text{Total Assets}}
\]

A. **Relationships Between Variables**

The relationship between variables or often known relationships between two variables, namely free variables with bound variables is usually used in regression analysis.

B. **Previous Research**

There have been several previous studies related to this topic. Astuti, Manik, and Munthe [1] found that NWC and DER did not effect on stock returns, while ROA influenced stock returns. Then Bintara and Tanjung [5] found ROA and PER have a positive effect on stock returns, while DER affects stock returns. Then, Mayasari and Anggraini [6] found that TATO and PER had a positive and significant impact on stock returns, while ROA had no significant effect on stock returns. Dirgasiwi, Dewi, and Gustyana [7] found that ROA and DER had no significant effect on stock returns, while Wayan and Anom [8] found PER had an insignificant negative effect on stock returns. Furthermore, Abdat [9] found that ROA negatively affects the return of shares, while DER has a significant negative effect on stock returns.

C. **Research Framework**

Based on background, problem formulation, research objectives, and library studies, the conceptual framework of this research is described:

**D. The Hypothesis Development**

According to Sekaran and Bougie [10], the hypothesis can be defined as a temporary, but testable, statement that predicts what to find in empirical data. As for the hypothesis to be tested, as follows:

1. NWC has a positive effect on Stock Return.
2. DER negatively affects Stock Return.
3. ROA has a positive effect on Stock Return.
4. TATO negatively affect Stock Return.
5. Return of Shares negatively affects PER.

**RESEARCH METHODS**

**Research Types, Samples, Measurement Variables**

This study used the causal method, with a population of 18 companies and sampling techniques using the purposive sampling method, so obtained 8 companies. The following criteria are used for sampling:

2) Construction and Building Sub-Sector Companies that distributed consecutive dividends on the Indonesia Stock Exchange for the period 2015-2019.
3) Construction and building sub-sector companies that have financial price earning ratio (PER) data during the period 2015-2019.
Measurement Variables

Multiple Linear Analysis Test

Multiple Linear Regression aims to measure the intensity of the relationship between two or more variables and make an approximate prediction of the value of Y over X. Multiple linear regression calculations are calculated as follows:

\[ Y = a + b1X1 + b2X2 + b3X3 + b4X4 + \varepsilon \]

Description:
- \( Y \) = Dividend Payout Ratio
- \( a \) = Constant
- \( b1, b2, b3, b4 \) = Regression Coefficient
- \( X1 \) = Net Working Capital
- \( X2 \) = Debt to Equity Ratio
- \( X3 \) = Return On Assets
- \( X4 \) = Total Assets Turnover
- \( \varepsilon \) = Standard error

Simple Linear Analysis Test

Simple linear regression is used to determine whether or not there is a linear relationship between one independent variable (X) and a dependent variable (Y). Multiple linear regression calculations are calculated as follows:

\[ Y = a + b1X1 + \varepsilon \]

Table 1: Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>NWC</td>
<td>40</td>
<td>-538088000000</td>
<td>15303544480000</td>
<td>4016573432014</td>
<td>4083646853206</td>
</tr>
<tr>
<td>DER</td>
<td>40</td>
<td>68.85</td>
<td>3546.56</td>
<td>298.43</td>
<td>537.15</td>
</tr>
<tr>
<td>ROA</td>
<td>40</td>
<td>-10.83</td>
<td>14.02</td>
<td>3.67</td>
<td>3.50</td>
</tr>
<tr>
<td>TATO</td>
<td>40</td>
<td>25.60</td>
<td>180.47</td>
<td>64.09</td>
<td>28.59</td>
</tr>
<tr>
<td>DPR</td>
<td>40</td>
<td>0.31</td>
<td>141.75</td>
<td>37.50</td>
<td>31.35</td>
</tr>
<tr>
<td>PER</td>
<td>40</td>
<td>1.48</td>
<td>48.23</td>
<td>16.00</td>
<td>10.97</td>
</tr>
</tbody>
</table>

Source: Data processed with SPSS v.26 (2020)

