



The Effect of Current Ratio (CR), Debt To Equity Ratio (DER), and Net Profit Margin (NPM) on Stock Returns in Manufacturing Companies in the Trade, Services, and Investment Sector on the Indonesia Stock Exchange in the 2017-2020 Period

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ABSTRACT

The purpose of this research is to examine how the influence of Current Ratio, Debt To Equity Ratio, and Net Profit Margin on Stock Return, either partially or simultaneously. This research includes descriptive research quantitative. Population 154 companies are manufacturing companies in the trade, services and investment sectors on the IDX and the sample studied is 17 companies for 4 periods. The statistical method is multiple linear regression analysis. The results show that the classical assumptions have met the requirements. Partially (t test), Current Ratio and Debt To Equity Ratio have an influence on Stock Return. Simultaneously (F test) Current Ratio, Debt To Equity Ratio, and Net Profit Margin have no and no significant effect on Stock Return. The magnitude of the coefficient of determination is 6.6% while the remaining 93.5% Stock Return can be explained by other factors.

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1. Introduction

The capital market is currently starting to grow and is excited because the economy has started to improve because company activities have been able to run as usual after facing a period of economic recession due to government policies. By starting to grow the economic value of a company, investors are expected to be interested in investing their capital to increase profit achievement. This is because investors feel that they will have a return on the investment made even though this is not something that is easy to do because one day the company's condition will change along with the financial difficulties that will be obtained.

Stock return is considered as the return of each investor's investment in the company. Investors always expect a flow of funds obtained in the future as a result of the investments made in the company. Based on the many previous studies that have examined stock returns, the research of Latifah & Pratiwi (2019) states that the Current Ratio (CR) variable has a positive impact on stock returns. Different from research Kartikasari (2019) says Current ratio variable has no effect on stock prices. A low current ratio indicates a problem with liquidity. If connected, it can be ascertained that a decrease in liquidity means that the industry does not have funds to pay off current liabilities and if there is an increase, it can be concluded that the condition of the industry may not be safe.

Research Kartikasari (2019) stated that there was a positive result of the debt to equity ratio with Stock Return. And different results are seen in study Supriantikasari (2019) stated that the DER variable has not had an effect on Stock Return variable. The size of the debt ratio is not caused by management performance but there are other causes, so this debt ratio is not seen by investors in determining investment decisions.

The research of Putra & Kindangen (2016) states that the net profit margin variable has a positive impact on the stock return rate. While research by Adeptura & Wijaya (2015) states that Net Profit Margin has no effect on stock returns. Net profit margin as profit derived from income, so if the income is large, the net profit

margin will be small because this ratio is not affected by investment decisions.

The stock price index of each sector often has uneven stock growth due to inefficient management in managing the company. This can be seen in the trade sector industry and the like, although there are still industries in this sector that are good enough to pay attention to. Some companies that have interesting prospects are the TELE . cellular industry recorded revenue growth in the last three years. In addition, the issuers of two well-known department stores, LPPF and RALS, are also considered still attractive. RALS hopes that this year's revenue will continue to grow. At the same time, LPPF can see positive growth this year. This is because the MatahariMall.com online store was registered in the previous period. However, this issuer is a little threatened by changes in lifestyle that people now prefer to shop online.

2. Method

2.1 Research Approach

This research method or technique uses quantitative data techniques, meaning that the method in the analysis confirms the numerical data that has been processed using statistical methods.

2.2 Population and Research Sample

This population chooses industry in the fields of trade, services and investment totaling 154 companies. The research sample method used is a sampling technique based on criteria (purposive sampling).

Tabel 1
Kriteria Populasi dan Sampel

No.	Keterangan	Jumlah
1	Perusahaan yang terdaftar di Bursa Efek Indonesia periode 2017-2020	154
2	Perusahaan yang tidak melaporkan laporan keuangan dengan mata uang rupiah periode 2017-2020	(23)
4	Perusahaan yang tidak membagikan dividen secara berturut-turut selama periode 2017-2020	(114)
Sampel Penelitian		17

From the description of the table above, it is known that the sample studied was 17 manufacturing companies in the trade, service and investment sectors with a total observation of 68 data (17 x 4 periods (2017-2020)).

