

Factors Determine Stock Return of Livestock Feed Companies: Common Effect Model Analysis

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Abstract— The main objective of this study was provide evidence that would contribute to efforts to explain that the profitability ratios represented by Return On Asset, liquidity ratio represented by the Current Ratio, solvency ratio represented by Debt to Equity Ratio, the market ratio represented by Price Earning Ratio and special variable of imported of animal feed import can be used to predict stock returns that may occur in the future. Testing is done using the data selected by purposive sampling in LQ 45 group companies in the Indonesia Stock exchange, using data period 2012-2016. Quantitative data analysis used to the the hypothesis that is delivered through the presentation of data. The result of this research have shown that ROA and price of imported animal feed have positive and significant effect. CR, DER, and PER has insignificant effect to stock returns.

Index Terms— Stock Return, Livestock Feed Companies Common Effect Model.

I. INTRODUCTION

Investment activity is the activity of investing either directly or indirectly with the hope that in time the capital owner gets some profit from the investment result (Samsul, 2008). Capital markets have an important role for the economy of a country because the capital markets perform the functions as a means for business financing or as a means of the company to obtain funds from the public investors or investors (Husnan, 2005). The investment gains in capital markets can be reflected through returns on selected shares. Return can be said as a result of investing (Jogiyanto, 2013). Investors who invest in shares will get a profit (capital gains) when the shares are resold and earn dividends (profit sharing) every year. But investors should be ready to risk if the opposite happens.

Investors generally use fundamental analytical techniques to assess company performance to estimate returns. Crabb (2003) in Purwaningrat (2014) states that "Fundamental analysis is an examination of corporate accounting reports to asses the value of the company, that investors can use to analyze a company's stock prices". The statement indicates that the information from the financial statements of a company can be a medium for investors as a fundamental factor to estimate the stock price of a company.

Base on the data we see that the livestock feed sector in 2012 found the highest return among other sectors in basic and chemical industries. This is the basis for the researchers why in that year the animal feed sector found the highest return and why in 2014 occupy the lowest 2 and the trend experienced by the animal feed sector tends to decrease

(-0.1043). Many factors suspected to influence stock returns in the animal feed industry sector are Liquidity, Activity and Profitability Ratios (Durrah *et al.*, 2014).

The ratio of this study to describe the stock return is profitability ratios proxied with Return On Assets (ROA), liquidity ratio measured by Current Ratio, solvency ratio proxied with Debt to Equity Ratio (DER) and Ratio of market valuation is proxied by Price Earning Ratio (PER).

Profitability ratios used by investors as a benchmark in assessing the company's financial performance in generating profit from its operational activities. Since corporate profits are not only an indicator of a company's ability to fulfill obligations to funders, it is also an element in the creation of corporate value. Company profitability can be measured through several different things, but in an interconnected dimension. Handara and Purbawangsa (2017), Ghi (2015), and Allozi and Obeidat (2016) research found that profitability had a significant effect on stock returns. This result contradicts for research Djibrans' *et al.*, (2015) and also study of Muhammad's and Scrimgeour (2014) found that profitability had no significant effect on stock returns.

The liquidity ratio is a ratio that measures a company's ability to meet its short-term liabilities. If the company has good liquidity, then the company will be able to get a loan with low interest rates. Or in other words a company with good liquidity, allowing to obtain credit with low interest rates due to the trust of investment security from creditors to the company. The results of Jabbari and Fathi (2014), Syahril (2016), Suantari *et al.*, (2016) and study Abbas's *et al.*, (2013) found that liquidity as measured by Current Ratio has significant effect on stock return, while in study Petcharabul, and Romprasert (2014) and also study Absari *et al.*, (2013) found that liquidity has no effect on stock returns.

Related to the solvency that shows the proportion of the use of debt to finance its investment, companies that do not have solvency means using their own capital of 100 percent. The use of the debt itself for the company contains three dimensions, (1) the lender will emphasize on the amount of the credit guarantee, (2) by using the debt then if the company gets a bigger profit than the fixed expense then the owner of the profit company will increase, and (3) using the debt then the owner obtains the funds and does not lose control of the company. (Sartono, 2001). The results of research Ghi (2015), Utami *et al.*, (2015) and Abdullah *et al.*, (2015) found that solvency has a significant effect on stock return. This result contradicts the findings of Absari *et al.*, (2013), Petcharabul, and Romprasert (2014) found that solvency had no significant effect on stock return.

