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THE EFFECT OF DEBT TO EQUITY RATIO, CURRENT RATIO, AND INSTITUTIONAL OWNERSHIP ON SHARE RETURNS IN BANKING COMPANIES ON THE INDONESIA STOCK EXCHANGE FOR THE 2017-2020 PERIOD

Nurhalimah[1], **Amalia Nuril Hidayati**[2]
[12]*Islamic Financial Management, Faculty of Islamic Economics and Business,* UIN Sayyid Ali Rahmatullah Tulungagung
E-mail: nurh42948@gmail.com, amalianoeril@gmail.com

ABSTRACT

This study aims to determine the effect of DER, CR, INST on stock returns in banking companies listed on the IDX. This research is a type of quantitative approach. The total population in this study was 46 banking companies, with the research sample used were 4 banking companies. The results of the research that have been obtained conclude that partially DER and CR have a negative and significant effect on stock returns in bank companies. While INST has a positive and significant effect on stock returns in banking companies. And simultaneously DER, CR, and INST have a significant effect on stock returns of banking companies listed on the IDX.

Keywords: *DER, CR, Kepemilikan Institusional, and Stock Return*

INTRODUCTION

In today's modern times, economic changes and developments in the economic field are very drastic, very amazing. This can be seen from the economic side in the banking sector, one of which is. The economy in banking has become one of the fields favored by various parties, such as banks, pawnshops, savings and loans, cooperatives, and many others. Today the system is getting more sophisticated with the technology made by several superior companies. This is due to the economic competition factor between one company and another. Through these various parties, the company is able to manage its financial system well. But that does not mean that if the financial management is good, then the finances obtained will be good, this is not necessarily the case. It could be that financial management is good, but the results of the profits actually decrease. The development of business in today's modern era, the very high level of competition makes the opportunities for businessmen more stringent as well as various kinds of companies from various new industries that appear in the business world. Given that the goal of each company is the same, namely by increasing significant profits or obtaining maximum profit. A very rapid and quite rapid increase in this decade was experienced by financial institutions engaged in the banking or non-bank sector.

A bank is an institution that operates like a company with the aim of making a profit. In the Law on Banking, banks may in their efforts to improve the welfare of the community carry out activities in the form of credit as a distribution of funds or in other forms. The existence of a bank provides many benefits for customers or investors who want to save or invest. In their daily life, banks are able to show good performance, this can increase the interest of customers or other users of bank services. Over time, the development of financial institutions has been able to open several branches in Indonesia and even abroad. Banking in financial institutions plays an important, strategic role because it is able to move the wheels of the economy through various parties. These parties are people who deposit their funds in financial institutions such as banks.

Financial institutions are able to facilitate the development sector through the distribution of institutional funds to various state projects in all business sectors carried out by the government and the private sector. Seeing the role of banks that are sufficient to help the community's economy, Bank Indonesia, known as BI and the Financial Services Authority, known as OJK, request a daily, monthly, quarterly or annual financial report. With this financial report, it can be used as a policy in an economy. Companies or banks can see for themselves how the performance of financial ratios runs regularly or not. Financial statement analysis is a form of report that reports the company's work performance which is used to measure the value of the company's work in a condition, good or bad. So, this report analysis will be used to determine the condition of a company by using various methods or various ratios needed. This analysis can be compared using the financial statements of the last four years. Liquidity ratios, solvency ratios, liquidity ratios and profitability ratios are groupings of financial ratios. If this ratio will be used later to analyze a company's financial report, it can be seen from the development of DER, CR, and INST in the financial statements of banking companies for the 2017-2020 period in the following annual data;

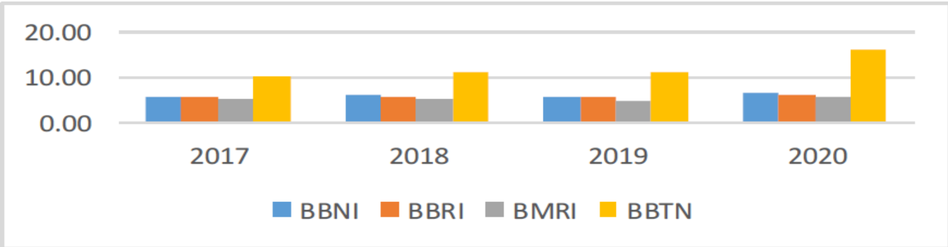

Figure 1. Average DER of Banking Companies on Stock Returns for the 2017-2020 Period

Based on the graph above, DER has increased. The safe DER value for the company is below 50%, so it can be said to be safe. While a high DER value or more than 50% cannot be said to be safe, because the level of debt is quite high, and can also affect the profits obtained by the company later.

