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Analysis of the Effect of Return On Asset and Sales Growth on Stock Return at BUMN in Indonesia

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Abstract

This study aims to analyze the effect of Return on Asset (ROA) and sales growth (Sales Growth) on stock returns in state-owned companies listed in Indonesia. This study uses quantitative methods using multiple linear regression analysis to test the hypothesis. The results showed that ROA has a significant positive effect on stock return (SR), indicating that the efficient use of assets has a major impact on market appreciation. In contrast, Sales Growth (SG) shows a negative influence on SR, reflecting that sales growth does not always improve stock performance, especially if it is not accompanied by operational efficiency. That profitability is preferred by investors compared to sales growth, and provides recommendations for company management to focus on optimizing profitability and efficiency in the face of external factors such as a pandemic.

Key words: Efficiency, Stock Return, Sales Growth, Return Of assets

INTRODUCTION

Today, the performance of State-Owned Enterprises (SOEs) companies in Indonesia listed on the Indonesia Stock Exchange (IDX) is a hot topic of discussion. (Ghozali, 2016) Changes in government policy, global competition, and economic fluctuations have led to significant variations in the financial performance of these companies, which are reflected in financial ratios such as Return on Asset (ROA) and sales growth (Brigham & Houston, 2013). In addition, fluctuations in the capital market indicate a relationship between the company's financial performance and the resulting

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stock return. This phenomenon encourages the need for in-depth research to understand how ROA and sales growth affect stock returns in state-owned companies listed in Indonesia.

The COVID-19 pandemic that hit the world in early 2020 has had a significant impact on the global economy, including Indonesia. Restrictions on economic activity, changes in consumer behavior, and global economic uncertainty have put great pressure on the financial performance of companies, including state-owned companies listed in Indonesia. The pandemic has resulted in a sharp decline in business activity and reduced demand.

Analyzing the effect of ROA and Sales Growth on Stock Return in SOEs listed on the IDX is an important focus in understanding investment expectations. ROA reflects a company's efficiency in managing its assets to generate profits, which is a key indicator of a company's competitiveness in the market. Investors usually expect high ROA values and positive sales growth as a strong and sustainable financial signal, therefore, understanding the relationship between ROA, Sales Growth, and Stock Return is very important in the investment decision-making process, especially for investors who want to minimize risk and maximize profits in the capital market (Brigham & Houston, 2013). Sales Growth is an important indicator of a company's growth potential. According to research by Chen and Ibhagui, consistent sales growth reflects the company's ability to increase revenue, which in turn can increase investors' expectations of the company's future prospects.

Research on the relationship between ROA, Sales Growth, and Stock return in state-owned companies in Indonesia is still limited. Most of the existing studies focus more on private or multinational companies. However, SOEs have special characteristics, such as the influence of government policies and social mandates, which may affect their financial and stock market performance differently.

The formulation of the problem in this study is focused on two things. First, does return on assets (ROA) affect stock returns in state-owned companies listed in Indonesia during the period 2018-2023. Second, does sales growth affect stock returns in state-owned companies during the same period.

The purpose of this study is to analyze the effect of return on assets (ROA) on stock returns in State-Owned Enterprises (BUMN) companies listed in Indonesia during the 2018-2023 period, as well as to analyze the effect of sales growth on stock returns in BUMN companies in Indonesia during the same period.

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LITERATURE REVIEW

According to Brigham and Houstan (2011: 186) signal theory is an action taken by management, a company provides clues to investors about how management assesses the company's prospects. The information in the financial statements is a company signal to stakeholders that can influence decision making. The better the company's performance reflected in the financial statement ratios, the more interested investors are in investing their shares. The better the company's performance reflected in the financial statement ratios, the more interested investors are in investing their shares.

Financial statements are the main medium for conveying relevant financial information to interested parties, such as investors, creditors, and company management. The main objective is to provide an accurate picture of the company's financial condition in a certain period. Signaling theory is also relevant in the context of financial statements. Companies that perform well tend to give positive signals to the market through their financial statements.

Stock return is the level of profit that investors get from their stock investment, either through an increase in stock price (capital gain) or dividend distribution. This return reflects the actual results received by shareholders in return for the risk they bear in investing. Factors such as the company's financial performance, market conditions, and macroeconomic dynamics affect the level of return earned (Bodie, Kane, & Marcus, 2018).

Return on Assets (ROA) is a financial ratio that measures the ability of a company to generate profits from its total assets. This ratio reflects the company's efficiency in using assets to create net income, so it is an important indicator in assessing financial performance. ROA is calculated by dividing net income by total assets, and the results are expressed as a percentage (Helfert, 2020).

