The Influence of Financial Ratios on Stock Returns on Manufacturing Companies
(Manufacturing Companies Listed on the Indonesia Stock Exchange)

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Abstract: This study aims to analyze the effect of Current Ratio, Debt to Equity Ratio, Return On Equity, Earning Per Share and Net Profit Margin on stock returns on manufacturing companies listed on the Indonesia Stock Exchange. The data used are the data from 2012 to 2014, with a research population of 141 Manufacturing companies listed on the Indonesia Stock Exchange. The technique of determining the sample size is done by using a purposive sampling method and 78 research samples are obtained. The analytical method used is multiple regression. The results showed that the Current Ratio variable did not have a significant negative effect on CAR. Debt to Equity Ratio variable has no significant positive effect on CAR. Variable Return On Equity has a significant positive effect on CAR. Earning Per Share Variable has insignificant negative effect on CAR, while Net Profit Margin Variable has no significant positive effect on CAR of manufacturing companies listed on the Indonesia Stock Exchange.

Keywords: Current ratio, debt adequacy ratio, profit ratio, net income per share, level of net profit.

1. INTRODUCTION

Capital market investment in this globalization era will face increasingly fierce competition both from similar companies and competition from other types of companies. Therefore a company leader is required to be able to manage the company well so that the company can be superior in facing the competition faced.

Investment in the capital market in principle is not much different from investing in traditional markets, where there are sellers and buyers to make price quote transactions. Investment in the capital market can be interpreted as a vehicle that brings together those who need funds with those who provide funds in accordance with the rules that have been set. Investment in the capital market is expected to be an alternative funding for national companies and can also be seen as an alternative in investment (Jumayanti Indah Lestari, 2004).
The development of the capital market is one of the benchmarks and supporting factors for a country's economic growth. A primitive economy, they meet their needs through bartering but after the economy rises to a higher level they specialize in production and services, the tendency for investment in physical assets shifts to financial assets. (Raharjaputra, 2009: 26).

Investors who will invest by buying shares in the capital market will first analyze the condition of the company so that the investment can make a return. Investors to obtain the expected return usually utilize the facilities provided by capital market analysts, such as investment managers. Investors can use fundamental analysis techniques by measuring company performance through financial analysis. Financial analysis used by financial managers can using ratio analysis. Financial ratio analysis is comparing one number with another number that gives a meaning. (Margaretha, 2007: 53)

Financial ratio analysis has benefits and uses, namely 1). To test whether financial information generated by financial accounting is useful for classifying or predicting stock returns on the capital market, 2). As a company analysis instrument aimed at showing changes in the financial condition of the company concerned, 3). To find out the strengths and weaknesses of the company in the financial sector, 4), as an early warning system for the deterioration of the company's financial condition which resulted in not going to provide certainty, 5). to assess the company's financial performance / related to returns (Husnan, 2001: 44).

Company performance can be known by looking at the growth of company profitability according to Tandelilin (2010: 372) Indicators of profitability growth is very important to consider to know the extent of investment to be carried out by investors outside the company and is able to provide returns in accordance with the level required by investors. Investors usually use two main profitability ratios, namely: (1) Return on Equity (ROE) which describes the extent to which a company's ability to generate profits that can be obtained by shareholders and (2) Return on Assets (ROA) describes the extent of the ability of assets owned by a company can make a profit. ROE ratios can be calculated by dividing net income by the amount of company equity.

ROE is the ratio most commonly used to measure the return on investment return of capital owners is the relationship between net income and net worth (equity or shareholder investment). A fairly high ROE shows that the company is able to use its equity efficiently and effectively, so investors believe that the company will be able to provide greater income through distributed dividends. Based on the above understanding, it can be concluded that ROE is the company's ability to generate net income based on certain capital. The intended net profit is the net profit after tax

Increased ROE, it can be said that the company's performance in terms of profitability is better. The improved performance of the company will attract investors to buy shares, of course also followed by an increase in share prices and stock returns will also go up. This is supported by several previous researchers such as, Kurniawan (2012), and Mendari (2011) who stated that ROE affects stock returns but research conducted by Sari (2012) ROE has no effect on stock returns.