The results of statistical analysis in table 1 can be found that the variable market value measured through the Price Earning Ratio (PER) shows a minimum value of 1.48%, the maximum value is 48.23%, and the mean value is 16.00% which means that the average value range with the maximum value is wider than the average value range with the minimum value, then PER in construction and building sector companies for the period 2015-2019 is mostly below average and the standard deviation of 4,016,573,432,014 which means that the range of mean values with a maximum value is wider than the range of average values with a minimum value, NWC in construction and building sector companies during the period 2015-2019 is mostly below average and the standard deviation of 4,083,646,853,206 which means that the value is greater than the mean / average value. This indicates that the NWC variables in this study vary or vary. Solvency variable data measured through the company's Debt to Equity (DER) shows a minimum value of 68.85%, the maximum value is 3546.56%, and the mean value is 298.43% that the average value range with the maximum value is wider than the average value range with the minimum value, then DER in construction and building sector companies during the period 2015-2019 is mostly below average and the standard deviation of 537.15% which means that the value is greater than the mean / average value. This indicates that the DER variables in this study varied or varied. Profitability variable data measured through the company's Return On Assets (ROA) shows a minimum value of -10.83%, the maximum value is 14.02%, and the mean value is 3.67% which means that the average value range with the maximum value is wider than the average value range with the minimum value, then the ROA in construction and building sector companies during the period 2015-2019 is mostly below average and the standard deviation of 3.50% which means that...
the value is less than the mean/average value. This indicates that the ROA variables in this study do not vary or do not vary. Activity variable data measured through the company’s Total Assets Turn Over (TATO) shows a minimum value of 25.60%, the maximum value is 180.47%, and the mean value is 64.09% which means that the average value range with the maximum value is wider than the average value range with the minimum value, then TATO in construction and building sector companies during the period 2015-2019 is mostly below average and the standard deviation of 28.59% which means that the value is less than the mean/average value. This indicates that the variables of TATO in this study do not vary or do not vary.

A. Model 1 Results

Classic Assumption Test

Test Normality

Normality test in this study using One-Sample Kolmogorov Smirnov Test approach with α = 0.05.

Table-2: One-Sample Kolmogorov-Smirnov Model 1

<table>
<thead>
<tr>
<th>Signifikasi</th>
<th>0.200</th>
</tr>
</thead>
</table>

Source: Data processed with SPSS v.26 (2020)

Based on Table 2, the result of significance is 0.200 greater than alpha by 0.05 so that the data is distributed normally.

Multicollinearity Test

Multicollinearity test using tolerance and VIF value approach. There are no symptoms of multicollinearity when the tolerance value should be more than 0.1 and VIF less than 10.

Table-3: Uji Multicollinearity Model 1

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>NWC</td>
<td>0.755</td>
</tr>
<tr>
<td>DER</td>
<td>0.452</td>
</tr>
<tr>
<td>ROA</td>
<td>0.395</td>
</tr>
<tr>
<td>TATO</td>
<td>0.624</td>
</tr>
</tbody>
</table>

Source: Data processed with SPSS v.26 (2020)

Based on table 3 can be interpreted, there are no symptoms of multicollinearity or absence of correlation between independent variables in this study.

Heteroscedasticity Test

Heteroscedasticity tests are intended to see if there is variance inequality from one residual to observation to another. The White test proposes to regress the residual value of squares (U²1) against independent variables, quadratic independent variables, and independent variable multiplication [11].

The criteria for decision making in this test is to look at the value of C², provided that if C² calculates the < C² table then there is no heteroscedasticity.

Table-4: Uji White Model 1

<table>
<thead>
<tr>
<th>R Square</th>
<th>Adjusted R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.206</td>
<td>0.115</td>
</tr>
</tbody>
</table>

Source: Data processed with SPSS v.26 (2020)

Based on table 4 results of the heteroscedasticity test obtained adjusted R square value of 0.115 times n by 40, then obtained value 4.6 or Chi-Square calculate. If the value of chi-square calculates < chi-square table then it means that there are no symptoms of the heteroscedasticity, where the value of the chi-square table obtained is 7.815.

Autocorrelation Test

Autocorrelation tests were used to determine whether in multiple linear regression models there was a correlation between disruptive errors in the t-period and errors in the t-1 (previous) periods.

In this study autocorrelation test using Durbin Watson test (DW test), Durbin Watson value is calculated first, then compare with upper limit value (dU) and lower limit value (dL) with the basic decision making in Durbin Watson test, which is:

1. dW < dL, there is a positive autocorrelation.
2. dL < dW < dU, inconclusive.
4. – dU < dW < 4 – dL, inconclusive.
5. dW > 4 – dL, there is a negative autocorrelation.

