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Research Paper

Analysis on Stock Return in Coal Mining Companies Listed in BEI (Indonesia Stock Exchange)

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ABSTRACT

The objective of the research was to analyze stock return in coal mining companies listed in BEI (Indonesia Stock Exchange). A mining company needs a large sum of capital to exploit natural resources in developing its business. Therefore, it has to enter capital market to absorb investment to strengthen its financial position. Capital market plays an important role in the economy of a country since it has two functions: economic function and financial function. Investment in stock depends on the fluctuation of stock price in stock exchange, interest rate imbalance, market imbalance, and a company's financial performance. Independent variables were current ratio, return on equity, net profit margin, and firm size. The data were quantitative data which were in figures. Secondary data were company's financial statement, obtained from BEI official website: www.idx.co.id . The analysis of panel data regression model used common effect model which was a very simple panel data model approach since it combined time series data and cross section data in which time and individual dimension was ignored since it was assumed that the behavior of company's data was similar in various time spans. The result of the research showed that the variable of current ratio had negative and insignificant influence on stock return, return on equity had positive and insignificant influence on stock return, net profit margin negative and insignificant influence on stock return, and firm size had negative and significant influence on stock return. Simultaneously, the variables of current ratio, return on equity, net profit margin, and firm size had significant influence on stock return. It is recommended that the company's financial manager make a policy on increasing net profit margin to increase investors' welfare so that they can make accurate decision in investment.

Keywords: Stock Return, Current Ratio, Return on Equity, Net Profit Margin, Firm Size

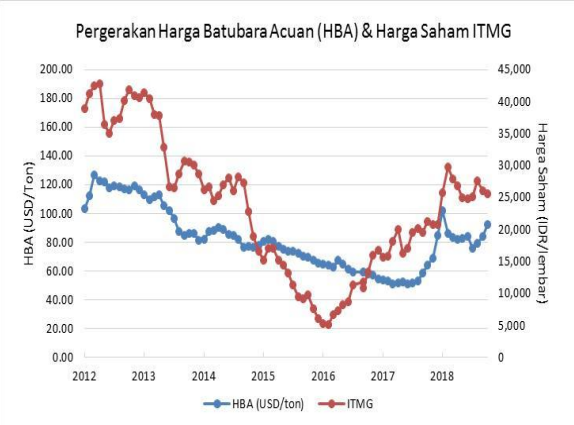
INTRODUCTION

Capital markets are formed to carry out economic and financial functions in the economic system of a country. Judging from its development, the number of companies that sell their shares in the capital market is increasing. In relation to stock investment, investors choose the company's shares that are eligible to be chosen based on certain criteria.

Rational investors will consider two things, namely the expected return and risk contained in the alternative investments made. The better the performance of a company, the less likely the risk of investment will be borne and the more likely the return will be obtained. This will cause more investors to invest in the company. Investment is a commitment to a number of funds or other resources carried out at this time, with the aim of obtaining a

number of future profits. The parties that carry out investment activities are called investors. Investors in general can be classified into two, namely individual investors (retail investors) and institutional investors (institutional investors). Individual investors consist of individuals who carry out investment activities, while institutional investors usually consist of insurance companies, fund storage institutions (banks and savings and loan institutions), pension funds, and investment companies (Tandelilin, 2010).

Mining companies need huge capital in exploring natural resources in developing mining. For this reason, many mining companies enter the capital market to absorb investment and to strengthen their financial position. The capital market has a big role for the economy of a country because the capital market runs two functions at once, namely the function of the economy and financial functions. Investments in stocks depend on fluctuations in stock prices on the stock, interest rate instability, market instability and also the financial performance of the company. For this reason, in investing in stocks, investors must analyze the factors that can affect the condition of the company.



Source: ESDM & IDX, 2018

Figure 1: Reference Coal Price Movement (HBA) & ITMG Stock Price

In Figure 1 it can be seen that coal prices have decreased from 2012 to 2016. From 2017 the price of coal has shown an increase supported by the increase in demand from China. It can also be seen that the share price of PT Indo Tambangraya Megah (ITMG) has fluctuated. From 2012, ITMG's stock prices showed a downward trend until mid-2016. From mid-2016, ITMG's share prices began to increase until 2018.

The main goal of someone investing in a company is to get a maximum return on their investment with minimal risk. The high and low returns received by investors can illustrate the condition of a company whether it gains or loses. The higher return obtained by investors means that the company succeeded in creating added value for the company itself and for the prosperity of shareholders.

