International Journal of Current Science Research and Review
ISSN: 2581-8341
Volume 07 Issue 07 July 2024
DOI: 10.47191/ijcsrr/V7-i7-10, Impact Factor: 7.943
IJCSRR @ 2024

www.ijcsrr.org

Influence of Leverage, Profitability, and Price Share to Return Share in Manufacturing Companies on the IDX with Company Value as Intervening Variables

Hartiya Gesuri[1], Fahmi Natigor Nasution[2], Sirojuzilam Hasyim[3]
[1,2,3] Faculty of Economics and Business, University of North Sumatra Medan

ABSTRACT: There is fluctuation stock return value company manufacturers listed on the Indonesian Stock Exchange (BEI) from 2015 to 2019. Research This aim For test And analyze impact from various factor like Price Shares, Leverage, Profitability, and Company Value on Stock Returns. Study This use method descriptive quantitative. Sample study This is 18 reports finance company manufacturers listed on the IDX on in 2023. Data collection was carried out through reporting finance companies the. Data analysis was carried out use application SmartPLS. Results study showing that only Profitability and Price Share yuang can increase stock returns something company manufacturing on the Indonesian Stock Exchange. Company Values too proven No can mediate influence between variable study.

KEYWORDS: Leverage, Manufacturing, Profitability, Price Stocks, Stock Returns.

INTRODUCTION

Investment is the act of investing a sum of money or capital into a company or project with the aim of making a profit in the future. One common form of investment is through participation in the capital market. The capital market functions as a forum for collecting funds from the public and allocating them to various investment sectors. Many companies desire access to capital markets because it is considered a desirable achievement. The main criterion expected by investors who are willing to allocate funds through the capital market is a feeling of security regarding their investment.

The capital market acts as an intermediary in investment activities. One of the characteristics of the capital market is uncertainty regarding the company's future value. Meanwhile, the attractiveness of the capital market lies in its role as a means of allocating and collecting funds other than through the banking sector, giving investors the opportunity to choose the type of investment that suits their wishes. Investors invest with the aim of achieving returns, which in this case can be in the form of stock returns on the capital invested in the company. These returns can be manifested in the form of dividends and capital gains, which are collectively referred to as stock returns. Return itself includes the results obtained from investments, which can be realized returns that have occurred or expected returns that are expected to occur in the future (Jogiyanto, 2014).

Manufacturing companies listed on the Indonesia Stock Exchange (BEI) attract the attention of investors, especially because Indonesia has a large population. Production of products that meet people's daily needs can have a positive impact on company revenues, considering the size of the available market. Manufacturing companies that focus on products that are relevant to daily needs tend to have positive prospects. However, currently, the manufacturing industry is facing intense competition due to the entry of many imported products into the Indonesian market and the increase in illegal products, which is an obstacle for companies in capturing market share.

Stock returns are one of the motivational factors for investors to invest, and also function as a reward for investors' firmness in bearing the risks associated with their investments (Tandelilin, 2010). The level of stock return that an investor will receive is greatly influenced by the type of investment he chooses. In this context, there are two main components of investment returns, namely yield (yield) and capital gain (capital gain or loss). In determining the level of stock returns, this research uses a formula (Fahmi, 2013).

In connection with this explanation, there are fluctuations in stock returns in several manufacturing companies listed on the Indonesia Stock Exchange (BEI) during the period 2015 to 2023. The companies in question are Indocement Tunggal Prakasa

International Journal of Current Science Research and Review

ISSN: 2581-8341

Volume 07 Issue 07 July 2024

DOI: 10.47191/ijcsrr/V7-i7-10, Impact Factor: 7.943

IJCSRR @ 2024

www.ijcsrr.org

Tbk (INTP), Asahimas Flat Glass Tbk (AMFG), Alaskan Industrindo Tbk (ALKA), Duta Pertiwi Nusantara Tbk (DPNS), Sinergi Inti Plastindo Tbk (ESIP), Indonesia Fireboard Industry Tbk (IFII), and Kertas Basuki Rachmat Indonesia Tbk (KBRI).

The following are stock returns which mean that the average stock returns of several manufacturing companies listed on the Indonesia Stock Exchange (BEI) during the 2015-2023 period show fluctuations. There was a significant decrease in the average stock return from 2016 to 2017. Apart from that, there was also a decrease in the level of stock returns from 2017 to 2018. On the other hand, a change in trend occurred in 2019 with an increase in stock returns in companies. the company. Furthermore, there was a decrease in stock returns in 2020. In contrast to this, there was an increase in stock returns in 2021 and 2022, while there was a decrease again in 2023.

Here you can also see the explanation that in 2015, the share return value of several manufacturing companies listed on the Indonesia Stock Exchange (BEI) was 3.1%. Then, there was a significant increase in 2016, reaching 27.9%, but this was followed by a decline to 10.5% the following year. This downward trend continued in 2018, where share price returns fell by 5.4%. However, there was a positive change in the following year with an increase to 6.4%.

In connection with this explanation, in 2020 the stock return in question was 3.56%. Furthermore, there was an increase in 2021 and 2022, where the stock returns of several manufacturing companies listed on the Indonesia Stock Exchange reached 9.5% and 10.5%. Finally, there was a decline to 7.7% the following year.

Fluctuations in a company's stock returns can be a detrimental risk for share owners, considering that many investors tend to invest in companies that are able to provide high stock returns from the value of their investment. The fact that there is no certainty regarding the return that investors will receive when investing in shares makes it important for investors to make rational considerations. This involves gathering the various types of information necessary to make smart investment decisions and better manage risk.

In assessing the return potential of a stock, investors can consider several factors that influence the return. One of the main factors that can influence stock returns is leverage, which can be measured using the Debt to Equity Ratio (DER). This Leverage Ratio measures the extent to which a company funds its assets through debt, showing how much debt the company bears compared to its total assets. The results of this research support the findings of Listyarini (2021) which states that DER has a positive influence on stock returns.

