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RESEARCH ARTICLE

Antecedents of Stock Returns with ROE as a Moderator (Case Study of Non-Cyclical Consumer Sector Companies Listed on the Indonesia Sharia Stock Index 2018-2022)

Reza Amelia[a], Muhammad Nasrullah[b]
[abc]*Faculty of Islamic Economics and Business, K.H. Abdurrahman Wahid State Islamic University Pekalongan*

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ABSTRACT

Stock Return is the main condition, goal and reason for purchasing shares. Therefore, investors need to know the antecedents of stock returns so this research was conducted to test, analyze and find out the antecedents of stock returns including operating cash flow, accounting profit, sales growth and company size with ROE as moderating. This research uses a sample of 21 Consumer Non-Cyclicals Sector Companies listed on the Indinesian Sharia Stock Index for 2018-2022 using a sampling technique, namely the purposive sampling method, with a total of 75 data processed. Technical data analysisi uses multiple linear regression tests and Moderated Regression Analysis (MRA) tests using SPSS version 26. The research results show that accounting profits have an effect on stock returns, while operating cash flow, sales growth and company size have no effect on stock returns. Then ROE as a moderator, moderates the influence of sales growth and company size on stock returns, and does not moderate the influence of operating cash flow and accounting profits on stock returns. With these result, it is hoped that this research will contribute to the theorethical development of the field of financial accounting and be able to provide additional information as a reference and consideration for investors in purchasing shares.

1. Introduction

The development of the capital market in Indonesia has been increasing every year along with the growing knowledge of the public regarding financial planners. As a means of bringing together issuers and investors, with the object of trade being securities (Affandi et al., 2022), the capital market is increasingly favored by the public for investing their funds, particularly in sharia-compliant stock instruments. Shares are stated as proof of capital participation by an individual (investor) in a company or limited liability company (Abi, 2016). The increase in stock instruments is partly due to the opportunity for higher returns compared to other capital market instruments. In line with this, it is explained (Hariyani & Purnomo, 2010) that the risk of loss incurred is also much greater. Therefore, careful and thorough consideration when purchasing stocks is necessary so that losses can be avoided and, on the contrary, returns can be obtained.

*Corresponding author:
Email address: rezameliaza@gmail.com, muh.nasrullah@uingusdur.ac.id
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Return is the primary condition, goal, and reason sought by investors for their desire to allocate funds through the purchase of shares in both conventional and sharia capital markets. If the return provided by the company to investors is substantial, it will certainly motivate investors, thereby increasing investment and positively impacting the company's value in the market. However, this does not mean that it serves as a basis that all companies will definitely provide returns in line with investors' expectations. However, despite this, there are still many cases of investors who invest in stocks solely because they are tempted by high returns without having adequate knowledge and skills in stock investing, resulting in only losses. One of the loss cases in 2020 was experienced by an investor in the purchase of shares in a company with the stock code LUCK. The investor made the purchase based on the recommendation of PT. Jouska Financial Indonesia without considering other factors such as fundamental analysis. Meanwhile, at that time, the fundamental value of LUCK's stock reached 10.6, which can be interpreted as the stock price being 10 times greater than its equity value (CNBC Indonesia, 2020), which is the residual claim on an entity's assets after deducting liabilities (Imam & Chariri, 2007). As a result, in the past year, LUCK's stock has continued to decline in line with its fundamental value. It is explained that high stock prices will eventually decline in accordance with the company's fair value, which is the reason investors incur losses (Nurhayati, 2021).

The level of success of an investor in obtaining stock returns is partly achieved by conducting a performance evaluation of the company. According to (Simanjuntak, 2020), there are several factors that can influence stock returns, which are classified into two categories: internal and external factors of the company. Whereas these internal factors are fundamental factors that include the assessment of the performance of the issuing company's stock through the company's financial statements by comparing the current period's financial statements with those of the previous period.

