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Factors Influencing Stock Returns Of Real Estate And Property Companies Listed On The Indonesian Sharia Stock Index (Issi) For The 2022–2025 Period

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Abstract

This study aims to analyze the partial and simultaneous effects of ROA, DER, and CR on stock returns for real estate and property companies listed on the Indonesian Sharia Stock Index (ISSI) during the 2022–2025 period. The study employs a quantitative approach with an associative research design. Secondary data specifically annual financial reports published via the Sharia Securities List (DES) were utilized. A purposive sampling method was used for sample selection. The population consisted of all financial report data from real estate and property companies, with a final sample size of 38 companies. Hypothesis testing was conducted using Multiple Linear Regression, supported by Classical Assumption Tests, the t-test (partial), the F-test (simultaneous), and the Coefficient of Determination. The results indicate that ROA has a positive and significant partial effect on stock returns, whereas DER and CR have negative and significant partial effects on stock returns. Simultaneous analysis reveals that ROA, DER, and CR collectively exert a significant influence on stock returns for real estate and property companies.

Keywords: Return on Assets, Debt-to-Equity Ratio, Current Ratio, Stock Return, ISSI

INTRODUCTION

The capital market is a vital economic instrument that serves as a means for companies to secure funding and as a venue for investors to make investments. Capital markets play a role in driving economic growth by mobilizing and channeling funds into

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productive sectors. One form of capital market development in Indonesia is the Sharia capital market, which offers investment instruments that comply with Sharia principles. The Indonesia Sharia Stock Index (ISSI) comprises all Sharia-compliant stocks listed on the Indonesia Stock Exchange and serves as a benchmark for investors looking to invest in Sharia stocks (Tandelilin, 2017).

The real estate and property sector is one of the sectors included in the ISSI. This sector plays a crucial role in economic development due to its links to infrastructure construction, residential development, and other business activities. Developments in the real estate and property sector influence investment activity in the capital market; consequently, the performance of companies in this sector is a key focus for investors seeking stock returns (Indonesia Stock Exchange, 2022; Todaro & Smith, 2020).

Stock return represents the profit an investor earns from an investment in a specific stock. Such returns can stem from either capital gains or dividends received by the investor. The magnitude of stock returns is influenced by various factors, encompassing both internal and external elements of the company. Internal factors frequently utilized by investors to assess corporate performance include financial ratios such as Return on Assets (ROA), Debt-to-Equity Ratio (DER), and Current Ratio (CR) (Jogiyanto Hartono, 2018; Hery, 2021).

Return on Assets (ROA) indicates a company's ability to generate profit through the utilization of its total assets. The Debt-to-Equity Ratio (DER) reflects the proportion of total debt to total equity, while the Current Ratio (CR) measures a company's capacity to meet short-term obligations using current assets. These three ratios serve as indicators for investors to evaluate a company's financial health prior to making investment decisions (Kasmir, 2020; Harahap, 2021).

Previous studies have yielded inconsistent results regarding the impact of Return o Assets, Debt-to-Equity Ratio, and Current Ratio on stock returns. These discrepancies indicate a research gap, necessitating further study focusing on real estate and property companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2022–2025 period. Based on this background, this study aims to analyze the influence of Return on Assets (ROA), Debt-to-Equity Ratio (DER), and Current Ratio (CR) on stock returns of real estate and property companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2022–2025 period.

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THEORETICAL FRAMEWORK

Stock Return

Stock return refers to the profit an investor gains from a stock investment, taking the form of either capital gains or dividends. According to Jogiyanto, stock return is the outcome derived from an investment as compensation for the risk borne by the investor. It is calculated by determining the difference between the final and initial stock prices and expressing this as a ratio relative to the initial price. Furthermore, stock return comprises capital gains (or losses) and yield (dividends), and is categorized into realized return and expected return. Stock returns are influenced by internal corporate factors such as profitability, capital structure, and liquidity as well as external factors, including interest rates, inflation, exchange rates, commodity prices, and economic conditions (Jogiyanto Hartono, 2017; Hery, 2021).

Return on Assets (ROA)

Return on Assets (ROA) is a profitability ratio used to measure a company's ability to generate profit through the utilization of its total assets. A higher ROA indicates greater efficiency in asset management, thereby signaling positively to investors and potentially boosting stock returns. ROA is calculated by comparing net profit after tax to total assets (Kasmir, 2020).

