The influence of monetary performance on stock return in consumer goods industry: A case of Indonesian Stock Exchange

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Abstract

The purpose of this research is to discover the monetary performance of stock return on the category of consumer goods industry company in 2015 - 2018 periode using EPS (Earnings Per Share), ROE (Return On Equity), and DER (Debt to Equity Ratio) as its measurement tools. The method used in this research is causal method with consumer goods industry company sector as its research object. Purposive sampling was used as research sample extraction and as a result, 14 companies were determined as data sample. The data were analyzed using classic assumption test which consisted of normality test, multicollinearity test, and heteroscedasticity test, panel data and hypothetical test. From the result of the research it was determined that monetary performance projected in return on equity was significantly affected the stock return. As for the monetary performance projected in earning per share and debt to equity ratio, was partially insignificant to its effect on stock return. Both monetary performance projected in earning per share, return on equity and debt to equity ratio was significantly affected the stock return of consumer goods industry company in 2015 - 2018.

Keywords: *Earning per share; Return on equity; Debt to equity ratio; Stock return*

JEL Classifications: *D25; D53*

Introduction

Stock exchange is a market to trade in securities which normally has aged more than a year, such as stocks and obligations (Tandelilin, 2010). Stock exchange basically meet up its fund seller and buyer. Its purpose were also to bring together investors and issuers (Hermuningsih, 2012). Stock exchange functioned as intermediaries (Tandelilin, 2010). This function reflects its important role in supporting economy because stock exchange connects someone who needed funds to those who had abundant funds.

Instruments which were offered through stock exchange are securities or stock. This instrument was divided into two large groups, which are equity such as stocks and debt instrument such as company obligation (Fakhrudin, 2011). The activity of buying and selling those funds were conducted in one official institution called the stock exchange.

“Every investor’s dream is to maximize return with minimum risk. Since this is practically impossible, the target is to optimize the risk and return. The performance is affected by business as well as other local and global macroeconomic parameters” (Soni, 2017). Investors invested their funds through the purchasing of stock with the hope of acquiring substantial profits. Any types of investment activities were not always profitable but it also has its risks and unpredictability which was difficult to predict by each investor (Luthfi & Hadiprajitno, 2014). The risks made investors to be wary in deciding any investment action.

Consumer good industry company sector has experienced fluctuations in its stock prices. This was caused by the influence of micro and macro factor. These sector were companies that are developing quite significantly in Indonesia, the reason was because the country itself possess many inhabitants and so its consumptions level will rise as its demands. Generally, the stocks of consumer good industry sector are included into stocks which were actively traded and their stock returns were also moving quite as such (Anonim, 2014). Overall average the stock return of consumer good industry experiencing decreases while individually the stock return of consumer good industry experiencing fluctuations in the periode of 2015-2018.

This matter can be caused by the increasing inflations in Indonesia which decreases the people level of consumption and as such their intention for investing in consumer goods industry company category were also declines. The decline of investment activity in Indonesia inflicts a slow economic growth and a slow level of profitability in companies, reducing its performances. Decreasing level of stock also causing the decreasing price of stocks so the stock returns received by its investor were reduced (Agustami, 2011). “It seems reasonable that demand shocks have larger short-run effects on prices because of temporary imbalances between demand and supply—a phenomenon often called “price pressure” (Greenwood, 2003). Because of the fluctuations that happened on stock return of some of the consumer goods industry company category, the researcher used these stock returns as variable in this research and year 2015-2018 as its research periode.

The expectation of investors in investment is to receive maximum profit with some expected risks that the investor had to cover. Stock is investment instrument which were favored by many investors for its level of repayment and expected (Kristiana & Sriwido, 2012). If investor invested in stocks, the level of its profitability is defiened as stock return. There are two main components that became the source of stock return; these components are capital gain dan dividend.

Return is one of the foundation in which an investor takes its decision to invest, because return is the purpose of someone who invest (Mardhiyah, 2017). Return which was expected by investor from it’s their investment is the compensation over opportunity cost and the decrease of purchasing power risk because the influence of inflations. Managers and owner of consumer goods industry company listed in stock exchange were the ones that most concerned to know how many monetary performance ratio relevant to their market were responded by the market, especially the effect of its stock return because this may helped them to search additional stocks (if need be) in the stock exchange.

