

The Impact of Fundamental Factors and Inflation on Abnormal Return on Registered Service Company on the Indonesia Stock Exchange

Yusmita Kumala, Taufiq and Sa'adah Siddik
Universitas Sriwijaya, Palembang, Indonesia

Keywords: Abnormal return, return on asset, debt to equity ratio, current ratio, inflation

Abstract: This research was conducted to examine the impact of fundamental factors and inflation on *abnormal return* on service companies listed on the IDX. The aim of this research is to test and analyze the effect of fundamental factors and inflation on abnormal return on service companies listed in the Indonesia Stock Exchange in 2011 up to 2015. Dependent variables in this study are *abnormal returns*, while independent variables in this study are *return on asset*, *debt to equity ratio*, *current ratio*, and inflation as a control variable. The population of this research is a service company listed on the Indonesia Stock Exchange (IDX) in 2011- 2015. Total sample of this research is 87 companies determined by purposive sampling. The data were analyzed using the classic assumption test, multicollinearity test, normality test, heteroscedasticity test, data analysis using multiple linear regression, determination coefficient test (R^2), statistical test t and statistical f test, and test the control variable using covariance analysis. Partial test results (t test) indicate that *return on assets*, *debt to equity ratio*, *current ratio* have a significant positive effect on *abnormal return*. The test results together (f test) shows that *return on assets*, *debt to equity ratio*, *current ratio* together have an effect on *abnormal return*. While the results based on the results of covariance analysis, *return on assets*, *debt to equity ratio*, *current ratio* influenced by inflation control variables together become insignificant to *abnormal returns*.

1 INTRODUCTION

The capital market is a market that is used for various long term financial instruments and transactions, such as bonds, stocks and mutual funds. The capital market can be one of the alternatives that can be used to obtain funding sources for other companies or institutions and as a means of investment for investors. The capital market has two functions, namely: (1) for the company as a means of obtaining funds from the investors (investors) for the financing of the enterprise business, and (2) for the public as a place to invest in profit through financial instruments, such as stocks, bonds, and mutual fund.

Investors who invest in capital market by buying company shares will expect a good return in the future from stock investment that has been invested in the capital market. Efficient market is the speed and completeness of a securities market price in responding to relevant information. The efficient

capital market is the price of a stock that has reflected an information related to the company's management activities and prospects in the future and when new information about the company appears, the stock price will change reflects the information (Zaenal, 2005). One way that investors can use in assessing a company's stock, which is by observing the fundamental factors that companies are issuing shares in the capital market. One of the information available in the market is earnings in the income statement. Virginia, Manurung, & Muliawati(2012) Earnings information that raises the reaction of the investor market is said to assess the content of information. This reaction can be measured using *abnormal return*. Research conducted by Purbawati, Arifati, & Andini, (2016) to determine the effect of stock split before and after announcement of average abnormal return and trading volume activity before and after the stock split announcement date. The results showed a significant increase in the Average Abnormal Return (AAR) following a stock split policy. Then the

research done by Randina & Fachrizal(2016) with the results of the research that there is a significant difference in stock trading volume of companies between the period before and after the ISRA award 2012-2014period.

The phenomenon of abnormal return is known from using the calculation of the difference between the actual return (actual return) occurs with the expected return (expected return). Positive abnormal return indicates that the actual return of the stock during the period of the event is greater than the expected return expected by the investors. Negative abnormal returns indicate that the actual return in the stock of the event period is lesser than the expectation return expected by the investor.

In addition to the phenomenon of abnormal return, then the other phenomenon that affects is a fundamental factor consisting of return on assets, debt to equity ratio and current ratio. Fundamental analysis is one of the ways to evaluate stocks by studying or observing various indicators related to macroeconomic conditions and a company's industrial conditions including various financial indicators and corporate management. The greater the ROA would be for the company, as it shows that the total assets used for the company's operations can provide profits for the company. Return on assets is a ratio that illustrates the company's ability to generate profits. This ratio shows profitability in relation to the rate of return on investment. Together, this ratio measures the performance of the company's operations. Return on Assets (ROA) is a ratio of profitability that compares the company's operating profit (EBIT) with its total assets (Hery, 2015).Debt to Equity Ratio (DER) is the ratio used to measure the extent to which the company is financed by debt. DER is not good if it continues to increase every year, it indicates that the use of debt in financing the investment in assets is getting bigger. Then the next fundamental factor, namely the current ratio. Basically liquidity ratio analysis is used to illustrate the company's ability to settle its short-term liability. This is because the company has not been able to meet current liabilities with current assets owned by the company. This ratio can be said to be good if this ratio is above 1 or above 100% means that current assets should be far above the current liabilities.

In addition to fundamental factors affecting abnormal returns, macroeconomic factors contribute to the abnormal return, which is inflation. In this study inflation variable is a control variable that affects abnormal return. High levels of inflation can dampen people's purchasing power as well as

rising production factor prices. It usually affects the pessimist assumption about the prospect of a company that produces goods or services affected by inflation so that it can affect the stock price offering of the firm and ultimately result in the movement of the stock price index on the Indonesia Stock Exchange.

While research conducted by Kalengkongan, (2011) with the results of the study shows that partially and simultaneously interest rates and inflation have an effect on profitability measured by return on assets. Interest rates have a significant and positive effect on profitability measured by return on assets, and Inflation has a significant and negative effect on profitability measured by return on assets indicating high inflation leads to the slow movement of macro assets. Government banks can stabilize their interest rates and inflation on banking finance so that firms can increase their profits. Positive influence of inflation, the company tends to have the opportunity to profit in accordance with the target in the business plan. Stable inflationary conditions make the company inclined to have the opportunity to allocate some of the profit gains to undertake business expansion. When the inflation condition is obtained according to expectation, it will have an impact on improving the results of a fundamental factor analysis of a company, one of which is the profit gaining increase. (Fahmi, 2011).