However, there are differences in findings with research by Triwibowo & Murniningsih (2018), which states that DER does not have a significant influence on stock returns. This finding is in line with the results of research by Dewi, et al (2020), Tasya, et al (2020), and Wafiyah (2021), which show that DER has no influence on stock returns. The conclusion that DER has no effect on stock returns can be interpreted as an indication that investors may not have fully used the information contained in financial reports to make investment decisions, in accordance with the research results of Krismandi & Amanah (2021).

The second factor that influences stock returns is profitability, which can be projected using Return on Assets (ROA), as explained by Widiyanti (2019). ROA is a ratio used to assess a company's ability to generate net profit after tax, seen from the perspective of company assets. This ratio indicates how efficient the company is in generating net profit after tax for each unit of assets invested by shareholders or investors. A higher ROA level indicates a greater level of return on funds to shareholders or investors, in accordance with the explanation of Hidayati (2019).

The next factor that influences stock returns is share price. Share Price refers to the closing price of the stock market during the observation period for each type of stock sampled, and its fluctuations are observed by investors. As one of the basic concepts in financial management, the main goal of financial management is to maximize company value. For companies that have involved themselves in a public offering of shares (going public), achieving this goal can be realized by maximizing the market value of the relevant share price, in accordance with the concept described by Syamsuddin (2011).

Share prices are considered an indicator of a company's success because they reflect stock returns. In the stock market, stock prices can vary, high or low, depending on stock trends in the capital market. High share prices often reflect investors' great interest in company shares, while low prices can indicate the opposite (Sartono, 2015).

In connection with this explanation, this research will use the closing price for each share price. The closing price is the last price recorded for a company's shares before the close of the stock market. This is in line with the definition of closing price explained by Putri (2018).

International Journal of Current Science Research and Review
ISSN: 2581-8341
Volume 07 Issue 07 July 2024
DOI: 10.47191/ijcsrr/V7-i7-10, Impact Factor: 7.943
IJCSRR @ 2024

www.ijcsrr.org

In connection with the previous explanations, the following are the results of calculating Leverage Ratios, Profitability Ratios, Closing Prices from several companies that were previously examples. The calculation of the Leverage Ratio and Profitability Ratio is done by calculating and. Meanwhile, the Closing Price is determined by the share price. Based on this explanation, the following is the calculation of Leverage Ratios, Profitability Ratios, and Closing Prices for several Manufacturing companies listed on the IDX.

Indocement Tunggal Prakasa Tbk has a Leverage Ratio of 31%, a Profitability Ratio of 7%, and a Closing Price of IDR. 9,250. Furthermore, Asahimas Flat Glass Tbk has a Leverage Ratio of 101%, a Profitability Ratio of 75%, and a Closing Price of IDR. 5,850. Alaskan Industrindo Tbk and Duta Pertiwi Nusantara Tbk have leverage of 248% and 23%. Meanwhile, in terms of profitability, it is 8% and 107%. Finally, Sinergi Inti Plastindo Tbk and Indonesia Fireboard Industry Tbk have leverage of 0.03% and 1%. Finally, in terms of profitability, it is 529% and 25%, while in terms of Closing Price, the two companies are valued at IDR. 50 and Rp. 148.

Apart from Leverage, Profitability and Share Prices. Company value can also influence stock returns. Company value is basically the price an investor is willing to pay to buy shares of the company (Sartono, 2015). An opinion that is in line with this explanation comes from Sari (2017), who states that Company Value has the potential to increase the stock return of an entity.

The same research also adds that it is important for management to increase profitability as a step to increase stock returns and company value. Apart from that, company value can also function as a mediator in mediating the effect of profitability on stock returns. This finding is in line with Sartono (2014), who explains that by increasing company value, the entity can maximize the results obtained by shareholders.

Other research by Hartono (2014) also indicates things that are in line with this understanding. Hartono explained that company value, as measured by Price to Book Value, can increase the value of an entity's share returns. This research adds that shares with high market to book value tend to have greater returns. Therefore, it can be concluded that increasing company value has the potential to increase stock returns.

Based on previous explanations, there is still a research gap and with the phenomenon that occurs related to stock returns, researchers are interested in conducting further research regarding the Influence of Leverage, Profitability and Stock Prices on Stock Returns with Company Value mediating this relationship in listed manufacturing companies on the Indonesian Stock Exchange (BEI).

THEORETICAL BASIS

Signaling Theory

In this research, the author will refer to Signaling Theory as the basic research framework. Brigham and Houston (2014) define signal theory as the behavior of company management that provides clues to investors regarding management's views on the company's prospects in the future. Related to this concept, in the context of the signal theory framework, it is explained that the company's motivation to provide information arises because of asymmetry. information between company managers and external parties. One method to reduce information asymmetry is through sending signals to external parties, which can be in the form of positive and trustworthy financial information. This step aims to reduce uncertainty surrounding the company's future prospects, thereby increasing the company's credibility and success (Wolk et al., 2013).

Agency Theory

This research will also use agency theory to explain the relationship between the stock price variable and company value. Agency theory is a theory that describes the working relationship or contract of a principle with an agent. Agency theory can be interpreted as a theory that explains the employment contract relationship of one or more parties (principle) and involves another person (agent) to perform several services on their behalf, where this delegation of tasks also includes the delegation of some authority in making decisions (Jensen and Meckling, 1976). Jensen and Meckling (1967) explain that in a contractual relationship between a principle and an agent, there is a risk that arises from the nature or character of an agent who is delegated tasks and authority from the principle. Apart from the risk of differences in interests and desires between the principal and the agent, Eisenhardt (1989) explains that there is also the problem of the principle's difficulty in ascertaining what the agent is actually doing and has done. Sarens and Abdolmohammadi (2011) emphasized that internal supervision of an institution is an important mechanism in reducing problems arising from the employment contract relationship between the principal and agent.

International Journal of Current Science Research and Review
ISSN: 2581-8341
Volume 07 Issue 07 July 2024
DOI: 10.47191/ijcsrr/V7-i7-10, Impact Factor: 7.943
IJCSRR @ 2024

www.ijcsrr.org

Hypothesis

The Effect of Leverage on Company Value

Leverage describes how large or small the amount of debt used by a company to finance its operational activities. The purpose of using debt is to increase returns for shareholders. According to Brigham and Houston (2011), in signal theory, a very profitable company will try to avoid selling shares and prefer to obtain new capital by using debt. Changing debt composition will affect profits earned and share prices. Companies that increase the proportion of debt consider that the increase is beneficial for capital (Husnan and Pudjiastuti, 2006). Companies that raise debt tend to have rising share prices. Rising share prices reflect the assessment that investors give to the company.