Sales growth is an indicator that measures the increase in revenue from the company's sales activities in a period compared to the previous period. This ratio is important to assess the company's ability to expand market share, increase sales volume, or add value to products and services. Sales growth is usually calculated by

compares the current year's revenue with the previous year's revenue, expressed as a percentage (Kotler & Keller, 2016).

Hypothesis

This research establishes a hypothesis based on the theory that the higher the ROA, the better the company's performance. A high ROA reflects the company's ability

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to generate profits and utilize assets optimally. An increase in ROA is a positive signal for investors because it shows the effectiveness of resource management, which leads to an increase in company profits. This condition increases investor confidence to invest, so that demand for shares increases, stock prices increase, and stock returns increase.

From an investor's perspective, high profits are a key indicator in assessing the prospects and stability of a company. Thus, companies with good financial performance (indicated by high ROA) tend to be more attractive to investors. This causes the demand for shares to increase and has a direct impact on the increase in stock returns.

This explanation is supported by various previous studies, including by Achmad, Prayogowati, Prakoso, and Mahmudah & Suwitho, which consistently show that ROA has a positive relationship with stock returns. Based on the theoretical review and these findings, a hypothesis is established:

Based on literature review and previous research results that support the theory put forward, the hypotheses that can be formulated are as follows: **H1: Return on Assets (ROA) has a positive effect on Stock returns in state-owned companies in Indonesia during the 2018-2023 period**.

Furthermore, related to Sales growth describes the company's ability to increase its sales from period to period. This ratio is considered an important indicator in assessing the future performance of the company. An increase in sales volume is generally followed by an increase in profits, which provides greater returns to investors. This in turn encourages investor interest in buying the company's shares, so the demand for shares increases, the share price rises, and the stock return increases.

In addition, sales growth also reflects the success of the company's operational strategy and competitiveness in the market. Growing sales indicate the stability and positive growth prospects of the company. This condition attracts more investors to invest, which indirectly increases the level of profit or return earned from the stock.

This explanation is reinforced by previous research, such as that conducted by Artfiandi and Mika, which states that sales growth (*Sales Growth*) has a positive effect on *Stock Return*. Based on the theoretical basis and the results of previous research, a hypothesis is formulated:

H2: Sales growth has a positive effect on stock returns in state-owned companies listed in Indonesia during the 2018-2023 period.

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METHODOLOGY

This research is a quantitative study with a causal associative approach that aims to analyze the effect of Return on Asset (ROA) and sales growth (Sales Growth) on Stock return. The data used is secondary data from the company's financial statements. The research location is focused on State-Owned Enterprises (BUMN) companies in Indonesia listed on the Indonesia Stock Exchange (IDX), given the strategic role of BUMN in the national economy and special regulations that affect performance and stock returns. Data analysis was conducted using multiple linear regression to test the hypotheses and measure the significant influence between the variables.

The population in this study were all state-owned companies listed on the IDX during the 2018-2023 period, totaling 22 companies. The sample was selected using purposive sampling technique with the following criteria: (1) listed on the IDX during the period 2018-2023 as many as 22 companies. (2) have complete financial reports from 2018 to 2023, (3) are not service and banking companies, and (4) publish financial reports in rupiah currency units. These criteria were chosen to ensure operational sustainability, complete data availability, and consistency in analysis. Thus, the sample taken is expected to be able to represent the population in a relevant manner and support the research objectives.

DISCUSSION

This study aims to analyze the effect of Return on Asset (ROA) on *stock returns* in State-Owned Enterprises (BUMN) companies listed in Indonesia during the 2018-2023 period. In addition, this study also aims to analyze the effect of *sales* growth on stock returns in state-owned companies in Indonesia during the same period. Thus, this research is expected to provide a deeper understanding of the financial factors that influence the stock performance of state-owned companies in the Indonesian capital market.

This study uses data on State-Owned Enterprises (SOEs) companies listed in Indonesia during the 2018-2023 period. The research sample consists of seven companies selected based on certain criteria, namely:

1. PT Aneka Tambang Tbk (ANTM)
2. PT Indofarma (Persero) Tbk (INAF)
3. PT Kimia Farma (Persero) Tbk (KAEF)
4. PT Tambang Batubara Bukit Asam Tbk (PTBA)
5. PT Semen Baturaja (Persero) Tbk (SMBR)

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6. PT Semen Indonesia (Persero) Tbk (SMGR)
7. PT Timah Tbk (TINS)