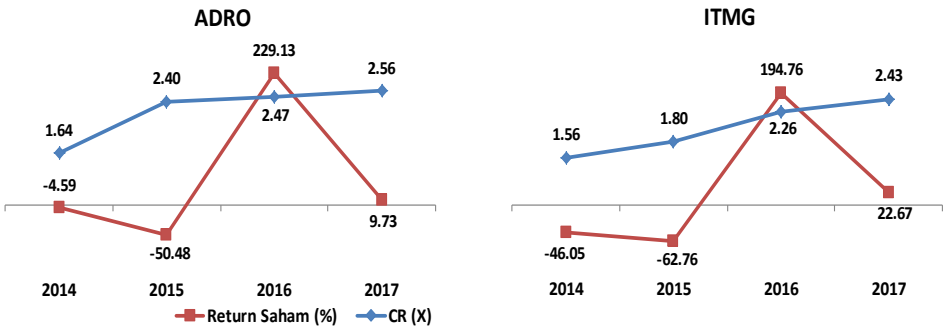
Stock Return is the result obtained from an investment consisting of dividends and capital gains (loss). Dividends are the distribution of profits to shareholders, while capital gains are the difference between the purchase price and the selling price of a securities. Capital gain is an increase in the price of a stock and capital loss is a decrease in the price of a stock. Increasing profits or profits of the company from year to year will affect the level of stock returns that will be accepted by shareholders. Therefore, the size of the stock return will affect investor interest in investing.

The phenomenon of a decline in the sectoral stock price index of the mining industry can at least indicate that the returns obtained by investors from the industry have not been optimal. This means the realization of returns has not been in accordance with the return expected by investors. This condition certainly can affect investor behavior in determining their preferences in investing in the capital market. Given the main motives of investors investing in companies that go public is to get the maximum return. Therefore it is important for companies to be able to increase the value of the company so that there is an increase in the sale of its shares in the capital market. If it is assumed that the investor is a rational person, then the investor will definitely pay attention to the

fundamental aspects to assess the expected returns or returns that he will get.

According to Arista and Astohar (2012), stock returns are the selling price of shares above the purchase price. The higher the selling price of shares above the purchase price, the higher the return obtained by investors. If an investor wants a high return then he must be willing to bear a higher risk, and vice versa if he wants a low return, the risk to be borne is also low.

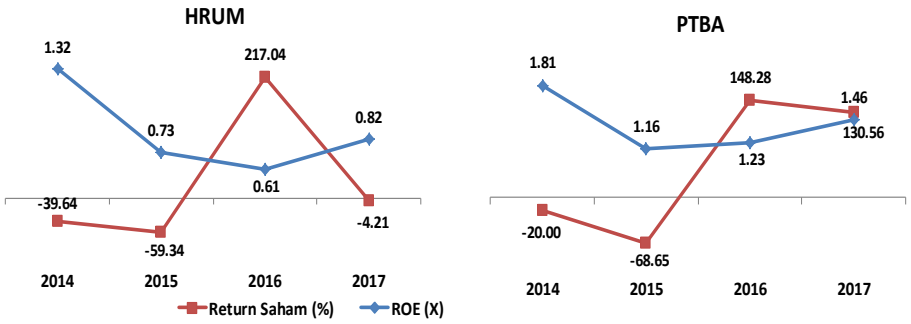
Current ratio is a ratio to measure the ability of a company to pay short-term liabilities or debts that are immediately due when billed as a whole. In other words, how many current assets are available to cover short-term liabilities that are immediately due. The results of research conducted by Prihantini, R. (2009) which states that the Current ratio has a significant positive effect on stock returns.



Source: IDX, 2018
Figure 2 Current ratio of ADRO and ITMG Companies

In Figure 2 it can be seen that not always an increasing current ratio will increase stock returns, as happened in ADRO companies. Current Ratio increased from 2014 - 2015, but stock returns actually declined. The same thing happened to ITMG companies. From 2014-2015 current ratios increased, but stock returns declined.

