



**THE EFFECT OF FUNDAMENTAL FACTOR
TOWARD STOCK RETURN IN KOMPAS 100 INDEX
COMPANIES DURING PERIOD 2010-2013**

By

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PANEL OF EXAMINERS APPROVAL SHEET

The Panel of Examiners declare that the skripsi entitled “**The Effect of Fundamental Factor Toward Stock Return in Kompas 100 Index Companies During Period 2010 - 2013**” that was submitted by Metta majoring in Management from the Faculty of Business was assessed and approved to have passed the Oral Examinations on January, 20th 2015.

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This skripsi entitled “**The Effect of Fundamental Factor Toward Stock Return in Kompas 100 Index Companies During Period 2010-2013**” prepared and submitted by Metta in partial fulfillment of the requirements for the degree of Economic in the Faculty of Business has been reviewed and found to have satisfied the requirements for a skripsi fit to be examined. I therefore recommend this skripsi for Oral Defense.

Cikarang, Indonesia, January 5th, 2015

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DECLARATION OF ORIGINALITY

I declare that this skripsi, entitled **“Effect of Fundamental Factor Toward Stock Return in Kompas 100 Index Companies During Period 2010-2013”** is, to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, January 5th, 2015

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ABSTRACT

The objectives of this research are to investigate the effect of fundamental factor of Net Profit Margin, Price to Book Value, Current Ratio and Earning Per Share toward Stock Return in Kompas 100 Index Companies during period 2010 to 2013. This research is using panel data from Kompas 100 Index Companies financial report from 2010 - 2013. Analysis technique which is used is multiple linear regression analysis and this research is using several tests which are hypothesis testing and classical assumption testing. Hypothesis testing is used to test the partial influence and F test to test the simultaneous influence in level of significance 5%. Another test in this research is a classical assumption test, including normality test, multicollinearity test, heteroscedasticity test and autocorrelation test. During the research period, it shows that the research data was normally distributed. According to multicollinearity test, heteroscedasticity test and autocorrelation test, there is no deviation of classical assumption in the research data, thus it indicates that the data have fulfilled the condition to use multiple linear regression model. The result of F test in this research shows the significant simultaneous influence of NPM, PBV, CR and EPS toward Stock Return in Kompas 100 Index Companies. While the research of t test shows PBV and EPS partially have significant influence toward Stock Return, while NPM and CR have not significant influence toward Stock Return. PBV has dominant influence toward Stock Return among the independent variables with coefficient 0.001. This research recommends that investor chooses Kompas 100 Index Companies as a place for investment should be concerned with factors that influence Stock Return to prevent the wrong decision to get a return.

Keyword: *NPM, PBV, CR, EPS, Stock Return*

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LIST OF ACRONYMS

1. NPM = Net Profit Margin
2. PBV = Price to Book Value
3. CR = Current Ratio
4. EPS = Earnings Per Shares

CHAPTER I

INTRODUCTION

1.1. Background of Studies

“Globalization refers to the expansion and intensification of social relations and consciousness across the world – time and world – space”. An summarize from Manfred Steger in his book entitled “Globalization” (Steger ,2010). Globalization is not only in communication, transportation and information technology, but also in economics and finance. A quote says, “A country will have no heart beating with no economy.” An economist, Prof. Noel T. Palmer (2012), revealed his thought as the quote and he stated that the economy would always impact on the country’s health in which economic growth has huge possibilities to increase levels of productivity in many sectors.

The continued development of economy of advances in technologies, information and communication in the era of globalization resulted a significant change in various lives. With advances in technology, information, and communication, investor began to conduct economic transactions through variety ways. A wide variety of alternative activities to invest in Indonesia have many alternatives to choose for an investor who has an excess fund to distribute the funds. The investments that can be used by investors to make investments other than in banks or intangible investment such as gold or land can be invested in capital markets.

Capital markets as a means of capital formation and accumulation of funds directed to increase community participation in directing funds to support national development financing. The capital market is a very beneficial tool for both company and for investors who both as profit-oriented. Seeing the opportunities that this opens as companies vying to trade their shares in the capital market. With the capital markets, the parties

have an excess funds may invest funds with the expectation of reward. While those who need the funds can utilize these funds without to wait the funds from the operations of the company (Ahmad Kamarudin, 2003: 17). As for companies that went public, the capital market is a place to obtain additional funding for operations of the company, thus the surviving company can survive and be able to compete with other companies.

In transactions in the capital market, investors can directly examine and analyze the advantages of each company that offers capital. So, they deem beneficial can directly buy and sell them back on when prices rise in the same market. So, in this case the investor can also be a seller to the other investors. (Kasmir, 2005: 194). An expectation of investors on investment is obtain the level of return (refund) as much as possible with certain risks. The return can be a capital gain or dividend to be invested in stocks for investments in debt securities. The return is an indicator to increase the wealth of investors, including shareholders. Therefore, investing in the stock, investors will prefer companies that can provide returns that tend to be higher.

To be able to choose a safe investment required careful analysis, meticulous, and supports the accurate return. There are some indicators that can be used by investors in analyzing each of the investment. One is the company's financial statements that describe the performance of the company and it also contains information about the results of the company for a certain period. Information from the financial statements can be used by investors in the capital market for the valuation of share and the result will be reflected in the stock price.

In analyzing and selecting share, there are two analyses or approach that is often used, namely technical analysis and fundamental analysis (Jumayanti Indah Lastari, 2004). Technical analysis uses charts or images that produce certain patterns and the patterns generated were analyzed by comparing with the results of observations that have been made, so that these patterns provide an indication of the movement of stock prices (Ang, 1997). Ang (1997) suggests that fundamental analysis is basically how

investors analyze historical data on the financial strength of a company, where the process is often referred to as the analysis of the company.

Fundamental factors of the company which may explain the strengths and weaknesses of the financial performance of companies are financial ratio. Through financial ratios can reflect how the performance of the company in two ways. First, we can compare the financial ratio from time to time to observe a tendency is going on. Secondly, we can compare a company's financial ratio with other companies in the industry are still moving relatively the same with a certain period. The better of financial performance of the company's stock price will also be higher the performance of the company.

Financial ratio analysis is also an instrument of corporate achievement that describe the relationships and financial indicators, which is intended to reflect changes in the financial condition or achievements of the company's operations in the past and help illustrate the trend of the pattern of these changes, and then demonstrate the risks and opportunities inherent in the enterprise concerned (Helfert (1991), Warsidi and Bambang 2000: 1). The size of the profit can be seen from the increase or decrease in financial ratios, thus that the user can see the condition of the company concerned.

Ratios used in this study include the ratio of profitability, liquidity and market ratios. Profitability ratios are often used to predict the stock price or stock return is the net profit margin which is ratios of the company's ability to harness the full richness to generate profit, current ratio which is a company's ability to meet its short-term liabilities, and price to book value shows the level of the company's ability to create value relative to the amount of capital invested, earning per share to know the amount of profit earned by each share of common stock.

The sample used in this study are the companies that are members of the Kompas 100 on IDX Index, the reason for using a sample firms incorporated in the Kompas 100 Index as shares in the company that the Kompas 100 Index is a stock that have high liquidity, have good market capitalization, have good fundamentals and performance as well as its

development was monitored every 6 months thus attractive for the research sample.

That way is necessary to study the factors that affect the change in stock return. Therefore, the title of this research is: **THE EFFECT OF FUNDAMENTAL FACTOR TOWARD STOCK RETURN IN KOMPAS 100 INDEX COMPANIES DURING PERIOD 2010-2013**

1.2. Problem of Identification

To be able to grow and develop, companies need a relatively large amount of funds in order to finance expansion or additional investments. One source of external funding as a means to raise funds quickly and easily, is through the capital market. Companies can raise funds from the public through the sale of shares in the capital market. Investors who will invest in the stock market will first perform an analysis to determine the performance of the company thus that its investments will return.

Table 1.1. Average Stock return, NPM, PBV, EPS and CR in Kompas 100 Index Companies during period 2010-2013

Period	Stock Return	Ratio			
Year		NPM (%)	PBV (X)	CR (%)	EPS(X)
2010	35%	17.98	4.73	242.61	606.50
2011	-29%	16.16	4.60	274.82	795.50
2012	-15%	9.93	5.57	235.10	574.55
2013	-17%	5.31	5.30	198.69	445.96

Source: IDX. Com and ICMD 2013

Based on Table 1.1 it can be seen that the financial performance as measured by NPM, PBV, CR and EPS, which tends to increase does not always indicate an increase company's stock return and vice versa that the NPM, PBV, CR and EPS tends to decline does not necessarily indicate an enterprise of a company's stock return to decline.

This case can be seen in the issuer in the period 2012 to 2013 NPM has decreased from 16.61% to 9.91%, but in the same period the return of its shares increased from -29% to -15%. For issuers in the period 2010 to 2011 EPS increase from 606.50 to 795.50 but in the same period the return of its shares decreased from 35% to -29%, which the stock returns should increase due to the earnings per share has increased.

See the phenomenon in Table 1.1 on the Kompas 100 index companies listed in Indonesia Stock Exchange; it is necessary to conduct research on the factors that affect stock returns in the Kompas 100 index companies. Because one of the factors considered in making investment decisions in the capital market is the level of profit or return. Investors are generally motivated to invest in an instrument that is in demand in the hope of obtaining the return or appropriate investment return. In addition, the study of stock returns that have been done have results that are not consistent with each other. Therefore, this area is still a problem that is interesting to study.

1.3. Statement of Problem

Through this research, the researcher would like to analyze several problems below:

1. Does NPM have significant influence toward stock return in Kompas 100 Index companies for the period 2010-2013?
2. Does PBV have significant influence toward stock return in Kompas 100 Index companies for the period 2010-2013?
3. Does CR have significant influence toward stock return in Kompas 100 Index companies for the period 2010-2013?

4. Does EPS have significant influence toward stock return in Kompas 100 Index companies for the period 2010-2013?
5. Is there any relation simultaneous of NPM, PBV, CR, EPS and Stock return in Kompas 100 Index companies for the period 2010-2013?

1.4. Research Objective

According to statements of the problem above, the research objectives are as follows:

1. To know whether NPM has significant relationship toward stock return in Kompas 100 Index companies for the period 2010-2013.
2. To know whether PBV has significant relationship toward stock return in Kompas 100 Index companies for the period 2010-2013.
3. To know whether CR has significant relationship toward stock return in Kompas 100 Index companies for the period 2010-2013.
4. To know whether EPS has significant relationship toward stock return in in Kompas 100 Index companies for the period 2010-2013.
5. To know whether any relation of NPM, PBV, CR, EPS and Stock return in KOMPAS 100 Index companies for the period 2010-2013.

1.5. Definition of Term

- 1. NPM (Net Profit Margin):** it measures how much out of every dollar of sales a company actually keeps in earnings.
- 2. PBV (Price to Book Value):** A ratio used to compare a stock's market value to its book value.
- 3. CR (Current Ratio):** it measures whether or not a firm has enough resources to pay its debts over the next 12 months
- 4. Yield:** component return in periodic from investment
- 5. Capital gain (loss):** second component from return that get from the increase (decrease) the price of stock
- 6. Profitability:** A business's condition when the business generates earnings as compared to its expenses and other relevant costs incurred.