In financial statements, the main information that attracts investors' attention is found in the cash flow statement and income statement (Nugroho, 2018). These performance parameters are capable of depicting the condition and prospects for better economic growth in the future. The cash flow statement consists of operating cash flow, investing cash flow, and financing cash flow, which contain information that allows investors to evaluate the market price of the stock. Meanwhile, the content of operating cash flow comes from the main revenue-generating activities of the company (Nursita, 2021) which can be used to run the company's operations, pay off debts, and distribute dividends.

Accounting profit is one of the elements of financial statements with higher information content that is often used as the main source in analyzing company performance (Nursita, 2021). Accounting profit is a financial term for the net income from business operations within a period (Hill, 2013). Profit information is always related to the determination of stock prices and dividends distributed by the company. Meanwhile, stock prices and dividends are factors that can influence the high or low return on stocks. If the company generates more profit, then theoretically, the stock price will increase and the company's ability to distribute dividends will also increase, which will affect the stock return (Nursita, 2021). This is in line with the research by Rahmawati (2019), which found that accounting profit has a significant effect on stock returns. However, unlike the research by Farmasi, Aryansyah, and Ilah (2022), which found no influence of accounting profit on stock returns.

Generally, research on operating cash flow and accounting profit has been frequently conducted, but in this study, two other variables are included, namely sales growth and company size. Sales growth is one of the important factors that can determine the sustainability of a company's business. Stock prices are reflected by sales growth; the higher the sales growth rate, the greater the investment needs, which in turn will affect higher stock prices. This will trigger a higher stock return value, allowing the company to ensure the continuity of its activities (Cynthia & Salim, 2020). In line with the research by Maramis, Norisanti, and Komariah (2021), as well as Cynthia and Salim (2020), which concluded that sales growth has a significant impact on stock returns. However, it is different from the research by Fakhruddin and Wulandari (2022), which obtained contrasting results, indicating no influence between the two.

The size of the company is a term that refers to the extent of opportunities and the company's ability to enter the capital market. The larger the company, the easier it is to obtain and increase investments (Sachiyudin, 2019). The higher the level of investment demand in the market, the more it will affect stock returns. According to the research by Alviansyah, Suzan, and Kurnia (2018), the results indicate that company size has an influence on stock returns. However, it contradicts the research by Nursita (2021), Maramis, Norisanti, and Komariah (2021) which concluded that company size does not have an effect on stock returns.

The researchers also added return on equity (ROE) as a moderating variable. ROE is one of the financial indicators that can measure the company's performance in providing returns on equity to shareholders. The selection of the moderating variable is based on the research by Setia, Purwanto, and Setiyowati (2018), which concluded that ROE affects stock returns and is the most dominant variable compared to other variables studied. Therefore, in this research, it is expected that ROE will serve as a variable that can moderate the influence of independent variables on stock returns. The placement of ROE as

a moderator also refers to several previous studies by Sari & Chabachib (2013), Sulia (2018), and Nastiti (2019), where the research results show that ROE is capable of increasing stock returns.

Based on the explanations above, the researcher is interested in conducting a study titled "Antecedents of Stock Returns with ROE as a Moderating Variable (Case Study of Non-Cyclical Consumer Sector Companies Listed on the Indonesia Sharia Stock Index from 2018-2022)."

2. Theoretical Framework and Hypotheses Development

2.1. *Theoretical Framework*

Signal Theory

This research uses signaling theory. In the signaling theory proposed by Modigliani-Miller and developed by Ross (Sachiyudin, 2019), it is stated that companies will strive as much and as quickly as possible to convey good news, so its impact will be positive for the company. In this case, the company publishes financial details or financial statements as well as announcements of other events occurring within the company, so that investors receive information through these, which can be interpreted as either positive or negative signals that will influence investment decisions such as buying or selling the company's shares.

2.2. *Hypotheses Development*

The increase in stock returns can be caused by an increase in operating cash flow. A company is said to have good performance in paying loans, dividends, and the sustainability of the company's investments is determined by the presence of operating cash flow. In the research by Setia, Purwanto, and Setiyowati (2018), operating cash flow is related to investor confidence. The higher the value of operating cash flow, the higher the investor's confidence, which will result in a greater stock return. This is in line with the research conducted by Yuliani (2019), Rahmawati (2019), and Nursita (2021), which shows significant influence between operating cash flow and stock return.

