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The Influence of Liquidity Ratio, Solvency Ratio, Profitability Ratio, Market Value Ratio, and Total Asset on Stock Return in Companies Listed in the Indonesia Stock Exchange JII Index 2016-2021

Muhammad Reza Handyansyah and Subiakto Sukarno

ABSTRACT

Indonesia, the largest Muslim population in the world, has seen an increase in businesses offering Sharia-based products to attract consumers. In a Sharia economy, financial and business transactions must comply with Sharia law, which prohibits *usury* (interest), *gharar* (uncertainty), and *maysir* (gambling). The Jakarta Islamic Index (JII) was created as a stock index for investors looking to invest in companies that adhere to Sharia principles in the Indonesian capital market. The JII comprises 30 Sharia-compliant companies selected based on liquidity and adherence to Sharia principles. Unfortunately, the JII index value has been declining over the years compared to other indexes. Exploring this phenomenon, this study aims to examine the influence of liquidity ratio, solvency ratio, profitability ratio, market value ratio, and total asset on stock returns in companies listed in the JII (Jakarta Islamic Index) Index from 2016-2021 utilising secondary data variables simultaneously and partially to the company's Stock Return and which variables gave the dominant influence on Stock Return. It provided valuable insights into helping investors and companies make informed decisions in the capital market. The sample in this study is 28 companies listed in the JII Index. The results of this study indicate that the variable profitability ratios and market value ratios have a significant influence on increasing the company's stock return variables, while the variables of liquidity ratios, solvency ratios, and total assets do not have a significant effect on companies listed on the Indonesia Stock Exchange JII Index in 2016-2021.

Keywords: Liquidity ratio, market value ratio, profitability ratio, solvency ratio, stock return, total asset.

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M. R. Handyansyah*
Bandung Institute of Technology, Indonesia.
(e-mail: muhammad_handyansyah@sbm-itb.ac.id)
S. Sukarno
Bandung Institute of Technology, Indonesia.
(e-mail: subiakto@sbm-itb.ac.id)

****Corresponding Author***

I. Introduction

The greatest Muslim population in the world is found in Indonesia. Around 86% of Indonesia's 275 million population are Muslims. Because of that, business companies make many Sharia-based products, both goods and services, on the market to attract consumers and market desires that want Sharia products based on the Al-Qur'an and Hadith (traditions) of the Prophet Mohammed. Sharia is a code of law and ethics. Sharia oversees various aspects of life, including economic, political, social, and personal. In this case, Sharia aims to maintain balance and justice in Muslim society.

To facilitate this, the Indonesian Capital Market (IDX) presents the Jakarta Islamic Index (next called JII) for investors who wish to invest and always adhere to Sharia principles. Sharia principles in the economy are an economic system that is based on Islamic principles, such as justice, benevolence, and fair distribution. In a Sharia economy, financial and business transactions must comply with Sharia law, which prohibits *usury* (interest), *gharar* (uncertainty), and *maysir* (gambling). The aim of the Islamic economy is to promote social justice and sustainable economic development.

Given the size of the Muslim population in Indonesia and the ability for JII to grow there, this presents a good chance for Sharia-based businesses to raise money from investors. Similar to investors, the growing interest in the Islamic market will undoubtedly raise stock prices.

Unfortunately, though, the value of its assets keeps dropping yearly. Then what happened to the JII index, which contains the 30 most liquid Sharia-based companies in the capital market whose value continues to decline from year to year? When compared to other index conditions like JCI and LQ45. Seeing the chart above makes investors less interested in investing in companies listed on the JII index, which do not grow from year to year. Investors face a challenge because their objective in investing is to grow, succeed in getting capital gains, and get dividends on their shares. It can also be a problem for companies in raising capital in the capital market, as it will decrease interest from investors. Eventually, it will reduce the capital that can be used for capital in running the business. Stock returns must be positive to meet the goals of each shareholder to get a positive return and for the company to get capital.