One indicator of the market valuation ratio is the Price Earning Ratio (PER) that can affect stock returns. PER is one of the indicators investors use every day to assess market

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value. PER shows how much investors are willing to pay per unit of currency of reported profits and this is what makes this instrument quite important. Most financial managers consider it good if a company's stock is sold at a high PER level, because the high PER reflects that the investor thinks the company has a relatively safe income. The results of Putri (2016) and research by Ryadi and Sujana (2016) found that PER has significant effect on stock return. This result conflicts with Absari *et al.*, (2013), Muhammad and Scrimgeour (2014), Djibran *et al.*, (2015) as well as research Petcharabul, and Romprasert (2014) found PER does not have a significant effect on stock returns.

Based on the results of the gap in the previous research, the researchers are interested to conduct research with the object of research is a company that is included in Basic and Chemical Industries of livestock feed sub sector. This is taken into consideration because of the lack of research in the animal feed sector.

The formulation of the problem is as follows: 1) Is the profitability ratios proxied with Return on Asset effect on stock return ?; 2) Is the liquidity ratio proxies to the Current Ratio affect the stock return ?; 3) Is the Solvency Ratio proxied by Debt to Equity Ratio affecting stock return ?; 4) Is the Market Rate Ratio proxied by Price Earning Ratio affecting stock return ?; 5) Does the price of imported animal feed affect the stock return ?.

Based on the formulation of the above problems, the objectives in this study are as follows: 1) To estimate and analyze whether profitability ratios proxied with Return on Asset affect the stock return of livestock feed sub sector; 2) To estimate and analyze whether the liquidity ratios proxied with Current Ratio affect the stock return of livestock feed sub sector; 3) To estimate and analyze whether the solvency proxies with Debt to Equity Ratio have an effect on stock return of livestock feed sub sector; 4) To estimate and analyze whether the ratio of market valuation proxies to Price Earning Ratio has an effect on stock return of livestock feed sub sector; 5) To estimate and analyze whether the price of imported feed affect the stock return of livestock feed sub-sector.

II. LITERATURE REVIEW

Return on Asset

Profitability ratios, Handara and Purbawangsa (2017), Ghi (2015), and Allozi and Obeidat (2016) study found that profitability had a significant effect on stock returns. This result contradicts study Djibran's *et al.*, (2015) and study Muhammad's and Scrimgeour (2014) found that profitability had no significant effect on stock returns.

Current Ratio

Liquidity ratio, Jabbari and Fathi (2014), Syahril (2016), Suantari *et al.*, (2016) and Abbas's *et al.*, (2013) found that liquidity as measured by Current Ratio has significant effect on stock return, while in Petcharabul, and Romprasert (2014) research and Absari *et al.*, (2013) found that liquidity has no effect on stock returns.

Debt to Equity Ratio

Related to solvency, research results Ghi (2015), Utami *et al.*, (2015) and Abdullah *et al.*, (2015) found that solvency has a significant effect on stock return. This result contradicts the findings of Absari *et al.*, (2013), Petcharabul, and Romprasert (2014) found that solvency had no significant

effect on stock returns.

Price Earning Ratio

One indicator of the market valuation ratio is the Price Earning Ratio (PER) that can affect stock returns. The results of Putri (2016) and research by Ryadi and Sujana (2016) found that PER has significant effect on stock return. This result conflicts with Absari *et al.*, (2013), Muhammad and Scrimgeour (2014), Djibran *et al.*, (2015) and research Petcharabul, and Romprasert (2014) found that PER does not have a significant effect on stock return.