7. **Liquidity:** The degree to which company's assets can be easily converted to cash without affecting the asset's price.
8. **Market ratio:** it measures investor response to owning a company's stock and also the cost of issuing stock.
9. **Globalization:** The spreading of financial services and financial institutions worldwide.
10. **Trade:** the act or process of buying, selling or exchanging commodities at either wholesale or retail within a country and between countries.
11. **Economic growth:** an increase in the capacity of an economy to produce goods and services which compared from one period of time to another.
12. **Expected return:** the value of things or money that has been invested to get a maximal return than before.
13. **Investment:** using the money to invest in hope in the future can get a high value.
14. **Net income:** the money that comes from profit of the company
15. **Intangible:** unable to be touched or not having a physical presence
16. **Kompas 100 Index:** an index with 100 shares of public company that Indonesia Stock Exchange cooperation with Kompas newspaper

1.6. Scope and Limitation

Scope

The study is conducted to know the effect of fundamental factor toward stock return in Kompas 100 Index companies during period 2010 to 2013. For to know is that have a significant relation, thus the researchers conduct the research to know the valid and reliable.

Limitation

Indonesia is a big country with many of the islands and region. For to easiness of research, the researcher do secondary data, thus the data analysis is highly dependent on the publication of the financial statement. As we know, the secondary data is very wide which can conclude many of the

information, thus, the researcher limit the research to give the period of time from 2010 until 2013 and limit with 10 companies from 100 companies in Kompas 100 Index. From this period of time, the researchers hope can find the solution of the problem.

1.7. Significance of Study

These are the significance of the study seeing from several perspectives:

1. Company

To serve a beneficial reference and offer an added value to the company which the company can establish the policies in the future

2. Investor

This research is expected to be used as consideration for investors and companies in determining the investment. It can be seen from the fundamental factors and the information that have been collected in this study for consideration in making investment decision.

3. Researcher

To widen the knowledge of researcher that can help the investor, company, university for applying the knowledge, especially in the financial management and investment.

4. Future Researcher

To help the future research to gain the knowledge and preference for doing the next improvement of research.

5. University

To provide support for university academic knowledge of company and finance industry.

CHAPTER II

LITERATURE REVIEW

2.1. Theoretical Review

2.1.1. Capital Market

According to Husnan (2003) defines the capital market as a market with a variety of financial instruments (securities) in the long term that can be traded on the exchange, either in the form of debt or equity which is issued by the government, public, or private companies. Capital markets can be interpreted as the market for trading securities, which generally have a lifespan more than one year, such as shares and bonds (Tjiptono Darmaji and Hendy M. Fakhruddin, 2006). But according to Thian (2001), capital market is one indicator of a country's economic assessment because the companies that entered or registered on the stock market are the large and credible companies in the country.

According to Ahmad Rodoni (2008: 40) capital markets is the financial market for long-term funds (funds with maturities of more than one year) and a concrete market. Capital markets in the narrow of sense are an organized place where securities are traded is called the Stock Exchange. Stock Exchange is an organized system that brings sellers and buyers of securities is done either directly or through their representatives. The stock exchange itself functions include maintaining the continuity of the market and create a reasonable price through the mechanism of the effect of supply and demand (Dahlan Siamat, 2004: 249).

Ahmad Kamarudin (2003: 17) defines the capital markets as a means of capital formation and accumulation of funds are directed to increase community participation in directing funds to support

national development financing. Capital markets, competitive markets for equity securities or debt securities with maturities of more than one year. The best examples of capital market securities are common stock, bonds, and preferred stock. Fabozzi (1999: 15) capital market is a financial market for the instruments of equity and debt instruments with maturities of more than one year.

Suad Husnan (1993: 1) a formal capital market can be defined as the market for the various financial instruments (or securities), long-term can be traded, either in the form of debt or equity capital, both published by the government, public authorities, as well as private companies. Meanwhile, according to Law No. 8 of 1995 on the capital market is the party that organizes and provides a system and or the means to bring together offer buy and sell other securities parties with the aim of trade effects between them.

2.1.1.1. Function of Capital Market

According to Ahmad Kamarudin (2003) functioning capital markets, among others:

- a. Creating a continuous market for securities that have been offered to the public.
- b. Creating a reasonable price for the related securities through the mechanism of supply and demand.
- c. To assist in the financing business.

2.1.2. Stock

According to Brigham and Houston (1999), the stock is a sign of ownership and transfer of company stock which is stock ownership usually symbolized by a common stock (common stock). According to Kertonegoro (1995:99), stock is a form of investment capital (equity capital) or proof of ownership position in a company.

According to Robert Ang (1997), stocks are securities as proof of ownership or individual and institutional ownership in a company. Value of stock based on its function divide into three, such as: par value, market price and stock price. According to Agus Sartono (2001), the price of the stock market formed through the mechanism of demand and offers in the capital.

Stock value based on its function can be divided into three types (Ang, 1997):

1. Par value

Par value of a share is listed on the stock that relevant and usually for accounting purposes

2. The base price

The base price of the new shares is the premier price so the basic value is the result of multiplying the base price with the number of outstanding shares

3. The market price

Market price is the price which the most easily determined because market price is the price of ongoing stock so the base price that determines the rise and fall of a stock. If the market price multiplied by the number of outstanding shares, it will get market value.

2.1.3. Return

The return can be realized returns that have occurred or return expectations that has not happened yet, but is expected to occur in the future (Jogiyanto, 2000). Realized return is the return that has occurred. Return realization calculated using historical data (Jogiyanto, 2010: 205). Return realization important because it is used as one measure of the performance of the company. Return realization or historical return is also useful as a basis for determining (expected return) and future risks.

Expected return is the expected return to be earned by investors in the future (Jogiyanto, 2010: 205). Different with return realization that has been occurred, the expected return has not been occurred. Every investment, long term and short term has the main goal to receive benefit called return, either directly or indirectly (Ang, 1997).

Return is the profit earned by companies, individuals, and institution of the result of its investment policy (Fahmi, 2012:189). The return component consists of a capital gain (loss) is defined as the gain (loss) from excess selling price (purchase price) of shares compared to the purchase price (selling price) of shares and dividends received by the investor is the periodic income (Tandelilin, 2010:102).

According to Widayani Anik (2010), a component of the return consists of two types of current income and capital gains. Current income is the advantages obtained through periodic payments such as interest payments on deposits, bond interest dividends and so on. Referred to the current income, means that the benefits received are usually in the form of cash or cash equivalents, thus it can be expressed quickly. The second component of the return is the capital gain, the benefits received because of the difference between the selling price and the purchase price of an investment instrument.

Capital gain is highly dependent on the market price of the relevant investment instrument, which means that the investment instrument should be traded on the market (Widyawati Happy, 2013).

According Sembel and Sugiharto (2009:129), stock return can be defined into 2 such as:

1. Dividend

Dividend is distribution of some profits from the company to the investor which investor must hold the shares for a certain period.

2. Capital Gain

Capital gain is the difference between the purchase price and the selling price. Capital gains are formed in the presence of secondary market trading activity.

Furthermore, to calculate stock returns can use the following formula (Jogiyanto, 2000):

$$R = \frac{(P_t - P_{t-1})}{(P_{t-1})} \times 100\%$$

Description:

R= Stock return

P_t = Stock price in the periodic year

P_{t-1} = Stock price before the periodic year (last year)

2.1.4. Stock Analysis Technique

Generally, there are two approaches that are often used by investors to analyze and evaluate the stock market, fundamental analysis and technical analysis (Bodie, et al, 2005). In analyzing the stock there are two ways:

2.1.4.1. Analytical Analysis

According to Bodie Kane (2006: 481) technical analysis is basically a search effort looping pattern that can be predicted in the stock price. Technical analysis is sometimes referred as the chart maker (chartist) because it studied about the records or charts of stock prices in the past, hoping to find a pattern that can be utilized to make a profit.

Meanwhile, according to Ahmad Kamarudin (2003: 79) technical analysis is an analysis of the market or securities which focuses on stock indices, prices or other market statistics to find patterns that might be predictive of an idea that has been made or analyzes that assume that the stock is trading commodities which in turn demand and the offer is the manifestation of psychological condition of investors.

2.1.4.2. Fundamental Analysis

According to Jogiyanto (2009, 130), fundamental analysis is the analysis to calculate the intrinsic value of the stock by using financial data. Fundamental analysis at the company level involves in analyzing the basic financial variables in order to estimate the company's intrinsic value. These variables include sales, profit margin, depreciation, the tax rate, source of financing, assets utilization, and order factors Jones (2007:396).

According to Murtanto and Harkivent, (2000), fundamental analysis is based on the belief that the value of a

stock is heavily influenced by the performance of the company that issued the stock. Fundamental analysis states that any stock investment has a strong foundation, called the intrinsic value that can be determined through the analysis of very carefully against the company in the present condition and future prospects. (Tendi Haruman, 2005: 31).

2.1.5. Financial Ratio

Astuti (2004: 29) says that the financial ratio analysis is designed to help evaluate the financial statements. According to Ahmad Rodoni (2010), financial ratios are generally classified into 4 (four) types, among others:

1). Liquidity Ratio

It measures the company's ability to meet short-term obligations at maturity. Liquidity ratios include net working capital, current ratio, quick ratio and cash ratio.

2). Ratio Activity

It measures the company's ability to use the available funds, reflected in capital turnover. The ratio of total asset turnover activities includes, receivables turnover, inventory turnover, average collection period, average payment period, working capital turnover, and fixed asset turnover.

3). Debt ratio

It measures the company's ability to pay off debt if one day the company liquidated. This ratio also shows how big the company is financed by outside parties or creditors. The ratio of debt includes debt ratio, total debt to equity ratio, long-term debt to equity ratio, time interest earned ratio, and fixed-payment coverage ratio.

4). Profitability Ratios

It measures the company's ability to generate the profits. Profitability ratios include gross profit margin, operating profit margin, net profit margin, return on assets, return on equity, earnings per share, and price earnings ratio.

According to Astuti (2007: 30), there are three types of benchmarking results ratio analysis finance:

a) Analysis of the cross-sectional

Cross-sectional analysis was to compare the results of the analysis of a company's financial ratios with values of financial analysis similar companies in the same industry in the same time.

b) Analysis of time-series

Time-series analysis is to evaluate the company's performance by comparing the results of the analysis of financial ratios in the period of the results of the analysis of financial ratios in other periods within the same company.

c) Analysis of panel

Panel analysis is a combination of cross-sectional analysis with time-series analysis.

2.1.6. Net Profit Margin (NPM)

Net profit margin (NPM) is a ratio that shows how much percentage of profit that generated from each sale (Rinati, 2001:75). According to Alexandri (2008: 200), net profit margin (NPM) is the ratio that used to demonstrate the company's ability to generate net profit after tax. Meanwhile, according to Bastian and Suhardjono (2006:299) net profit margin is the ratio between net incomes with sales.

The larger the ratio means the company is in better performance in generating profit (Tandelilin, 2010:386). The higher the ratio of net profit margin means the net income generated by the company is also getting bigger it will attract investors to conduct transactions with the company in question, because in the theory, if the issuer's ability to generate profits, the greater the company's stock price of capital market will also the return increase (Yeye, 2011). Net Profit Margin is the technique or formula to measure the company efficiently in control cost (Syed et al. 2012).

