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FINANCIAL PERFORMANCE OF THE MANUFACTURING SECTOR CONSUMPTIVE GOODS SUB-SECTOR IN INDONESIA

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Abstract:
This study aims to examine and analyze the influence of Current Ratio (CR), Return On Assets (ROA) and Debt to Equity Ratio (DER) on Dividend Payout Ratio (DPR) and its impact on Stock Return on Manufacturing Companies of Consumptive Goods Sub-sector listed in Indonesian Stock Exchange in the period of 2012 until 2016. The data used are secondary data in the form of company's financial statements obtained from Indonesia Stock Exchange. The sample of this study using purposive sampling method and obtained 14 companies that meet the criteria set. The method of data analysis using panel data regression analysis, then tested the best model and classical assumption test. The result of data analysis show that partially CR and DER have an insignificant negative effect to Stock Return and ROA has an insignificant positive effect to Stock Return. Furthermore, partially CR has an insignificant positive effect to DPR, ROA has an insignificant negative effect to DPR and DER has a significant negative effect to DPR. Simultaneously CR, ROA and DER have an insignificant positive effect to Stock Return but simultaneously CR, ROA and DER have a significant positive effect to Stock Return.

Keywords: CR; ROA; DER; DPR; Stock Return.

1. Introduction

A country's investment growth will be influenced by the country's economic growth itself. One of them is the growth of the manufacturing industry which consists of various industrial sub-sectors including the consumer goods sub-sector which consists of the food, beverage and tobacco industries. The consumer goods sub-sector manufacturing company is one of the main targets of the non-oil and gas industry's contribution to Indonesia's GDP.

The efforts of companies or industries to increase their production and sales certainly need to be supported by adequate capital. This situation requires sufficient funding needs for companies to survive and compete. One way that companies take to meet the needs of funds to develop the company so that it can still compete is by giving a signal to investors to invest. To invest in stocks, a rational investor will invest funds by choosing stocks that are efficient and that can provide a maximum return with a certain level of risk or a certain return with a minimum risk. Investors and

prospective investors have the main goal of increasing their welfare by expecting returns in the form of dividends and capital gains and on the other hand the company also expects continuous growth to maintain the continuity of the company while also providing greater welfare to its shareholders (Damayanti & Achyani, 2006).

A very important dividend policy is how to determine profit placement, which is between paying to shareholders or reinvesting in the company. In other words, dividend policy provides information about the company's performance. Therefore, each company sets a different dividend policy, because dividend policy affects the value of the company in paying dividends to its shareholders, then the company may not be able to maintain sufficient funds to finance its future growth. Conversely, if the company does not pay dividends, the company's shares will no longer be attractive to investors. Therefore, companies must be able to consider the amount of profits to be held to develop the company (Nurmala, 2006, p.18).

In general, investors (investors) who will invest, first make observations and assessments of the company to be selected by continuing to monitor the financial statements of these companies, especially companies that have gone public. Based on these financial statements, it can be seen that the company's performance in carrying out business activities and the company's ability to utilize its business activities efficiently and effectively as well as factors outside the company, namely economic, political, financial and others. The level of dividends paid to shareholders depends on the dividend policy of each company and is based on consideration of several factors, including expected dividend, profitability and leverage. Investors will only invest their capital if they believe that the company is a healthy company (Salim & Sudiono, 2017, p. 100).

In addition to measuring the company's ability to repay loans both in the short and long term, lenders and investors will also assess the company's ability to generate profits, which is reflected through profitability ratios. This profitability ratio also provides an overview of the level of management effectiveness in carrying out its operations. Management effectiveness is seen from the profits generated on company sales and investments or in other words, profitability ratios are ratios that describe the company's ability to earn profits through all available capabilities and sources such as sales activities, cash, capital, number of employees, number of branches and etc. Profitability can be used to assess a company's ability to generate returns on its share capital, "Return on asset shows the use of assets held to generate profits per dollar" (Salim et al, 2017)

The author in this study saw the phenomenon based on theory and the results of previous research, the possibility of corporate fundamental factors of financial ratios, namely liquidity (CR), profitability (ROA), and solvability (DER) of the company influence the company's stock returns with dividend payout ratio (DPR) as an intervening variable. A number of studies have been conducted to analyze the influence of fundamental factors on the value of companies with various sectors that have been chosen to be the object of research. The results of previous studies show different results, but analyzing the fundamental factors and their effects on the consumptive sub-sector manufacturing companies listed on the Indonesia Stock Exchange, it seems that not too much has been done.