This is also reinforced by the trade-off theory which states that a company's use of debt will have benefits in the form of tax savings (tax shiels), so every use of debt will increase the value of the company, however, assuming it does not exceed the optimal point for a company's use of debt (Hanafi , 2016). This is reinforced by the research of Dewi and Abundanti (2019), Damanik (2018), and Ali (2016), the results of which show that leverage has a significant positive effect on company value, thus the hypothesis to be tested is as follows:

H1: Leverage affects company value

The Effect of Profitability on Company Value

Profitability is one of the measuring tools used by managers or investors to assess company performance. In this case, the manager sees profitability as a target which can then become information for investors in considering the company's efficiency in generating profits from its investment. Profitability is a measure in assessing management's operational capabilities. Stable profitability will give investors confidence that the company has good performance in generating profits, thereby increasing company value. The higher the profit generated by a company, the greater the value of a company (Chen, 2018). Companies that have high profitability indicate that the company's performance is good, whereas low profitability indicates that the company's performance is declining. According to Toto (2018), a consistent level of profitability will enable the company to survive in its business by obtaining adequate returns compared to the risks.

In line with this explanation, a high profitability ratio indicates good company prospects, so it will provide a positive signal for investors. This will attract investors to buy shares, thereby increasing demand for company shares. The higher the demand from investors for shares, the higher the share price will be, which will increase the value of the company (Ali, 2016). This is reinforced by research by Sukarya and Baskara (2019), Nurminda, et al (2017), Widyantari and Yadnya (2017), and Rudiyanto and Putriani (2017) whose results show that profitability has a positive and significant effect on company value. Thus, the hypothesis to be tested is as follows:

H2: Profitability influences company value

The Effect of Share Prices on Company Value

Agency Theory put forward by Jensen & Meckling (1976) argues the relationship between shareholders as principals and company managers or management as agents. This theory states that there is a cooperative relationship between two parties based on a contract, namely between the authorizer and the person authorized, to make decisions related to company operations. Agency Theory is relevant in justifying research on company value, because poor company management will have an impact on achieving company value. Share price is an indicator that can influence company value. Shares with very high prices mean the company value will also be higher (Syahrinah, 2017). The share price is the price from the real market which reflects the price of a share in the current market or if the market closes, the market price is referred to as the closing price (Azis, 2015: 80). Research conducted by Rudangga & Sudiarta (2016) which is in line with the research results of Sukma & Teguh (2014) states that the high share price will affect the value of the company. High share prices reflect investors' appreciation of the company's value. Thus the following hypothesis is formulated:

H3: Share prices influence company value

The Effect of Leverage on Stock Returns

Based on the explanation in the previous section, Leverage is a measuring tool for how much an entity uses debt to finance the company. In other words, Leverage is a standard that someone can use to determine the size of the company based on the amount of capital originating from the company's debt (Putra, et al., 2016).

The same research adds that Leverage is generally calculated through the Total Debt to Equity Ratio or Debt to Equity Ratio (Maulita, 2017). Based on the same research, Maulita (2017) through a study conducted to examine the influence of Liquidity, Profitability, Leverage, Market Value and Activity on Stock Returns. This research uses a sample of 159 manufacturing companies listed on the Indonesia Stock Exchange during the 2012-2016 period.

The results of data analysis according to Asmi (2014) show that the Debt To Equity Ratio (DER) has a positive effect on stock returns. This shows that a positive DER indicates that a company is using up its debt obligations very quickly. Khan, et al (2013) examined the influence of capital structure and financial performance on stock returns in the textile industry in Pakistan. The research results show that the Debt To Equity Ratio positively influences stock returns.

Furthermore, Muradoglu and Sivaprasad (2014) examined the effect of leverage on stock returns in the hospital sector on the UK's London Stock Exchange (LSE). The results of the research show that there is an inverse and abnormal relationship between Leverage and Stock Returns. Wasim Ud Din (2017) examined stock returns using financial ratios in companies listed on the Pakistan Stock Exchange (PSX) for the 2001-2014 period. Based on this, researchers will develop research hypotheses such as:

H4: Leverage affects stock returns

The Effect of Profitability on Stock Returns

In terms of meaning, profitability is a measuring tool for an entity's ability to earn profits. This measurement is carried out by comparing sales or income on assets. In other words, profitability shows a company's ability to generate profits (Sujarweni, 2017).

In connection with this, Hendayana (2016) proves that profitability ratios influence the level of stock returns. Apart from that, this research is also supported by Puspitasari, et al (2017). Puspitasari, et al. (2017) prove that a company's ability to generate profits can influence the level of that company in getting stock returns. Both studies are supported by Mariana, et al. (2016), this research explains that profitability can influence the level of stock returns. Research conducted by Wasim Ud Din (2017) also explains something similar.

In contrast to these studies, there are several studies that prove different things. Isynuwardhana (2015) proves that a company's ability to earn profits from assets does not necessarily increase the entity's capability in generating stock returns. Asmi (2014) also explains something similar. This research proves that profitability financial ratios do not have a significant effect on stock returns. In proving the effect of Profitability on Stock Returns, researchers will develop research hypotheses such as:

H5: Profitability influences stock returns

The Effect of Stock Prices on Stock Returns

In connection with the previous explanation, Ridwan (2013) proves that share prices can increase the potential for stock returns. The same research adds that when stock prices increase, this indicates that the market is experiencing bullies, which means stock transactions are increasing and the potential for stock returns is also increasing.

Ryadi (2017) also added that when stock prices decline, this indicates that the market is experiencing bearish (sluggish), which means stock transactions are decreasing and the average stock return is decreasing. These two studies prove that the higher the share price, the maximum stock return. This illustrates that share prices have a positive effect on stock returns.