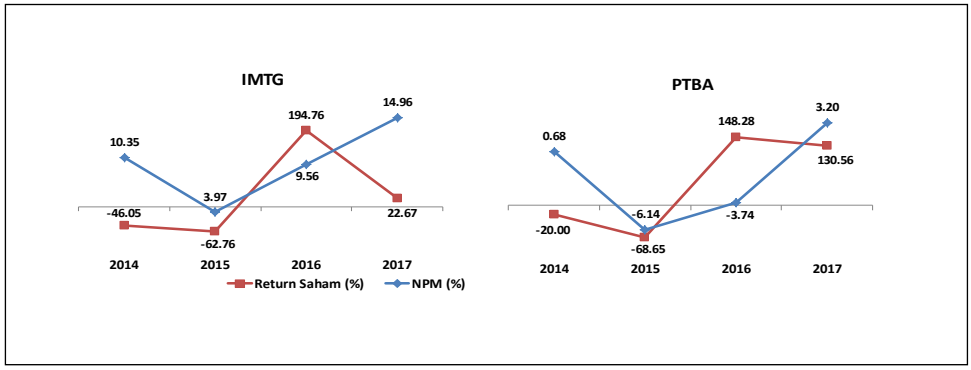
Profitability in this study will be measured with Return On Equity (ROE) and Net Profit Margin. Return On Equity is a comparison between net income and the company's core capital. This ratio shows the percentage level that can be generated. Return On Equity is very important for shareholders and prospective investors, because a high Return On Equity means that shareholders will get high dividends as well and an increase in Return On Equity will cause an increase in stock prices. The results of research conducted by Pratama and Agus (2014), Devi and Badjra (2014), Ratih et al. (2013) and Hutami (2012) found results that Return On Equity had a positive and significant effect on stock prices.



Source: IDX, 2018
Figure 3 ROE of HRUM and PTB Companies

In Figure 3 it can be seen that Return On Equity does not always increase its stock return also increases. It can be seen that the Return on Equity in HRUM companies in 2016-2017 experienced an increase but the stock returns declined. A similar thing also happened to PTBA companies. ROE in 2016-2017 has increased, but its stock return has decreased.

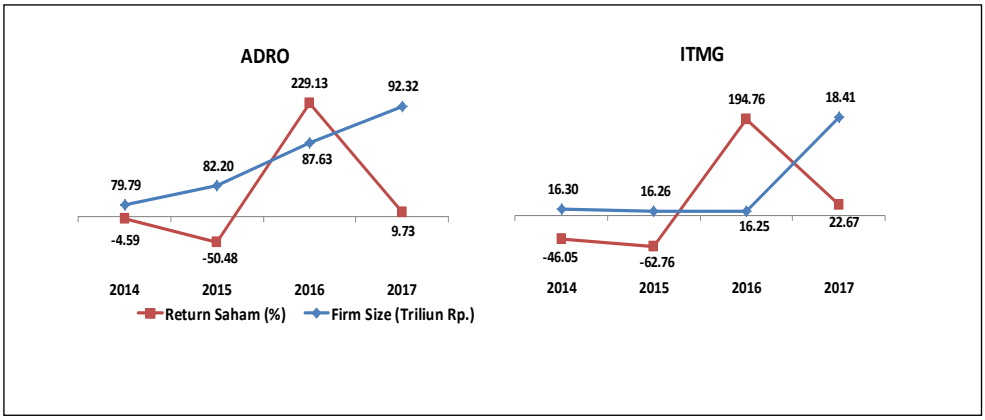
Net Profit Margin is the ratio between net income after tax to total sales (sales). This ratio measures a company's ability to generate net income against the total sales achieved by the company. So the company's financial performance in generating net income on sales increases, this will have an impact on the increase in income that will be received by shareholders. The increasing net profit margin illustrates that the company's performance is getting better and the profits gained by shareholders will also increase.



Source: IDX, 2018
Figure 4 Net Profit of IMTG and PTBA Company Margin

In Figure 4 it can be seen that not always does net profit margin increase, the stock return increases. This can be seen in the IMTG company's Net Profit Margin, in 2016-2017 there was an increase but the stock return declined. Likewise for PTBA companies. In 2016-2017 the Net Profit Margin of the company experienced an increase but its stock return declined.

Firm size is the size of a company. firm size is the size of the size of the company measured by the natural logarithm of total assets (Ln total assets). Total assets are used as indicators of company size because of their long-term nature compared to sales. Research conducted by Sugiarto (2011) and Purwaningrat (2014), the results of his research prove that firm size has a significant positive relationship to stock returns. The research conducted by Adiwiratama (2012), the results of his research prove the size of the company has a positive effect on stock returns.



Source: IDX, 2018
Figure 5 ADRO and ITMG Company Size Firm

From Figure 5 it can be seen that firm size is not always up, stock returns have decreased. This can be seen in ADRO companies, in 2016-2017 the firm size of the company increased, but its stock return declined. Likewise for ITMG companies, firm firm size in 2016-2017 experienced an increase, but its stock returns decreased.

