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# The Influence of Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) on Stock Returns (Study of the Cigarette Industry that Goes Public on the Indonesian Stock Exchange for the 2011-2021 Period)

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**Abstract:** The capital market is one alternative used by companies to obtain funds. The presence of the capital market increases the choice of sources of funds for investors and increases investment choices, which can also be interpreted as opportunities to obtain returns. Investment is a commitment to a certain amount of funds or other data sources made at this time with the aim of obtaining a number of profits in the future. This research aims to find the influence of Debt Equity Ratio, Earning Per Share, Net Profit Margin, Return on Equity, Stock Return in the Cigarette Industry that Goes Public on the Indonesian Stock Exchange for the 2011-2021 Period. This research uses an expanatory approach. The object of this research is the cigarette industry listed on the Indonesian stock exchange starting from 2011-2021 on 3 companies which was analyzed using path analysis. From the test results it can be seen that the Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) on Stock Returns is positive and significant. However, if viewed partially, Return on Equity (ROE) has a more dominant influence on Stock Returns. This can be understood because each indicator of Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) is used as an aspect of measuring Stock Returns.

**Keyword:** Debt Equity Ratio, Earning Per Share, Net Profit Margin, Return on Equity, Return Saham.

## INTRODUCTION

The capital market is one alternative used by companies to obtain funds. The presence of the capital market increases the choice of sources of funds for investors and increases investment choices, which can also be interpreted as opportunities to obtain returns. Investment is a commitment to a certain amount of funds or other data sources made at this time with the aim of obtaining a number of profits in the future. (Tandelilin, 2001:1)

The two elements inherent in every capital or fund invested are return and risk. These two elements have a positive correlation, generally the greater the results obtained, the

smaller the risks faced. An investor buys a number of shares or is paid dividends by a company in return for the time and risk involved in the investment.

Safe investment requires careful, thorough analysis and is supported by accurate and reliable data, so as to reduce risks for investors who invest. In general, there are many analytical techniques in assessing investments, but those that are often used are fundamental analysis, technical analysis, economic analysis and financial ratio analysis (Anoraga and Pakarti, 2006: 108).

So far, some amateur individual investors only look at trends (market tendencies). If the price falls then investors will buy, if the price rises then investors will sell. However, several professional investors and institutional investors on the Indonesian Stock Exchange generally have investment managers whose job is to invest in shares traded on the capital market by carrying out technical analysis and fundamental analysis.

One of the fundamental analysis processes commonly carried out by investors is to look at the Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return On Equity (ROE) techniques.

Debt Equity Ratio (DER) is a solvency ratio used to measure the ability of a company's own capital to be used as collateral for all of the company's debts. Debt Equity Ratio (DER) is a debt ratio which is described as a comparison between all debt, both long-term debt and short-term debt, with the company's own capital (Ang, 2007: 89). This ratio shows the percentage of funds provided by shareholders to lenders. The higher the ratio, the lower the company's funding provided by shareholders. From the perspective of paying long-term liabilities, the lower the ratio, the better the company's ability to pay long-term liabilities (Munawir, 2011:93).

Earning Per Share (EPS) shows the ability of a company to generate profits for each share or is an illustration of the amount of rupiah that investors will get from each number of shares they own, therefore, Earning Per Share (EPS) is one of the indicators of profits retained by investors.

Net Profit Margin (NPM) functions to measure the rate of return of net profit on net sales. The Net Profit Margin (NPM) value is also between 0 (zero) and 1 (one). The greater the Net Profit Margin (NPM) value, approaching one, it means the more efficient the costs incurred, which means the greater the return rate of net profit (Ang, 2007: 126). A high NPM level shows that the company has the ability to generate net profits with a high percentage of operational income so that it can attract investors to invest their capital (Adithama and Sudaryono: 2005).

Apart from the Debt Equity Ratio (DER), Earning Per Share (EPS), and Net Profit Margin (NPM), another variable that influences stock returns is Return On Equity (ROE). ROE is treated as important because ROE is a measure of the efficiency achieved by a company in using its owners' capital. In own capital profitability, the capital that is taken into account is only the capital retained by investors.

