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Elements of Sales Growth, Net Profit Margin, Return on Equity, Firm Value, and Dividend Yield on Stock Returns

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Abstract
This study aimed to determine the factors influencing stock returns in financial sector companies listed on the Indonesia Stock Exchange. A total of 17 (seven teen) financial institutions were sampled using a purposive sampling method for secondary data obtained from Indonesia Stock Exchange. The data processings were supported by eviews 12 software and microsoft office. Prior to analysis, the research model was tested using the chow and hausman tests and classical assumptions. The results showed that partially, sales growth, net profit margin, return on equity, and dividend yield had a significant positive effect on stock returns with a probability of < 0.05, while firm value did not effect. Collectively the F-test showed that all variables had a positive significant effect on stock returns. The study was conducted in the banking sector from 2021 to 2022 period.
Keywords: sales growth, net profit margin, return on equity, firm value, dividend yield, stock return

INTRODUCTION

The capital market is a source of income for both governments and companies to finance their operational activities. Investment activities in the capital market can increase the utility of capital owners who hold securities and these securities can be traded at any time. According to Tandelilin (2017) the definition of a capital market was a meeting place between parties with excess funds and those in need of funds through the buying and selling of securities. Nasution (2015) stated that for companies one way to obtain additional funds was by issuing securities, such as bonds or shares, and offering them to the public through the capital market. Investors investing in a company's shares naturally aimed to achieve a high return. Stock returns were the profits (gains) or losses received by investors on their investments over a specified period.

Previous researchs explained sales growth, net profit margin, return on equity, firm value, and dividend yield influenced stock returns. According to Maramis *et al.*, (2021) sales growth would clearly increase stock returns even if accompanied by operation costs. Meanwhile, Sari and Maryoso (2023) further argued that net profit margin (NPM) affected stock returns where NPM was a company's ability to generate net income relative to total sales. The higher NPM the more effective the company's performance and the greater investor confidence in investing in the company. This certainly had a positive impact on shareholders because of the greater profits provided to shareholders, more company's earnings were distributed as dividends. Another influencing factor was return on equity. Almira and Wiagustini (2020) stated that dividend distributions to shareholders would certainly increase the out come of stock returns. A low ROE reflected a company's low net profit. This results in the company's

shares became less attractive to investors, resulting in low dividend distributions. Consequently, investor interest decreased. Another factor influencing stock returns was firm value. According to Jeklin *et al.*, (2016) firm value reflected a company's performance, influencing investor perceptions of the company and serving as an indicator of the company's future prospects. High firm value also influenced the size of the returns for investors. Research was conducted by Yustini and Saputri (2018) showing that firm value gave positive and significant effect on stock returns, where the price potential buyers were willing to pay can be interpreted as the market price of the company itself. In addition to the mentioned factors, there was the dividend yield factor. According to Fernando and Laela (2022) all investors desired a high dividend yield. If a company distributed high dividends shareholders would receive high returns, and vice versa. Similar research findings were also reported by Latief (2014) who concluded that dividend yield had a positive and significant effect on stock returns.

The Effect of Sales Growth, Net Profit Margin, Return on Equity, Firm Value, And Dividend Yield on Stock Returns

Sales growth was calculated using a percentage that indicating the change in sales. According to Susanti and Yuwono (2017) sales growth became a component used to assess a company's future prospects. If a company's sales growth rate increased it was considered successful in implementing its strategy. When investors purchased shares, it could affect stock prices, thus increasing stock returns. (Maramis *et al.*, 2021).

Net profit margin was a ratio that showed the return on assets used by a company. Sari and Maryoso (2022) stated that an increase in the net profit margin (NPM) would send a positive signal to investors to invest in the company, hoping to achieve high returns. Therefore, an increase in the NPM would naturally be followed by an increase in stock returns. Research conducted by Sari and Maryoso (2022).

Net profit increased with higher ROE. This did not rule out the possibility of higher dividend payments to shareholders, which could also increase stock returns. According to Tandelilin (2017) return on equity reflected a company's ability to generate profits for shareholders. Research conducted by Almira and Wiagustini (2020) found that return on equity had a significant positive effect on stock returns.