As described above, several problems can be identified as follows:

1) Not all consumptive sub-sector manufacturing companies listed on the Indonesia Stock Exchange pay dividends in the period 2010-2016.

2) The amount of dividends paid by the consumptive sub-sector manufacturing companies listed on the Indonesia Stock Exchange varies in the period 2010-2016.

3) Return on shares of the consumptive subsector manufacturing company listed on the Indonesia Stock Exchange in the period 2010-2016 fluctuated.

4) The phenomenon of stock return is influenced by financial ratios and where the dividend payout ratio (DPR) is an intervening variable that increases the influence.

5) The existence of a previous research gap on the factors that influence stock returns where the ratio of companies, dividend payout ratio (DPR) has a significant and not significant effect. Regarding the influence of financial ratios, dividend payout ratio (DPR) on stock returns still draws varying conclusions

From the background and problem identification, problems can be formulated namely "Are CR, ROA and DER affect Stock Returns", with limitations in the study: 1) Using data from 14 consumer goods sub-sector manufacturing companies that consistently entered the IDX during the period 2012-2016. 2) Examining financial ratio variables, namely liquidity, profitability and solvability as factors that influence stock returns with dividend payout ratio (DPR) as an intervening variable.

The problems to be studied can be focused in this research as follows:

1) How is the influence of CR, ROA, DER on Stock Returns
2) How is the influence of CR, ROA, SIZE on Dividend Payout Ratio (DPR)
3) How is the influence of the Dividend Payout Ratio (DPR) on Stock Returns
4) How is the influence of CR, ROA, DER on Stock Return mediated by Dividend Payout Ratio (DPR)

The benefits that can be taken from this research are practically expected to provide input and be used as material in formulating strategies and stock investment decisions in the capital market, especially stocks of consumer goods sub-sector manufacturing companies, and contributing knowledge in the field of financial management and investment, especially in market development capital in Indonesia.

2. Materials and Methods

Myers and Majluf in Information Asymmetry Theory suggest that there is information asymmetry between managers and outsiders. Managers have more complete information about the condition of the company than outside parties. Whereas in Signaling Theory develops a model where the capital structure (use of debt) is a signal conveyed by the manager to the market. If the manager has confidence that the company's prospects are good, and therefore wants the shares to increase, he wants to communicate this to investors. Manajer bisa menggunakan hutang lebih banyak sebagai signal yang lebih *credible.* Because companies that increase debt can be seen as companies that are confident in the company's prospects in the future. Investors are expected to catch the signal, a signal that the company has good prospects.

According to Agency Approach theory, capital structure is structured to reduce conflicts between various interest groups. Conflict between shareholders and managers is the concept of free cash flow. There is a tendency for managers to want to hold resources so they have control over these resources. Debt can be considered as a way to reduce agency conflict in free cash flow. If the

company uses debt, the manager will be forced to issue cash from the company to pay interest.

For research needs, the author in his research used the Financial Ratio variable, namely Liquidity (Current Ratio / CR), Profitability (Return On Assets / ROA), Solvability (Debt to Equity Ratio / DER)) and Dividend Payout Ratio (DPR) as interverning influence Stock Return.

Current Ratio (CR)
CR is a ratio that is generally used by companies to measure management's ability to pay all short-term debts that are due. The greater the comparison between current assets and short-term liabilities, the greater the ability of the company to cover or pay for its short-term obligations. The CR level shows that the yield of 200% or 2.00 in general is satisfactory for the company and this ratio level is only a rule of thumb and will be used as a starting point for conducting further research or analysis (Munawir, 2010).

$$\text{Current Ratio (CR)} = \frac{\text{Current assets}}{\text{Current liabilities}} \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \quad (1)$$

Return On Asset Ratio (ROA)
Brigham and Houston (2009: 107) say that profitability is a group of ratios that show the combined effects of liquidity, asset management and debt on operating results. this includes the profit margin on sales, the basic ability ratio to generate profits, the rate of return on total assets and the rate of return on ordinary equity. ROA is measured by comparing the net income with total assets.

$$\text{ROA} = \frac{\text{EBIT}}{\text{Total Asset}} \times 100\% \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \quad (2)$$