Differences in research will be done with previous research, which are variable sizes used and combined in a period with different research objects. Independent variables used are fundamental factors measured by profitability that are proxied by return on assets, leverage that is proxied with debt to equity ratio, and liquidity provisional with current ratio. Inflation variables in this study are used as control variables. Then the dependent variable used is the stock abnormal return. In addition, this research was conducted on service companies listed on the Indonesia Stock Exchange which are grouped by several sectors and subsectors such as energy, toll road, airport, port and building construction, telecommunications, transportation, and non building construction.

The reason the researcher uses a service company, because the service company is a developing company at the moment. As an example of the infrastructure sub-sector, which is the basic necessity of organizing the structural system required for public sector and private sector economic guarantees as necessary services and facilities with the aim of the economy to function properly. Therefore, researchers are keen to

investigate the Influence of Fundamental Factors and Inflation Against Abnormal Return on Listed Services Companies in Indonesia Stock Exchange.

2 LITERATURE REVIEW

Signaling theory is developed in economics and finance to take into account the fact that insiders generally have better and faster information relating to current conditions and company prospects as compared to outside investors. The emergence of asymmetric information according to (Zaenal, 2005) makes it difficult for investors to objectively assess the quality of the company. The emergence of this asymmetric information problem makes investors on average give lower ratings to all company shares. This trend in signaling theory is called pooling equilibrium, as good quality companies and poor quality companies are included in the same "Pool" assessment. Signaling theories predict that the company's highest profitability and growth, its performance will be good.

Understanding signalling theory according to Fahmi (2016) is a theory that discusses the rise and fall of prices in the market that will affect the investor's decision. The concept of signaling theory is very important, as for investors rising and decreasing stocks in the market will give positive and negative signals. Whatever the information that comes from the condition of the stock of a company is always to give effect to the decision of the investor as the party who captures the signal. In addition, Jensen and Meckling say that the signal theory shows there are three additional elements that can limit the deviant behaviors performed by agents. These elements are the management of the labor market, the capital market and the market elements of the market for the desire to dominate and dominate the ownership of the company (Jensen & Meckling, 1976).

The implications of signalling theory according to Karim (2015) assume that companies with superior performance (good companies) are financial information to transmit signals to market. This shows that the cost of the signal is higher on the bad news than good news. In addition, it was found that bad news companies were not worth replicating and also sending unreliable signals.

Abnormal returns according to Jogiyanto (2010) are the advantages of a real return on normal return. Normal return is the expected return (return expected by the investor). Therefore, an abnormal return is the difference between the actual return that

occurs with the expected return. Return is actually a return that occurs at $t-t$ where the difference in price is now relative to the previous price, while expectation return is a return that must be estimated.

Return expectations are the expected benefits of an investor in the future against the funds he has placed. Hope describes something that can happen beyond expectations. For example, an investor expects to earn a profit of 25%, but it turns out that it only gets 22%, it can be understood that the profit of 22% can still be said to get a return. Return actual according is a condition that indicates that investors have a positive value or greater value than the expected return. On the contrary, investors have a negative value or a smaller value than return actual (Fahmi, 2016)

Fundamental analysis is a securities analysis that uses fundamental data and external factors related to business entities. The fundamental data in question are financial data, market share data, business cycle and the like. While external factor data relating to business entities are government policies, interest rates, inflation and the like. Considering these data, fundamental analysis results in an analysis of the assessment of a business entity with the conclusion whether the company is a stock worth buying or not.

Return On Assets is a ratio illustrates the company's ability to generate profits. This ratio shows profitability in relation to the rate of return on investment. Together, this ratio measures the performance of the company's operations. The ratio of debt to equity ratio is also called debt-to-equity ratio. This ratio shows how far the company is financed by debt. The debt to equity ratio is calculated by dividing the total debt of the firm with shareholders' equity. Current ratio or current ratio is also called current assets divided by short-term liabilities. This ratio is to measure the ability of the company to meet its immediate short-term debt obligations using current available assets (Hery, 2015).

Inflation is an event that describes the situation and condition where the price of the goods increases and the value of the currency is weakening, and if this happens continuously, it will result in worsening overall economic conditions (Fahmi, 2011). This definition can be understood that inflation is an endangering factor for the economy that is capable of creating a very difficult to overcome effect that ends in a state that can overthrow a ruling government.

Research conducted Yanti (2012) by testing abnormal return before and after the launch of the Indonesia Sharia Stock Index (ISSI). The result of

this study concludes the abnormal return of the stock during the observation period 15 days before the launch of ISSI. While for 10 days and 5 days before launch and 15 days, 10 days, 5 days after launch ISSI test one sample t-test showed no abnormal return. On the test by using paired sample t-test can be abnormal there is difference of abnormal return at observation period of 15 days. While for observation period 10 days and 5 days there was no difference of abnormal return.

Research conducted Harahap (2012) on the analysis of the difference in return and abnormal return of shares before and after the announcement of the right issue at the financial institutions listed on the Indonesia Stock Exchange. From the above test results, the Abnormal Return Shares before the announcement of the Right Issue was equally significant with abnormal Return Shares after the announcement of the Right Issue. The reason is because, statistically, if the significance of the t value of 2001, 2002, 2003, 2004, 2005, and 2006 is greater than that. This indicates that there is no significant difference in abnormal stock returns prior to announcement after the announcement.

Research Virginia et al., (2012) analyzes the effect of earnings announcements on Abnormal Return shares with results of earnings announcements to market and content of information. This is indicated by the significant difference between the average abnormal return on the 15th day and the average abnormal return during the period of the event, meaning that the market reacts to earnings announcements. Meanwhile, research conducted by N. P. S. Dewi & Putra(2013) which discusses the influence of right issue announcement on abnormal return and stock trading volume. Based on the results of the data analysis it was found that the right issue announcement did not have a significant effect on the abnormal return of companies that did the right issue but significantly affected the stock trading volume.