Literature Review

Return is the level of return received to time and risk for investment that had been done (Tandelilin, 2010). Return component (return) itself consisted of capital gain (loss) which defined as profit (loss) from the excess of stock selling price (buying price) compared to the stock buying price (selling price) as well as dividend which is periodically received income by investor. Stock Return can be divided into two types; the first is realized return, which was the realized return that had been calculated based on its historical data. The second type is expected return which was the expected return achievable by investor in the future upon their invested funds (Jogiyanto, 2010).

As stated before Stock Return consisted of two components, the first is capital gain (loss) which is the gain (loss) of a stock that profitable (deficit) for investor. The other component is yield; this return component reflects cash flow or earning of a stock investment that gained periodically. The big or small of dividend received by investor was determined in Rapat Umum Pemegang Saham (general meeting of stockholder).

Monetary performance is the depiction of company's success achievement which can also be defined as success gained by conducting activities. Monetary performance is the result or achievement gained by company management in operating its function of managing the company assets effectively in a certain periode of time. Monetary performance is essential for a company to understand and evaluate how far is the company level of achievement based on its monetary activities that has been done (Rudianto, 2013).

To calculate company monetary performance, monetary ratio analysis must be used (Wiagustini, 2010). There are types of monetary ratio which are, liquidity ratio, solvability, activity, profitability, and market assessment (Brigham & Houston, 2010). Ratios observed in this research were profitability ratio (proxy by EPS and ROE) and solvability ratio (proxy by DER)

Company monetary performance is related with measurement and performance assessment. The assessment of monetary performance was used by companies to conduct improvement on its operational activities so that it may better compete with other companies. The purpose of company monetary performance assessment is to understand level of liquidity, understand level of solvability, understand level of rentability, and understand level of stability (Munawir, 2012).

Monetary ratio in the monetary report is designed to inform beneficial information to its users. Monetary ratio is the company analysis of achievement instrument that describe any contact been done and also as monetary indicator in which purposefully shows the change in monetary condition or operational achievement in the past while also helped to designated the trend pattern of that change, for then shows its risks and opportunity attached to the said company (Fahmi, 2013).

The types of monetary ratio can be categorized into several sources as follows: balance ratio, which compare the numbers that originated from the balance sheet, profit loss report ratio, which compare the numbers originated from profit loss report and the ratio between reports, and lastly mixed data which compare numbers from within the balance sheet as well as the profit and loss (Kasmir, 2012).

Profitability is the company ability in producing revenue from its sales activity. It is also the ratio to measure company ability to seek profits. This ratio provides effectivity level measurement of a company management (Kasmir, 2012). In the capital market, investor will closely pay attention to the ability of a company to produce and increase its profits. This is what pushes the interest of investor in making investment. For that reason, a company management has to be able to meet the target that the company sets. Profitability level will also describe the earning position of a company.

The types of ratio in profitability are earning per share (EPS) and return on equity (ROE). Earning per stock sheet ratio or Earning Per Share (EPS) is the ratio to measure the management achievement in obtaining profits for shareholders. Low ratio means that the management is unsuccessful in satisfying the shareholders, conversely high ratio means that the welfare of shareholders increases. Profits for shareholders is the the total profits after the taxes cut.

Earning per share or earning per stock sheet is the distribution of profits given to shareholders for each of their stock sheets. For investor, the higher the earning per share ratio, then the expected profits growth and profits return also becomes much higher.

Another ratio that can measure profitability is return on equity. Return on equity (ROE) also called as profit over equity or total asset cycle. This ratio examines on how far a company uses its resources to be able to produce profit over equity (Fahmi, 2013). It also shows the efficiency of using self-capital. The higher the return on equity (ROE), the better the result is, meaning that the company owner position is becoming more favorable. On the contrary, the lower the return on equity (ROE), the worst the result become, meaning that the company owner position is becoming more disfavorable.

Return on equity is to measure the ability of a company to obtain available profits for its shareholders. The higher the return on equity (ROE) shows better management performance and affects the increasing price of company's stock. The increase on company stock prices will bring higher profits for its investor as well as raising the interest of future investor towards the company for its higher profits return.

Solvability ratio or leverage is the use of fixed assets of funds where the usage is dependant on closing or paying the fixed expenses. Solvability shows the proportion of debt usage to finance the investment. Solvability ratio is the ratio that describes how able the company manages its debt in order to obtain profits while also settle said debts. Solvability ratio or leverage is the ratio that is used to measure how far the debt is financing the company expenses (Kasmir, 2012).

