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INFLUENCE OF THE BOARD OF DIRECTORS, AUDIT COMMITTEE, MANAGERIAL OWNERSHIP AND INSTITUTIONAL OWNERSHIP ON FINANCIAL DISTRESS IN COMPANIES

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Abstract

This research was conducted to test the effect of Debt to Equity Ratio (DER), Return on Assets (ROA), Return On Equity (ROE), and Market Share on stock returns on consumer good companies listed on the Indonesia Stock Exchange in 2019 – 2022 both partial and simultaneous. From a total population of 75 companies and based on the criteria specified determined that 33 sample companies were obtained during the last 5 years. This research is Quantitative research, the data studied is secondary data which is measured using a deep ratio scale statistical processing. The analysis technique used is multiple linear regression. Based on the results of data analysis using the t test (partial) DER, EPS and MARKET SHARE does not have a significant effect on stock returns, whereas ROA does significant positive influence on stock returns. Results of data analysis using F test (simultaneous) DER, ROA, EPS and MARKET SHARE simultaneously have a positive effect and significant to stock returns.

Keywords: DER, EPS, ROA, Market Share, Stock Returns



INTRODUCTION

In the midst of the world economic slowdown, the fast moving consumer goods or FMCG industry is showing its resilience, however, people still need FMCG products for daily needs, such as bathing, brushing teeth and washing. The number one challenge for the FMCG industry now is inflationary pressure. Inflation now impacts all classes and all sectors, such as petrochemicals, agriculture, energy, transportation and logistics. Looking at these conditions, it seems that FMCG is one of the sectors that is resilient, when compared to textiles or other commodities that rely on consumer considerations when shopping. It seems that consumers are continuing to buy FMCG products. In the stock market, FMCG companies are also showing their resilience. These indicators reflect the sector for investors. As an industry that continues to develop and be competitive, challenges and obstacles will continue to confront FMCG players in the future. Not only are they required to be reliable in facing current challenges, FMCG must also be able to prepare themselves to minimize the impact of future disruptions (phenomena Investor bisa mengambil sedikit peluang dari saham barang konsumsi dan peritel yang bisa mendapat sentimen dari perayaan ramadan dan Idul Fitri. Kepala Riset Phintraco Sekuritas Valdy Kurniawan menyebut, saham sektor konsumsi (*consumer-related*) dan ritel dapat diperhatikan selama ramadan. Hal ini mengingat adanya potensi peningkatan konsumsi selama Bulan Ramadan hingga menjelang Hari Raya Idul Fitri. Saham-saham yang bisa dicermati di antaranya,

PT Indofood Sukses Makmur Tbk (INDF), PT Indofood CBP Sukses Makmur Tbk (ICBP), PT Mayora Indah Tbk (MYOR), PT PT Mitra Adiperkasa Tbk (MAPI), PT AKR Corporindo Tbk (AKRA), dan PT Jasa Marga Tbk (JSMR).

Return is the income that investors are entitled to obtain for investing their funds, in other words, the reward that investors receive for their courage to bear every risk in their investment activities. Stock return is the return that investors expect in the future for the amount invested (Irham Fahmi 2013:152). You need to know that there are several variables that influence stock returns, namely Debt to Equity Ratio (DER), Earning Per Share (EPS), Return on Assets (ROA) and Market Share. Debt to Equity Ratio (DER) is a ratio used to assess debt versus equity. (Kasmir, 2016: 157), the higher the DER reflects the higher the company's debt level. This will cause a decline in share prices which in turn will have an impact on the company's share returns. Earning Per Share (EPS) is used to measure management's success in generating profits for shareholders (Kasmir, 2016:207). The higher the Earning Per Share (EPS) value, this will have an impact on increasing share prices followed by a high rate of return. Return on Assets (ROA) is a ratio that shows the results on the number of assets used in the company. (Kasmir, 2016:201). The higher the ROA value, the better the company's performance and vice versa. Increasing ROA shows that the company is considered to be generating high corporate profits and as an impact the company's share price. So ROA has a positive relationship with stock returns. DER is the