Net Profit Margin can be formulated: (Sartono, 2008:123)

$$NPM = \frac{\text{Net Income After Tax}}{\text{Sales}}$$

2.1.7. Price to Book Value

Robert Ang (1997) simply states that the price to book value (PBV) is the ratios of the market (market ratio) were used to measure the performance of the stock market price to book value. According to Husnan. S and Pudjiastuti (2006: 258), price to book value (PBV) is the ratio between the market price and the book value of shares. For companies that run well, in general this ratio reaches above one, which indicates that the stock market value is greater than its book value. The bigger the company the higher PBV ratio assessed by investors relative to the funds that have been invested in the company.

Meanwhile, according to Tandelilin (2001: 194): "The relationship between the stock market price and the book value per share may also be used as an alternative approach to determining the value, because theoretically, the market value of a stock should reflect the value of the book."

According to Husnan. S and Pudjiastuti (2006: 258), the formula used to calculate the price to book value is as follows:

$$\text{Price to Book Value} = \frac{\text{Price of shares}}{\text{Book Value}} \times 100\%$$

2.1.8. Current Ratio

Current ratio is a ratio that compares the amount of current assets owned by the company with short-term debt, Sutrisno (2009: 216). This ratio indicates the amount of current liabilities covered by assets that are expected to be converted into cash in the short term (Astuti, 2004: 31).

Current ratio is the ratio most commonly used to measure the ability to pay short-term debt, as this ratio indicates the amount of the bill on short-term debt by creditors who can be covered by assets that are expected to be converted into cash in the same time with the time of payment of the debt (Weston et al,1993: 116). The current ratio is the ratio between current assets to current liabilities (Brigham and Daves, 2004: 231).

Current ratio can be calculated by the formula: (Helmi, 2009)

$$\text{Current ratio} = \frac{\text{Current Asset}}{\text{Current Liability}} \times 100\%$$

2.1.9. Earnings per Share (EPS)

According Harahap (2001:306), earning per share (EPS) is a ratio which indicates the ability of generating stock per share. Investors will expect the benefit from their investment in the form of EPS because it describes the amount of profit earned by each share of common stock in which the amount of EPS that will be distributed to the investors depends on the policy of the company shares in terms

dividend payments (Mulyono, 2000). According to Tjiptono Darmadji and Hendy M (2001), EPS is a ratio that shows how much profit earned investor or shareholders per share.

Earnings per Share (EPS) can be formulated: (Tjiptono Darmadji and Hendy M. Fakhruddin, 2006)

$$EPS = \frac{\text{Net Profit}}{\text{Share Outstanding}}$$

2.1.10. The Effect of Fundamental Factor Toward Stock Return

2.1.10.1. The Effect of NPM Toward Stock Return

According to the Hanafi and Halim (2005: 86), "Net profit margin of measuring the company's ability to generate net income of certain sales levels". Companies are able to generate profits will affect investors or prospective investors to invest. Investors will be willing to buy shares at a higher price when estimating the level of net profit margin (NPM) companies rose, and vice versa investors are not willing to buy shares at a higher price if the value of the Net Profit Margin (NPM) was low.

In general, a low ratio may indicate inefficiency of management. In NPM reflected profits earned by the company as well as a dividend to shareholders. The greater the net profit margin, the profit generated greater enterprise, this condition if it is followed by the distribution of dividends to shareholders, of course, can increase stock prices, meaning that the expected return investors will also increase. But if the dividend is not distributed, the net profit margin will likely not affect the stock price, so it does not affect stock returns.

Based on this concept, it is possible the influence of NPM to stock return. This is supported by research conducted by

D. Agus Harjito and Rangga Aryayoga (2009), and Aryono Widodo (2002) which said that the ratio of NPM partially has a positive and significant effect on stock returns.

Based on the above, it can be obtained hypotheses:

H1: net profit margin (NPM) partially has significant influence toward stock return.

2.1.10.2. The Effect of PBV Toward Stock Return

Price to book value (PBV) is the ratios of the market were used to measure the performance of the stock price to book value (Ang, 1997). In general, companies that can operate well will have a ratio of price to book value (PBV) above 1 (Ang, 1997), where it shows the value of a company's stock, valued above its book value.

The higher the ratio price to book value (PBV) a company shows the higher the investors' assessment of the company concerned, relative when compared to the funds invested. PBV shows how much a company is able to create value (return) to the shareholders. The smaller the value price to book value (PBV), the price of a stock is getting low. These conditions provide opportunities for investors to achieve capital gains when the stock price back to rebound.

This will result in increasing the stock price of a company, thus also expected to increase the level of return (return) of the company concerned. Therefore, in selecting stocks with high and low ratios consideration price to book value (PBV) is recommended to select the stocks with the ratio price to book value (PBV) is low. So it can be concluded that the price to book value (PBV) has a positive correlation with stock returns (Budileksmana and Gunawan, 2003).

Based on this concept, it is possible the influence of PBV to stock return. This is supported by research conducted by Wakhid Hasan Nur Huda (2011), and Kertati Sumekar (2003) which said that the ratio of PBV partially has a positive and significant effect on stock returns.

Based on the above, it can be obtained hypotheses:
H2: price to book value (PBV) partially has significant influence toward stock return.

2.1.10.3. The Effect of CR Toward Stock Return

Current ratio is a liquidity measure that aims to measure a company's ability to repay its short-term liabilities with its current assets. If a low current ratio is usually considered to indicate there is a problem in the liquidity of the company and will result in a decrease in the market price of the shares of the company concerned. Current Ratio is too high is not necessarily good, because in certain situations it indicates the company's funds are idle, which can eventually reduce profits.

High Current ratio can be caused by receivables are not collectible and unsold inventory that cannot be used immediately to pay its current debts, however, with its high-current assets will tend to have other assets that can be withdrawn at any time without reduced its market value thus investors prefer to buy shares of companies with a high value of current assets compared to companies that have a low value of current assets (Ang, 1997).

The higher current ratio of the company also demonstrated the ability of the company to meet its operational needs, especially working capital. The working capital plays a role in maintaining the performance of the

company which would affect the performance of the stock price. Thus investors are more confident and interested in buying shares in the company and it also effect the increase of stock returns.

Based on this concept, it is possible the influence of Current ratio to stock return. This is supported by research conducted by Ulupui (2005) and Prihartini (2009) which said that current ratio partially has a positive and significant effect on stock returns. Meanwhile, Sulaiman and Handi (2008) and Hernendiastoro (2005) which states that the current ratio has no effect on stock returns.

Based on the above, it can be obtained hypotheses:

H3: Current ratio (CR) partially has significant influence toward stock return.

2.1.10.4. The Effect of EPS Toward Stock Return

According to Eljelly and Alghurair (2001), managers and investors have a tendency to find indicators that can be used in measuring the performance of the company. The increase in earnings per share means that the company is in the growth stage or financial condition are experiencing an increase in sales and profits, or in other words, the greater the earnings per share signifies the company's ability to generate net profit per share (Desi Arista, 2012).

In general, investors will expect the benefit from its investment in the form of earnings per share, which is getting the amount of profits for each share of common stock. While the number of earning per share (EPS) which will be distributed to investor's shares depending on the company policy in terms of dividend payments (Mulyono, 2000).

Based on this concept, it is possible the influence of earning per share to stock return. This is supported by research conducted by Dyah Ayu Savitri (2012) which said that earning per share partially has a positive and significant effect on stock returns.

Based on the above, it can be obtained hypotheses:

H4: Earning per share (EPS) partially has significant influence toward stock return.

2.1.10.5. The Effect of NPM, PBV, CR and EPS Toward Stock Return

The influence of each ratio on stock returns over known the ratio of net profit margin (NPM), price to book value (PBV), current ratio (CR) and earning per share (EPS) effect on stock returns received by investors. Based on the theory above can be concluded that NPM, PBV, CR and EPS have influence toward stock return. This is supported by research conducted by Widyani Anik and Dian Indriana T.L. (2009), Vany Achmad (2012), and Desi Arista (2012) which said NPM, PBV, CR and EPS have simultaneous significant toward stock return.

Based on the above, it can be obtained hypotheses:

H5: NPM, PBV, CR and EPS simultaneous have significant influence toward stock return.

2.2. Previous Research

Table 2.1 Summary of Previous Research

No.	Researcher	Title	Variable	Result
1.	D. Agus Hardjito and Rangga Aryayoga (2009)	Analysis the Influence of Financial Performance and Stock Return in IDX	ROA, ROE, EVA and NPM	ROA, EVA, ROE partially has no significant toward stock return and NPM partially has positive significance toward stock return. ROA, EVA, ROE and NPM have simultaneous significant toward stock return.
2.	I Wayan Adi Suarjaya and Henri Rahyuda (2013)	The Effect of Fundamental Factor Toward Stock Return in Food and Beverage Company in IDX	DER, EPS, NPM, and PBV	DER, EPS, NPM and PBV did not partially influence and significant. DER, EPS, NPM, and PBV have simultaneous influence and significant toward stock return.
3.	Desi Arista (2012)	Analysis the Factor that Influence Toward Stock Return	ROA, EPS, DER and PBV	ROA and EPS partially have a negative influence and not significant, DER partially has negative influence and significance. PBV partially has positive and

				significant toward stock return. ROA, EPS, DER and PBV have simultaneous significant toward stock return
4.	I Komang Arta Wibawa Pande and Luh Komang Sudjarni (2014)	The Effect of Financial Performance Toward Stock Return in Food and Beverage in IDX	Current ratio, Market to Book Value and DER	DER significant partial toward stock return. CR and MBV do not partially have significant toward stock return. DER, CR, MBV do simultaneous significant toward stock return.
5	Vany Achmad (2012)	Analysis the Influence of Economic Value Added (EVA) Momentum, Net Profit Margin (NPM), Basic Earning Power (BEP), Return on Total Asset (ROA) and Return on Equity (ROE) toward Stock Return	EVA Momentum, NPM, BEP, ROE and ROA	NPM did not significantly influence toward stock return but ROA significant influence toward stock return. NPM and ROA significance simultaneous toward stock return.
6.	Nicky Nathaniel (2008)	Analysis the Factor-Factor that Influence Stock Return	DER, EPS, NPM and PBV variable	DER, EPS, NPM partially have no significant influence toward stock return. PBV partially has significant influence toward stock return. DER, EPS, NPM and PBV simultaneous have

				significant toward stock return.
7	Munfaridah (2012)	Analysis the Effect of Fundamental Factor Toward Stock Return in Various Industry Company that Register in IDX During Period 2007-2010	EPS, NPM, DER, ROI, PBV and CR	EPS and DER are not a significant influence toward stock return. NPM, ROI, PBV and CR are significant influences toward stock return. EPS, NPM, DER, ROI, PBV and CR have simultaneous significant toward stock return.
8	Irma Riyani Yahya, SE (2005)	Analysis in Influence of Price Earnings Ratio, Price to Book Value, Debt To Equity Ratio, Return On Asset Dan Net Profit Margin Toward Stock Return in IDX	PER, PBV, DER, ROA, NPM	PER and NPM partial do significant toward stock return. PBV, DER, ROA partially have no significant toward stock return. PER, PBV, DER, ROA and NPM simultaneous have significant toward stock return.
9	Mei Hotma Mariati Munte (2009)	The Effect of Factor Fundamental Toward Stock Return in Manufacture Companies that Register in IDX	CR, ROE, CFOD, PBV, Size	ROE partial significant toward stock return. CR, ROE, CFOD, PBV and size do simultaneous significant toward stock return.

