FACTOR AFFECTING STOCK RETURN AT BUMN COMPANIES IN INDONESIA

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ABSTRACT

The study aimed to determine factors that influence stock returns of net income, liabilities, independent commissioners, and foreign ownership. The sample of this study consisted of 16 state- owned companies listed on the Indonesia Stock Exchange during the 2012-2018 period by the use of purposive sampling. Multiple linear regression was used to analyze the data. Other than that, the T- test and F-test were also used to test the hypothesis with 5% level of significance. The study found that partially (T-test), net profit and foreign ownership are the only variables that have a positive effect on stock returns. Then, the simultaneous test (F-test) showed that all independent variables affect stock returns.

Keyword: Foreign Ownership; Independent Commissioners; Liabilities; Net Profit; Stock Return

ABSTRAK

Penelitian ini bertujuan untuk mengetahui faktor-faktor yang mempengaruhi pengembalian saham dari laba bersih, kewajiban, komisaris independen, dan kepemilikan asing. Sampel penelitian ini terdiri dari 16 BUMN yang terdaftar di Bursa Efek Indonesia selama periode 2012-2018 dengan menggunakan purposive sampling. Regresi linier berganda digunakan untuk menganalisis data. Selain itu, uji-T dan uji-F juga digunakan untuk menguji hipotesis dengan tingkat signifikansi 5%. Studi ini menemukan bahwa secara parsial (uji-T), laba bersih dan kepemilikan asing adalah satu-satunya variabel yang memiliki efek positif terhadap pengembalian saham. Kemudian, uji simultan (F-test) menunjukkan bahwa semua variabel independen mempengaruhi return saham.

Kata kunci: Kepemilikan Asing; Komisaris Independen; Kewajiban; Laba bersih; Pengembalian Saham

I. INTRODUCTION

Investors’ aim in investing in Investors' purpose of investing in the capital market is to get a return. But getting a return from the investment in the capital market is not easy, because the risk is equivalent to the return that will be obtained. This is because the benefits derived from the investments are directly proportional to the risks to be received. The greater the profit, the greater the risk that will be borne by investors. Thus, the feeling of security in investing is very necessary. In order to make investors feel safe to invest, they are required to be able to measure the risk and estimate the income they will earn.

Companies' information is needed by investors as a consideration for making decisions in capital market activities. Investors need this information to estimate the benefits to be gained and reduce the possibility of risk or uncertainty they will face (Scott, 2015). State-Owned Enterprises (BUMN) included a category of companies on the Indonesia Stock Exchange (BEI) that control vital sectors for the lives of many people. According to Law No. 19 of 2003, BUMN is a business entity whose entire or most of its capital is owned by the state through direct investment from separated state assets. At the time investors are going to make an investment, certainly, they will choose a trusted company that provides profits to them.

State-Owned Enterprises (BUMN) is expected to be able to make valuable contributions to all stakeholders. The implementation of the BUMN role is realized in business activities in almost all economic sectors such as manufacturing, mining, finance, telecommunications, transportation, electricity, industry, trade, and construction (Rahmawati et al., 2014). According to the Secretary of the Ministry of BUMN, Imam A. Putro said that as many as 24 companies in 2017 experienced a loss whose value reached Rp 5.852 trillion, which is higher than in 2016 where the total loss reached Rp 5.826 trillion.

The losses suffered by BUMN greatly affect the valuation of the stock market. As in PT Indofarma Tbk (INAF), shares dropped by 45.94%. Other than that, PT Krakatau Steel Tbk (KRAS) shares declined by 41, 04%. BUMN, in carrying out its activities, is reflected in one of the performance measurement tools, namely financial statements that show the financial performance of BUMN in each year. It means that related information about financial statements will influence investors' decisions in the capital market. As an appraiser of the company's financial statements that are often seen are net income and liabilities. Net income and liabilities are components in the financial statements that must be considered because they are often used as manipulation practices by the company (Dimitropoulus and Asteriou, 2009).