However, Sujarweni (2017) proves the opposite. This research proves that when the share price of a company increases, this does not necessarily determine the share return. This research is also supported by Isynuwardhana (2015) & Asmi (2014). So with this, researchers can formulate a hypothesis, namely:

H6: Share prices influence stock returns

The Influence of Company Value on Stock Returns

The company value variable calculated using Price to Book Value (PBV) is a ratio between the market price per share and book value, from which it can be said that PBV has a straight comparison with the market price per share. If the PBV ratio is considered high, it can indicate the prospect of a high market price per share in the eyes of investors. Companies with high PBV usually have high growth opportunities which can increase the company's value, which will attract investors to invest their funds. A high assessment of the company by the market or investors will cause an increase in demand for shares, which will be followed by an increase in the market price per share. So that the increase in share prices will affect the increase in share returns that investors will get (Ryadi, 2017).

This is in line with research by Damayanti and Marisa (2019), in their research using the Price to Book Value proxy, the results showed that company value had a positive and significant effect on stock returns. This is different from Wibowo's (2019) research which found that company value did not have a significant effect on stock returns. This is because there are differences in research objects, namely in Damayanti and Marisa's (2019) research using research objects of manufacturing companies listed on LQ 45 on the BEI for the 2009-2012 period, while in Wibowo's (2019) research using research objects of consumer goods industry companies listed on BEI period 2004-2006. So based on the description above, the first hypothesis of this research is:

H7: Company value influences stock returns

Level of Company Value as a Mediating Variable

Company Value in Mediating the Effect of Leverage on Stock Returns

Zulfa, et al (2018) prove that company value can mediate the effect of leverage on stock returns. The same research also added that based on the Sobel test, it is known that the company value variable as an intervening variable can mediate the relationship between the leverage variable and the value of stock returns.

In line with this explanation, Destri (2018) tested the effect of leverage on stock returns. This research proves that leverage can influence stock returns. The same research also adds that company value can mediate the effect of leverage on stock returns. Based on this explanation, researchers can develop a research hypothesis, namely:

H8: Company Value can mediate Leverage on Stock Returns

Company Value in Mediating the Effect of Profitability on Stock Returns

Kirana's research (2016) examined the effect of profitability on stock returns with company value as a mediating variable. Based on the Sobel test, the calculated t value = 6.0165 is greater than the t table with a significance level of 0.05, namely 1.96, indicating that company value mediates the relationship between profitability and stock returns.

In line with this explanation, Asrini (2020) in his research concluded that profitability has a positive effect on stock returns. This research also adds that the effect of profitability on stock returns can also be mediated by company value. Based on the explanation of these two studies, the researcher can formulate a hypothesis, namely:

H9: Company Value can mediate Profitability on Stock Returns

Company Value in Mediating the Effect of Stock Prices on Stock Returns

Furthermore, Ridwan (2013) proved that share prices can increase the potential for stock returns, where this is also mediated by company value. The same research adds that when stock prices increase, this indicates that the market is experiencing bullies, which means stock transactions are increasing and the potential for stock returns is also increasing.

Furthermore, Ryadi (2017) proves that when stock prices decline, this indicates that the market is experiencing bearish (sluggish), which means the average stock return has decreased, which is also related to the level of company value. This explanation illustrates that share prices can be mediated in their influence on stock returns by company value. Based on these studies, researchers can formulate several hypotheses. The hypotheses in question are:

H10: Company Value can mediate Stock Prices on Stock Returns

RESEARCH METHODS

The research that will be carried out, namely to analyze the level of influence of Leverage and Profitability on Stock Returns of Manufacturing Companies listed on the Indonesia Stock Exchange (BEI), can be categorized as explanatory research. In explanatory research, as explained by Sekaran and Bougie (2017), the aim is to explain the cause-and-effect or causal relationship between the independent variables and the dependent variable. The population is manufacturing companies listed on the Indonesia Stock Exchange for the 2015-2023 period. The population was taken from the source site www.indocement.co.id. Sampling used purposive random sampling technique. The purposive random sampling technique is a technique for determining samples with certain considerations (Sekaran and Bougie, 2017). A total of 18 companies constituted the population and the criteria applied in sampling were as follows: (1) Companies registered on the IDX in 2021. (2). Publish audited financial reports for the period 2021. (3). Companies that publish financial reports are stated in rupiah. (4). The company is in an IPO position in the 2021 period.

The data analysis technique for this research uses Structural Equation Modeling analysis. This analysis method is a multivariate statistical analysis method (Nasution, 2012). This analysis is used to test several regression equation models at once.

International Journal of Current Science Research and Review
ISSN: 2581-8341
Volume 07 Issue 07 July 2024
DOI: 10.47191/ijcsrr/V7-i7-10, Impact Factor: 7.943
IJCSRR @ 2024

www.ijcsrr.org

This analysis was carried out using SmartPLS software. In using SmartPLS software, there are several testing steps. The steps in question are Descriptive Analysis, Outer Model Testing, and Inner Model (Hair et al. 2014).

In connection with this explanation, Structural Equation Modeling analysis is used to test:

1. The Effect of Leverage on Company Value
2. Effect of Profitability on Company Value
3. Effect of Share Prices on Company Value
4. Effect of Leverage on Stock Returns
5. Effect of Profitability on Stock Returns
6. Effect of stock prices on stock returns
7. Influence of Company Value on Stock Returns
8. Company Value's ability to mediate the influence of Leverage on Stock Returns
9. Company Value's ability to mediate the influence of Profitability on Stock Returns
10. Company Value's ability to mediate the influence of Share Prices on Share Returns

RESEARCH RESULT

Descriptive statistics

This research uses financial report data from manufacturing companies listed on the IDX for the 2015-2023 period with 18 companies. Based on descriptive statistical data, information was obtained regarding the minimum, maximum, mean and standard deviation values of each variable in the research. The results of descriptive statistical data are presented in the table below:

Tabel 5. 1
Hasil Analisis Statistik Deskriptif

	No.	Missing	Mean	Median	Min	Max	Standard Devia...	Excess Kurtosis	Skewness
DER	1	0	1.122	0.730	0.000	5.290	1.060	6.840	2.235
ROA	2	0	0.479	0.430	0.010	1.900	0.441	2.165	1.283
Closing Price	3	0	261.283	168.000	0.270	925.000	274.336	-0.302	0.841
PER	4	0	0.433	0.220	0.050	1.800	0.453	1.497	1.469
Return Saham	5	0	293.212	224.000	0.270	960.000	299.030	-0.629	0.717