Firm value indicated a company's performance, influencing investor perceptions of the company and serving as an indicator of the company's future prospects (Cynthia and Salim, 2020). Increasing a company's firm value could attract investors to invest in the hope of profiting from its activities. Research by Yustini *et al.*, (2018) found that firm value had a positive and significant effect on stock returns.

A higher dividend yield could result in greater profits. A high dividend yield increased the stock price of a business when it issued dividends, thus affecting the returns received by shareholders. Announcements of changes in dividend yield were expected to trigger a reaction in stock prices because such changes were perceived as containing significant information for investors (Oktavia and Wijaya, 2023).

METHOD

Population And Research Data

The population in this study was 85 banking sector companies listed on the Indonesia Stock Exchange (Sugiyono, 2012). Purposive sampling used 17 (seven teen) banking financial reports on the IDX as secondary data sources. The data used was secondary data, consisting of financial reports from banking sub-sector companies listed on the Indonesia Stock Exchange, accessed through www.idx.co.id, processed and analyzed using eviews.

Measurement Of Research Variables: Sales Growth, Net Profit Margin, Return on Equity, Firm Value, And Dividend Yield on Stock Returns

Sales growth was a component used to assess a company's future prospects (Susanti and Yuwono, 2017). High sales growth indicated a company's success in implementing its strategy.

$$Sales\ Growth = \frac{Sales_t - Sales_{t-1}}{Sales_{t-1}}\ X\ 100\% \quad \text{.....(1)}$$

According to Brigham and Houston (2011) net profit margin (NPM) measured the size of a company's net profit compared to its sales. Increasing NPM could attract investors to invest in the company. The measured NPM using the following method:

$$Net\ Profit\ Margin = \frac{Earning\ After\ Taxes}{Sales}\ \text{X}\ 100\% \text{.....(2)}$$

Return on equity (ROE) reflected a company's ability to generate profits for shareholders (Tandelilin, 2017). Increasing this ratio would naturally attract investors to invest in the company. ROE was calculated as follows:

$$Return\ On\ Equity = \frac{Earning\ after\ interest\ and\ tax}{Equity}\ X\ 100\% \text{.....(3)}$$

Firm value indicated a company's performance, which could influence investor perceptions of the company and served as an indicator of the company's future prospects (Cynthia and Salim, 2020). Calculating firm value using the following formula :

$$PBV = \frac{Stock\ Price}{Value\ \ Per\ Share}\ X\ 100\% \text{.....(4)}$$

According to (Oktavia and Wijaya, 2023) dividend yield was the percentage of profit per share divided by the price per share received by the company. The higher the dividend yield, the greater the profit. Calculating dividend yield using the following method:

$$Dividend\ Yield = \frac{Divident\ per\ share}{Stock\ Price\ Per\ Share}\ X\ 100\% \quad \text{.....(5)}$$

Stock returns where the rate of return investors receives from their investments, or the difference between the purchase price and the selling price of a stock. According to Brigham and Houston (2011) stock returns were measured as follows:

$$Stock\ Return\ = \frac{P_t - P_{t-1}}{P_{t-1}}\ \text{X}\ 100\% \text{.....(6)}$$

Descriptive Data Analysis Methods: Chow, Hausman, And Lagrange Multiplier Test

Descriptive statistical analysis was intended to explain the influence between variables. This analysis included the mean, maximum, minimum, weighted mean, and standard deviation of each variable. According to Ghozali (2011) the formula for descriptive analysis with ungrouped data were mean = mean, mean or U = (∑Xi)/n, maximum value = highest value on xi, minimum value = lowest value on Xi, standard deviation (∂) = √ (∑(Xi-U)2)/n. The chow test was a test to determine the most appropriate fixed effect or random effect model to use in estimating panel data. In the chow test, data was first regressed using common effects and fixed effects, and then hypotheses were formulated to be tested. The Hausman test was a statistical test to choose whether the fixed effect or random effect model was most appropriate to use. To test it, the data was also regressed first using a random effect model then compared between fixed effects and random effects. The lagrange multiplier test to determine whether the random effect model is better than the common effect (OLS) method uses the lagrange multiplier (LM) test. The LM test was based on the chi squares distribution with a degree of freedom equal to the number of independent variables. If the statistical LM value was greater than the critical chi squares value then the random effect was more appropriate to use and vice versa (Ghozali, 2011).