10	Dyah Ayu Savitri and Drs. A. Mulyo Haryanto, M.Si. (2012)	Analysis the Influence of ROA, NPM, EPS and PER Toward Stock Return.	ROA, NPM, EPS, PER	EPS and PER do partial significant toward stock return. ROA, NPM , EPS and PER do simultaneous significant toward stock return
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2.3. Theoretical Framework

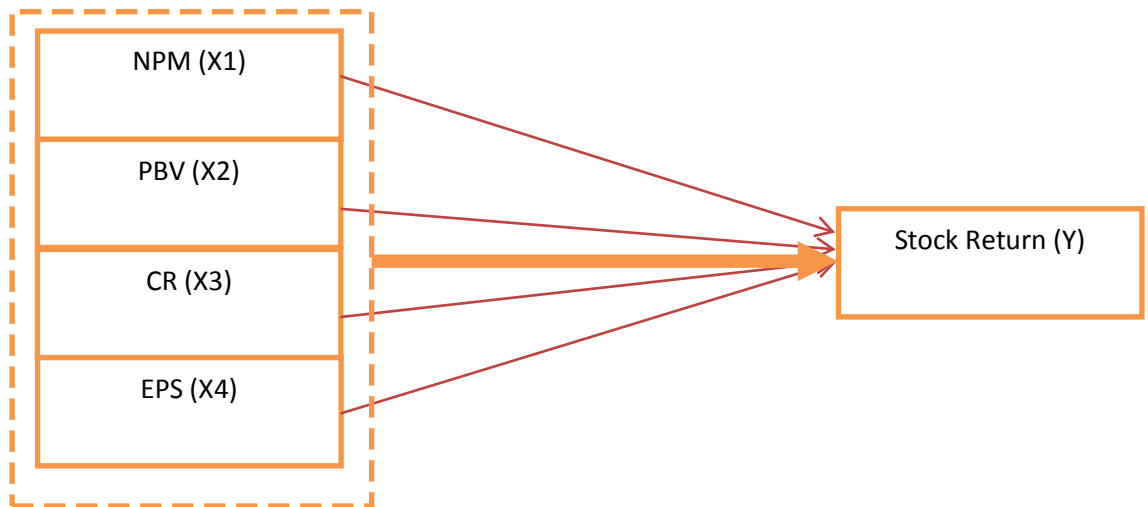


Figure 2.1. Theoretical Framework

Constructed by Researcher

Figure 2.1 above describes the theoretical framework of this research. The theoretical framework only explains how the independent variables influence partially or simultaneously to the dependent variable. There are 4 (four) dependent variables and 1 (one) independent variable which influenced by dependent variables. As stated before, a theoretical framework contains of some theories that make a problem exist. The theories itself has explained in chapter 2.1.4 - 2.1.9.

The dotted line describes;

1. The partial effect of NPM toward Stock return.
2. The partial effect of PBV toward Stock return.
3. The partial effect of CR toward Stock return.
4. The partial effect of EPS toward Stock return.
5. The straight line connects the four independent variables altogether influence the Stock return simultaneously.

2.4. Operation Definition

In order for this research to get the desired results, it is essential to understand the elements as the base of scientific research which is explained in operational definitions. The operational definitions in this research can be seen in the table below:

Table 2.2 Operation Definition

Variables	Concept	Indicator
Stock return	It is measured the capital gain (loss) of the stock	$R = \frac{(P_t - P_{t-1})}{(P_{t-1})} \times 100\%$
Net Profit Margin (NPM)	It is measured the profit of the company	$NPM = \frac{\text{Net Income After Tax}}{\text{Sales}}$
Price to Book Value (PBV)	PBV is to measure the performance of the stock market price to book value	$PBV = \frac{\text{Price of shares}}{\text{Book Value}} \times 100\%$
Current Ratio (CR)	Current ratio is used to measure the company's ability to meet short-term obligations, assuming that all current assets are converted into cash	$CR = \frac{\text{Current Asset}}{\text{Current Liability}} \times 100\%$
Earnings per share (EPS)	It is measure how much the price of outstanding share	$EPS = \frac{\text{Net Profit}}{\text{Share Outstanding}}$

2.5. Hypothesis

Ha1: There is a significant influence between NPM toward Stock Return in Kompas 100 Index companies for the period 2010-2013

Ho1: There is no significant influence between NPM toward Stock Return in Kompas 100 Index companies for the period 2010-2013

Ha2: There is a significant influence between PBV toward Stock Return in Kompas 100 Index companies for the period 2010-2013

Ho2: There is no significant influence between PBV toward Stock Return in Kompas 100 Index companies for the period 2010-2013

Ha3: There is a significant influence between CR toward Stock Return in Kompas 100 Index companies for the period 2010-2013

Ho3: There is no significant influence between CR toward Stock Return in Kompas 100 Index companies for the period 2010-2013

Ha4: There is significant influence between EPS toward Stock Return in Kompas 100 Index companies for the period 2010-2013

Ho4: There is no significant influence between EPS toward Stock Return in Kompas 100 Index companies for the period 2010-2013

Ha5: There is a simultaneous significant influence between NPM, PBV, CR, EPS and stock return in Kompas 100 Index companies for the period 2010-2013

Ho5: There is no a simultaneous significant influence between NPM, PBV, CR, EPS and stock return in Kompas 100 Index companies for the period 2010-2013.

CHAPTER III

METHODOLOGY

3.1. Research Design

Research design is a framework or blueprint for conducting the marketing research projects that specify the procedures necessary to obtain the information needed to structure and/or solve the marketing research problem (Malhotra and Peterson, 2002). Every research will have their own objectives, and to achieve the objectives, the research should determine what research design that can be applied the best. Based on Crotty's model, research design is defined as a conceptualization made by the researcher by analyzing three elements; knowledge claims, strategies and methods (Cresswell, 2003). Those three elements reflect three questions that will lead into what the exact research design should be used in the research, the questions are mentioned below:

1. What knowledge claims are being made by the researcher (including a theoretical perspective)?
2. What strategies of inquiry will inform the procedures?
3. What methods of data collection and analysis will be used?

This research focuses on Kompas 100 Index Company analysis were to know the stock return performance by using several ratios to examine which one can influence the stock return in the current time. The research will widely introduce numbers and statistics. Therefore, this research applies quantitative research which is described by Aliaga and Gunderson (cited in Muijs, 2010) that the research is ultimately explaining phenomena by collecting numerical data that are analyzed using mathematically based on methods (in statistics concept). According to Ernst (2003), usually quantitative research uses data consisting of standard measurement, surveys and any kind of source that provides rough and numeric information. He

also stated that using quantitative one as research design is better to use more information given or larger samples. Beside of that, this research using panel data analysis, which is combined from time series data and cross section data.

According to Demetrius Madrigal and Bryan McClain (2012), quantitative studies provide data that can be expressed in numbers – thus, their name. Because the data is in numeric form, it can be applied through statistical tests in making statements about the data. These include descriptive statistics like the mean, median, and standard deviation, but can also include inferential statistics like t-tests, ANOVAs, or multiple regression correlations (MRC). Statistical analysis lets us derive important facts from research data, including preference trends, differences between groups, and demographics.

3.2. Sampling Design

According to cs.gmu.edu, sampling method is the scientific procedure of selecting those sampling units which would provide the required estimates with associated margins of uncertainty, arising from examining only a part and not the whole. The sample is part of a population that has similar characteristics and can be considered representative of the population. The samples were taken by a purposive sampling method, meaning that the sample selected by certain criteria first. In this study the samples taken are 10 companies in the Kompas 100 Index from 2010 - 2013. Samples were selected in this study are all of the companies in Kompas 100 Index with the following criteria:

1. Shares of companies that still active in the IDX specifically in Kompas 100 Index companies for the period of 2010 – 2013.
2. Kompas 100 Index companies which present the financial statements and in full accordance with the ratio of variables to be studied based on the source used.

3. Not a banking company, because it has different financial ratio.
4. Never suspended by the Indonesia Stock Exchange or active for 8 periods.

Table 3.1. Sample Research Kompas 100 Index Companies

No	Company	Code
1	PT. Adaro Energy Tbk.	ADRO
2	PT. Aneka Tambang Tbk.	ANTM
3	PT. BISI International Tbk.	BISI
4	PT. Bumi Resource Tbk.	BUMI
5	PT. Vale Indonesia Tbk.	INCO
6	PT. Indofood Sukses Makmur Tbk.	INDF
7	PT. JasaMarga Tbk.	JSMR
8	PT. Sampoerna Agro Tbk.	SGRO
9	PT. Timah Tbk.	TINS
10	PT. Bakrie Sumatra Plantation Tbk.	UNSP

3.3. Research Instrument

Research Instrument is the tool that used to answer the research questions that stated in the previous chapter. The researcher intention is to gather the information from as many various sources. Data can be obtained from primary or secondary data, primary data refers to information obtained first-hand by the researcher on the variables of interest for the specific purpose of the study and secondary data refer to information gathered from sources that already exist (Sekaran, Bougie, 2010).

Secondary data is information gathered for purposes other than the completion of a research project and secondary data is also used to gain initial insight into the research problem (steppingstones.ca, 2013). Secondary data is the data that have been already collected by and readily available from other sources. Such data are cheaper and more quickly obtainable than the primary data and also may be available when primary data cannot be obtained at all (managementstudyguide.com, 2013).

In processing the data, application that is being used was SPSS and Microsoft Excel. By inputting the data into those applications, the result concerning to the process of proving the hypothesis can be gathered. These applications consist of several statistical techniques and testing methods in order to calculate the data. However, the research could not fully depend on those testing results because it would only show the result is numerical forms. Then it was needed to analyze those numerical results and described the meaning of it.

3.4. Data Analysis Method

In this study, data analysis method performed by using regression analysis to manage and discusses the data that have been obtained and to test the hypothesis. Regression analysis selected for use in this study because of multiple regression can infer directly about the effect of each independent variable that used partially.

Hair et al (1998) suggests that regression is a statistical technique to describe the relationship between the dependent variable with multiple independent variables. Flexibility and effectiveness of these methods facilitate researchers to see a connection and multiple variables at once. Multiple regression can also estimate the predictive ability of a set of independent variables to the dependent variable (Hair et al., 1998).

Meanwhile, the regression model used is as follows.

$$y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Description:

Y= Stock Return

α = regression equation constant

β_1 = regression coefficient for X1

β_2 = regression coefficient for X2

β_3 = regression coefficient for X3

β_4 = regression coefficient for X4

X1= NPM

X2= PBV

X3 = CR

X4 = EPS

e = Standard of error

3.4.1 Testing of Classical Assumption

A good regression model used in hypothesis should avoid the chance of deviation of classical assumption to happen. Classical assumption in regression include:

3.4.1.1. Normality Test

Normality test aims to test whether the regression model or residual confounding variable has a normal distribution. The use of tests of normality is for the statistical analysis parametric, assumptions must be owned by the data is that the data must be normally distributed. As it is known that the t test and F test assumes that the value of residuals follow a normal distribution. If this assumption is violated, the statistical test to be invalid for small sample sizes.

