



STOCK RETURNS: EFFECT OF RETURN ON ASSETS, RETURN ON EQUITY, DEBT TO EQUITY RATIO, AND DIVIDEND PAYOUT RATIO

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Article Info	Abstract
Diterima: 23 November 2023	<i>The financial ratios used in this research include profitability ratios as measured by Return on Assets (ROA) and Return on Equity (ROE); solvency ratio as measured by the Debt to Equity Ratio (DER); and the valuation ratio as measured by the Dividend Payout Ratio (DPR). The purpose of this research is to determine the effect of ROA, ROE, DER, and DPR on stock returns of LQ45 companies. This research uses a population of 62 LQ45 companies. The sample for this research was 44 LQ45 companies. The sampling technique used was purposive sampling with the criteria of LQ45 companies that published complete financial reports and distributed dividends regularly from 2015 to 2020. The data collection technique used panel data. The data analysis technique used was multiple linear regression analysis with the SPSS 25 application. The research results showed that ROE and DPR had a positive effect on stock returns, while ROA and DER had no effect on stock returns. The implication of the results of this research is that it is hoped that investors can make the right investment decisions to buy or sell shares and allocate their assets to the LQ45 company, so as to get optimal stock returns.</i>
Revisi: 28 November 2023	
Terbit: 30 November 2023	
Keywords: Return on Assets (ROA), Return on Equity (ROE), Debt to Equity Ratio (DER), Dividend Payout Ratio (DPR), Stock Returns	

INTRODUCTION

The economic development of a country in its implementation requires quite a lot of funds. According to Naseer, Khan, Popp & Oláh (2021) stated that large amounts of funds are usually obtained through loans or own capital which is allocated in the form of investment to obtain future profits. This is what encourages investors to place their funds in the capital market. The Indonesian Stock Exchange (IDX) is a capital market that has an important role in investment activities in Indonesia. IDX acts as a facilitator for the general public, providing securities trading services in various formats, including shares, bonds, mutual funds, warrants and various derivative instruments (Suhadak, Rahayu & Handayani, 2019). The LQ45 index is 45 issuers that have gone through a selection process with high liquidity and several other selection criteria on the IDX. The LQ45 index is an index where there are 45 companies listed on the IDX and have criteria for a high level of liquidity. According to Venturi (2022), the LQ45 index consists of 70% of transactions on the

IDX and is based on market capitalization value.

The stock market usually reacts to events, both economic events and non-economic events, such as the COVID-19 pandemic, which has resulted in various declines in people's consumption levels in Indonesia. The emphasis on community mobility due to the implementation of Large-Scale Social Restrictions also resulted in a decline in the economic sector, resulting in a decrease in the average share price on the Indonesian Stock Exchange. Apart from that, fluctuations in the capital market also influence the investment behavior of investors. Therefore, investors who place their funds in the capital market are expected to know information as a basis for decision making so as to increase stock returns (Atayah, Dhiaf, Najaf & Frederico, 2022).

Stock returns (Thampanya, Wu, Nasir & Liu, 2020) are cash payments received as a result of owning ordinary shares at the time of initial investment. Every investor has a different approach to investing in order to gain profits, one of which is fundamental analysis. According to Ye, Song & Liang (2022), fundamental analysis includes studying a company's industry data, sales, wealth, income, product and market absorption, evaluating company management, comparing with competitors, and estimating the intrinsic value of common shares using the company's financial data. Fundamental analysis is used to measure a company's financial condition through financial ratio analysis (Kurniati, 2019). This research uses financial ratios including profitability ratios, solvency ratios, and valuation ratios.