Research (F.N., 2013) analyzes the relationship between economic development and abnormal return on the Amman stock exchange. The results show that the consumer price index, the fixed capital formation and the money in the stock abnormal return index are statistically significant and there is no significant industrial production index. And interest rate index money market and abnormal return. Researchers emphasize on the economic variables of fiscal and monetary policy in the Jordanian economy, which is characterized as rapid growth and therefore should be a continuous

analysis of market factors and determine the impact on abnormal returns for firm stocks.

Research Chrisnanti(2015) on the difference in actual return value, expected return, abnormal return, trading volume activity and security activity before and after merger on companies listed on the Indonesia Stock Exchange. Test results show actual return, expected return, abnormal return, trading volume activity and security activity that merger in the 30-day observation period before the merger activity is no different than after the merger activity.

Research Randina & Fachrizal(2016) analyzes the comparison of financial performance, abnormal return and stock trading volumes between the periods before and after the Indonesia Sustainability Reporting Award (ISRA). The results showed that: (1) There was no significant financial performance difference between the period before the ISRA achievement and the period after the achievement when the proxy used was the net profit margin and sales growth. However, with earning per share used as a proxy of financial performance, the difference between periods already exists. (2) There is no significant difference in abnormal return between the period before the achievement of the ISRA and the period after the achievement. (3) There is a significant difference in stock trading volumes between the period before the achievement of the ISRA and the period after the achievement.

Problem Formulation

Based on the background above which will be the formulation of the problem in this study are: What is the effect of fundamental factors and inflation on abnormal return on service companies listed on the Indonesia Stock Exchange?

Research Objectives

The purpose of this study is to test and analyze the effect of fundamental factors and inflation on abnormal return on service companies listed on Indonesia Stock Exchange

Hypothesis

Based on the above description, the hypotheses of this research are fundamental factors measured with profitability ratio proxied by return on assets, ratio of leverage is proxied by debt to equity ratio and liquidity ratio is proxied by current ratio and inflation as control variable has an effect on abnormal return.

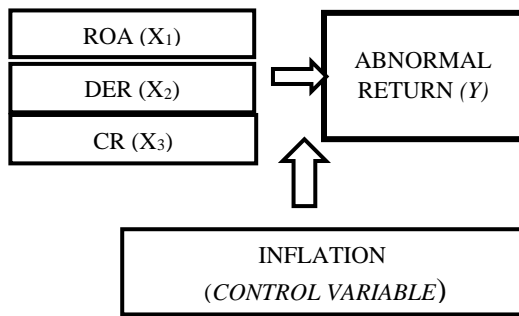


Figure 1. Research Model

3 RESEARCH METHOD

This type of research is a type of quantitative research. Quantitative research, a study aimed at explaining causal relationships between independent variables and dependent variables through hypothesis testing (Kuncoro, 2013). The object of this research is a service company listed on the Indonesia Stock Exchange during the period 2011-2015.

Independent variables in this study are fundamental factors that are measured by return on assets (X1), debt to equity ratio (X2), current ratio (X3), and (X4) inflation as control variables. Dependent variable in this research is stock abnormal return (Y). Analysis techniques used in this study are double linear regression analysis and classic assumptions.

Data type used in this research is quantitative data. Data sources in this study use secondary data. According to (Kuncoro, 2013), secondary data is a data usually collected by a data collection board and published to the data user community. Secondary data that will be used in this research is the financial statement data of the service company starting from 2011-2015 which is sourced from www.idx.co.id.

Dependent variable in this study is abnormal return. According to (Jogiyanto, 2010) an abnormal return is the return of an investor who does not meet the expectations. Abnormal return is the difference between the expected return and the gain it receives. The difference in return is positive if the gain is greater than the expected return or calculated return. Whereas the return will be negative if the returned gain is less than the expected return or calculated return. The abnormal return to be used as a dependent variable in the research is by formula:

$$AR_t = R_{it} - R_{mt} \quad (1)$$

Model estimation used in this test is a market model, since it is considered that the best guesser to estimate the return of a security is the return of the current market index. Calculation of this model, namely:

1. To calculate the actual price (Rit) used daily stock price data calculated by

$$R_{it} = \frac{P_t - P_{t-1}}{P_{t-1}} \quad (2)$$

description:

- R_{it} = share price of accruals
- P_{it} = stock price period t
- P_{i-t} = stock price

2. To calculate the market return in the estimate period, the daily market price is used by the Joint Stock Price Index (JCI). Market returns can be calculated by the formula:

$$R_{mt} = \left(\frac{[IHSJG]_t - [IHSJG]_{(t-1)}}{[IHSJG]_{(t-1)}} \right) \quad (3)$$

Description:

- R_{mt} = market return
- IHSJG_t = Joint Stock Price Index period t
- IHSJG_{t-1} = Stock Composite Index before period t

3. To calculate abnormal return (ARIT) will be used market price method, according to (Jogiyanto, 2014), abnormal return can be calculated by formula:

$$AR_{it} = R_{it} - R_{mt} \quad (4)$$

Description:

- AR_{it} = abnormal return of the 1st security of the t-period
- R_{it} = return actually happened to the 1st security t-event period
- R_{mt} = expectation return market

Independent variables in this study are fundamental factors that are measured by financial ratios consisting of return on assets, debt to equity ratio, current ratio and inflation.

Return on Assets

Return on assets or return on investment is a form of profitability ratio to measure the ability of an entity to generate profits by using the total assets available and after capital costs (costs used to fund the assets) are excluded from the entity. (Irfan, 2014). The ROA indicator in this study is as follows:

$$\text{ROA} = \frac{\text{Earning After Tax (EAT)}}{\text{Total Assets}} \quad (5)$$

Current Ratio

This ratio compares short-term liabilities with short-term resources available to meet those liabilities (Horne & Jhon, 2012)

Control Variable

The coefficient variable in this study is inflation rate. Inflation by Fahmi(2011) is an increase in prices generally and continuously over a period of time. The rise in high prices will lead to high inflation, this condition will have an effect on rising production costs. High production costs will cause the price of manufactured goods to rise, and this will reduce the purchasing power of the people. Decreasing public purchasing power will lower the company's profits resulting in decreasing company performance.