The cigarette industry is an industry that has an important role in the economic activities of Indonesia. In the Tempo magazine published in 2017, cigarettes are a major consumer item for Indonesian society, with around 177 million people out of Indonesia's 280 million population smoking cigarettes, where the number of cigarettes sold in 2018 reached around 199 billion cigarettes. So the cigarette industry has enormous potential to develop. Indonesia is a country where the majority of its domestic income comes from the cigarette industry sector, where the cigarette industry is one of the contributors to state tax revenue. In 2017, excise revenue from the cigarette industry was recorded at Rp. 52 trillion. The workforce absorbed by the cigarette industry, which numbers around 3,000 companies spread across Indonesia, reaches at least 6 million workers.

Sales tend to increase from 2011 to 2021 in several companies, giving an idea that the cigarette industry in Indonesia is developing well. This good increase is an illustration that

the cigarette industry has prospects as a place for investors to invest their capital. This is what is seen by investors who want to invest the capital they have, the cigarette industry continues to grow.

Anti-smoking campaigns are often carried out by the government and non-governmental organizations (NGOs) because cigarettes are believed to have a bad influence on human health. This has a negative impact on the cigarette industry. Campaign movements that limit and inhibit the movement of the cigarette industry are growing. In addition, there is increasing awareness about the dangers of smoking in society.

Another thing that could become an obstacle to the development of the cigarette industry is the large amount of cigarette excise1 imposed by the government. Excise tariffs set by the government which continue to increase will have the potential to suppress the company's net profit. Regulations issued by the government in 2021 stipulate that the excise tariff for retail selling prices is 7% plus an excise tariff per stick which ranges from IDR 3 to IDR 7 per stick. External influences that are also developing and can influence the cigarette industry include policies regarding smoking violations in public places that have been established by certain cities.

The net profit of the cigarette industry in 2021 shows a positive direction where all cigarette companies listed on the Indonesia Stock Exchange experienced an increase in profits from 2020. In previous years, the net profit achieved by cigarette companies listed on the Indonesia Stock Exchange tended to increase, although some decrease. In 2021, PT BAT Indonesia, Tbk experienced a decrease in profit from 2020 which posted a profit of IDR. 22.92 billion to a loss of IDR 20.12 billion in 2021. A decline also occurred at PT Gudang Garam, Tbk in 2021 where the net profit was IDR. 1.007 billion, a decrease of around 46.5% from Rp. 1.889 billion.

Therefore, in this study, the group of companies that are members of the cigarette industry that have gone public on the Indonesia Stock Exchange were chosen as the companies studied by considering that the companies that are members of this industry have shares that are actively traded so that their stock returns move quite actively. This is supported by the data and phenomena described above.

The problem formulation contains article questions that must be explained in the discussion and answered in the conclusion.

1. What is the influence of the Debt Equity Ratio (DER) on stock returns in the cigarette industry that goes public on the Indonesian Stock Exchange for the 2011-2021 period?
2. What is the effect of Earning Per Share (EPS) on Stock Returns in the Cigarette Industry that Goes Public on the Indonesian Stock Exchange for the 2011-2021 Period?
3. What is the influence of Net Profit Margin (NPM) on Stock Returns in the Cigarette Industry that Go Public on the Indonesian Stock Exchange for the 2011-2021 Period?
4. What is the influence of Return on Equity (ROE) on Stock Returns in the Cigarette Industry that Go Public on the Indonesian Stock Exchange for the 2011-2021 Period?

