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BENEFIT OF ACCOUNTING INFORMATION ON SHARE RETURN

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ABSTRACT:

This study aims to determine the Benefit of Accounting Information on Share Return. The research population is the Property and Real Estate Sub-sector which is listed on the Indonesia Share Exchange (BEI) for the 2017-2019 period. Sampling using a purposive judgment sampling technique of 30 companies with a total of 90 annual observations with criteria for companies that meet the criteria. The analysis technique used is panel data regression with the Common Effect Method (CEM) and hypothesis testing using t-statistics to test the partial regression coefficient. This type of research explanatory uses path analysis processed with the Eviews 11 program. The findings of this study are that the exchange rate and interest rate variables affect partially the variable share return. Meanwhile, the Return On Asset variable does not partially affect the variable Share Return.

Keywords: return on asset, exchange rate, interest rate, share return**.**

INTRODUCTION

Investing in the capital market is a way for a companies that wants to increase their operating income. The market for a variety of long-term financial instruments that can be traded, such as bonds, equity (stocks), mutual funds, derivative instruments or other instruments is a sense of the capital market (PT Bursa Efek Indonesia, 2020). The most popular financial instruments in the capital market are share securities. Securities are a sheet of paper that gives the owner the right to obtain a share of the prospects or assets of the organization that issued the security, and various conditions that allow investors to exercise their rights (Husnan, 2015).Getting the maximum rate of return without

forgetting the risk factors that will face is the investor's goal in investing in the capital market. Returns are the reason investors are motivated to invest and are also a reward for an investor's courage to bear the risk of investing (Tandelilin, 2017).The property sector is an important indicator for analyzing the economic health of a country. The property industry is also the first sector to signal the decline or development of a country's economy. Apart from these reasons, this sector was chosen as the object of research because it is one of the sectors that have high volatility due to macroeconomic conditions (Thobarry, 2009).The decrease and increase share returns obtained by investors can be seen in the performance of the company's financial statements by analyzing financial ratios (Setiawan & Triaryati, 2016). A financial ratio group consists of five types: liquidity, activity, solvability, profitability, and investment ratio (Raharjo, 2007). The company profitability measurement tool used in this research is ROA. ROA is used to measure the performance of a business using its assets (Husnan, 2015). If the ROA increases, the company's performance will get better, because the expected rate of return is higher.Research by Susilowati (2011) shows that ROA does not affect share return, in contrast to research by Haryani and Priantinah (2018) concluded that ROA had a significant and positive effect on share return.Exchange rates can change every time. The weakening of the domestic exchange rate against foreign currencies (such as the rupiah against the dollar) has a negative impact on the equity market because the equity market has become unattractive (Ang, 1997).Research by Wiradharma and Sudjarni (2016) shows that the exchange rate does not affect share returns. Meanwhile, according to research by Sudarsono and Sudiyatno (2016) states that the exchange rate has a significant positive effect on share return. In theory, high-interest rates are a negative signal to company share prices (Tandelilin, 2017). An increase in the interest rate will be indicated by a decrease in the share price. The decline in share prices caused limited production and investment activities. With high-interest rates, people will choose to deposit their money in the bank rather than to invest in shares when the share condition is deteriorating in order to get return an appropriate (Yuniarti, 2011).Research by Rosiana et al. (2014) states that there is no influence between interest rates on share returns. Another opinion was expressed by Suriyani and Sudiartha (2018) which states that interest rates have a positive and insignificant effect on share return.Based on empirical facts and previous research, the focus of this research is to examine the effect of the Return on Assets (ROA), Exchange Rates, and Interest Rates on Share Return.

LITERATURE REVIEW
Return On Asset
ROA is a ratio that points out the results (return) on the total assets used in the company (Kasmir, 2015). ROA is a reference for investors to make decisions by looking at the company's financial performance in providing expected returns (Fahmi, 2016).

$$\text{Return On Assets (ROA)} = \frac{Earning\ After\ Interest\ and\ Tax}{Total\ Assets}$$

Exchange Rate

The exchange rate is a parameter of broader economic aspects, such as the exchange rate of the one currencies against the other currencies (Wahyudi et al., 2017). Exchange rates are also very influential for companies wishing to invest because if the foreign exchange market is more attractive than the capital market, investors will generally switch to the foreign exchange market (Hidayat, 2019).

Interest Rate

The definition of the interest rate is the price generated by the use of investment funds. The interest rate is an indicator in determining whether a person will invest or save (Boediono, 2015). High-interest rates will increase the cost of capital to be borne by the company and will also cause the return which implies investors from an investment will increase (Kewal, 2012).

