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Factors Affecting Stock Returns in Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange

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ABSTRAK

This study was conducted to identify the factors affecting stock returns in food and beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2018-2022 period. Companies in this sub-sector play a significant role in Indonesia's economy, yet their stock performance has not been extensively analyzed. The lack of research specifically examining fundamental factors in this sub-sector creates a knowledge gap that needs to be addressed. This research employs a quantitative approach with panel data regression analysis, processed using Eviews12 software. The main findings of this study indicate that the Current Ratio (CR) and Debt to Equity Ratio (DER) have a negative but insignificant effect on stock returns, while Return on Equity (ROE) has a positive and significant effect on stock returns. These findings suggest that a company's profitability plays a more crucial role in determining stock returns compared to liquidity or capital structure. Furthermore, these results provide important implications for investors and corporate managers in considering investment strategies and financial policies to enhance company value.

Keywords: Current Ratio; Debt to Equity Ratio; Return on Equity

INTRODUCTION

The capital market is a source of economic progress, because the capital market can be a source of fund companies. Today, investment is not limited to real industries and the banking system, but it has also been developed to invest funds in the capital market. The most attractive tool for investing funds in the capital market is stocks. In Indonesia itself, there is a capital market known as the Indonesia Stock Exchange (IDX) or *the Indonesian Stock Exchange* (IDX). One of the departments listed on the capital market is a manufacturing industry company with a food and beverage subsector. The food and beverage industry is one of the important subsectors that supports the performance of the non-oil and gas processing industry. The food and beverage industry in the first quarter of 2022 accounted for more than a third or 37.7% of the GDP of the non-oil and gas processing industry (https://kemenprim.go.id/).

Companies operating in the food and beverage industry, known as food and beverage companies, play a crucial role in Indonesia's economy. This sub-sector has experienced rapid growth, as evidenced by the increasing number of companies listed on the Indonesia Stock Exchange. One of the main reasons for the continuous growth of this industry is its essential nature; food and beverages are always in demand by the public, regardless of the economic situation. Even during economic crises or currency fluctuations, the stocks of companies in this sector tend to be more resilient compared to other sectors. This is because the need for food and beverages is fundamental and irreplaceable.

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Furthermore, with Indonesia's growing population, the demand for these products will continue to rise. Therefore, the food and beverage industry is expected to remain one of the most stable and important sectors in the future.

Based on data from www.tradingeconomics.com, the largest contributor to GDP in 2022 is the manufacturing industry subsector, which includes the food and beverage subsector. The growth of the manufacturing industry is influenced by the high consumption power of the Indonesian people. As can be seen in the figure below, the development of the consumption power of the Indonesian people tends to increase after a decline due to the covid-19 pandemic. The increase in public consumption and the large population are indicators of Indonesian manufacturing. The following is a graph of people's purchasing power as seen from the image below:

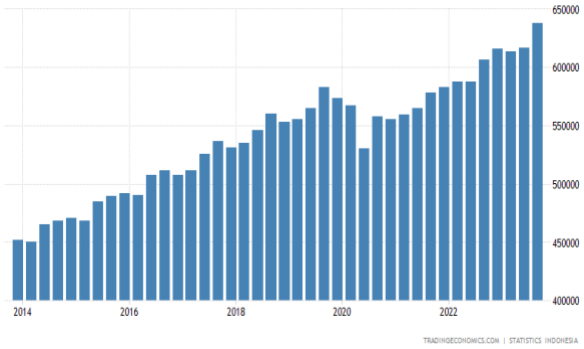

Figure 1. Consumer spending chart in Indonesia
Source: tradingeconomics.com

Figure 1 illustrates the trend of increasing consumer spending in Indonesia over the past decade, with consistent growth each year, except in 2020, which was impacted by the global Covid-19 pandemic. The pandemic led to a decline in economic activity, despite significant growth in consumer spending prior to that. However, this positive trend did not align with the movement of stock prices of food and beverage companies. Data shows that the stock prices of companies in the food and beverage sector listed on the Indonesia Stock Exchange actually experienced a decline during the period from 2018 to 2022. This decline may have been caused by broader economic factors, including the impact of the pandemic and market uncertainty, which affected the performance of stocks in this sector despite the continued high demand for food and beverage products. This reflects a discrepancy between consumer spending patterns and the stock market performance of the related sector.