2.3 Data collection technique

The method can be implemented through the study of documentation. The technique is carried out by collecting data or documents in the form of financial reports that have been prepared properly through the IDX. This type of data is numerical information and the origin of this research information is complementary data.

2.4 Operational Research Variables

The explanations and indicators of these finding factors can be explained in table 2 below:

Tabel 2
Definisi Operasional

Variabel	Konsep	Indikator	Skala
<i>Current ratio</i> (X_1)	<i>Current ratio</i> adalah ukuran yang umum digunakan atas solvensi jangka pendek, kemampuan suatu perusahaan memenuhi kebutuhan utang ketika jatuh tempo (Fahmi, 2016)	$CR = \frac{\text{Currents Assets}}{\text{Current Liabilities}}$	Rasio
<i>Debt To Equity Ratio</i> (X_2)	<i>Debt To Equity Ratio</i> merupakan rasio yang digunakan untuk menilai hutang dengan ekuitas. (Kasmir, 2016)	$DER = \frac{\text{Total Utang}}{\text{Ekuitas}}$	Rasio
<i>Net Profit Margin</i> (X_3)	<i>Net Profit Margin</i> yaitu rasio yang mengukur kemampuan perusahaan untuk menghasilkan laba bersih dari penjualan yang dilakukan perusahaan. (Sudana, 2019)	$NPM = \frac{\text{Earning After Tax}}{\text{Sales}}$	Rasio
<i>Return Saham</i> (Y)	<i>Return Saham</i> adalah pendapatan yang dinyatakan dalam persentase dari modal awal investasi (Samsul, 2015)	$RS = \frac{(P_t - P_{t-1}) + D}{P_{t-1}}$	Rasio

2.5 Classic assumption test

According to Ghozali (2016), to meet the requirements in the multiple linear regression model testing, the classical assumption test was first carried out consisting of:

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a. Normality test

The normality of this test proves whether there is a data distribution in the regression runs well. To prove this test can be carried out in two ways namely the proof of numbers and pictures.

b. Multicollinearity Test

The test wants to see the relationship or suitability of the independent variables on this model. This test is detected through tolerance and VIF.

c. Autocorrelation Test

This test is useful for proving the confounding error from the current time to the previous time in the regression. Autocorrelation can be tested by the Durbin Watson method.

d. Heteroscedasticity Test

This test wants to see whether there is a pattern dissimilarity through observing one another and can be detected by scatterplot graphs and statistics.

2.6 Research Model

The analysis technique is multiple linear regression with the formula equations are:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Through analysis techniques, it is known that the hypothesis test consists of:

a. Coefficient of Determination

The coefficient of determination wants to see the magnitude of the relationship between the variables studied. Usually the magnitude of the coefficient is around 1 to 0.

b. Simultaneous Testing

This test directly proves that all independent factors can give results on the dependent factor. This criterion is to compare the calculated F with the F table.

c. Individual Test

The t-test also proves whether there is an influence between each independent factor and the dependent factor. Arule that is compare t count with t table.

3. Results and Discussion

3.1 Research Result

a. Descriptive statistics

This research description contains information on the factors studied in the hope of providing information according to the data on the statistics described in the following table, namely:

Tabel 3
Statistik Deskriptif

	N	Minimum	Maximum	Mean	Std. Deviation
Current Ratio	68	.2748	8.7378	2.265685	1.9692512
Debt To Equity Ratio	68	.2117	4.2858	1.038520	.8786359
Net Profit Margin	68	.0016	.2963	.063674	.0612698
Return Saham	68	-10278074999.0000	12089056471.6250	195625907.402425	2297815872.2008057
Valid N (listwise)	68				

Sumber : Data Olahan SPSS, 2021

The conclusion is that the total observations for industries engaged in trade, services and investment are 68 data from 17 companies for 4 periods, namely 2017-2020.