Table-5: Durbin Watson Test Model 1

| Durbin Watson | 1.803 |

Source: Data processed with SPSS v.26 (2020)

Based on table 5 results known dW value of 1.803. Furthermore, the result of this value will be compared with the value of the table dW with a significance of 5%, where the number of data N = 40 and the number of independent variables K = 4 then obtained the value dU (upper limit) of 1.2848 and the value 4 - dU (upper limit) of 2.2791. Because the dW result is located between dU < dW < 4 – dU, so it can be interpreted that there is no autocorrelation.

Model Conformity Test

Determination Coefficient Test (R²)

The coefficient of determination or R Square aims to predict and see how large independent variables can explain dependent variables. The coefficient of determination is expressed in percentages by the formula:

\[ Kd = r^2 \times 100\% \]

Description

Kd = Coefficient of Determination
R = Correlation Coefficient
Based on Table 6 obtained regression equation as follows:

\[ \text{DPR} = 60.473 - 3.42 \times \text{NWC} - 0.028 \times \text{DER} - 2.540 \times \text{ROA} + 0.129 \times \text{TATO} \]

Table 7: F ANOVA Test Model 1F

<table>
<thead>
<tr>
<th>Source:</th>
<th>Data processed with SPSS v.26 (2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td>F ANOVA Test</td>
<td></td>
</tr>
<tr>
<td>Test F aims to determine the suitability of the regression model used as an analysis tool. F ANOVA test can be done if:</td>
<td></td>
</tr>
<tr>
<td>- F calculate &gt; F table and Sig &lt; 0.05 then Ho is rejected, meaning significant regression model.</td>
<td></td>
</tr>
<tr>
<td>- F calculates &lt; F table and Sig &gt; 0.05 then Ho is accepted, meaning the regression model is not significant.</td>
<td></td>
</tr>
</tbody>
</table>

Table 8: Multiple Linear Analysis Test Models 1

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>60.743</td>
<td></td>
</tr>
<tr>
<td>NWC</td>
<td>-3.42</td>
<td></td>
</tr>
<tr>
<td>DER</td>
<td>-0.028</td>
<td></td>
</tr>
<tr>
<td>ROA</td>
<td>-2.540</td>
<td></td>
</tr>
<tr>
<td>TATO</td>
<td>0.129</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data processed with SPSS v.26 (2020)

Based on Table 8 obtained regression equation as follows:

\[ \text{DPR} = 60.473 - 3.42 \times \text{NWC} - 0.028 \times \text{DER} - 2.540 \times \text{ROA} + 0.129 \times \text{TATO} \]

Table 9: Hypothesis Test (T test) Model 1

<table>
<thead>
<tr>
<th>Model</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>3.501</td>
<td>0.001</td>
</tr>
<tr>
<td>NWC</td>
<td>-2.736</td>
<td>0.010</td>
</tr>
<tr>
<td>DER</td>
<td>-2.300</td>
<td>0.028</td>
</tr>
<tr>
<td>ROA</td>
<td>-1.264</td>
<td>0.215</td>
</tr>
<tr>
<td>TATO</td>
<td>0.657</td>
<td>0.516</td>
</tr>
</tbody>
</table>

Source: Data processed with SPSS v.26 (2020)
In table 9, the following results are obtained
1. Net Working Capital (NWC) had a calculated t of -2.736 less than the t table of 2.028 (-2.736 < 2.028) with a significant value of 0.010 less than 0.05 (0.010 < 0.05). This indicates net working capital has a negative and significant effect on Stock Return.
2. Debt to Equity Ratio (DER) has a calculated t of -2.300 less than the t table 2.028 (-2.300 < 2.028) with a significant value of 0.028 less than 0.05 (0.028 < 0.05). This indicates the Debt to Equity Ratio has a negative and significant effect on Stock Return.
3. Return On Assets (ROA) has a calculated t of -1.264 less than 2.028 (-1.264 < 2.028) with a significant value of 0.516 greater than 0.05 (0.516 > 0.05). This indicates that Return On Assets has a positive and insignificant effect on Stock Return.
4. Total Assets Turn Over (TATO) had a calculated t of 0.657 less than 2.028 (0.657 < 2.028) with a significant value of 0.062, so that data is distributed normally because the value of significance is greater than alpha.