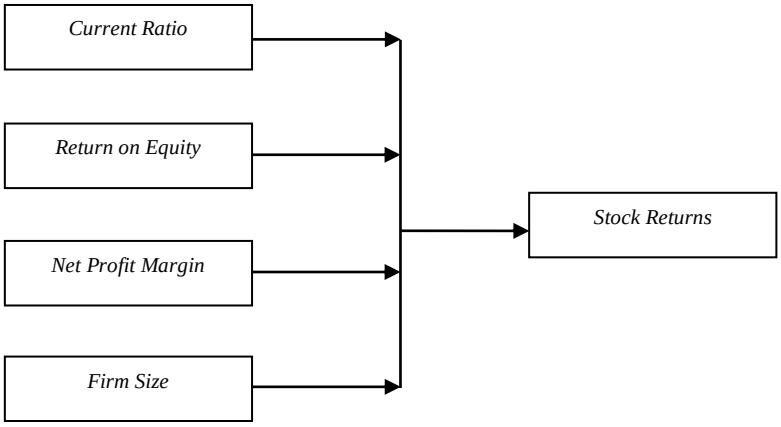


Figure 6 Conceptual Framework

Hypothesis

Based on the conceptual framework, the research hypothesis is formulated as follows:

1. Current Ratio has a positive and significant effect on Stock Return.
2. Return on Equity has a positive and significant effect on Stock Return.
3. Net Profit Margin has a positive and significant effect on Stock Return.
4. Firm Size has a negative and significant effect on Stock Return.
5. Current Ratio, Return on Equity, Net Profit Margin, and Firm Size have a significant effect on Stock Return.

MATERIAL AND METHODS

The research used in this study is associative research. Associative research is a study that aims to determine the relationship of two or more variables (Sugiyono, 2014).

Population is a generalization area consisting of: objects / subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn. The populations in this study are mining companies listed on the Indonesia Stock Exchange in 2010-2017.

The sample is part of the number and characteristics of the population. The method used in this study to draw the number of samples is to use the purposive sampling method, where the criteria are determined. So that companies that meet the criteria for sampling are 17 companies.

The type of data used in this study is quantitative data, namely data in the form of numbers. Secondary data sources from this study are company financial statements. This secondary data is obtained from the official website of the Indonesia Stock Exchange www.idx.co.id.

RESULTS AND DISCUSSION

Data Panel Multiple Regression

Regression analysis is used to test the hypothesis in the study. Regression analysis used in this study is multiple regression analysis which is used to test whether the independent variables namely Current Ratio, Return on Equity, Net Profit Margin, and Firm Size affect Stock Return.

1. Common Effect Model (CEM)

This method uses the ordinary least square (OLS) approach or the least squares technique to estimate the panel data model.

Table 1 Common Effect Model (CEM)

Dependent Variable: LOGRS?				
Method: Pooled Least Squares				
Date: 04/01/19 Time: 21:34				
Sample: 2010 2017				
Included observations: 8				
Cross-sections included: 17				
Total panel (balanced) observations: 136				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.869523	2.926016	2.689501	0.0081
LOGCR?	-0.890966	0.660893	-1.348124	0.1799
LOGROE?	0.453823	0.473544	0.958354	0.3396
LOGNPM?	-1.099688	0.597101	-1.841710	0.0678
LOGFS?	-6.813059	3.061783	-2.225193	0.0278
R-squared	0.541225	Mean dependent var		-0.698614
Adjusted R-squared	0.527217	S.D. dependent var		0.396914
S.E. of regression	0.272915	Akaike info criterion		0.276761
Sum squared resid	9.757242	Schwarz criterion		0.383844
Log likelihood	-13.81977	Hannan-Quinn criter.		0.320277
F-statistic	38.63577	Durbin-Watson stat		3.538874
Prob(F-statistic)	0.000000			

Source: Research Results, 2019 (Data Processed)

2. Flexed Effect Model (FEM)

Fixed effect model (FEM) assumes differences between individuals can be accommodated from the difference in intercepts. Estimating the fixed effect model (FEM) with different intercepts between individuals, the dummy variable technique is used.