Descriptive Statistic			
	Stock Return	*ROA*	*Sales Growth*
Mean	0.141597528	0.068454517	0.061618029
Standard Error	0.191749831	0.014902812	0.033741537
Median	-0.086098632	0.034076952	0.060536246
Standard Deviation	1.242680932	0.096581263	0.218670153
Sample Variance	1.544255898	0.00932794	0.047816636
Kurtosis	32.57025926	3.567509951	8.244990363
Skewness	5.430486907	2.131390751	2.034637047
Range	8.328472388	0.381605161	1.345608652
Minimum	-0.775280899	0.000751248	-0.32853708
Maximum	7.553191489	0.38235641	1.017071572
Sum	5.947096156	2.875089701	2.587957201
Count	42	42	42

Source: Data processed (2025)

This study analyzes the effect of Return on Asset (ROA) and Sales Growth on Stock Return in state-owned companies listed in Indonesia in the period 2018-2023. Descriptive statistics show that stock return has an average of 14.16% with high volatility (standard deviation 1.24) and a distribution that is highly skewed to the right (skewness 5.43), indicating that there are some companies with much higher stock returns than others. The wide range of values, from -77.53% to 755.31%, indicates large differences in stock performance between companies.

For the independent variable, ROA has an average of 6.88% with a smaller standard deviation (0.096), indicating the stability of asset profitability in most state-owned companies. The distribution of ROA is also skewed to the right, meaning there are companies with much higher levels of asset efficiency than others. Sales Growth averages 6.12% with a standard deviation of 0.218, indicating a fairly high variation in sales growth. The range of growth from -32.85% to 101.70% shows that somecompanies experienced a significant decline, while others experienced rapid growth.

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Preliminary conclusions from these statistics suggest that stock returns are more volatile than ROA and sales growth, which are more stable but still have a right-skewed distribution. The high volatility of stock return suggests that external factors may play a large role in the performance of SOE stocks. Further analysis is needed to determine the extent to which ROA and Sales Growth have a significant effect on Stock Return.

Before conducting multiple linear regression analysis, a classical assumption test is first carried out to ensure the validity of the model and the reliability of the analysis results. The classical assumption tests carried out include:

Normality Test

One-Sample Kolmogorov-Smirnov Test

Unstandardized Residual

N		42
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.87523087
Most Extreme Differences	Absolute	.135
	Positive	.127
	Negative	-.135
Test Statistic		.135
Asymp. Sig. (2-tailed)		.200[c,d]

Source: Data processed (2025)

The One-Sample Kolmogorov-Smirnov Test results show that the residuals (N = 42) follow a normal distribution. The test statistic value is 0.135 with an asymptotic (2-tailed) significance of 0.200 (with Lilliefors significance correction). This p value is greater than alpha 0.05, so there is no significant deviation from normality. The residuals have a mean of 0.0000000 and a standard deviation of 0.87523087, which supports the assumption of normality in the data. It was found that the data in this study were normally distributed, which indicates that the regression model used is acceptable.

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Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
	(Constant)	261.586	241.693		1.082	.286		
	ROA	4.943	2.578	.240	1.757	.046	.991	1.009
	SG	-.901	.899	-.159	-1.002	.322	.991	1.009

Source: Data processed (2025)

The multicollinearity test results in the Coefficients table show that there is no multicollinearity problem between the independent variables (ROA and Sales Growth) in the regression model. This is indicated by the Tolerance value of 0.991 for both variables, which is far above the minimum threshold of 0.1, as well as the Variance Inflation Factor (VIF) value of 1.009 for both variables, which is far below the maximum threshold of 10. Thus, it can be concluded that there is no high correlation between the independent variables in this mode

Heteroscedasticity Test

Coefficients[a]

Model		Unstandardizd Coefficients B	Unstandardizd Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
	(Constant)	706.047	206.720		3.415	.002
	ROA	4.943	2.578	.240	1.757	.046
	Sales Growth	-1.021	.769	-.208	-1.329	.192

Source: Data processed (2025)

The heteroscedasticity test results show that there is no significant indication of heteroscedasticity in this model. For the ROA variable, the significance value of 0.086 is greater than 0.05, which indicates that there is no heteroscedasticity problem associated with this variable. Similarly, for the Sales Growth variable, the significance value of 0.192

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is also greater than 0.05, which indicates that there is no heteroscedasticity problem with this variable. Therefore, it can be concluded that this model fulfills the assumption of homoscedasticity, which means that the residual variance is constant across predictor values.

Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjuste d R Square	Std. Error of the Estimate	Durbin-Watson
	.181	.33	.158	1253.1044	1.62
	a	6		8	4

Source: Data processed (2025)

Based on the Durbin-Watson value of 1.624 which lies within the range of du < d< 4-du (1,606< 1,624< 2,393) it can be concluded that there is no positive or negative autocorrelation in the regression model. Thus, the assumption The independence of the residuals has been met, which means that there is no systematic pattern among the residual values that could affect the reliability of the regression analysis results.