CR has an influence on ROE, the higher the value of CR, the smaller net profit generated by the company, because high CR indicates the presence of excess current assets that are not good to the profitability of the company because current assets produce lower returns compared to fixed assets. This is supported by several previous researchers such as, Anton (2019), Rosik and Asyik (2013), Selfiamaidar (2014), and Stambaugh (2003) states that CR has a positive effect on stock returns. While research conducted by Lulukiyah (2010), Sari (2012) and Muhayatsah (2012) stated that CR has a negative effect.

Debt to Equity Ratio (DER) is a comparison between total debt (total debt) to total own capital (total equity) owned by the company. Total debt here is total short-term debt and total long-term debt. While the total own capital (total paid-in capital and retained earnings) owned by the company. Research conducted by Amrullah (2009), Sari (2012) and Rafik Asyik (2013), which states that DER affects stock returns while Research conducted by Lulukiyah (2010), Kurniawan (2012) and Nathaniel (2008) which states that DER has no effect on stock returns.

The ability of a company to generate net profit per share is a fundamental indicator of corporate finance that will become a reference for investors in choosing stocks. Because an accurate and careful assessment can minimize risk while helping investors in achieving profits for a business entity the
value of earnings per share will increase if the percentage increase in net profit is greater than the percentage increase in the number of shares of ordinary shares outstanding. (Www.pasardana.com) .

EPS analysis in practice is used to calculate the ability of a company to generate net income per share. This means, when EPS increases, of course, the return received by investors will also increase. This is also supported by several previous researchers, Lulukiyah (2010), Kurniawan (2012) and Selfiamaidar (2014) who stated that EPS has a positive effect on stock returns. While research conducted by Nathaniel (2008) states EPS has no effect on stock returns.

Net profit margin (NPM) measures the ability of a company to generate net income from the total sales achieved by the company. If the company's financial performance in generating net profits on sales is increasing then this will have an impact on increasing revenue to be received by shareholders. Increasing NPM illustrates the company's performance which is getting better and the profits obtained by shareholders will also increase. This is supported by several previous studies conducted by Selfiamaidar (2014) which states that NPM affects stock returns while Nathaniel (2008) states that NPM has no effect on stock returns.

In the economic crisis that hit Indonesia at the end of 1997, many companies in Indonesia closed down and were unable to continue their business due to bankruptcy. While companies that are able to survive in crisis conditions, one of which is a company engaged in the manufacturing sector.

The World Bank considers Indonesia's manufacturing sector to be an economic superiority. Because the opportunity for Indonesia to increase global market share in the manufacturing sector is very high. The World Bank considers that the government is not enough just to rely on domestic and international demand. The government and the private sector can work together in overcoming problems that block the way of Indonesia's manufacturing sector to become more competitive in the region. To support this, the World Bank issued a package of policy recommendations entitled "Accelerating Rate: Revitalizing Growth in Indonesia's Manufacturing Sector." The policy recommendation states that domestic consumption has risen sharply in recent years.

The latest investment data shows the pace of sector growth is becoming faster. Foreign investors are now starting to look a lot to Indonesia because of the huge potential of the middle class and relatively more competitive labor costs. Increasing the growth rate of the manufacturing sector comes from domestic demand, especially for metals, food, chemicals, and automotive parts. Domestic demand seems unaffected by the global financial crisis and grew by 6.4 percent in the first half of 2012, thanks to investment and consumption. At the same time, foreign investment in the manufacturing sector also increased. According to the latest Investment Coordinating Board (BKPM) data, foreign investment in manufacturing activities in the second quarter of 2012 reached US $ 1.2 billion, up 62 percent (http://bisnis.news.viva.co.id).