Table 1.1

List of BUMN Companies that Suffered Losses

NO	Company Name
1	PT Rajawali Nusantara Indonesia (Persero)
2	Perum Bulog
2	PT Indofarma (Persero)
3	PT Energy Management Indonesia (Persero)
4	PT Hotel Indonesia Natour (Persero)
5	PT Indofarma (Persero)
6	PT Pos Indonesia (Persero)
7	Perum PFN
8	PT Aneka Tambang (Persero)
9	PT Balai Pustaka (Persero)
10	PT PAL Indonesia (Persero)
11	PT Dok dan Perkapalan Surabaya (Persero)
12	PT Krakatau Steel (Persero)
13	PT Boma Bisma Indra (Persero)
14	PT INTI (Persero)

15	PT Dirgantara Indonesia
16	PT Amarta Karya (Persero)
17	PT PDI Pulau Batam (Persero)
18	Perum Damri
19	PT Garuda Indonesia (Persero)
20	PT Danareksa (Persero)
21	PT Pengembangan Armada Niaga Nasional (Persero)
22	PT Iglas (Persero)
23	PT Istaka Karya (Persero)
24	PT Berdikari (Persero)

Source: PB FEMMI in *www.pojoksatu.id*

BUMN performance has not been optimal due to the weak oversight so that the principles of Good Corporate Governance (GCG) have not been fully implemented in all BUMN companies even though it has been clarified in Minister of BUMN Decree No. PER- 01/MBU/2011 concerning on the Implementation of Good Governance in BUMN (www.detik.com). According to Oemar (2014), BUMN performance has not been optimal due to the inefficient use of capital and the lack of attention to the application of the principles of Good Corporate Governance. While the other factors are that the funding through excessive debt and increasing business competition, companies are competing to generate high profits so that they do everything that will lead to the low performance of BUMN which will affect investors' valuation in investing their shares.

Net profit contained in the income statement can describe company's performance and ability in providing returns from the investments with the amount of funds that have been used. The success of a company can be seen from the profits generated each year. If the company generates high profits, it can be interpreted that the company is able to provide large dividends for investors. Therefore, investors will be interested in investing because basically investors want to get high returns (Hery, 2013). Research results from Trisnawati and Wahidahwati (2013), Putriani and Sukartha (2014), Kurniawan and Yuli awati (2013), Meythi and Hartono (2012), Febrianto and Widiastuty (2006) and Ismail (2006) revealed that net income had a significant positive influence on stock returns . However, different results revealed by Dimitropoulus and Asteriou (2009) that earnings do not affect stock returns .

Aside from net profit information, other information needed is liabilities. In certain condition, a company can fulfill their funding needs by using internal funds sources. Along with the company's growth, the greater funding is needed. In this condition, company needs to fulfill their funding from the external sources of funding, namely liability or debt. Liabilities or debts are all company financial obligations to other parties that have not been fulfilled where the debt is a source of funds or company capital that comes from outside parties or creditors (Sjahrial, 2011). According to Sugiarto (2011) the use of debt for a company resulted in risks that will later be borne by shareholders. When the amount of the debt increases, it will reduce the company's ability to fulfill all of their obligations and then subsequently resulted in a decrease in the company's stock return. This result is supported by research conducted by Gunadi and Kesuma (2015), Arista and Astohar (2012), Sakti (2010) and Astohar (2010) that debt negatively affects stock returns. However, different results revealed by Dermansyah (2014) that debt has no effect on stock prices.

Other factors that need attention are the company's performance. Good corporate governance is an assessment of financial performance that contains a set of regulations governing the relationship between shareholders, managers, creditors, the government, employees and other stakeholders, so that all of the rights and obligations are balanced (Widoatmodjo, 2015). The company's performance is expected to improve the quality of financial statements which ultimately increases the confidence of users of financial statements including investors. The trust obtained from the market is expected to maximize the level of shareholder or company's owner prosperity, determine the amount of remuneration, determine stock prices and returns , and assess the company's performance to predict the future state of the company for shareholders and prospective shareholders (Tertius and Christiawan, 2015) . In this study, good corporate governance is represented by independent commissioners and foreign ownership. Research from Muryati and Suardhika (2014) about the effect of good corporate governance showed that the independent commissioner variable influences the value of the company which will have an impact on stock prices and affect stock returns. This result is supported by research that is carried out by Putra (2015), Widyati (2013), and Purwatini (2011) which found that the independent commissioner variable influences stock returns . On the other hand, different results were found in the research of Ramdiani and Yadnyana (2013) and Arisanti (2019). These research resulted that the independent commissioner variable did not affect the stock price. According to Chen et al. (2013), partially foreign ownership has a significant positive effect on changes in stock returns . This result is supported by research from Astuti (2014), Wiranata and Nugrahanti (2013), Kumar et al. (2001), Chen (2008), Gul (2010) and Wen (2013). However, different results are shown by Irawan and Murhadi (2012) research that foreign ownership has no effect on stock returns.