There are two ways to detect whether the residuals are normally distributed or not that is the graph analysis and statistical tests (Imam Ghozali, 2009). Normal P-P Plot on the principle of normality can be detected by looking at the spread of the data (dots) on the diagonal axis of the graph or by looking at the histogram of the residual. Basis for decision making:

- a. If the data is spread around the diagonal line and follow the direction of the diagonal line or histogram chart shows the pattern of a normal distribution, then the regression model meets the assumption of normality.
- b. If the data is spread far from diagonal lines and/or do not follow the direction of the diagonal line or histogram graph does not show a normal distribution pattern, the regression model does not meet the assumptions of normality (Ghozali, 2007).

3.4.1.2. Heteroscedasticity Test

Heteroscedasticity is the variance of the regression model error which is not constant or variance between error and another error (Widarjono, 2007). The good regression model is not going heteroscedasticity (Santoso, 2004). In regression analysis, homoscedasticity means a situation in which the variance of the dependent variable is the same for all the data. Homoscedasticity is a facilitated analysis because most methods are based on the assumption of equal variance. To detect the presence or absence of heteroscedasticity in regression models, it can be seen from the pattern formed on the points contained in the graph scatterplot between dependent variable (ZPRED) and the residuals (SRESID).

Furthermore, according to Santoso, the basic decision making are as follows:

- a. If there are certain patterns, such as dots (points) that there is a certain form of regular pattern (wavy, widened, then narrowed) it has happened heteroscedasticity.
- b. If there is no clear pattern as well as the points spread above and below the zero on the Y axis, then there is no heteroscedasticity.

3.4.1.3. Multicollinearity Test

Gujarati (2006) defined multicollinearity is the linear relationship between the independent variables in a multiple linear regression model. Multicollinearity means redundancy in the set of variables. This can render ineffective the numerical methods used to solve regression equations, typically resulting in a "multicollinearity" error when regression software is used. The correlation should not happen between the independent variables for the good regression model (Imam Ghazali, 2009). According to Gujarati (2006), the way to determine if there is multicollinearity in a regression model is by calculating the value of tolerance or VIF (Variance Inflation Factor). When the tolerance value is more than 0.10 (>0.10) or VIF is less than 10 (<10), it can be concluded there is no multicollinearity between the independent variables in the regression.

3.4.1.4. Autocorrelation Test

Autocorrelation test aims to test whether the linear regression model in the development of a correlation between the disturbances error in period t with disturbances error in

period $t-1$. If there is a correlation there may be a problem of autocorrelation. Autocorrelation often occurs on time series data and can also occur in cross section data, but rarely (Widarjono, 2007). Autocorrelation arises because sequential observations over time are related to each other. Durbin Watson (DW) test used to determine whether there is autocorrelation or not. Singgih Santoso (cited in Liviana Tio, 2014) interprets the result of Durbin-Watson (DW) value as follows:

- a. DW value lower than -2 means there is a positive autocorrelation problem.
- b. DW value higher than 2 gives a meaning of negative autocorrelation problem.
- c. DW value between -2 and $+2$ shows that there is no autocorrelation problem.

3.5. Data Collection Procedure

To collect or gather all data needed for the research, there are two methods of data collection to be used as follows:

a) Literature Studies

This method is used by collecting data and any theory relevant to the topic to be investigated. The researcher will study the literature and other materials such as articles, journals, books and previous researches.

b) Documentary Studies

Another collection data method is to gather all secondary data needed in the form of annual financial statements of each company of Kompas 100 Index that obtained from ICMD 2013, IDX.com, duniainvestasi.com and also from the website of the company concerned.

From all data gathered, it will be filtered which ones are included as computer processable data. Those processable data will be input and calculated in a statistic tool for research. The tool used in this research is the Statistical Package for the Social Sciences (SPSS).

3.6. Hypothesis Testing

According to Sudjana (2005), the hypothesis that have been formulated should be tested. This test will prove H_0 or H_a will be accepted. If H_a is accepted, then H_0 is rejected.

H01: $b_1 = 0$, NPM doesn't have significant partial influence toward Stock return

Ha1: $b_1 \neq 0$, NPM has significant partial influence toward Stock return

H02: $b_2 = 0$, PBV doesn't have significant partial influence toward Stock return

Ha2: $b_2 \neq 0$, PBV has significant partial influence toward Stock return

H03: $b_3 = 0$, CR doesn't have significant partial influence toward Stock return

Ha3: $b_3 \neq 0$, CR has partial significant influence toward Stock return

H04: $b_4 = 0$, EPS doesn't have significant partial influence toward Stock return

Ha4: $b_4 \neq 0$, EPS has significant partial influence toward Stock return

H05: $b_1 = b_2 = b_3 = b_4 = 0$, NPM, PBV, CR and EPS don't have a significant simultaneous influence on Stock return.

Ha5: at least one of $b_1 \neq b_2 \neq b_3 \neq b_4 \neq 0$, NPM, PBV, CR and EPS have a significant simultaneous influence on Stock return.

3.6.1. Partial Test (t Test)

T test is conducted to determine the influence whether the independent variables have significant effect partially on the dependent variable or not. Significance level used to be 0.05. The variable, consider having significant effect when t statistics $>$ t table or $-t$ statistics $<$ $-t$ table. Determine t_{count} by using the formula:

$$t_{\text{count}} = \frac{b_j}{S_{b_j}}$$

Description:

t = t value

b_j = Coefficient of regression

s_{b_j} = Standard error of regression coefficient

Comparing the result of t_{count} with t_{table} by using the following criteria:

- a. If $t_{\text{count}} \leq t_{\text{table}}$, it means H_0 is accepted
- b. If $t_{\text{count}} > t_{\text{table}}$, it means H_a is accepted

3.6.2. Simultaneously Test (F Test)

F test is conducted to determine the influence of independent variables simultaneously to the dependent variable. Degree of confidence used is 0.05. If the F statistic value is greater than the F table value according to the alternative hypothesis, therefore all the independent variables have significant effects simultaneously on the dependent variable.

Determine F_{count} by using the formula:

$$F_{\text{count}} = \frac{R^2 / (k-1)}{(1-r^2) / (n-k)}$$

$$\text{Where } R^2 = \frac{ESS}{TSS}$$

Description:

R^2 = Coefficient of determinant

ESS = Explained Sum of Squared

TSS = Total Sum of Squared

$1 - r^2$ = Residual Sum of Squared

N = Number of observations

K = number of independent variables

Comparing the result of F_{count} with F_{table} by using the following criteria:

a. If $F_{\text{count}} \leq F_{\text{table}}$, it means H_0 is accepted

b. If $F_{\text{count}} > F_{\text{table}}$, it means H_a is accepted

3.6.3 Coefficient of Determination Test

According to Priyatno (2010), the coefficient of determination is used to determine how big the contribution of independent variables to the dependent variable. Calculation of the coefficient of determination is formulated as follows:

$$R^2 = \frac{ESS}{TSS}$$

Description:

R^2 = Multiple coefficient of determinant, the proportion of the dependent variable that can be explained by the independent variables together.

ESS = Explained Sum of Squares, or the sum of the squares described or value of the dependent variable which is estimated at around the average.

TSS = Total Sum of Squares, or the total real value of the dependent variable around the sample mean.

R^2 value lies between 0 and 1 ($0 \leq R^2 \leq 1$). When R^2 is close to 1 (100%), then the calculation results show the more appropriate regression line obtained. Conversely, if the value of R^2 is close to 0, then it does not precisely indicate the regression line for measuring the observation data. If the value of R^2 is lower, it does not mean the regression model was bad (Iman Ghozali, 2009:15).

CHAPTER IV

ANALYSIS AND INTERPRETATION

4.1. Data Description

The data that being used in this study is secondary data from Kompas 100 Index companies in Indonesian Stock Exchange (IDX). The Kompas 100 Index covers at least 70-80% of the stock market capitalization and transaction values in the Indonesia Stock Market. The companies that became samples in this study are the companies that consistently listed in Kompas100 Index, and always provided the financial data, such as stock price, net profit margin, price to book value, current ratio and earning per share for the period 2010 until 2013. The data obtained from the Indonesia Capital Market Directory (ICMD), IDX, duniainvestasi, and yahoo finance such as monthly share price and fundamental ratio of Kompas 100 Index companies. Below is the table showing the companies that being used as the samples:

4.1. Table of Companies

No	Company	Code
1	PT. Adaro Energy Tbk.	ADRO
2	PT. Aneka Tambang Tbk.	ANTM
3	PT. BISI International Tbk.	BISI
4	PT. Bumi Resource Tbk.	BUMI
5	PT. Vale Indonesia Tbk.	INCO
6	PT. Indofood Sukses Makmur Tbk.	INDF

7	PT. JasaMarga Tbk.	JSMR
8	PT. Sampoerna Agro Tbk.	SGRO
9	PT. Timah Tbk.	TINS
10	PT. Bakrie Sumatra Plantation Tbk.	UNSP

4.2. Company Profile

4.2.1. Brief History Kompas 100 Index

Kompas 100 Index is an index of 100 shares of stock of a publicly traded company on the Indonesia Stock Exchange. Kompas 100 index officially published by Indonesia Stock Exchange (IDX) and cooperation with the Kompas newspaper on Friday, August 10, 2007. The shares were selected in this Kompas 100 index which have high liquidity, as well as a large market capitalization, is also a stock that has good fundamentals and performance.

4.2.2. Brief History of 10 Companies

Table 4.2. Brief History of 28 Companies

No	Company Name	Year of its Establishment	Sector	Information
1	PT. Adaro Energy Tbk.	1966	Mining	Indonesian company which is the largest coal producer in the southern hemisphere and the fourth largest in the world

2	PT. Aneka Tambang Tbk.	1968	Mining	Mining companies which include exploration, mining, processing and marketing of mineral resources.
3	PT. BISI International Tbk.	1983	Agriculture	A multinational company that produces agricultural produce various kinds of agricultural seed material.
4	PT. Bumi Resource Tbk.	1973	Mining	One of the largest mining companies in Indonesia and reputedly the biggest thermal coal producer in Indonesia
5	PT. Vale Indonesia Tbk.	1968	Nickel	PT Vale Indonesia Tbk is a subsidiary of Vale, which operates an open pit nickel mine

6	PT. Indofood Sukses Makmur Tbk.	1990	Production (Food and Beverage)	Manufacturer of various kinds of food and beverages based in Jakarta, Indonesia.
7	PT. JasaMarga Tbk.	1982	Maintenance and development of toll roads	Jasa Marga is a state owned company with the line business of planning, constructing, operating and maintaining toll roads along with developing and maximizing the use of land in toll road areas and other related businesses.
8	PT. Sampoerna Agro Tbk.	1963	Cigarette	Sampoerna is one of the largest Indonesian tobacco company, ahead of Bentoel Group and Nojorono
9	PT. Timah Tbk.	1968	Mining	The company that engaged in mining or exploration tin.