To find out how investors are interested in assessing a stock, one of them looks at the financial ratio. With financial ratios, investors can see the true state of the company. According to Handyansyah and Purbawati (2016), one useful analysis is to measure company performance through company financial ratios or by conducting fundamental analysis. From the financial reports obtained financial ratios as a metric for determining whether to invest in a business.

What ratios affect stock returns in companies listed on JII? This time, the author will examine more deeply, commencing with the ratios of profitability, liquidity, solvency, market value, and total assets. The most significant ratio representative from earlier studies will serve as a representation for each ratio.

II. Literature Review

According to Wolk *et al.* (2001), signal theory explains why companies provide information to the capital market. Signal theory demonstrates information imbalance between the company's management and parties interested in such information, as put forth by Jama'an (2008), who suggests how businesses should communicate with consumers of financial reports. This signal provides details on the actions taken by management to carry out the owner's intentions. The grand theory in this research is investment theory and signal theory. According to Tandelilin (2017, p. 10), investors frequently want a high rate of return on their investments, which is a realistic demand. However, the potential dangers are also significant issues that require attention. Most investing theories, according to Zulfikar (2016, p. 248), indicate that the higher the potential rate of return on an investment, the higher the potential degree of risk of experiencing a loss (high risk, high return).

Signaling theory proposes regarding the signals given by companies through financial reports incorporating financial ratio analysis to affect investors' investment choices, such as analysis of liquidity ratios, solvency ratios, profitability ratios, market value ratios, and total assets.

According to Sugiyono (2018), a hypothesis is a short-term solution based on a theory that is pertinent to how the problem was formulated in earlier research using empirical data. A quantitative technique is used in the research to formulate the hypothesis.

Then, statistical hypotheses will emerge in research that studies sample data as an estimate of the population.

H_1: Liquidity Ratio Current Ratio (CR)
H_2: Solvency Ratio, Debt to Equity Ratio (DER)
H_3: Profitability Ratio, Net Profit Margin (NPM)
H_4: Market Value Ratio, Price to Earning Ratio (PER)
H_5: Total Asset.

Based on the description of the literature review and the previous framework, the authors can formulate the following hypothesis:

1. Stock returns are impacted by the liquidity ratio and the CR component.
2. Stock Returns are impacted by the Solvency Ratio with the DER component.
3. Stock returns are impacted by profitability ratios with NPM variables.
4. Stock returns are impacted by the market value to PER factor ratio.
5. Stock Return is impacted by the Total Asset component.
6. Stock Returns are influenced by the Liquidity Ratio to CR, Solvability Ratio to DER, Profitability Ratio to NPM, Market Value Ratio to PER, and Total Assets.

The financial ratios above are one of the fundamental analyses to assess company performance in influencing stock returns in the capital market.

III. Research Method

Quantitative data, which is defined as data in the form of numbers and includes data that measures intervals and ratios, is the sort of data used in this study. It takes the shape of a time series. Data is time series or time series is data collected from several years chronologically which is obtained at certain time intervals, for example, weekly, monthly, or yearly (Dergibson Siagian & Subianto, 2000, p. 18). The annual data examined in this analysis spans the years 2016 through 21.

All businesses that were registered with JII in 2022 made up the population for this study. 26 businesses were chosen. The annual data examined in this study spans the years 2016 through 21. The details are presented in Table I.