Debt-to-Equity Ratio (DER)

The Debt-to-Equity Ratio (DER) is a solvency ratio used to measure the proportion of a company's total debt relative to its total equity. This ratio indicates the extent to which debt is used to finance the company. A higher DER signifies increased financial risk due to debt obligations, which can dampen investor interest and impact stock returns (Brigham & Houston, 2019).

Current Ratio

The Current Ratio (CR) is a liquidity ratio used to measure a company's ability to meet short-term obligations using its current assets. A company with a healthy liquidity level demonstrates greater financial stability, thereby enhancing investor confidence in the company (Hery, 2018).

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RESEARCH METHODOLOGY

This study employs a quantitative approach with an associative research design, aiming to determine and analyze the influence of Return on Assets (ROA), Debt to Equity Ratio (DER), and Current Ratio (CR) on stock returns for real estate and property companies listed on the Indonesian Sharia Stock Index (ISSI) during the 2022–2025 period. The research focuses on companies listed on the ISSI, utilizing secondary data specifically annual financial statements and stock price data obtained from the List of Sharia Securities (DES), the Indonesia Stock Exchange (IDX), and company publications. Data collection was conducted using the documentation technique (Sugiyono, 2019).

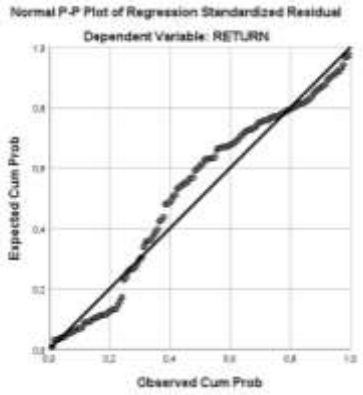
The research population consists of all real estate and property companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2022–2025 period. A non-probability sampling technique was used, specifically purposive sampling based on established criteria, resulting in a sample of 38 companies (Suharsimi Arikunto, 2023). The independent variables in this study are Return on Assets (ROA), Debt to Equity Ratio (DER), and Current Ratio (CR), while the dependent variable is stock return. Data analysis was performed using multiple linear regression, preceded by classical assumption tests (normality, multicollinearity, and heteroscedasticity tests) and followed by hypothesis testing, which included the t-test, F-test, and the coefficient of determination (R^2).

RESEARCH RESULTS AND DISCUSSION

Classical Assumption Tests

Normality Test

SPSS Output for Normality Test



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From the image above, it can be seen that data is considered to have a normal distribution if it exhibits a bell-shaped curve; meanwhile, in a normal probability plot, the data is considered normal if the points are distributed around the diagonal line and follow its direction, indicating that the regression model satisfies the normality assumption.

Multicollinearity Test

Multicollinearity Test Results

Coefficients[a]							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1076,660	402,595		2,674	,008		
ROA	2,111	,447	,654	4,726	,000	,199	5,027
DER	-9,272	2,342	-,487	-3,959	,000	,252	3,968
CR	-3,314	1,547	-,418	-2,142	,034	,160	9,967
a. Dependent Variable: RETURN							

Multicollinearity testing was conducted using Tolerance and Variance Inflation Factor (VIF) values. The test results indicate that all independent variables have Tolerance values greater than 0.10 and VIF values less than 10. The Tolerance values are 0.199 for ROA, 0.252 for DER, and 0.160 for CR, while the corresponding VIF values are 5.027, 3.968, and 9.967. Thus, the regression model does not exhibit multicollinearity.

Heteroskedasticity Test

Heteroskedasticity Test Results

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-83,548	205,217		-,407	,685		

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	ROA	-,069	,228	-,053	-,304	,762	,199	5,027
	DER	4,260	1,194	,555	3,569	,070	,252	3,968
	CR	1,261	,788	,394	1,599	,112	,100	9,967
a. Dependent Variable: AbsRes								

The heteroscedasticity test was conducted using the Glejser test. The test results indicate significance values of 0.762 for ROA, 0.070 for DER, and 0.112 for CR. As all significance values exceed 0.05, it can be concluded that the regression model does not exhibit heteroscedasticity.