According to data from the Ministry of Trade of the Republic of Indonesia, manufacturing industry growth increased by 6.4 percent and has contributed to the national Gross Domestic Product as much as 20.8 percent or Rp1,714 trillion in 2013. The Central Statistics Agency (BPS) noted, the growth of manufacturing industry production big in the first quarter of 2013 grew 8.94 percent compared to the same period in 2012. Sectors that grew high include the motor vehicle industry, trailers, and semi-trailers rose 27.73 percent, bamboo, rattan, and the like 23.38 percent, the base metals industry 12.28 percent, the apparel industry 9.93 percent, and the food industry grew 0.30 percent.

2. RESEARCH METHODS

The population in this study is manufacturing sector companies listed on the Indonesia Stock Exchange from 2012 - 2014, as many as 141. While the determination of the sample using purposive sampling with the criteria used in making the following:
1. Manufacturing companies that publish financial reports consistently during the study period, namely the period 2012 – 2014
2. Manufacturing companies that continue to generate profits during the research period

There were 141 manufacturing companies on the IDX during the study period 2012-2014, while 78 companies fulfilled the criteria for the research sample.
3. RESULTS ANALYSIS

Descriptive statistical data for each research variable, presented in Table 1

Table 1. Descriptive Statistics of Data Processing

<table>
<thead>
<tr>
<th>Variable</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Average</th>
<th>Dev Std</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR</td>
<td>-83.62</td>
<td>873.53</td>
<td>16.86</td>
<td>85.92</td>
</tr>
<tr>
<td>CR</td>
<td>30.28</td>
<td>9746.13</td>
<td>287.8</td>
<td>654.29</td>
</tr>
<tr>
<td>DER</td>
<td>0.0001</td>
<td>0.074</td>
<td>0.010154</td>
<td>0.0099</td>
</tr>
<tr>
<td>ROE</td>
<td>0.01</td>
<td>143.53</td>
<td>16.98</td>
<td>22.24</td>
</tr>
<tr>
<td>EPS</td>
<td>0.0019</td>
<td>555.7608</td>
<td>11.960</td>
<td>47.899</td>
</tr>
<tr>
<td>NPM</td>
<td>0.06</td>
<td>6871.39</td>
<td>65.33</td>
<td>600.94</td>
</tr>
</tbody>
</table>

In Table 1 it can be seen that the CAR values range from -83.62% to 873.53% with an average of 16.86% and a standard deviation of 85.92%. During the observation period, the average value of CAR experienced positive changes. This shows that during the study period, namely 2012 - 2014 the price of the company's stock that became the study sample increased. The CAR standard deviation is 85.92% which exceeds the CAR value of 16.86%. With the large amount of data deviation shows the high fluctuation of CAR variable data during the observation period.

CR values are in the range of 30.28% to 9746.13% with an average of 287.8% and a standard deviation of 654.29%. That is, each current debt of Rp. 1, will be guaranteed by current assets of Rp. 2.87. The value of CR reflects the company's ability to pay off its short-term debt. The higher the CR value indicates that the company is able to pay its short-term debt.

The lowest (minimum) Debt to Equity Ratio (DER) data is 0.0001 and the highest (maximum) is 0.074 then the average Debt to Equity Ratio (DER) is 0.010154 with a standard deviation value of 0.0099.

The lowest (minimum) ROE data is 0.01 and the highest (maximum) 143.53 then the average ROE is 16.98 with a standard deviation of 22.24. High ROE shows that the company is able to use its equity efficiently, so investors trust and the company will be able to provide a greater return through dividends distributed.

Earning per Share (EPS) data obtained an average of 11.960 with the lowest value of 0.0019 and the highest of 555.7608, while the standard deviation of 600.94. By looking at the value of the standard deviation that is greater than the average, it shows that the data used in the Earning per Share (EPS) variable has a large distribution. This condition shows that there are large Earning per Share (EPS) fluctuations in manufacturing companies on the Indonesia Stock Exchange (IDX) during the study period.

