JRSSEM
JOURNAL RESEARCH OF SOCIAL SCIENCE, ECONOMICS, AND MANAGEMENT

FINANCIAL PERFORMANCE AND RISK

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Abstract: When it comes to consumer-goods companies in particular, having shareholders who invest in the company's stock is a major factor in the company's success. In which the investors naturally demand return of their money. Where annual financial reports provide shareholders with a window into firm performance and allow them to steer its future direction. However, in the process of developing any organization, there are a number of dangers that must be dealt with quickly so as to not have a long-lasting unfavorable influence. This is why the effects of financial performance and risk on stock returns of consumer goods companies listed on the Indonesia Stock Exchange for the period 2016-2021 is of interest to scholars. The research aims to answer the question, "Does financial performance and risk affect the stock returns of companies listed on the IDX?" over the time period of 2016-2021, with a focus on the consumer products industry. Methodologically, this study employs descriptive quantitative methodologies for data collecting by way of audited financial accounts. Purposeful sampling was used to choose 50 participants. SPSS 17 was used to do the statistical analysis on the gathered data. with the results that CR, DER, ROA, and risk have an influence on stock returns even though the levels of influence are different. Current ratio and DER have a negative and insignificant effect. While ROA and Risk have a positive and significant influence. While the effect value is 89.3%.

Keywords: financial performance; risk; stock return; and IDX.

INTRODUCTION

It has become commonplace for entrepreneurs to develop their companies by attracting stock growers to invest in shares. If the quality of the company is high, the stock price will also rise, and vice versa, if the quality of the company falls, the stock price will also fall. This is because the existence of the capital market can be used as an alternative to finding sources of funds for companies provided by stock growers (Umar et al., 2022)

The shares given by the shareholders who are then referred to as shareholders will be developed by the company, and in time the stock growers will conduct a sharer-return (Goddess, 2018) on the funds that have been given to the company (Nazulaikah, 2022). Stock planting is usually done by people who have more funds to companies that are experiencing a lack of funds, where these funds will then be used to develop the company as it aims.

The development of the company's performance can be seen or accessed through the financial performance reports issued annually where the financial statements contain the financial condition or funds owned by each company (Puspitasari, 2021). (Lovian et al., 2022). These financial statements must be reported carefully to find out the real state of the company to continue to develop and carry out its performance.

This also happens to consumer goods companies that take part in the basic needs of the community (Indriawati et al., 2022). This type of company in Indonesia has quite good potential considering that Indonesia is a country that has a fairly dense population so consumer goods in basic needs are of course always increasing in need (Lestari & Pangestuti, 2022).

Therefore, not a few shareholders invest in this sector company in the hope of receiving a large enough stock return. However, it is not impossible if every movement of the company related to financial factors has risks that must be handled immediately so as not to have prolonged negative effects. Therefore, researchers want to find out more about the Effect of Financial Performance and Risk on Stock Returns of Consumer Goods Sector Companies on the Indonesia Stock Exchange for the 2016-2021 Period. The purpose of this study is to determine whether or not there is an effect of financial performance and risk on the company's stock returns.

Researchers hope that the results of this study can provide understanding to all readers to be used as a reference in carrying out various actions both for themselves and many people, especially in managing companies. Where the progress of the company is of course a dream for company holders, shareholders, and even employees to continue to have an existence in their lives. Considering that Indonesia is a densely populated country with a fairly high number of employment needs. If a company goes out of business, it will certainly increase the number of unemployed in Indonesia which can make things worse and various other sectors.

MATERIALS AND METHODS
Material

There are several things that need to be understood in this study, namely:

1. Financial performance

    Cashing performance is described as one of the ways used to determine the quality of financial management in a company (Yuliana & Artati, 2022), which refers to the rules that have been set. There are several types of financial performance used in this study, namely:

    a. Current Ratio (CR) is knowledge of the company's finances in completing its responsibilities in the form of debt receivable needs if it has arrived at the time of its payment (Nindiana, 2022).

    b. Debt to Equity Ratio (DER) is a condition used to determine the collateral owned by the company for creditors (Siahaan & Rasmara, 2021).

    c. Return on Assets (ROA) is a ratio used to determine the results or returns owned by the company based on the number of assets (Fitroh & Fauziah, 2022).