Decrease in corporate performance as the impact of inflation will be felt by all existing companies. So no company can avoid the impact of inflation. This condition will affect the capital market, which results in high uncertainty in the company's share price.

Variable Controls or complementary variables to complement or control their causal relationships to better obtain a more complete and better empirical model. These control variables are not the main variables examined and tested, but rather to other variables that have the effect of influence (Jogiyanto, 2010). Indicators used in this study are to calculate the magnitude of the inflation rate can be used The Price Index, as follows:

$$\text{IR}_x = (\text{IHK}_x / \text{IHK}_{x-1} \cdot 100) - 100 \quad (6)$$

Analysis Technique

Multiple Linear Regression Analysis
Generally, Y observation data is influenced by free variables X1, X2, X3, Xn so the general formula of this multiple linear regression is:

$$Y = \alpha_0 + \alpha_1 X_{1it} + \alpha_2 X_{2it} + \alpha_3 X_{3it} + \alpha_4 X_{4it} + e... \quad 7$$

Y : Abnormal Return
X1 : Variable Return On Assets
X2 : Variable Debt To Equity Ratio
X3 : Variable Current Ratio
X4 : Inflation Variable
 α_1 : Regression coefficient
a : Constant
e : Standard Error

4 RESULTS AND DISCUSSION

This study uses a sample of 87 service companies from various sectors listed on the Indonesia Stock Exchange (IDX) during the period 2011-2015. Based on the criteria set out of the population of 149 service companies listed on the IDX during the period 2011-2015, there were 44 service companies with IPOs, 7 service companies that compiled their financial statements with currencies other than the rupiah and 11 loss service companies during the 2011-2015 period. The total number of listed companies in this study amounted to 87 companies.

Abnormal Return is the difference between the actual return that occurs with the expected return. An abnormal return will be positive if the expected return is greater than the calculated return. While the abnormal return will be negative if the gain is less than expected or calculated return. From stitatic analysis it is known that the company that gives the highest abnormal returns between 2011-2015 is PT. Asuransi Multi Artha Guna (AMAG) is 3,2029 while the lowest abnormal return during the 2011-2015 period is provided by PT. Reinsurance Company of Indonesia. Tbk (MREI) of -1,571. From the table above it can be seen that the average service firms that became sample in this study gave a negative abnormal return. This means that the realized return does not match the expected return.

Return on Assets is a measure of the company's effectiveness in generating profits by utilizing its assets. Return on Assets is measured by comparing net income to assets owned by the company. The higher the return on asset means a good-looking company generates profits. Based on the table it can be seen that the highest value of fundamental return on asset (ROA) value during 2011-2015 is PT. Royal Oak Development. Tbk (RODA) with a value of 1.44838 which occurred in 2015, if viewed from 2011, this company experienced an increase in the ability to generate profits from its assets ie 0.0056 in

2011, 0.2925 in 2012, 0.1555 in 2013 and 0.1587 in 2014. While the lowest return on asset during 2011-2015 is PT Bank Internasional Indonesia with the value of 0.0050 that occurred in 2014. From 2011 to 2015 there was a fluctuation of the company's ability in returning profits from its assets of 0.0071 in 2011, increased to 0.0105 and 0.0112 in 2012 and 2013 and again rising in 2015 to 0.0073.

Debt to equity ratio is a debt to equity ratio. This ratio measures how far the company financed by debt, which increasingly indicates this ratio illustrates the bad phenomenon for the company. Debt improvement will ultimately affect the size of the company's profits. This will give a bad signal to investors. The highest debt to equity ratio during 2011-2015 is PT. Bank Artha Graha Internasional. Tbk (INPC) with a value of 15,62025 ie in 2011. This shows that the company has a dependency on debt in its operational finance. If we see from 2011 to 2015, there is a decrease in debt to equity ratio ratio of 9.61193 in 2012, then decreased in 2013 to 7,12573, in 2014 and 2015 the ratio of DER in the company at 8%. This suggests that the company seeks to reduce dependence on debt in its operational financing. While the lowest debt to equity ratio during pe 2011 2011-2015 is PT. Bank Pan Indonesia. Tbk (PNBN) with a value of 0.00643 that occurred in 2014. From 2011 to 2013, there was a huge debt to equity ratio of 6.88611 in 2011, 7,43124 and 7,21986 in 2012 and 2013. Meanwhile, in the year of 2015 the company made a loan so the ratio of debt to equity ratio increased again at 4.94%.

Current ratio shows the company's ability to meet its short-term liabilities with the company's current assets. The greater the ratio of current assets to short-term liabilities, indicating the higher the company's ability to meet its short-term obligations, this will likely increase the credibility of the company in the eyes of investors. The highest current ratio is PT. Bank Bumi Arta, Tbk (BNBA) with a value of 12,980 in 2012 and the lowest current ratio is PT. Bank CIMB Niaga, Tbk is a magnificent value of 0.0062 in 2012. The value of the current asset value of the service companies fluctuates, indicating that there is a change in the liquidity of the company every year.

Multiple linear analysis is used to find out how much influence the variables used in this research are return on assets, debt to equity ratio and current ratio to abnormal return. processing equation of multiple regression analysis as follows:

$$Y=1,860+1,342X_1+0.254X_2+0.335X_3+0,890X_4 +e \quad (8)$$

Multicollinearity test

From test result indicates that the tolerance value is greater than 0.1 and the value of VIF is less than 10 which means that the variable return on assets, debt to equity ratio, current ratio and inflation to the abnormal return are multicollinearity. From test result indicates that the tolerance value is greater than 0.1 and the value of VIF is less than 10 which means that variable return on assets, debt to equity ratio, current ratio and inflation to multicollinearity-free abnormal returns.