Share Return

Return is the result of investment (Hartono, 2017). Return is defined as the change in value between period $t + 1$ and period t plus other revenues that occur during period t (Hanafi & Halim, 2016). Return is one of the aspect that motivate investors to invest their money, other than that as a reward for the courage taken by investors in assuming existing risks (Tandelilin, 2017).

$$\text{Stock Return} = \frac{P_t - P_{t-1}}{P_{t-1}}$$

Research Hypothesis
Effect of Return on Assets on Share Return

ROA is also called return on investment, which shows the return on the total assets used by the company. The return on investment shows the productivity of all company funds, both loan capital and equity (Kasmir, 2015). The higher the ROA, the better the company's profitability so that the company gets return a large (Putra & Dana, 2016).

H1: Return on Asset has a partial effect on Share Return.

Effect of Exchange Rates on Share Returns

Exchange rates are used to bridge currency differences in each country so that trade between two or more countries that have different currencies can carry out economic transactions. If the rupiah weakens and the dollar strengthens, this will make investors prefer to invest in dollars rather than investing in securities, this will reduce investors interest in buying shares so that it has an impact on returns company (Adeputra & Wijaya, 2015).

H2: Exchange rate has a partial effect on Share Return.

Effect of Interest Rate on Share Return

Changes in interest rates will affect share prices inversely, ceteris paribus. This means that if the interest rate increases, the share price will fall, and vice versa (Tandelilin, 2010). A decrease in interest rates will result in a increase in share return and conversely (Wahyudi, 2004).

H3: Interest Rate has a partial effect on Share Return.

METHODOLOGY
Research Type
The type of research used is explanatory. Explanatory research is intended to explain the associative relationship between the objects under study. The association relationship occurs when the objects under study are related to one another, either directly or indirectly (Edison, 2018).

Research Population
Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are determined by the researcher to be studied and then draw conclusions (Sugiono, 2013). The population in the study amounted to 70 company.

Research Sample
The sample is part of the characteristics and number of the population (Sugiono, 2013). The sampling technique used was purposive judgment sampling. Sampling based on purposive judgment sampling is sampling based on the purpose of selecting the sample according to its position as a source of information (Edison, 2018). The research sample consisted of 30 companies with a 3 year observation period form of 90 annual financial reports with the criteria for companies that met the criteria.

Data Processing
Data processing was carried out using Eviews 11.

RESULTS
Normality Test
The normality test is intended to obtain results that the data is normally distributed (Edison, 2018). In this study, to see whether the data were normally distributed or not, namely by using the Jarque-Bera test which tested the normality of the regression model. It is easier to see the coefficient Jarque-Bera and its probability because these two numbers are mutually supportive (Winarno, 2017).
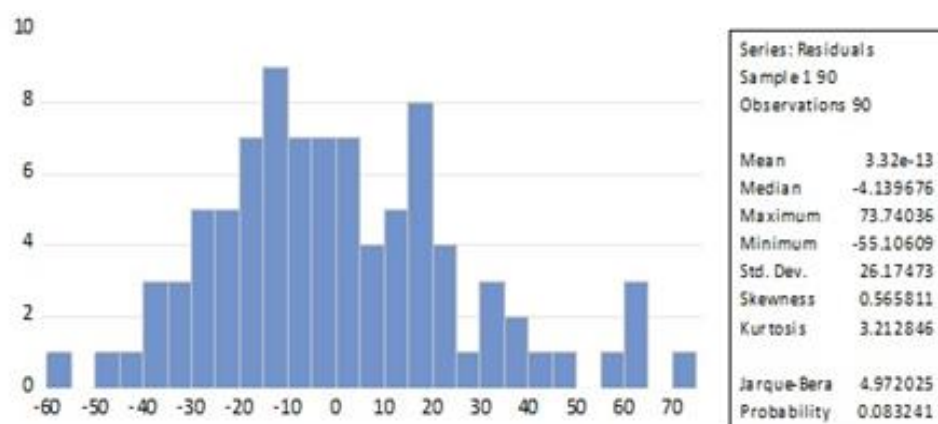
Figure 1. Normality Histogram
Source: Output Eviews 11 (processed Data)
Based on the figure, it shows the results of data normality testing in the form of a histogram showing the results Jarque-Bera of 4.972025 and value probability of 0.083241 which is greater than the significant level of 0.05 (5%). So it can be concluded that the residual value of the data or the regression model tested in this study is normally distributed.