Classical Assumption Tests for Selected Models

Classical assumption tests used in linear regression generally included linearity, autocorrelation, heteroscedasticity, multicollinearity, and normality. Classical assumption tests used in linear regression using the ordinary least squares (OLS) approach include linearity, autocorrelation, heteroscedasticity, multicollinearity, and normality. However, not all classical assumption tests must be performed on every linear regression model using the OLS approach. The following were the classical assumption tests used in this study. *The heteroscedasticity test* was used to determine whether there was inequality in the variance and residuals in the regression model from one observation to another. The test used was the glejser test (Ghozali, 2011). The heteroscedasticity test was performed using the glejser test by regressing the absolute value of the residuals against the independent variable. If the significance value was ≥ 0.05, heteroscedasticity did not occur, but heteroscedasticity did occur if the significance value was < 0.05. *Autocorrelation test.* A regression model free from autocorrelation was considered a good regression model. The breusch-godfrey test, also known as the lagrange multiplier was one test that could be used to identify the presence of autocorrelation. A probability value greater than or equal to α = 5% indicating no autocorrelation. Conversely, a probability value lower than or equal to α = 5% indicating the presence of autocorrelation. *Normality.*The normality test was used to determine whether the variables were normally distributed. The kolmogorov-smirnov test (Ghozali, 2011) was used to detect data normality. The significance criteria were as follows: if the kolmogorov-smirnov significance value was ≥ 0.05, the data distributed normally. If the kolmogorov-smirnov significance level was <0.05, the data was not normally distributed. *Multicollinearity*. A

good model was one that did not exhibit multicollinearity among the independent variables. If the correlation coefficient between the independent variables was greater than 0.8, it could be concluded that the model was experiencing multicollinearity. Conversely, if the correlation coefficient was less than 0.8, the model did not experience multicollinearity at all.

Model Goodness of Fit Test

The F test was used to determine whether independent variables simultaneously had a significant effect on the dependent variable. In the F test, the calculated F value was compared with the table F value. The t test was used to determine the significance of the independent variables on the dependent variable individually. If the probability value was ≤ 0.05, the independent variable had an effect on the dependent variable. If the probability value was greater than 0.05, it had no effect or was insignificant (Ghozali, 2011). The coefficient of determination (R2) measured the model's ability to explain variation in the dependent variable. The coefficient of determination was between zero and one.

RESULTS AND DISCUSSION

Description of Research Objects

The population used in this study was 91 companies in the finance sector listed on the IDX during the 2021-2022 period. The sample consisted of 17 (seven teen) companies, selected using a purposive sampling technique. The companies studied are detailed below in table 1. Referring to table 1, the sample companies in this study were 17 companies in the finance sector listed on the IDX during the 2021-2022 period, which met various requirements set forth in this study.

Table 1. Research Sample of Finance Sector In BEI

No	Code	Name
1	BBCA	Bank Central Asia Tbk.
2	BBMD	Bank Mestika Dharma Tbk.
3	BBNI	Bank Negara Indonesia Tbk.
4	BBRI	Bank Rakyat Indonesia Tbk.
5	BBTN	Bank Tabungan Negara Tbk.
6	BDMN	Bank Danamon Indonesia Tbk.
7	BJBR	BPD Jawa Barat dan Banten Tbk.
8	BJTM	BPD Jawa Timur Tbk.
9	BMRI	Bank Mandiri (Persero) Tbk.
10	BNBA	Bank Bumi Arta Tbk.
11	BNGA	Bank CIMB Niaga Tbk.
12	BNII	Bank Maybank Indonesia Tbk.
13	BTPS	Bank Tabungan Pensiunan Nasional Syariah Tbk.
14	MEGA	Bank Mega Tbk.
15	SDRA	Bank Woori Saudara Indonesia 1906 Tbk.