Research Framework

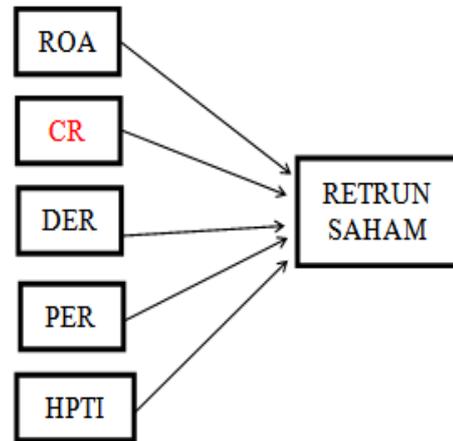


Fig.1 Research Framework

Hypothesis

- H₁ : ROA has a positive effect on Stock Return
- H₂ : CR has a positive effect on Stock Return
- H₃ : DER has negative effect on Stock Return
- H₄ : PER has a positive effect on Stock Return
- H₅ : Feed Prices Imported negative impact on Stock Return

III. METHODOLOGY

Types of research

The type of research used in this study is associative casual research (causal associative research). According to Sanusi (2011), a causal-associative is a study looking for relationships between two or more variables. The purpose of associative research is to find the relationship between one variable with another variable.

Research variable

This research uses financial performance variable as independent variable: 1) Return on Asset (ROA); 2) Current Ratio (CR); 3) Debt to Equity Ratio (DER); 4) Price Earning Ratio (PER); 5) Price of Imported Animal Feed (HPTI) This variable is measured by the ratio between the price of poultry feed of imported poultry per kg in one year. Dependent variable in this research is stock return.

Types and Data Sources

The data collected in this research is quantitative data, ie data measured in a scale numerically. The data used in this study is secondary data in the form of corporate financial statements during the period 2012-2016 obtained from the Indonesia Stock Exchange site (www.idx.co.id).

Population and Sample Research

The population of research according to Martono (2014) is the whole object or subject that is in a region and meet certain requirements relating to research problems. The population in this research is Manufacturing Company of livestock feed

sub sector in Indonesia Stock Exchange year 2012 until 2016. The sampling technique used in this research is purposive sampling. Purposive sampling is a technique of determining samples with certain considerations (Martono, 2014). Sample selection is done by using purposive sampling method. Sample criteria are: (a) Manufacture company of livestock feed industry sub-sector already listed in Indonesian Stock Exchange 2012 until 2016 and not delisted; (b) manufacturing company of livestock feed sub-sector that presents the financial statements and completeness of data year 2012 until 2016. So got the sample amount of 4 companies x 5 period x 2 semester = 40 data to be used in this research.

Method of collecting data

Data collection techniques used in this study is literature study. Referring to Martono (2014) literature study is a process of finding, reading, understanding, and analyzing the various literature, the results of studies (research results), or studies related to research to be done, so the resulting data is secondary data. This research data is collected from the book, the results of research in the form of journals, theses, factbook publishing reports on the Indonesia Stock Exchange website, as well as retrieving data through internet related to the research.

Analysis Method

Method of data analysis in this study by using quantitative data analysis. Referring to Sutawidjaya (2015) Quantitative data analysis method is a method of data analysis using statistics or approach using predetermined numbers and measurement scale, while the analytical tool used in this study by using descriptive analysis and Panel regression analysis.

Descriptive statistics provide an overview or description of data viewed from mean, standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness (Ghozali, 2016). In this study using cross-sectional and time series data which will be calculated descriptive average, standard deviation, maximal and minimum value of each variable

Panel Regression Analysis

This analysis is done to prove the hypothesis by using panel data analysis tool or data panel (pooled data) as data processing tool. The analysis using a data panel is a combination of time series and cross-section data. In the model data panel model equations using cross-section data can be written as follows:

$$Y_{it} = \beta_0 + \beta_1 X_{it} + \mu_{it}$$

$$i = 1, 2, \dots, N; t = 1, 2, \dots, T$$

where: N = number of observations; T = amount of time; $N \times T$ = number of panel data

The regression model in linear form is as follows:

$$Y_{it} = \beta_0 + \beta_1 ROA_{it} + \beta_2 CR_{it} + \beta_3 DER_{it} + \beta_4 PER_{it} + \beta_5 HPTI_{it} + e_i$$

Description: Y = Return of stock; ROA = Return on Asset; CR = Current Ratio; DER = Debt to Equity Ratio; PER = Price Earning Ratio; HPTI = Imported Livestock Feed Price
b0 = Constant; b1 - b5 = Independent variable coefficient; e = Error.