## METHOD

This research uses an expanatory approach. (Roswinna, et al, 2023); Anggraeni, et al (2023); Anggraeni, et al (2023); Pratiwi Puteri, et al (2023); Fitri Anggraeni, et al (2023); Deden, et al (2023); Agus Mulyana, et al (2023); Agus Mulyana, et al (2023). The object of this research is the cigarette industry listed on the Indonesian stock exchange. This data is used to obtain accurate information that will be used as an analytical tool using secondary data from the results of Bank Indonesia publications starting from 2011 to 2021, as well as other data needed in this research which is sourced from the internet, namely from the official website of the Indonesian Stock Exchange. The sampling technique used in this research was non-probability sampling with a purposive sampling technique which was analyzed using

path analysis. The samples selected in this research were companies that had the following criteria:

1. Companies included in the cigarette industry listed on the Indonesian Stock Exchange at least in 2011 and remain listed until 2021;
2. The company has financial reports which are audited and published. This report is very important to ensure uniformity of data;
3. The company has dividend data for five consecutive years during the 2011 -2021 period.
4. Companies that did not merge or were acquired during the period 2011 to 2021. Companies that did merge or were acquired will have different identities after the merger and acquisition.

The data used in this research is secondary data regarding the financial reports of some cigarette companies listed on the Indonesia Stock Exchange. The observation period starts from 2011 to 2021. Company performance report data was obtained from the official website of the Indonesian Stock Exchange. The following is data from the companies sampled in this research:

**Table 1. Roko Company Registered on the IDX**

| NO. | Code | Company Name |
|---|---|---|
| 1. | GGRM | PT. Gudang Garam, Tbk |
| 2. | HMSP | PT. HM Sampoerna, Tbk |
| 3. | RMBA | PT. Bentoel Internasional Investama, Tbk |

## RESULTS AND DISCUSSION

To find out what the independent variables are, namely the influence of Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) on stock returns in the cigarette industry that went public on the Indonesian Stock Exchange for the period 2011-2021, carried out using path analysis and the software used was SPSS. The steps taken are to calculate the correlation between variables, so that it is obtained as in table 2 below.

**Table 2 Correlation Matrix Between Variables**

Correlations

| | | DEBT TO EQUITY RATIO | EARNING PER SHARE | NET PROFIT MARGIN | RETURN ON EQUITY |
|---|---|---|---|---|---|
| DEBT TO EQUITY RATIO | Pearson Correlation | 1 | .690** | .655** | .241 |
| | Sig. (2-tailed) | | .000 | .000 | .017 |
| | N | 33 | 33 | 33 | 33 |
| EARNING PER SHARE | Pearson Correlation | .690** | 1 | .646** | .204 |
| | Sig. (2-tailed) | .000 | | .000 | .004 |
| | N | 33 | 33 | 33 | 33 |
| NET PROFIT MARGIN | Pearson Correlation | .655** | .646** | 1 | .232 |
| | Sig. (2-tailed) | .000 | .000 | | .194 |
| | N | 33 | 33 | 33 | 33 |
| RETURN ON EQUITY | Pearson Correlation | .241 | .204 | .232 | 1 |
| | Sig. (2-tailed) | .017 | .004 | .004 | |
| | N | 33 | 33 | 33 | 33 |
| RETURN SAHAM | Pearson Correlation | .252* | .217 | .200 | .246* |
| | Sig. (2-tailed) | .023 | .087 | .102 | .011 |
| | N | 33 | 33 | 33 | 33 |