Table 2 Fixed Effect Model (FEM)

Dependent Variable: LOGRS?				
Method: Pooled Least Squares				
Date: 04/01/19 Time: 21:52				
Sample: 2010 2017				
Included observations: 8				
Cross-sections included: 17				
Total pool (balanced) observations: 136				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.979173	1.598408	0.612593	0.5414
LOGCR?	-0.033603	0.099343	-0.338249	0.7358
LOGROE?	0.030351	0.067094	0.452368	0.6519
LOGNPM?	0.066875	0.056080	1.192480	0.2355
LOGFS?	-1.550859	1.711792	-0.905986	0.3668
Fixed Effects (Cross)				
_LOGADRO--C	-0.175496			
_LOGATPK--C	0.055134			
_LOGBORN--C	0.187439			
_LOGBUMI--C	0.132373			
_LOGBYAN--C	-0.115888			
_LOGDEWA--C	0.020620			
_LOGDOID--C	0.043735			
_LOGDSSA--C	0.483510			
_LOGGTBO--C	-0.029881			
_LOGHRUM--C	-0.152545			
_LOGINDY--C	-0.059855			
_LOGITMG--C	-0.407778			
_LOGKKGI--C	-0.087629			
_LOGMYOH--C	0.033839			
_LOGPTBA--C	0.286152			
_LOGPTRO--C	-0.066836			
_LOGSMMT--C	-0.146892			
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.226633	Mean dependent var		-0.472651
Adjusted R-squared	0.092135	S.D. dependent var		0.396538
S.E. of regression	0.377829	Akaike info criterion		1.032351
Sum squared resid	16.41680	Schwarz criterion		1.482099
Log likelihood	-49.19986	Hannan-Quinn criter.		1.215117
F-statistic	1.685025	Durbin-Watson stat		1.769645
Prob(F-statistic)	0.045649			

Source: Research Results, 2019 (Data Processed)

3. Random Effect Model (REM)

In principle, the random effect model (REM) uses the principle of ordinary least square but uses the principle of maximum likelihood or general least square.

Table 3 Random Effect Model (REM)

Dependent Variable: LOGRS?				
Method: Pooled EGLS (Cross-section random effects)				
Date: 04/01/19 Time: 21:53				
Sample: 2010 2017				
Included observations: 8				
Cross-sections included: 17				
Total pool (balanced) observations: 136				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.509291	0.989342	0.514778	0.6076
LOGCR?	-0.062758	0.087188	-0.719796	0.4729
LOGROE?	0.013095	0.060041	0.218108	0.8277
LOGNPM?	0.023597	0.039743	0.593748	0.5537
FS?	-1.035001	1.053016	-0.982891	0.3275
Random Effects (Cross)				
_LOGADRO--C	-0.102318			
_LOGATPK--C	0.043303			
_LOGBORN--C	0.076884			
_LOGBUMI--C	0.048461			
_LOGBYAN--C	-0.060032			
_LOGDEWA--C	0.033256			
_LOGDOID--C	0.048483			
_LOGDSSA--C	0.215002			
_LOGGTBO--C	-0.028728			
_LOGHRUM--C	-0.121251			
_LOGINDY--C	-0.030760			
_LOGITMG--C	-0.224916			
_LOGKKGI--C	-0.023563			
_LOGMYOH--C	0.051723			
_LOGPTBA--C	0.168783			
_LOGPTRO--C	-0.022273			
_LOGSMMT--C	-0.072053			
	Effects Specification			
			S.D.	Rho
Cross-section random			0.153906	0.1423
Idiosyncratic random			0.377829	0.8577
	Weighted Statistics			
R-squared	0.015586	Mean dependent var		-0.309815
Adjusted R-squared	-0.014472	S.D. dependent var		0.372272
S.E. of regression	0.374956	Sum squared resid		18.41756
F-statistic	0.518536	Durbin-Watson stat		1.534841
Prob(F-statistic)	0.722238			
	Unweighted Statistics			
R-squared	0.014528	Mean dependent var		-0.472651
Sum squared resid	20.91930	Durbin-Watson stat		1.351289

Source: Research Results, 2019 (Data Processed)

Selection of Panel Data Regression Model

There are three forms of panel data regression models, namely common effect model (CEM), fixed effect model (FEM), and random effect model (REM). In choosing the best model, use the chow test to choose CEM or FEM, the Hausman test (Hausman test) to choose FEM or REM, and the Lagrange Multiplier test to choose REM or CEM.

1. Chow Test

Chow test (chow test) to choose between CEM or FEM models. If the probability of a chi-square cross-section is greater than 0.05 then the best model used is CEM, and vice versa if the probability of the chi-square cross-section is smaller than 0.05 then the best model used is FEM.

Decision criteria (Daryanto and Hafizrianda, 2010: 140):

Ho = accepted if the probability of cross-section chi-square≥ error rate (α) 0.05, then

the CEM model is better than the FEM model.