10	PT. Bakrie Sumatra Plantation Tbk.	1983	Plantation	The company produces various kinds of materials plantation.
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Source: company official website

4.3. Data Analysis

4.3.1. Descriptive Analysis

Descriptive data of the value of research variables consisting of the dependent variable Stock Returns and independent variables Net Profit Margin, Price to Book Value, Current Ratio and Earning Per Share looks like the table 4.3. Descriptive data variables following research:

Table 4.3 Descriptive Statistics of Research Variables

	N	Minimum	Maximum	Mean	Std. Deviation
StockReturn	40	-73.00	89.00	-6.9750	34.34925
NPM	40	-133.24	34.27	7.5805	26.61252
PBV	40	-1.68	4.84	2.0195	1.32888
CR	40	39.77	1064.23	2.7090E2	241.43459
EPS	40	-359.72	395.18	92.2255	166.80086
Valid N (listwise)	40				

At table 4.3 above shows that the amount of data used in this study are 40 data. Based on calculation during period 2010 – 2013 can be seen which the minimum of stock return is -73.00% and the maximum of stock return is 89.00%. From the data above, can be seen that the average of stock return is -6.9750%. This data show that in period 2010 - 2013 in general the stock price of company in not being increased. Standard deviation of stock returns is 34.34925% is greater than the average of stock return -6.9750%. This means the fluctuation of stock return is high during period 2010-2013.

From the data above, the minimum of NPM is -133.24%, the maximum of NPM is 34.27% and the average is 7.5805%. Standard deviation of NPM is 26.61252%, which is higher than the average value, thus it can be said that that the distribution of NPM is quite higher because the deviation is higher than the average value. The average of a company's profit is 7.5805%.

From the data above, the minimum of PBV is -1.68, the maximum is 4.84 and the average is 2.0195. Standard deviation is 1.32888 which greater than the average value. The average rate of more than 1 indicates that the average sample firms have shares at a price greater than the book value of the existing capital stock prices. This shows that there is a tendency that the level of expectations both from the investors, because the good performance of stocks owned by companies that exist in the sample. The fluctuation of PBV is very high because of the deviation is greater than the average value.

From the data above, the minimum of CR is 39.77, the maximum is 1064.23 and the average is 2.7090E2. Standard deviation of CR is 241.43459 which is greater than the average value. Current ratio is a liquidity measure that aims to measure a company's ability to repay its short-term liabilities with its current assets The deviation is

greater than the average value means the fluctuation of CR is very high.

From the data above, the minimum of EPS is -359.72, the maximum is 395.18 and the average is 92.2255. Standard deviation of CR is 166.800086 which is greater than the average value. EPS is a measuring the performance of the company. The deviation is greater than the average value means the fluctuation of EPS is very high.

4.3.2. Testing of Classical Assumption

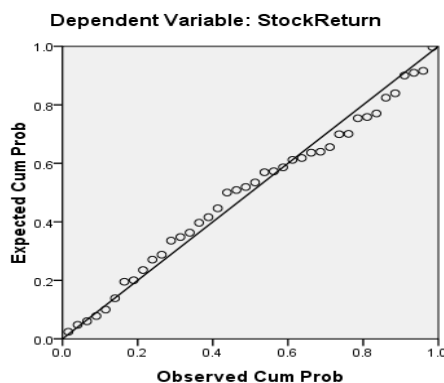
The data in regression model should fulfil classical assumption tests. Classical assumption test that should be passed include Normality Test, Heteroscedasticity Test, Multicollinearity Test, and Autocorrelation Test.

4.3.2.1. Normality Test

Data normality test done to be seen that the data are normally distributed or not. A good regression model is a model that has a normal distribution or close to normal. If this assumption breaks, the statistic test will be not valid (Ghozali, 2009).

Figure 4.1. Normality Test

Normal P-P Plot of Regression Standardized Residual

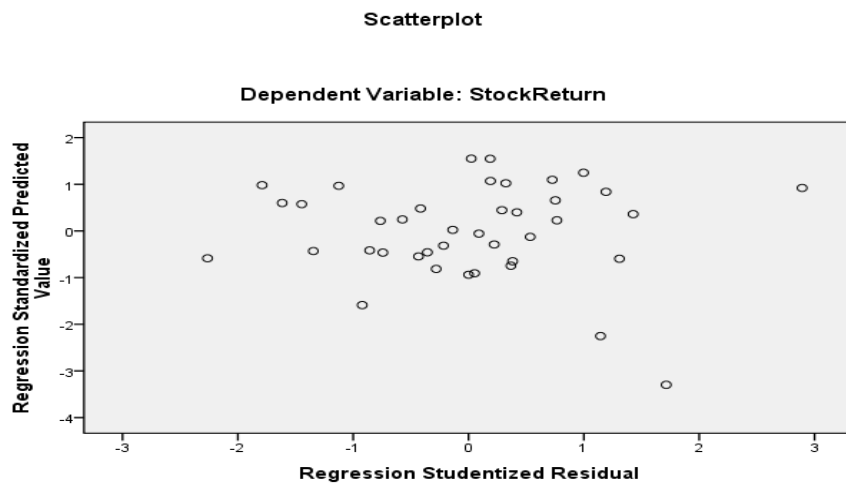


Based on the result in Figure 4.1 Normality Test, since the data are spread around the diagonal line and the dissemination of data follows the direction of the diagonal line, thus it can be concluded that the regression model meets the assumption of normality.

4.3.2.2. Heteroscedasticity Test

Heteroscedasticity mean variances of variables in the model are not the same (constant). Consequences of heteroscedasticity in regression model are obtained estimator becomes inefficient, both in small and large sample despite estimator obtained illustrate the increasing population and the sample used to be closer to the true value (consistent). To detect the existence of heteroscedasticity in regression models, it can be seen from the pattern formed on the points contained in the graph scatterplot between dependent variable (ZPRED) and the residuals (SRESID).

Figure 4.2. Heteroscedasticity Test



According to the scatterplot in Figure 4.2 Heterocedascity Test, it can be seen that the points are spread and scattered randomly above and below the 0 on the y-axis thus it can be concluded that the regression model doesn't have heterocedasticity problems.

4.3.2.3. Multicollinearity Test

Multicollinearity test was included to determine whether there is a perfect correlation between the inter several independent variables used in the model. Good regression model should be free from multicollinearity problems. In order to detect the existence of multicollinearity problem in a regression model can be seen on the tolerance value or variance inflation factor (VIF). . If the tolerance value is more than 0.1 or VIF value is below 10 then it shows that multicollinearity does not exist in the regression model.

Table 4.4 Multicollinearity Test

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	NPM	.636	1.572
	PBV	.868	1.152
	CR	.940	1.064
	EPS	.719	1.390

a. Dependent Variable: StockReturn

Based on the test result shown by the Table 4.4 of Multicollinearity Test, it can be seen that the values of tolerance and VIF for NPM is 0.636 (>0.10) and 1.572 (<10), for PBV is 0.868 (>0.10) and 1.152 (<10), for CR is 0.940 (>0.10) and 1.064 (<10), for EPS is 0.719 (>0.10) and 1.390 (<10). Therefore, because the value of tolerance is more than 0.1 and VIF values are far below 10, it can be concluded that in this model there is no problem of multicollinearity between the independent variables.

4.3.2.4. Autocorellation Test

According to Widarjono (2007), autocorrelation is the correlation between the error variables with another error variables. Durbin Watson (DW) test used to determine whether there is autocorrelation or not. If the result of Durbin Watson statistic is smaller than -2, it means there are positive autocorrelation problem. If the value of Durbin Watson statistics is bigger than +2, it means there are negative autocorrelation problem (Thobarry, 2009).

Table 4.5. Autocorrelation Test

Model Summary ^b	
Model	Durbin-Watson
1	1.136 ^a

a. Predictors: (Constant), EPS, CR, PBV, NPM

b. Dependent Variable: StockReturn

According to the calculation result in SPSS program (Table 4.5 Autocorrelation Test), the value of Durbin Watson in Model Summary is 1.136 ($-2 < DW < 2$) thus there is no autocorrelation. Thus, this model has been free from autocorrelation problems.

In this chapter IV about research results and analysis, the researcher will describe the results obtained in this study consisting of independent variables and the dependent variable. In this chapter, the researcher also includes data or information relating to the financial reports which were obtained by the researcher.

The data obtained for this research are the data of financial ratios such as NPM, PBV, CR and EPS from Kompas 100 index companies, which is derived from ICMD and IDX data per period during 2010-2013.

Based on those test results and analysis, it can be concluded that the data in this research are free from classical assumption problems with a regression model.

4.3.3. Hypothesis Testing

To test the hypothesis in this research, multiple linear regression method will be used. It is called multiple because there are the influence of several independent variables which are NPM (X1), PBV (X2), CR (X3) and EPS (X4) to the dependent variable which Stock Return (Y).

4.3.3.1. Partial Test (t Test)

t-test is used to determine whether the independent variables have significant effect partially on the dependent variable or not. Significance level used was 0.05.

Table 4.6. t-Test

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-35.062	9.087		-3.859	.000
NPM	.082	.200	.063	.409	.685
PBV	12.382	3.423	.479	3.617	.001
CR	-.016	.018	-.112	-.878	.386
EPS	.073	.030	.356	2.450	.019

a. Dependent Variable: StockReturn

Based on the results of the data by using SPSS, then the analysis are follows:

1. NPM got the test statistic $t = 0.409$ with a significance of 0.685. Coefficient of NPM t-test results indicate the significance level of 0.685 which is bigger than 0.05 (> 5 %). For t_{count} is equal to 0.409 while the t_{table} is $df: \alpha, (n-k) = 0.05, (40-4) = 2.0281$. Because the value of t_{count} is smaller than t_{table} ($0.409 < 2.0281$) thus H_a is not accepted (H_0 is accepted), it can be concluded that NPM has no significant influence toward Stock return.
2. PBV got the test statistic $t = 3.617$ with a significance of 0.001. Coefficient of PBV t-test results indicate the

significance level of 0.001 which is smaller than 0.05 (<5 %). For t_{count} is equal to 3.617 while the t_{table} is df: α , $(n-k) = 0.05$, $(40-4) = 2.0281$. Because the value of t_{count} is larger than t_{table} ($3.617 > 2.0281$) thus H_a is accepted (H_0 is not accepted), it can be concluded that PBV has significant influence toward Stock return.

3. CR got the test statistic $-t = -0.878$ with a significance of 0.386. Coefficient of CR t test results indicates the significance level of 0.386 which is bigger than 0.05 (> 5 %). For t_{count} is equal to -0.878 while the t_{table} is df: α , $(n-k) = 0.05$, $(40-4) = 2.0281$. Because the value of t_{count} is smaller than t_{table} ($-0.878 < 1.9882$) thus H_a is not accepted (H_0 is accepted), it can be concluded that CR has no significant influence toward Stock return.
4. EPS got the test statistic $t = 2.450$ with a significance of 0.019. Coefficient of EPS t test results indicates the significance level of 0.019 which is smaller than 0.05 (> 5 %). For t_{count} is equal to 2.450 while the t_{table} is df: α , $(n-k) = 0.05$, $(40-4) = 2.0281$. Because the value of t_{count} is larger than t_{table} ($2.450 > 2.0281$) thus H_a is accepted (H_0 is not accepted), it can be concluded that EPS has significant influence toward Stock return.