Model Selection in Data Processing

In estimating panel data regression there are three approaches that can be used that is Common Effect Model Method, Fixed Effect model, and Random Effect model. According to Winarno (2015), chow test is a test to determine the fixed effect or common effect model that is more appropriate to be used in estimating panel data. The Hausman test is a statistical test of whether a more appropriate Fixed Effect or Random Effect model is used in panel data regression. The test was developed by Hausman based on the idea that LSDV in Fixed Effect and GLS models is efficient while OLS models are inefficient, on the other hand efficient OLS alternatives and inefficient GLS. According to Winarno (2015), to find out whether the Random Effect model is better than the Common Effect it can use the langrage multiplier test (LM).

Classic assumption test

Before the data is analyzed further using multiple regression analysis, firstly done classical assumption test consisted of: normality test, multicollinearity test, autocorrelation test, and heterokedastisity test.

IV. RESULTS AND DISCUSSION

Descriptive Analysis

The following will explain the descriptive analysis yiatu explain the description of the data of all variables to be included in the research model. For more details, can be seen in Table 1 below:

Table 1. Descriptive Statistics

| | RETURN | ROA | CR | DER | PER | HPTI |
|--------------|-----------|-----------|----------|----------|-----------|-----------|
| Mean | 0.078975 | 0.049700 | 1.713650 | 1.359275 | 154.1401 | 0.616900 |
| Median | 0.011000 | 0.042000 | 1.502500 | 1.341000 | 24.54100 | 0.617500 |
| Maximum | 0.756000 | 0.217000 | 3.313000 | 2.684000 | 2736.842 | 0.826000 |
| Minimum | -0.437000 | -0.158000 | 0.559000 | 0.462000 | -56.66700 | 0.332000 |
| Std. Dev. | 0.301144 | 0.071849 | 0.631648 | 0.501810 | 478.4501 | 0.131295 |
| Skewness | 0.521962 | 0.010594 | 0.717301 | 0.266031 | 4.426780 | -0.507799 |
| Kurtosis | 2.331109 | 3.926856 | 2.850809 | 2.994671 | 23.17043 | 3.252620 |
| Jarque-Bera | 2.561985 | 1.432517 | 3.467239 | 0.471862 | 808.7200 | 1.825427 |
| Probability | 0.277761 | 0.488577 | 0.176644 | 0.789835 | 0.000000 | 0.401433 |
| Sum | 3.159000 | 1.988000 | 68.54600 | 54.37100 | 6165.604 | 24.67600 |
| Sum Sq. Dev. | 3.536813 | 0.201328 | 15.56020 | 9.820728 | 8927664. | 0.672292 |
| Observations | 40 | 40 | 40 | 40 | 40 | 40 |

Source: Data primer diolah, 2017

From Table 1 above can be explained that the Return of Stock in the company of animal feed industry sub sector during the study period has a minimum value of -0.437, maximum of 0.756, and an average of 0.07897 with a standard deviation of 1.3011. This means that during the period of research from the first semester of 2012 - second semester of 2016 return obtained by investors on stock investment in the company of animal feed sub-sector average is equal to 7.89%. This means that the stock price in the secondary market in the stock of animal feed on average increased 7.89% per semester compared to the previous period. Higher standard deviation value than mean means the level of distribution of stock return data between companies is quite heterogeneous, so spreads with a fairly high fluctuation

Return on Asset

Profitability of the company as measured by Return On Assets (ROA), indicates that, during the study period this variable has a minimum value of -0.158, the maximum value of 0.217 and the average value of 0.0497 with a standard deviation of 0.0718. This means that from 40 observations on 4 companies included in the company of livestock feed industry sub sector in Indonesia Stock Exchange during the study period, the average net profit after tax amounted to 4.97% of total assets owned by the company. While the standard deviation of 0.0718 means that during the study period, the spread size of the Return on Asset (ROA) variable, amounted to 0.0718 out of 40 cases, and included in heterogeneous spread.