II. LITERATUR REVIEW AND HYPOTHESIS DEVELOPMENT

Stock Return

According to Jogiyanto (2014), returns are the results obtained from investments made in companies. Return might be reflected as a return realization which has been occurred and might be reflected as return expectation that has not happened yet but expected in the future. Return realization is the return that has occurred and is being calculated by the use of historical prices. Return realization is considered important because it is used as a basis for determining return expectations and risks that might occur in the future. Stock return, according to Widoatmodjo (2015), is the rate of return obtained by investors on the investments made. Thus, without any benefits that can be received from its investments, investors will not want to invest. Return is important in determining investment. Assessment of the return received must be analyzed through analysis of the return received in the previous period (historical return). The analysis' results then being used to analyze the expected return.

Net profit

Kieso *et al.* (2014) revealed that net income is the net result of the company's performance which has been reduced by all existing expenses including taxes. Net results are often said as net income when the income was greater than the expenses. Hery (2013) said that net profit or loss is the profit or loss that coming from the continuing operations that is added or subtracted by operations that are terminated and deducted by extraordinary losses. It all are giving the user of a financial statement a summary of the company's overall performance over a certain period (either originating from continuing operations or not). So it can be concluded that net income comes from transactions of income, expenses, profits and losses. Profit is generated from the difference between incoming resources (income and finance) and outgoing resources (expenses and losses) for a certain period of time.

The Liability

According to Samryn (2011), liability is an obligation that still has to be paid off to a third party. Rahmaniar and Soegijanto (2016) stated that it is the obligation to pay an amount of money at the agreed time. Liabilities or debt are all of the company's money obligations to other parties that have not been fulfilled where the debt is a source of funds or company capital that comes from creditors. According to Samryn (2011) liability is grouped into:

1. Current Liabilities (Short-term liabilities)

   Current liabilities or current debts (short-term debts) are liabilities which are paid in full using current assets. The period used in settling current debts is between one year or one company operations' cycle. The company classifies current liability into non-current if the company is interested in refinancing with long-term sources and can demonstrate its ability to do so. This type of liability includes trade payables, money orders, taxes, accrued expenses, long-term debt that will soon be due and income received in advance.

2. Long- term Liabilities

   Long-term liabilitiy is an obligation that has a maturity of more than one year or one operation's cycle. This liability includes bond debt, mortgage debt and other long-term loan liability .

Independent Commissioner

Independent commissioners are members of the commissioners board who are not affiliated with directors, other members of the commissioners board, and controlling shareholders, and are free from business relationships or other relationships that can affect their ability to act independently or act solely in the interests of the company (Arisanti, 2019)

. Independent Commissioner should encourage the implementation of the principles and practices of good corporate governance (GCG) at the company in Indonesia. The objective of the independent commissioner is to guarantee the disclosure of the company's financial statements, to treat them fairly with minority shareholders and other stakeholders. Independent commissioner has the primary responsibility to promote the implementation of the principles of good corporate governance (GCG) in the company through the empowerment of the board of commissioners in order to be able to perform the task of monitoring and providing advice to the board of directors effective and provide added value for the company (Arisanti, 2019).

Foreign Ownership

Foreign ownership is the number of shares owned by foreign parties (Irawan & Murhadi, 2012). There are several reasons for companies that have foreign share ownership to disclose more than those who do not. The first reason is because foreign companies get better training in accounting from parent companies abroad. The two companies may have more efficient information systems to meet internal needs and the needs of the parent company . Third is the possibility of greater demand for foreign-based companies from customers, suppliers and the general public (Gul, 2010).

State-owned Enterprises (BUMN)

State-Owned Enterprises (BUMN) are business entities that contain two essential elements; the Government (*public*) and business (*enterprise*). Thus, BUMN is one of public sectors that have special characteristics that are not owned by other public institutions, that is the nature of flexibility and initiative that can also play a role as a private company (Avianti, 2006). BUMN themselves have different forms based on their functions and the amount of share ownership from the Government. Therefore, in Law No. 19 of 2003 concerning BUMN stated there are 2 forms of BUMN, those are:

1. Persero is a state-owned company in the form of a limited liability company whose capital is divided into shares which are all or at least 51% (fifty one percent) of its shares owned by the Republic of Indonesia whose main purpose is to pursue profit.
2. Public Company is a state - owned enterprise whose entire capital is owned by the state and is not divided into shares, aiming at public benefit in the form of providing high quality goods and or services and at the same time pursuing profits based on the principle of company management.

Hypothesis Development

Effect of Net Profit on Stock Returns

The increased of net profit provides important information to the investors and potential investors that the company has more ability in investing in the future (Subramanyam, 2013). An increase in net profit provides information to investors that the investment has increased. The increase indicates the ability of companies to provide higher stock returns and the market will respond to it (Husnan, 2009). Trisnawati and Wahidahwati (2013)

found the evidence that net profit has an influence to stock returns . The same research results obtained by Putriani and Sukartha (2014), Kurniawan and Yuliawati (2013), Meythi and Hartono (2013), Febrianto and Widiastuty (2006) and Ismail (2006) that net profit has a positive effect on returns stock. Based on the explanation that has been presented, the hypotheses in this study are:
H 1 : Net income has a positive effect on stock returns.