B. Model 2 Results
Classic Assumption Test
Test Normality
Data can be declared normal if the significance value is greater than 0.05. Therefore, the normality test will be retested to get the normality level after outlier elimination.

Table-10: One Sample Kolmogorov Smirnov Model 2

| Signifikansi | 0.062 |

Source: Data processed with SPSS v.26 (2020)

Based on table 10 obtained significance of 0.062, so that data is distributed normally because the value of significance is greater than alpha.

Multicollinearity Test
The following are the results of the model 2 multicollinearity test, as follows:

Table-11: Multicollinearity Test Model 2

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPR</td>
<td>1.000 1.000</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data processed with SPSS v.26 (2020)

Based on table 11 independent variable tolerance values the number is more than 0.1 and the VIF value is less than 10. So it can be interpreted, there are no symptoms of multicollinearity or the absence of correlation between independent variables.

Heteroscedasticity Test
Heteroscedasticity test using the number method approach that is Spearman Rho correlation. In order not to occur symptoms of heteroscedasticity then the significance must be greater than 0.05. If the value of significance is less than 0.05 then the conclusion is that heteroskedasticity occurs.

Table-12: Spearman Rho Correlation Test Model 2

| DPR | 0.955 |

Source: Data processed with SPSS v.26 (2020)

Based on table 12 obtained a significant value variable of more than 0.05. The significant value of the Variable Dividend Payout Ratio is 0.955 > 0.05. So it can be interpreted in the second model this does not occur symptoms of heteroscedasticity.

Autocorrelation Test
The following are the results of the model 2 autocorrelation test, as follows:

Table-13: Durbin Watson Test Model 2

| Durbin Watson | 1.542 |

Source: Data processed with SPSS v.26 (2020)

Based on table 13 obtained dW value of 1.542. Furthermore, the result of this value will be compared with the value of the table d W with a significance of 5%, on the number of data N = 38 and the number of independent variables K = 1 then obtained the value d W (upper limit) of 1.5348 and the value 4 - d W of 2.4652. Because the d w result is located between d U < d W < 4 – d U, so it can be interpreted that there is no autocorrelation.

Model Conformity Test
Determination Coefficient Test (R²)
The results of the determination coefficient test or R Square can be seen in table 14 below:

Table-14: Determination Coefficient Test (R²) Model 2

<table>
<thead>
<tr>
<th>R Square</th>
<th>Adjusted R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.418</td>
<td>0.174</td>
</tr>
</tbody>
</table>

Source: Data processed with SPSS v.26 (2020)

Based on the table above, the value of R Square (R²) is 0.418. Kd= r² x 100% i.e. 0.418 x 100% = 41.8%. That is, independent variables can explain the behavior of dependent variables by 41.8% while the remaining 58.2% is explained by other variables not included in this study such as Debt to Asset Ratio (DAR), Return on Equity (ROE), Inventory Turnover (ITO) and so on.

F ANOVA Test
F ANOVA test results can be seen in table 15 below:

Table-15: F ANOVA Test Model 2

<table>
<thead>
<tr>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.609</td>
<td>0.009</td>
</tr>
</tbody>
</table>

Source: Data processed with SPSS v.26 (2020)

Based on table 15, the calculated f value is obtained by 7.609 with a significance level of 0.009.
Meanwhile, table F values of 4.10 are measured by degrees of freedom \((k - 1) = 2 - 1 = 1\) and \((n - k) = 38 - 2 = 36\) where \(k =\) number of dependent and independent variables, and \(n =\) number of samples. Derived calculated F result is greater than table F \((7.609 > 4.11)\) and the value of significantly less than alpha \((0.009 < 0.05)\). Thus, it is interpreted that the regression model in the second model research is feasible to predict the influence of variable stock returns (DPR) on the Price Earning Ratio (PER).