According to Chandra et al. (2019), the profitability ratio is a ratio that interprets the company's capability to gain profits by owning resources obtained from the use of funds and assets used. The profitability ratios used in this research include Return on Assets (ROA) and Return on Equity (ROE). According to Yasar, Martin & Kiessling (2020), signaling theory explains the encouragement that companies have in sharing information in the form of financial reports to third parties outside the company due to unequal information and opportunities from third parties outside the company (creditors and investors) in the future. According to Egbunike & Okerekeoti (2018), ROA is defined as a financial ratio that shows the company's performance in utilizing its assets to generate net profits, thereby providing a positive signal for investors to invest their capital and ultimately increasing stock returns. Meanwhile, according to Palaniappan (2017), ROE is defined as a financial ratio that shows the company's performance in utilizing capital to create net profits, thereby providing a positive signal for investors to invest their capital and ultimately increasing stock returns. The higher the profitability ratio shows that the higher the return the company gets by utilizing the resources it has. This research provides results that are in accordance with the results of previous research written by Egbunike & Okerekeoti (2018); Chandra et al. (2019); Noviyanti, Rahayu & Rahmawati (2021) show that ROA has a positive effect on stock returns. Palaniappan (2017); Cordeiro da Cunha Araújo & André Veras Machado (2018); Rahmawati (2020) shows that ROE has a positive effect on stock returns. However, previous research written by Abraham, Harris & Auerbach (2017); Nguyen, Prokopczuk & Sibbertsen (2020) illustrate that ROA has no effect on stock returns. Ling, Ooi & Xu (2019); Shen (2021) illustrate that ROE has no effect on stock returns.

The solvency ratio is a financial ratio that is applied to estimate the amount of debt costs that a company pays to meet its assets (Bambang et al., 2020). The higher the solvency ratio shows a negative signal because many of the company's activities are financed by debt, so that high corporate debt will increase the risks borne and investors tend to avoid it (Hartuti, Rahmawati & Ernawati, 2022). Therefore, a high solvency ratio will make stock returns low. The solvency ratio used in this research is the Debt to Equity Ratio (DER). Based on Orlov (2019), DER is a ratio that describes the debt balance paid by the company against the capital issued by creditors. Therefore, the more the DER increases, the less stock returns the company gets. This research provides results that are in accordance with the results of previous research written by Orlov (2019); Bambang et al. (2020) illustrate that DER has a negative effect on stock returns. However, previous research written by Juan & Rulz (2020); Nukala & Prasada Rao (2021); Noviyanti, Rahayu & Rahmawati (2021) show that DER has no effect on stock returns.

The valuation ratio is a ratio used to measure the intrinsic value or value of shares owned by a company (Asadi & Al Janabi, 2020). The higher the valuation ratio will increase stock returns and is considered a positive signal, where for investors this ratio is an important ratio because investors can assess management performance and estimate the company's prospects in the future. Therefore, the higher the valuation ratio will increase the company's stock return. The assessment ratio used in this research is the Dividend Payout Ratio (DPR). According to Straehl & Ibbotson (2017), DPR is defined as a financial ratio that describes the comparison of cash dividends per share with earnings per share. This ratio illustrates the amount of profit per share distributed as dividends and is applied to ensure shareholders get this profit. Therefore, the bigger the DPR, the more stock returns the company gets. This research provides results that are in accordance with the results of previous research written by Straehl & Ibbotson (2017); Asadi & Al Janabi (2020); Rahmawati (2020) shows that DPR has a positive effect on stock returns. However, previous research written by Jitmaneroj (2017); Yin & Nie (2021) show that DPR has no effect on stock returns.

Based on the explanation of the phenomenon above and the inconsistencies in the results of previous research, the researcher will conduct research on "Stock Return: Effect of Return on Assets, Return on Equity, Debt to Equity Ratio, and Dividend Payout Ratio".

LITERATURE REVIEW AND HYPOTHESIS

Signalling Theory

According to Yasar, Martin & Kiessling (2020) explains how companies should provide information signals regarding the company's condition, both the success and failure of the company, to users of financial reports. This is done by the company as an effort to provide signals to investors regarding the company's management in looking at the company's future prospects, so that it can differentiate between good and bad quality companies. According to Egbunike & Okerekeoti (2018), ROA is a financial ratio that illustrates company performance to utilize ownership of company assets to obtain net profits so that investors perceive it as a positive signal to obtain capital and increase stock returns. Meanwhile, according to Palaniappan (2017), ROE is a ratio that illustrates the company's performance in utilizing capital to create net profits so that investors take it as a positive signal to invest their capital and ultimately increase stock returns.