The lowest (minimum) Net Profit Margin (NPM) value is 0.06 with the highest value (maximum) of 6871.39. In addition, Net Profit Margin (NPM) shows an average value of 65.33 while the standard deviation is 600.94. By looking at the value of the standard deviation that is greater than the average, it shows that the data used in the Net Profit Margin (NPM) variable has a large distribution. This condition indicates a large fluctuation in Net Profit Margin (NPM) in manufacturing companies on the IDX during the period 2012 - 2014.

Table 2. Normality Test Results

<table>
<thead>
<tr>
<th>Variable</th>
<th>Z - Value</th>
<th>Sig</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR</td>
<td>1.117</td>
<td>0.253</td>
<td>Normal</td>
</tr>
<tr>
<td>CR</td>
<td>1.241</td>
<td>0.071</td>
<td>Normal</td>
</tr>
<tr>
<td>DER</td>
<td>0.606</td>
<td>0.384</td>
<td>Normal</td>
</tr>
<tr>
<td>ROE</td>
<td>1.371</td>
<td>0.089</td>
<td>Normal</td>
</tr>
<tr>
<td>EPS</td>
<td>0.831</td>
<td>0.437</td>
<td>Normal</td>
</tr>
<tr>
<td>NPM</td>
<td>1.037</td>
<td>0.343</td>
<td>Normal</td>
</tr>
</tbody>
</table>
Based on Table 2 states that the data used in this normal distribution research can be seen from the significance value of the variables, namely CAR, CR, DER, ROE, EPS and NPM each have a significance value greater than 0.05, so it can be said that all variable data is normally distributed. If the data is normally distributed, so the next assumption test can be performed.

<table>
<thead>
<tr>
<th>Independent Variable</th>
<th>VIF</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>2.198</td>
<td>Multicollinearity does not occur</td>
</tr>
<tr>
<td>DER</td>
<td>1.058</td>
<td>Multicollinearity does not occur</td>
</tr>
<tr>
<td>ROE</td>
<td>1.568</td>
<td>Multicollinearity does not occur</td>
</tr>
<tr>
<td>EPS</td>
<td>1.565</td>
<td>Multicollinearity does not occur</td>
</tr>
<tr>
<td>NPM</td>
<td>2.149</td>
<td>Multicollinearity does not occur</td>
</tr>
</tbody>
</table>

In Table 3 we can find the value of Variant Inflation Factor (VIF) of all independent variables (CR, DER, ROE, EPS and NPM). The VIF value of all independent variables is not more than 10. This shows that there is no multicollinearity on the independent variables in this study.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Significance</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>0.531</td>
<td>Heteroscedasticity does not occur</td>
</tr>
<tr>
<td>DER</td>
<td>0.484</td>
<td>Heteroscedasticity does not occur</td>
</tr>
<tr>
<td>ROE</td>
<td>0.716</td>
<td>Heteroscedasticity does not occur</td>
</tr>
<tr>
<td>EPS</td>
<td>0.384</td>
<td>Heteroscedasticity does not occur</td>
</tr>
<tr>
<td>NPM</td>
<td>0.180</td>
<td>Heteroscedasticity does not occur</td>
</tr>
</tbody>
</table>

In Table 4 the significance values obtained for all the independent variables CR, DER, ROE, EPS and NPM are greater than 0.05 (5%). This shows that the residual (error) does not contain heteroscedasticity in the regression model used. This means that if the data is enlarged it does not cause residuals (errors) to increase.