Ha = accepted if the probability of cross-section chi-square <error rate (α) 0.05, then the FEM model is better than the CEM model

Table 4 Chow Test Results

Redundant Fixed Effects Tests			
Pool: DATA			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.940177	(16,115)	0.0233
Cross-section Chi-square	32.499623	16	0.0086

Source: Research Results, 2019 (Data Processed)

From the EViews output the chow test results show the prob value. Chi-square cross-section 0.0086 <0.05 means the null hypothesis is accepted. Thus between CEM and FEM, the best regression model is FEM.

2. Hausman Test

Hausman test to choose between FEM or REM models. If the probability of a random cross-section is greater than 0.05 then the best model used is REM, and vice versa.

Decision criteria (Daryanto and Hafizrianda, 2010: 140):

Ho = accepted if the cross-section probability value is random≥ error rate (α) 0.05, the REM model is better than the FEM model.

Ha = accepted if the cross-section random probability value <error rate (α) 0.05, then the FEM model is better than the REM model.

Table 5 Hausman Test Results

Correlated Random Effects - Hausman Test			
Pool: DATA			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.015385	4	0.7329

Source: Research Results, 2019 (Data Processed)

From the Eview output the Hausman Test results show the value of prob. Cross-section random 0,7329≥ 0,05 means the null hypothesis is accepted. Thus between FEM and REM, the best regression model is REM.

3. Test the Lagrange Multiplier

Because the model chosen based on the chow test is CEM and the Hausman test is REM, it is necessary to re-test the Lagrange Multiplier test to choose whether the best model is between CEM or REM. If the pagan cross-section breusch-probability value is smaller than 0.05 then the CEM model is chosen, and vice versa.

Decision criteria (Daryanto and Hafizrianda, 2010: 140):

Ho = accepted if pagan cross-section breusch-probability value ≥ error rate (α) 0.05, the REM model is better than the CEM model.

Ha = accepted if pagan cross-section breusch-value probability value <error level (α) 0.05, CEM model is better than REM model.

Table 6 Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects			
Null hypotheses: No effects			
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided			
(all others) alternatives			
	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	9.714286	1088.000	1097.714
	(0.0018)	(0.0000)	(0.0000)
Honda	-3.116775	32.98485	21.11991
	--	(0.0000)	(0.0000)
King-Wu	-3.116775	32.98485	25.79181
	--	(0.0000)	(0.0000)
Standardized Honda	-3.041739	53.26662	22.45961
	--	(0.0000)	(0.0000)
Standardized King-Wu	-3.041739	53.26662	31.36081
	--	(0.0000)	(0.0000)
Gourierioux, et al.*	--	--	1088.000
			(< 0.01)
*Mixed chi-square asymptotic critical values:			
1%	7.289		
5%	4.321		
10%	2.952		

Source: Research Results, 2019 (Data Processed)

From the Eview output the multiplier Lagrange test results show a probability of pagan0.0018 <0.05, meaning an alternative hypothesis is accepted. Thus between REM and CEM, the best model used by CEM.

Hypothesis Testing

In testing the hypothesis, the coefficient of determination analysis will be carried out, testing the simultaneous influence (F test), and testing the partial effect (t test). Here are the outputs of panel data Eviewsregresi using the commerffect model (CEM).

Table 7 Regression Data Panel Common Effects Model (CEM)

Dependent Variable: LOGRS?				
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LOGNPM?	-1.099688	0.597101	-1.841710	0.0678
LOGFS?	-6.813059	3.061783	-2.225193	0.0278
R-squared	0.541225	Mean dependent var		-0.698614
Adjusted R-squared	0.527217	S.D. dependent var		0.396914
S.E. of regression	0.272915	Akaike info criterion		0.276761
Sum squared resid	9.757242	Schwarz criterion		0.383844
Log likelihood	-13.81977	Hannan-Quinn criter.		0.320277
F-statistic	38.63577	Durbin-Watson stat		3.538874
Prob(F-statistic)	0.000000			

Source: Research Results, 2019 (Data Processed)

1. Determination Coefficient Analysis

Based on Table 4.9, it is known that the coefficient of determination (R-squared) is R2 = 0.541. This value can be interpreted that the current ratio, return on equity, net profit margin, and firm size can explain the variation of stock returns of 54.1%, the remaining 45.9% is explained by other factors not included in the research variable.

2. Simultaneous Effect Probability Test (Test F)

The F test aims to test the effect of independent variables together or simultaneously on non-independent variables.

Based on Table 4.9, the Prob value is known. (F-statistics), which is 0,000 <0,05, it can be concluded that all independent variables, namely the current ratio, return on equity, net profit margin, and firm size simultaneously have a significant effect on the stock return variable.