Debt to Equity Ratio (DER)
According to Brigham and Houston (2009: 101), leverage is how far the company uses funding through debt. Whereas according to Sutrisno (2009: 15), leverage is the company's ability to fulfill its obligations if the company is liquidated. Whereas according to Kasmir (2011: 118) leverage ratio is the ratio used to measure the extent to which a company's assets are financed by debt. The higher the total debt ratio, the more risky the company will experience financial difficulties. The use of debt that is too large will endanger the company because the company will be in the category of extreme leverage, namely the company is caught in high debt and difficult to release the debt burden (Fahmi, 2013: 127). If the average ratio is 80%, the company is considered not good because it is above the industry average.

$$\text{DER} = \frac{\text{Total } Debt}{\text{Total } Equity} \times 100\% \quad \dots\dots\dots\dots\dots\dots\dots\dots\dots\dots \quad (3)$$

Dividend Payout Ratio (DPR)
According to Brigham and Houston (2009: 101), dividends are the distribution of profits to holders of equity investments in accordance with their proportions and certain types of capital. Whereas according to Zaki Baridwan (2004: 444) DPR is calculated by dividing dividends per sheet with earnings per share.

$$DPR = \frac{Dividen\ Per\ Share\ (DPS)}{Earning\ Per\ Share\ (EPS)} \times 100\% \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (4)$$

Return Saham

According to Brigham and Houston (2009: 215), return or rate of return is the difference between the amount received and the amount invested, divided by the amount invested. While according to Jogiyanto (2009: 199), returns are the results obtained from investment, and systematically the calculation of stock returns is as follows:

$$Return = \frac{(P_t - P_{t-1}) + D_t}{(P_{t-1})} \quad \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \quad (5)$$

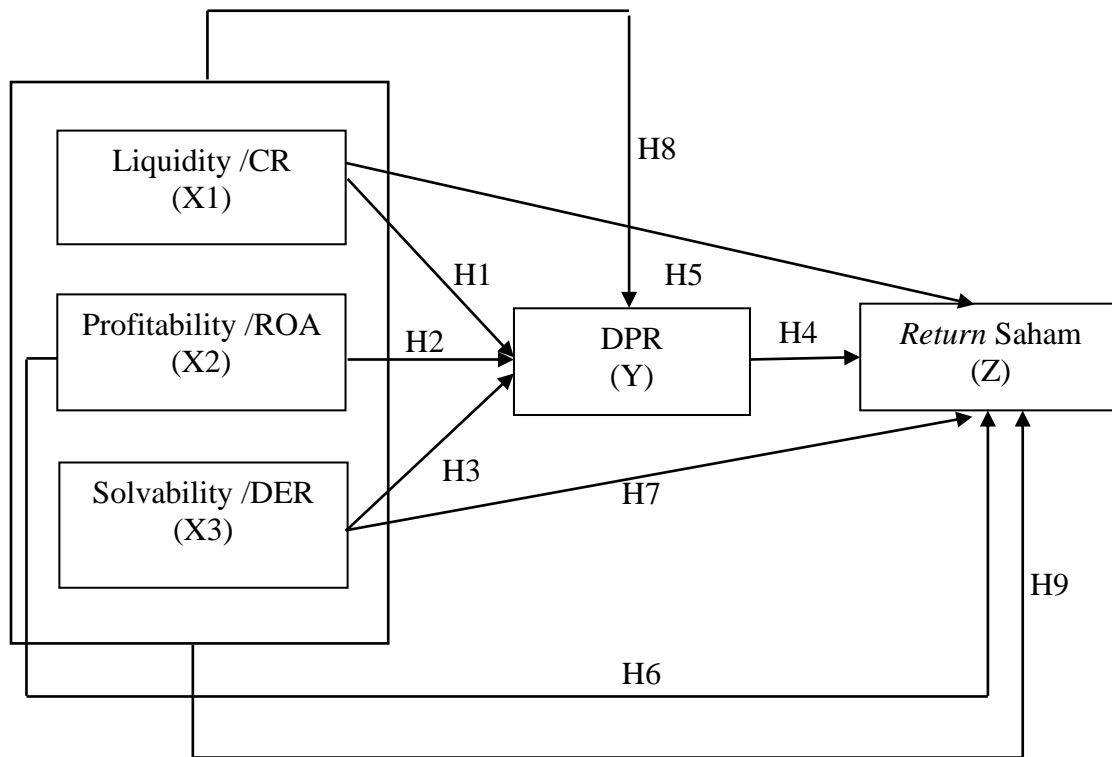In this study, the researcher proposed the frame of mind presented in the following figure.

