

# The Effect Of Solvability, Profitability, Dividend Policy, And Company Value On Stock Returns

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## Abstract.

*Study This aiming For know and analyze influence solvability , profitability , policy dividends , and value company to stock returns on companies property and real estate listed on the IDX for the 2017-2021 period . Population study is company property and real estate listed on the IDX for the 2017-2021 period . Selection sample study use method purposive sampling and obtained 9 companies that meet the requirements criteria . Testing hypothesis use analysis multiple linear regression . Research results show solvability , profitability , policy dividends , and value company No influential to stock returns .*

**Keywords :** *Shares; solvability; profitability; dividends and value company.*

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## I. INTRODUCTION

The capital market is place meet him company that is need funds with investors who want to to plant the funds . One of product regular securities traded on the capital market is shares . The main objective an investor invests the capital with buy share a company is For get profit ( *return* ) in the future come . One of a good company eyed by investors when This is company *property and real estate*. *Property and real estate* companies are companies engaged in the field development service with facilitate development integrated and dynamic area . This sector be one of an important sector in Indonesia and has bright prospects in the future .At the beginning 2020 index share sector *property , real estate and building construction* declined drastic by 19.69% *year to date* . After emergence Covid-19 pandemic sector *property and real estate* experience decline sale Because condition economy that is not stable causing investors and consumers withhold self For invest in the field *property and real estate* . Fundamentally , stocks sector This Still in condition Good but performance its shares pressured by sentiment negative from global and regional exchanges. This is have an impact to stock *return* company sector *property and real estate* that is experiencing decline in a way drastically . In 2021 the sector *property and real estate* only grow by 2.78%. The low level growth This Because level consumption society that still weak (cnbcindonesia.com, 2022). The *property and real estate* sector experienced growth sale by 15.23% yoy ( *year on year* ) in the quarter second 2022 (emitennews.com, 2022). Growth This show trend positive along with start recovery economy in Indonesia.

At the end In 2020, BSDE (PT Bumi Serpong Damai Tbk ) recorded profit clean amounting to Rp. 281.7 billion or down drastically 89.93% compared to with end 2019 which recorded profit clean of Rp 2.791 trillion . Earnings per share base down becomes Rp. 14.12 compared to 2019 which recorded profit per share IDR 147 (pasardana.id, 2021). Decline performance company This happen consequence existence Covid-19 pandemic . In 2021 BSDE started experience improvement compared to with year previously . The Company recorded income business amounting to Rp 7.65 trillion or grew 23.85% compared to period 2020 amounting to Rp 6.18 trillion . The high interest consumer on product property quality and incentives sector property provided by the government become catalyst positive growth income company .Investment share own very big risk because investors tend to choose investment that produces the highest return . This is in accordance with principle *high risk high return* , meaning the more tall the risk taken by investors then the more high returns the results obtained .

Shares of a company Possible just experience fluctuating *returns* every moment Because various type factor , therefore That before decide For invest the funds to investor companies need do more analysis deep about performance finance company. Wrong One the way that can done by investors to evaluate performance finance company that is with analyze ratio existing finances in report finance company in the period certain . With analyze ratio finance can known advantages and disadvantages a company as well as the risk that will faced if decide For invest . Stock *return* is level returns received by investors on investment the shares he did . The more Good performance a company so price its shares will increase and will give *return* ( profit ) for investors. According to Firdaus & Ramadhan (2021) the factors that influence stock *return* is solvability and value company . This is also supported with opinion Listyarini , *et al* (2021) who explained that factors that influence stock *return* is solvability , profitability , *economic value added* (EVA), and policy dividends . From the two opinions above can taken conclusion by researcher that influencing factors strong with stock *return* is solvability , profitability , policy dividends , and value company . Based on description above researcher want to know How influence solvability , profitability , policy dividends , and value company to *return* share .