Current Ratio

Descriptive analysis on the liquidity variable measured by the Current ratio, indicates that, during the study period of this variable has a minimum value of 0.559 means that the company's lowest ability to meet short-term obligations amounted to 55.9% of total current assets. While the maximum value obtained by 3.313 means that the company's highest ability to meet short-term liabilities with current assets amounted to 331.3%. The average value of 1.7136 means that from 4 companies of the animal feed industry sub sector during the study period, the average company has current assets whose value is greater than current liabilities, which is an average of 171.36%. While the standard deviation of 0.631648 means during the study period, fluctuations in the Current ratio data, between one company

with another company is around 0.6316 and lower than the average shows low data fluctuations.

Debt to Equity Ratio

Descriptive analysis on the Debt to Equity Ratio (DER) variable, indicates that, during the study period this variable has a minimum value of 0.462 means that the source of funding companies derived from debt is equal to 46% of the total capital itself. The maximum value of 2,684 means that the source of funding coming from debt is 268.4% of the total capital itself. The average value of 1.359 means that from 4 companies included in the food and beverage industry sub sector in Indonesia Stock Exchange during the period of study, using source of funding through debt is 135,9% of value of owned capital. While the standard deviation of 0,5018 means during the study period, the size of the spread of the Debt to Equity Ratio (DER) variable, is equal to 0.5018 lower than the average value so it shows the distribution of homogeneous data.

Price Earning Ratio

Based on Table 1 PER, it shows that, during the study period this variable has a minimum value of -56,667, a maximum of 2736,842 and an average of 154.14. This means that the average company experienced a stock price growth of 154.14 times than its net income. While the standard deviation of 478.45 means during the study period, the spread size of the PER variable amounted to 478.45 of the 40 cases that occurred and greater than the average value, so the data distribution of PER quite fluctuate.

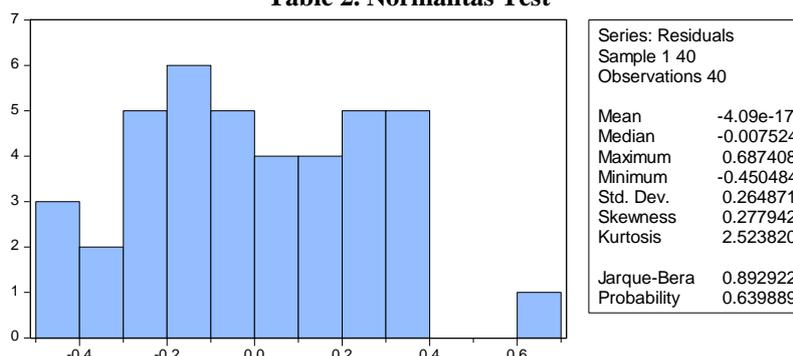
Price of Imported Livestock Feed

Descriptive Analysis on the Livestock Feed Price variable, indicates that, during the study period this variable has a minimum value of 0.332, a maximum of 0.826 and an average of 0.6169. This means that the value of feed price per kg is US \$ 0.6169. While the standard deviation of 0.131295 means that during the study period, the dispersion size of HPTI variables, amounted to 0.131295 of the 40 cases that occurred, and showed a homogeneous distribution of data.

Normality test

Normality test aims to know that the data used in research variables have normal distribution or not. In the discussion of this normality issue will be used Jarque Bera Test test using a significance level of 0.05. Data is normally distributed if the value of JB test <2.

Table 2. Normalitas Test



Based on Table.2. It is known that the value of Jarque Bera Test is 0.8929 and the probability is 0.639889 > 0.05. Thus the research data in this research model can be stated normal.

Test Multicollinearity

The multicollinearity test is used to indicate whether the interrelated variables are correlated to whether there is a linear relationship between the independent variables in the regression model. Based on regression result of independent variable and dependent variable yield tolerance value and Variance Inflation Factor (VIF). One way to prove the presence or absence of multicollinearity can be used VIF test, If the value of VIF <10 or tolerance > 0.10 it can be concluded that there is no multicollinearity in the multiple regression equation used in this study. Conversely, if the VIF value > 10 or the tolerance level <0.10 then there is multicollinearity.