In principal, solvability ratio can provide the debt portion of a company funds compare to its available capital and assets. The type of ratio in solvability is debt to equity ratio. Debt to equity ratio is the ratio used to calculate debt to equity (Kasmir, 2012). The ratio is found by compare the overall debts, including current debts over the equity. By using this ratio, the numbers of total available funds provided by creditor to a cmopnay can be discovered. The higher the Debt to Equity Ratio (DER) that a company has, the higher the chance of said company fulfill its long term obligations.

Debt to Equity Ratio (DER) for each company is obviously different, depending on its business characteristic and diverse cash flow. Debt to Equity Ratio (DER) reflects the company ability in fulfilling its obligations that were shown by parts of owned capital or the equity which were used to pay debts.

Research and Methodology

Some information from the financial statements can be a source to know the condition of a company such as profit. Companies that earn high profits are considered good for investors, that managers are able to manage their assets well (Jasman, 2017). Profitability ratio becomes an important source for investor to determine which investment to give. The higher the profit achieved by the company, the better asset managed by its management.

Profitability in this research was in proxy with earning per share (EPS) and return on equity (ROE). Earning per share (EPS) is received from profit that available for regular stock holder with the average total of regular stocks circulating. Earning per share (EPS) is the ratio between net profit after taxes and the number of shares (Darmadji & Fakhrudin, 2006). The earning per share (EPS) information of a company shows how much company net profit ready to be divided to its shareholders.

Profitability ratio used in this research is in proxy with *return on equity* (ROE). *Return on equity* is the tool to measure the capability of a company to obtain profits available for its shareholders (Sartono, 2012). It is based on the reason that *return on equity* provides information on how much capital or equity of shareholders used to receive net income after taxes. The ratio also shows the efficiency of shareholders equity usage. The higher the *return on equity* means that the stronger the company owner position becomes.

(Kasmir, 2012) stated that return on equity (ROE) shows the usge efficiency of the stock itself. The higher the return on equity (ROE) values, the better the performance of a company in receiving profit. This achievement will be responded with demands of the raising company stocks by investor, therefore affecting

the price of said company stocks. In addition, the higher return on equity (ROE) value will cause dividend to be distributed by the company. In such condition, Stock Return will also increase. This explanation was supported by (Widyawati, 2011) who received the research result where the return on equity (ROE) has a one-way relationship in which also shows a significant stock return.

The proxy of solvability in this research is Debt to equity ratio (DER). *Debt to equity ratio* is the ratio used to measure debts with equity (Kasmir, 2012). "In Balancing Theory it is stated that the decision to add debt not only has a negative impact, but it can also have a positive impact because the company must try to balance the benefits with costs incurred due to debt. As long as the benefits are still far greater than the cost of debt, then the debt can be increased" (Sriyono, 2017). This was based of the reason that debt to equity ratio (DER) can provide information of how much the shareholders equity used to cover company overall debt. And so, in general meeting of stockholder (RUPS) investor can agree on the company total funds that were funded by debts, therefore the appropriate return can be received.

(Kasmir, 2012) stated that the bigger the debt to equity ratio (DER), the bigger the risks of payment failing faced by the company. Moreover, the higher the debt to equity ratio (DER), the higher the cost of interest pays by the company. If such thing happened, it will decrease dividend payment. Investor will sees it as bad information; which leads to the declining of company stock demands and eventually its price. The condition indicates that stock of the company was less favored which automatically resulting in the descreasing value of its stock return. Therefore, in this situation there are contradicting relationship and a significant debt to equity ratio (DER) towards stock return. The explanation was supported by (Rafique, 2012) who received the research result where the debt to equity ratio (DER) having a contradicting influence that also significant towards stock return.

The hypothesis submitted in this research was based on relevant theory and previous research of which is monetary performance which measured from profitability aspect (return on equity and earning per share) and solvability (debt to equity ratio), was partially affecting towards consumer goods industry company stock return in Indonesia's Stock Exchange (IDX) and monetary performance which measured from profitability aspect (return on equity and earning per share) and solvability (debt to equity ratio), significantly affected consumer goods industry company stock return in Indonesia's Stock Exchange (IDX).