3.2 Classic Assumption Test

a. Normality test

The detection of this test is done in two ways, which can be seen as follows:

Tabel 4
Hasil Uji Kolmogorov Smirnov Sebelum Outlier
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		68
Normal Parameters ^{a,b}	Mean	.0000003
	Std. Deviation	2193296774.16676040
Most Extreme Differences	Absolute	.263
	Positive	.263
	Negative	-.221
Test Statistic		.263
Asymp. Sig. (2-tailed)		.000 ^c

Sumber : Data Olahan SPSS, 2021

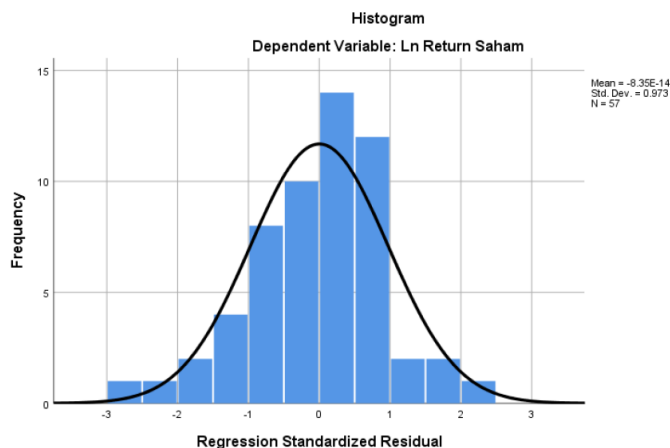
From Table 3, it is known that the results of Kolmogorov Smirnov's residual data are not normal because Sig. < 0.05 i.e. 0.000. To overcome this statistical test problem, data outliers can be done. The standard score used to declare outliers is > 2.5 or < -2.5.

Tabel 5
Hasil Uji Kolmogorov Smirnov Setelah Outlier
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		57
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.04354158
Most Extreme Differences	Absolute	.095
	Positive	.088
	Negative	-.095
Test Statistic		.095
Asymp. Sig. (2-tailed)		.200 ^{c,d}

Sumber : Data Olahan SPSS, 2021

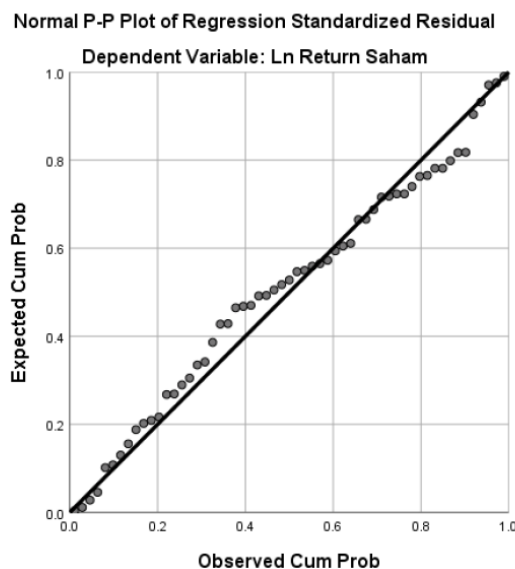
As can be seen, the SPSS output shows that the residual data has a normal distribution due to Sig. 0.200 > 5%. To prove these statistics can be done by graphical analysis.



Sumber : Data Olahan SPSS, 2021

Figure 1. Histogram Graph

As the view in the picture above shows that the formation of the data almost makes a bell, this information says that it is normally distributed.