Effect of Liabilities on stock returns

Managers can use liabilities which later can act as a sign that the company is more trusted. However, too high liabilities indicate the greater dependence of the company on external parties (creditors) so that the risk level of the company is greater as well. The use of liabilities for a company will result in increased risk borne by shareholders. When the amount of debt increases, it will reduce the company's ability to fulfill all its obligations and then subsequently result in a decrease in the company's stock *return* (Raningsih & Putra, 2015). It is in line with Gunadi and Kesuma (2015), Arista and Astohar (2012) and Sugiarto (2011) research results that liabilities negatively affects stock *returns*. It was explained that increasing debt to equity ratio had an impact on the decreasing of stock *returns*. Similar results were also obtained by Sakti (2010) and Astohar (2010) that liabilities negatively affect stock *returns* because investors still consider the company to be safe if the composition of debt to own capital is within reasonable limits. Based on the explanation that has been presented, the hypotheses in this study are:
H 2: Liabilities negatively affect stock returns.

Effect of Independent Commissioner on stock returns

The existence of many independent directors in the company will increase supervision of directors on behalf of the company's management. The high independence in the company through the existence of an independent commissioner will create appropriate and independent company decisions. The presence of an independent commissioner will guarantee management in preparing and submitting financial statements in a timely manner so that the information presented is credible and can be relied on by stakeholders (Saputra, 2016). Effective supervision of a company is thought to increase investor interest in buying company’s shares. Studies from Putra (2015), Widyati (2013), and Purwatini (2011) concluded that the size of the independent board of commissioners had a positive effect on company performance which affected the stock price so that it affected stock *returns*. Based on the explanation above, the hypotheses in this study are:

H 3 = Independent commissioner has a positive effect on stock return

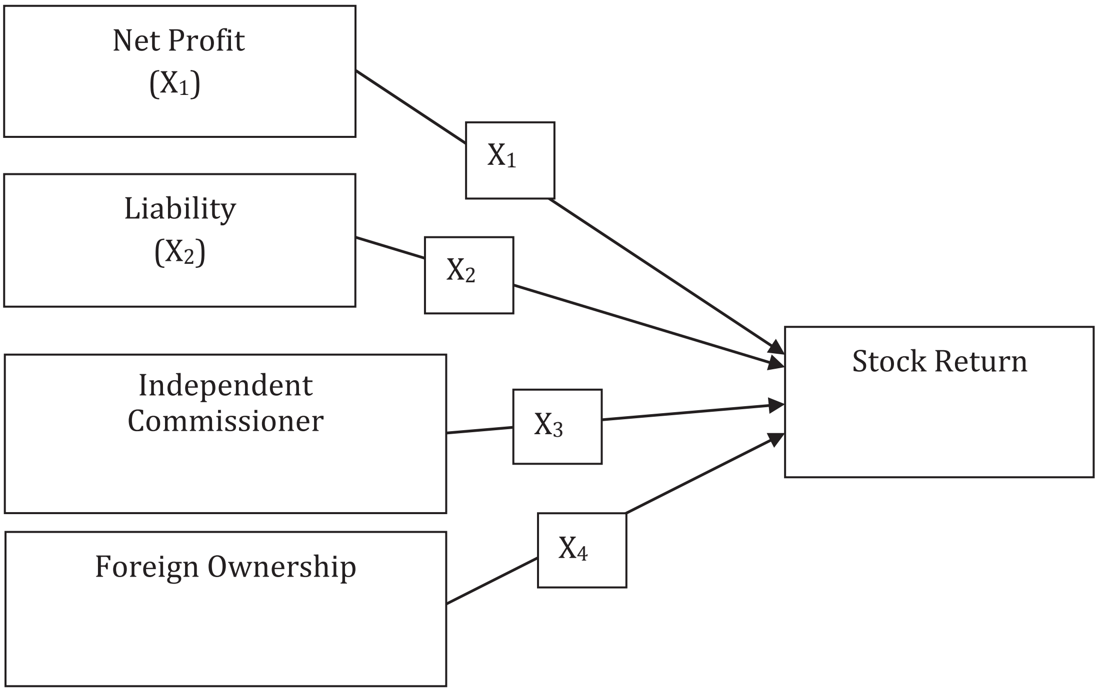
Effect of Foreign Ownership on stock returns