Heterokedasticity Test

The heterokedasticity test results show that all independent variables consisting of return on assets, debt to equity ratio, current ratio and inflation have significance value greater than 0.05. Thus the model made does not contain symptoms of heterokedasticity, so it is feasible to use to predict. The model summary the adjusted R² is 0.934. This means that 93.4% of abnormal return variables can be explained by variable return on assets, debt to equity ratio and current ratio. While the rest 100% - 93.4% = 6.6% is explained by reasons beyond the research model.

The first hypothesis of the return value of the return on asset to abnormal return is significant because the return on asset value to the abnormal return has a significant value of 0,000 <0,05 so that the first hypothesis is accepted. The second hypothesis of the value of debt to equity ratio to abnormal return has a significant value of 0,000 <0,05 and the third hypothesis has a value of current ratio variable to abnormal return of 0,000 <0,05 so the second and third hypotheses are accepted.

The results shows that covariate variables are not significant. It is shown by Adjusted R² value of 81.4% without covariate to 81.2% with variable covariate. So, it can be concluded that the model is good. While the effect of return on sset, debt to equity ratio and current ratio interaction is not significant as a result of variable covariate inflation.

Corelational Studies

Correlational study is a study with conditions involving control variables performed by using product moment correlation by using partial correlation method. The higher the control variable, it can control all independent and dependent variables. The result shows no correlational between debt to equity ratio and current ratio to abnormal return. It is shown that the value of return on assets

has a correlation value of -0,059. Debt to equity ratio has a correlation value of 0.137 and current ratio has a correlation value of -0,059.

The Impact of Return On Assets Against Abnormal Return. Result of t test in multiple regression analysis in this research is the return on asset has a significant positive effect on abnormal return. This is indicated by the value of $t_{count} > t_{table}$ that is $5,581 > 1,98932$ significantly smaller than the confidence level, that is $0,000 < 0,05$.

The results of this study are in line with the research conducted Pouraghajan, Emamgholipour, Niazi, & Samakosh(2012), Zuliarni (2012), Anhar & Abdullah (2014), Raningsih & Putra (2015) and Ariyanti(2016) shows that the profitability ratio has a positive effect on the stock return. Return on assets reflect how many companies have earned revenue from financial resources invested in companies. Profit-producing companies reflect the performance of a good company so that stock prices and stock returns increase. Investors will capture the information and will choose to invest in profit-taking companies, thereby gaining return on stocks invested and reducing the risks from such investments.

Influence of Debt to Equity Ratio Against Abnormal Return. The result of t test in multiple regression analysis on the influence of Debt to Equity Ratio on abnormal return is Debt to Equity Ratio positively affects the abnormal return so the hypothesis can be accepted. This is indicated by the value of $t_{count} > t_{table}$ that is $39,719 > 1,98932$ and the significant value is smaller than the confidence level, that is $0,000 < 0,05$. Based on the theory that debt to equity ratio according to Fahmi (2016: 73) is a measure used in analyzing financial statements to show the amount of collateral available to creditors. Debt to equity ratio is preferred because the ideal firm has a debt to equity ratio = 1 or debt = equity. The higher the debt to equity ratio, the more debt to the company than the equity it holds. The results are in line with the research conducted by Aisyah (2009) Ullah & Shah (2014), Raningsih & Putra (2015), and P. E. D. M. Dewi (2016). The result of debt to equity ratio research has a positive effect on stock return. The results show that the debt to equity ratio positively affects the stock return. It reflects the optimum utilization of the company's debt so there are benefits earned by using its debt. Companies that are able to capitalize on debt well and optimally will provide greater returns and returns than just using their own capital (Raningsih & Putra, 2015)

The increased use of debt, which is reflected by the greater debt ratio (ratio of debt to total assets), on earning the same profit before interest and tax

(EBIT) will result in a larger profit per share. If earnings per share increases, it will have an impact on increasing stock prices or stock returns, so theoretically debt to equity ratio will have a positive effect on stock returns (Susilowati & Turyanto, 2011). These results indicate that there are different considerations from some investors in looking at debt to equity ratio. By some investors debt to equity ratio is considered the company's responsibility to third parties ie creditors who lend to the company. So the greater the value of debt to equity ratio will increase the company's liabilities. Nevertheless, it seems that some investors actually view that growing companies will definitely need debt as additional funds to meet the funding of a growing company. The company needs a lot of operational funds that are unlikely to be met only from the company's own capital. This condition led to the possibility of a growing company in the future which led to an increase in stock returns. This study uses signal theory as the basic theory. According to Brigham and Houston signal theory is an act taken by a company's management to provide investors with guidance on how the management assessed the prospects of the company. Firms with very bright prospects prefer not to fund through new stock offerings, while firms with bad prospects are fond of funding with outside equity. The information contained in the financial statements is a company signal to stakeholders who can influence decision making (Parwati & Sudiarta, 2016).

Influence of Current Ratio on Abnormal Return. Based on the result of the test, the result of the current ratio has positive effect on abnormal return. This is shown by the value of $t_{count} > t_{table}$ of $26,359 > 1,98932$ and significance value of $0,000 < 0,05$, which means that the value of significance in this study is smaller than the specified level of trust. This research is based on the research conducted by Aisyah (2009), Amanah, Atamanto, & D(2014), Parwati & Sudiarta, (2016) and Y.Saputri & H.Soekotjo(2016) ratio has a significant positive effect on stock return. The larger the current assets and the current liabilities the higher the company's ability to cover its short-term obligations. The higher the current ratio, it can be said that the company has a greater ability to meet its short-term financial obligations. The better the current ratio reflects the more liquid the company. This is a signal given by the company to investors, so it will be able to increase the company's stock return. Current ratio according to Fahmi (2016) is a commonly used measure of short-term solvency, the ability of a firm to meet the needs of debt upon maturity. The

condition of a company with a good current ratio is considered to be a good and good company, but if the current ratio of assets viewed too high is considered good. On behalf of the company's manager has a high current ratio considered to be good, even the creditors view that the company is in a state of affairs.