Validity test

Convergent Validity Test

In connection with the explanation above, in this section this research will carry out a validity test on the research variables. Following are the test results:

International Journal of Current Science Research and Review
ISSN: 2581-8341
Volume 07 Issue 07 July 2024
DOI: 10.47191/ijcsrr/V7-i7-10, Impact Factor: 7.943
IJCSRR @ 2024

www.ijcsrr.org

Tabel 5. 2
Hasil Uji Validitas Konvergen

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Harga Saham (X3)	1.000	1.000	1.000	1.000
Leverage (X1)	1.000	1.000	1.000	1.000
Nilai Perusahaan (Z)	1.000	1.000	1.000	1.000
Profitabilitas (X2)	1.000	1.000	1.000	1.000
Return Saham (Y)	1.000	1.000	1.000	1.000

Test Validity Discriminant

After variables study This has passed test validity converge, Step next is do test validity discriminant. Following results testing the:

Tabel 5. 3
Hasil Pengujian Uji Validitas Diskriminan

	Harga Saham (X3)	Leverage (X1)	Nilai Perusahaan (Z)	Profitabilitas (X2)	Return Saham (Y)
Harga Saham (X3)	1.000				
Leverage (X1)	0.075	1.000			
Nilai Perusahaan (Z)	-0.635	-0.316	1.000		
Profitabilitas (X2)	-0.144	-0.215	0.630	1.000	
Return Saham (Y)	0.758	0.101	-0.607	-0.314	1.000

Reliability Test

The next stage in evaluating the outer research model is to carry out a reliability test. When conducting a reliability test on respondent data, a study can use a Composite Reliability value of ≥0.6 so that respondent data can be declared to have passed the reliability test (Sugiyono, 2018).

Tabel 5. 4
Hasil Construct Reliability

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Harga Saham (X3)	1.000	1.000	1.000	1.000
Leverage (X1)	1.000	1.000	1.000	1.000
Nilai Perusahaan (Z)	1.000	1.000	1.000	1.000
Profitabilitas (X2)	1.000	1.000	1.000	1.000
Return Saham (Y)	1.000	1.000	1.000	1.000

International Journal of Current Science Research and Review
ISSN: 2581-8341
Volume 07 Issue 07 July 2024
DOI: 10.47191/ijcsrr/V7-i7-10, Impact Factor: 7.943
IJCSRR @ 2024

www.ijcsrr.org

Inner Model Testing

R2 value

Tabel 5. 5
Hasil Uji R-Square

	R Square	R Square Adjusted
Nilai Perusahaan (Z)	0.725	0.693
Return Saham (Y)	0.618	0.557

Hypothesis test

Finally, after the variables in this study passed the Validity, Reliability and ¬R-Square tests. Next, this research will test the hypothesis in this research. The tests in question are:

Tabel 5. 6
Hasil Uji Hipotesis

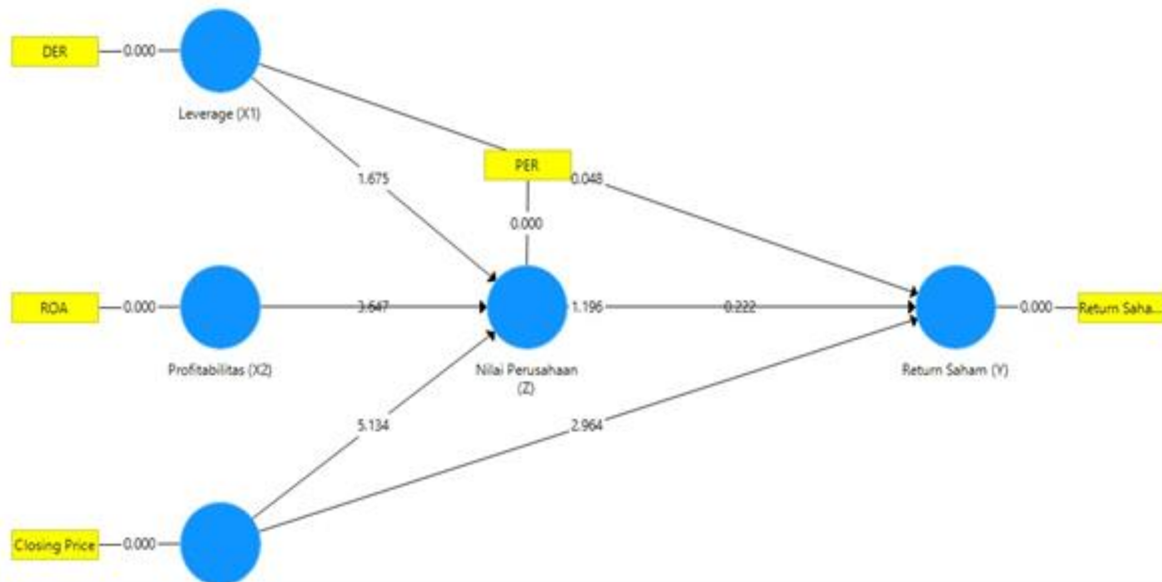
	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Profitabilitas (X2) -> Return Saham (Y)	-0.185	-0.197	0.155	1.196	0.232
Profitabilitas (X2) -> Nilai Perusahaan (Z)	0.516	0.495	0.142	3.647	0.000
Nilai Perusahaan (Z) -> Return Saham (Y)	-0.045	-0.060	0.205	0.222	0.824
Leverage (X1) -> Return Saham (Y)	-0.005	0.001	0.114	0.048	0.962
Leverage (X1) -> Nilai Perusahaan (Z)	-0.164	-0.167	0.098	1.675	0.095
Harga Saham (X3) -> Return Saham (Y)	0.703	0.672	0.237	2.964	0.003
Harga Saham (X3) -> Nilai Perusahaan (Z)	-0.548	-0.576	0.107	5.134	0.000

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Harga Saham (X3) -> Nilai Perusahaan (Z)					
Harga Saham (X3) -> Return Saham (Y)	0.025	0.042	0.121	0.205	0.838
Leverage (X1) -> Nilai Perusahaan (Z)					
Leverage (X1) -> Return Saham (Y)	0.007	0.014	0.036	0.206	0.837
Nilai Perusahaan (Z) -> Return Saham (Y)					
Profitabilitas (X2) -> Nilai Perusahaan (Z)					
Profitabilitas (X2) -> Return Saham (Y)	-0.023	-0.020	0.113	0.208	0.835

Analysis Model Output

In connection with the previous explanation, the following is the output of the analysis model in this research. The figure explains the relationship values between variables. Apart from that, the picture also explains the relationship between variables and their indicators.