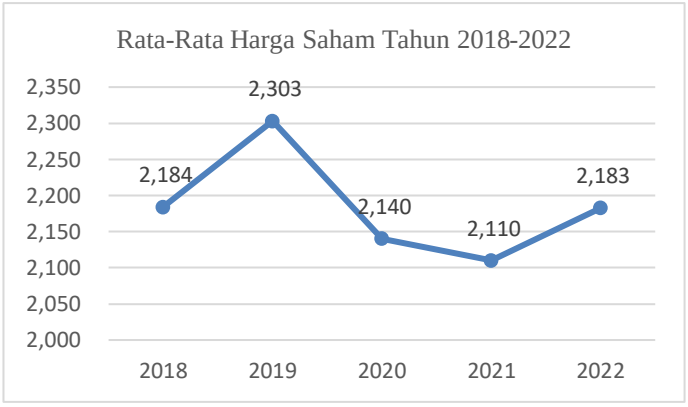

Figure 2. Average Share Prices of Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange for the period 2018-2022
Source: www.idx.co.id, data processed in 2024

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The data in figure 2 above shows that the stock price conditions of food and beverage subsector companies listed on the IDX tend to fluctuate starting from 2018-2022. Stock price is one of the most popular capital market instruments by investors because it is able to provide an attractive rate of return. The stock price that occurs in the stock market at a certain time is determined by market participants and determined by the demand and supply of the shares concerned in the capital market (Jogiyanto, 2010). The weakening stock price condition in food and beverage subsector companies listed on the IDX shows bad stock return conditions.

According to (Jogiyanto, 2010) stock returns can be obtained by dividing the current stock price by the previous year's stock price and then dividing by the previous year's stock price. The share price, which is indicated by the company's stock trading transactions in the capital market, is a measure of the success of the company's management. How investors see the company's achievements in generating profits determines the transaction. Basically, the better the performance of the business in generating profits will increase the demand for shares, which in turn results in an increase in the stock price. However, the company's stock price will fall if its performance worsens. Therefore, it can be concluded that the stock market price serves as a tool to know how a company is developing. The stock market price also serves as an indicator of the company's performance, which shows how well the management has managed it.

In making stock investment decisions, investors prefer stocks that offer high returns. According to (Fahmi, 2015) the definition of Stock Return is as follows: "Profits obtained by companies, individuals, and institutions from the results of investment policies carried out". In line with the opinion of (Brigham & Houston, 2010) is as follows: "Return on Stocks i.e. the difference between the amount received and the amount invested divided by the amount invested". The higher the selling price of the stock above the purchase price, the higher the return found by the investor. Sources of investment returns consist of two main components, namely yield and capital gain (loss). Yield is a periodic return component of an investment, while capital gain (loss) as the second component of return is an increase (decrease) in the price of a security (can be stocks or long-term debt securities), which can provide profits (losses) for investors (Tandelilin, 2010). The following are the stock returns on food and beverage companies listed on the IDX for the 2021-2022 period:

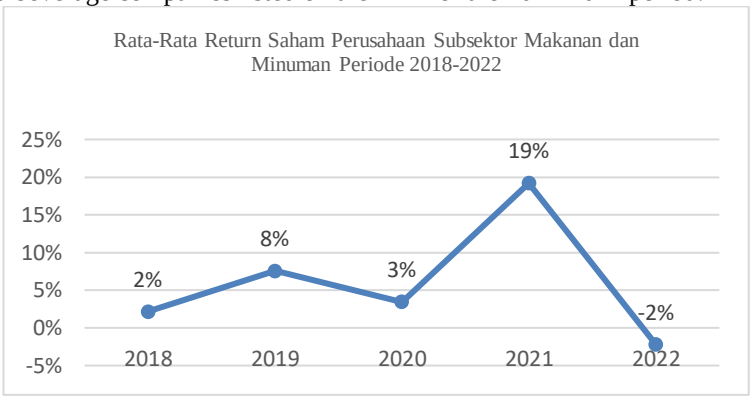

Figure 3. Chart of Average Stock Return on Food and Beverage Subsector Companies Listed on the IDX for the 2018-2022 Period
Source: www.idx.com, data processed in 2024

From chart 3. above, the movement of stock returns during 2018-2022 tends to fluctuate until it decreases in 2022. The decline in stock returns is influenced by several micro and macro factors (Mayuni & Suarjaya, 2018), where macro factors are external factors of the company, including general domestic interest rates, inflation rates, foreign exchange rates, and international economic conditions. Micro factors are the factors of the company itself, including earnings per share, book value per share, debt-to-equity ratio, profit ratio, market ratio, and other financial ratios. The ratios used in this study are the liquidity ratio represented by *the Current Ratio*, the profitability ratio represented by *Return on Equity* and the solvency ratio or leverage ratio represented by debt to

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equity. Research conducted by (Widiana & Yustrianthe, 2020) stated that *Current Ratio* has a positive effect on stock returns, research conducted by (Nurhikmawaty et al., 2020) which said that ROE has a positive and significant effect on stock returns, and empirical studies on the relationship between DER that significantly affects stock returns are strengthened by research conducted by (Lestari & Cahyono, 2020).