5 CONCLUSION

Based on the results of data analysis and discussion, it can be concluded that the return on assets partially and togetherly have a significant and positive effect on the abnormal return. This suggests that the magnitude of return on assets on the company has an effect on abnormal return received by investors and indicates that investors see return on assets have a role in making investment decisions. The debt to equity ratio Test partially and togetherly have a significant and positive effect on abnormal return on BEI-listed service companies for the period 2011-2015. These results indicate different considerations from some investors in view of the debt to equity ratio. By most debt-to-equity investors, it is seen by the company's liability to third parties ie creditors who lend to companies. So the greater the value of debt to equity ratio will increase the company's liabilities. Nevertheless, it seems that some investors actually view that growing companies will definitely need debt as additional funds to meet the funding of a growing company. The company needs a lot of operational funds that are unlikely to be met only from the company's own capital. This condition led to the possibility of a growing company in the future which led to an increase in stock returns. The current ratio test are partially and togetherly have a significant and positive effect on the abnormal return on the BEI-listed service companies for the period 2011-2015. This shows that the small ratio of the current ratio affects stock return, the increasing current ratio will give a positive signal to the investor, thereby increasing the stock price which will ultimately affect the return that the investor will receive. This shows that the current ratio can be the consideration of investors in investing. Test results together (f Test) variable return on assets, debt to equity ratio, current ratio and inflation together have an effect on abnormal return so that the research model can be used.

For Further Researchers, it is necessary to conduct a more detailed analysis of the research sample by combining the financial variables and the macro and micro variables used so that there is a

clear distinction to further research. For the Company, investors who will decide on the share sale and purchase decision should be made based on the real phenomenon and the latest phenomenon. Always pay attention to the condition of the capital market so that it is directly or indirectly clearly the difference.

REFERENCES

- Agustina, L., & Kianto, F. (2012). Pengumuman Informasi Laba Akuntansi Terhadap Abnormal Return Pada Perusahaan Yang Tergabung dalam Indeks LQ45. *Jurnal Akuntansi*, 4, 135–152.
- Aisyah, I. S. (2009). Pengaruh Variabel-Variabel Keuangan pada Initial Return Saham di Pasar Perdana. *Trikonomika*, 8(1), 22–31.
- Amanah, R. D., Atamanto, & D, F. A. (2014). Pengaruh Rasio Likuiditas dan Rasio Profitabilitas Terhadap Harga Saham (Studi Pada Perusahaan Indeks LQ 45 Periode 2008-2012). *Jurnal Administrasi Dan Bisnis*, 12(1)
- Anhar, P., & Abdullah, H. (2014). Analisis Pengaruh Return on Asset, Debt to Total Asset dan Debt to Equity Ratio Terhadap Devidend Payout Ratio Pada Perusahaan Manufaktur Yang Terdaftar di Bursa Efek Indonesia Periode 2009-2011. *Jurnal Dinamika Ekonomi*, 7(2), 13–31.
- Ariani, A. D., Topowijono, & Sulasmiyati, S. (2015). Analisis Perbedaan Abnormal Return Dan Likuiditas Saham Sebelum Dan Sesudah Right Issue (Studi padaPerusahaan-Perusahaan yang Terdaftar di Bursa Efek Indonesia Tahun. *Jurnal Administrasi Bisnis (JAB)*, 33(2), 49–58.
- Ariyanti, A. I. (2016). Pengaruh CR, TATO, NPM dan ROA Terhadap Return Saham. *Jurnal Ilmu Dan Riset Manajemen*, 5(4).
- Awudu, Y., Sampson, S., & Esumanba, V. (2013). Determinants of Abnormal Returns on the Ghana Stock Exchange. *Research Journal of Finance and Accounting*, 4(11), 7–17.
- Ayu Era Swandewi, Gusti dan Made Mertha, I. (2013). Abnormal Return Portofolio Winner-Loser Saham Manufaktur di PT. Bursa Efek Indonesia. *Udayana, E-Jurnal Akuntansi Universitas*, 5(1), 85–99.
- Chrisnanti, F. (2015). Perbedaan Nilai Actual Return , Expected Return , Abnormal Return , Trading Volume Activity Dan Security Return Variability Sebelum Dan Sesudah Merjer Pada Perusahaan Yang Terdaftar. *Jurnal Bisnis Dan Akuntansi*, 17(1), 1–9.
- Dewi, N. P. S., & Putra, I. N. W. A. (2013). Pengaruh Pengumuman Right Issue Pada Abnormal Return Dan Volume. *E-Journal Akuntansi Universitas Udayana*, 3, 163–178.
- Dewi, P. E. D. M. (2016). Pengaruh Rasio Likuiditas, Profitabilitas, Solvabilitas, Aktivitas dan Penilaian Pasar Terhadap Return Saham. *Jurnal Ilmiah*