TABLE I: List of Samples Selected 26 Companies JII Index

No	Code	Company Name
1	ACES	PT. Ace Hardware Indonesia Tbk
2	ADRO	PT. Adaro Energy Indonesia Tbk
3	AKRA	PT. AKR Corporindo Tbk
4	ANTM	PT. Aneka Tambang Tbk
5	BRPT	PT. Barito Pacific Tbk - BRPT
6	CPIN	PT. Charoen Pokphand Indonesia Tbk
7	EXCL	PT. XL Axiata Tbk
8	HRUM	PT. Harum Energy Tbk
9	ICBP	PT. Indofood CBP Sukses Makmur Tbk
10	INCO	PT. Vale Indonesia Tbk
11	INDF	PT. Indofood Sukses Makmur Tbk
12	INKP	PT. Indah Kiat Pulp & Paper Tbk
13	INTP	PT. Indocement Tunggal Prakarsa Tbk
14	ITMG	PT. Indo Tambangraya Megah Tbk
15	KLBF	PT. Kalbe Farma Tbk
16	MIKA	PT. Mitra Keluarga Karyasehat Tbk
17	PGAS	PT. Perusahaan Gas Negara Tbk
18	PTBA	PT. Bukit Asam Tbk
19	SCMA	PT. Surya Citra Media Tbk
20	SIDO	PT. Industri Jamu dan Farmasi Sido Muncul Tbk
21	SMGR	PT. Semen Indonesia (Persero) Tbk
22	TINS	PT. Timah Tbk
23	TLKM	PT. Telkom Indonesia (Persero) Tbk
24	TPIA	PT. Chandra Asri Petrochemical Tbk
25	UNTR	PT. United Tractors Tbk
26	UNVR	PT. Unilever Indonesia Tbk

The authors use a number of ratios, which are important elements of financial statements, such as liquidity ratios, solvency ratios, profitability ratios, and market value ratios, as independent variables for their research based on sample company financial statements. As a dependent variable, they use stock return. The annual price is used to calculate the company's stock return value.

To collect data that will be needed, relevant, directed, and in accordance with the problems at hand, the author draws on secondary sources. Secondary data is information that has been gathered indirectly and is used to supplement or support primary data. It may take the form of information or written material. The secondary data used in this study were collected from online databases and literature references.

TABLE II: TABLE OF VARIABLES

Variable Type	Variable	Abbreviation	Symbol
Dependent variable	Stock Return	-	Y
Independent variable	Liquidity Ratio	CR	X1
	Solvency Ratio	DER	X2
	Profitability Ratio	NPM	X3
	Market Value Ratio	PER	X4
	Total Asset	-	X5

Determine how each independent variable affects the dependent variable using this analysis technique. Before carrying out a regression analysis in statistics, knowing the characteristics of the data is very important. For example, data normally distributed or does not need to be known for the purposes of further analysis of the data.

Both single-linear regression analysis and multiple-linear regression analysis are used in the testing model. The stages of model testing are the model fit test and data fit test.

IV. RESULTS

A. Descriptive Statistics

Descriptive statistics are used to summarize the characteristics of the research variables (CR, DER, NPM, EPS, and stock returns), such as their minimum, maximum, mean, and standard deviation. In Table III, descriptive statistics are provided.

TABLE III: DESCRIPTIVE STATISTICS

	N	Min	Max	Mean	Std. Dev.
Stock Return	156	-86%	465%	9%	0.5278
CR	156	34%	1109%	274%	2.0014
DER	156	8%	473%	81%	0.7363
NPM	156	-14.00%	37.40%	11.90%	0.0823
PER	156	-138.28	1088.80	34.17	96.1849
Total Asset	156	3.000	277.200	52.767	52.461

It is discovered that there are 156 (N) samples based on the given descriptive table. PT. Indah Kiat Pulp & Paper Tbk (INKP) had the highest share return in 2017 (465%). The share price dropped to its lowest level in 2021, while PT. Surya Citra Media Tbk (SCMA) owned it by -86%, and all the companies listed on the JII index have an average share price of 9% and a 0.5278 standard deviation.

The lowest CR value occurred in 2019, owned by PT. XL Axiata Tbk (EXCL) and the average CR value of all firms listed on the JII index is 274% with a standard deviation of 2.0014. The greatest CR was obtained in 2013, owned by PT. Mitra Keluarga Karyahealth Tbk (MIKA) of 1109%.

The highest DER was achieved in 2017, which was owned by PT. Chandra Asri Petrochemical Tbk (TPIA) at 473%, the lowest DER value occurred in 2013, which was owned by PT. Industri Jamu dan Farmasi Sido Muncul Tbk (SIDO) at 8%, and the average DER value of all companies listed on the JII index was 81% with a standard deviation of 0.7363.