From this background description, the researcher is interested in conducting a study entitled "Factors Affecting Stock Return (Empirical Study on Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange for the 2018-2022 Period).

LITERATURE REVIEW

According to (Brigham & Houston, 2010), a signal is an action taken by a company to give investors instructions on how management views the company's prospects. This signal is in the form of information about what has been done by the management to realize the owner's wishes. The information issued by the company is important, because it affects the investment decisions of parties outside the company. This information is important for investors and business people because the information essentially presents information, notes or descriptions, both for the past, present and future circumstances for the survival of the company and how it affects the company.

In practice, companies listed on the Indonesia Stock Exchange (IDX) aim to present their financial statements in a way that attracts potential investors. These financial statements provide crucial information about the company's financial performance, which investors use to make informed decisions about whether or not to invest. The connection between signaling theory and the variables selected by the researcher in this study lies in the idea of signals, which are conveyed as either good news or bad news from companies to investors.

These signals are vital as they help investors interpret the company’s financial health and future prospects. Specifically, the signals in this context are represented through financial indicators such as the Current Ratio, Return on Equity (ROE), and Debt to Equity Ratio (DER). These metrics provide insight into the company’s liquidity, profitability, and financial leverage, respectively. For investors, understanding these indicators can significantly influence their investment decisions, as they offer a clearer picture of how well a company is performing and whether it poses a viable investment opportunity. Ultimately, signaling theory suggests that companies send these financial signals to reduce information asymmetry and attract investment by highlighting their financial stability and growth potential.

According to (Jogiyanto, 2014) stock return is the result obtained from stock investment. Returns can be in the form of realized returns that have already occurred or expected returns that have not yet occurred but are expected to occur in the future. Stock returns are the returns that investors receive because investors have taken risks investing and investors are one of the reasons to invest. Thus, all investments both in the short and long term are mainly aimed at taking direct or indirect profits (Antula et al., 2017).

According to (Mayuni & Suarjaya, 2018), stock return is the difference between the current price of a security and the previous price of a security and the difference in the price of a security can cause a profit or loss to shareholders who buy it. Meanwhile, according to (Tandelilin, 2010), stock return is one of the factors that motivates investors to invest and at the same time is an appreciation for investors' courage to accept risks on their investments. Investors invest money with the intention of earning a return on the money invested in the company. These awards can be in the form of dividends and capital gains known as stock returns.

Current Ratio is a ratio to measure a company's ability to pay short-term obligations or debts that are due immediately at the time of being billed as a whole. In other words, how much current assets are available to cover short-term liabilities that are maturing soon (Kasmir, 2018). The current ratio is calculated by comparing total current assets with total current liabilities (current liabilities). If the

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current ratio is low, it can be assumed that the company does not have the capital to pay its debts. However, if the results of the ratio measurement are high, it is not necessarily the company's good position. This can happen because cash is not used optimally. This is in line with research conducted by (Asikin et al., 2021) the higher the current ratio value, showing the success of the company in paying current debt to current assets. So the higher the liquidity, the higher the stock return.

Return on Equity or the profitability of own capital is a ratio to measure net profit after tax with own capital. This ratio indicates the efficiency of its own capital. The higher this ratio, the better. This means that the position of the company owner is getting stronger, and vice versa (Kasmir, 2018). *Return on Equity* (ROE) is a ratio that measures net profit after tax on own capital (Kasmir, 2016). This ratio shows the efficiency of using own capital. The higher the ROE, the better. This means that the position of the company owner is getting stronger. Conversely, the lower the ROE, the worse the situation. This means that the position of the company owner is getting weaker.

The Debt to Equity Ratio (DER) is a financial metric used to evaluate the proportion of debt in relation to equity within a company. It is calculated by comparing total debt, including both short-term and long-term liabilities, with total equity. This ratio is particularly helpful in assessing the level of financing provided by creditors relative to the company's own equity. In simpler terms, the Debt to Equity Ratio helps determine how much of the company's assets are financed by debt as opposed to equity, or how much capital the company is using as collateral for debt (Kasmir, 2018). *Debt to Equity* Ratio (DER) is part of the broader category of leverage ratios, which are also referred to as solvency ratios. These ratios are crucial for evaluating a company's ability to meet its long-term financial obligations (Darsono & Ashari, 2010). According to Siegel and Shim, (Fahmi, 2016) the leverage ratio serves as an important measure in financial statement analysis, helping to indicate the extent of collateral that is available to creditors. By understanding the Debt to Equity Ratio, stakeholders can better assess the financial stability and risk level associated with a company's capital structure.