Foreign ownership in a company, both institutional and individual, is considered as an important thing. This is because the purchase of shares by foreign parties gives a signal that the company is experiencing stable revenue growth. Then it becomes a benchmark for other investors to investing in the company as well. Foreign investors are believed to be able to estimate stock returns and indirectly increase supervision of the company, so that the company will has a satisfying performance (Irawan and Murhadi, 2012). This is in accordance with the research result of Chen *et al.* (2013) with the title *Does foreign institutional ownership increase return volatility*? Evidence from China found that partial foreign ownership has a significantly positive effect on the volatility of returns stock. The same research results were also shown by Astuti (2014), Wiranata and Nugrahanti (2013), Kumar *et al.* (2001), Chen (2008), Gul (2010) and Wen (2013) that foreign ownership has a positive effect on company performance so that investors can estimate the stock *returns* they will receive if invest in the company. Based on the description, the hypotheses proposed in this study are as follows:

H 4 : Foreign ownership has a positive effect on stock returns

Figure 1

Framework



III. RESEARCH METHODS

Data Types and Sources

This study used secondary data types or indirect data, namely annual reports of BUMN companies listed on the Indonesia Stock Exchange (BEI) for the period 2012 - 2018. It was obtained through the website *www.idx.co.id* and each company's official website.

Population and Sample

The population used in this study is all BUMN companies from 2012 to 2018 which are listed on the Indonesia Stock Exchange. Purposive sampling method was used in the study by determining several sample selection criteria:

- BUMN ompanies listed in the Stock Exchange Indonesia 2012 - 2018.
- State- owned companies which disclose annual reports in a row during the study period are 2012 - 2018.
- BUMN ompanies that do not suffer during the study period the year 2012 - 2018

Measurement of Independent Variabel Variable (X) Net Profit

In this study using a measurement of changes in net income. Net profit indicators used in this study are:

$$\Delta \text{Laba Bersih} = \frac{\text{Net Profit (t)} - \text{Net Profit (t} - 1)}{\text{Net Profit (t} - 1)}$$

Information:

ΔNet profit : Changes of profit Net profit (t) : Net profit in year(t)

Net profit (t-1): Net profit before(t)

The Liability

The measurements on the variables were used *Debt Equity Ratio* to see the level of the use of the debt to equity owned by the company.

The indicators of the liability used in this study are:

$$\text{Liability} = \frac{\text{Total Liability}}{\text{Total Equity}}$$

Independent Commissioner

Indicators for measuring independent commis are:

$$\text{Independent Commissioner} = \frac{\text{Total Independent Commissioner}}{\text{Total Company Commissioner}}$$

Foreign Ownership

Indicators for measuring foreign ownership are:

Foreign Ownership = Total Foreign Shares x Closing Stock Price

Dependent Variabel (Y) Stock Return

$$\text{Stock Return} = \frac{Pt-(Pt-1)}{(Pt-1)}$$

The measurement of stock returns in this study used a ratio scale that can be calculated with the following indicators:

Information :

Pt = Current year's stock price Pt – 1 = Stock price 1 year before

Data Analysis Method

To manage secondary data obtained, the authors use the help of SPSS 21 software. Data processing activities with SPSS 21 are used to conduct testing with multiple linear regression analysis. The analysis method used in this study consists of:

Descriptive Statistical Analysis

Descriptive statistics are used to describe the variables in the study. The variables examined in this study are the net income, liabilities and good corporate governance represented by variable independent commissioner and foreign ownership. Description of the variable is presented to find out the mean, minimum, maximum and standard deviation of the variables studied.

Classic assumption test

As an analysis tool, this study used multiple linear regression models so it must pass the classic assumption test so that the assumptions in the regression conditions are fulfilled (Ghozali, 2013). The classic assumption test was used to see the results of the regression estimation which were free from symptoms of normality, multicollinearity, heterokedaticity, and autocorrelation.

Multiple Linear Regression Analysis

Multiple regression analysis is the relation between two or more independent variables with the dependent variable. The purpose of multiple regression analysis is to find out the direction of the relation between the independent and dependent variables, whether each independent variable is positively or negatively related. It also needed to predict the value of the dependent variable if the value of the independent variable has increased or decreased.

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Information:

Y	= Stock return
a	= Constanta
$\beta_1, \beta_2, \beta_3, \beta_4$	= Regression coefficient
X_1	= Net Profit
X_2	= Liability

X_3 = Independent Commissioner
X_4 = Foreign Ownership
e = *Error term*

R^2 Determination Coefficient Test

The coeffisient determination (R^2) were assessed to measure how large a proportion of the influence of all independent variables on the dependent variable. The coefficient of determination is between zero and one. The smaller the value of R^2 , the more limited the ability of independent variables in explaining the dependent variable (Ghozali, 2013).