No	Code	Name
16	AMAG	Asuransi Multi Artha Guna Tbk
17	ASRM	Asuransi Ramayana Tbk

Source: secondary data BEI (2023)

Descriptive Statistics

The descriptive statistics were described in table 2 as follows: based on table 2, the X1 n sales growth variable showd an average value of 11.46496, with the highest value of 32 for PT. Bank Mestika Dharma Tbk in the first quarter of 2022. The lowest value of -3.6 was for PT. Bank Maybank Indonesia Tbk in the fourth quarter of 2022, with a standard deviation of 4.433611.The net profit margin (X2) variable showed an average value of 2.935037, with the highest value of 6.54 for PT. Bank Mega Tbk in the second quarter of 2021, and the lowest value of 0.5 for PT. Bank Jawa Barat dan Banten Tbk in the 3rd quarter of 2021, with a standard deviation of 1.447355. Variable X3 or return on equity, showed an average value of 9.087778, with the highest value of 23.49 owned by PT. Bank Mega Tbk in the 1st quarter of 2021. The lowest value obtained from this variable was 1.2 owned by PT. Bank Jawa Barat dan Banten Tbk in the 2nd quarter of 2021, with a standard deviation of 6.263823. From the data in the table 2, variable X4 or firm value, show an average value of 156.2633 with the highest value of 357.5 obtained by PT. Bank CIMB Niaga Tbk in the 2nd quarter of 2022 and the lowest value of 1.67 at PT. Asuransi Multi Artha Graha Tbk in the first quarter of 2021 with a standard deviation obtained from this variable of 422.1548. In the dividend yield variable or X5, an average value of 3.153778 was obtained with the highest value of 7.58 owned by PT. Bank Jawa Barat and Banten Tbk in the fourth quarter of 2022, the lowest value of 0.25 owned by PT. Bank Bumi Artha Tbk in the first quarter of 2022, with a standard deviation of 1.477434. The Y variable or stock return, showed an average value of 10.97978, with the highest value of 40 owned by PT. Bank Negara Indonesia Tbk in the first quarter of 2022, and the lowest value of -8 owned by PT. Bank Mestika Dharma Tbk in the first quarter of 2021 with a standard deviation of 9.007665.

Table 2. Descriptive Statistics Results

	X1	X2	X3	X4	X5	Y
Mean	11.46496	2.935037	9.087778	156.2633	3.153778	10.97978
Maximum	32.00000	6.540000	23.49000	3575.000	7.580000	40.00000
Minimum	-3.600000	0.500000	1.200000	1.670000	0.250000	-8.000000
Std. Dev.	4.433611	1.447355	6.263823	422.1548	1.477434	9.007665

Resource: Eviews 12, 2023

Model Selection Test

According to Ghozali (2011) the chow test was used to determine which panel data regression model was best to use, whether the common effect model (CEM) or the fixed effect model (FEM). The measurement as follows: if the chi-square probability was

< 0.05, the fixed model was selected. If the chi-square probability was > 0.05, the common model was selected. If the common model was selected, the next test is the lagrange multiplier (LM) test to determine whether the common model is better than the random model. However, if the chow test results in a fixed model, the next test is the Hausman test to determine whether the fixed or random model will be used. Referring to the Chow test results in table 4.3, the chi-square probability value was 0.0000, which was below the 0.05 level (0.0000 < 0.05), so the Hausman test was used. Based on the results of the Hausman test in table 4.3, it could be seen that the random cross-section probability value was 0.0014. This value was below the 0.05 level (0.0014 < 0.05), so the decision taken wa not to proceed with the lagrange multiplier (LM) test, where the selected model was the fixed model. Therefore, based on the results of the panel data model selection, to assess the panel data regression test using the fixed model in determining the researcher's decision results.