4.3.3.2. Simultaneously Test (F Test)

F test is used to determine whether the independent variables have significant effects simultaneously on the dependent variable. Degree of confidence used is 0.05. If the F statistic value is greater than the F table value according to the alternative hypothesis, therefore all the

independent variables have significant effects simultaneously on the dependent variable.

Table 4.7. F Test

ANOVA^b

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	21499.840	4	5374.960	7.674	.000 ^a
Residual	24515.135	35	700.432		
Total	46014.975	39			

a. Predictors: (Constant), EPS, CR, PBV, NPM

b. Dependent Variable: StockReturn

The table above, it shows that F test produced F_{count} which is 7.674. While the value of the table of F distribution value at 5% significance level is $df: \alpha, (k-1), (n-k) = 0.05, (4-1), (40-4) = 2.8663$. Therefore $F_{count} 7.674 > F_{table} 2.8663$ then with a significance level of 0.00, it means that NPM, PBV, CR and EPS have significant influence on the Stock return. In conclusion, they do simultaneously have significant influence toward Stock return.

4.3.3.3. Coefficient of Determination Test

The coefficient of determination is used to determine how big the contribution of independent variables to dependent variable. R^2 value lies between 0 and 1 ($0 \leq R^2 \leq 1$). The value of R^2 in this test based on the calculation using SPSS is shown in the table below

Table 4.8. Coefficient of Determination Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.684 ^a	.467	.406	26.46568

a. Predictors: (Constant), EPS, CR, PBV, NPM

b. Dependent Variable: StockReturn

From the table above it can be seen that the value of an Adjusted R Square (R^2) is 0.406. This indicates that 40.6% of Stock return are influenced by variations of the four independent variables which are NPM, PBV, CR and EPS. While the remaining 59.4% is influenced by other factors outside of the research model.

4.3.3.4. Multiple Regression Analysis

Multiple regression equity can be constructed by interpreting the numbers in unstandardized coefficient beta in the table below:

Table 4.9. Multiple Regression Analysis

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-35.062	9.087		-3.859	.000
	NPM	.082	.200	.063	.409	.685
	PBV	12.382	3.423	.479	3.617	.001
	CR	-.016	.018	-.112	-.878	.386
	EPS	.073	.030	.356	2.450	.019

a. Dependent Variable: StockReturn

From the table above, the regression equation can be arranged by using the numbers that are in column B especially unstandardized coefficient. The equation is as follows:

$$Y = -35.062 + 0.082X_1 + 12.382X_2 - 0.016X_3 + 0.073X_4$$

1. The constant value of the equation above is equal to -3.121. The number shows the level of stock return that occurred when the level of NPM, PBV, CR and EPS is ignored ($X_1 = X_2 = X_3 = X_4 = 0$).

2. NPM coefficient is 0.082 means when NPM increase 1 point, the stock return increase 8.2% when other variable constant.
3. PBV coefficient is 12.382 means when PBV increase 1 point, the stock return increase 1238.2% when other variable constant.
4. CR coefficient is -0.016 means when CR increase 1 point, the stock return decrease 1.6% when other variable constant.
5. EPS coefficient is 0.073 means when EPS increase 1 point, the stock return increases 0.73% when other variable constant.

4.4. Interpretation

Below are the interpretations of the proposed hypotheses:

1. First hypothesis, H1

H0: There is no significant effect of NPM toward Stock return for the Kompas 100 Index companies that listed in Indonesia Stock Exchange (IDX) for the period of 2010 –2013.

Ha: There is a significant effect of NPM toward Stock return for the Kompas 100 Index companies that listed in Indonesia Stock Exchange (IDX) for the period of 2010 –2013.

From the result, it can be seen that NPM t statistic value is lower than t-table ($0.409 < 2.0281$). It means that there is no a significant effect of NPM toward the stock return of the Kompas 100 Index companies that listed in Indonesia Stock Exchange (IDX). This is supported by the significance level

of 0.685, higher than 0.05 ($0.685 > \alpha$). Therefore, H_0 accepted and H_a rejected.

During 2010 – 2013 Indonesia economics condition has kept growing. The growth is based on macroeconomic indicators and people's confidence level to economic performance that increased the expectation of consumer on job opportunity and income. Beside of that, increase of income of consumer makes increase on company profit with the higher demand of their need. That condition encourages the investment activities and it was a good sign according to investors but in this research almost the company from mining and plantation sector that make not significant toward stock return. In period 2012, plantation has decreased the growth than last year, there was because of the season for plantation was not good. In period 2012 until 2013, there was decreasing in mining sector that make the company in mining sector decreasing in their income. The is no significant effect of NPM toward stock return is due to the factor economic. The result also supports the study from research of I Wayan Adi Suarjaya and Henri Rahyuda (2013), Vany Achmad (2012) and Nicky Nathaniel (2008) that NPM is not significant toward stock return.

2. Second hypothesis, H_2

H_0 : There is no significant effect of PBV toward Stock return for the Kompas 100 Index companies that listed in Indonesia Stock Exchange (IDX) for the period of 2010 –2013.

H_a : There is significant effect of PBV toward Stock return for the Kompas 100 Index companies that listed in Indonesia Stock Exchange (IDX) for the period of 2010 –2013.

From the result, it can be seen that PBV t statistic value is higher than t-table ($3.617 > 2.0281$). It means that there is a significant effect of PBV toward the stock return of the Kompas 100 Index companies that listed in

Indonesia Stock Exchange (IDX). This is supported by the significance level of 0.001, lower than 0.05 ($0.001 < \alpha$). Therefore, H0 rejected and Ha accepted.

From the result, it can be seen that PBV has significant toward stock return. The higher the ratio price to book value (PBV) a company shows the higher the investors' assessment of the company concerned, relative when compared to the funds invested. According to Tandelilin (2001), PBV shows how much a company is able to create return to the shareholders. It's impact to the value of stock price and market value. Thus, increase the price of share increase the price to book value of company and PBV significant toward stock return. The result also supports the study from research of Desi Arista (2012) and Nicky Nathaniel (2008) that PBV has significant toward stock return.

3. Second hypothesis, H3

H0: There is no significant effect of CR toward Stock return for the Kompas 100 Index companies that listed in Indonesia Stock Exchange (IDX) for the period of 2010 –2013.

Ha: There is significant effect of CR toward Stock return for the Kompas 100 Index companies that listed in Indonesia Stock Exchange (IDX) for the period of 2010 –2013.

From the result, it can be seen that CR t statistic value is lower than t-table ($-0.878 < 2.0281$). It means that there is no a significant effect of CR toward the stock return of the Kompas 100 Index companies that listed in Indonesia Stock Exchange (IDX). This is supported by the significance level of 0.386, higher than 0.05 ($0.386 > \alpha$). Therefore, H0 accepted and Ha rejected.

From the result, it can be seen that CR has no significant toward stock return. Theoretically, companies with high or low current ratio is not good which high current ratio will make the fund idle and if current ratio is to low, there is a problem with liquidity. The working capital plays a role in maintaining the performance of the company which would affect the performance of the stock price and affect to stock return as well. Therefore, the investor's concern was not on liquidity but more to the investment climate and macroeconomic condition. The result supports the study of I Komang Arta Wibawa Pande and Luh Komang Sudjarni (2014) against the study of Munfaridah (2013) which is the variable do not significant toward stock return.

4. Second hypothesis, H4

H0: There is no significant effect of EPS toward Stock return for the Kompas 100 Index companies that listed in Indonesia Stock Exchange (IDX) for the period of 2010 –2013.

Ha: There is significant effect of EPS toward Stock return for the Kompas 100 Index companies that listed in Indonesia Stock Exchange (IDX) for the period of 2010 –2013.

From the result, it can be seen that EPS t statistic value is higher than t-table ($2.450 > 2.0281$). It means that there is a significant effect of EPS toward the stock return of the Kompas 100 Index companies that listed in Indonesia Stock Exchange (IDX). This is supported by the significance level of 0.019, lower than 0.05 ($0.019 < \alpha$). Therefore, H0 rejected and Ha accepted.

From the result, it can be seen that EPS has significant toward stock return. Investors will expect the benefit from its investment in the form of earnings per share, which is getting the amount of profits for each share of common stock. While the number of earning per share (EPS) which

will be distributed to investor's shares depending on the company policy in terms of dividend payments (Mulyono, 2000). The result supports the study of Dyah Ayu Savitri and Drs. A. Mulyo Haryanto, M.Si (2012) that EPS has significant toward stock return.

5. Second hypothesis, H5

H0: Net Profit Margin (NPM), Price to Book Value (PBV), Current Ratio (CR) and Earnings per Share (EPS) do not effect simultaneously toward stock return in Kompas 100 Index Companies for the period of 2010-2013

Ha: Net Profit Margin (NPM), Price to Book Value (PBV), Current Ratio (CR) and Earnings per Share (EPS) do effect simultaneously toward stock return in Kompas 100 Index Companies for the period of 2010-2013

F statistic value is 7.674 while F table value is 2.8663 ($7.674 > 2.8663$). The significant value is 0.000, less than α ($0.000 < 0.05$). It can be concluding that all the independent variable has significant effect simultaneously on the dependent variable and the regression model can be used to predict the dependent variable. Therefore, H0 rejected and Ha accepted.

CHAPTER V

CONCLUSION AND RECOMMENDATION

In this final chapter of the research, the researcher draws the conclusion and recommendation developed from the wholly integrated quantitative analysis, specifically the multiple regression analysis, about the fundamental factor toward stock return in Kompas 100 Index companies. The analysis is conducted to discover the specifically impact of NPM, PBV, CR and EPS on Stock return.

5.1. Conclusion

Based on the data collected and the interpretation of data about the analysis of factors fundamental toward stock return in Kompas 100 Index companies during period 2010-2013, the conclusions that can be drawn are as follows:

1. Based on discussion and hypothesis testing result about the influence of NPM towards Stock return, the t value is 0.409 with significance level of 0.685. By using the 0.05 limit, the significance value is higher than the level of 5%, the t value is $<$ t table (2.0281) which means that H_a is rejected and H_0 accepted. Thus, NPM partially has no significant influence to Stock return due to economic factor that effect the income or profit from company.
2. Based on discussion and hypothesis testing result about the influence of PBV towards Stock return, the t value is 3.617 with significance level of 0.001. By using the 0.05 limit, the significance value is lowe than the level of 5%, the t value is $>$ t table (2.0281) which means that H_a is accepted and H_0 rejected. Thus, PBV partially has significant influence to Stock return due to price of share from 10 companies in Kompas 100 Index companies the fluctuation almost stabil during period 2010-2013.