Feasibilty Test Regression Model (Statistical Test F)

Simultaneous significant test or F-test can be done by looking at the significant F value on the output of the regression results with a significance level of 0.05 (α = 5%). F-test is used to test whether all independent variables included in the regression model have a joint (simultaneous) effect on the dependent variable or not (Ghozali, 2013). The testing criteria (Test F) are as follows:

- H_a is rejected if the significant value F> 0.05 which means that the regression model in this study is not suitable to be used in the study.
- H_a is accepted if the significant value F <0.05 which means that the regression model in this study is suitable to be used in research.

Significance Test of Individual Parameters (Statistical Test t)

Testing the significance of these individual parameters was used to determine whether the independent variables individually affect the dependent variable with the assumption that other independent variables are constant (Ghozali, 2013). The hypothesis testing criteria are as follows:

- H_a is rejected, if the probability value t> 0.05 or if the probability value is more than α 0.05, it means that the independent variable individually independently has no effect on the dependent variable.
- H_a is accepted, that is if the probability value t <0.05 or if the probability value is less than or equal to α 0.05, it means that the independent variable individually influences the dependent variable.

IV. RESULT AND DISCUSSION

Descriptive Statistical Analysis

Descriptive statistics in this study were used to provide a description of the research variables. The following is the output table of the descriptive statistical test which shows that the amount of data in this study was 77.

Table 4.1 Descriptive Statistics Result

	N	Minimum	Maximum	Mean	Std. Deviation
Laba Bersih	77	-,4613	,7307	,122073	,2542391
Liabilitas	77	,0770	11,3958	2,880610	2,9854253
Komisaris Independen	77	,1667	,7143	,396253	,0984075
Kepemilikan Asing	77	63335422500	85078654497900	14262167315773,73	21340389189081,090
Return Saham	77	-,6839	,7919	,034173	,3264515
Valid N (listwise)	77				

Classical Assumption Test Normality Test

Table 4.2 Normality Test Result

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		77
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	,30950200
Most Extreme Differences	Absolute	,086
	Positive	,086
	Negative	-,052
Test Statistic		,086
Asymp. Sig. (2-tailed)		,200[c,d]

a. Test distribution is Normal.

b. Calculated from data.

Based on Table 4.2 that the number of the data was becoming 77 because it has eliminated *outlier data* so *Asymp* values are obtained. *Sig* . (2-tailed) of 0.200 which is more than 0.05. So it can be concluded that the data are normally distributed.

Multicollinearity Test

Table 4.3 Multicollinearity Test Result

Coefficients[a]

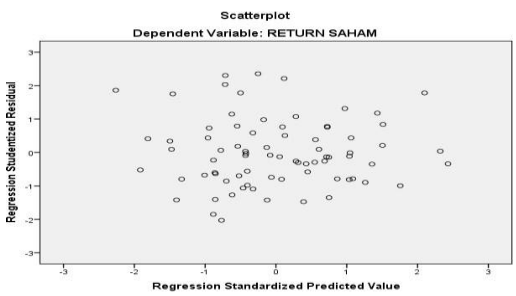
Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
(Constant)	-,110	,157		-,703	,484		
Laba Bersih	,294	,131	,267	2,249	,028	,871	1,148
Liabilitas	,004	,009	,055	,453	,652	,825	1,212
Komisaris Independen	,062	,298	,025	,208	,836	,872	1,147
Kepemilikan Asing	3,338	,000	,290	2,425	,018	,857	1,167

a. Dependent Variable: Stock Return

According to Table 4.3, it is known that the tolerance value of all independent variables was greater than 0.10 and the VIF value was less than 10 which means that the model does not contain multicollinearity problems or the assumption that there is no multicollinearity in the model was fulfilled.

Heteroscedasticity Test

Figure 4.1



Sumber : SPSS 21

Based on Figure 4.1, it can be seen that there were no clear patterns and points spread randomly above and below the number 0 on the Y axis. Thus, it can be concluded that there was no heterokedasticity in the data used in this study.

Autocorrelation Test

Table 4.4 Autocorrelation Test Result Runs Test

	Unstandardized Residual
Test Value[a]	-,04804
Cases < Test Value	38
Cases >= Test Value	38
Total Cases	76
Number of Runs	39
Z	,000
Asymp. Sig. (2-tailed)	1,000

a. Median

Based on Table 4.4, the *Asymp* value . *Sig* . 1,000 for meaning greater than 0.05. Thus it can be concluded that no autocorrelation symptoms occur.