- Akuntansi*, 1(2), 109–132.
- F.N., A.-S. (2013). Analysis of The Relationship Between Economic Forces And Abnormal Stock Return: Empirical History of Amman Stock Exchange (ASE). *Polish Journal Of Management Studies*, 8, 7–15.
- Fahmi, I. (2011). *Analisis Kinerja Keuangan*. Bandung: Alfabeta.
- Fahmi, I. (2016). *Pengantar Manajemen Keuangan Teori dan Soal Jawab*. Bandung: Alfabeta.
- Harahap, A. (2012). Analisis Perbedaan Return dan Abnormal Return Saham Sebelum dan Setelah Pengumuman Right Issue Pada Lembaga Keuangan Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Ekonomi*, 20(September), 1–12.
- Hery. (2015). *Analisis Laporan Keuangan (Pendekatan Rasio Keuangan)*. Bandung: Kencana.
- Horne, J. Van, & Jhon. (2012). *Prinsip-Prinsip Manajemen Keuangan*. Jakarta: Salemba Empat.
- Irfan, F. (2014). *Analisis Laporan Keuangan*. Bandung: Alfabeta.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Jogiyanto, H. M. (2010). *Teori Portofolio dan Analisis Investasi*. Yogyakarta: BPFE.
- Kalengkongan, G. (2011). Tingkat Suku Bunga dan Inflasi Pengaruhnya Terhadap Return on Asset (ROA) Pada Industri Perbankan yang Go Publik di Bursa Efek Indonesia. *Jurnal EMBA*, 1(4), 737–747.
- Karim, A. (2015). *Bank Islam: Analisis Fiqih dan Keuangan Lainnya*. Jakarta: PT. Rajawali Pers.
- Kasmir. (2015). *Analisis Laporan Keuangan*. Jakarta: Raja Grafindo.
- Kuncoro, M. (2013). *Metode Riset untuk Ekonomi dan Bisnis – Bagaimana Meneliti dan Menulis Tesis?* (4th ed.). Jakarta: Erlangga.
- Agustina, L., & Kianto, F. (2012). Pengumuman Informasi Laba Akuntansi Terhadap Abnormal Return Pada Perusahaan Yang Terdaftar dalam Indeks LQ45. *Jurnal Akuntansi*, 4, 135–152.
- Aisyah, I. S. (2009). Pengaruh Variabel-Variabel Keuangan pada Initial Return Saham di Pasar Perdana. *Trikonomika*, 8(1), 22–31.
- Amanah, R. D., Atamanto, & D, F. A. (2014). Pengaruh Rasio Likuiditas dan Rasio Profitabilitas Terhadap Harga Saham (Studi Pada Perusahaan Indeks LQ 45 Periode 2008-2012). *Jurnal Administrasi Dan Bisnis*, 12(1)
- Anhar, P., & Abdullah, H. (2014). Analisis Pengaruh Return on Asset, Debt to Total Asset dan Debt to Equity Ratio Terhadap Dividend Payout Ratio Pada Perusahaan Manufaktur Yang Terdaftar di Bursa Efek Indonesia Periode 2009-2011. *Jurnal Dinamika Ekonomi*, 7(2), 13–31.
- Ariani, A. D., Topowijono, & Sulasmiyati, S. (2015). Analisis Perbedaan Abnormal Return Dan Likuiditas Saham Sebelum Dan Sesudah Right Issue (Studi pada Perusahaan-Perusahaan yang Terdaftar di Bursa Efek Indonesia Tahun. *Jurnal Administrasi Bisnis (JAB)*, 33(2), 49–58.
- Ariyanti, A. I. (2016). Pengaruh CR, TATO, NPM dan ROA Terhadap Return Saham. *Jurnal Ilmu Dan Riset Manajemen*, 5(4).
- Awudu, Y., Sampson, S., & Esumanba, V. (2013). Determinants of Abnormal Returns on the Ghana Stock Exchange. *Research Journal of Finance and Accounting*, 4(11), 7–17.
- Ayu Era Swandewi, Gusti dan Made Mertha, I. (2013). Abnormal Return Portofolio Winner- Loser Saham Manufaktur di PT. Bursa Efek Indonesia. *Udayana, E-Jurnal Akuntansi Universitas*, 5(1), 85–99.
- Chrisnanti, F. (2015). Perbedaan Nilai Actual Return , Expected Return , Abnormal Return , Trading Volume Activity Dan Security Return Variability Sebelum Dan Sesudah Merjer Pada Perusahaan Yang Terdaftar. *Jurnal Bisnis Dan Akuntansi*, 17(1), 1–9.
- Darmadji, T. (2006). *Pasar Modal Indonesia : Pendekatan dan Tanya Jawab*. Jakarta: PT. Salemba Empat.
- Dewi, N. P. S., & Putra, I. N. W. A. (2013). Pengaruh Pengumuman Right Issue Pada Abnormal Return Dan Volume. *E-Journal Akuntansi Universitas Udayana*, 3, 163–178.
- Dewi, P. E. D. M. (2016). Pengaruh Rasio Likuiditas, Profitabilitas, Solvabilitas, Aktivitas dan Penilaian Pasar Terhadap Return Saham. *Jurnal Ilmiah Akuntansi*, 1(2), 109–132.
- F.N., A.-S. (2013). Analysis of The Relationship Between Economic Forces And Abnormal Stock Return: Empirical History of Amman Stock Exchange (ASE). *Polish Journal Of Management Studies*, 8, 7–15.
- Fahmi, I. (2011). *Analisis Kinerja Keuangan*. Bandung: Alfabeta.
- Fahmi, I. (2016). *Pengantar Manajemen Keuangan Teori dan Soal Jawab*. Bandung: Alfabeta.
- Harahap, A. (2012). Analisis Perbedaan Return dan Abnormal Return Saham Sebelum dan Setelah Pengumuman Right Issue Pada Lembaga Keuangan Yang Terdaftar Di Bursa Efek Indonesia. *Jurnal Ekonomi*, 20(September), 1–12.
- Hery. (2015). *Analisis Laporan Keuangan (Pendekatan Rasio Keuangan)*. Bandung: Kencana.
- Horne, J. Van, & Jhon. (2012). *Prinsip-Prinsip Manajemen Keuangan*. Jakarta: Salemba Empat.
- Irfan, F. (2014). *Analisis Laporan Keuangan*. Bandung: Alfabeta.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)
- Jogiyanto, H. M. (2010). *Teori Portofolio dan Analisis Investasi*. Yogyakarta: BPFE.
- Kalengkongan, G. (2011). Tingkat Suku Bunga dan Inflasi Pengaruhnya Terhadap Return on Asset (ROA) Pada Industri Perbankan yang Go Publik di Bursa Efek Indonesia. *Jurnal EMBA*, 1(4), 737–747.
- Karim, A. (2015). *Bank Islam: Analisis Fiqih dan Keuangan Lainnya*. Jakarta: PT. Rajawali Pers.