H1: Operating cash flow has a significantly positive effect on stock returns.

The company's performance over a certain period is indicated by accounting profit. Therefore, information on accounting profit is the main information considered by investors when analyzing the company's performance. The higher the company generates accounting profit, the better the company's performance. In general, accounting profit is always related to stock prices and dividends. The higher the company generates profit, the greater the company's ability to distribute dividends theoretically, which will affect stock returns (Nursita, 2021). In line with this, research conducted by Setia, Purwanto,

and Setiyowati (2018), Rahmawati (2019), Puspitasari (2019), and Nursita (2021) found that there is a significant effect of accounting profit on stock returns.
H2: Accounting profit has a significant positive effect on stock returns.

Sales growth is an indicator of demand and the competitiveness of a company. The higher the sales growth rate, the better the sales in the company, indicating a significant increase in the demand for goods or services. With the increase in sales, it will boost the company's profits. When it comes to a significant increase in profit, the impact is significant on the significant increase in stock return. In line with the research by Cynthia and Salim (2020), Maramis, Norisanti, and Komariah (2021), which found that sales growth significantly affects stock returns.
H3: Sales growth has a significant positive impact on stock returns.

The size of a company is a term that refers to how large or small a company is. In general, companies categorized as large have an easier time obtaining additional capital in the capital market. This is because the large total assets of big companies are considered more capable of facing economic fluctuations, making them less likely to go bankrupt. Nursita's (2019) research explains that the more capital invested, the more goods or services produced, which can increase sales, thereby optimizing profits and enhancing stock returns. In line with the research by Alviansyah, Suzan, and Kurnia (2018), it is concluded that the size of the company has an influence on stock returns.
H4: Company size has a significant positive effect on stock returns.

In measuring a company's performance, ROE is one of the ratios used in investment decision-making. ROE is an indicator that measures the company's ability to generate profits. The higher the ROE in a company, the better the optimization of resources and the better the company's performance in providing returns. In line with the signaling theory, this will increase investments by investors, which will affect stock returns. This explanation is supported by the research of Setia, Purwanto, and Setiyowati (2018) as well as Puspitasari (2019), which states that ROE affects the company's stock return. The research by Setia, Purwanto, and Setiyowati (2018) found that ROE is the most dominant variable affecting stock returns. Based on this, ROE can moderate the variables of operating cash flow, accounting profit, sales growth, and company size, which in previous studies have yielded results that are not yet sufficiently consistent with stock returns. Thus, the research hypothesis can be formulated as follows:
H5: ROE can moderate the effect of operating cash flow on stock returns.
H6: ROE can moderate the effect of accounting profit on stock returns
H7: ROE can moderate the effect of sales growth on stock returns.
H8: ROE can moderate the effect of company size on stock returns.

3. Research Method

3.1. *Data Sample Collection*

This type of research is classified as explanatory research using a quantitative approach. Meanwhile, the data used are secondary data in the form of annual financial statements obtained from the official website of the Indonesia Stock Exchange as well as related companies that are sampled in the research, and financial websites such as Yahoo Finance. The research population consists of all non-cyclical consumer sector companies listed on the Indonesia Sharia Stock Index from 2018-2022, totaling 40 companies. The sampling technique uses the purposive sampling method or selection according to the established criteria, which are as follows: (1) Companies in the Consumer Non-Cyclicals sector listed on the Indonesia Sharia Stock Index (ISSI) for the period 2018-2022, (2) Companies have complete research data for the period December 31, 2018-2022, (3) Companies use the Indonesian rupiah in their financial reports, and (4) Companies did not incur losses during the research period.

3.2. *Technical Analysis and Variable Measurement*

Based on the criteria, a sample size of 21 companies with a total of 105 data points was obtained. The data was then analyzed using multiple linear regression and MRA tests. All variables were measured using a ratio scale.