Multiple Regression Analysis

Table 4.5

Multiple Regression Analysis Result Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,110	,157		-,703	,484
	Laba Bersih	,294	,131	,267	2,249	,028
	Liabilitas	,004	,009	,055	,453	,652
	Komisaris Independen	,062	,298	,025	,208	,836
	Kepemilikan Asing	3,338	,000	,290	2,425	,018

a. Dependent Variable: Stock Return

Based on Table 4.5, the regression equation in this study is as follows:
Stock *Return* = (-0,110) + 0,294 Net Profit + 0.004 Liabilities + 0.062 Independent Commissioner + 3,338 Foreign Ownership + *e*

The regression equation above showed that the value of the constant of -0.110, which means that if all variables remain, the great value of the dependent variable (*stock return*) amounted to - 0.110 units. The value of net profit showed a positive direction with a beta coefficient of 0.294, which means that if net income increased 1% then the *return of* the stock will increase 0.294. The value of the liability shows a positive direction with a beta coefficient of 0.004 which means that if the liability has increased 1% then the stock *return* will increase 0.004. The value of the independent commissioner shows a positive direction with a beta coefficient of 0.062, which means that if the independent commissioner has increased 1% then the stock *return* will increase by 0.062. The value of salty ownership g shows a positive direction with a beta coefficient of 3.338 which means that if foreign ownership increases by 1% then stock *returns* will increase by 3.338.

Hypothesis Testing Determination Coefficient Test

Table 4.6 Determination Coefficient Test Result Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,361[a]	,130	,081	,29435	1,943

a. Predictors: (Constant), net profit, liabilities, independent commissioners, foreign ownership
b. Dependent Variable: Stock Return

Based on Table 4.6, the Adjusted R Square value of 0.081, which means that the variable of net profit, liabilities, independent commissioners and foreign ownership as an independent variable was able to explain the stock *return* variable as a dependent variable of 8.1% and the rest is influenced by other variables not examined.

Feasibility Test Regression Model (Statistical Test F)

Table 4.7
Feasibility Test Regression Model Result ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	,920	4	,230	2,654	,040[b]
	Residual	6,151	71	,087		
	Total	7,071	75			

a. Dependent Variable: Stock Return
b. Predictors: (Constant), net profit, liabilities, independent commissioners, foreign ownership

Based on Table 4.7 the calculated F value of 2.654 with a significance value of 0.040. Significant value of 0.040 <0.05, it can be concluded that the regression model of all variables in this study, namely net income, liabilities, independent commissioners and foreign ownership together affect the dependent variable, namely stock *returns.*

Significance Test of Individual Parameters (Statistical Test t)

Table 4.8 Hypothesis Testing Result Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-,110	,157		-,703	,484
Laba Bersih	,294	,131	,267	2,249	,028
Liabilitas	,004	,009	,055	,453	,652
Komisaris Independen	,062	,298	,025	,208	,836
Kepemilikan Asing	3,338	,000	,290	2,425	,018

a. Dependent Variable: Stock Return

Based on Table 4.8, it can be seen that:

a. The net income variable has a positive direction with a significance value of 0.028 which means it is greater than 0.05 (0.028> 0.05). Thus it can be concluded that net income has a positive effect on stock *returns*. (H 1 supported).
b. The liability variable has a positive direction with a significance value of 0.652 which means it is greater than 0.05 (0.652> 0.05). Thus it can be concluded that liabilities have no effect on stock *returns*. (H 2 is not supported).
c. The independent commissioner variable has a positive direction with a significance value of 0.836 which means it is greater than 0.05 (0.836> 0.05). Thus it can be concluded that the independent commissioner has no influence on stock *returns* . (H 3 is not supported).
d. The foreign ownership variable has a positive direction with a significance value of 0.018, which means it is smaller than 0.05 (0.018 <0.05). Thus it can be concluded that foreign ownership has a positive influence on stock *returns*. (H 4 supported).

Hypothesis Discussion

The Effect of Net Profit toward Stock Returns

Based on the results of the hypothesis testing in Table 4.8 can be reflected that the hypothesis, which stated that "net profit had a positive effect on stock returns", in this research is supported. From the results of this study it can be said that net income is a predictor that can affect stock returns in a company. It is in line with previous research conducted by Trisnawati and Wahidahwati (2013), Putriani and Sukartha (2014), Kurniawan and Yuliawati (2013), Meythi and Hartono (2012), Febrianto and Widiastuty (2006) and Ismail (2006) who stated that net income affect stock return. This means that this study supports the results of several research coming from Trisnawati and Wahidahwati (2013), Putriani and Sukartha (2014), Kurniawan and Yuliawati (2013), Meythi and Hartono (2012), Febrianto and Widiastuty (2006) and Ismail (2006) which show that net profit is a predictor that can affect stock returns on state-owned companies. But these results contradict the research of Dimitropoulus and Asteriou (2009).