Regression Analysis/Hypothesis Testing
Multiple linear regression analysis

SPSS Output Results: Multiple Linear Regression Analysis

Coefficients[a]							
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1076,660	402,595		2,674	,008		
ROA	2,111	,447	,654	4,726	,000	,199	5,027
DER	-9,272	2,342	-,487	-3,959	,000	,252	3,968
CR	-3,314	1,547	-,418	-2,142	,034	,160	9,967
a. Dependent Variable: RETURN							

Based on the results of the multiple linear regression analysis, the following equation was obtained.

$$Y = 1076.660 + 2.111X_1 - 9.272X_2 - 3.314X_3 + e$$

The constant value of 1,076.660 indicates that if ROA, DER, and CR remain constant, the stock return is 1,076.660. The ROA coefficient of 2.111 indicates a positive relationship with stock return, whereas the DER coefficient of -9.272 and the CR coefficient of -3.314 indicate a negative relationship with stock return.

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Partial t-test

SPSS Output: Partial Test Results

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1076,660	402,595		2,674	,008		
	ROA	2,111	,447	,654	4,726	,000	,199	5,027
	DER	-9,272	2,342	-,487	-3,959	,000	,252	3,968
	CR	-3,314	1,547	-,418	-2,142	,034	,160	9,967
a. Dependent Variable: RETURN								

The t-test results indicate that Return on Assets (ROA) has a positive and significant effect on stock returns, with a significance value of 0.000 < 0.05, meaning H_1 is accepted. The Debt to Equity Ratio (DER) has a negative and significant effect on stock returns, with a significance value of 0.000 < 0.05. The Current Ratio (CR) also has a negative and significant effect on stock returns, with a significance value of 0.034 < 0.05.

Simultaneous F-test

SPSS Output Results of F Test

ANOVA[a]					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	38826293,237	3	12942097,746	38,086	,000[b]
Residual	50292738,342	148	339815,800		
Total	89119031,579	151			
a. Dependent Variable: RETURN					
b. Predictors: (Constant), CR, DER, ROA					

The F-test results show a significance value of 0.000 < 0.05. This indicates that Return on Assets (ROA), Debt to Equity Ratio (DER), and Current Ratio (CR)

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simultaneously have a significant effect on stock returns for real estate and property companies listed on the Indonesian Sharia Stock Index (ISSI) during the 2022–2025 period.

Coefficient of Determination Test (R-Square)

SPSS Output for the Coefficient of Determination Test

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,660[a]	,436	,424	582,93722
a. Predictors: (Constant), CR, DER, ROA				
b. Dependent Variable: RETURN				

The coefficient of determination test results show an Adjusted R-squared value of 0.424. This indicates that Return on Assets (ROA), Debt-to-Equity Ratio (DER), and Current Ratio (CR) explain 42.4% of the variation in stock returns, while the remaining 57.6% is influenced by other variables not examined in this study.

DISCUSSION

The research results indicate that Return on Assets (ROA) has a positive and significant effect on stock returns. This suggests that the greater a company's ability to generate profit from its assets, the higher the stock returns earned by investors.

The Debt-to-Equity Ratio (DER) has a negative and significant effect on stock returns. This indicates that higher corporate debt levels tend to lead to lower stock returns due to increased corporate risk.

The Current Ratio (CR) has a negative and significant effect on stock returns. These results suggest that an excessively high liquidity level may indicate that current assets are not being utilized optimally, thereby impacting stock returns.

Simultaneously, Return on Assets (ROA), the Debt-to-Equity Ratio (DER), and the Current Ratio (CR) have a significant effect on stock returns for real estate and property companies listed on the Indonesian Sharia Stock Index (ISSI) during the 2022–2025 period.

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CONCLUSION

Based on the research results regarding the influence of Return on Assets (ROA), Debt to Equity Ratio (DER), and Current Ratio (CR) on stock returns for real estate and property companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2022–2025 period, the following conclusions are drawn:

1. Return on Assets (ROA) has a positive and significant effect on stock returns for real estate and property companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2022–2025 period. This is indicated by a significance value of 0.000 < 0.05; thus, H_0 is rejected and H_1 is accepted.
2. Debt to Equity Ratio (DER) has a negative and significant effect on stock returns for real estate and property companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2022–2025 period. This is indicated by a significance value of 0.000 < 0.05.
3. Current Ratio (CR) has a negative and significant effect on stock returns for real estate and property companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2022–2025 period. This is indicated by a significance value of 0.034 < 0.05.
4. Return on Assets (ROA), Debt to Equity Ratio (DER), and Current Ratio (CR) simultaneously have a significant effect on stock returns for real estate and property companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2022–2025 period. This is indicated by the F-test result with a significance value of 0.000 < 0.05. Furthermore, the Adjusted R-Square value of 0.424 indicates that these three variables explain 42.4% of the variation in stock returns, while the remaining 57.6% is influenced by variables outside the scope of this study.

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