ratio between total debt to equity. Each period the ratio position can change for better or worse. DER shows the level of a company's ability to pay debts (Benget, et al., 2022). Debt to Equity (DER) ratio is one of the ratios used to measure company performance from a credit perspective. DER is the ratio between debt and equity and can provide general information about a company's financial viability and risk. Investors tend to avoid stocks with high DERs, because high DERs reflect relatively high company risk (Kasmir, 2016: 158). EPS has a significant influence on stock returns. High EPS shows that the company has succeeded in generating more profits for each share outstanding, which in turn can increase stock returns. According to (Irham, 2017), Earning per Share (EPS) is a ratio that describes the amount of profit that will be obtained from each share. The higher the EPS value, the more profitable it will be for shareholders. DER is the ratio between total debt to equity. Each period the ratio position can change for better or worse. DER shows the level of a company's ability to pay debts (Benget, et al., 2022). Debt to Equity (DER) ratio is one of the ratios used to measure company performance from a credit perspective. DER is the ratio between debt and equity and can provide general information about a company's financial viability and risk. Investors tend to avoid stocks with high DERs, because high DERs reflect relatively high company risk (Kasmir, 2016: 158). EPS has a significant influence on stock returns. High EPS shows that the company has succeeded in generating more profits for each share outstanding, which in turn can increase stock returns. According to

(Irham, 2017), Earning per Share (EPS) is a ratio that describes the amount of profit that will be obtained from each share. The higher the EPS value, the more profitable it will be for shareholders. Market share also has an influence on stock returns, the greater the market share a company has, the greater the possibility of obtaining a higher stock return. According to Kotler and Armstrong (2013) Market share is the total sales of a company compared to the total sales in the market. The size of a company's market share will greatly influence the profits obtained by the company. According to West, Ford, and Ibrahim (2015) Market share is a percentage or proportion of the total available market or market segment held or served by a company, therefore market share is often a goal in the course of business.

RESEARCH METHODS

Type study Which will used is study quantitative. According to Sugiyono (2017) method Study quantitative is something form study Which based on on method scientific by measuring the variables researched with use instrument measurement And analyzed in a way statistics. According to Moleong (2013) Study quantitative is study Which use approach scientific with gather data Which can be measured with use instrument study Which standard And analyzed in a way statistics. study quantitative is something form study which use method scientific to collect numerical data or data Which can be measured, as well as analyzed in a way statistics.





According to Nanang Martono (2015) population is a whole object or subject located in an area and meets certain requirements relating to researcher's problem. As for amount population Which will researched amount 75 companies consumer goods, whereas sample is part or subset from population Which chosen For observed or be measured. In study No all from population can be a sample because taking sample in study use purposive sampling that is technique determination sample with consideration certain or criteria certain in election sample. So from criteria certain results sample Which selected as following:

No	Criteria	Accumulation Sample
1	Company <i>Consumer Goods</i> Which registered in ExchangeEffect Indonesia Period 2018-2022	75
2	Company <i>Consumer Goods</i> Which no/yet publish report finance during Period 2018-2022	(8)
3	Company <i>Consumer Goods</i> Which No profit in a rowjoin in during Period 2018-2022	(34)
	Amount sample company	33
	Total year study	5
	Total sample data Which researched during period study 33 x 5	165

Table 1. Criteria Taking Sample

According to Sugiono (2015:38) Variable is object Which different One The same other. In study This, identification variable used For determine tool And technique collection data. Variable Which used on study This There is two that is as following:

1. Variable free (Variable independent or X) Represents variable Which become influence change variable bound. In research the, the independent variable is Debt to Equity Ratio (DER), Return On Assets (ROA), Earnings Per Share (EPS), And Market Share.
2. Variable bound (Variable dependent or Y) Represents variable which is the situation influenced by variable free. In study the, variable bound is Return Share.

RESULT

Variable	Definition Operational	Indicator	Scale
Debt to equityratio (DER) (X1)	Debt to Equity Ratio is a ratio that shows the comparison between debt and capital owned by the company (Sugiono and Untung, 2018)	Total debt/equity	Ratio
Return On Assets (ROA)(X2)	Return On Assets is comparison Which measure ability company For produce profit on all his assets. (Cashmere , 201 6)	Profit Clean / TotalAssets	Ratio
Earnings Per Share(EPS) (X3)	Earnings Per Share is profit per share Which measure ability company For produce profit per share. (Cashmere , 201 6)	Profit Clean After Tax / Amount Share Circulating	Ratio
Market Share (X4)	Market share is the total sales of a company compared to the total sales in the market . (Kotler and Armstrong 2013)	Volume sale the company / total sale industry x 100%	Ratio





Return share is return Which expected investors in period front For amount Which invested. Irham (Pt-Pt-1)/(Pt-1) Ratio (Y) Fahmi (2013:152).