Apart from that, according to Hartuti, Rahmawati & Ernawati (2022) show that a higher solvency ratio is considered a negative signal because many company activities are financed by debt, so that high company debt will increase the risks borne and investors tend to avoid it. Therefore, the higher the solvency ratio measured by DER, the lower the stock return will be. Furthermore, according to Asadi & Al Janabi (2020), the higher the valuation ratio will increase stock returns and is considered a positive signal, where for investors this ratio is an important ratio because investors can assess management performance and estimate the company's future opportunities. Therefore, the higher the valuation ratio, the greater the stock return the company will get.

LQ45 Index

The stock price index is important data for investors because it is an indicator that displays stock price movements and also reflects market conditions (Rödel, Graf & Kling, 2021). The LQ45 index is a company registered on the IDX with a total of 45 issuers based on certain criteria and has a high level of liquidity. The LQ45 index consists of 70% of transaction data in the capital market and stock market capitalization value (Venturi, 2022). The LQ45 index calculation classification if shares meet several requirements including: (1) being in the 60th largest of total share transactions on the regular market; (2) order based on market capitalization which is evaluated from the average market capitalization value; and (3) the company's opportunities to develop in the future, the company's financial condition, the frequency and quantity of stock trading on the regular market which occurs every day (Suhadak, Rahayu & Handayani, 2019).

Stock returns

Stock returns (Thampanya, Wu, Nasir & Liu, 2020) are cash payments received as a result of owning ordinary shares at the time of initial investment. Every investor has a different approach to investing in order to gain profits, one of which is fundamental analysis. According to Ye, Song & Liang (2022), fundamental analysis includes studying a company's industry data, sales, wealth, income, product and market absorption, evaluating company management, comparing with competitors, and estimating the intrinsic value of common shares using the company's financial data. Fundamental analysis is used to measure a company's financial condition through financial ratio analysis (Kurniati, 2019). Financial ratios are ratio calculations based on financial reports which function to assess a company's financial performance (Guillaume et al., 2022). This research uses financial ratios including profitability ratios, solvency ratios, and valuation ratios.

HYPOTHESIS

Profitability is used to find out how much profit a company can generate (Rahmawati, 2020). The profitability ratios used in this research include Return on Assets (ROA) and Return on Equity (ROE). According to Yasar, Martin & Kiessling (2020), signaling theory illustrates the encouragement that companies have in sharing information about financial reports to parties outside the company because of the unequal information and prospects that will come from external parties, both investors and creditors.

According to Egbunike & Okerekeoti (2018), ROA is described as a financial ratio that describes a company's performance by using its assets to generate net profits, thus giving investors a positive signal to provide capital and the company's share returns increase. Therefore, the greater the ROA, the greater the stock return obtained by the company. This research provides results that are in accordance with the results of previous research written by Egbunike & Okerekeoti (2018); Chandra et al. (2019); Noviyanti, Rahayu & Rahmawati (2021) show that ROA has a positive effect on stock returns.

Meanwhile, according to Palaniappan (2017) illustrates ROE as a financial ratio that describes the company's performance by using the capital it has to generate net profits, thus giving investors a positive signal to provide their capital and increasing the share returns obtained by the company. Therefore, the greater the ROE, the greater the stock return obtained by the company. This research provides results that are in accordance with the results of previous research written by Palaniappan (2017); Cordeiro da Cunha Araújo & André Veras Machado (2018); Rahmawati (2020) shows that ROE has a positive effect on stock returns. Based on the description, the hypothesis is formulated as follows:

H₁: ROA has a positive effect on company stock returns LO45.

H₂: ROE has a positive effect on company stock returns LO45.