Source: SPSS output results

1. The relationship between the Debt Equity Ratio (DER) variable (X1) and the Earning Per Share (EPS) variable (X2), obtained a correlation coefficient value of 0.690. Thus, it can be said that DER and EPS have a positive relationship with very strong criteria
2. The relationship between the Debt Equity Ratio (DER) variable (X1) and the Net Profit Margin (NPM) variable (X3), obtained a correlation coefficient value of 0.655. Thus, it can be said that DER and NPM have a positive relationship with very strong criteria
3. The relationship between the Debt Equity Ratio (DER) variable (X1) and the Return On Assets (ROE) variable (X4), obtained a correlation coefficient value of 0.241. Thus, it can be said that DER and ROE have a positive relationship with low criteria
4. The relationship between the Earning Per Share (EPS) variable (X2) and the Net Profit Margin (NPM) variable (X3), obtained a correlation coefficient value of 0.646. Thus, it can be said that EPS and NPM have a positive relationship with very strong criteria
5. The relationship between the Earning Per Share (EPS) variable (X2) and the Return On Assets (ROE) variable (X4), obtained a correlation coefficient value of 0.204. Thus, it can be said that EPS and ROE have a positive relationship with the Low criteria
6. The relationship between the Net Profit Margin (NPM) (X3) variables and Return On Assets (ROE) (X4), obtained a correlation coefficient value of 0.232. Thus, it can be said that NPM and ROE have a positive relationship with the Low criteria
7. The variable relationship between the Debt Equity Ratio (DER) (X1) and the Stock Return variable (Y), obtained a correlation coefficient value of 0.252. Thus, it can be said that DER and Stock Returns have a positive relationship with the Medium criteria
8. The variable relationship between Earning Per Share (EPS) (X2) and Stock Return (Y), obtained a correlation coefficient value of 0.217. Thus, it can be said that EPS and Stock Return (Y) have a positive relationship with the Low criteria.
9. The variable relationship between Net Profit Margin (NPM) (X3) and Stock Return (Y), obtained a correlation coefficient value of 0.200. Thus, it can be said that NPM and Stock Return (Y) have a positive relationship with the Low criteria.
10. The variable relationship between Return On Assets (ROE) (X4) and Stock Return (Y), obtained a correlation coefficient value of 0.240. Thus, it can be said that NPM and Stock Return (Y) have a positive relationship with the Medium criteria.

Based on the table above, it is a correlation matrix between variables which shows the magnitude of the relationship between variables, both dependent and independent. The proportions for the path diagram are four independent variables (X1 X2, X3,X4 and to the dependent variable (Y). The steps for calculating path analysis are as follows:

$$P_{Yxi} = \sum_{j=1}^{k} CR_{ij}\, r_{yx_j} \qquad I = 1,2$$

And the overall influence is X1 to X4

$$R^2_{YX_1X_2\ldots X_7} = \sum_{i=1}^{k} p_{YX_i}\ r_{YX_i}$$

$$= 0.483$$

Meanwhile, the path coefficients of other variables outside variables X1 to X4 are determined through:

$$p_{Y1\varepsilon 1} = \sqrt{1 - R_{YX1X2}}$$

$$= 0.517$$

This means that the influence of variables X1 X2, X3, and X4 together on variable Y is 0.483 or 48.3% of variables in research.

Based on the theoretical framework that there is a positive influence between Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on

Equity (ROE) on Stock Returns, we will then test the overall hypothesis in the form as following:

1. Simultaneous Hypothesis Testing

To find out what the independent variables are, namely Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) on Stock Returns in the Cigarette Industry that are GO Public on the Indonesia Stock Exchange for the 2011- 2021, where the hypothesis statistics can be stated in the following form:

Ho : $P_{Y\,X1} = P_{Y\,X2} = 0$ There is no influence of Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) on Stock Returns

Hi : $P_{Y\,X1} = P_{Y\,X2} \neq 0$ There is an influence of Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) on Stock Returns

Hypothesis testing is carried out using the F test statistic, with the condition that Ho is accepted if $F_{test} < F_{table}$ and reject Ho if $F_{test} > F_{table}$. From calculations using SPSS software, the following results were obtained:

**Table 3. Simultaneous Testing**

**ANOVA[b]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 43.919 | 3 | 14.640 | 25.999 | .000a |
| Residual | | 58.561 | 30 | .563 | | |
| Total | | 102.479 | 33 | | | |

a. Predictors: (Constant), DER, EPS, NPM, ROE

b. Dependent Variable: Return Saham

Source: SPSS output results

Based on the results of these calculations, it turns out Ftest as 25.999 as big as from Ftable 3.23 (Fo > Fα : (k,n-k-1) (25.999 > 3.23), so that the hypothesis is accepted or H0 is rejected. This means that individual testing with hypotheses can continue to be carried out, namely.

2. Individual Hypothesis Testing

Individual testing is carried out when simultaneous testing rejects the null hypothesis meaning that there is at least one path coefficient that is not equal to zero. This test is used to determine or test the influence of each independent variable whether individually it is significant or not. Because the overall test produced a significant test, further analysis was carried out by testing individually (partial testing).