The method that will be used needs to be decided first so it can facilitate steps in this research, therefore solving the problem that were found in the research may be done easily. Research method according to Sugiyono (2017:2) is: the scientific method to obtain data with a certain purpose and uses. The method used in this research is quantitative method, with the approach of verificative descriptive. According to Sugiyono (2017:35) "Descriptive research method is done to discover the existence of independent variable, whether on one variable or more without making comparison of the variable itself. It also to discover the relationship between one variable and another." Form the explanation, it can be concluded that quantitative descriptive research function is to depict and describe the researched object through sample data or population as is were.

Furthermore, this research also uses verificative method. According to Sugiyono (2017:55) verificative method is "the research that is done towards population or certain sample with the purpose to test hypothesis that had been stated". This research is intended to provide explanation by doing exact measurement towards certain phenomena and also to explain causal relationship between variables through hypothesis by using statistical test. The location of this research was situated in Indonesia's Stock Exchange (IDX). Accessing the website www.idx.co.id and Indonesian Capital Market Directory (ICMD) provided data concerning issuers' monetary report of consumer goods industry company and website www.duniainvestasi.com provided data of each companies closing price.

According to (Sugiyono, 2017) research variable is "anything that is stated by the researcher to be studied in order to gain information about it, and then drawn its conclusion." Variable had to be defined operationally so that the relation between one variable and another as well as its measurement may become much easier. According to the title of the reaserch, The Influence of Monetary Performance towards Stock Return in Consumer Goods Industry Company Category Listed on Indoneisa's Stock Exchange of 2015-2018 Periode, there are two used variable as follows:

Independent Variable according to (Sugiyono, 2017) is: "a variable that influence or becoming the cause of change or the cause of dependent variable". Therefore, the independent variable in this research is Earnings Per Share (X1), Return On Equity (X2) and Debt To Equity Ratio (X3).

Dependent Variable According to (Sugiyono, 2017) which stated that: "Dependent Variable is a variable influenced or becoming the cause, because of independent variable existence". Therefore, the dependent variable in this research is Stock Return (Y).

The data which were used in this research were secondary data obtained through publication of company yearly monetary reports included within the category of consumer goods industry in Indonesia's Stock Exchange 2015-2018 periode. According to (Sugiyono, 2017) population is defined as "generalization region which consists of object/subject with its certain quality and characteristic stated by researcher to be studied and lastly draw its conclusion". The population of this research is consumer goods industry listed on Indonesia's Stock Exchange 2015-2018 periode. The total of the population is 36 companies.

According to (Sugiyono, 2017) stated that: "Sample is a part of the total and characteristic which consisted within a population". The sample within this research is obtained with purposive sampling method, in which the method uses various considerations such as the nature and feature or criteria of the population. The criterias which becomes the research sample are as follows: Companies which were used as data on this research are consumer goods industry companies listed on Indonesia's Stock Exchange 2015-2018 periode. There 36 companies listed. Companies which consecutively lists their complete information on monetary report and yearly consumer goods industry company report of 2015-2018 periode is about 14 companies.

This research will attempt to built a theory which function to explain, to forecast and predict the phenomenon that happened in such field in the future. The technique used in this research is panel data analysis or pooled data. According to (Basuki & Prawoto, 2016) "panel data is the combination between time series data and cross section data". Time series data is the data which consisted of one or more variable that then studied in a unit of observation within certain periode of time, whereas cross section data is the observation data of several observation units within one point of time.

Before conducting panel data analysis, classic assumption test namely; normality test, multicollinearity test, auto-correlation test and heteroscedasticity test will be done first. Analysis using panel data regrestion was done by several techniques which are pooled least square, fixed effect model and random effect model. Procedures which were done to estimate panel data regrestion are Chow test, Hausman test and Lagrange multiplier test. Hypothetical test will be done by partial influence significant test (t test) and simulant influence significant test (f test).

The data used in this research were secondary data which received by company yearly monetary report publication included in the category of consumer goods industry in Indonesia's Stock Exchange 2015 – 2018. All the companies categorized within it are the population of this research. Sample determining method used in this research was purposive sampling which is the method of acquiring sample determined by certain criterias by the researcher, the result was found in 14 companies.