International Journal of Current Science Research and Review
ISSN: 2581-8341
Volume 07 Issue 07 July 2024
DOI: 10.47191/ijcsrr/V7-i7-10, Impact Factor: 7.943
IJCSRR @ 2024
www.ijcsrr.org



Gambar 5. 1
Output Model Analisis

DISCUSSION

H1: Leverage affects company value

Leverage is a description of the amount of debt used by a company to finance its operational activities. The purpose of using debt is to increase returns for shareholders. According to Brigham and Houston (2011), in signal theory, a very profitable company will try to avoid selling shares and prefer to obtain new capital by using debt. Furthermore, company value is the level of welfare and prosperity of shareholders (Meidiawati and Mildawati, 2016).

This research proves that leverage does not affect company value. This is proven by the P-Value value which is greater than 0.05. Based on the results of descriptive statistical analysis, it is explained that there is a leverage value of 0.00 from the research sample. This can be a justification for Leverage's inability to influence Company Value.

In a different direction from Signal Theory, this theory explains that a very profitable company will try to avoid selling shares and prefer to obtain new capital by using debt (Meidiawati and Mildawati, 2016).

Based on this, the results of this research are different from Hanafi's research (2016). This research proves that leverage has a significant positive effect on company value. The results of this research are also supported by several studies, such as Dewi and Abundanti (2019), Damanik (2018), and Ali (2016).

H2: Profitability influences company value

Furthermore, this research proves that profitability can increase company value. In connection with this, based on meaning, Profitability is one of the measuring tools used by managers or investors to assess company performance. Profitability is a measure in assessing management's operational capabilities. Stable profitability will give investors confidence that the company has good performance in generating profits, thereby increasing company value (Chen, 2018).

In this regard, this research proves that profitability has an effect on company value. This is proven by the P-Value value of $0.00 < 0.05$. Based on the results of this research's descriptive analysis test, there are several companies that have the largest ROA value of 0.479 or 47%. This could be the reason why profitability affects company value.

International Journal of Current Science Research and Review
ISSN: 2581-8341
Volume 07 Issue 07 July 2024
DOI: 10.47191/ijcsrr/V7-i7-10, Impact Factor: 7.943
IJCSRR @ 2024

www.ijcsrr.org

Chen (2018) added that stable profitability will give investors confidence that the company has good performance in generating profits, so that it will increase company value. The higher the profit generated by a company, the greater the value of a company.

In line with this explanation, Toto (2018) proves that a consistent level of profitability will enable a company to survive in its business by obtaining adequate returns compared to its risks. The same research adds that high profitability indicates that the company's performance is good, whereas low profitability indicates that the company's performance is declining. In line with the explanation of signaling theory, a high profitability ratio indicates good company prospects, so it will provide a positive signal for investors. This will attract investors to buy shares, thereby increasing demand for company shares. The higher the demand from investors for shares, the higher the share price will be, which will increase the value of the company (Ali, 2016). This is also supported by research by Sukarya and Baskara (2019), Nurminda, et al (2017), Widyantari and Yadnya (2017), and Rudiyanto and Putriani (2017) whose results show that profitability has a positive and significant effect on company value.

H3: Share prices influence company value

In line with the previous explanation, this research proves that share prices can increase company value. This is proven by the P-Value value which is 0.00 < 0.05. The results of this research can be explained through the results of descriptive statistical analysis. Based on the results of this analysis, it is proven that the largest share price of the companies in the research sample is 925. This explains that high company value can also increase company value.

In line with this explanation, the results of this research are supported by the research results of Rudangga & Sudiarta (2016). This research explains that a high share price will affect the value of the company. Supporting this research, Sukma & Teguh (2014) added that high share prices reflect investors' appreciation of the company's value.

Furthermore, Agency Theory put forward by Jensen & Meckling (1976) argues the relationship between shareholders as principals and company managers or management as agents. This theory states that there is a cooperative relationship between two parties based on a contract, namely between the authorizer and the person authorized, to make decisions related to company operations. Agency Theory is relevant in justifying research on company value, because poor company management will have an impact on achieving company value.

H4: Leverage affects stock returns

Based on the explanation in the previous section, Leverage is a measuring tool for how much an entity uses debt to finance the company. In other words, Leverage is a standard that someone can use to determine the size of the company based on the amount of capital originating from the company's debt (Putra, et al., 2016). Furthermore, Stock Return is a result obtained from an investment. These results can be realized returns, which are results that have occurred, or returns that are expected in the future (Devi & Artini, 2019).

Based on this explanation, this research proves that leverage cannot influence stock returns. This is proven by the P-Value value which is greater than 0.05, namely 0.96. These results can also be explained through descriptive statistical analysis. According to the results of descriptive statistical analysis, the research sample has a leverage value of 0.00. This may be the basis of the argument that leverage cannot affect stock returns.

In contrast to the explanation of this research, Asmi (2014) shows that the Debt To Equity Ratio (DER) has a positive effect on stock returns. This shows that a positive DER indicates that a company is using up its debt obligations very quickly.

Khan, et al (2013) examined the influence of capital structure and financial performance on stock returns in the textile industry in Pakistan. The research results show that the Debt To Equity Ratio positively influences stock returns. Furthermore, Muradoglu and Sivaprasad (2014) examined the effect of leverage on stock returns in the hospital sector on the UK's London Stock Exchange (LSE). The results of the research show that there is an inverse and abnormal relationship between Leverage and Stock Returns.