Chow Test
Chow test used to determine whether the panel data model is regressed with the common effect model or the fixed effect model if the test results establish that the common effect model is used, it does not need to be re-tested with the Hausman Test (Widarjono, 2013). If the probability (Prob.) For the cross-section F > 0.05 (predefined as the level of significance or alpha), the model chosen is the common effect model. However, if < 0.05, then the fixed effect model will be selected. Hypothesis testing was carried out using the chow test or likelihood ratio test as follows:
H_0: the model chosen is the common effect model
H_1: the model chosen is the fixed effect model

Table 1. Chow Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.059420	(29,57)	0.4155
Cross-section Chi-square	38.802134	29	0.1055

Source: Output Eviews 11 (processed Data)

Based on the results of the tests carried out which are shown in Table 1, it can be seen that prob. in the cross-section F is 0.4155 > 0.05, so it can be concluded that H_0 is accepted and H_1 is rejected. So, the selection of the most appropriate model for use in this study is the common effect model.

Autocorrelation Test

The autocorrelation test is intended to test whether or not the dependent variable is correlated with itself. If there is a correlation, it can be ascertained that there is a symptom of autocorrelation, namely the value of these variables in the previous and subsequent periods are correlated (Edison, 2018).

Table 2. Autocorrelation Test

R-squared	0.208393	Mean dependent var	-12.67423
Adjusted R-squared	0.180779	S.D. dependent var	29.41897
S.E. of regression	26.62735	Akaike info criterion	9.445182
Sum squared resid	60975.38	Schwarz criterion	9.556284
Log likelihood	-421.0332	Hannan-Quinn criter.	9.489985
F-statistic	7.546586	Durbin-Watson stat	1.744662
Prob(F-statistic)	0.000153		

Source: Output Eviews 11 (processed Data)

Table 2 shows the Durbin-Watson stat value in the above test results showing the value of 1.744662 and the Durbin-Watson value for observation (n) = 90, the number of independent variables (k) = 3, and the level of significance (α) = 5%. The value of dl = 1.5889 and the value of du = 1.7264 is obtained. The Durbin-Watson value 1.744662 is above the du = 1.7264 value and is below the 4-du = 2.2736 value, namely 1.7264 < 1.817634 < 2.2736 (du<dw<4-du), then It can be concluded that there is no positive and negative autocorrelation and the regression model is fulfilled.

Multicollineary Test

The requirement to determine regression analysis is a multicholinearity test that is intended to test whether independent variables are correlated. It should be ensured that between independent variables does not occur a significant correlation. This test is conducted using VIF with criteria if the VIF Value of an independent variable > 10, it can be concluded that the independent variable occurs multicholinearity (Edison, 2018).

Table 3. Multicollineary Test

Variance Inflation Factors
Date: 10/06/20 Time: 18:16
Sample: 1 90
Included observations: 90

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	50711.81	6437.179	NA
RETURN_ON_ASSET	0.239068	1.385761	1.014635
EXCHANGE_RATE	0.000108	2650.876	2.018036
INTEREST_RATE	209.5719	1226.077	2.008180

Source: Output Eviews 11 (processed Data)

It is shown in Table 3 that the Centered Variance Inflation Factors (VIF) value of each independent variable is smaller or less than 10. Therefore, on this regression model concluded that there is no multicholinearity between independent variables.

Multiple Linear Regression Test
Multiple linear regression analysis is a statistical technique through parameter coefficients to determine the influence of the independent variable on the dependent variable. Hypothesis testing both partially and simultaneously is carried out after the regression model used is free from violations of classical assumptions. The aim is that the results of the research can be interpreted appropriately and efficiently (Weston & Thomas, 1995).

Table 4. Multiple Linear Regression

Dependent Variable: STOCK_RETURN
Method: Least Squares
Date: 10/06/20   Time: 18:10
Sample: 1 90
Included observations: 90

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1014.994	225.1928	4.507221	0.0000
RETURN_ON_ASSET	0.371818	0.488946	0.760449	0.4491
EXCHANGE_RATE	-0.045120	0.010376	-4.348437	0.0000
INTEREST_RATE	-59.08744	14.47660	-4.081583	0.0001

Source: Output Eviews 11 (processed Data)