Source; SPSS Processed Data, 2021

Figure 2. Normal Probability Plot Graph

As shown in the picture, the direction pattern at the data points has followed the sloping path that has been set in this figure, so it can be said that the data is good.

b. Multicollinearity Test

This test wants to prove a strong correlation which is seen as follows

Tabel 6
Hasil Uji
Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	Ln Current Ratio	.512	1.953
	Ln Debt To Equity Ratio	.375	2.664
	Ln Net Profit Margin	.627	1.596

a. Dependent Variable: Ln Return Saham
Sumber : Data Olahan SPSS, 2021

As shown by SPSS, it shows that each independent factor studied in this research has a tolerance > 0.1 or VIF < 10, so there is no problem with this test.

c. Autocorrelation Test

One form of this test is evidenced from DW which is processed through calculations, namely:

Tabel 7
Hasil Uji Autokorelasi
Model Summary^b

Model	Durbin-Watson
1	2.136 ^a

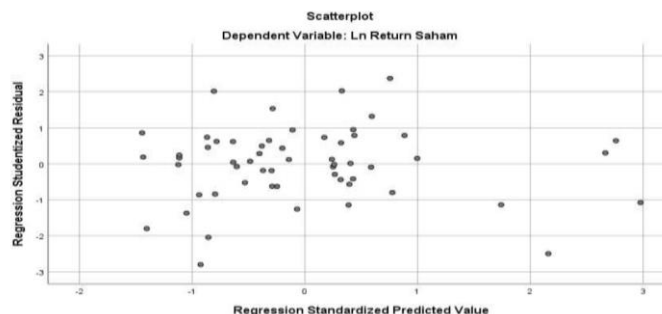
a. Predictors: (Constant), Ln Net Profit Margin, Ln Current Ratio, Ln Debt To Equity Ratio
b. Dependent Variable: Ln Return Saham
Sumber : Data Olahan SPSS, 2021

The table above is tested by comparing the Durbin Watson table with the Durbin Watson results where the value of dl is 1.4637 and du 1.6845. From the calculation, it is stated that the SPSS results are in the 5th criterion, namely $1.6845 < 2.136 < 2.3155$ which indicates that this test has met the requirements of the classical assumption.

d. Heteroscedasticity Test

This test uses observations on the Scatterplot which can be seen, namely:

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Source: SPSS Processed Data, 2021

Figure 3. Scatterplot Graph

The picture above illustrates the pattern of data randomly and spreads around the number 0 in Y as a result, it is stated that homoscedasticity occurs. The explanation can be proven in the glejser test, namely:

Tabel 8
Hasil Uji Glejser
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.041	.017		2.459	.017
	Ln Current Ratio	.005	.009	.093	.503	.617
	Ln Debt To Equity Ratio	-.004	.008	-.114	-.532	.597
	Ln Net Profit Margin	.004	.005	.130	.780	.439

a. Dependent Variable: Absres
Sumber : Data Olahan SPSS, 2021

As shown in the SPSS table, it has been proven that each independent factor gets Sig > 5% and therefore this test does not yet have a heteroscedasticity problem.

3.3 Data Analysis Model

a. Multiple Linear Regression Analysis

After the classical assumptions, the next step in carrying out this analysis method is:

Tabel 9
Hasil Analisis Regresi Linear Berganda

Model	Unstandardized Coefficients		Standardized Coefficients	
	B	Std. Error	Beta	
1	(Constant)	23.206	.026	
	Ln Current Ratio	-.032	.014	-.401
	Ln Debt To Equity Ratio	-.032	.013	-.518
	Ln Net Profit Margin	-.005	.008	-.119

Sumber : Data Olahan SPSS, 2021

Observing these numbers, the formula for the multiple linear regression equation is:

$$\text{Stock Return} = 23.206 - 0.032 \text{ Current Ratio} - 0.032 \text{ Debt To Equity Ratio} - 0.05 \text{ Net Profit Margin}$$

b. Hypothesis Determination Coefficient

From the calculation processing, the magnitude of this research relationship can be known from the SPSS processing, namely:

Tabel 10
Hasil Uji Koefisien Determinasi

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.339 ^a	.115	.065	.04476

a. Predictors: (Constant), Ln Net Profit Margin, Ln Current Ratio, Ln Debt To Equity Ratio
Sumber : Data Olahan SPSS, 2021

Looking at the SPSS results, the coefficient of determination of 0.065 is in the Adjusted R Square column. This means that factors such as CR, DER and NPM are able to explain the Stock Return variable only 6.5% and the remaining 93.5% Stock Return can be explained by other factors.