The autocorrelation test results can be seen in Table 5.7.

| Durbin-Watson | 1.33 < 1.439 < 1.77 |

The results of the autocorrelation test in the regression model in this study obtained the value of Durbin Watson (DW) of 1.439. This value is between 1.33 and 1.77, then this shows there is no autocorrelation in the regression model used.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>33.373</td>
<td>8.574</td>
<td>3.892</td>
<td>.031</td>
</tr>
<tr>
<td>CR</td>
<td>-.074</td>
<td>.011</td>
<td>-.564</td>
<td>-6.763</td>
</tr>
<tr>
<td>DER</td>
<td>.645</td>
<td>5.302</td>
<td>-.114</td>
<td>-1.978</td>
</tr>
<tr>
<td>ROE</td>
<td>.330</td>
<td>.272</td>
<td>.137</td>
<td>1.948</td>
</tr>
<tr>
<td>EPS</td>
<td>-.085</td>
<td>.121</td>
<td>-.049</td>
<td>-.701</td>
</tr>
<tr>
<td>NPM</td>
<td>.105</td>
<td>.012</td>
<td>.734</td>
<td>8.910</td>
</tr>
</tbody>
</table>
4. DISCUSSION

4.1 Effect of Current Ratio (CR) on Cumulative Abnormal Return CAR

The CR variable shows a negative coefficient on CAR with a regression coefficient of -0.074 (p = -0.663). This shows that CR has no effect on CAR. with this level of significance it means rejecting Ha1 and accepting H01. The results of this study are consistent with research conducted by Lulukiyyah (2010) analyzing the effect of DER, CR on stock returns, Sari (2012) analyzing the effect of CR on stock returns and Muhayatsah (2012) analyzing the effect of CR on stock returns which found CR to have a negative effect on returns stock.

While the results of this study are not in accordance with that conducted by Amrullah (2019) analyzing the effect of CR, DER, Systematic Risk on stock returns, Rofik and Fun (2013) analyzing the effect of CR, DER on stock returns, Selfiamaidar (2014) analyzing the effect of CR, TAT , NPM, EPS, BV on stock returns and Stambaugh (2003) analyzing the effect of CR on stock returns which found that CR had a positive effect on stock returns.

This CR connects current assets to current liabilities to try to show the security of the creditor's claim if there is a failure. So, the higher the value of this ratio shows a good position for the lender (lender's point of view), because it can provide protection against the possibility of drastic losses if there is a failure of the company besides that the excess of current assets over current liabilities seems to help protect claims, because inventory can be thawed with the auction or there is no problem in collecting accounts receivable. However, if viewed from another perspective, a high current ratio indicates poor management practices, an idle cash balance, an excess inventory level compared to existing needs, and a wrong credit policy that results in trade receivables becoming excessive.

A negative CR value indicates the value of current assets is smaller than the value of current debts. A low CR will cause a decline in market prices from the price of manufacturing shares, while a high CR can be caused by uncollectible receivables and unsold inventory which certainly cannot be used quickly to pay debts. On the other hand, companies that have high current assets are more likely to have other assets that can be liquidated at any time without experiencing a market decline (selling securities).

This study did not find CR to have a significant effect on CAR. This can be indicated that CR has not been able to attract the attention of investors in making investment decisions in manufacturing stocks, so it does not affect the rise or fall of stock returns. CR is the company's ability to meet its short-term obligations, while investors make investments with long-term goals, so investors pay less attention to CR. In looking at the level of liquidity, investors may pay more attention to other ratios.

4.2 Effect of Debt to Equity Ratio (DER) on Cumulative Abnormal Return

The DER variable shows a positive coefficient on CAR with a regression coefficient of 0.645 (p = 0.075). This shows that DER has no effect on CAR. with a positive coefficient it means rejecting Ha2 and accepting H02.

Gumanti (2007: 178) explains that the debt ratio or debt adequacy ratio is a type of ratio that is often used as a basis in evaluating risk, so it can be determined how risky a company is. This ratio can be measured by comparing total debt with total assets or total debt with total capital. A company is said to be sensitive to bankruptcy if this ratio shows a high number.

Ideally, increasing the amount of debt should be able to increase sales and net profit. However, in the case of this manufacturing company, even though the addition of debt can increase the value of sales does not mean that the return will increase significantly. This is because not all manufacturing companies use external capital (debt) really used and used to increase sales directly but it still takes a longer time to invest in inventory.