The results of multiple linear regression analysis are in the following table:

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients Beta	T	Sig.	Collinearity Statistics	
Model		B	Std. Error				Tolerance	VIF
	(Constant)	261.586	241.693		1.082	.286		
	ROA	4.943	2.578	.240	1.757	.046	.991	1.009
	SG	-.901	.899	-.159	-1.002	.322	.991	1.009

Source: Data processed (2025)

Y= 261.586+ 4.943X1− 0.901X2+ e

Where:

Y = Stock Return Variable

X1 =ROA

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X2 = SG
E = Random error

The multiple linear regression test results show that the ROA variable has a significant effect on the dependent variable Stock Return with a significance value of 0.046 (smaller than 0.05) and a regression coefficient of 4.943, which indicates a positive relationship between ROA and Stock Return. Meanwhile, the Sales Growth (SG) variable has no significant effect because its significance value is 0.322 (greater than 0.05), with a regression coefficient of -0.901, which indicates a negative relationship between Sales Growth and Stock Return.

Furthermore, related to hypothesis testing as follows

Coefficient of determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.181[a]	.336	.158	1253.10448	1.624

Source: Data processed (2025)

The coefficient of determination in this regression model is 0.336, which means that about 33.6% of the variation in the dependent variable (Stock Return) can be explained by the independent variables (ROA and Sales Growth) in this model. The relatively low value indicates that although this model can explain some of the variation in Stock Return, most of the variation is still influenced by other factors not explained by the model. While the Adjusted R Square value of 0.158 indicates that after taking into account the number of variables in the model, the contribution that can be explained to the Stock Return is smaller, which is only about 15.8%.

F test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2069641.582	2	1034820.791	2.805	.028[b]
	Residuals	61240562.703	39	1570270.839		

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	Total	63310204.286	41			

Source: Data processed (2025)

The ANOVA F test results show that the regression model as a whole is significant in explaining the variability of the dependent variable (Stock Return). The F value of 2.805 with a significance (p-value) of 0.028, which is smaller than 0.05, indicates that the independent variables (ROA and Sales Growth) jointly affect the Stock Return variable. Thus,The null hypothesis stating that there is no significant effect of the independent variable on the dependent variable can be rejected, and this regression model can be used to explain the variability of stock returns.

Test t

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	T	Sig.	Tolerance	VIF
	(Constant)	261.586	241.693		1.082	.286		
	ROA	4.943	2.578	.240	1.757	.046	.991	1.009
	SG	-.901	.899	-.159	-1.002	.322	.991	1.009

Source: Data processed (2025)

The t test results show the effect of each independent variable on the dependent variable (Stock Return). For the ROA variable, the t value of 1.757 with a significance of 0.046 (smaller than 0.05) indicates that ROA has a significant effect on Stock Return with a positive relationship, where each increase in one unit of ROA is expected to increase Stock Return by 4.943 units. Meanwhile, for the Sales Growth (SG) variable, the t value of -1.002 with a significance of 0.322 (greater than 0.05) indicates that SG has no significant effect on Stock Return.

Based on the results of multiple linear regression analysis, it can be concluded that there is a significant influence between ROA (Return on Assets) on Stock Return, while the Sales Growth variable does not show a significant influence on Stock Return. Further explanation of these findings is provided :

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Effect of ROA on Stock Return

Analysis of the effect of Return on Assets (ROA) on Stock Return shows a significant positive relationship, with a regression coefficient of 4.943.This indicates that every one unit increase in ROA will increase Stock Return by 4.943 units, assuming other variables remain constant. ROA reflects the company's efficiency in managing assets to generate profits, which is an important factor in attracting investor attention.

No.	Company Code	ROA					
		2018	2019	2020	2021	2022	2023
1	ANTM	0,007	0,009	0,019	0,036	0,051	0,072
2	INAF	0,009	0,010	0,001	0,001	0,009	0,006
3	KAEF	0,005	0,006	0,002	0,036	0,029	0,042
4	PTBA	0,277	0,333	0,303	0,248	0,382	0,179
5	SMBR	0,040	0,034	0,023	0,025	0,034	0,019
6	SMGR	0,035	0,034	0,033	0,031	0,029	0,027
7	TINS	0,058	0,058	0,085	0,044	0,094	0,099

Source: Data processed (2025)

During the period 2018-2023, which includes the uncertainty caused by the COVID- 19 pandemic, companies with higher ROA have fared better in the stock market. The pandemic has affected many companies, but companies that demonstrate good operational efficiency and high profitability are more likely to attract investors. Therefore, ROA is a relevant indicator to assess a company's financial performance, especially in crisis periods such as the COVID-19 pandemic.