3. Based on discussion and hypothesis testing result about the influence of CR towards Stock return, the t value is -0.878 with significance level of 0.386. By using the 0.05 limit, the significance value is higher than the level of 5%, the t value is $<$ t table (2.0281) which means that H_a is rejected and H_0 accepted. Thus, NPM partially has no significant influence to Stock return.
4. Based on discussion and hypothesis testing result about the influence of EPS towards Stock return, the t value is 2.450 with significance level of 0.019. By using the 0.05 limit, the significance value is lower than the level of 5%, the t value is $>$ t table (2.0281) which means that H_a is accepted and H_0 rejected. Thus, EPS partially has significant influence to Stock return.
5. Based on the F-test result, the F value is 7.674 with a significance level of 0.000. While the value of the table of F distribution value at 5% significance level is df: α , (k-1), (n-k) = 0.05, (4-1), (40-4) = 2.8663, thus the F table value is 2.8663. F value $>$ F table (7.674 $>$ 2.8663) and significance level is 0.000 ($<$ 0.005) means that the NPM, PBV, CR and EPS simultaneously influence toward Stock return.
6. The magnitude of the coefficient of determination of the independent variables (net profit margin, price to book value, current ratio, earning per share) amounting to 0.402 it is clear that 40.2% stock return can be explained by the independent variables. While the rest of 59.8% is explained by other variables not included in the study.

5.2. Recommendation

From the conclusion above, the researcher could give several recommendations such as:

1. For Investors

Investors and investment managers to purchase stock in capital market can make decisions not only consider the present value approach in investing.

2. For Company

The company should quickly respond and attend information for circulating the financial statement that can be used as guidelines for investors in making investment decisions.

3. For Academics

This research is expected to be useful as a reference for future research. Moreover, it can do further research using a wide range of variables with different analytical techniques.

4. For Further Research

For further research, long research period is suggested and also adding more variables such EVA, Asset size, and BETA to test whether those variable have influence toward Stok Return in Kompas 100 Index Companies.

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APPENDICES

Appendix 1

Descriptive Statistics

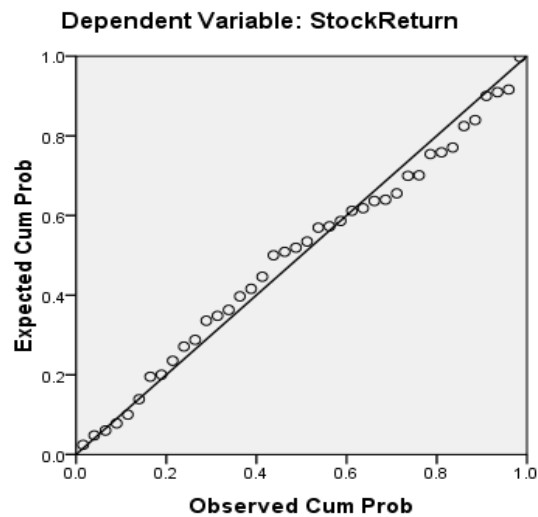
	N	Minimum	Maximum	Mean	Std. Deviation
StockReturn	40	-73.00	89.00	-6.9750	34.34925
NPM	40	-133.24	34.27	7.5805	26.61252
PBV	40	-1.68	4.84	2.0195	1.32888
CR	40	39.77	1064.23	2.7090E2	241.43459
EPS	40	-359.72	395.18	92.2255	166.80086
Valid N (listwise)	40				

Appendix 2

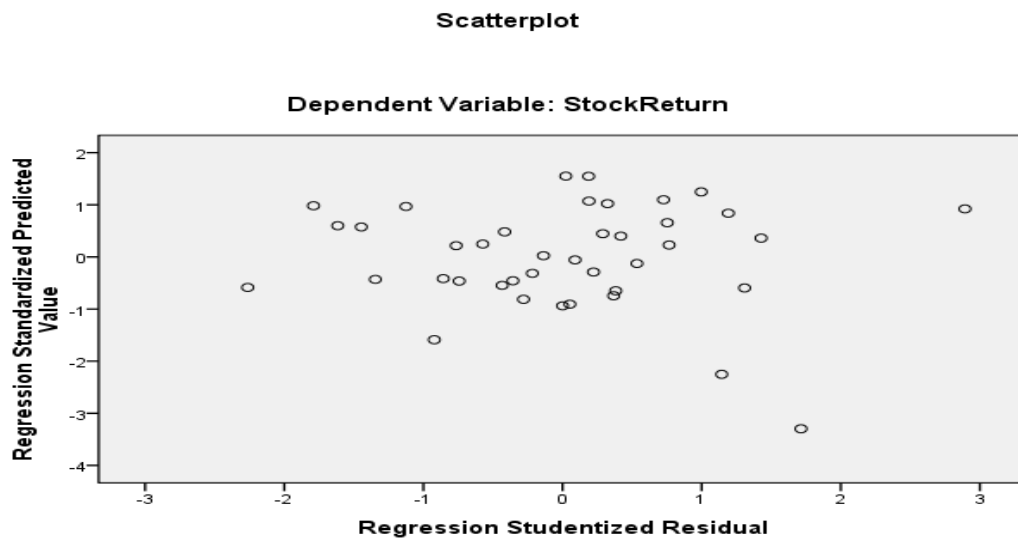
Classical Assumption

a) Normality Test

Normal P-P Plot of Regression Standardized Residual



b) Heteroscedasticity Test



c) Multicollinearity Test

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	VIF
1	NPM	.636	1.572
	PBV	.868	1.152
	CR	.940	1.064
	EPS	.719	1.390

a. Dependent Variable: StockReturn

d) Autocorrelation Test

Model Summary^b

Model	Durbin-Watson
1	1.136 ^a

a. Predictors: (Constant), EPS, CR, PBV, NPM

b. Dependent Variable: StockReturn

Appendix 3

Hypothesis Testing

a) Partial Test (t Test)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-35.062	9.087		-3.859	.000
	NPM	.082	.200	.063	.409	.685
	PBV	12.382	3.423	.479	3.617	.001
	CR	-.016	.018	-.112	-.878	.386
	EPS	.073	.030	.356	2.450	.019

a. Dependent Variable: StockReturn

b) Simultaneously Test (F Test)

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21499.840	4	5374.960	7.674	.000 ^a
	Residual	24515.135	35	700.432		
	Total	46014.975	39			

c) Coefficient of Determination Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.684 ^a	.467	.406	26.46568

a. Predictors: (Constant), EPS, CR, PBV, NPM

b. Dependent Variable: StockReturn

d) Multiple Regression Analysis

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-35.062	9.087		-3.859	.000
	NPM	.082	.200	.063	.409	.685
	PBV	12.382	3.423	.479	3.617	.001
	CR	-.016	.018	-.112	-.878	.386
	EPS	.073	.030	.356	2.450	.019

a. Dependent Variable: StockReturn

Appendix 4

Data for Period 2010 - 2013

No	Year	Company	Code	Stock Price	Stock Return	NPM	PBV	CR	EPS
1	2010	PT. Adaro Energy Tbk.	ADRO	2550	47%	8.98	4.390723	176.06	69.37
2		PT. Aneka Tambang Tbk.	ANTM	2450	11%	19.15	2.438466	387.6	176.49
3		PT. BISI International Tbk.	BISI	1870	39%	16.8	4.83504	846.3	0
4		PT. Bumi Resource Tbk.	BUMI	3025	25%	12.43	4.326621	156.06	0
5		PT. Vale Indonesia Tbk.	INCO	4875	34%	34.27	3.211843	450.16	395.18
6		PT. Indofood Sukses Makmur Tbk.	INDF	4875	37%	10.25	2.55022	203.65	336.3
7		PT. JasaMarga Tbk.	JSMR	3425	89%	27.05	3.009031	165.04	175.51
8		PT. Sampoerna Agro Tbk.	SGRO	3175	18%	19.78	2.814292	189.21	0
9		PT. Timah Tbk.	TINS	2750	38%	11.37	3.293255	323.67	0
10		PT. Bakrie Sumatra Plantation Tbk.	UNSP	390	-33%	23.99	0.635459	53.5	0
1	2011	PT. Adaro Energy Tbk.	ADRO	1770	-31%	13.85	2.556437	166.52	156.03
2		PT. Aneka Tambang Tbk.	ANTM	1620	-34%	18.63	1.434479	1064.23	202.12
3		PT. BISI International Tbk.	BKSL	910	-51%	14.83	2.133896	607.86	0
4		PT. Bumi Resource Tbk.	BUMI	2175	-28%	5.38	4.235473	110.25	0
5		PT. Vale Indonesia Tbk.	INCO	3200	-34%	26.86	1.981964	436.49	304.6
6		PT. Indofood Sukses Makmur Tbk.	INDF	4600	-6%	10.79	1.277749	190.95	350.46
7		PT. JasaMarga Tbk.	JSMR	4200	23%	26.59	3.090826	106.05	196.98
8		PT. Sampoerna Agro Tbk.	SGRO	2975	-6%	17.49	2.249544	158.95	0
9		PT. Timah Tbk.	TINS	1670	-39%	10.25	1.828074	325.7	0
10		PT. Bakrie Sumatra Plantation Tbk.	UNSP	285	-27%	25.59	0.430657	39.77	0

1	2012	PT. Adaro Energy Tbk.	ADRO	1590	-10%	10.3	1.755994	157.23	116.5
2		PT. Aneka Tambang Tbk.	ANTM	1280	-21%	28.64	0.951446	251.42	313.79
3		PT. BISI International Tbk.	BISI	790	-13%	14.93	1.718998	807.7	43.11
4		PT. Bumi Resource Tbk.	BUMI	590	-73%	-18.69	3.231991	88.43	-310.12
5		PT. Vale Indonesia Tbk.	INCO	2350	-27%	6.98	1.402742	340.98	65.68
6		PT. Indofood Sukses Makmur Tbk.	INDF	5850	27%	9.55	1.504436	200.32	371.41
7		PT. JasaMarga Tbk.	JSMR	5450	30%	16.93	3.786352	68.16	235.6
8		PT. Sampoerna Agro Tbk.	SGRO	2500	-16%	11.26	1.771718	110.85	174.18
9		PT. Timah Tbk.	TINS	1540	-8%	5.52	1.700417	409.42	85.75
10		PT. Bakrie Sumatra Plantation Tbk.	UNSP	93	-67%	-42.95	0.161226	126.24	-77.64
1	2013	PT. Adaro Energy Tbk.	ADRO	1090	-31%	6.98	0.889346	177.19	88.7
2		PT. Aneka Tambang Tbk.	ANTM	1090	-15%	3.63	0.812675	183.64	42.98
3		PT. BISI International Tbk.	BISI	560	-29%	12.03	1.138396	763.24	42.34
4		PT. Bumi Resource Tbk.	BUMI	300	-49%	-18.61	-1.67645	41.19	-359.72
5		PT. Vale Indonesia Tbk.	INCO	2650	13%	4.19	1.251842	330.07	47.73
6		PT. Indofood Sukses Makmur Tbk.	INDF	6600	13%	5.92	1.510194	166.73	285.16
7		PT. JasaMarga Tbk.	JSMR	4725	-13%	12.02	2.956655	76.15	196.52
8		PT. Sampoerna Agro Tbk.	SGRO	2000	-20%	4.7	1.400707	105.07	63.03
9		PT. Timah Tbk.	TINS	1600	4%	8.8	1.646091	219.74	102.34
10		PT. Bakrie Sumatra Plantation Tbk.	UNSP	50	-46%	-133.24	0.140948	54.41	-201.36