The results of this study are consistent with research conducted by Lulukiyyah (2010) analyzing the effect of DER, CR on stock returns, Kurniawan (2012 analyzing the effect of DER on stock returns and Nathaniel (2008) analyzing the effect of DER, EPS, NPM on stock returns that find that DER has a negative effect on stock returns.
While the results of this study are not in accordance with research conducted by Sari (2012) analyzing the effect of CR on stock returns, Amrullah (2009) analyzing the effect of CR, DER, systematic risk on stock returns, Rofik and Asyik (2013) analyzing the effect of CR, DER on stock returns which find that DER has a positive effect on stock returns.

The beta value of 0.190 shows a positive number indicating that the addition of debt can provide a positive correlation with CAR. Net profit can be achieved if the gross profit generated is able to cover several things such as operating expenses (selling expenses and administrative expenses), interest expenses, losses from foreign exchange differences and taxes. Conversely, if the company's gross profit cannot cover all expenses and losses due to foreign exchange and tax differences, it is certain that the company will suffer losses.

4.3 Effect of Return On Equity (ROE) on Cumulative Abnormal Return

ROE variable shows a positive and significant coefficient on CAR with a regression coefficient of 0.33 (p = 0.003). This shows that ROE affects CAR. with a positive coefficient it means accepting Ha3 and rejecting H03.

The results of this study are consistent with research conducted by Kurniawan (2012) analyzing the effect of ROE on stock returns and Mendari (2011) analyzing the effect of ROE on stock returns. The results showed that ROE has a positive effect on stock returns. However, this study is not in accordance with research conducted by Sari (2012) analyzing the effect of ROE on stock returns. The results showed that ROE has a negative effect on stock returns.

The results of this study are in accordance with the theory put forward by Gumanti (2007: 183) which explains that the ratio of the rate of return on capital (ROE) is a ratio that shows how capable companies use existing capital to generate profits or profits. Economically, the higher the rate of return obtained, the higher the level of the company's ability to take advantage of capital owned to obtain a profit. Margaretha (2007: 62) ROE is the ratio between net income and equity capital. This ratio is widely observed by shareholders and investors in the capital market who want to buy shares. Thus, this ROE Ratio is an indicator to measure the ability to obtain net income associated with dividend payments. An increase in this ratio means an increase in net profit resulting in an increase in stock prices.

Another cause of positive and significant numbers is because of the characteristics of Indonesian investors who want to get maximum profits so that investor behavior always considers rationally in making investment decisions based on ratio analysis that is reflected in the ROE level. While the regression coefficient of 0.644 (p = 0.001), a positive and significant number indicates that with an increase in ROE the CAR will also increase and vice versa.

4.4 Effects of Earning Per Share (EPS) on Cumulative Abnormal Return

The EPS variable shows a negative coefficient on CAR with a regression coefficient of -0.085 (p = -0.333). This shows that EPS has no effect on CAR. The negative coefficient means rejecting Ha4 and accepting H04.

The results of this study are not in accordance with research conducted by Lulukiyyah (2010) analyzing the effect of ROA, TATO, EPS on stock returns, Kurniawan (2012) analyzing the effect of EPS on stock returns and Selfiamaidar (2014) analyzing the effect of CR, TAT, NPM, EPS, BV on stock returns which found that EPS significantly positive effect on stock returns.

This means that the value of Earning per Share (EPS) does not affect the stock returns of manufacturing companies. This is evident from the empirical fact that states that in 2012 Earning per Share (EPS) has a standard deviation of 2950.20 which is far greater than the mean value of 949.87, in 2013 Earning per Share (EPS) has a standard deviation of 6594.04 which much greater than the mean value of 1397.04, while in 2014 Earning per Share (EPS) also has a standard deviation of 4825,654 which is far greater than the mean value of 1241,126. The results of research are not significant between Earning per Share variables (EPS) and stock returns due to fluctuations in Earning per Share (EPS) data.
EPS decline indicates that investors no longer want to invest their shares in these companies. As a result, corporate profits will decline, so that Earning per Share (EPS) does not affect stock prices. The absence of influence on the stock price will also affect the company's stock return.