Table 3. Multicollinearity Calculation Result

| Varibel Independen | VIF | Keterangan |
|--------------------|----------|----------------------------------|
| ROA | 1.458307 | Multicollinearity does not occur |
| CR | 1.520909 | Multicollinearity does not occur |
| DER | 1.658627 | Multicollinearity does not occur |
| PER | 1.101308 | Multicollinearity does not occur |
| HPTI | 1.099760 | Multicollinearity does not occur |

Source : Result of the data (2018)

Autocorrelation Test

Autocorrelation is a variable interference of one observation with other observations. To find out if there is an autocellation element then need to be tested using Durbin Watson Test. Based on N = 40 and the number of independent variables (k) = 5, it is known that Durbin Watson DI = 1,230 and Du = 1,786, (4-DI) = 2,770 and (4-Du) = 2,214. If the Durbin Watson Test (DW) is between Du and (4-Du) between 1.786 to 2.214 then the regression model does not occur Autocorrelation symptoms. The results of the autocorrelation test are shown in Table 4.

Table 4. Autocorrelation Test Result

| | | | |
|--------------------|-----------|-----------------------|----------|
| R-squared | 0.226393 | Mean dependent var | 0.078975 |
| Adjusted R-squared | 0.112627 | S.D. dependent var | 0.301144 |
| S.E. of regression | 0.283679 | Akaike info criterion | 0.455533 |
| Sum squared resid | 2.736104 | Schwarz criterion | 0.708864 |
| Log likelihood | -3.110651 | Hannan-Quinn criter. | 0.547129 |
| F-statistic | 1.989991 | Durbin-Watson stat | 2.005875 |
| Prob(F-statistic) | 0.105219 | | |

Sumber: Olahan data Eviews 9.0

In Table 4 From the test results, the value of durbin watson of 2.005875 between Du and (4-Du) is between 1.786 to 2.214 then the regression model does not occur Autocorrelation symptoms.

Heteroscedasticity Test

Detection of heterocedasticity is: (a) Probability value > 0.05 means free from heterokedastisitas; (b) A probability value <0.05 means heterokedastisitas.

Table 5. Heteroscedasticity Test Result

Heteroskedasticity Test: Glejser

| | | | |
|---------------------|----------|---------------------|--------|
| F-statistic | 2.589009 | Prob. F(5,34) | 0.0435 |
| Obs*R-squared | 11.02996 | Prob. Chi-Square(5) | 0.0508 |
| Scaled explained SS | 7.831510 | Prob. Chi-Square(5) | 0.1658 |

Sumner: Olahan Data Eviews 9.0

From Table 5 shows that the value of chi-squares-count is 11.02996 with probability of chi-squares of 0.0508 which shows no significant at $\alpha = 0.05$ it can be concluded that the model used does not contain symptoms of heterokedastisitas.

Regression Estimation Results with Selected Model Common Effect

Table 6. Estimated Results of Selected Models (Common Effect Model)

White cross-section standard errors & covariance (d.f. corrected)

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|----------|-------------|------------|-------------|--------|
| ROA | 2.338128 | 0.715772 | 3.266584 | 0.0025 |
| CR | -0.032519 | 0.112374 | -0.289384 | 0.7740 |
| DER | -0.002169 | 0.121777 | -0.017812 | 0.9859 |
| PER | 2.19E-05 | 3.61E-05 | 0.607046 | 0.5479 |
| HPTI | 0.414933 | 0.167258 | 2.480800 | 0.0182 |
| C | -0.239834 | 0.344224 | -0.696739 | 0.4907 |

Weighted Statistics

| | | | |
|--------------------|----------|--------------------|----------|
| R-squared | 0.287698 | Mean dependent var | 0.080852 |
| Adjusted R-squared | 0.182948 | S.D. dependent var | 0.312911 |
| S.E. of regression | 0.282642 | Sum squared resid | 2.716139 |
| F-statistic | 2.746518 | Durbin-Watson stat | 2.014347 |
| Prob(F-statistic) | 0.034504 | | |