- Kasmir. (2015). *Analisis Laporan Keuangan*. Jakarta: Raja Grafindo.
- Kuncoro, M. (2013). *Metode Riset untuk Ekonomi dan Bisnis – Bagaimana Meneliti dan Menulis Tesis ?* (4th ed.). Jakarta: Erlangga.
- Parwati, R. R. A. D., & Sudiartha, G. M. (2016a). Pengaruh Profitabilitas, Leverage, Likuiditas dan Penilaian Pasar Terhadap Return Saham Pada Perusahaan Manufaktur. *E-Jurnal Manajemen Unud*, 5(1), 385–413.
- Parwati, R. R. A. D., & Sudiartha, G. M. (2016b). Pengaruh Profitabilitas, Leverage, Likuiditas dan Penilaian Pasar Terhadap Return Saham Pada Perusahaan Manufaktur. *E-Jurnal Manajemen Unud*, 5(1), 385–413.
- Permana, H. T., Sutejo, B. S., & Si, M. (2013). Perbedaan Abnormal Return Pada Sektor Keuangan Sebelum dan Sesudah Peristiwa Pilkada Gubernur DKI Jakarta 20 September 2012. *Jurnal Ilmiah Mahasiswa Universitas Surabaya*, 2(1), 1–9.
- Pouraghajan, A., Emamgholipour, M., Niazi, F., & Samakosh, A. (2012). Information Content of Earnings and Operating Cash Flows: Evidence from the Tehran Stock Exchange. *International Journal of Economics and Finance*, 4(7), 41–52. <https://doi.org/10.5539/ijef.v4n7p41>
- Purbawati, T. D., Arifati, R., & Andini, R. (2016). Pengaruh Pemecahan Saham (Stock Split) Terhadap Trading Volume Activity Dan Average Abnormal Return Pada Perusahaan Yang Terdaftar Di Bursa Efek. *Journal of Accounting*, 2(2), 1–12.
- Putra, E. M., Kepramareni, P., & Novitasari, N. L. G. (2016). Pengaruh Kinerja Keuangan, Inflasi dan Tingkat Suku Bunga Terhadap Nilai Perusahaan. In *Seminar Nasional 2016*. Depasar.
- Randina, T. M. M., & Fachrizal. (2016). Analisis Perbandingan Kinerja Keuangan , Abnormal Return Dan Volume Perdagangan Saham Antara Periode Sebelum Dan Sesudah Meraih Indonesia. *Jurnal Ilmiah Mahasiswa Ekonomi Akuntansi (JIMEKA)*, 1(2), 71–83.
- Raningsih, N. K., & Putra, I. M. P. D. (2015). Pengaruh Rasio-Rasio Keuangan dan Ukuran Perusahaan Pada Return Saham. *E-Jurnal Akuntansi Udayana*, 13(2), 582–599.
- Sadikin, A. (2011). Analisis Fundamental Return Saham dan Volume Perdagangan Saham, Sebelum dan Sesudah Peristiwa Pemecahan Saham (Studi pada Perusahaan yang Go Publik di Bursa Efek Indonesia. *Jurnal Manajemen Dan Akuntansi*, 12(April), 25–34.
- Susilowati, Y., & Turyanto, T. (2011). Reaksi Signal Rasio Profitabilitas Dan Rasio Solvabilitas Terhadap Return Saham Perusahaan. *Dinamika Keuangan Dan Perbankan*, 3(1), 17–37.
- Tehrani-zadeh, N. R., & Torabi, R. (2015). The impact of abnormal returns of shares on slump of one-day shares price in 50 top companies listed in Tehran Stock Exchange (2003-2013). *Journal of Scientific Research and Development*, 2(3), 34–37.
- Virginia, S., Manurung, E. T., & Muliawati. (2012). Pengaruh Pengumuman Earnings Terhadap Abnormal Return Saham. *Jurnal Administrasi Bisnis*, 8(1), 1–20.
- Wei, Y.-C., LU, Y.-C., & LIN, I.-C. (2013). The Impact Of Financial News and Press Freedom on Abnormal Returns Around Earnings Announcement Periods in The Shanghai, Shenzhen and Taiwan Stock Markets. *Romanian Journal of Economic Forecasting*, 32(1), 44–45. <https://doi.org/10.1002/fut>
- Wibowo, F. W. (2015). *Pengaruh Kinerja Keuangan Terhadap Return Saham Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia*. Thesis Universitas Muhammadiyah Surakarta.
- Yanti, F. (2012). Pengujian Abnormal Return Saham Sebelum dan Sesudah Peluncuran Indeks Saham Syariah Indonesia (ISSI). *Jurnal Manajemen*, 1(September), 1–7.
- Yulita, I. G. . A. A., & Suwarta, I. K. (2014). Pengaruh Faktor Fundamental dan Ekonomi Makro Pada Return Saham Perusahaan Consumer Good. *E-Jurnal Akuntansi Universitas Udayana*, 8, 353–370.
- Zaenal, A. (2005). *Teori Keuangan & Pasar Modal*. Yogyakarta: Ekonisia Kampus Fakultas Ekonomi UII.
- Zuliarni, S. (2012). Pengaruh Kinerja Keuangan Terhadap Harga Saham Pada Perusahaan Mining and Mining Service di Bursa Efek Indonesia. *Jurnal Aplikasi Bisnis*, 3(36–48).