Based on the literature above, a research framework is prepared that shows the relationship between variables.

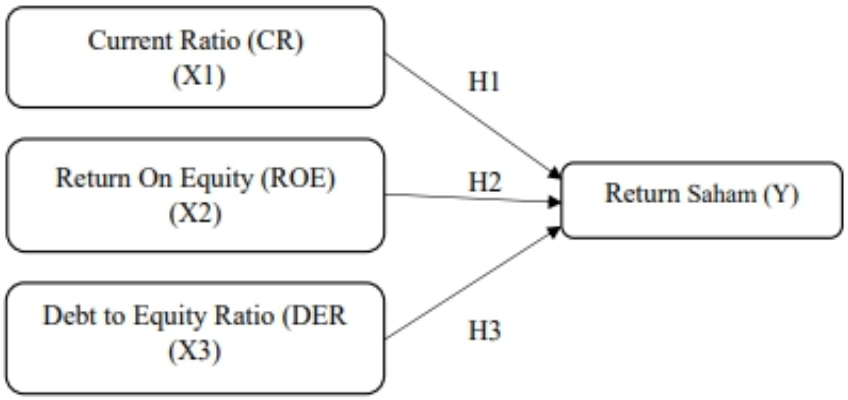

Figure 4. Thought Framework

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RESEARCH METHODS

The research method used in this study is a quantitative approach. The population in this study is 84 companies in the Food and Beverage Subsector listed on the IDX for the 2018-2022 period. The sampling technique uses pusposive sampling so that the total sample used is 42 companies. The data analysis technique used panel data regression.

Table 1. Operational Research Variables

Variable	Variable Definition	Indikator	Scale
Return Saham (Y)	Stock returns are the results obtained from stock investments. Return can be in the form of a return on realization that has already occurred or an expected return that has not yet occurred but is expected to occur in the future (Jogiyanto, 2014).	Rit = $\frac{Pt-Pt-1}{Pt-1}$	Ratio
Current Ratio (CR)	Current Ratio is a ratio to measure a company's ability to pay short-term obligations or debts that are due immediately at the time of being billed as a whole. In other words, how much current assets are available to cover short-term liabilities that are maturing soon (Kasmir, 2018).	CR = $\frac{Aktiva\ Lancar}{Utang\ Lancar}$	Ratio
Return on Equity	*Return on Equity* or the profitability of own capital is a ratio to measure net profit after tax with own capital. This ratio indicates the efficiency of its own capital. The higher this ratio, the better. This means that the position of the company owner is getting stronger, and vice versa (Kasmir, 2018).	ROE = $\frac{Laba\ Bersih\ Setelah\ Pajak}{Total\ Ekuitas}$	Ratio
Debt to Equity Ratio (DER)	*Debt to Equity Ratio* is a ratio used to assess debt to equity. This ratio is sought by comparing all debt, including current debt, with all equity. This ratio is useful for finding out the amount of funds provided by the borrower (creditor) with the owner of the company. In other words, this ratio serves to find out each rupiah of its own capital that is used as debt collateral (Kasmir, 2018).	DER = $\frac{Total\ Utang}{Ekuitas}$	Ratio

Based on the data from Table 1, several operational variables are used in this research, namely Stock Returns (Y), Current Ratio (CR), Return on Equity (ROE), and Debt to Equity Ratio (DER). Stock Returns measure the results of stock investments, both those that have occurred and those expected to occur in the future.

The Current Ratio (CR) is used to measure a company's ability to meet short-term obligations by comparing current assets to current liabilities. Return on Equity (ROE) measures the efficiency of a company's own capital in generating net profit after tax, where a higher ROE indicates a stronger position for the company's owners. The Debt to Equity Ratio (DER) measures the proportion of debt to equity to assess the financial risk faced by the company.

Overall, each of these variables is measured using a ratio scale, allowing for clear quantitative comparisons between indicators. Stock Returns are calculated by comparing changes in stock prices from the previous period, while the CR calculates the ratio of current assets to current liabilities. ROE focuses on the net profit after tax compared to total equity, indicating how efficiently the company's capital is being utilized. On the other hand, DER compares total debt to equity to understand how much of the company's own capital is used as debt collateral. These four variables provide comprehensive insights into the company's financial performance and risk.