Hypothesis testing

The results of the decision on the proposed hypothesis are described as follows: 1) The effect of ROA on stock returns. With one-sided test using a significant level of $\alpha = 5\%$, the test on the ROA variable obtained tcount of 3.2665 and sig-t of 0.0025 < 0.05. Thus, Ho is rejected and H1 accepted means Return on Asset partially have a positive significant effect on Return of stock; 2) Based on Table 6. it can be seen that the variable Current Ratio, with one-sided test using a significant level of $\alpha = 5\%$, obtained tcount value of -0.2993 and sig-t of 0.7740 > 0.05. Thus Ho accepted and H2 rejected means there is no positive and significant influence between Current Ratio with stock return in Sub Sector Livestock Feed Industry in Indonesia Stock Exchange; 3) Based on Table 6. it can be seen that the DER variable, with one side test using a significant level of $\alpha = 5\%$, obtained t-count of -0.0178 and sig-t equal to 0.9859 > 0.05. Thus H0 is accepted and H3 is rejected means that Debt to Equity Ratio partially has no significant significant effect on stock return; 4) Based on Table 6. can be seen that the variable Price Earning Ratio, with one-sided test that uses a significant level of $\alpha = 5\%$, obtained t-count value of 0.6070 and sig-t of 0.5479 > 0.05. Thus Ho accepted and H4 rejected means there is no positive and significant influence between Price Earning Ratio with stock return in Sub Sector Feed Industry in Indonesia Stock Exchange; 5) Based on Table 6. it can be seen that HPTI variables, with one-sided tests using a

significant level of $\alpha = 5\%$, obtained a t-count of 2.4808 and sig-t of 0.0182 < 0.05 . Thus H_0 rejected and H_5 accepted means imported feed prices partially have a positive and significant effect on stock Return.

Effect of ROA on Stock Return

The calculation results obtained that ROA proved to have a positive and significant effect on stock returns. With positive regression coefficient hence can be interpreted that the bigger profitability (ROA) hence the higher stock return. The results of this study in accordance with research conducted by Wang and Luo (2016) and research Ryadi and Sujana (2016) which concluded that the Return on Asset has a significant positive effect on stock returns. The results of this study are also corroborated by research Kennedy (2003), and Syahrial (2016) who found that ROA has a significant effect on stock returns.

Influence of Current Ratio to Stock Return

The test results found that the ratio of liquidity (Current Ratio) does not affect the stock return. This condition can be interpreted that, the liquidity of the company from the current wealth (which can soon be used as money) with the ratio of short-term debt does not give a positive effect in increasing stock returns, although current ratio also shows the short-term creditor (margin of safety) companies in paying short-term debt.

The results of this study contradict the research by Handara and Bagus (2017) which proves that CR has a significant effect on Stock Return. However, the results of this study support the research of Petcharabul and Romprasert (2014) and Absari *et al.*, (2013) who found that liquidity has no effect on stock returns. This result contradicts the theory that large liquidity will increase stock returns.

Effect of Debt to Equity Ratio on Stock Return

The calculation results obtained by DER have no significant negative effect on stock return. This shows that companies are more likely to use the allocation of funds from debt to maximize the company's wealth. But the utilization of funds from debt has consequences on the increase in interest paid, so this does not affect the condition of the capital market. This has the meaning of the inability of Debt to Equity Ratio to influence the stock return is possible because the results of the use of debt funds to finance the assets used by the company is not able to cover all interest expenses to be paid by the company resulting in decline in stock prices obtained and stock return decline. These results can be seen from Table 6 where the average DER of 1.359 indicates that the amount of debt of the company is much higher than the capital owned by the company.

The results of this study in line with the theory according to Mamduh (2007) states that the ratio of total debt aims to determine the ability of companies to meet long-term obligations on assets. Companies with total debt to high total assets will bear the risk of high loss but also have an opportunity to earn an increased profit. The results of research are in line with the research of Absari *et al.*, (2013) and research Djibran *et al.*, (2015) found that DER has no significant effect on stock returns.

The Influence of Price Earning Ratio on Stock Return

The result of significance test to PER variable is not proved to have a significant positive effect on stock return.