Figure 1: Research Concept

Based on the above framework, the authors propose the following hypothesis : H1: It is suspected that there is an effect of Liquidity (CR) on the Dividend Payout Ratio (DPR). H2: It is suspected that there is influence of Profitability (ROA) on Dividend Payout Ratio (DPR). H3: It is suspected that there is influence of Solvability (DER) on Dividend Payout Ratio (DPR). H4: It is suspected that there is an effect of Dividend Payout Ratio (DPR) on Stock Return. H5: It is suspected that there is an effect of Liquidity (CR) on Stock Return. H6: It is suspected that there is an effect of Profitability (ROA) on Stock Return. H7: It is suspected that there is an effect of Solvability (DER) on Stock Return. H8: It is assumed that there are simultaneous effects of Liquidity (CR),

Profitability (ROA) and Solvability (DER) on the Dividend Payout Ratio (DPR). H_9: It is assumed that there is an effect of Liquidity (CR), Profitability (ROA) and Solvability (DER) simultaneously on Stock Returns.
Population and Samples

The population used as the object of research is all the consumer goods manufacturing sub-sector companies listed on the IDX and never delisted and always paid dividends continuously uninterrupted from the period 2010 to 2016, where there were 14 companies. Sampling is done using purposive sampling method, according to the criteria set, namely:
1) Companies listed on the Indonesia Stock Exchange in the period 2010-2016 consumptive goods sub-sector in a row and never delisted.
2) Always present financial reports / published every observation period.
3) Always experience the profit (profit) of the observation period.
4) Always pay dividends continuously without interruption during 2010-2016.
5) The companies studied were 37 companies with criteria as many as fourteen (14) companies

2.1. Method of Collecting Data

Data used in research is secondary, quantitative, time series, and cross section data or as a whole is called panel data. The data collection method used in this study is the documentation method, namely by collecting, recording, and reviewing secondary data in the form of stock prices as well as the annual financial statements of manufacturing companies in the consumer goods sub sector listed on the Indonesia Stock Exchange for the period 2010-2016 and calculated financial ratios.

2.2. Variables and Variable Measurements

In this study there are three variables, namely independent variables (CR, ROA, DER), intervening variables (DPR), and dependent variables (Stock Return). The definition of operational variables and measurements of each variable are presented in the following table:

Table 1: Measurement of Variables

Variable	Indicator	Scale	Measurement	
Ratio Liquidity (X1)	*Current Ratio*	Ratio	CR =	$\dfrac{\textit{Current Assets}}{\textit{Current Liabilities}}$ x 100%
Ratio Profitability (X2)]	*Return On Asset*	Ratio	ROA =	$\dfrac{\textit{EBIT}}{\textit{Total Asset}}$ x 100%
Ratio Solvability (X3)	*Debt to Equity Ratio*	Ratio	DER =	$\dfrac{\textit{Total Debt}}{\textit{Total Equity}}$ x 100%
DPR (Y)	*Dividend Payout Ratio*	Ratio	DPR =	$\dfrac{\textit{Dividen Per Share}}{\textit{Earning Per Share}}$ x 100%
Stock returns (Z)	*Stock returns*	Ratio	*Stock returns* =	$\dfrac{\textbf{(Pt - Pt-1) + Dt}}{\textbf{(Pt-1)}}$

2.3. Data Analysis Method

Data analysis was carried out based on data obtained from secondary data in the form of financial statements (financial ratios) and company values. Research tests consisted of: descriptive statistical analysis, test panel data regression models (in the form of chow, hausman, and lagrange multiplier tests) , classical assumption test (in the form of multicollinearity and heteroscedasticity test), multiple regression analysis and hypothesis testing (in the form of F test, t test, and coefficient of determination R^2).