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RESEARCH RESULTS AND DISCUSSION

Table 2. Descriptive Statistical Analysis

	X1	X2	X3	Y
Mean	1.629600	0.156400	0.963200	0.038400
Median	1.460000	0.080000	0.610000	-0.090000
Maximum	3.600000	1.420000	2.130000	1.320000
Minimum	0.150000	0.000000	0.230000	-0.820000
Std. Dev.	0.998522	0.298634	0.670626	0.532797
Skewness	0.483513	3.406210	0.587434	1.170819
Kurtosis	2.061690	14.34668	1.677434	4.032670
Jarque-Bera	1.891214	182.4545	3.259891	6.822579
Probability	0.388444	0.000000	0.195940	0.032999
Sum	40.74000	3.910000	24.08000	0.960000
Sum Sq. Dev.	23.92910	2.140376	10.79374	6.812936
Observations	25	25	25	25

Source: Eviews 12 (2024) Output Results

The data above shows the smallest value, the largest value, the average value and the standard deviation of all variables in the study throughout the period 2018 to 2022. Table 2 describes the descriptive statistics as follows:

1. Liquidity Ratio
   The liquidity ratio is expressed as CR. Based on Table 4.3, it is known that the lowest value of CR is 0.150000, the largest value is 3.600000, with an average value of 1.629600 and a standard deviation value of 0.998522. The standard deviation is smaller than the average value, which is 0.998522 < 1.629600, indicating that the distribution of CR values is good.
2. Profitability Ratio
   The profitability ratio is expressed as ROE. Based on Table 4.3, it is known that the smallest value of ROE is 0.000000, the largest value is 1.420000, the average value is 0.156400 and the standard deviation value is 0.298634. The standard deviation is greater than the average value, namely 0.298634 >, 0.156400 which indicates that the ROE value is not good.
3. Rasio Leverage
   The leverage ratio is expressed in DER. Based on Table 4.3, it is known that the lowest value of DER is 0.230000, the largest value is 2.130000, the average value is 0.963200 and the standard deviation value is 0.670626. The standard deviation is smaller than the average value of 0.670626 < 0.963200, which indicates a good spread of DER values.
4. Return on Shares
   From Table 4.3, it is known that the smallest value of stock return is -0.820000, the largest value is 1.320000, the average value is 0.038400 and the standard deviation value is 0.532797. The standard deviation is greater than the average value of 0.532797 > 0.038400, which indicates that the return value of the stock is not good.

Based on research covering data from 2018 to 2022, various financial indicators were analyzed to determine their minimum, maximum, average, and standard deviation values. The liquidity ratio, represented by the Current Ratio (CR), had a lowest value of 0.15 and a highest value of 3.60, with an average of 1.6296 and a standard deviation of 0.998522. Since the standard deviation is smaller than the average, this indicates that the distribution of CR values is relatively stable.

Profitability, measured by Return on Equity (ROE), shows a higher degree of variability compared to other financial indicators. ROE reflects a company's ability to generate profits from shareholders' equity, making it a key metric for evaluating a company's performance. In this study, ROE values span a wide range, with a minimum of 0.00 and a maximum of 1.42.

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The minimum value of zero indicates that some companies did not generate any profit during the analysis period, while the maximum value shows that certain companies were able to achieve very high returns on their equity. The average ROE is 0.1564, which suggests that, on average, the companies analyzed had relatively low returns on equity. However, the standard deviation of 0.298634, which is higher than the average, indicates significant differences in the performance of these companies. A standard deviation larger than the average implies substantial fluctuations in profitability, where some companies performed much better or worse than others. This high variability in ROE highlights the inconsistency in profitability performance across different companies. As a result, the larger standard deviation reflects the unstable nature of profitability, suggesting that there are considerable disparities in financial performance among the companies studied.

The leverage ratio, represented by the Debt to Equity Ratio (DER), recorded a minimum value of 0.23 and a maximum of 2.13, with an average of 0.9632 and a standard deviation of 0.670626. Since the standard deviation is smaller than the average, this indicates that the distribution of leverage values is relatively consistent and stable. Meanwhile, stock returns exhibited a wider range of values, with a minimum of -0.82 and a maximum of 1.32. The average stock return was 0.0384, with a standard deviation of 0.532797.

The significantly higher standard deviation compared to the average suggests notable fluctuations in stock returns, reflecting uncertainty in stock performance during the period analyzed. Overall, this data indicates that the distribution of liquidity and leverage ratios is relatively stable, whereas profitability and stock returns display high levels of variability, signaling greater instability in these two variables.