## II. REVIEW AND HYPOTHESIS

### Development

#### Study Previous

Title	Results
Mayuni and Suarjaya (2018). The Influence of <i>return on assets</i> , <i>firm size</i> , <i>earnings per share</i> , and <i>price earnings ratio</i> against stock <i>returns</i> .	<i>Return on assets</i> and <i>earnings per share</i> have an effect positive and significant to stock <i>returns</i> , while <i>firm size</i> and <i>price earnings ratio</i> do not influential significant to stock <i>returns</i> . <i>Return on assets</i> , <i>firm size</i> , <i>earnings per share</i> , and <i>price earning ratio</i> simultaneous influential positive significant to Stock <i>returns</i> .
Ningrum (2019). Influence <i>asset growth</i> , <i>dividend payout ratio</i> , and <i>price earnings ratio</i> against stock <i>returns</i> .	<i>Asset growth</i> and <i>price earnings ratio</i> do not influential significant to stock <i>returns</i> , while <i>dividend payout ratio</i> has an effect significant to stock <i>return</i> . Variable <i>asset growth</i> , <i>dividend payout ratio</i> , and <i>price earning ratio</i> together influential significant to stock <i>returns</i> .
Ristyawan (2019). The Influence of <i>return on equity</i> , <i>debt to assets ratio</i> , <i>price to book value</i> , and <i>net profit margin</i> against stock <i>returns</i> .	<i>return on equity</i> has an effect negative to stock <i>returns</i> , <i>debt to assets ratio</i> is not influential positive to Stock <i>returns</i> , <i>price to book value</i> have an effect positive and significant to Stock <i>returns</i> and <i>net profit margins</i> have an effect positive and no significant to stock <i>returns</i> .
Abdurrohman , <i>et al</i> (2021). The influence of <i>current ratio</i> , <i>debt to equity ratio</i> and <i>return on equity</i> against stock <i>returns</i> .	<i>Current ratio</i> has an effect positive significant to Stock <i>returns</i> , <i>debt to equity ratio</i> has an effect negative significant to stock <i>returns</i> , <i>return on equity</i> has an effect positive significant to stock <i>return</i> . Variable independent <i>current ratio</i> , <i>debt to equity ratio</i> and <i>return on equity</i> together influential positive to stock <i>returns</i> .
Hasanudin (2022). Influence <i>current ratio</i> , <i>debt to equity ratio</i> , and <i>return on assets</i> against stock <i>returns</i> .	<i>Current ratio</i> influential positive and negative significant to stock <i>returns</i> , whereas <i>debt to equity ratio</i> and <i>return on assets</i> influential negative and no significant to stock <i>returns</i> .

### Theory Review

#### 1. Relationship Signal

Theory theory signal with proxied solvability with *debt to equity ratio* (DER) is the more tall DER value shows that the company's debt height and load the interest borne is also increasing high . This is become signal negative for investors so that interest to company low Because company rated own high risk and level benefits gained low . Relationship theory signal with proxied profitability with *return on assets* (ROA) is the more tall ROA value shows that company capable produce profit from the assets he owns so that performance company rated the more effective . This is become signal positive for investors so that price share will rise and stock *returns* increase .

Connection theory signal with policy proxied dividends with *dividend payout ratio* (DPR) is the more tall DPR value shows that The dividends distributed are also increasing big . The existence of information about increase dividend can become signal positive for investors. If interest to company increase so price share will rise and stock *returns* will increased . Relationship theory signal with mark proxy company with *price to book value* (PBV) is the more tall PBV value then performance the company is also rated the more good and have good prospects in the future come . Successful company create mark for holder share will give signal positive for investors. High company value can interesting interest investors so that price share will rise and stock *returns* will also rise.

## 2. Stocks Stocks

is sign proof someone's capital participation or parties ( business entities ) in a company or company limited . With include the capital so the investor has claim on income company , claim on asset company , and has the right present in (GMS) General Meeting of Shareholders (www.idx.co.id).

## 3. Stock

*Return Stock Return* can interpreted as level the returns enjoyed by investors on investment the shares he made . The *return* become tool measuring For evaluate profit in a investment .

## 4. Analysis Ratio Financial

Ratio finance is tool analysis finance company For evaluate performance a company based on comparison of financial data contained in the report items financial . Ratio results finance used For evaluate performance management in a period whether Already achieve the target as has been set as well as evaluate ability management in empowering source Power company in a way effective (Kasmir, 2016). With analyze ratio investor finance can know advantages and disadvantages a entity as well as the risk that will accepted If decide For investing ( Ristyawan , 2019).

## 5. Solvability

Ratio solvability used For evaluate ability company For pay all over his obligation Good obligation term short and also term long (Kasmir, 2016: 150).

## 6. Profitability

Ratio profitability used For evaluate ability company in produce profit during period certain . Ratio This give size level effectiveness management the company shown from profit generated from sale and also income investment (Kasmir, 2016:196).

## 7. Policy Policy Dividends

dividend is considerations made by the company about profit received in One period will given in form dividend to holder share or No share profit the For do investment in the future come (Dewi & Yudowati , 2020).

## 8. Company Values

Company Values is investor assessment of entity on achievement entity after pass activity operational during a number of period ( Wulanningsih & Agustin, 2020).

### **Influence Hypothesis**

**Solvability to Solvability Stock Return** proxied with *debt to equity ratio* (DER) measures company capital capability in pay obligation term short and obligation term length .

H 1 : Solvability influential to stock *returns*

### **Influence Profitability to Stock Return**

Profitability proxied with *return on assets* (ROA) measures level return investment company with using total assets owned .

H2: Profitability influential to stock *return*

### **Influence Policy Dividend to Stock Return**

Policy dividend proxied with *dividend payout ratio* (DPR) measures percentage distributed profit in form dividends .

H 3 : Policy dividend influential to stock *return*

### **The Influence of Company Values on Stock Return**

Company values proxied with *price to book value* (PBV) measures performance stock market price to mark book share .

H<sub>4</sub>: Company value influential to stock return

### **III. METHODS**

Methods used in study This is method study quantitative . Type of research is associative causal . Research associative causal aiming For know influence between variables . Research This aiming For know influence solvability , profitability , policy dividends , and value company to stock return company *property* and *real estate* listed on the IDX. Population study is company *property* and *real estate* listed on the IDX for the 2017-2021 period . Population study as many as 78 companies. Research sample use technique *nonprobability sampling* with method *purposive sampling* . Based on the selection process sample so amount company *property* and *real estate* listed on the IDX during 2017-2021 period 9 companies selected as sample study so that the total sample data is 45 data taken from 2017-2021 .