3. Results and Discussion

3.1. Results

List of Manufacturing Companies Subsectors of Consumptive Goods listed on the IDX are as follows:

Table 2: List of Consumptive Goods Subsector Manufacturing Companies Listed on the IDX

No	Code	Company Name	Industrial Sub Sector	Business Scale Segment
1	DLTA	Delta Djakarta Tbk.	Food & Beverage	Corporation
2	DVLA	Darya-Varia Laboratoria Tbk.	Pharmacy	Corporation
3	GGRM	Gudang Garam Tbk.	Cigarettes	Corporation
4	HMSP	H.M. Sampoerna Tbk.	Cigarettes	Corporation
5	INDF	Indofood Sukses Makmur Tbk.	Food & Beverage	Corporation
6	KAEF	Kimia Farma Tbk.	Pharmacy	Corporation
7	KLBF	Kalbe Farma Tbk.	Pharmacy	Corporation
8	MERK	Merck Tbk.	Pharmacy	Corporation
9	MLBI	Multi Bintang Indonesia Tbk.	Food & Beverage	Corporation
10	ROTI	Nippon Indosari Corpindo Tbk.	Food & Beverage	Corporation
11	SKLT	Sekar Laut Tbk.	Food & Beverage	Corporation
12	TCID	Mandom Indonesia Tbk.	Cosmetics & Household Use	Corporation
13	TSPC	Tempo Scan Pacific Tbk.	Pharmacy	Corporation
14	UNVR	Unilever Indonesia Tbk.	Cosmetics & Household Use	Corporation

Source: www.idx.co.id

Descriptive statistics of research data are presented in the following table :

Table 3: Descriptive statistics for research data

	CR	ROA	DER	DPR	Stock Return
Mean	2.9676	0.1813	0.6599	0.5233	0.2709
Median	2.4100	0.1343	0.4266	0.4710	0.1927
Maximum	11.7429	0.4570	3.0300	1.5149	2.1609
Minimum	0.51000	0.0086	0.0010	0.0999	-0.004
Std. Dev.	2.1242	0.1269	0.6187	0.2821	0.4950

While the average value of CR, ROA, DER, DPR and Returns of Manufacturing Company Stocks of Consumptive Goods during the period of 2010-2016 are as follows:

Table 4: Average values of CR, ROA, DER, DPR and Returns of Consumptive Goods Manufacturing Company Stocks during the period 2010-2016

Years	Average Values				
	CR	ROA	DER	DPR	Stock Returns
2010	3.53	0.19	0.50	0.58	0.54
2011	3.58	0.21	0.52	0.55	0.26
2012	2.87	0.19	0.68	0.52	0.56
2013	2.42	0.18	0.70	0.49	0.11
2014	2.37	0.17	0.75	0.47	0.27
2015	2.95	0.17	0.75	0.53	(0.13)
2016	3.05	0.16	0.74	0.52	0.30

Source: Issuer's Financial Report, which is processed

3.2. Model Estimation and Model Test Analysis

This analysis uses the EViews application (Econometric Views) is a statistical and econometric data processing application that runs on a Windows operating system, where the version of Eviews used is version 9. The estimation method of the regression model using panel data is carried out through three approaches, namely: common effect model, fixed effect model, and random effect model. The model test results are as follows:

Table 5: Analysis of Model Estimates and Model Tests

No	Equation	Chow Test		Hausman Test		Test Lagrange Multiplier		Conclusion Test results
		cross section F	α	cross section R	α	cross section Random	α	
1	*Stock returns* = a1 + b1 CR + b2 ROA + b3 DER	0.2736	0.05	0.0000	0.05	0.7372	0.05	*CE*
2	DPR = a1 + b1 CR + b2 ROA + b3 DER	0.0000	0.05	0.0001	0.05		0.05	*FE*
3	*Return* Saham = a1 + b1 DPR	0.0000	0.05	0.0350	0.05		0.05	*CE*

Source: Results of Panel Data Processing with EViews

Classic assumption test:

Table 6: Multicollinearity Test Results

	CR	ROA	DER
CR	1.000000	(0.142343)	(0.616099)
ROA	(0.142343)	1.000000	0.220624
DER	(0.616099)	0.220624	1.000000

Source: Results of Panel Data Processing with EViews

The test results, the correlation coefficient between the independent variables CR, ROA and DPR produces values below 0.8 so that it can be concluded that there is no multicollinearity.

Table 7: Heteroscedasticity Test Results

No	Equation	Glejser Test	
		Prob (F Statistik)	**α**
1	*Stock returns* = a1 + b1 CR + b2 ROA + b3 DER	0.4175	0.05
2	DPR = a1 + b1 CR + b2 ROA + b3 DER	0.9257	0.05
3	*Stock returns* = a1 + b1 DPR	0.8086	0.05

Source: Results of Panel Data Processing with EViews

Each equation produces a Probability value (F Statistics)> α. The results of heteroscedasticity test indicate that there is no heteroscedasticity in the data used in this study.