Ho : $P_{YX_2} = 0$, There is no influence of Earning Per Share (EPS) on Stock Returns

Hi : $P_{Y\,X_2} \neq 0$, There is an influence of Earning Per Share (EPS) on Stock Returns

Ho : $P_{YX_3} = 0$, There is no influence of Net Profit Margin (NPM) on Stock Returns

Hi : $P_{YX_3} \neq 0$, There is an influence of Net Profit Margin (NPM) on Stock Returns

Ho : $P_{YX_4} = 0$, There is no influence of Return On Equity (ROE) on Stock Returns

Hi : $P_{YX_4} \neq 0$, There is an influence of Return On Equity (ROE) on Stock Returns

Test statistics for each hypothesis

$$t_{0i} = \frac{p_{YXi}}{\sqrt{\frac{\left(1 - R_Y{}^2{}_{X_1X_2X_3}\right)Cr_{ii}}{n-k-1}}} \quad ,i = 1,2,3\,(output\,\text{SPSS lihat lampiran})$$

Reject $H_o$, if $t_{oi} > t_{1-\alpha\ (n-k-1)}$

Using the t distribution table, we get: (SPSS results according to the attachment).

$t_{0,95(56-2-1)} = t_{tabel} = 1.68$

**Table 4. Testing hypotheses X1, X2, X3 and X4 to Y**

| Path Coefficient | | ttest | ttable | Summary |
|---|---|---|---|---|
| PYX1 | 0.252 | 2.264 | 0.000 | Ho reject<br>There is an influence of the Debt Equity Ratio (DER) on Stock Returns |
| PYX2 | 0.217 | 2.790 | 0.006 | Ho reject<br>There is an influence of Earning Per Share (EPS) on Stock Returns |
| PYX3 | 0.200 | 2.597 | 0.011 | Ho reject<br>There is an influence of Net Profit Margin (NPM) on Stock Returns |
| PYX4 | 0.240 | 2.718 | 0.000 | Ho reject<br>There is an influence of Return On Equity (ROE) on Stock Returns |

Source: SPSS output results

Based on the results of calculating the variable path coefficient values (X1), (X2), (X3) and (X4) with respect to (Y), which were obtained using the SPSS program, thus in accordance with the decision rule, t-calculated prices falling in the H0 area are rejected. This means that the path coefficient is significant, so the path diagram does not change. Conceptually, it can be explained that all aspects of Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) on Stock Returns,

Next, the significance (significance) of the correlation coefficient between variables (X1), (X2), (X3) and (X4) will be tested with respect to (Y) with the following hypothesis:

With test statistics as follows

$$t = \frac{r}{\sigma_2} dan \sigma_2 = \frac{1}{\sqrt{n-3}}$$

Reject $H_o$ If $t_{test} > t_{(1-\alpha/2;n-k-1)}$ using the t table the distribution is obtained (according to the IBM SPSS attachment)

**Tabel 5. Pengujian Korelasi antar variabel X**

| Correlation Coefficient | ttest | ttable $\alpha = 0,05$ | Summary |
|---|---|---|---|
| 0.690 | 6.048 | 0.012 | Ho Reject<br>There is a significant relationship between X1 and X2 |
| 0.655 | 6.048 | 0.011 | Ho Reject<br>There is a significant relationship between X1 and X3 |
| 0.241 | 6.048 | 0.006 | Ho Reject<br>There is a significant relationship between X1 and X4 |
| 0.646 | 6.048 | 0.005 | Ho Reject<br>There is a significant relationship between X2 and X3 |
| 0.204 | | | Ho Reject<br>There is a significant relationship between X2 and X4 |
| 0.232 | | | Ho Reject<br>There is a significant relationship between X3 and X4 |

Source: SPSS output results

From testing the correlation between variables X, turns out $t_{test} > t_{table}$, then H0 is rejected, meaning that there is a direct relationship between the variables Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) to Stock Returns in a complete diagram of the causal relationship of variables X1 and Y is as follows.