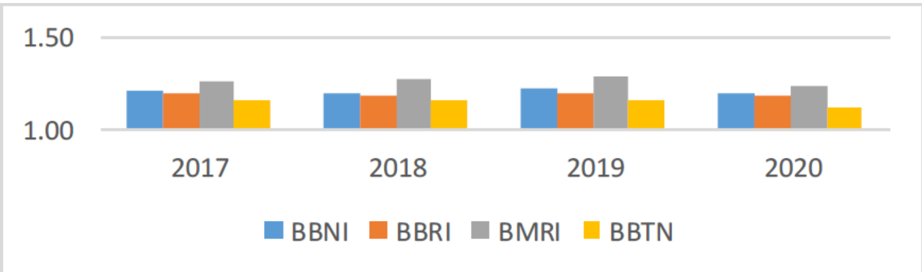

Figure 2. Average CR of Banking Companies to Stock Returns for the 2017-2020 Period

Based on the graph above, the average CR has decreased. A high CR value makes the company in a liquid condition, this is due to the company's high short-term liabilities. So that the credibility of the company increases, and stock returns also increase, and vice versa. This situation will also invite investors to be more careful and can see objectively, so that it can be seen how the company's performance is in the good enough category or not.

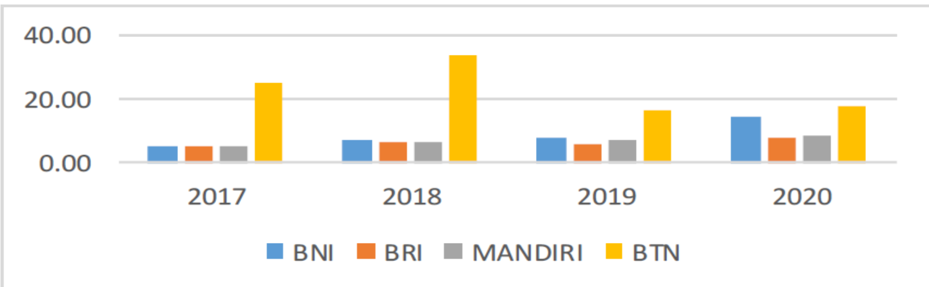

Figure 3. Average INST of Banking Companies against Stock Return Period 2017-2020

Based on the graph above, the average INST has decreased. When the situation is higher regarding the ownership of shares in an institution, the proportion of the involvement of the owners of the capital will also increase. Vice versa. If the company's management and corporate governance system is good, then the rate of return on shares will be good too. Vice versa

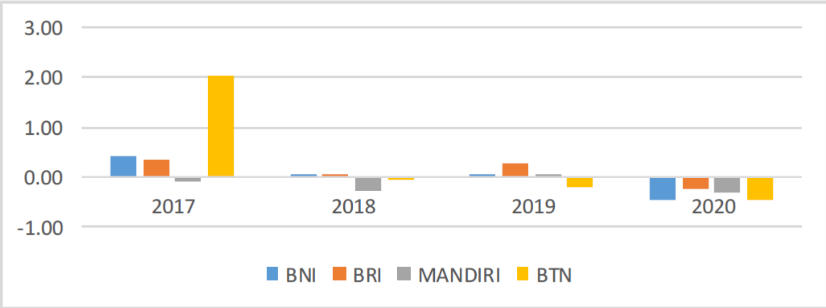

Figure 4. Average Stock Return of Banking Companies to Stock Return 2017-2020 period

Based on the graph above, the average stock return has decreased. The company's profits are reduced. This could be, the lower the selling price of the stock, the smaller the return obtained. Investors have to take big risks if they want high returns. The three factors above can be considered and estimated to be the influence of stock returns in banking companies listed on the IDX and from the description of the graph above, these factors can clearly explain the influence of company performance and can have consequences for investors as well. Below is a picture of the conceptual framework in this research:

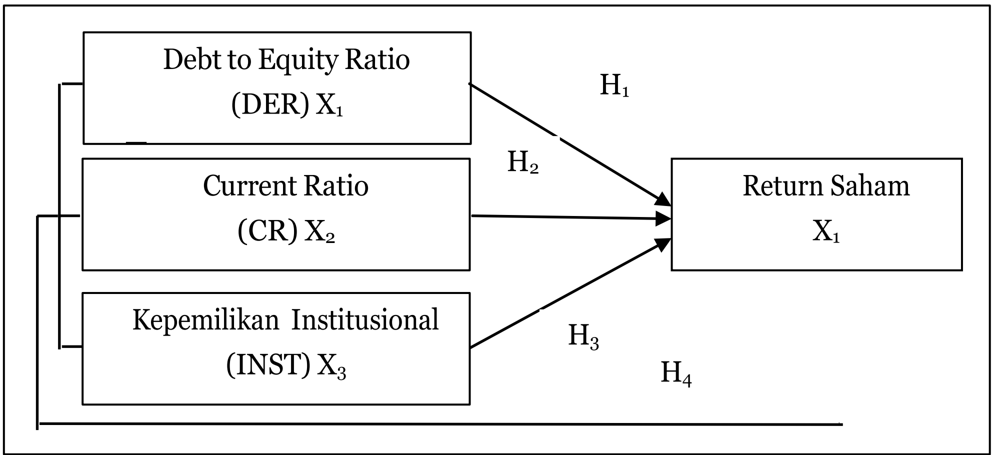

Figure 5. Conceptual Framework

According to Figure 5. above, it is stated that the DER, CR, and INST variables have an effect on stock returns. Furthermore, it is hypothesized to be designed as follows:
H1 : Explaining the DER variable which has an effect on stock returns
H2 : Explaining the CR variable has an effect on stock returns
H3 : Explaining the INST variable has an effect on stock returns
H4 : DER, CR, and INST simultaneously affect stock returns

METHODS

Using the method in this research, the researcher uses a quantitative approach with multiple linear regression analysis methods and uses secondary data, obtained through the official website of each banking company listed on the IDX. The population is a number of elements that are combined into one and then conclusions will be drawn to make a decision, where the subject will go through a sequence of measurements first. The population used is 46 banking companies listed on the IDX. The number of samples used is 4 companies, with the following criteria: First, state-owned banking companies that have gone public and are listed on the IDX for the period 2017-2020. Second, banking sector companies which has published financial statements and provides information related to DER, CR and INST.

RESULTS AND DISCUSSIONS

Results

The results and discussion begin using the effect of multiple linear regression and ends using a discussion of the impact of each variable on stock returns. Classic assumption test Normality test is a statistical test used to test the normality of research data. The following are the results of the data normality test using SPSS 16.

Table 1. Results of the Kolmogorov-Smirnov Test . One-Sample Normality Test

Information	Score
Probabilitas	0,161

Based on the table above, knowing the probability > significance level, namely the magnitude of the significance value (0.05), (0.161 > 0.05) as a result it can be stated that the test is normally distributed. In addition, classical hypothesis testing needs to share whether the study includes correlation of independent variables, through multicollinearity testing. The following is the result of the statistical test:

Table 2. Multicollinearity Test Results

Information	Tolerance	VIF
Debt to Equity Ratio	0.083	11.982
Crrent Ratio	0.111	8,989
Kepemilikan Institusional	0.465	2,149

Based on the coefficient table above, using tolerance, the DER value is 0.083, CR is 0.111 and INST is 0.465. This situation illustrates that if the tolerance value of the tested data is < 0.10, it means that the DER variable has multicollinearity in the data being tested, while the CR and INST variables have multicollinearity in the data being tested. In addition, classical assumption testing needs to show whether the research includes correlation of independent variables, through heteroscedasticity testing. The following is the result of the statistical test:

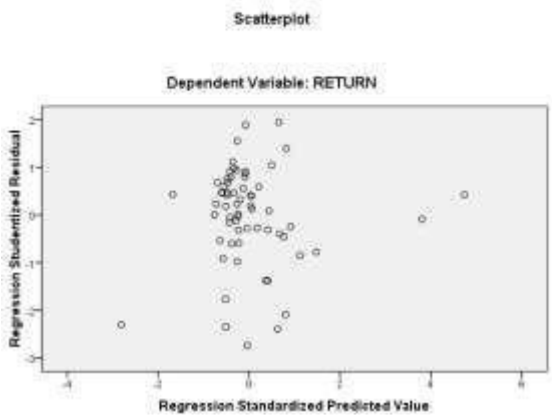

Figure 6. Heteroscedasticity Test Results

According to the picture above, the scatterplot pattern shows that the points that spread below and above on the Y axis do not have a pattern that is said to be regular, this can be explained when the picture in this condition shows that there is no heteroscedasticity.
Descriptive Statistics
Descriptive statistics is a branch of statistical science that deals with the procedures used to describe the general characteristics of data. Based on the results of the descriptive analysis, it is known that the values of DER, CR and INST in 2017 to 2020 are as follows:

Table 4. t Test Results

Variabel	t-hitung	Sig.
DER	-2,825	0,006
CR	-2,378	0,021
INST	3,207	0,002

DISCUSSIONS

The Effect of Der on Stock Returns of Banking Companies on the Indonesia Stock Exchange

Based on the table above, the value of the DER variable is derived from t count as much as -2.825 and a significance value of 0.006. So it can be concluded if the DER variable has a negative and significant effect on stock returns. This can be interpreted that if the DER variable increases by one unit, there will be a decrease in the stock return value of -0.069 with the provision that the value remains constant. This research is strengthened by research (Ratna, 2009), which states that DER has a negative and significant effect on stock returns. A high increase in expenses will have an impact on the decline in stock prices and a decrease in the company's stock returns. With a high burden, investors are not interested in investing their capital in the company.

The Effect of Cr on Stock Returns of Banking Companies on the Indonesia Stock Exchange

According to table 4 above, the value of the original CR variable t count is -2,378 with a significance value of 0.021. So it can be concluded that the variable CR significant negative effect on stock returns. This can be interpreted that if the CR variable increases by one unit, there will be a decrease in the stock return value of -4.054 with the provision that the value remains constant. This research is strengthened by research (Dylen & Carunia, 2020), which states that CR has a significant effect on stock returns. A high CR value makes the company excess in cash or other current assets. A low current ratio usually means that the company lacks capital to cover its debts, and will have an impact on the company's condition. The use of current assets can guarantee the payment of current liabilities.

The Effect of Institutional Ownership on Stock Returns of Banking Companies on the Indonesia Stock Exchange

According to table 4 above, the value of the INST variable comes from t count of 3.207 with a significance value of 0.002. So it can be concluded that the INST variable has a significant positive effect on stock returns. This can be interpreted that if the INST variable increases by one unit, there will be an increase in stock returns of 0.011 with the provisions of the constant value being fixed. This research is strengthened by research (Etty, 2012), which states that INST has a significant effect on stock returns. Majority share ownership and minority share ownership have the same goal of getting dividends from the company for the long term. This can have an impact on increasing stock prices and increasing stock returns.

The Influence of Der, Cr and Institutional Ownership on Stock Return of Banking Companies Listed on the Indonesia Stock Exchange

In this section, we will examine the effect of DER, CR, and INST on stock returns, the F test will examine the effect of each independent variable on the independent variable. The F-test is used to evaluate the significance of the model by calculating the results of the F-test and comparing them in a table. Below are the results of the F test from the results of the SPSS 16 report.

Table 5. f . Test Results

Information	f-tabel	Sig
Sig.	3,844	0,014
Adjusted R Square	0,119	

Based on the table above, obtained a significance value of 0.014, then 0.014 <0.05, which means that DER, CR and INST together have a significant effect on stock returns. In addition, the coefficient of determination (ajusted R2) shows how changes in the dependent variable reveal changes in the independent variables. R-Square value or coefficient of determination is 0.161. R-Square values range from 0 to 1. Multiple linear regression using modified R-Square because it adjusts to the number of arguments used. The value of Ajusted R-Square is 0.119 and 11.9% of the dependent variable of stock returns is explained by the variables DER, CR, and INST and the remaining 88.1% (100%-11.9%) is explained by other variables. From the estimation results, a regression equation model can be built as follows:

$$Y = 5{,}133 - 0{,}069\ DER - 4{,}054\ CR + 0{,}011\ INST$$

CONCLUSION

From the discussion above, it can be concluded that there are four things, including the following: some of the DER variables have a significant and negative effect on stock returns. Second, partially, the CR variable has a significant and negative effect on stock returns. Third, the INST variable has a positive and significant effect on stock returns and fourth, the DER, CR and INST variables also have a significant effect on stock returns of IDX issuers and banks in 2017-2020. Then by using the correlation of the three independent variables again, the dependent variable is very strong and the effect is 11.9%, then the remaining 88.1% is determined by external factors outside of this study.

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