**Simple Linear Analysis Test**

The results of a simple linear regression analysis test can be seen in table 16 below:

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mode 1</td>
<td>B</td>
</tr>
<tr>
<td>(Constant)</td>
<td>19,810</td>
</tr>
<tr>
<td>DPR</td>
<td>-0.156</td>
</tr>
</tbody>
</table>

**Source:** Data processed with SPSS v.26 (2020)

Based on table 4.17 obtained regression equation, as follows: \(\text{PER} = 19,810 - 0.156 \text{DPR}\)

**The regression equation above has the meaning**

1. Constants of 19,810 state that if the Dpr has the number 0, then it is 19,810%.
2. DPR has a coefficient of 0.156 with a negative direction which means that the DPR has a negative effect on the PER. This indicates that if there is an increase of 1% in the DPR, then PER will fall by 0.156%.

**Hypothesis Test**

The results of the hypothesis test can be seen in table 17 below:

<table>
<thead>
<tr>
<th>Model</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mode 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>8.519</td>
<td>0.000</td>
</tr>
<tr>
<td>DPR</td>
<td>-2.758</td>
<td>0.009</td>
</tr>
</tbody>
</table>

**Source:** Data processed with SPSS v.26 (2020)

In table 17, the following results are obtained

1. Stock Return has a calculated \(t\) of -2.758 less than the table \(t\) of 2.026 with a significant value of 0.009 less than the alpha. This indicates that The Stock Return has a significant negative effect on the Price Earning Ratio (PER).

**The Effect of Net Working Capital on Stock Returns**

Based on the results of this study, it can be known that Net Working Capital has a significant negative effect on Stock Return. The results of this study are in line with previous research conducted by Astuti, Manik, Munthe [1]. This means that high Net Working Capital indicates that the company has current assets greater than current debt. This indicates that with high net working capital value indicates that the current asset management is not running well, so many current assets are not sold, then high receivables indicate bills are difficult to collect to reduce the company's potential for profit, even though the profit is necessary to pay dividends (stock return).

**The Effect of Debt to Equity Ratio on Stock Return**

It is known that the Debt to Equity Ratio negatively and significantly affects Stock Return. The results of this research are in line with previous research conducted by Bintara and Tanjung [5]. It is commonly known that the financing patterns of construction and building companies are largely financed by debt for the work of their projects so that the company has a high-interest expense. Thus, the profits obtained by the company must first be used to pay interest to creditors and other obligations to the bank. Thus the remaining paid to the shareholders (stock return) is relatively small; therefore it has a negative and significant effect.

**The Effect of Return on Assets on Stock Return**

It is known that Return on Assets has a negative and insignificant effect on Stock Return. The results of this study are in line with previous research conducted by Aldiena and Hakim [12]. Companies that book high Returns On Assets value because the company earns a good profit, but the profit is used to pay interest to creditors and obligations to the bank first. Thus, the higher the Return on Assets, the company will increase the fulfillment of its obligations to creditors. Thus the return of shares for shareholders is the remaining fulfillment of obligations to creditors.

**The Effect of Total Assets Turn Over on Stock Return**

Obtained that Total Assets Turn Over has an insignificant positive effect on Stock Return. The results of this study are in line with previous research conducted by Himmatussuhura, Mardani, Khoirul [13]. This indicates that the faster the Total Assets Turn Over, the faster the company will get cash. However, as explained earlier, cash is used in advance to fulfill obligations to creditors so that total assets turn over does not have a significant influence on Stock Return.

**The Effect of Stock Return on Price Earning Ratio**

It is known that Stock Return negatively and significantly affects the price earning ratio. The results of this study are in line with previous research conducted by Wardani, Masithoh, and Soegiartio [14]. Share Return is used as one of the benchmarks of a company, in the distribution of the company's net profit on operating activities and is the obligation of the company. This is because the company must meet the interests of investors, who want a high dividend distribution (Stock Return). The high dividend payment (Stock Return) given will result in a small retained profit used to
strengthen the company’s operations. The small value of retained earnings caused negative sentiment from investors in the capital market so that the share price declined which would be followed by a decrease in the Price Earning Ratio.

**CONCLUSION**

Based on the results and discussions that have been described before, can be drawn some conclusions as follows:

1. NWC has a negative and significant effect on Stock Return.
2. DER has a negative and significant influence on Stock Return.
3. ROA has a negative and insignificant effect on Stock Return.
4. TATO have a positive and insignificant effect on Stock Return.
5. Stock Return has a negative and significant effect on the Price Earning Ratio.

**REFERENCES**