- X 1 : Debt to Equity Ratio
- X 2 : Earnings per Share
- X 3 : Return on Assets
- X 4 : Market Share
- e : Error

Table 2. Identification And Definition Operational Variable Study

Technique data analysis in research this is multiple linear regression. Multiple linear regression is regression Which connect more from One variable its independence. Analysis with use regression the useful For know how much big influence variable independent to variable dependent (Ghozali 2016). Technique analysis data on study This use help program Statistics Products and Service Solutions (SPSS) for Windows version 23 Model analysis regression linear multiple role as technique analysis, but moreover formerly must pass the classical assumption test, Because something good regression model is regression model whose data distribute normal, No own problem multicollinearity, heteroscedasticity, And autocorrelation. Stage analysis statistics which is conducted covers test assumption classic, test T, F test and model formulation analysis multiple.

Equality regression linear multiple in study This is:

$$Y = a + \beta 1 X 1 + \beta 2 X 2 + \beta 3 X 3 + \beta 4 X 4 + e$$

Where:

Y : Return share

a : Constant

$\beta 1, \beta 2, \beta 3, \beta 4$: Coefficient regression

Test multicollinearity aim For know whether there is a correlation significant between variable independent in model regression or correlation pure. Mark Tolerance And Variance Inflation Factor (VIF) can used For detect is multicollinearity occurs. Model regression considered free from multicollinearity If variable independent study own mark tolerance > 0.10 And mark VIF < 10 (Ghozali, 2016).

Test autocorrelation aim For know is there is correlation between error bully on period t And error bully on period t-1 (period previously) in model regression linear. Test Autocorrelation use test Durbin-Watson Which only used For autocorrelation parameter single in model regression And No enter variable other in between variable independent (Ghozali, 2016).

Test heteroscedasticity is Wrong One tool test model regression Which used For know variance residual from One observation to observation other. If mark significance variable independent more smaller than 0.05 so there are indications of heteroscedasticity, And If mark significance variable independent more big from 0.05 so can concluded that model regression No contain heteroscedasticity (Ghozali, 2016).





Test normality is test which aim For evaluate spread data in a set of data or variable, regardless of whether spread data is normally distributed or No. Normality test use statistics test One Samples Kolmogorov-Smirnov. Residual distribute normal If level of significance more greater than 0.05, And data considered normal if the level of significance more small from 0.05 (Ghozali, 2016).

According to Ghozali (2016:93), T-test is Wrong One test statistics Which can used For determine is something hypothesis No There is difference Which significant between two sample that taken in a way random from population Which The same Criteria testing Which used is:

- (a) If level significance t (one-tailed) ≥ 0.05 ($\alpha = 5\%$), so No reject H_0
- (b) If level significance t (one-tailed) < 0.05 ($\alpha = 5\%$), so reject H_0

Ghozali (2016:93) state that F-test used For know is all variable independent own weakness compared to variable dependent Which used in model research. Criteria taking decision is as following.

- (1) Model regression can used when level significance < 0.05 .
- (2) Model regression No can used when level significance > 0.05 .

According to Priest Ghozali (2016:97), essence of the coefficient of determination is to measure the extent where variable independent capable explain variation variable dependent. Coefficient value determination is at in between zero And One, or range between 0 until 1. R^2 value The low one show that ability variable

independent in explain variation variable dependent very limited or A little.

CONCLUSION

Based on the results of data analysis using the t test (partial) DER, EPS and MARKET SHARE do not have a significant effect on stock returns, while ROA has a positive and significant effect on stock returns. The results of data analysis using the F test (simultaneous), DER, ROA, EPS and MARKET SHARE simultaneously have a positive and significant effect on stock returns. The coefficient of determination shows a figure of 0.063, meaning that 6.3% of the influencing factors on stock returns can be explained by DER, ROA, EPS and Market Share. Meanwhile, the remaining 93.7% is explained by other variables not examined in this research. It is hoped that the research results will provide benefits to investors in investing in shares before entering the world of shares by looking at financial ratios

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