H5: Profitability influences stock returns

In terms of meaning, profitability is a measuring tool for an entity's ability to earn profits. This measurement is carried out by comparing sales or income on assets. In other words, profitability shows a company's ability to generate profits (Sujarweni, 2017). Furthermore, Stock Return is the return on investment that investors want when making an investment. This return is obtained

International Journal of Current Science Research and Review
ISSN: 2581-8341
Volume 07 Issue 07 July 2024
DOI: 10.47191/ijcsrr/V7-i7-10, Impact Factor: 7.943
IJCSRR @ 2024

www.ijcsrr.org

through activities and the company's share price. One form of company return is dividends. Dividends are the distribution of profits generated by the company issuing shares to investors (Sutedi, 2015).

This research proves that profitability cannot influence stock returns. This is proven by the P-Value value which is greater than 0.05, namely 0.23. The results of this research can also be explained through descriptive statistical analysis. Based on this analysis, there are several companies that have a profitability level of 1% or 0.01%. This can be the basis for why profitability cannot influence stock returns, because the profitability value is too low to significantly influence stock returns.

This research is supported by Isynuwardhana (2015). The same research proves that a company's ability to earn profits from assets may not necessarily increase the entity's capability in generating stock returns. Asmi (2014) also explains something similar. This research proves that profitability financial ratios do not have a significant effect on stock returns. In contrast to this, Hendayana (2016) proves that profitability ratios influence the level of stock returns. Apart from that, this research is also supported by Puspitasari, et al (2017). Puspitasari, et al. (2017) prove that a company's ability to generate profits can influence the level of that company in getting stock returns. Both studies are supported by Mariana, et al. (2016), this research explains that profitability can influence the level of stock returns. Research conducted by Wasim Ud Din (2017) also explains something similar.

H6: Share prices influence stock returns

In meaning, share price is the stock price which is the closing price of the stock market during the observation period for each type of stock sampled and its movements observed by investors (Ridwan, 2013). Furthermore, Stock Return is the return on investment that investors want when making an investment. This return is obtained through activities and the company's share price (Sutedi, 2015).

This research proves that stock prices can influence stock returns. This is proven by the P-Value value which is less than 0.05, namely 0.00. In line with the previous explanations, this influence can also be explained by the average value of 261,283. This average value proves that the value of the share prices owned by the companies in the research sample is sufficient to influence the level of stock returns.

In line with this research, Ridwan (2013) proves that stock prices can increase potential stock returns. The same research adds that when stock prices increase, this indicates that the market is experiencing bullies, which means stock transactions are increasing and the potential for stock returns is also increasing.

Ryadi (2017) also added that when stock prices decline, this indicates that the market is experiencing bearish (sluggish), which means stock transactions are decreasing and the average stock return is decreasing. These two studies prove that the higher the share price, the maximum stock return. This illustrates that share prices have a positive effect on stock returns. On the other hand, Sujarweni (2017) proves that when the share price of a company increases, this does not necessarily determine the stock return.

H7: Company value influences stock returns

Furthermore, this research proves that company value cannot influence stock returns. This is proven by the P-Value of 0.824, which is greater than 0.05. This can be explained by the company value which has a minimum value of 0.050. In this regard, a small company value cannot significantly influence stock returns.

In contrast to the explanation of this research, Ryadi (2017) proves that by increasing company value, the share returns obtained by investors will also increase. This is in line with research by Damayanti and Marisa (2019). This research proves that company value has a positive and significant effect on stock returns.

This is different from Wibowo's (2019) research which found that company value did not have a significant effect on stock returns. This is because there are differences in research objects, namely in Damayanti and Marisa's (2019) research using research objects of manufacturing companies listed on LQ 45 on the IDX for the 2009-2012 period, while in Wibowo's (2019) research using research objects of consumer goods industry companies listed on BEI period 2004-2006.

H8: Company Value can mediate Leverage on Stock Returns

In line with the previous explanation, this research proves that a company's leverage cannot be mediated by company value in its influence on stock returns. This is proven by the P-Value value which is greater than 0.05. The P-Value of the level of mediation of Company Value on the influence of Leverage on Stock Returns in this research is 0.837.

The inability of Company Value to mediate the influence of Leverage on Company Value can also be explained through the results of descriptive statistical analysis. Based on the results of this analysis, the Leverage value has the smallest value of 0.000. This

International Journal of Current Science Research and Review
ISSN: 2581-8341
Volume 07 Issue 07 July 2024
DOI: 10.47191/ijcsrr/V7-i7-10, Impact Factor: 7.943
IJCSRR @ 2024

www.ijcsrr.org

proves that there are several companies that do not use leverage in their business processes. Based on this, Company Value cannot mediate the influence of Leverage on Company Value because the Leverage value is low.
In contrast to this research, Zulfa, et al (2018) prove that company value can mediate the effect of leverage on stock returns. The same research also added that based on the Sobel test, it is known that the company value variable as an intervening variable can mediate the relationship between the leverage variable and the value of stock returns.
In line with this explanation, Destri (2018) tested the effect of leverage on stock returns. This research proves that leverage can influence stock returns. The same research also adds that company value can mediate the effect of leverage on stock returns.

H9: Company Value can mediate Profitability on Stock Returns
In line with previous research, this research proves that Company Value cannot mediate the effect of Profitability on Stock Returns. This is proven by the P-Value value of 0.835. Based on the results of descriptive statistical analysis, the smallest value of the profitability variable is 0.010. The low level of profitability in the companies sampled in this study could result in the inability of Company Value to mediate the influence of Profitability on Stock Returns.
In contrast to the results of this study, Kirana's research (2016) examined the effect of profitability on stock returns with company value as a mediating variable. Based on the Sobel test, the calculated t value = 6.0165 is greater than the t table with a significance level of 0.05, namely 1.96, indicating that company value mediates the relationship between profitability and stock returns.
In line with this explanation, Asrini (2020) in his research concluded that profitability has a positive effect on stock returns. This research also adds that the effect of profitability on stock returns can also be mediated by company value.