4. Results and Discussion

This section can be written with content regarding descriptive statistics and the assumptions underlying statistical hypothesis testing. The results of the statistical test should be displayed in the form of picture or table. The format of the table is as follows:

Table 1. One-Sample Kolmogorov-Smirnov Normality Test

	UNSTANDARDIZED RESIDUAL
N	105
Test Statistic	0,136
Asymp. Sig. (2-tailed)	0,000

Based on the table above, a Sig. value of 0.000 was obtained. Thus, it can be concluded that the data in the study do not follow a normal distribution because the Sig. value is 0.000 < 0.05. Therefore, in the research, outlier data trimming was performed on the sample, reducing the total research data (n) to 75 data points.

Table 2. One-Sample Kolmogorov-Smirnov Normality Test

	UNSTANDARDIZED RESIDUAL
N	75
Test Statistic	0,081
Asymp. Sig. (2-tailed)	0,200

Based on the table above, after outlier trimming, a Sig. value of 0.200 > 0.05 was obtained. Thus, it is concluded that the research data is normally distributed.

Coefficients[a]

Model	Collinearity Statistics	
	Tolerance	VIF
Operating Cash Flow (AKO)	0,844	1,185
Accounting Profit (LAK)	0,793	1,262
Sales Growth (SAG)	0,746	1,341
Company Size (SIZE)	0,931	1,074

a. Dependent Variable: Stock Return

Table 3. Multicollinearity Test

Based on the table above, the VIF values of all independent variables are < 10.00, while the Tolerance values are > 0.10. Thus, it is concluded that the research data does not exhibit symptoms of multicollinearity.

Coefficients[a]

Model	Sig.
Operating Cash Flow (AKO)	0,302
Accounting Profit (LAK)	0,585
Sales Growth (SAG)	0,191
Company Size (SIZE)	0,208

a. Dependent Variable: ABS_RES1

Table 4. Heteroskedasticity Test with the Glejser Test

Based on the table above, the Sig. values for each independent variable are > 0.05, which can be interpreted that the research regression model does not exhibit signs of heteroscedasticity.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0,476	0,226	0,182	0,15678	2,077

a. Predictors: (Constant), Company Size, Accounting Profit, Operating Cash Flow, sales growth

b. Dependent Variable: Stock Return

Table 5. Autocorrelation Test

In the above test results, a Durbin-Watson value of 2.077 was obtained. Meanwhile, to obtain the value of dU, we refer to the Durbin-Watson table distribution based on k (4) and N (75) at a 5% significance level. The value of dU was found to be 1.7390, while the value of 4-dU was 2.261. Based on this, the DW value is found to be between the dU and 4-dU values, namely 1.7390 < 2.077 < 2.261, so it is concluded that there is no autocorrelation in the research data.

Table 6. Multiple Linear Regression Test

Coefficients[a]

Model	Unstandardized Coefficients	
	B	Std. Error
Operating Cash Flow (AKO)	-0,038	0,033
Accounting Profit (LAK)	0,245	0,056
Sales Growth (SAG)	-0,165	0,160
Company Size (SIZE)	-0,011	0,013

a. Dependent Variable: Stock Return (Rit)

Based on the test result table above, the multiple linear regression equation can be formulated as follows.

Rit = 0,327 - 0,038AKO + 0,245LAK - 0,165SAG - 0,11SIZE + e

Table 7. Multiple Linear Regression Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,476	0,226	0,182	0,15678

a. Predictors: (Constant), Company Size, Accounting Profit, Operating Cash Flow, *sales growth*
b. Dependent Variable: *Stock Return*

The table shows that the Adjusted (R2) value is 0.182, which means that stock returns can be explained by operating cash flow, accounting profit, sales growth, and company size by 18.2%, while the remaining 81.8% is explained by variables outside the research model.