The highest NPM was achieved in 2020, which was owned by PT. Harum Energy Tbk (HRUM) at 37.40%, the lowest NPM occurred in 2015, which was owned by PT. XL Axiata Tbk (EXCL) at -14%, and the average NPM value of all companies listed on the JII index was 11.90% with a standard deviation of 0.0823.

The highest PER was achieved in 2016, which was owned by PT. Vale Indonesia Tbk (INCO) amounting to 1088.80. The lowest PER value occurred in 2017, which was owned by PT. Vale Indonesia Tbk (INCO) is -138.28, and the average PER value of all companies listed on the JII index is 34.17, with a standard deviation of 96.1849.

The highest Total Asset was achieved in 2021, owned by PT. Telkom Indonesia (Persero) Tbk (TLKM) of 277.000, the lowest Total Asset occurred in 2016 owned by PT. Industri Jamu dan Farmasi Sido Muncul Tbk (SIDO) of 3.000, and the average Total Asset of selected companies listed on the JII index is 52.767 with a standard deviation of 52.461.

B. Multiple Correlation Test

The correlation test was used to assess how closely the independent variables (CR, DER, NPM, PER, and Total Asset) and the dependent variable (Stock Return) related to one another. If there is a high correlation between the four factors, then the influence between CR, DER, NPM, PER, and Total Asset on Stock Return is also strong. Vice versa, if the relationship is weak, then the influence between the four is also weak. The correlation coefficient's value reveals how closely related the variables are to one another. The value of the correlation coefficient, according to Priyatno (2009, p. 109), varies from 0 to 1 or 0 to -1. The relationship is increasing tighter if the value is getting closer to 1 or -1; on the other hand, if it is getting closer to 0, the link is getting weaker. In this study, the degree of similarity was assessed using Pearson correlation.

TABLE IV: MULTIPLE CORRELATION TEST RESULTS

	1	2	3	4	5	6
1. Stock Return	1					
2. CR	0.021	1				
3. DER	0.013	-0.553**	1			
4. NPM	0.218*	0.393**	-0.285**	1		
5. PER	0.325**	-0.006	0.006	-0.021	1	
6. Total Asset	-0.136	-0.487**	0.198*	-0.130	-0.120	1

Note. *Correlation is significant at the 0.05 level (2-tailed).
**Correlation is significant at the 0.01 level (2-tailed).

Based on Table IV, the value of the correlation coefficient between the CR variable and the stock price variable is 0.021. The CR variable with the stock price variable has a very low degree of closeness because the correlation coefficient value is close to 0. The correlation value is 0.021, which is positive, indicating that CR has a positive correlation with Stock Return; if CR increases, then the Stock Return will also increase and vice versa.

The value of the correlation coefficient between the DER variable and the stock price variable is 0.013. The DER variable with the stock price variable has a very low degree of closeness because the correlation coefficient value is close to 0. The correlation value is 0.013, which is positive, indicating that DER has a positive correlation with Stock Return. If DER increases, then the Stock Return will also increase, and vice versa.

The value of the correlation coefficient between the NPM variable and the stock price variable is 0.218. The NPM variable with the stock price variable has a very low degree of closeness because the correlation coefficient is close to 0.

The correlation value of 0.218 is positive, which indicates that NPM has a positive correlation with Stock Return. If NPM increases, then the Stock Return will also increase and vice versa.

TABLE V: MULTIPLE LINEAR REGRESSION RESULTS

Model		Coefficients			t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-0.017	0.077		-0.218	0.828		
	CR	-0.014	0.014	-0.121	-0.989	0.325	0.497	2.010
	DER	0.014	0.032	0.046	0.443	0.658	0.683	1.464
	NPM	0.829	0.292	0.269	2.838	0.005	0.835	1.198
	PER	0.002	0.001	0.314	3.588	<0.001	0.980	1.020
	TOTAL ASSET	5.389E-7	0.000	-0.132	-1.312	0.192	0.738	1.356

The correlation coefficient value between the PER variable and the stock price variable is 0.325. The PER variable with the stock price variable has a low degree of closeness because the correlation coefficient value is close to 0. The correlation value is 0.325, which is positive, indicating that PER has a positive correlation with Stock Return. If PER increases, then the Stock Return will also increase and vice versa.