The increased of net income provides important information to investors and potential investors. It means that the company has more ability in investing in the future (Husnan, 2009). An increase in net income provides information to investors that the investment has increased. The increase indicates the company's ability to provide higher stock returns and the market will respond to it.

The Effect of Liabilities on Stock Returns

Based on the results of hypothesis testing in Table 4.8, the hypothesis stated that "liabilities have a negative effect on stock returns" in this study is not supported. From the results of this study it can be said that liability is not a predictor that can affect stock returns in a company. This is in line with previous study conducted by Dermansyah (2014) which stated that liabilities have no effect on stock returns. This means that this study supports the results of Dermansyah's research (2014) and shows that liabilities are not a predictor that can influence stock returns on BUMN companies. But these results contradict the research of Gunadi and Kesuma (2015), Arista and Astohar (2012), Sugiarto (2011), Sakti (2010), and Astohar (2010).

The high DER calculation shows that the company's performance is getting worse, because the level of capital dependence of the company on outsiders is greater. With such a high level of dependency, the company makes a profit if it makes a profit, the company tends to use that profit to pay its debt compared to dividing the dividend (Dermansyah, 2014). However, with the majority share ownership of BUMN companies owned by the government, investors need to think that there is a government guarantee on the company and making debt is not a basis for information for investors in making decisions.

The Influence of the Independent Commisioner on Stock Returns

Based on the results of hypothesis testing in Table 4.8, the hypothesis which states that "independent commissioners have a positive effect on stock returns" in this study is not supported. From the results of this study it can be said that the independent commissioner is not a predictor that can influence stock returns in a company. This is in line with previous research conducted by Ramdiani and Yadnyana (2013) and Arisanti (2019) which states that independent commissioners have no effect on stock returns. This means that this research supports the results of the research of Ramdiani and Yadnyana (2013) and Arisanti (2019) which shows that independent commissioners are not predictors that can influence stock returns on SOE companies.

However, this result is contrary to the research of Muryati and Suardhika (2014), Putra (2015), Widyati (2013) and Purwatini (2011).

Based on the results of the analysis that the independent commissioner has no effect on stock returns shows that many or at least the number of independent commissioners does not affect the company's stock returns (Ramadiani and Yadnyana, 2013). These results indicate that investors do not assume that the number of independent commissioners in a company will be able to provide high returns to investors so that the number of independent commissioners does not become information for investors in making investment decisions.

The Effect of Foreign Ownership on Stock Returns

Based on the results of hypothesis testing in Table 4.8, the hypothesis, which stated that "foreign ownership has a positive effect on stock returns” in this research, is supported. From the results of this study it can be said that foreign ownership is a predictor that can affect stock returns in a company. This is in line with previous studies conducted by Chen et al . (2013), Astuti (2014), Wiranata and Nugrahanti (2013), Kumar et al. (2001), Chen (2008), Gul (2010) and Wen (2013) which state that foreign ownership has a positive effect on stock returns . It means that this study supports the results of Chen et al . (2013), Astuti (2014), Wiranata and Nugrahanti (2013), Kumar et al . (2001), Chen (2008), Gul (2010) and Wen (2013) which show that net income is a predictor that can influence stock returns on SOE companies. But these results contradict Irawan and Murhadi's (2012) results.

Foreign ownership in a company both institutional and individual is considered as an important thing. This is because the purchase of shares by foreign parties gives a signal that the company is experiencing stable revenue growth so that it becomes a benchmark for other investors to participate in investing, where foreign investors are believed to be able to estimate stock returns and indirectly increase oversight of the company in order to have satisfactory performance (Chen *et al.*, 2013).

V. CONCLUSIONS

Based on the hypothesis testing of the independent variables of net profit, liabilities, independent commissioners and foreign ownership, the results obtained that the variable net profit and foreign ownership had a significant positive effect on the level of stock returns on state-owned companies listed on the Indonesia Stock Exchange for the period 2012-2018. This study provided evidence that the increased of net income will provide information to investors that the investment has increased, affecting the company's ability to provide higher stock returns and the market will respond to it. Then this study also provided evidence that the high number of foreign ownership indicated that the company was experiencing stable revenue growth. Thus, it became a benchmark for other investors to participate in investing. While the level of liability and independent commissioners did not significantly influence the level of stock returns on state- owned companies listed on the Indonesia Stock Exchange for the period 2012-2018. Investors assumed that the level of liability and independent commissioners were not taken into consideration in making investment decisions.

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