The solvency ratio is a financial ratio to test the amount of debt costs that a company pays to meet its asset needs (Bambang, Jihadi, Bachitar, Safitri & Singh, 2020). The higher the solvency ratio shows a negative signal because the company finances all its operational activities with debt, so that high company debt will increase the risks borne and investors tend to avoid it (Hartuti, Rahmawati & Ernawati, 2022). The solvency ratio used in this research is the Debt to Equity Ratio (DER). According to Orlov (2019) illustrates DER as a financial ratio that shows the quantity of a company's debt with the capital issued by creditors, so that the greater the level of risk the company fulfills, the smaller the company's share return will be. Therefore, a larger DER ratio will result in lower stock returns. This research provides results that are in accordance with the results of previous research written by Orlov (2019); Bambang et al. (2020) shows that DER has a negative effect on stock returns. Based on the description, the hypothesis is formulated as follows:

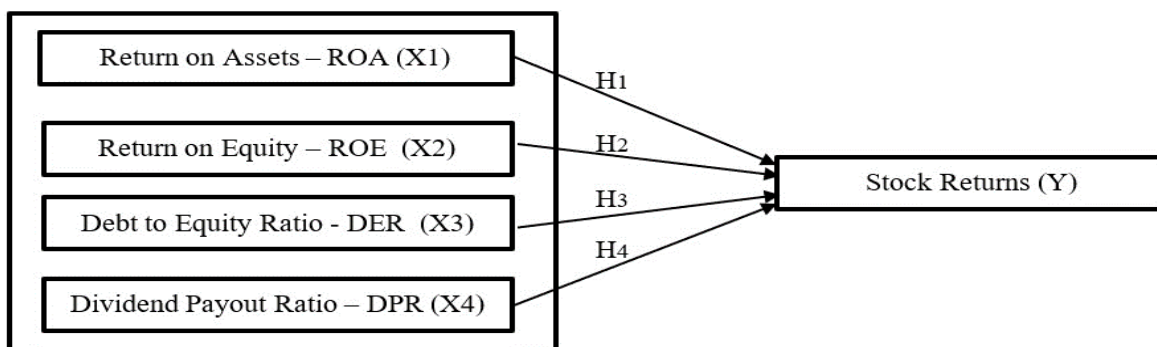
H₃: DER has a negative effect on LO45 company stock returns.

The valuation ratio is a ratio used to measure the intrinsic value or value of shares owned by a company (Asadi & Al Janabi, 2020). The higher the valuation ratio will increase stock returns and is considered a positive signal, where for investors this ratio is an important ratio because investors can assess management performance and estimate the company's prospects in the future. Therefore, the higher the valuation ratio will increase the company's stock return. The assessment ratio used in this research is the Dividend Payout Ratio (DPR). According to Straehl & Ibbotson (2017), DPR is defined as a financial ratio that describes the comparison of the cash dividends obtained by shareholders for each share with the profit for each share. This ratio illustrates the quantity of profits obtained per share distributed as dividends, so that it is used to determine the quantity of profits obtained by shareholders. Therefore, the larger DPR obtained by shareholders is considered a positive signal that the company has good performance thereby increasing the share returns obtained (Rahmawati, 2020). This research provides results that are in accordance with the results of previous research written by Straehl & Ibbotson (2017); Asadi & Al Janabi (2020); Rahmawati (2020) shows that DPR has a positive effect on stock returns. Based on the description, the hypothesis is formulated as follows:

H₄: DPR has a positive effect on LO45 company stock returns.

The conceptual framework of this research is as follows:

Figure 1
Research Conceptual Framework



Source: Palaniappan (2017); Straehl & Ibbotson (2017); Egbunike & Okerekeoti (2018); Orlov (2019)

RESEARCH METHOD

This type of research includes quantitative research. The population of this research was 62 LQ45 companies in the 2015 - 2020 period. The sample for this research was 44 LQ45 companies in the 2015 - 2020 period as shown in Table 1. The sampling technique used was purposive sampling with criteria as shown in Table 2. Collection technique data using panel data. This research uses independent variables including ROA, ROE, DER, and DPR as well as the dependent variable, namely stock returns, the measurement of each ratio can be seen in Table 3. Data analysis techniques used are multiple linear regression analysis with the SPSS 25 application.