For example, companies like PTBA showed very solid ROA performance in 2018 and 2019, despite a dip in 2020. However, PTBA was able to recover in 2022, which shows the importance of the company's ability to manage challenges and maintain efficiency during a period of uncertainty. Meanwhile, companies that show low or stagnant ROA, such as SMBR and SMGR, are likely to experience

decrease in stock returns, which suggests that poor financial performance can negatively affect investor confidence.

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The Effect of Sales Growth on Stock Return

Sales Growth (SG) shows a negative effect on Stock Return with a coefficient of -0.901, although it is not statistically significant. This result shows that even though there is an increase in sales growth, it has the potential to reduce stock return. This phenomenon can be explained by several factors, such as low profit margins, high operating costs, or ineffective expansion strategies. Therefore, although companies experience sales growth, it is not always interpreted as a positive signal by the stock market.

Sales Growth Calculation= (Sales t - Sales t-1) / Sales t-1							
No	Company Code	Sales Growth					
		2018	2019	2020	2021	2022	2023
1	ANTM	0,278	0,127	-0,106	0,081	0,246	0,303
2	INAF	0,082	0,151	-0,214	-0,014	-0,191	0,013
3	KAEF	0,134	0,044	-0,078	0,057	0,066	0,078
4	PTBA	0,113	0,038	-0,195	0,505	0,208	0,042
5	SMBR	-0,029	0,061	-0,136	0,037	0,098	0,137
6	SMGR	0,066	0,060	-0,139	0,087	-0,003	0,065
7	TINS	0,224	1,017	-0,213	-0,041	-0,144	-0,329

Source: Data processed (2025)

In the 2018-2023 period, the impact of the COVID-19 pandemic greatly affected Sales Growth performance, especially in 2020. Most companies experienced a sharp decline in sales due to supply chain disruptions and declining purchasing power. Although some companies managed to record positive growth after the pandemic, this was not always followed by an increase in profitability, which is the main concern of investors. High sales growth in some companies has been followed by a decline in stock prices.

Return, which suggests that investors focus more on other factors, such as operational efficiency and profitability.For example, companies such as ANTM and PTBA show positive growth in sales growth in 2022 and 2023, but external factors such as cost pressures and market uncertainty may reduce the positive impact of this growth. On the other hand, companies with negative or volatile sales growth, such as TINS and INAF, have difficulty attracting investor interest, leading to a decline in stock returns.

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Sales Growth and Pandemic Impact Data Analysis

Based on the company's Sales Growth data from 2018 to 2023, several things can be concluded regarding the sales dynamics in various sectors:

1 Pre-Pandemic Period (2018-2019): Before the COVID-19 pandemic, most companies showed positive growth despite variations. Some companies, such as TINS, experienced significant growth in 2018 (1.017), but experienced a sharp decline in 2019 (-0.213). This reflects instability within certain sectors, which is likely due to market competition and commodity price fluctuations.

2 Pandemic Impact (2020): 2020 was a turning point, with most companies experiencing a significant decline in Sales Growth. For example, INAF (-0.214), KAEF (-0.078), and PTBA (-0.195) experienced declines that reflected the major disruptions caused by the pandemic. This decline was due to disruptions in the supply chain and a drastic drop in demand across several sectors.

3 Early Post-Pandemic Recovery (2021): In 2021, some companies started to show significant recovery, especially PTBA which recorded high positive growth (0.505). However, the company such as TINS and SMGR are still experiencing a decline in Sales Growth which suggests that some sectors are recovering more slowly.

4 Stabilization and Performance Variation (2022-2023): In this period, Sales Growth performance shows a varied pattern. Companies such as ANTM show consistency in their sales growth, while TINS experiences a deepening decline in 2023. This suggests that companies that are able to manage operational efficiency and adapt to economic changes have better stability, despite fluctuations in sales growth.

CONCLUSION

Overall, this analysis shows that ROA has a significant influence on stock returns, and companies that show better operational efficiency are more likely to attract investors' attention. Meanwhile, sales growth does not show a significant effect on stock returns, which can be explained by factors such as operational efficiency, profit margins, and cost pressures faced by companies during the pandemic.

Investors need to be more cautious in assessing the impact of sales growth on stock performance, especially in uncertain periods such as the COVID-19 pandemic. In contrast, ROA remains a key indicator in assessing a company's financial performance and potential stock returns, as it reflects how well the company is managing its assets and generating profits, even amidst challenging circumstances.

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