3. Partial Effect Probability Test (t Test)

The t test is used to find out whether individually or partially the independent variable has an influence on stock returns, assuming the other independent variables are constant.

Based on table 4.9, the common effect model (CEM) panel linear regression model equation is obtained as follows:

Y = 7.869-0.890X1 + 0.453X2-1,099X3-6,813X4

Where:

Y: Stock Return
X1: Current Ratio
X2: Return on Equity
X3: Net Profit Margin
X4: Firm Size

Based on the results of the regression equation each variable explains that:

1. The constant value of 7.869 shows if the value of the variable current ratio, return on equity, net profit margin, and firm size is constant, then the stock return is 7.869.
2. The current ratio variable has a coefficient of 0.890, which is negative. This value can be interpreted that the current ratio variable has a negative effect on stock returns. This can be seen also on the probability value (p) of 0.1799, which is greater than 0.05, so it is concluded that the current ratio has no significant effect on the variable stock return.
3. The return on equity variable has a coefficient of 0.453, which is positive. This value can be interpreted that the return on equity variable has a positive effect on stock returns. This can also be seen in the probability (p) value of 0.3396, which is greater than 0.05, so it is concluded that return on equity has no significant effect on the stock return variable.
4. Variable net profit margin has a coefficient of 1.099, which is negative.

This value can be interpreted that the variable net profit margin has a negative effect on stock returns. This can be seen also in the probability value (p) of 0,0678, which is greater than 0.05, so it is concluded that the net profit margin has no significant effect on the stock return variable.

5. Firm size variable has a coefficient of 6.813, which is negative. This value can be interpreted that the firm variable has a negative effect on stock returns. This can be seen also in the probability (p) value of 0.0278, which is smaller than 0.05, so it is concluded that the film siz has a significant effect on the variable return of shares.

DISCUSSION

Effect of Current Ratio on Stock Returns

The results of partial hypothesis testing (t test) show that the current ratio variable has a negative and not significant effect on stock returns. The better the current ratio, the more deteriorating liquidity of a company. The higher the company's current ratio, the lower the stock return given to the company. The coefficient of the current ratio shows that the negative and non-significant values are in line with the research conducted by Athariq (2004) and Raharja et al. (2008), which states that the current ratio has a negative and not significant effect on stock returns.

But this is not in line with the research conducted by Umam (2016), which states that the current ratio has a positive effect on stock returns. This shows that the current ratio information is not able to give a signal to investors in estimating the stock returns to be obtained. The market does not respond to liquidity (current ratio) as information that can change their beliefs, so it does not affect stock returns.

Effect of Return on Equity on Stock Returns

The results of partial hypothesis testing (t test) show that the return on equity variable has a positive and not significant effect on stock returns. The coefficient of return on equity shows a positive and not significant value in line with the research conducted by Agan (2011), Parwati and Sudiartha (2016) which states that return on equity has a positive and significant effect on stock returns. This explains that increasing return on equity will increase stock returns. It can be concluded that the company's ability to obtain undoubted profits by investors in making decisions.

But it is not in line with the research conducted by Uuyol and Akbas (2014), Anwar (2016) which states that there is a negative influence and on stock returns. The high and low return on equity will not affect investors in making investment decisions, because if the company is able to manage its capital well it will be able to generate profits. So not all companies whose capital has declined will affect the company's stock returns.

Effect of Net Profit Margin on Stock Returns

The results of partial hypothesis testing (t test) indicate that the variable net profit margin has a negative and not significant effect on stock returns. The coefficient value of net profit margin shows a negative and not significant value in line with the research conducted by Anwar (2016), Faried (2008) which states that the net profit margin has a negative and not significant effect on stock returns. The higher the ratio of the net profit margin means the profit generated by the company is also smaller, it does not attract investors to conduct transactions with the company concerned. This is contrary to the theory which states that if the issuer's ability to generate profits is greater, the company's stock price in the capital market will also increase, so that the net profit margin has a positive effect on stock returns.

But it is not in line with the research conducted by Anam (2002), which states that there is a positive influence on stock returns. The higher the value of the net

profit margin will contribute to higher stock returns.

Effect of Firm Sizeter on Stock Return

The results of partial hypothesis testing (t test) show that firm size variables have a negative and significant effect on stock returns. The greater the total assets in the firm size owned by the company shows the lower the ability of the company to fund investments owned by the company and the ability of the company to finance its operational activities is low, so this closes the possibility of companies not being able to expand market share and reduce company profits, thus closing the possibility to expand earnings and dividends in the future which are decreasing. Then, the greater the total assets in firm size, the smaller the stock return value. This study is in line with the research conducted by Uuyol and Akbas (2014) and Umam (2016) which shows that total assets have a negative and significant effect on stock returns.