Table 1
LQ45 Company Research Sample for the 2015-2020 Period

No	Issuer Code	Company Name
1	AALI	PT. Astra Agro Lestari Tbk
2	ADHI	PT. ADHI KARYA (Persero) Tbk
3	ADRO	PT. Adaro Energy Indonesia Tbk
4	AKRA	PT. AKR Corporindo Tbk
5	ANTM	PT. Aneka Tambang Tbk
6	ASII	PT. Astra International Tbk
7	BBCA	PT. Bank Central Asia Tbk
8	BMTR	PT. Global Mediacom Tbk
9	BSDE	PT. Bumi Serpong Damai Tbk
10	CPIN	PT. Charoen Pokphand Indonesia Tbk
11	CTRA	PT. Ciputra Development Tbk
12	ELSA	PT. Elnusa Tbk
13	ERAA	PT. Erajaya Swasembada Tbk
14	EXCL	PT. XL Axiata Tbk
15	GGRM	PT. Gudang Garam Tbk
16	ICBP	PT. Indofood CBP Sukses Makmur Tbk
17	INDF	PT. Indofood Sukses Makmur Tbk
18	INKP	PT. Indah Kiat Pulp & Paper Tbk
19	INTP	PT. Indocement Tunggal Prakarsa Tbk
20	ITMG	PT. Indo Tambangraya Megah Tbk
21	JPFA	PT. Japfa Comfeed Indonesia Tbk
22	JSMR	PT. Jasa Marga (Persero) Tbk
23	KLBF	PT. Kalbe Farma Tbk
24	LPKR	PT. Lippo Karawaci Tbk
25	LSIP	PT. London Sumatra Indonesia Tbk
26	MNCN	PT. Media Nusantara Citra Tbk
27	PGAS	PT. Perusahaan Gas Negara (Persero) Tbk
28	PPRO	PT. PP Properti Tbk
29	PTBA	PT. Bukit Asam Tbk
30	PTPP	PT. PP (Persero) Tbk
31	PWON	PT. Pakuwon Jati Tbk
32	SCMA	PT. Surya Citra Media Tbk
33	SMGR	PT. Semen Indonesia (Persero) Tbk
34	SMRA	PT. Summarecon Agung Tbk
35	SRIL	PT. Sri Rejeki Isman Tbk
36	SSMS	PT. Sawit Sumbermas Sarana Tbk
37	TBIG	PT. Tower Bersama Infrastructure Tbk
No	Issuer Code	Company Name
38	TKIM	PT. Tjiwi Kimia Paper Factory Tbk

39	TLKM	PT. Telkom Indonesia (Persero) Tbk
40	TPIA	PT. Chandra Asri Petrochemical Tbk
41	UNTR	PT. United Tractors Tbk
42	WIKA	PT. Wijaya Karya (Persero) Tbk
43	WSKT	PT. Waskita Karya (Persero) Tbk
44	WTON	PT. Wijaya Karya Beton Tbk

Source: www.idx.com (2022)

Table 2
Table of Research Sample Selection Criteria

No	Research Sample Selection Criteria	Number of Companies
1	Companies included in the LQ45 index on the IDX for the 2015 - 2020 periods.	62
2	Companies that were registered on the IDX before 2014.	(10)
3	Companies that publish complete financial reports from the periods 2015, 2016, 2017, 2018, 2019 and 2020 according to the data required in the research variables.	(5)
4	Companies that distribute dividends regularly from 2015, 2016, 2017, 2018, 2019 and 2020.	(3)
	Sample companies	44
	Research period	6
	Amount of research data	264

Source: Data is processed (2022)

Table 3
Operational Definition of Research Variables

Research Variable	Definition of Research Variables	Measurement
Return on Assets (ROA)	ROA is described as a financial ratio that describes a company's performance by using its assets to generate net profits, thus giving investors a positive signal to provide capital and the company's share returns increase (Egbunike & Okerekeoti, 2018).	$ROA = \frac{\text{net profit}}{\text{total assets}}$
Return on Equity (ROE)	ROE as a financial ratio that describes the company's performance by using the capital it has to generate net profits, thus giving investors a positive signal to provide their capital and increasing the share returns obtained by the company (Palaniappan, 2017).	$ROE = \frac{\text{net profit}}{\text{total equity}}$
Debt to Equity Ratio (DER)	DER as a financial ratio that shows the quantity of a company's debt with the capital issued by creditors, so that the greater the level of risk the company fulfills, the smaller the company's share return will be (Orlov, 2019).	$DER = \frac{\text{total debt}}{\text{total capital}}$
Research Variable	Definition of Research Variables	Measurement
Dividend Payout Ratio (DPR)	DPR is defined as a financial ratio that describes the comparison of the cash	$DPR = \frac{\text{dividen per share}}{\text{earning per share}} \times 100\%$