### **IV. Research Results and Discussion**

#### **Influence Solvability To Stock Return**

Based on hypothesis test results state that solvability No influential to stock return so that hypothesis first (H<sub>1</sub>) which reads solvability influential to stock return rejected . High and low solvability No will influence level stock returns that will accepted by investors. Investors have different views about mark solvability . There are investors who assess that the more tall mark solvability describe the more high obligations company compared to the capital owned and increasingly the burden is also big flower company to party third ( creditor ) so that will increase risk for investors. However , there are also investors who consider that level high debt can produce more profit big if company capable manage the debt with Good For develop his efforts so that performance company will increased . Therefore that investor is not see mark solvability as reference in taking decision investment .

The results are depart behind with theory signal Where the more big mark solvability so stock return will the more down so that can give signal negative to investors. Research results This supported by research by Ananta & Mawardi (2020), Hasanudin (2022), Jaya & Kuswanto (2021), Kusumawardhani & Sapari (2021) which states that solvability No influential to stock returns . Research results This No in line with research by Devi & Artini (2019), Listyarini , *et al* (2021), Firdaus & Ramadhan (2021), Yulia (2021), Abdurrohman , *et al* (2021) which states that solvability influential to stock returns .

#### **Influence Profitability To Stock Return**

Based on hypothesis test results state that profitability No influential to stock return so that hypothesis second (H<sub>2</sub>) which reads profitability influential to stock return rejected . This is show that tall low mark profitability No will influence level stock returns that will accepted by investors. Companies whose value its profitability tall Not yet Of course will share profit owned in form dividend to holder share Because company more choose For withhold profit the For interest operational in the future come . Therefore that investor is not see mark profitability as reference in taking decision investment .The results are depart behind with theory signal Where the more big mark profitability so stock return will increase so that can give signal positive for investors. Research results This supported by research by Ananta & Mawardi (2020), Rachelina & Sha (2020), Kumala & Ahya (2020), Hasanudin (2022) which states that profitability No influential to stock returns . Research results This No in line with study Mayuni & Suarjaya (2018), Yulia (2021), Jaya & Kuswanto (2021) who stated that profitability influential to stock returns .

#### **Influence Policy Dividend To Stock Return**

Based on hypothesis test results state that policy dividend No influential to stock return so that hypothesis third (H<sub>3</sub>) which reads policy dividend influential to stock return rejected . High and low dividends distributed No influential to stock returns received by investors. Distribution dividend with high value can reduce ability company in do expansion his efforts so that can lower income company . Therefore That company must truly take into account How many percentage distributed profit in form dividend or

withhold profit the as profit detained. The results are depart behind with theory signal Where the more big dividends distributed so stock *return* will increase so that can give signal positive for investors. Research results This supported by research by Dewi & Yudowati (2020), Kusumawardhani & Sapari (2021) which states that policy dividend No influential to stock *returns* . Research results This No in line with research by Ningrum (2019), Ananta & Mawardi (2020), Listyarini , *et al* (2021) which states that policy dividend influential to stock *returns* .

### **The Influence of Company Values on Stock Return**

Based on hypothesis test results state that mark company No influential to stock *return* so that hypothesis fourth (H 4 ) which reads mark company influential to stock *return* rejected . The height PBV value shows that company market value will more tall compared to with mark his book so that can interesting investor interest in invest . However , if PBV value is too high tall then investors will evaluate that company market value the too expensive so they No will interested For buy share company . The results are depart behind with theory signal Where the more tall mark company so stock *return* will increase so that can give signal positive for investors. Research results This supported by research Rachelina & Sha (2020) stated that mark company No influential to stock *returns* . Research results This No in line with study Ristyawan (2019), Kumala & Ahya (2020), Jaya & Kuswanto (2021), Firdaus & Ramadhan (2021) who stated that mark company influential to stock *returns* .

## **V. CONCLUSION**

Based on results research that has been done about influence solvability , profitability , policy dividends , and value company to stock *returns* on companies *property* and *real estate* listed on the IDX for the 2017-2021 period can withdrawn conclusion as follows:

1. Solvability No influential to stock *returns* on companies *property* and *real estate* listed on the IDX for the 2017-2021 period . This show that ability company in fulfil his obligation with using own capital No influential to stock *returns* received by investors.
2. Profitability No influential to stock *returns* on companies *property* and *real estate* listed on the IDX for the 2017-2021 period . This show that ability asset company in produce profit No influential to stock *returns* received by investors.
3. Policy dividend No influential to stock *returns* on companies *property* and *real estate* listed on the IDX for the 2017-2021 period . This show that tall low percentage distributed profit in form dividend No influential to stock *returns* received by investors.
4. Company values No influential to stock *returns* on companies *property* and *real estate* listed on the IDX for the 2017-2021 period . This show that tall low mark from a company No influential to stock *returns* received by investors.

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