Autocorrelation Test results were carried out using the test Durbin-Watson. The Durbin-Watson test is done by dividing the decision area to determine whether an equation has a correlation or not.

1) The first regression equation with a fixed effect model results in a DW-stat value of 1.945947 in the range of dL <d <du (1.496 <1.969569 <2.674) so that it can be concluded that autocorrelation does not occur.
2) The second regression equation with the random effect model produces a DW-stat value of 1.649821 in the range du <d <4 - du (1.496 <1.926664 <2.674) so that it can be concluded that autocorrelation does not occur.
3) The third equation with a fixed effect model produces a DW-stat 1.897517 in the range of dL <d <du (1.496 <1.946010 <2.674) so that it can be concluded that there is no autocorrelation

3.3. Multiple Linear Regression Analysis

Stock Return Equation = $a_1 + b_1 CR + b_2 ROA + b_3 DER$

Table 8: Results of Regression on the Effect of Liquidity (CR), Profitability (ROA), Solvency (DER) on Stock Returns

Variable	*Common Effect*		*Fixed Effect*		*Random Effect*	
	B	**sig.**	**B**	**sig.**	**B**	**sig.**
CR	-0.02611	0.3856	-0.01701	0.6928	-0.02514	0.4094
ROA	0.37205	0.3670	1.54965	0.2536	0.37375	0.3795
DER	-0.06437	0.5418	0.14014	0.3918	-0.05858	0.5837
C	0.32345	0.0450	-0.05211	0.8755	0.31644	0.0541
Chow				0.2736		
Lagrange Multiplier		0.7372				
R-squared	0.01584		0.16035		0.01486	
F-statistic	0.50444	0.68014	0.96681	0.49979	0.47279	0.70196

Source: Results of Panel Data Processing with EViews

From the Common Effect model the equation becomes:

Stock return = 0.32345 - 0.02611CR + 0.37205ROA -0.06437DER

1) The test results produce a value of F 0.50444 with a significant level of 0.68014> 0.05 indicating that the variable liquidity (CR), profitability (ROA), and solvency (DER) jointly have no significant effect on stock returns.
2) The results of the t test produce a significant level of influence of independent variables on the dependent variable individually. The significant value of liquidity on firm value is 0.3856> 0.05 so that liquidity does not have a significant effect on stock returns.
3) The significant value of profitability on stock returns is 0.3670> 0.05 so that profitability has no significant effect on stock returns.
4) The significant value of solvency on firm value is 0.5418> 0.05 so that the solvency has no significant effect on stock returns.
5) The increase in liquidity by 1 time will reduce stock returns by 0.02611 times.
6) The increase in profitability by 1 time will increase the stock return by 0.37205 times.
7) The increase in solvency of 1 time will reduce stock returns by 0.06437 times.

Equation DPR = a1 + b1 CR + b2 ROA + b3 DER

Table 9: Results of Regression on the Effect of Liquidity (CR), Profitability (ROA), Solvency (DER) on Dividend Payout Ratio (DPR)

Variable	Common Effect		Fixed Effect		Random Effect	
	B	sig.	B	sig.	B	sig.
CR	0.01153	0.2798	0.00944	0.4283	0.01045	0.3188
ROA	1.77011	0.0000	-0.10752	0.7735	1.33867	0.0000
DER	-0.01729	0.6435	-0.09771	0.0327	-0.03075	0.4122
C	0.17950	0.0020	0.57936	0.0000	0.26984	0.0001
Chow				0.0000		
Hausman						0.0001
R-squared	0.61967		0.80263		0.27779	
F-statistic	51.05162	0.0000	20.5874	0.0000	12.0525	0.0000

Source: Results of Panel Data Processing with EViews

From the Fixed Effect model the equation becomes:

DPR = 0.57936 + 0.00944CR - 0.10752ROA - 0.09771DER

1) The test results produce a value of F 20,5874 with a level significant 0.0000 <0.05 indicates that the variable liquidity (CR), profitability (ROA) and solvency (DER) together have a significant effect on the dividend payout ratio (DPR).
2) The results of the t test produce a significant level of influence of independent variables on the dependent variable individually. Significant value of liquidity on dividend payout ratio is 0.4283> 0.05, indicating that liquidity has no significant effect on dividend payout ratio (DPR)
3) Significant value of profitability on dividend payout ratio is 0.7735> 0.05 so that profitability has no significant effect on dividend payout ratio (DPR).