The correlation coefficient value between the Total Asset variable and the stock price variable is -0.136. The Total Asset variable with the stock price variable has a very low degree of closeness because the correlation coefficient value is close to 0. The correlation value is -0.136, which is negative, indicating that Total Asset has a negative correlation with Stock Return. If Total Asset increases, then the Stock Return will decrease and vice versa.

The condition (rise and fall) of the dependent variable (criterion) happens when two or more independent variables are modified as predictors (the value is increased or lowered). Multiple regression analysis is used to anticipate how this condition occurs. In this study, stock return in firms that are listed on the JII index was examined in relation to the effects of CR, DER, NPM, PER, and total asset.

Based on Table V, the results of the multiple regression test above show the regression coefficient value for the CR variable (X1) of -0.014, the DER variable (X2) of 0.014, the NPM variable (X3) of 0.829, the PER variable (X4) of 0.002, Total Asset variable (X5) of 0.0000005 with a constant value equal to -0.017 Using this data, the following multiple linear regression equation is created:

$$Y = -0.017 - (0.014\,X1) + (0.014\,X2) + (0.829\,X3) + (0.002\,X4) - (0.0000005\,X5)$$

where
Y: Stock price of companies listed on JII;
a: Stock Return;
X1: CR;
X2: DER;
X3: NPM;
X4: PER;
X5: Total Asset.

The stock return variable can be decreased by 0.014, as indicated by the CR variable's coefficient, which is -0.014 in the multiple linear regression model discussed above.

The stock return variable can be increased by 0.014, as indicated by the DER variable's coefficient of 0.014 in the multiple linear regression model presented above.

The NPM variable's coefficient in the aforementioned multiple linear regression model is 0.829, which means that it can raise the Stock Return variable by that much.

The stock return variable can be increased by 0.002 as a result of the PER variable, according to the multiple linear regression model above, where the PER variable's coefficient is 0.014.

The stock return variable can be decreased by 0.0000005 as a result of the total asset variable, according to the multiple linear regression model above, where the total asset variable's coefficient is -0.014.

V. DISCUSSION

A. Effect of CR on Stock Return of Companies Listed on the JII Index

Stock Return is not significantly impacted by CR. The results of the t-test, where t is calculated, show that this is the case because the significance value is greater than the applied alpha level. This data leads to the conclusion that Ho is accepted and Ha is rejected, proving that there is no discernible relationship between individual CR and stock return.

The modest amount of correlation and positive value between the CR and Stock Return variables show that there is a negative association between CR and Stock Return. In this case, if CR rises, the stock return will fall, and if CR falls, the stock return will rise.

This is the opposite of research conducted by Dorafiti Gulo and Januardin (2021), which state that CR has a significant effect on stock returns.

In the context of the JII Index, companies listed on this index must comply with Sharia principles in their business, including in terms of asset management. Sharia principles emphasize fairness, honesty, and transparency in business, so companies listed on JII are expected to be able to manage their assets properly and generate stable profitability. If the companies in JII have a good CR ratio, then this can reflect that these companies are able to manage their assets properly and efficiently.

B. Effect of DER on Stock Return of Companies Listed on the JII Index

Stock Return is not much impacted by DER. The results of the t-test, where t is calculated, show that this is the case because the significance value is greater than the applied alpha level. This data leads to the conclusion that Ho is accepted and Ha is rejected, proving that there is no discernible impact of individual DER on stock return.

The modest level of correlation and positive value between the DER and Stock Return variables show that there is a positive association between DER and Stock Return. Accordingly, if DER rises, the stock return will rise, and if DER falls, the stock return will fall.

This is in line with the results from Kusmayadi *et al.* (2018); DER had no significant effect on stock return.

A strong DER demonstrates how the company's resources are used and managed to maximize profitability and stock return.