Table 3. Chow and Hausman Test

Chow Model Test				**Hausman Model Test**			
Effects Test	Statistic	d.f.	Prob.	Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section F	3.941637	(16.113)	0.0000				
Cross-section Chi-square	59.868742	16	0.0000	Cross-section random	19.768193	5	0.0014

Resource: Eviews 12, 2023

Classical Assumption Test

Normality test. The purpose of the normality test wa to determine whether the regression model for the dependent and independent variables had a normal distribution. A model with a normal data distribution was considered good it was indicated from following table 4 and figure 2. There were two ways to use eviews to test data normality: histograms and the jarque-bera test. The jarque-bera test was a statistical test that determines whether data was normally distributed. Gujarati (2020) stated that detection was performed by examining the jarque-bera, which was an asymptotic (large sample consisting of the residuals of ordinary least squares). The results of this test could be seen through the jarque-bera probability (JB) as follows: if the probability > 0.05, the data was normally distributed. If the probability ≤ 0.05, the data was not normally distributed. Figure 2 showed that the jarque-bera value was 5.834057 with a probability value of 0.054094. Therefore, it could be concluded that this research model was normally distributed because 0.054094 > 0.050.

Table 4. Value of Normality Test

Mean	Median	Maximum	Minimum	Std Dev	Skewness	Kurtosis	Jarque-bera	Probability
-0.009	0.125	24.809	-22.64	7.47	-0.083	4.004	5.834057	0.054

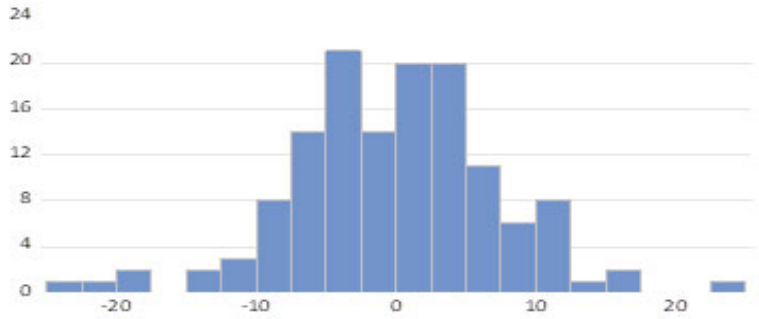

Figure 2. Normality Test Results

Heteroscedasticity and autocorrelation. Table 5 showed the results of the heteroscedasticity test. It could be seen that the chi-square probability value of obs*R-squared showed a value of 0.6231, which was above 0.05 or 0.06231 > 0.05. Therefore, there was no heteroscedasticity in this model. The autocorrelation test was the relationship between members of a series of observations ordered by time or place (Gujarati, 2020). A regression that was free from autocorrelation was a good regression model. The breusch godfrey test, also known as the lagrange multiplier, was one test that could be used to identify the presence of autocorrelation. A probability value greater than or equal to α = 5% indicated that there was no autocorrelation. Conversely, a probability value lower than or equal to α = 5% indicating that there was autocorrelation. The results of the autocorrelation test in table 4 showing < 0.05 so it could be said that it did not pass the autocorrelation test, when a test did not pass the autocorrelation test, a healing method was carried out using the first difference data transformation (Gujarati, 2013). Gujarati stated that when the first difference test showed results still < 0.05, a second difference test was carried out. After conducting the second difference autocorrelation test, the chi-square probability results from obs * R-squared show a value of 0.4214 where the value was above 0.05 (0.4214 > 0.05). So it could be said that the regression model used in this study did not experience autocorrelation or passed the autocorrelation test.

Table 5. Test Of Heteroscedasticity, Autocorrelation, Autocorrelation First And Second Difference

Heteroscedasticity				**Autocorrelation**			
F-statistic	0.686356	Prob. F(5,122)	0.6347	F-statistic	22.33247	Prob. F(2,126)	0.0000
Obs*R-squared	3.502046	Prob. Chi Square(5)	0.6231	Obs*R-squared	35.06931	Prob. Chi-Square(2)	0.0000

Heteroscedasticity				**Autocorrelation**			
Scaled explained SS	5.098835	Prob. Chi Square(5)	0.4039				
Autocorrelation First Difference				**Autocorrelation Second Difference**			
F-statistic	3.606207	Prob. F(2,123)	0.0301	F-statistic	0.821138	Prob. F(2,120)	0.4424
Obs*R-squared	7.256037	Prob. Chi-Square(2)	0.0266	Obs*R-squared	1.728112	Prob. Chi-Square(2)	0.4214

Multicollinearity test. This test was useful for determining whether the regression model shows a correlation between independent variables. A good model was one that did not experience multicollinearity between its independent variables. Gujarati (2020) stated that if the correlation coefficient between independent variables was more than 0.8, then it could be concluded that the model experiences multicollinearity problems. Conversely, if the correlation coefficient was less than 0.8, then the model did not experience multicollinearity at all. Based on the results of the study in table 6, it could be seen from table 6 that there was no correlation between independent variables, this was because the multicollinearity value in all variables was not more than 0.8. Therefore, it could be said that this regression model did not experience multicollinearity.