4) Significant value of solvency to dividend payout ratio is 0.0327 <0.05, indicating that solvency has a significant effect on dividend payout ratio (DPR).
5) The increase in liquidity by 1 time will increase the dividend payout ratio by 0.00944 times
6) The increase in profitability by 1 time will reduce the dividend payout ratio by 0.10752 times.
7) The increase in company size by 1 time will reduce the dividend payout ratio by 0.09771 times.

Stock Return Equation = a1 + b1 DPR

Table 10: Results of Regression Effect of Dividend Payout Ratio (DPR) on Stock Returns

Variable	Common Effect		Fixed Effect		Random Effect	
	B	sig.	B	sig.	B	sig.
DPR	0.00930	0.9587	0.13549	0.7274	0.01234	0.9474
C	0.26607	0.0141	0.20002	0.3411	0.26448	0.0912
Chow				0.3204		
Lagrange Multiplier		0.9387				
R-squared	0.000028		0.140137		0.000046	
F-statistic	0.002702	0.958656	0.966218	0.49433	0.004423	0.94711

Source: Results of Panel Data Processing with EViews

From the Common Effect model the equation becomes:
The results of the F test and t test produce a value of 0.002702 with a significant level of 0.958656> 0.05 which indicates that the DPR has no significant effect on stock returns.
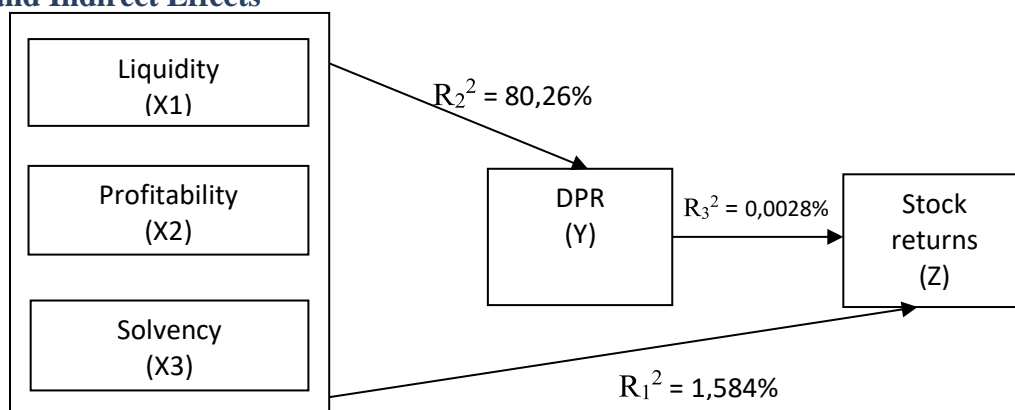
Direct and Indirect Effects

Figure 2: Direct and Indirect Effects

From the picture above $(R_2^2 + R_3^2) > R_1^2$, which means the influence of Independent Variables CR (X1), ROA (X2), and DER (X3) on the Dependent Stock Return Variable (Z) through the Intervening variable DPR (Y), so that it can it was concluded that the influence of CR, ROA and DER variables on the Variable Stock Return was mediated by the DPR Variables.

4. Discussion

Based on the results of research that has been conducted on consumer goods manufacturing sub-sector companies during the period 2010-2016, results are obtained that :