Table 8. Multiple Linear Regression t-Test

Coefficients[a]

Model	β	t	Sig.
Operating Cash Flow (AKO)	-0,038	-1,131	0,262
Accounting Profit (LAK)	0,245	4,331	0,000
Sales Growth (SAG)	-0,165	-1,032	0,306
Company Size (SIZE)	-0,011	-0,887	0,378

a. Dependent Variable: *Stock Return* (Rit)

Keterangan	Arus Kas Operasi	Laba Akuntansi	*Sales Growth*	Ukuran Perusahaan
Persamaan	Y= 0,021 - 0,017AKO - 0,081ROE + 0,099AKOROE	Y= 0,009 + 0,209LAK - 0,081ROE + 0,001LAKROE	Y= 0,014 - 0,323SAG - 0,081ROE + 2,786SAGROE	Y= -1,284 + 0,042SIZE - 13,929ROE - 0,458SIZEROE
Nilai *Coefficient*	$\beta 1$ = -0,017 $\beta 2$ = -0,081 $\beta 3$ = 0,099	$\beta 1$ = 0,029 $\beta 2$ = -0,081 $\beta 3$ = 0,001	$\beta 1$ = -0,323 $\beta 2$ = -0,081 $\beta 3$ = 2,786	$\beta 1$ = 0,042 $\beta 2$ = 13,929 $\beta 3$ = -0,458
Sig.	$\beta 1$ = 0,827 $\beta 2$ = 0,222 $\beta 3$ = 0,841	$\beta 1$ = 0,002 $\beta 2$ = 0,193 $\beta 3$ = 0,997	$\beta 1$ = 0,158 $\beta 2$ = 0,202 $\beta 3$ = 0,024	$\beta 1$ = 0,037 $\beta 2$ = 0,001 $\beta 3$ = 0,001
t-Statistik	$\beta 1$ = -0,220 $\beta 2$ = -1,231 $\beta 3$ = 0,202	$\beta 1$ = 3,155 $\beta 2$ = -1,315 $\beta 3$ = 0,000	$\beta 1$ = -1,426 $\beta 2$ = -1,288 $\beta 3$ = 2,313	$\beta 1$ = 2,124 $\beta 2$ = 3,347 $\beta 3$ = -3,364
R Square	0,021	0,211	0,092	0,160
Adjusted R Square	-0,020	0,178	0,053	0,125

Table 8. MRA Test

The Influence of Operating Cash Flow on Stock Returns

The results of the hypothesis testing through the t-statistic test indicate that H1 is rejected. This is based on the results of the partial testing of the operating cash flow variable, which obtained a negative regression coefficient of -0.038, a t-value of -1.131 < t-table of 1.992, and a significance value of 0.381 > 0.05. Thus, it can be said that partially, the statistical variable of operating cash flow does not have a significant positive effect on stock returns.

The results of this study are consistent with the research conducted by Puspitasari (2019), which concluded that operating cash flow does not have a significant impact on stock returns. This can be interpreted as the information contained in operating cash flows not receiving a market or investor response to be used as a reference in their investment decisions. It can be said that the information contained in the operating cash flow does not sufficiently include information related to stock returns. This is supported by the research findings of Sachiyudin (2019), Farmasi, Aryansyah, Ilah (2022), Firdarini and Kunaidi (2022), Budiantoro, Ningsih, Alma, and Lapae (2022) who obtained similar results.

The Influence of Accounting Profit on Stock Return

The results of the hypothesis testing through the t-statistic test indicate that H2 is accepted. This is based on the results of the partial hypothesis testing of the accounting profit variable, which obtained a positive regression coefficient of

0.245, a t-statistic of -4.331 > t-table of 1.992, and a significance value of 0.000 < 0.05. Thus, it can be said that partially, the accounting profit variable has a significantly positive effect on stock returns.

The results of this study are consistent with the research conducted by Setia, Purwanto, and Setiyowati (2018), which concluded that accounting profit has a significant influence on stock returns. This can be interpreted as the information contained in accounting profits being able to attract significant attention from the market or investors, serving as a reference point in making investment decisions, because accounting profits are one of the benchmarks for measuring a company's performance. When a company has good or even positive accounting profit, investor confidence in that company will increase because if the company has high accounting profit, there are indications of receiving larger dividends, which will increase investor interest in purchasing the company's shares. When the demand and supply of shares increase, it causes the stock price to rise, which in turn will lead to an increase in stock returns. This is in accordance with the signaling theory, when a company conveys positive information, it will send a signal to the market or investors, resulting in a positive reaction as well. This is further supported by the research findings of Rahmawati (2019), Nursita (2021), Maramis, Norisanti, and Komaria (2021), Firdarini and Kunaidi (2022), Budiantoro, Ningsih, Alma, Lapae (2022), as well as Wahyudi (2022) who obtained similar results.