Companies registered with JII must comply with Sharia principles in conducting their business, including in managing company assets. Sharia principles emphasize fair,

honest, and transparent business transactions so that companies that adhere to these principles are expected to be able to manage their assets properly and generate stable profits.

The fact that CR and DER (Debt-to-Equity Ratio), two financial ratios used to assess a company's financial capacity, are not significantly correlated with stock return explains why. While DER is used to assess how much money a company gets from creditors in comparison to money it gets from shareholders, CR is used to assess a company's capacity to satisfy short-term obligations.

Although CR and DER are significant indicators of a company's financial health, stock returns are not directly impacted by them. This is due to the fact that market investment decisions and company performance-related elements, such as financial performance, future growth estimates, market conditions, industry trends, and several other factors, have a greater impact on stock returns.

Contrast CR and DER are often used by investors and financial analysts to evaluate the risk of investing in a company. Investors tend to be more attracted to companies with high CR and low DER, as this indicates that the company has the ability to meet short-term obligations and is less dependent on loans. However, this does not directly mean that the company will provide higher stock returns.

It is important to consider other factors that affect stock returns, as well as combine CR and DER analysis with analysis of other factors to make better investment decisions. Fundamentals affect stock return prediction.

C. Effect of NPM on Stock Return of Companies Listed on the JII Index

Stock Return is significantly impacted by NPM. The results of the t-test, where t is calculated, show that this is the case because the significance value is lower than the applied alpha level. It is clear from the facts that Ho is rejected, and Ha is accepted, indicating that there is a large impact of individual NPM on stock return.

The modest amount of correlation and positive value between the NPM and Stock Return variables show that NPM and Stock Return are positively correlated. In this case, if NPM rises, the stock return will rise as well, and if NPM falls, the stock return will fall.

This is in line with previous research by Kusmayadi *et al.* (2018) and Dita and Murtaqi (2014), which stated that NPM positively affects stock prices,

NPM's impact on stock return is due to One of the financial measures used to assess a company's capacity to make a profit from sales is NPM or NPM. Net profit is multiplied by revenue to determine NPM.

NPM can affect stock returns because the NPM reflects the company's efficiency in managing costs and profits. Companies that have a high NPM indicate that these companies are able to generate greater profits from their sales. This can be a positive signal for investors because it shows that the company is able to manage its costs and profits well.

An increase in NPM can also increase investor confidence in the company's future performance, thereby increasing demand and share prices. On the other hand, if the NPM decreases, this can be a negative signal for investors and can lead to a decrease in the demand and price of the shares.

However, it should be remembered that the influence of NPM on stock returns cannot be viewed separately from other factors that affect stock returns, such as market factors, economic factors, and other internal company factors. Therefore, it is important to consider other factors in conducting a stock return analysis.

A strong NPM demonstrates how the company's resources are used and managed to maximize profitability and stock return.

D. Effect of PER on Stock Return of Companies Listed on the JII Index

Stock Return is significantly impacted by PER. The results of the t-test, where t is calculated, show that this is the case because the significance value is lower than the applied alpha level. Inferring that Ho is rejected, and Ha is accepted based on the facts available, it can be said that there is a large impact of individual PER on stock return.

The modest level of correlation and positive value between the PER and Stock Return variables show that there is a positive association between PER and Stock Return. Accordingly, if PER rises, the stock return will rise, and if PER falls, the stock return will fall.

This is consistent with earlier research by Bintara and Tanjung (2019), who found that PER affects stock returns.

The following is why PER influences stock return: One of the stock valuation measures used to assess the price of a stock in relation to the net profit per share produced by the company is the PER (Price-to-Earnings Ratio), also known as the price-gain ratio. By dividing the stock price by the company's earnings per share, the PER is determined.

PER can affect stock returns because this ratio reflects the price that must be paid by investors for each profit generated by the company. If the PER is high, it means that the stock price is relatively more expensive than the net income generated by the company. In this case, investors may feel less interested in buying shares because they are considered not commensurate with the price paid.