Based on Table 4, a multiple linear regression equation models are obtained as follows:

$$Y = 1014,994 + 0,371818X_1 - 0,045120X_2 - 59,08744X_3 + e$$

From the regression model it can be explained as follows:
α = 1014,994, meaning that if the independent variable return on assets, exchange rates, and interest rates are considered constant (zero), the dependent variable, namely share return, will be equal to α, which is equal to 1014,994.
Value of the return on assets (X_1) is 0.371818. This is interpreted if the variable return on asset has increased by (one) unit, while the other independent variables, namely exchange rates and interest rates are considered constant (zero), then the dependent variable, namely share return, will increase by 0.371818.
Value of the exchange rate (X_2) is -0.045120. This means that if the exchange rate has increased by (one) unit, while the other independent variables, namely return on assets and interest rates, are considered constant (zero), the dependent variable, namely share return, will decrease by -0.045120.
Value of the interest rate (X_3) is -59.08744. This means that if the interest rate has increased by (one) unit, while the other independent variables, i.e. return

on assets and exchange rates are considered constant (zero), the dependent variable, namely share return, will decrease by -59.08744.

Partial Test

The t-test is used to accept or reject a statement based on a precession and the level of confidence of the sample taken, meaning that based on the sample drawn, it can be seen or measured that the population has a tendency as the hypothesis is set (zero or alternative) (Edison, 2018).

Table 5. Partial Test

Dependent Variable: STOCK_RETURN
Method: Least Squares
Date: 10/06/20   Time: 18:10
Sample: 1 90
Included observations: 90

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1014.994	225.1928	4.507221	0.0000
RETURN_ON_ASSET	0.371818	0.488946	0.760449	0.4491
EXCHANGE_RATE	-0.045120	0.010376	-4.348437	0.0000
INTEREST_RATE	-59.08744	14.47660	-4.081583	0.0001

Source: Output Eviews 11 (processed Data)

Based on the result of the partial test in the regression model, the outcome can be explained that:

ROA Partial Test (X_1)

The significance value of Return on Assets is $0.4491 > 0.05$ (significant level). Moreover, it can also be seen from the comparison between t_{count} with t_{table} showing the value of t_{count} equal to 0.760449, while t_{table} of 1.98793. From these results, it can be obtained that $t_{count} < t_{table}$ is $0.760449 < 1.98793$. So it can be concluded that H_{01} is accepted and H_{a1} is rejected. This means that there is no effect of Return On Assets partial on Share Return.

Exchange Rate Partial Test (X_2)

The significance value of the Exchange Rate is $0.0000 < 0.05$ (significant level). Moreover, it can also be seen from the comparison between t_{count} with t_{table} showing the value of t_{count} equal to -4.348437 while t_{table} amounted to 1.98793. From these results, it can be obtained that $t_{count} > t_{table}$ is $4,348437 > 1.98793$. So it can be concluded that H_{02} is rejected and H_{a2} is accepted. This means that there is an effect of the exchange rate partially on Share Return. Interest Rate Partial Test (X_3)

The significance value of the Interest Rate is $0.0001 < 0.05$ (significant level). Moreover, it can also be seen from the comparison between t_{count} with t_{table} showing the value of t_{count} equal to -4.081583 while t_{table} amounted to 1.98793.

From these results can be obtained that$_{t>}$ t$_{table}$ is 4.081583 > 1.98793, while a negative sign to the values t$_{count}$ means variable interest rates negative effect on returns. share So, it can be concluded that H$_{03}$ is rejected and H$_{a3}$ is accepted. This means that there is a partial influence of the Interest Rate on Share Return.

CONCLUSION

The conclusions that can be drawn at the end of this study based on the results analysis and discussion that have been conducted, are:

Average return on assets continues to decline during the study period. The test results showed that return on assets has no partial effect on share return.

Exchange rates fluctuate during the study period. The test results showed that the exchange rate has a partial effect on share return.

Average interest rate fluctuate per year during the study period. The test results showed that the interest rate has a partial effect on share return.

SUGGESTIONS

Based on the results of the research conducted, the researcher can provide the following suggestions:

The results obtained partially indicate that there are two variables that affect share returns. This shows that enterprise need to consider this aspect because there is a tendency for investors to consider the decision to invest based on the exchange rate and interest rate issued by Bank Indonesia.

To investors and potential investors to look at the financial statements which can be used as a basis for making the right decision to sell or buy shares or invest in a company so that it can get a return or a return on investment that is optimal. In this case, investors can see external factors, namely the interest rate and the exchange rate of Bank Indonesia which can affect the value of share return that will be obtained by investors.

For further research, it is recommended to replace or add other variables outside the variables that have been studied which are thought to have an influence on share return such as price-earnings ratios, dividend payout ratios, company size, inflation, or other factors that can affect the share return.

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