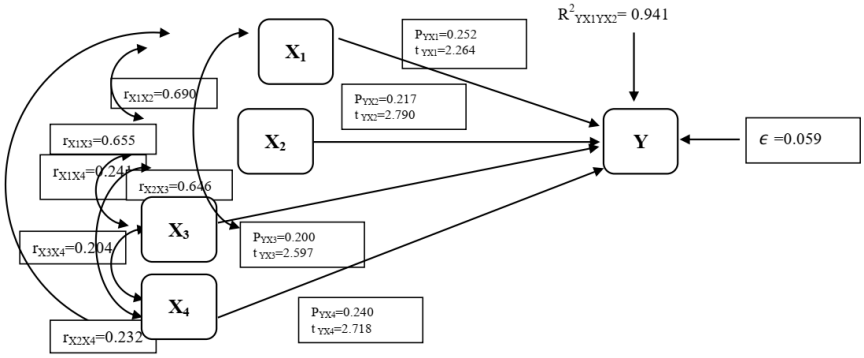


**Figure 1. Causal diagram between Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) on Stock Returns**

From the structural picture of the relationship between variables with the structural parameter values above, the influence of the causal variables on the variables, Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) The share returns in the cigarette industry that went public on the Indonesian Stock Exchange for the 2011-2021 period were:

**Table 6. Influence of Variables X1, X2, X3, and X4 to Y and Influences Outside Variables X and Y**

| Path Analysis Interpretation | | |
|---|---|---|
| Explanation | Influence | % |
| Influence of X1, X2, X3, and X4 to Y | 0.483 | 48.3 |
| Outside Influence of X1, X2, X3, X4 and Y | 0.517 | 51.7 |
| Total | | 100 |

Source: SPSS output results

From the test results it can be seen that the Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) on Stock Returns is 48.3%, while the remaining 51.7% is influenced by factors- other factors not examined by the author. However, if viewed partially, Return on Equity (ROE) has a more dominant influence on Stock Returns. This can be understood because each indicator of Debt Equity Ratio (DER), Earning Per Share (EPS), Net Profit Margin (NPM) and Return on Equity (ROE) is used as an aspect of measuring Stock Returns.

Based on the results of the calculations above, it can be revealed that the Debt Equity Ratio (DER) on Stock Returns in the Cigarette Industry which are GO Public on the Indonesia Stock Exchange for the 2011-2021 period can be seen in table 7 below. :

**Tabel 7. Direct and Indirect Influence of Debt Equity Ratio (DER) on Stock Returns**

| Path Analysis Interpretation | | | |
|---|---|---|---|
| Exp | | Effect | % |
| X1 | Direct Effect to Y | 0.0635 | 6.35 |
| | Indirect Effect X2 to Y | 0.0377 | 3.77 |
| | Indirect Effect X3 to Y | 0.0330 | 3.30 |
| | Indirect Effect X4 to Y | 0.0149 | 1.49 |
| total | | 0.1491 | 14.91 |

Source: SPSS output results

From the table above it can be seen that the direct contribution of the Debt Equity Ratio (DER) to Stock Returns is 6.35% with a coefficient of tcount of 2.264, while for the value of ttable at the significance level α(0.05) = 0.000, because the value of $t_{test} > t_{table}$, and indirectly through the Debt Equity Ratio (DER) variable of 8.56%. Meanwhile, the Debt Equity Ratio (DER) on Stock Returns overall reached 14.91%. It can be concluded that the Debt Equity Ratio (DER) has a significant direct effect on Stock Returns. This empirical evidence provides an indication that in an effort to increase Stock Returns, it is necessary to improve the Debt Equity Ratio factor. (DER), because the Debt Equity Ratio (DER) factor is closely related to Stock Returns.