Model Selection Test

In conducting the research, a model selection test is carried out before hypothesis testing is carried out. The tests that have been carried out are as follows:

Table 3. Model Selection Test

Testing	Prob.	Criterion	Conclusion
Uji Chow	0,0073	Prob < 0,05	**FEM**
Uji Hausman	0,7497	Prob > 0,05	**REM**
Uji *Lagrange Multiplier*	0,1541	Prob > 0,05	**CEM**

Source: *Eviews* 12 (2024) Output Results

Based on table 3. in the model selection test, the results of *the Chow*, *Hausman* and *Lagrange Multiplier* tests can be concluded that the best model for hypothetizing is the *Commond Effect Model (CEM).*

Results of Panel Data Regression Analysis

Based on the results of the test on the recognized model, the common effect model is the most appropriate model to be used in this study. The selection of this model is based on the consideration that the variables in the study do not show significant individual effects across different entities. Therefore, the common effect model is deemed capable of providing a more accurate depiction of the relationships between the observed variables. As a result of this test, a regression model table is presented, using the common effect model. The table displays the regression coefficients and other relevant statistical values to illustrate the strength of the relationships between the variables studied. With the common effect model, it is expected that the analysis results will provide deeper insights into the phenomenon being investigated and support more informed decision-making based on the obtained data:

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Table 4. Common Effect Model Test Results

Dependen Variable: Y
Method: Panel Least Squares
Date: 03/26/24 Time: 20:14
Sample: 2018 2022
Periods included: 5
Cross-sections included: 5
Total panel (balanced) observations: 25

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.380494	0.360057	-1.056761	0.3026
X1	0.198350	0.120942	1.640043	0.1159
X2	1.246702	0.249782	4.991150	0.0001
X3	-0.103116	0.179949	-0.573028	0.5727

Root MSE	0.329599	R-squared	0.601363
Mean *dependen* var	0.038400	Adjusted R-squared	0.544415
S.D. *dependen* var	0.532797	S.E. of regression	0.359622
Akaike info criterion	0.938120	Sum squared resid	2.715886
Schwarz criterion	1.133140	Log likelihood	-7.726494
Hannan-Quinn criter.	0.992210	F-statistic	10.55985
Durbin-Watson stat	1.252454	Prob(F-statistic)	0.000193

Source: Eviews 12 (2024) Output Results

The regression model formed based on the results of the study is:
Y = -0.3805 + 0.1983*X1 + 1.2467*X2 - 0.1031*X3
From the regression model, it can be explained:

1. If α = a constant of -0.3805, it means that if the independent variables, namely *the variables Current Ratio* , *Return on Equity* and *Debt to Equity Ratio* are considered constant (value 0), then the magnitude of the stock return rate is -0.3805.
2. If the regression coefficient value of *the Current Ratio* variable shows 0.1983, it means that if the *Current Ratio* variable increases by 1 unit, while other independent variables are considered constant (0), then the dependent variable, namely the Stock Return variable, will increase by 0.1983.
3. If the value of the Return on Equity *variable coefficient* shows a range of 1.2467, it means that if the *Return on Equity* variable increases by 1 unit, while other independent variables are considered constant (0), then the Return on Equity variable will increase by 1.2467.
4. If the regression coefficient value of the Debt Equity Ratio variable shows -0.1031, it means that if the Debt Equity Ratio variable increases by one (one) unit, while the other independent variable is considered constant (value 0), then the dependent variable, namely the stock return variable, will decrease by -0.1031.

The regression model derived from the study provides insights into the relationship between stock returns and the independent variables: Current Ratio, Return on Equity, and Debt to Equity Ratio. The constant term (-0.3805) indicates that when all independent variables are zero, the stock return would be -0.3805. The positive coefficient of the Current Ratio (0.1983) suggests that a one-unit increase in the Current Ratio, while holding other factors constant, will increase stock returns by 0.1983 units. Similarly, the Return on Equity has a strong positive effect, where a one-unit increase leads to a stock return increase of 1.2467 units. However, the Debt to Equity Ratio shows a negative relationship, as a one-unit increase in this variable would result in a decrease in stock returns by 0.1031 units, assuming other variables remain constant. This model highlights the varying impacts of financial ratios on stock returns.