Conversely, if the PER is low, it means that the stock price is relatively lower compared to the net income generated by the company. In this case, investors may be more interested in buying shares because they are considered more affordable and have the potential to provide greater profits.

However, keep in mind that the effect of PER on stock returns is also influenced by other factors, such as market conditions, economic conditions, company performance, and other fundamental factors. Therefore, PER must be seen as one factor out of many factors that influence stock returns.

E. Effect of Total Assets on Stock Return of Companies Listed on the JII Index

The total asset has no significant effect on Stock Return. This is evidenced by the results of the t-test, where t-value is calculated, and the significance value is bigger than the alpha level used. From this information, it can be concluded that Ho is accepted, and Ha is rejected, which means that there is no significant relationship between individual Total Asset and Stock Return.

The Total Asset variable with the Stock Return variable has a low level of correlation and has a negative value, which indicates that Total Asset has a negative correlation with Stock Return. If Total Asset increases, the Stock Return will decrease, and vice versa. If Total Asset decreases, the Stock Return will increase.

This is in line with research by Setiyono (2016); total Asset by firm size does not have any positive significant influence

on stock price. It is also in line with research by Alamsyah (2019); total Assets have no effect on share price.

A good Total Asset reflects the optimal use and management of the company's assets so that it will increase the company's profitability and Stock Return.

Total assets are one of the key items reported on a company's balance sheet, which represents the total value of the assets owned by a company. While total assets are essential for understanding a company's financial position, they may not have a direct impact on a company's stock return.

Stock returns are primarily driven by market expectations about a company's future profitability and growth prospects. In other words, investors are interested in a company's ability to generate earnings in the future rather than the size of its asset base.

Total assets are important for understanding a company's financial position, but their impact on stock returns is indirect and typically overshadowed by other factors that are more relevant to investors' expectations of future profitability and growth.

The size of a company's total assets does not guarantee that its stock returns will be high. While a company's total assets may indicate its overall financial strength, stock returns are driven by a wide range of factors that go beyond just the size of its assets.

Factors that can impact stock returns include the company's revenue growth, profitability, competitive advantage, market conditions, and overall economic trends, among others. Investors also consider future growth potential and management quality, as well as broader factors such as changes in industry dynamics, regulatory changes, and global events.

Some companies may have large total assets but fail to generate high returns due to various reasons, such as inefficient asset management, high debt levels, or declining market demand for their products or services. Conversely, smaller companies with a strategic advantage, innovative products or services, or efficient operations may have high stock returns despite having a smaller asset base.

While total assets are a crucial component of a company's financial position, they should not be used as the sole metric to predict stock returns. Instead, a comprehensive analysis of a company's financial and operational performance, along with an assessment of its market potential and overall economic conditions, is necessary to make informed investment decisions.

VI. Conclusion

The following conclusions can be drawn from the research's findings:

1. It is well established that CR has little impact on stock prices. The t-test findings, which show a t-value of -0.989 and a significance level of 0.325, serve as proof of this. The significance value exceeds the 5% or 0.05 alpha level that was employed.
   A company's good ability to pay short-term or commitments due within a year is determined by its good cash flow ratio or CR. CR is significant, but investors do not take it seriously enough when making investing decisions.
2. It is well established that DER has little impact on stock prices. The t-test findings, which show a t-value of 0.433 and a significance level of 0.658, serve as proof of this. The significance value exceeds the 5% or 0.05 alpha level that was employed.
   A healthy DER is a solvency ratio that gauges a company's capacity to pay both short- and long-term creditors. DER is significant, yet investors do not treat it seriously when making investing decisions.
3. It is well known that NPM affects stock prices significantly. The t-test findings, which show a t-value of 2.838 and a significance level of 0.005, serve as proof of this. The significance value, which is 5% or 0.05, is less than the alpha level that was utilized.
   The NPM ratio is used to demonstrate a company's capacity to produce net profit after tax. It's crucial that investors take it seriously while making investing decisions.
4. The impact of PER on stock prices is widely acknowledged. The t-test findings, which show a t-value of 3.588 and a significance level of 0.001, serve as proof of this. The alpha level, which is 5% or 0.05, is less than the significance value.
   The fact that PER has a favorable impact on stock prices demonstrates the significance of this factor for investors. The PER shows how much money an investor must spend to get one rupiah of a company's earnings. A technique for determining the relative price of a company's stock is the PER as well. It's crucial that investors take it seriously while making investing decisions. This occurs when the company's assets are used and managed in a way that maximizes profitability and stock price.
5. The impact of Total Asset on stock prices is widely acknowledged. The t-test results, which show a t count of -1.312 and a significance level of 0.192, provide support for this. The significance value exceeds the 5% or 0.05 alpha level that was employed.
   Bigger Total Asset that measures Total assets provides an indication of a company's size, resources, and diversification, which are important factors in assessing a company's financial strength and future prospects. It's important, but investors do not take Total Asset too seriously as an investment consideration.
6. It is well recognized that the simultaneous effects of CR, DER, NPM, PER, and Total Asset on stock return are important. The results of the F test, which yielded a computed F value of 4.721 and a significance value of zero, serve as proof of this. The degree of error is 5%, or 0.05, and the significance value is less than that. The better the ratio from liquidity, solvency, profitability, and market value, the more the interest of many investors. The better the ratio, the higher the interest of investors.
7. It is known that of the five independent variables, the variables NPM and PER have a more dominant influence on stock prices compared to the CR, DER, and Total Asset variables. This can be seen from the results of multiple regression testing where the probability value of the NPM significance is lower than

0.05, which is equal to 0.05. And PER significance is lower than 0.05, which is equal to 0.01. While the CR, DER, and PER variables have a probability value of more than 0.05.

The stock prices of the businesses listed on the JII index can be calculated using the NPM obtained from these results as the input. Investors can utilize the information provided by these five variables to help them decide whether to purchase stock in companies that are included on the JII index.

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Muhammad Reza Handyansyah graduated with a B.B.A Bachelor of Business Administration from the Department of Business Administration at Universitas Diponegoro in 2012. He continues his master's degree in Energy MBA at the Institute Technology Bandung and Professional Engineer at Universitas Indonesia. Currently, he is working as the Logistics Unit Head in PT. Asahimas Chemical.

Subiakto Soekarno earned an undergraduate degree (Majoring in Mechanical Engineering) from Institute Technology Bandung in 1983. Funded by General Electric Scholarship, he continued his study at the Oklahoma State University – USA in 1992, where he earned an MBA degree. During his studies at the Oklahoma State University, he received a Beta Gamma Sigma honor/membership due to high scholastic achievement.

He has over 25 years of professional experience in various companies especially in the strategic industry/state owned and multinational company. During his professional career, he has been experienced various management positions such as program manager, division general manager, finance director, president commissioner, and chairman of audit committee. In 1998 he received a national level award "Satya Lencana Karya Pembangunan" from President of the Republic of Indonesia due to his contribution in turbine overhaul technology transfer to the country.

He has been participating as real investor in Bursa Efek Indonesia (stocks, bonds, mutual funds), Bursa Berjangka Jakarta (forex, index), New York Stock Exchange/NASDAQ /CBOE (stocks, exchange traded fund, options). He has passed Chartered Financial Analyst level I examination conducted by AIMR (Association for Investment Management and Research USA). In the past, he earned an RFA (Registered Financial Associates), a professional title in Personal Financial Planning, from IARFC-USA, Qualified Wealth Planner (QWP), Certified Financial Planner (CFP) from Financial Planning Standard Board Indonesia and Certified Wealth Management from CWM Association. He has passed also the WPPE (Wakil Perantara Pedagang Efek and WMI (Wakil Manajer Investasi) Certification from Indonesia Stock Exchange.

His research interests include but are not limited to Corporate Finance, Established Company and Start Up Company Valuation, Mergers & Acquisition, Entrepreneurship, Capital Market and Portfolio Management.