The Influence of Sales Growth on Stock Returns

The results of the hypothesis testing through the t-statistic test indicate that H2 is accepted. This is based on the results of the partial hypothesis test of the sales growth variable, which obtained a negative regression coefficient of -0.165, a t-statistic of -1.032 < t-table of 1.992, and a significance value of 0.306 > 0.05. Thus, it can be said that partially, the sales growth variable statistically does not have a significant positive effect on stock returns.

The results of this study are consistent with the research conducted by Fakhruddin and Wulandari (2022), Wahyudi (2022), as well as Syafitri and Yudowati (2023), which concluded that sales growth does not have a significant effect on stock returns. It can be interpreted that the information contained in sales growth does not receive enough attention from the market or investors to be used as a reference in investment decision-making. This can happen because the information contained in sales growth does not proportionally reflect the company's profit. Companies with higher sales will increase their cost of goods sold and operating expenses, resulting in a decrease in the profit generated. According to signaling theory, this will reduce the level of interest or confidence of investors in purchasing shares, which will affect the stock return. Therefore, even though there is an increase in sales growth, it does not always coincide with an increase in stock returns.

The Influence of Company Size on Stock Returns

The results of the hypothesis testing through the t-statistic test indicate that H4 is rejected. This is based on the results of the partial test of the company size variable, where the regression coefficient was obtained or β has a negative value of -0.011, thitung is -0.887 < ttabel which is 1.992, and the significance value is 0.378 > 0.05. Thus, it can be said that partially, the statistical variable of company size does not have a significant positive effect on stock returns.

The results of this study are consistent with the research conducted by Cynthia and Salim (2020), which found that company size does not have a significant impact on stock returns. Based on this, it can be said that the information contained in the size of the company does not receive enough attention from the market or investors to be used as a reference in investment decision-making, or it can also be said that investors do not consider the size of the company when purchasing shares. This may be because a company's growth is not solely determined by its size. Because if the size of a company's assets is not managed well for the company's operational activities, then the company cannot generate maximum profit. According to the signaling theory, this suboptimal profit is considered a negative signal, which will also be reacted to negatively by investors, as reflected in the declining stock price, thereby reducing the stock return. This is further supported by the research findings of Nursita (2021), Maramis, Norisanti, and Komaria (2021), as well as Wahyudi (2022), who obtained similar results.

ROE Moderates the Effect of Operating Cash Flow on Stock Returns

The results of the hypothesis testing through the t-statistic test indicate that H5 is rejected. This is based on the results of the partial interaction test between the operating cash flow variable and the ROE variable, which produced a significance value of 0.841 > 0.05. Thus, it can be said that statistically, the ROE variable does not partially moderate the effect of operating cash flow on stock returns.

Return On Equity is one of the ratios that serves as a benchmark for a company's ability to generate profit or return. How optimally the company uses resources from investments or capital provided by investors is illustrated by ROE. The higher the ROE value, the better the optimization of resources and the better the company's ability to provide returns. The confidence and interest in purchasing shares increase, leading to a rise in stock returns. Proven by the results of the ROE variable test, where the significance value of ROE is less than the parameter 0.05. Thus, ROE has a significant influence on stock returns. This is in accordance with the research by Setia, Purwanto, and Setiyowati (2018), as well as Puspitasari (2019), who obtained similar results. However, the information from ROE is not sufficient to attract attention and elicit a market reaction to make the information on operating cash flow a reference for

investment decision-making. Thus, operating cash flow still does not affect stock returns even after interacting with ROE as a moderator.