Price earnings ratio is the ratio of the market to appreciate the performance of a company's stock on the performance of the company as reflected by the EPS. The greater the PER of a share the more expensive the share of the net income per share. If it says the stock has PER 10x, it means that the stock's price is 10 times the EPS (net earnings per share). Stocks that have smaller PER will get better, which means the stock is getting cheaper.

The absence of PER against the stock price is likely due to the Price Earning Ratio (PER) is more related to other factors outside the stock return such as profit taking action by investors when stock prices increase or decrease due to uncertain economic and political conditions as well sentimental from the stock market itself. When the PER is too high, then the stock price becomes expensive, although the stock performance looks good, but this is precisely avoided by investors because buying stocks that are already too high will have a small chance of getting a return.

Testing Variable Price of Animal Feed Imports Against Stock Return

The result of significance test to HPTI variable is not proved to have a significant negative effect on Return of manufacturing sector of animal feed sub-sector. Even the results of research to find the opposite of HPTI have a positive and significant effect on stock returns. This is due to the increasing price of imported livestock feed consistently followed by an increase in company revenue, because high prices will be followed by a high selling price as well. Increased feed prices due to adjust the value of US Dollar tends to increase from 2012 until 2016. Thus the fundamental performance of companies in the animal feed industry sector will continue to increase, so that the effect on the attractiveness of investors so that stock returns become greater.

V. CONCLUSION

Based on the results of the analysis and discussion that has been done, it can be concluded as follows: (1) Profitability ratio proxies with Return on Asset have positive and significant effect to stock return of livestock feed sub sector. This means the greater the profitability of stock returns will increase, and vice versa; (2) The liquidity ratio proxied with Current Ratio does not affect the stock return of livestock feed sub sector. This means that the size of the liquidity of the company has not been able to increase the stock return on the company of livestock feed sub-sector in Indonesia Stock Exchange; (3) Solvency proxied by Debt to Equity Ratio does not affect stock return of livestock feed sub sector. This means that the size of the company's solvency has not been able to increase the stock return on the company of livestock feed sub-sector in Indonesia Stock Exchange; (4) The ratio of market valuation proxy to Price Earning Ratio does not affect the stock return of livestock feed sub sector. This means that the company's low PER has not been able to increase stock returns in the company of livestock feed sub-sector in Indonesia Stock Exchange; (5) Price of imported poultry feed has a positive and significant effect to stock return of livestock feed sub sector. This means that the higher price of imported livestock feed in dollars will increase the stock return.

Suggestion

It is expected that future research will improve the following factors: For investors who will invest their investment in livestock sub-sector should be really careful in analyzing the stock so as to get profit as expected. This can be done by using some analytical tools that can be used such as using factors that proved to influence stock return significantly in this study as the company's fundamentals related to profitability (ROA). Choosing stocks that have large profitability will tend to get a higher return. In addition, macroeconomic conditions such as imported feed prices, also need to be considered in investing, where prices are getting stronger, indicating that demand for animal feed has increased due to large production so that expected stock return will be large.

The ratio of liquidity in this study has not been able to give a real effect on the increase of stock return. For that investors should do a re-analysis of liquidity size not only from the Current Ratio, but from other ratios such as cash ratio, quick ratio or the ratio of working capital. As long as there is no clear evidence that the liquidity ratio is able to increase stock returns, it should not be necessary to consider liquidity in making investment decisions.

Solvency ratio in this study does not affect the stock return, so investors should be more observant in considering the leverage of this company, whether the use of leverage solely to improve the capital structure, or indeed the company suffered a prolonged loss that caused solvency of the company increased. If the company is experiencing a good growth cycle, then the increase in solvency will actually provide an opportunity in increasing stock returns, so it can be the right choice. However, if the history of high solvency due to sustained losses then should be avoided companies that have high solvency.

In this study PER ratio does not affect the stock return, then investors should consider the size of this PER in a proportional position. A low PER indicates that the company is not experiencing good growth so it can be avoided in the investment option, but the higher PER will cause the purchase of shares to be more expensive, so the opportunity to get a return is also small. For that purpose, the issuer has a PER with a proportional number, so that when buying stock at a reasonable price, and hope in the coming period of stock price will increase so that investors get a positive return.

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