According to Umam (2016), the firm size variable has a negative effect on stock returns, this is because the issuer that has a large total assets has not shown that the company has reached the maturity stage where the cash flow of the company has been positive and is considered to have good prospects in the term relatively long time. In addition, a large total asset does not reflect that issuers are relatively more stable and more able to generate profits than issuers with small total assets.

However this is not in line with the research conducted by Evans et al. (2014) which shows that total assets have a positive and significant influence on stock returns. The greater the total assets in the firm size, the greater the value of stock returns.

Managerial Implications

Based on the results of the analysis and discussion of this research, it is expected to provide benefits to the Coal Mining Company on the Indonesia Stock Exchange in terms of the effect of the current ratio, return on equity, net profit margin and firm size on stock returns.

1. Variable current ratio (CR) is a ratio to measure a company's ability to pay short-term liabilities or debts that are immediately due at the time of the overall debt. The results of this study indicate that the current ratio (CR) has a negative and not significant effect on the variable stock return (RS). If the current ratio (CR) increases, the stock return will decrease. It is not significant because the market does not respond to the liquidity (current ratio) as information that can change their beliefs, so it does not affect stock returns. This implies that the company must maintain the stability of the existing debt by making a policy of calculating short-term liabilities or debt immediately maturity that must be paid appropriately so that excess current assets can be allocated and used in reducing short-term liabilities. If the emphasis on short-term liabilities is successful, the company will avoid financial imbalances so that the company continues to expand its business or expand.
2. Variable return on equity (ROE) is a ratio to measure a company's ability to obtain available profits for company shareholders. The results of this study indicate that return on equity (ROE) has a positive and not significant effect on stock returns (RS). If the return on equity (ROE) increases, stock returns (RS) increase. This contains the implications if companies that have stagnant profitability need to improve the performance of their companies so as not to reduce investor interest in investing in the company. When the performance of a company is good, investors will catch up on it and they will flock to buy shares of the company and the company will get an injection of funds to continue to develop a good business so that the welfare of investors can be carried out.

3. Variable net profit margin (NPM) is the ratio between net income after tax (net income after tax) to total sales (sales). The results of this study indicate that the profit margin (NPM) has a negative and not significant effect on stock returns (RS) . This implies that management should make a policy of increasing the net profit margin (NPM), which in turn will encourage an increase in net profit after tax, attracting investors to make transactions.
4. Variable firm size (FS) or company size is the size of the company that can be seen from the amount of equity value, sales value, and total value of assets. The results of this study indicate that confirm size (FS) has a negative and significant effect on stock returns (RS) . This implies that the management should make a policy to more easily access the capital market, increase its sales which will have an impact on the company's profits so that it will increase the size of the company.
5. For similar companies, the results of the research of the coal mining subsector listed on the IDX can be used as a comparison, so that it can contribute to the knowledge of what financial ratios are actually very influential to increase stock returns (RS).

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

1. The current ratio variable has a negative and not significant effect on the stock return variable.
2. The return on equity variable has a positive and not significant effect on the stock return variable.
3. Variable net profit margin has a negative and not significant effect on the stock return variable.
4. Firm variable variables have a negative and significant effect on the stock return variable.
5. The current ratio variables, return on equity, net profit margin, and firm size simultaneously have a significant effect on the stock return variable.

Recommendations

1. For Corporate Finance Managers can determine the policy of increasing net profit margin (NPM) to attract increase welfare for investors and company profits from the results and discussion of this research so that investors can also determine the right investment decisions.
2. As an investor or prospective investor, it must be more thorough and master what the company will fundamentally become the investment destination and seen from its macro factor (systematic risk).
3. Non-financial factors are equally important factors to be considered before making a decision to invest, especially for investors or prospective investors. For companies, to maintain sustainability and sustainability through sustainable growth, it is very good to always pay attention not only to financial factors, but non-financial factors such as good corporate governance (GCG), intellectual capital.
4. For further research you can use other additional variables such as operating costs on operating income (BOPO) so that the results of the study are better able to predict stock returns (RS) more accurately and accurately.
5. The next researcher is expected to be able to reexamine stock returns (RS) as an intervening variable, which is an interaction variable by multiplying the interaction variable with the independent variable (X) because it can be used as a comparison and support for the results obtained.

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