c. Simultaneous Test (F test)

This test proves all independent variables with dependent (dependent) variables whose calculations are:

Tabel 11
Hasil Uji F (Uji Secara Simultan)
ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.014	3	.005	2.296	.088 ^b
	Residual	.106	53	.002		
	Total	.120	56			

a. Dependent Variable: Ln Return Saham

b. Predictors: (Constant), Ln Net Profit Margin, Ln Current Ratio, Ln Debt To Equity Ratio
Sumber : Data Olahan SPSS, 2021

As shown in the SPSS table figures, it is known that Fcount 2.296 < Ftable 2.78 and Sig. 0.088 > 5%. It means that all independent factors have no impact and are not relevant to Stock Return.

d. Individual Test (t Test)

The t-test as an instrument that can provide certainty of the results of each independent variable on the dependent variable and its calculations can be seen, namely:

Tabel 12
Hasil Uji t (Uji Secara Parsial)

Model		t	Sig.
1	(Constant)	877.869	.000
	Ln Current Ratio	-2.219	.031
	Ln Debt To Equity Ratio	-2.458	.017
	Ln Net Profit Margin	-.731	.468

Sumber : Data Olahan SPSS, 2021

With a ttable value of 2.005, the t-test tells that the two variables (CR and DER) have t count > t table and Sig. <5% which states that the Current Ratio and Debt To Equity Ratio have an impact on Stock Return. Meanwhile, the NPM variable obtains t count < t table and Sig. > 5% concluded that Net Profit Margin has not had an effect on Stock Return.

3.4 Discussion

a. Connection Current Ratio On Stock Return

The first assumption has proven that the Current Ratio variable has a significant effect on Stock Return. Although the data in most studies is negative, it means that the current ratio decreases resulting in an increase in profitability. This is enough to provide information that the company must maintain its liquidity level, so that the company does not experience financial difficulties or it can be said that the organization has a healthy current ratio.

The results of this research are consistent with the views of Hidayat (2020) concluding that the Current Ratio has an effect on Stock Return. Likewise, this result is also not in line with the views of Latifah & Pratiwi (2019) and Supriantikasari (2019) stating that the Current Ratio has no effect on Stock Return.

b. Influence Debt To Equity Ratio Against Stock Return

The second hypothesis emphasizes that there is an effect between the Debt To Equity Ratio on Stock Return. This finding is due to different views on the DER ratio. Some investors believe that a high debt ratio poses a big risk because they have to bear the cost of debt. In view of this incident, investors often have not invested in companies that cause stock prices to fall, because they are feared to reduce profits.

The results of this research are in line with Kartikasari's previous research (2019) which states that the Debt To Equity Ratio has an impact on Stock Return. However, this finding is also not in line with Puspitadewi & Rahyuda (2016) which states that the Debt To Equity Ratio does not produce results with Stock Returns.

c. Influence Net Profit Margin Against Stock Return

Regression test explains that the Net Profit Margin variable has not had an effect and is not significant on Stock Return. This finding arises because the size of the sale does not slow down the investment of capital actors, nor can it be a guarantee for stock growth. Since Net Profit Margin only displays profit on income, this margin will not be too large and will not directly affect investors' investment decisions.

The research is in line with the opinion of Adeputra & Wijaya (2016) and Nurlia (2018) that Net Profit Margin has not had an effect on Stock Return. However, this finding is also inconsistent with Putra & Kindangen (2016) which states that Net Profit Margin has an influence on Stock Return.

4. Conclusion

From the results of this research the researchers concluded that:

- a. Partially, Current Ratio has a significant effect on Stock Return.
- b. Partially, the Debt To Equity Ratio has a significant effect on Stock Return.
- c. Partially, Net Profit Margin has no effect and is not significant on Stock Return.
- d. Simultaneously, the Current Ratio, Debt To Equity Ratio, and Net Profit Margin have no and no significant effect on Stock Return.

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