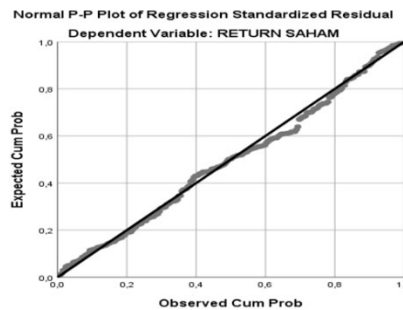
Stock Returns	<p>dividends obtained by shareholders for each share with the profit for each share (Straehl & Ibbotson, 2017).</p> <p>Stock returns are cash payments received as a result of owning ordinary shares at the time of initial investment (Thampanya, Wu, Nasir & Liu, 2020).</p>	$R_{it} = \frac{P_{it} - (P_{it-1})}{P_{it}}$
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RESULTS AND DISSCUSION

Classic assumption test

The normality test applied in this research is by looking at the Normal P-Plot graph. Figure 2 illustrates that the distribution of data points is aligned on the diagonal line. Therefore, it can be concluded that the data tends to be normally distributed.

Figure 2
Normality Test Results with P-Plot



Source: Data is processed (2022)

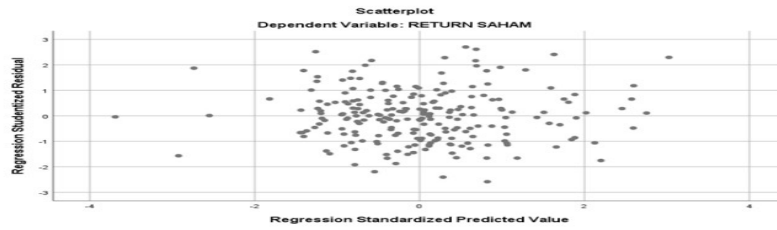
Based on Table 4, the tolerance value for the ROA variable is 0.298; ROE 0.357; DER 0.714 and DPR 0.844 > 0.10. Meanwhile the VIF value for the ROA variable is 3.353; ROE 2,797; DER 1,402; DPR 1.186 < 10. Therefore, it can be concluded that the data in the regression model do not experience symptoms of multicollinearity.

Table 4
Multicollinearity Test Results

Dependent Variable	Independent Variable	Tolerance	VIF Value	VIF Critical
ROA	Stock Returns	0.298	3.353	10
ROE		0.357	2.797	10
DER		0.714	1.402	10
DPR		0.844	1.186	10

Source: Data is processed (2022)

Based on Figure 3 illustrates that the data points do not create a particular regular pattern. Therefore, it is concluded that in the regression model there are no symptoms of heteroscedasticity. Apart from that, based on Table 5, the Durbin Watson (DW) value is 1.825. Therefore, the DW value is between du and 4-du (1.8104 < 1.825 < 2.1896), it can be concluded that the autocorrelation problem does not occur.



Source: Data is processed (2022)
Figure 3 Normality Test Results with P-Plot

Table 5
Autocorrelation Test Results

Regression	DW	DW Limit Free of Autocorrelation		Information
		du (minimum)	4-du (maximum)	
Model	1.825	1.8104	2.1896	No autocorrelation

Source: Data is processed (2022)

Multiple Linear Regression Analysis

Table 6
Multiple Linear Regression Analysis Test Results

Model	Unstandardized Coefficient		t	Sig
	B	Std. Error		
Constant	-56.124	29.490	-1.903	.058
ROA	10.418	9.076	1.148	.252
ROE	1.038	.401	2.588	.010
DER	3.163	1.988	1.591	.113
DPR	12.244	6.047	2.025	.044

Source: Data is processed (2022)

Based on Table 6, it shows the multiple linear regression equation as follows:

$$Y = -56.124 + 10.418 X_1 + 1.038 X_2 + 3.163 X_3 + 12.244 X_4$$

Hypothesis testing

Table 7
F Test Results

Model	F	Sig.
1	4.696	.001 ^b

Source: Data is processed (2022)