Effect *of Current Ratio* on Stock Return in Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange for the 2018-2022 Period
Based on the results of the hypothesis test, the calculated t-value was obtained < 1.640043 t-table which was 1.972 and it was seen that the significance value of *the Current Ratio variable* was 0.1159 > 0.05 (significance level). It can then be concluded that H0 is accepted and H1 is rejected. This means that the independent variable *of the Current Ratio* partially has a positive and insignificant effect on the dependent variable of Stock Return.

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The current ratio (CR) shows the company's ability to understand its current debt or short-term debt. The higher the CR, the greater the company's ability to pay off the debt owned. A high CR shows the high liquidity of a company, this provides an advantage for investors because the company is able to go through the situation in the fluctuating business world. The increase in CR of a company describes the company's ability to meet its current debts, and tends to have other assets that can be used at any time without experiencing a decline in its market value. In this situation, it is often not prone to liquidity, so investors are more willing to invest their capital in companies with high CR values than companies with low CR values. On the other hand, if the CR value is low, it will be considered that there is a problem that occurs in the liquidity of a company. The low value of CR will cause a decrease in the share price of the company concerned.

The result of this study is that the variation in the value *of the Current Ratio* (CR) is not able to explain the variation in Stock Return, which means that the fluctuation of Stock Return is not affected by *the Current Ratio* (CR). From the results of the test, the hypothesis that there is an influence of the Cuurent Ratio (CR) on stock returns is unacceptable. There is no influence because a high *Current Ratio* value cannot be used as a benchmark for investors in investing, so a high *Current Ratio* value does not affect investors' decisions and interest in investing in companies because companies with *Current Ratio* high does not necessarily guarantee that debts can be paid because current assets that are of considerable value are dominated by components of uncollectible receivables. A *high Current Ratio* value is not necessarily good because it does not guarantee that it can pay the company's debts that have matured.

The increasing CR, the guarantee of the company's liquidity level also increases and in the end the guarantee of the company's operational activities can be realized. If these conditions are formed, efforts to increase the return that will be given to investors can be maximally given, with an increase in this ratio shows that the company's operational activities have increased and ultimately can increase the level of return on investment carried out. This is supported by research put forward by (Purnamasari & Japlani, 2020), (Putri, 2022), (Pratama & Idawati, 2019), (Novita Ovianti, Yansen, 2018), (Umar et al., 2022) and (Asikin et al., 2021) but not in line with those put forward by (Syukrina Tascha & H. Mustafa, 2021) which states that CR has an effect on Stock Returns. Which for each increase in CR will increase the return on shares. This means that the better the CR, the higher the company's ability to meet short-term capabilities, which has an impact on the ability to increase the return of a company and vice versa.

Effect *of Return on Equity* on Stock Return in Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange for the 2018-2022 Period

Based on the results of the hypothesis test, the calculated t-value was obtained > 4.991150 t-table, which was 1.972 and it was seen that the significance value of *the Return on Equity* variable was 0.0001 < 0.05 (significance level). So it can be concluded that H0 is rejected and H1 is accepted, meaning that partially *the Return on Equity* variable has a positive and significant effect on Stock Returns.

Return on Equity is a measurement of the income available to company owners (both ordinary shareholders and preferred shareholders) on the capital they invest in the company. In general, of course, the higher the return or income obtained, the better the position of the company owner. The greater the value of *Return on Equity*, the greater the rate of return expected by investors. The greater *the Return on Equity*, the more profitable the company is considered. Therefore, investors are likely to look for these stocks, causing demand to increase and supply prices in the secondary market to be pushed up. This study supports previous researchers by (Mahardika & Artini, 2017), (Budi Yulianti & Suratno, 2015) and (Nurhikmawaty et al., 2020) *Return on Equity* is used to measure the success of companies in generating profits for shareholders.

However, the results of this study are not in line with the results of research conducted by (handayani & harris, 2019) and (Sarah et al., 2019) which state that *Return on Equity* does not have a significant effect on stock returns. The increase in the value *of Return on Equity* is caused by the company's

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increased performance in generating net profit using funds invested by shareholders, thus making investors interested in buying the company's shares which will affect the increase in stock prices and stock returns obtained by investors. *The declining Return on Equity* indicates that investors no longer want to invest their shares in the company. As a result, the company's profit will continue to decline, so *that Return on Equity* has no effect on stock returns.

Effect *of Debt to Equity Ratio* on Stock Return in Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange for the 2018-2022 Period

Based on the results of the hypothesis test, the calculated t-value was -0.573028 < the table t, which was 1.972 and it was seen that the significance value of *the Debt to Equity Ratio variable* was 0.5727 > 0.05 (significance level). It can then be concluded that H0 is accepted and H1 is rejected. This means that the independent variable *of Debt to Equity Ratio* partially has a negative and insignificant effect on the dependent variable of Stock Return.