This research will attempt to built a theory which function to explain, to forecast and predict the phenomenon that happened in such field in the future. The technique used in this research is panel data analysis or pooled data. Before conducting panel data analysis, classic assumption test namely; normality test, multicollinearity test, auto-correlation test and heteroscedasticity test, will be done first. Analysis using panel data is the combination of data time row, time series, and cross section data. Hypothetical test will be done by partial test (t test) and simulant test (f test).

Results

Normality test purpose is to test if linear regrestion model, insuer variable or residual have normal distribution. Data normality test was done by observing if the data was distributed normally or not, also known as Jarque-Bera test. The results of conducted test using eveiws 9 program are as such:

Figure 1: Normality Test Result

According to Figure 1 the data presented in the picture above, the result of Jarque-Bera test shows higher probability from α which is $0.523 > 0.05$. This shows that the data was distributed normally. Multicollinearity test purpose is to test if there were correlation between independent variable found in the regrestion model. Correlation between independent variable is not supposed to happen in the correct regrestion model. The following are the result of multicollinearity test.

Model	Collinearity Statistics	
	Tolerance	VIF
1	(Constant)	
	EPS	.956
	ROE	.832
	DER	.852

Table 1: Multicollinearity Test Result (Dependent Variable: Return)

According to the table 1, conclusion was drawn that there are no multicollinearity problem where: On variable earning per share (X1), the value of variance influence factor (VIF) is about 1,046 smaller 10; On variable return on equity (X2), the value variance influence factor (VIF) is about 1,203 smaller 10; On variable debt to equity ratio (X3), the value variance influence factor (VIF) is about 1,173 smaller 10;

Heteroskedasticity test purpose is to test if there is variance dissimilarity happened from one residual observation to another in the regrestion model. If a variance of one residual observation to another is constant, it can be called as homoskedasticity and heteroscedasticity if it's diverging. Heterokedasticity test was done to discover whether the residual value between variable were significant. Data test was done by using Breusch Pagan Godfrey test.

F-statistic	2.850372	Prob. F(2,103)	0.4124
Obs*R-squared	0.141221	Prob. Chi-Square(2)	0.4083

Table 2: Heteroskedasticity Test Result
Source: Processed result of Eviews 9

According to table 2, it shows that the significant probability was higher than the real extent (α) which is 0,05. It is concluded that heteroscedasticity did not happen. Chow test was intended to determine the fixed effect

model or common effect which is suitable to estimate panel data. The following are the output result of Chow test using eviews.

Redundant Fixed Effects Tests				
Test cross-section fixed effects				
Effects Test		Statistic	d.f.	Prob.
Cross-section F		0.819335	(13,39)	0.6375
Cross-section Chi-square		13.521984	13	0.4083
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-14.56577	9.070440	-1.605850	0.1144
EPS	-0.002518	0.002365	-1.064634	0.2920
ROE	0.987543	0.348261	2.835641	0.0065
DER	5.185464	8.543940	0.606917	0.5465
R-squared	0.141221	Mean dependent var		0.214643
Adjusted R-squared	0.091677	S.D. dependent var		28.89857
S.E. of regression	27.54208	Akaike info criterion		9.538056
Sum squared resid	39445.43	Schwarz criterion		9.682724
Log likelihood	-263.0656	Hannan-Quinn criter.		9.594143
F-statistic	2.850372	Durbin-Watson stat		2.657617
Prob(F-statistic)	0.046193			

Table 3: Chow Test Output Result

According to table 3, the $F_{\text{calculate}}$ value was 0.819335 as its p-value (sig) 0,6375. With $\alpha = 0,05$ and freedom angle of $v_1 = 52$ ($n-k-1$) and $v_2 = 3$, thus the result was $F_{\text{table}} 2,78$. Because the value $F_{\text{calculate}} < F_{\text{table}}$ ($0.819335 < 2,78$), then H_0 was received, artinya meaning that the most suitable model is common effect model.

Lagrange Multiplier Test was intended to determine the random effect model or common effect most suitable in estimating the panel data. The following are the result of Lagrange Multiplier Test using eviews.