Based on Table 7, the F test illustrates that ROA, ROE, DER, and DPR jointly influence stock returns with a probability value (sig.) of $0.001 < 0.05$. Apart from that, based on Table 6, it shows that hypothesis 1 of this research is not supported, where ROA has no effect on LQ45 stock returns (a value (sig) of $0.252 > 0.05$). Furthermore, based on Table 6, it shows that hypothesis 2 of this research is supported, where ROE has a positive effect on the stock returns of LQ45 companies (a value (sig) of $0.010 < 0.05$). Table 6 also shows that hypothesis 3 of this research is not supported,

where DER has no effect on LQ45 company stock returns (a value (sig) of $0.113 > 0.05$). Furthermore, based on Table 6, it shows that hypothesis 4 of this research is supported, where DPR has a positive effect on company stock returns LQ45 (12,244 and a value (sig) of $0.044 < 0.05$).

Coefficient of Determination Test

The coefficient of determination described from the Adjusted R Square is 0.061. This value illustrates the influence of ROA, ROE, DER, and DPR on variations in changes in stock returns in LQ45 companies, which is 6.1%.

DISCUSSIONS

The Effect of ROA on Stock Returns

ROA only displays the company's effectiveness using the company's overall operations. Apart from that, ROA is rarely a consideration for investors because investors pay more attention to the indicators for each share to predict share price movements. The company's financial performance was also influenced by the Covid-19 pandemic. This is consistent with research written by Rababah, Al-Haddad, Sial, Chunmei & Cherian (2020) where the Covid-19 pandemic had a decreasing impact on ROA, because investors restrained themselves from investing activities because they saw instability in economic conditions. This research provides results that are in accordance with the results of previous research written by Abraham, Harris & Auerbach (2017); Nguyen, Prokopczuk & Sibbertsen (2020) show that ROA has no effect on stock returns.

The Influence of ROE on Stock Returns

ROE is an indicator that provides a positive signal for investors when investing their capital, because investors need to know whether the funds invested in the form of capital will make a profit in the future or not. The more investors who buy shares in companies with high ROE values, the more the company's stock returns will increase. This research provides results that are in accordance with the results of previous research written by Palaniappan (2017); Cordeiro da Cunha Araújo & André Veras Machado (2018); Rahmawati (2020) shows that ROE has a positive effect on stock returns.

The Effect of Debt to Equity Ratio on Stock Returns

DER is not a benchmark for investors in investing their capital, because the rise and fall of a company's debt to creditors is deemed less effective when used as a guide for investment decisions. If the company can manage debt well, it is possible that the company will generate good profits too. The amount of debt the company has increased with the Covid-19 pandemic, so the company needs long-term loans for its operational activities (Rababah et al., 2020). Therefore, investors pay less attention to this ratio due to conditions that require companies to take on debt to continue their operational activities. This research provides results that are in accordance with the results of previous research written by Juan & Rulz (2020); Nukala & Prasada Rao (2021); Noviyanti, Rahayu & Rahmawati (2021) show that DER has no effect on stock returns.

The Effect of Dividend Payout Ratio on Stock Returns

The larger the DPR illustrates a positive signal, where the company's performance is good, the company will gain more profits. This is what makes investors buy or sell shares with high or low DPR values, which will affect the company's stock returns. This research provides results that are in accordance with the results of previous research written by Straehl & Ibbotson (2017); Asadi & Al Janabi (2020); Rahmawati (2020) shows that DPR has a positive effect on stock returns.

CONCLUSION

Conclusions that can be drawn based on the results of the research and discussion that have been carried out above include: ROE and DPR have a positive effect on stock returns of LQ45 companies, while ROA and DER have no effect on stock returns of LQ45 companies. The implications of the results of this research are (1) for investors who are expected to be able to make the right investment decisions to buy or sell shares and allocate their assets to LQ45 companies, so as to get optimal stock returns; (2) Companies should pay attention to the financial performance managed by management, especially the ROE and DPR ratios which show that the results have a positive effect on stock returns. If the company increases profits from the use of equity and profits grow, then investors will be interested in optimizing capital so that the stock returns obtained increase.

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