Likewise, from the results of the calculation above, Earning Per Share (EPS) on share returns, both directly and indirectly, can be seen in table 8 below.:

**Table 8. Direct and Indirect Effect of Earning Per Share (EPS) on Stock Returns**

| Path Analysis Interpretation | | | |
|---|---|---|---|
| Exp | | Effect | % |
| X2 | Direct Effect to Y | 0.0471 | 4.71 |
| | Indirect Effect X1 to Y | 0.0377 | 3.77 |
| | Indirect Effect X3 to Y | 0.0280 | 2.8 |
| | Indirect Effect X4 to Y | 0.0109 | 1.09 |
| Summary | | 0.1237 | 12.37 |

Source: SPSS output results

From the table above, it can be seen that the direct contribution of Earning Per Share (EPS) to Stock Returns is 4.71%, with a coefficient of tcount of 2,790, while the value of ttable is at a significance level of α(0.05) = 0.006, because the value of $t_{test} > t_{table}$ , and indirectly through the Earning Per Share (EPS) variable of 7.66%. While the contribution of Earning Per Share (EPS) to overall stock returns reached 12.37%, it can be concluded that Earning Per Share (EPS) has a direct effect on stock returns. The path coefficient shows a positive and significant value, meaning that if Earning Per Share (EPS) is appropriate, Stock Returns will also increase.

Likewise, from the results of the calculation above, the Net Profit Margin (NPM) on Stock Returns, both directly and indirectly, can be seen in table 9 below:

**Table 9. Direct and Indirect Effect of Net Profit Margin (NPM) on Stock Returns**

| Path Analysis Interpretation | | | |
|---|---|---|---|
| Exp | | Effect | % |
| X3 | Direct Effect to Y | 0.04 | 4 |
| | Indirect Effect X1 to Y | 0.0330 | 3.30 |
| | Indirect Effect X2 to Y | 0.0280 | 2.80 |
| | Indirect Effect X4 to Y | 0.0114 | 1.14 |
| Total | | 0.1124 | 11.24 |

Source: SPSS output results

From the table above it can be seen that the contribution of Net Profit Margin (NPM) to Stock Returns is directly 4%, with a coefficient of tcount of 2.597, while the value of ttable is at the significance level α(0.05) = 0.011, because the value of $t_{test} > t_{table}$ , and indirectly through the Net Profit Margin (NPM) variable of 7.24%. While the contribution of Net Profit Margin (NPM) to overall Stock Returns reached 11.24%, it can be concluded that Net Profit Margin (NPM) has a direct effect on Stock Returns. The path coefficient shows a positive and significant value, meaning that if the Net Profit Margin (NPM) is appropriate, Stock Returns will also increase.

Likewise, from the results of the above calculations, Return On Equity (ROE) on Stock Returns, both directly and indirectly, can be seen in table 10 below:

**Table 10. Direct and Indirect Effect of Return on Equity (ROE) on Stock Returns**

| Path Analysis Interpretation | | | |
|---|---|---|---|
| Exp | | Effect | % |
| X4 | Direct Effect to Y | 0.0605 | 6.05 |
| | Indirect Effect X1 to Y | 0.0149 | 1.49 |
| | Indirect Effect X2 to Y | 0.0109 | 1.09 |
| | Indirect Effect X3 to Y | 0.0114 | 1.14 |
| Total | | 0.0977 | 9.77 |

Source: SPSS output results

From the table above, it can be seen that the direct contribution of Return On Equity (ROE) to Stock Returns is 6.05%, with a coefficient of tcount of 2.718, while the value of ttable is at the significance level α(0.05) = 0.000, because the value of $t_{test} > t_{table}$ , and indirectly through the Return On Equity (ROE) variable of 3.72%. While the contribution of Return On Equity (ROE) to overall Stock Returns reached 9.77%, it can be concluded that Return On Equity (ROE) has a direct effect on Stock Returns. The path coefficient shows a positive and significant value, meaning that if the Return on Equity (ROE) is appropriate, stock returns will also increase.

## CONCLUSION

Based on the descriptions in the previous chapters, it can be concluded as follows

1. Debt Equity Ratio (DER) has a positive and significant influence on stock returns.
2. Earning Per Share (EPS) has a positive and significant influence on stock return.
3. Net Profit Margin (NPM) has a positive and significant influence on Stock Returns.
4. Return on Equity (ROE) has a positive and significant influence on stock returns.

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