This shows that the high and low DER will not affect the value of stock returns. The stock return itself is the difference between the buying price and the selling price which will then result in capital gains or capital losses. Meanwhile, debt intended for the company's investment interests is used to support the company's long-term growth so that it will generate high profits. The factor of high and low debt is not used as a benchmark by investors, but rather buying and selling activities carried out by other investors in carrying out stock buying and selling activities. This is because the increase in stock prices depends on how many people buy shares at that time (short-term), and vice versa. So debt is considered irrelevant in determining the value of stock returns in the short term

The higher the DER, the higher the dependence of the company's capital on external parties, so that the company's burden is also heavier. Of course, this will reduce the rights of shareholders. Companies with high DER levels face a higher risk of loss, but their expected rate of return is also higher. In contrast, companies with lower DER levels are not at great risk, but the chances of doubling returns on equity are also small. According to Brigham and Houston (2014:103), certain investors want the prospect of high returns, but they are reluctant to take risks, because they are more interested in stocks that do not bear too much risk from high debt risk.

Research (Abrar et al., 2019) states that some investors consider that DER is a big responsibility to third parties, namely creditors who provide loans to companies. The higher the DER value, the worse the company's performance, because a high level of debt indicates the greater the interest that will be paid and will reduce the company's profit. This will certainly reduce investors' interest in investing their capital in the company, so that DER has no influence on stock returns. This research is also supported by other research, namely (Erari, 2014), (Wardhani et al., 2022), (Indrayenti et al., 2021), (Yap & Firnanti, 2018) and (Nuralita & Surjawati, 2021) which states that DER has no influence on stock returns.

However, the findings in this study are different from the research (Lestari & Cahyono, 2020) which states that the DER variable has an influence on stock returns. This study considers that the high risk-high return theory is in line with the results of this study where the risk of a company is characterized by the level of DER it has. The results of this study indicate that there are different considerations from some investors in viewing DER. Some investors tend to have a seeker or take risks and will tend to choose stocks that have a high DER rate. This research is in line with research conducted by (Handayanti & Zulyanti, 2018) and (Endah P, 2016) which states that DER has an influence on stock returns.

CONCLUSIONS AND SUGGESTIONS

CONCLUSIONS

Based on the results of research and discussion regarding *Current Ratio* (CR), *Debt to Equity Ratio* (DER) and *Return on Equity* (ROE) to Stock Return in food and beverage subsector companies listed

on the Indonesia Stock Exchange (IDX) for the 2018-2022 period, the following conclusions are obtained:

1. *Current Ratio* (CR) does not have a significant effect on Stock Return
   The Current Ratio (CR) is not a benchmark for investors in investing in the desired company because a high *Current Ratio* value is not necessarily good because it does not guarantee being able to pay the company's debt that has matured, but with other results such as external factors (macro environment) or more real company profits in assessing the returns received.
2. *Return on Equity* (ROE) has a significant effect on Stock Return
   Return on Equity (ROE) can be used by investors as a benchmark in seeing the returns that will be received. The greater the value *of Return on Equity*, the greater the rate of return expected by investors. The greater *the Return on Equity*, the more profitable the company is considered.
3. *Debt to Equity Ratio* (DER) does not have a significant effect on Stock Return
   The liabilities owned by the company cannot be a measure of investors in looking at the returns obtained later, but there are other factors that cannot be explained in this study that may be more relevant and liabilities that can explain the amount of stock returns received by investors.

SUGGESTIONS

Based on the results of the research on *Current Ratio* (CR), *Debt to Equity Ratio* (DER) and *Return on Equity* (ROE) on Stock Returns, an empirical study of food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period, the researcher can convey suggestions that are expected to provide benefits for the following parties:

1. For investors and potential investors who will invest in stocks, it is better to consider the low *Current Ratio* (CR) and *Debt to Equity Ratio* (DER) levels. Because these variables have *a negative* influence on stock returns in food and beverage subsector companies listed on the Indonesia Stock Exchange (IDX) for the period 2018 to 2022 that investors expect.
2. For investors who will invest in the capital market, they should consider fundamental factors because based on several studies conducted these variables affect stock returns.
3. For researchers with similar topics, it is recommended to conduct further studies by including other independent variables or with other fundamental variables that can affect stock returns The next research should look for more sources of literature so that it can provide a better discussion.

For further research, it is expected to add other *independent* variables that can affect stock return variables. The value of the determination coefficient (R^2) indicates that there are other factors outside the study that affect stock returns.

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