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.671798 (0.4124)	14.93798 (0.0001)	15.60977 (0.0001)
Honda	-0.819633 --	3.864968 (0.0001)	2.153377 (0.0156)
King-Wu	-0.819633 --	3.864968 (0.0001)	3.128923 (0.0009)
Standardized Honda	-0.405392 --	4.816959 (0.0000)	-0.574686 --
Standardized King-Wu	-0.405392 --	4.816959 (0.0000)	1.165924 (0.1218)
Gourieriou, et al.*	--	--	14.93798 (< 0.01)
*Mixed chi-square asymptotic critical values:			
	1%	7.289	
	5%	4.321	
	10%	2.952	

Table 4: Multiplier Test Output Result

Lagrange Multiplier Test with the result that common effect model was most suitable can be seen from Prob. Breusch-Pagan (BP) value of 0,4124 > 0.05 rather than random effect model. It can be concluded dan common effect model is most suitable to use in this research.

After been concluded that common effect model was the most suitable, therefore estimation will be done using common effect model as can be seen in the following table:

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-14.56577	9.070440	-1.605850	0.1144
EPS	-0.002518	0.002365	-1.064634	0.2920
ROE	0.987543	0.348261	2.835641	0.0065
DER	5.185464	8.543940	0.606917	0.5465
R-squared	0.141221	Mean dependent var		0.214643
Adjusted R-squared	0.091677	S.D. dependent var		28.89857
S.E. of regression	27.54208	Akaike info criterion		9.538056
Sum squared resid	39445.43	Schwarz criterion		9.682724
Log likelihood	-263.0656	Hannan-Quinn criter.		9.594143
F-statistic	2.850372	Durbin-Watson stat		2.657617
Prob(F-statistic)	0.046193			

Table 5: Common Effect Model Output Result

According to the table, the equation of multiple linear for this research is:

$$Y = -14,5658 - 0,0025EPS + 0,9875ROE + 5,1855DER$$

The equation interpret that:

- Coefficient intercept on the regrestion model above was -14,5658 that shows when earning per share, return on equity and debt to equity ratio equal to zero, then stock return on consumer goods industry company in the periode 2015-2018 will decrease about 14,5658.
- Coefficient earning per share regrestion of -0.0025 show that when earning per share regrestion increases about a unit, then the value of stock return in consumer goods industry company in the periode 2015-2018 will decrease about 0.0025 with the assumption of other variable remain constan.
- Coefficient return on equity regrestion of 0.9875 show that when return on equity composition increases about a unit, then the value of stock return in consumer goods industry company in the periode 2015-2018 will increases about 0.9875 with the assumption of other variable remain constan.
- Coefficient debt to equity ratio regrestion of 5,1855 show that when debt to equity ratio increases about a unit, then the value of stock return in consumer goods industry company in the periode 2015-2018 will increases about 5,1855 with the assumption of other variable remain constan.

Coefficient Determination Test was intended to determine how much contribution of an independent variable towards dependent variable. Table 6 output result of adjusted R-Squared value 0.091677 shows that earning per share (X1), return on equity (X2) and debt to equity ratio (X3) having relationship (one and another) of about 9,17% towards stock return (Y). While the remaining value of 90,83% was influenced by other factor, therefore disregarded from this research.

Partial hypothesis test using t statistic test was intended to measure how far the influence of independent variable or descriptor variable individually in explaining dependent variable. H0 will be denied if tcalculate > ttable, whereas H0 will be accepted if tcalculate < ttable. The significant level (α) of 5%, and freedom angle (v) = (56 – 2) = 54 acquaired value of ttable 2,005. The result test of each independent variable used in this research was summarized as follows.

Variable	Sig	Alpha	tcalculate	ttable	Significant Criteria
Earning per share	0.2920	0.05	-1.0646	2.005	Insignificant
Return on equity	0.0065	0.05	2.8356	2.005	Significant
Debt to equity ratio	0.5465	0.05	0.6069	2.005	Insignificant

Table 6: Common Effect Model Output Result

Source: Proccessed result of EvIEWS 9

According to table 6, it was acquired that t calculate value to earning per share of -1.0646. Due to t calculate for earning per share was less than 2.005 then H0 is received, meaning that the projected monetary performance with earning per share was partially has insignificant negative effect towards stock return. t calculate value for return on equity was about 2.8356. Due to t calculate for return on equity was more than 2.005 then H0 is denied, meaning that the projected monetary performance with return on equity was partially has significant effect towards stock return. t calculate value for debt to equity ratio was about 0.6069. Due to t calculate for debt to equity ratio was less than 2.005 then H0 is accpeted, meaning that the projected monetary performance with debt to equity ratio was partially has significant effect towards stock return.