Table 6. Multicollinearity Test

	SG	**NPM**	**ROE**	**FV**	**DY**
SG	1	-	-	-	-
NPM	0.048218	1	-	-	-
ROE	0.028878	0.675700	1	-	-
FV	0.064244	0.002342	0.248989	1	-
DY	0.122116	0.232351	0.295771	0.358209	1

Panel Data Regression Equation

Y = -1.697456 + 0.516811X1 + 1.595586X2 + 0.764682X3 - 0.001146X4 + 1.480150X5. It was from table 7. The panel data regression equation could be explained as follows: a constant value of -1.69 means that without the independent variable, the dependent variable would experience a 169% decrease. The beta coefficient of the SG (X1) variable was 0.51. If other variables were held constant and X1 increasing by 1%, then the RS (Y) variable would experience a 51% increase. Likewise, if other variables were held constant and X1 decreases by 1%, then the Y variable would experience a 51% decrease. The beta coefficient value of the NPM variable (X2) was 1.59, if other variables were constant and variable X2 decreasing by 1%, then the RS variable (Y) would increase by 159%. Likewise, if the value of other variables was constant and variable X2 decreasing by 1%, then variable Y would decrease by 159%. The beta coefficient value of the ROE variable (X3) was 0.76, if other variables were constant and variable X3 increased by 1%, then variable RS (Y) would increase by 76%. Likewise, if the value of other variables was constant and variable X3 decreased by 1%, then variable Y would

decrease by 76%. The beta coefficient value of the FV variable (X4) was 0.001, if other variables were constant and variable X4 decreases by 1%, then variable RS (Y) would decrease by 0.1%. Likewise, if the value of other variables was constant and variable X4 increases by 1%, then variable Y would increase by 0.1%. The beta coefficient value of the DY (X5) variable was 1.48, if other variables were constant and variable X1 increased by 1%, then the RS (Y) variable would increase by 148%. Likewise, if the value of other variables was constant and variable X5 decreases by 1%, then the Y variable would decrease by 148%.

Table 7. Regression, Dependent Variable = Stock Return/Y

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.697456	2.400863	-0.707019	0.4808
SG/X1	0.516811	0.148551	3.479023	0.0007
NPM/X2	1.595586	0.651829	-2.447861	0.0157
ROE/X3	0.764682	0.153455	4.983113	0.0000
FV/X4	-0.001146	0.002705	-0.423761	0.6725
DY/X5	1.480150	0.536540	2.758696	0.0067

Source: Eviews 12, 2023

Test

The F test was used to examine the simultaneous influence of independent variables on the dependent variable. The criteria for this test are: if the F test value was < 0.05, there was a significant influence, as evidenced by the F table value. If the calculated F value was > the F table value, there was a significant influence, and vice versa (Ghozali, 2016). The following F test results refer to the simultaneous test results or F test in table 8. It could be seen that the probability value for the F test was 0.000000, with an F table value of 12.57434. This means that simultaneously, the variables sales growth, net profit margin, return on equity, firm value, and dividend yield had a significant positive influence on stock returns.

Table 8. Model Test

R-squared	0.329393
Adjusted R-squared	0.303197
S.E. of regression	7.546900
Sum squared resid	7290.329
Log likelihood	-457.9009
F-statistic	12.57434
Prob(F-statistic)	0.000000

Sales Growth Had A Positive And Significant Effect On Stock Returns

Table 7 showed that sales growth had a positive and significant effect on stock returns. A company's stock price was expected to increase in response to increased sales. This statement is supported by numerous previous studies. Research conducted by

Ariantara *et al.*, (2023) found a positive and significant relationship between sales growth and stock returns. The study also found that this relationship was stronger in companies with higher levels of profitability. The study also found that this relationship was stronger for companies with higher market capitalizations.