ROE Moderates the Effect of Accounting Profit on Stock Return

The results of the hypothesis testing through the t-statistic test indicate that H6 is rejected. This is based on the results of the interaction test between the accounting profit variable and the ROE variable, which partially produced a significance value of 0.997 > 0.05. Thus, it can be said that statistically, the ROE variable does not partially moderate the effect of accounting profit on stock returns. This can be interpreted as the combined information content of accounting profit and ROE not receiving a market or investor response to be used as a reference in their investment decisions. The value of ROE is greatly influenced by two factors, namely net profit and equity or capital. Therefore, although investors are more interested in using ROE as a basis for making stock purchase decisions, a high ROE does not necessarily indicate high accounting profits if the company's equity is also high. Therefore, it can be said that higher profits do not guarantee a high ROE value. The results of this hypothesis can also be interpreted that investors only need to use accounting profit information to make their investment decisions, so the addition of ROE information becomes unnecessary. Therefore, ROE does not moderate the effect of accounting profit on stock returns.

ROE Moderates the Influence of Sales Growth on Stock Return

The results of the hypothesis testing through the t-statistic test indicate that H7 is accepted. This is based on the results of the interaction test between the sales growth variable and the ROE variable, which partially produced a significance value of 0.024 < 0.05. Thus, it can be said that statistically, the ROE variable can partially moderate the effect of sales growth on stock returns. Return On Equity is one of the ratios that serves as a benchmark for a company's ability to generate profit or return. A company with a high ROE value indicates that it has maximized the use of resources from the investments or capital provided by investors. In this case, investors believe that with a high ROE value, the profits generated by the company can increase, thereby boosting stock returns. Proven by the results of the ROE variable test, where the significance value of ROE is less than the parameter 0.05. Thus, ROE has a significant influence on stock returns. This is in accordance with the research by Setia, Purwanto, and Setiyowati (2018), as well as Puspitasari (2019), who obtained similar results.

With the explanation above, if ROE interacts with sales growth, it can strengthen the influence of sales growth on stock returns. Because one indication of increased profits is the presence of rising sales. Thus, by looking at the information between sales growth and ROE, investors can be more confident that the company's profit can be much more optimal compared to just looking at sales growth information alone. Doubt about proportional profits depicted by

sales growth diminishes, so based on the signaling theory, investors will consider sales growth information more if moderated by return on equity (ROE). When there is an increase between sales growth and ROE, investors receive this signal as a sign to purchase shares, which can increase stock returns. Based on this, ROE moderates the influence of sales growth on stock returns.

ROE Moderates the Influence of Company Size on Stock Returns

The results of the hypothesis testing through the t-statistic test indicate that H8 is accepted. This is based on the results of the partial interaction test between the company size variable and the ROE variable, which produced a significance value of 0.001 < 0.05. Thus, it can be said that statistically, the ROE variable can partially moderate the effect of company size on stock returns.

ROE is a specific measure of the return obtained by shareholders. The higher the ROE, the higher the stock return obtained. In this case, it can be interpreted that the interaction of ROE can moderate the influence of company size on stock returns. The increase in ROE indicates that the company has effectively utilized shareholder capital, resulting in profits. And with the growth in company size marked by an increase in assets, investors are more convinced that the company is considered more capable of facing economic turbulence, making it less likely to go bankrupt. Therefore, the interaction between ROE and company size can convince investors to use both pieces of information as the basis for making investment decisions, which will affect stock returns.

5. Conclusions, Limitations, and Recommendations

Based on the research and discussion that have been conducted, it can be concluded that accounting profit has a significantly positive effect on stock returns. However, operating cash flow, sales growth, and company size do not have a significant positive effect on stock returns. This can be interpreted as an increase in accounting profit can enhance stock returns. Whereas based on the MRA t-statistic test, it can be concluded that ROE can moderate the influence of sales growth and company size on stock returns. However, the influence of operating cash flow and accounting profit on stock returns cannot be moderated by ROE. This means that the interaction of ROE with sales growth and company size can increase investor confidence in the company, thereby affecting stock returns.

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