Hypothesis test using f statistic was intended to show if all free variable included in the model has similar effect on dependent variable. H0 will be denied if Fcalculate > Ftable, whereas H0 will be accepted if Fcalculate < Ftable. With $\alpha = 0,05$ and freedom angle $v1 = 52$ ($n-k-1$) and $v2 = 3$, then value was acquired of Ftable 2,78. It was acquired that F calculate for earning per share (X1), return on equity (X2) and debt to equity ratio (X3) was about 2.8504. Due to F calculate the earning per share (X1), return on equity (X2) and debt to equity ratio (X3) was more than 2,78 then H0 will be denied, meaning that earning per share (X1), return on equity (X2) and debt to equity ratio (X3) has significant effect towards stock return.

Discussions

Profitability is the depiction in the form of ratio over the company ability in generating profits. Earning per share is the ratio used to measure the comparison between net incomes after taxes with total stocks circulating in the public. The higher the price of company stock page and its dividend, the higher the company stock prices become (Khairani 2016). According to table 7, it can be concluded that profitability which is proxy in earning per share has insignificant effect towards stock return in consumer goods industry company category of 105-2018 periode. This condition was resulted even when stock return was high, however in reality; it is slightly affected by profits per stocks. Investors invest their shares not only by the perspective of profit per stocks but rather from the prices of products in the market.

Return on equity is the ratio which were used to measure the company ability to turn capital invested in the form of fixed assets used in company operation to become obtainable profits. The higher the return on equity therefore the more effective the company performances become, because of its higher level of repayment (Brigham * Houston, 2010). According to table 7, it can be concluded that profitability which is proxy in return on equity has insignificant effect towards stock return in consumer goods industry company category of 105-2018 periode. The higher the return on equity percentage of a company, the more effective the company manages its capital to then be turn into profits. The matter was affecting dividends which will then be receive by the shareholders.

Solvability is the depiction in the form of ratio over the company ability in funding the obligations that it had. Debt to equity ratio is the ratio used to measure the comparison between overall company obligations with the capital that the company had. The higher the debt to equity ratio then the lower the capital in insuring debts; therefore increases much more risks for the company. Conversely, the lower level of debt to equity shows much better performances because it causes higher repayment level (Sinaga, 2015). According to table 7, it can be concluded that solvability which is proxy in debt to equity ratio has insignificant effect towards stock return in consumer goods industry company category of 105-2018 periode. This condition was resulted because of the existence or inexistance company debts is not giving any significant effect towards stock return. The matter can be caused by the debt ratio of about 66% of the total capital within the consumer goods industry company.

Conclusion

The result of the research which has been done to t test show that monetary performance projected on return on equity has significant effect towards stock return of consumer goods industry company listed in Indonesia's Stock Exchange 2015-2018 periode. Return on equity can be one to support in affecting stock return available on the market. The reason is that investor wanted to acquire maximum return over investment funds that has been spent. The increase of return on equity will cause the rise of market interest towards the stock of the company, so the higher the demands, the higher the price of the stocks will be. On the contrary,

a monetary performance which was projected in earning per share and debt to equity ratio has insignificant effect on stock return of consumer goods industry company listed in Indonesia's Stock Exchange 2015-2018 periode. The condition was happened because investor which invested was not perspectively look at profits per stock but rather judged by the prices of products in the market. Moreover, the existence or inexistence of company debt is not significantly affected the change of *stock return*. The matter was caused by debt ratio of about 66% of the total capital within the consumer goods industry company.

The result of the research which has been done to f test show that monetary performance projected on earning per share, return on equity and debt to equity ratio has significant effect towards stock return of consumer goods industry company listed in Indonesia's Stock Exchange 2015-2018 periode. In addition, based on the coefficient determination test, its was discovered that earning per share, return on equity and debt to equity ratio has relationship of about 9,17% towards stock price in consumer goods industry company listed in Indonesia's Stock Exchange 2015-2018 periode. The rest of about 90,83% was affected by other factor which was not analyze in this research. From the proportion which was previously shown, it can be seen that the influence of *earning per share*, *return on equity* and *debt to equity ratio* towards *stock return* was still fewer than 10%. Mostly still dominated other variable such as dividend per share, return on asset, price earning ratio, current ratio, company size and level of interest rate.

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