1) The company's liquidity measured by CR has a negative and not significant effect on stock returns.
2) Company that owns a good level of liquidity means having a small level of risk because the company is able to fulfill its obligations well, many funds are available for the company to pay dividends, finance its operations and investments. So, when investors see a good level of liquidity will give a positive signal to the company. Thus, high liquidity means that stocks are in great demand by investors and that will lead to increasing stock returns.
3) The company's profitability as measured by ROA has a positive and not significant effect on stock returns.
4) The results of this study are in accordance with the theory that investors in selecting companies to invest see the level of profitability of the company, one of which takes into account the level of return on assets. Investors see that the company's high profitability indicates the company has good ability in providing a return on capital invested by investors.
5) The company's solvency as measured by DER has a negative and not significant effect on firm value.
6) This research is in accordance with what disclosed by Hermuningsih (2012) the size of the company is considered capable of influencing the value of the Company. Total assets that are not too large increase the value of the company. Companies with smaller total assets still have a better opportunity to increase their assets so that companies with smaller assets are considered to be able to provide better profits in the future.
7) Determine liquidity with CR which shows a positive and significant influence on the DPR.
8) This explains the company that has the ability to pay off short-term needs which means the company is in a healthy condition. Higher liquidity means that the company has excess funds so the company can pay off current debt.
9) Profitability as measured by ROA has a negative and not significant effect on the DPR.
10) This is in accordance with the pecking order theory where the higher the profitability of the company, the more active the company will use internal funds.
11) Solvability as measured by DER has a negative and significant effect on the DPR.
12) This shows that the increasing scale of the company in total assets will increase the use of corporate debt.
13) DPR measured by dividend payout ratio has a positive and not significant effect on stock returns.
14) Increasing equity and reducing debt to companies can increase stock returns. Companies can also increase debt with an increase in equity. Investors in investing take into account the company's debt ratio. debt that attracts fewer investors to invest in the company.
15) Liquidity, profitability and solvency simultaneously have a positive and not significant effect on stock returns.
16) There is a simultaneous influence between the variables of profitability, liquidity and solvency on stock returns. High company liquidity accompanied by increasing profitability and solvency of companies can further increase stock returns.

17) Liquidity, profitability and solvability simultaneously have a positive and significant effect on the DPR.

Companies with large scale but experiencing a decline in growth and declining profitability of companies can increase the amount of debt. Large companies that experience a reduction in the number of assets and a decrease in profitability tend to make loans / debt as an alternative financing because the profits obtained tend to be insufficient to finance the company's operations. High profitability with positive growth even though the company is still in medium scale rely more on retained earnings in financing so that the use of debt will be minimized. The results of this study are in accordance with the pecking order theory and the results of research by Frank and Goyal (2009) that small companies will be more active in using internal funds.

5. Conclusions and Recommendations

From the description in the previous chapter and testing the data carried out in this study it can be concluded that: 1) Liquidity of the company has a negative and not significant effect on stock returns. 2) Profitability has a positive and not significant effect on stock returns. 3) Solvability has a negative and not significant effect on stock returns. 4) Company liquidity has a positive and not significant effect on the DPR. 5) Profitability has a negative and not significant effect on the DPR. 6) Solvability has a negative and significant effect on the DPR. 7) DPR has a positive and not significant effect on stock returns. 8) Liquidity, profitability and solvency simultaneously have a positive and significant effect on the DPR. 9) Liquidity, profitability and solvency simultaneously have a positive and not significant effect on stock returns. 10) The indirect effect of liquidity, profitability and solvency on stock returns with through the DPR is greater. This shows that the existence of the DPR as an intervening variable can better explain the effect of liquidity, profitability and solvency on stock returns.

Some of the suggestions that are expected to be useful are as follows: 1) Management should pay attention to the company's liquidity which will directly influence the company's stock returns and its influence through the DPR, where companies with high liquidity will be preferred by investors. 2) Management to pay attention to the profitability that can be generated by the company because it will affect the company's stock returns, where profitability can be used to increase the DPR and the company's stock returns. 3) Management needs to pay attention to the solvency of the company because it will affect the company's DPR which in turn will also affect the company's stock returns. 4) Management also needs to pay attention to the DPR of the company where the DPR company whose value is better or greater than the value of the DPR of other companies will be preferred by investors. 5) For creditors and investors in choosing a consumptive goods sub-sector manufacturing company on the Indonesia Stock Exchange and will be used as an investment object, it is better to look at the factors that affect and relate to the company's stock returns. From the results of the research the factors that must be considered are the liquidity, profitability and solvency of the company and the company's DPR. By analyzing these factors, investors will more easily see the prospects of the company, so they do not make mistakes in investing. 6) Further research should be developed using a sample of consumptive goods sub-sector manufacturing companies with a longer period of time which is above 7 years. 7) Further research can add other variables such as return on equity (ROE), net profit margin (NPM), earnings per share (EPS), price to book value (PBV), economic value added (EVA) and macroeconomic variables such as

inflation, interest rates and exchange rates and others predicted to affect the DPR and the company's stock returns. Thus, it is expected that the results of the next study can complement the results of this study.

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