H10: Company Value can mediate Stock Prices on Stock Returns
Lastly, this research also proves that the influence of stock prices on stock returns cannot be mediated by company value. This is proven by the P-Value value which is greater than 0.05, namely 0.838. In line with the previous explanation, one of the reasons why Company Value cannot mediate the influence of Share Prices on Share Returns is the company value which has the smallest value of 0.050. This explains that there are several companies that have a company value of 5%. If the company value is too low, this variable cannot mediate the influence of stock prices on stock returns.
In contrast to this research, Ridwan (2013) proves that stock prices can increase potential stock returns, where this is also mediated by company value. The same research adds that when stock prices increase, this indicates that the market is experiencing bullies, which means stock transactions are increasing and the potential for stock returns is also increasing.
Furthermore, Ryadi (2017) proves that when stock prices decline, this indicates that the market is experiencing bearish (sluggish), which means the average stock return has decreased, which is also related to the level of company value. This explanation illustrates that share prices can be mediated in their influence on stock returns by company value.

REFERENCE

1. Agung Anugrah, Muhammad Syaicu, 2017," Analysis of the Effect of Return on Equity, Debt to Equity Ratio, Current Ratio, and Price to Book Value on Sharia Stock Returns", Diponegoro Journal of Accountung, Vol. 6, no. 1.
2. Aisah and Mandala, 2016, "The Influence of Return On Equity, Earning Per Share, Firm Size, and Operating Cash Flow on Stock Returns", Unud Management Journal, Vol. 5, no. 11.
3. Almira and Wiagustini, 2020, "Return On Assets, Return Of Equity, and Earning Per Share Influence Stock Returns", E-Jurnal of Management, Vol. 9, no. 3, pp. 1069-1088.
4. Baramuli et al, 2020, "The Influence of Return On Assets, Return On Equity, and Debt Equity Ratio on Stock Returns in the Food and Beverage Subsector on the Indonesian Stock Exchange", EMBA Journal, Vol. 8, no. 1, pp. 272-281.
5. Br Pruba, Neni Merlina, 2019, "The Influence of Profitability, Liquidity and Leverage on Stock Returns of Manufacturing Companies on the IDX", Journal of Financial and Business Accounting, Vol 2, No 2.
6. Bramantyo Nugroho, Daljono, 2013, "The Influence of Financial Performance on Stock Returns (Empirical Study of Automotive and Component Companies Listed on the Indonesian Stock Exchange for the 2005-2011 Period)", Diponongoro Journal of Accounting, Vol 2, No1.

International Journal of Current Science Research and Review
ISSN: 2581-8341
Volume 07 Issue 07 July 2024
DOI: 10.47191/ijcsrr/V7-i7-10, Impact Factor: 7.943
IJCSRR @ 2024

www.ijcsrr.org

7. Budiraharjo, 2018, "The Influence of Profitability and Financial Leverage on Share Returns in Food and Beverage Consumption Industry Companies Listed on the Indonesian Stock Exchange", Profita Scientific Accounting and Taxation, Vol. 11, no. 3.
8. Devi and Artini, 2019, "The Influence of ROA, ROE, PER, and Exchange Rates on Stock Returns", E-Journal of Management, Vol 8, No 7, Pages 4183-4212.
9. Dewi and Sudartha, 2019, "The Influence of Profitability, Liquidity, Leverage, and Company Size on Stock Returns in Food and Beverage Companies", Management E-Jurnal, Vol 8, No 2
10. Febrioni, Rio, 2016, "The Influence of Stock Returns On Assets, Return On Equity, Earning Per Share, And Current Ratio On Stock Returns (In Companies Listed On The LQ45 Index On The Indonesia Stock Exchange 2011-2015", e-Proceedings Of Management, Vol. 3, No. 3.
11. Gunadi and Kusuma, 2015, "The Influence of ROA, DER, EPS, on IDX Food and Beverage Company Stock Returns", Unud Management e-Journal, Vol. 4, no. 6.
12. Imam Ghozali, 2011, Multivariate Analysis Application with the SPSS 19 Program, Semarang, Undip Publishing Agency.
13. Mahardika and Artini, 2017, "The Influence of Market Ratios and Profitability Ratios on Company Share Returns on the Indonesian Stock Exchange", Unud Management Journal, Vol. 6, no. 4.
14. Mawardi et al, 2020, "Factors that influence stock returns in LQ45 companies listed on the Indonesian Stock Exchange (BEI) for the 2016-2018 period", E-JRA, Vol. 9, no. 9. Faculty of Economics and Business, Islamic University of Malang.
15. Puspitadewi and Rahyuda, 2016, "The Influence of DER, ROA, PER and EVA on Stock Returns in Food and Beverage Companies on the IDX", Unud Management E-Journal, Vol. 5, no. 3
16. Samalam et al, 2018, "The Influence of Return On Assets, Return Of Equity, and Debt Equity Ratio on Insurance Company Share Returns on the IDX for the 2012-2016 Period", EMBA Journal, Vol 6, No. 4, pp. 3863-3872.
17. Sugiarti, et al, 2015, "The Influence of Company Financial Performance on Stock Returns (Study of Manufacturing Companies Listed on the Indonesian Stock Exchange)" Journal of Management Applications, Vol. 13.No. 2.
18. Tumonggor et al, 2017, "Analysis of the Influence of Current Ratio, Return on Equity, Debt to Equity Ratio and Growth on Stock Returns in Cosmetics and Household Industries Listed on the IDX for the 2010-2016 Period", EMBA Journal, Vol. 5, no. 2.
19. V. Wiratna Sujaweni, 2014, SPSS for Research, Yogyakarta, Pustaka Baru Pres
20. Wikan Budi Utami, 2014, "Analysis of the Effect of EVA, ROA, and ROE on Stock Returns in Manufacturing Companies on the Indonesian Stock Exchange 2006-2008", Journal of Accounting and Tax, Vol. 14, no. 02
21. Worotikan et al, 2021, "The Influence of Current Ratio (CR), Debt To Equity Ratio (DER), Return On Assets (ROA), and Return On Equity (ROE) on Stock Returns in Food and Beverage Companies Listed on the Indonesia Stock Exchange in 2014-2018”, EMBA Annual, Vol. 9, no. 3, pp. 1296-1305.