4.5 Effect of Net Profit Margin (NPM) on Cumulative Abnormal Return

The NPM variable shows a positive coefficient on CAR with a regression coefficient of 0.105 (p = 0.313). This shows that NPM has no effect on CAR, with a positive coefficient it means rejecting Ha5 and accepting H05.

The results of this study are in accordance with research conducted by Nathaniel (2008) analyzing the effect of DER, EPS, NPM on stock returns. The results showed that NPM had no significant positive effect on stock returns. However, this study is not in accordance with research conducted by Selfiamaidar (2014) which analyzes the effect of CR, TAT, NPM, EPS, BV on stock returns. The results showed that NPM had a significant positive effect on stock returns.

The results of the study were not significant between the Net Profit Margin (NPM) and CAR variables due to fluctuations in the Net Profit Margin (NPM) data. This is evident from the empirical fact that states that Net Profit Margin (NPM) during the study period has a standard deviation that is greater than the average. In 2012 the standard deviation was 46.63 while the average was 13.876026, while in 2013 the standard deviation was 694,597 while the average was 86,773, and in 2014 the standard deviation was 777,2322 while the average was 95.35641.

The magnitude of the standard deviation value that is greater than the average shows that the data used in the Net Profit Margin (NPM) variable has a large distribution. This is due to the company being unable to generate profits for the company so that it affects investors and potential investors to make investments. At this time, investors are not willing to buy shares at high prices with a low Net Profit Margin (NPM) value, as a result the Net Profit Margin (NPM) does not affect the company's return.

The results of this study indicate that a high level of Net Profit Margin (NPM) shows that the company has the ability to generate net profits with a high percentage of operating income, this does not necessarily attract investors to invest their capital. So it can be concluded that the Net Profit Margin (NPM) does not affect the size of the return generated.

5. CONCLUSION

This study aims to analyze the effect of financial ratios by using variables Current Ratio (CR), Debt to Equity Ratio (DER), Return On Equity (ROE), Earning per Share (EPS), and Net Profit Margin (NPM) against Cumulative Abnormal Return (CAR) for manufacturing companies listed on the Indonesia Stock Exchange from 2012 to 2014. With a total sample of 78 companies, with multiple linear regression analysis. Based on the results of the data analysis and discussion, the following conclusions can be drawn:

1. Current Ratio (CR) has insignificant negative effect on CAR which means rejecting Ha1 and accepting H01.
2. Debt to Equity Ratio (DER) has insignificant positive effect on CAR which means rejecting Ha2 and accepting H02.
3. Return On Equity (ROE) has a significant positive effect on CAR, which means accepting Ha3 and rejecting H03.
4. Earning per Share (EPS) has insignificant negative effect on CAR which means rejecting Ha4 and accepting H04.
5. Net Profit Margin (NPM) does not have a significant positive effect on CAR, which means rejecting Ha5 and accepting H05.

6. RECOMMENDATION

With all the limitations in this study, the research results still need to provide opportunities for future research to further refine and find more appropriate models.

1. For companies that want to increase the value of the company or the welfare of shareholders and are attractive to investors, the company should increase the value of the company's financial ratios.
2. For investors in terms of choosing stocks, investors should do an analysis first, such as analyzing the company's financial ratios (internal company analysis), namely by analyzing the level of ROE because based on research results indicate a significant influence on CAR.

3. Academics and researchers who are interested in the same research are expected to be able to add other variables besides CR, DER, ROE, EPS and NPM as well as increase the research period and change the research sample. This is intended to get more representative research results.

7. REFERENCES


URL references:
www.idx.co.id
www.pasardana.com