Net Profit Margin Had A Positive And Significant Influence On Stock Returns

Referring to the results in table 7 above, there was a positive and significant relationship between net profit margin and stock returns. This means that when a company's net profit margin is high, its stock price is more likely to rise. Companies with higher net profit margins are more profitable, meaning they generate more profit from each dollar of revenue. This makes them more attractive to investors. This statement was supported by numerous previous studies. A study conducted by Harahap (2023) aimed to determine how disclosure of accounting profit, total cash flow, and net profit margin impacted stock returns of pharmaceutical companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2022. The results were obtained from the company's financial reports available on the Indonesia Stock Exchange website. Based on the results, it could be concluded that disclosure of accounting profit and net profit margin were the main factors influencing stock returns of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange.

Return On Equity Had A Positive And Significant Effect On Stock Returns

The results of table 7 showed a highly significant and positive correlation between ROE (Return on equity) and stock returns. This indicated that a company's stock price was likely to increase when its ROE was high. Investors, who seek businesses with a solid track record of financial stability, find companies more attractive due to their stronger financial position. This statement was supported by numerous previous studies. Research conducted by Sari *et al.*, (2022) aimed to determine the effect of earnings per share (EPS), debt to equity ratio (DER), and return on equity (ROE) on stock prices in LQ45 companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period. Based on the research results, it could be concluded that EPS and ROE were important factors in influencing stock prices in LQ45 companies listed on the IDX.

Firm Value Did Not Have A Positive And Significant Effect On Stock Returns

A growing body of research table 7 showed that stock returns were not positively and significantly influenced by firm value. This contradicts conventional finance theory, which held that stock prices were primarily determined by firm value. There were several reasons why firm value may not be as meaningful as previously believed. One explanation may be that investors were more concerned with short-term factors than with long-term growth potential, such as sales and earnings growth. Furthermore, there had been a significant increase in the availability of information on company valuations in recent years, which may make it easier for investors to identify overvalued stocks. This assertion was supported by numerous previous studies. In a study conducted by Aisyah and Djuanda (2022) the research question in this study related to whether capital structure and firm value had a partial and simultaneous effect on stock returns in companies listed on the Jakarta Islamic Index from 2017 to 2021. Several other studies supported this

finding, including by Bailusy and Taslim (2019) stock returns were not significantly and favorably influenced by firm value. Firm value was a backward-looking metric derived from past company facts and data.

Dividend Yield Had A Positive And Significant Effect On Stock Returns

The correlation between dividend yield and stock returns was highly significant and positive (table 7). This implies that a company's stock price was more likely to increase when dividends were paid out high. Businesses with high dividends provide stable cash flow for investors. Investors seeking income, such as retirees, seek companies that could provide consistent cash flow. A company with high dividends could signal to investors that the company was successful and had the resources to pay dividends to shareholders. Therefore, the company became more attractive to investors. This statement was supported by Carlo and Siregar (2015) aimed to investigate the impact of dividend yield, sales growth, firm value, and company size on stock returns. The results showed that, collectively, dividend yield, sales growth, firm value, and firm size significantly influence stock returns

CONCLUSION

This study aimed to examine the effect of sales growth, net profit margin, return on equity, firm value, and dividend yield on stock returns in finance sector companies in Indonesia period of 2021-2022, using a sample of 17 companies that met the criteria set by the researcher. After data processing and analysis, the study concluded that the variables with a positive and significant effect on stock returns were sales growth, net profit margin, return on equity, and dividend yield. Firm value did not have a positive and significant effect on stock returns. Meanwhile, simultaneously or collectively, sales growth, net profit margin, return on equity, firm value, and dividend yield had a positive and significant effect on stock returns. The higher the value of each of these variables, the higher the expected stock returns by investors. Recommendations. This study was limited by the R2 value of 32.93%, while the remaining value was influenced by other variables not tested in this study. Therefore, it was recommended that future researchers added other variables to increase the R2 value. Other variables that may be added include company age, return on assets, share ownership rights, audit committee, etc.

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