2. Risk, which is a deviation owned by the company where this is possible can occur when carrying out company development to obtain real achievements (Jesika et al., 2021).

3. Stock Return, is the process of withdrawing shares carried out by shareholders or stock growers in a capital market as a form of the result of the investment they make (Ayuningrum et al., 2021) ((Herlambang & Kurniawati, 2022).

4. Consumer goods industry, is a company that is involved in the basic needs sector of the community (Liu & Cuandra, 2022).

Method

This study uses a descriptive quantitative type, where data collection is carried out through documentation on the financial performance of consumer goods companies that can be accessed through www.idx.co.id and regarding stock prices on the www.financeyahoo.com page. The number of respondents in this study was 50 selected by purposive sampling, namely consumer goods sector companies listed on the IDX in 2016-2021. The data obtained will then be analyzed in depth through SPSS 17 with regression tests.

Research hypothesis

H1 : Financial performance and risk have an effect on stock returns

    H0 : Spatial performance and risk do not affect stock returns

RESULTS AND DISCUSSION

After data analysis, the following results are known:

Normatity test

This test is used to determine the distribution of normally distributed data or not. Normality test results as follows:

Table 1. Normality test data

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		50
Normal Parameters[a,,b]	Mean	.0000000
	Std. Deviation	1.53480238
Most Extreme Differences	Absolute	.157
	Positive	.156
	Negative	-.157
Kolmogorov-Smirnov Z		1.110
Asymp. Sig. (2-tailed)		.170

a. Test distribution is Normal.

b. Calculated from data.

The above data shows that if the Sig value > 0.05 then the data is normally distributed.

Multicholinearity test

This test is used to gain knowledge on the state of the data on whether or not to experience symptoms of multicollinearity.

Table 2. Multikilinearity test data

Coefficients[a]

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Itself.	Collinearity Statistics Tolerance	BRIGHT
(Constant)	32.029	6.859		4.669	.000		
Current_Ratio	-.073	.079	-.067	-.914	.365	.446	2.244
Debt_to_equity_ratio	-.077	.093	-.085	-.831	.410	.227	4.402
Return_on_Assets	.254	.099	.386	2.575	.013	.106	9.468
Risk	.585	.149	.678	3.837	.000	.180	9.493

a. Dependent Variable: Rturn_Saham

The data above shows that the tolerance value of each aspect >0.10 with a VIF of <10.00 then the data does not experience symptoms of multicholinearity.

Regression test

This test is used to test or test research hypotheses. Regression test results are as follows:

Table 3. Coefficients

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Itself.
1 (Constant)	32.029	6.859		4.669	.000
Current_Ratio	-.073	.079	-.067	-.914	.365
ebt_to_equity_ratio	-.077	.093	-.085	-.831	.410
Return_on_Assets	.254	.099	.386	2.575	.013
Risk	.595	.151	.678	3.937	.000

a. Dependent Variable: Rturn_Saham

The data above shows that CR, DER, ROA, and risk have an effect on stock returns even though the degree of influence varies. Current ratio and DER have a negative and insignificant influence. Meanwhile, ROA and Risk have a positive and significant influence because of the value of Sig<0.05.

Table 4. Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.945[a]	.893	.884	1.60156

a. Predictors: (Constant), Risiko, Current_Ratio, Debt_to_equity_ratio, Return_on_Assets

The table above shows that the performance of the company described through CR, DER, and Ratio as well as risk factors has an influence of 89.3% on the return of shares in the company.

With this it is known that H1 is accepted and H0 is rejected. As research conducted by Meutia Dewi, in 2018 where she stated that financial performance and risk had an influence on the return on shares of consumer goods companies listed on the IDX in 2012-2016 (Goddess, 2018). The same thing was also conveyed by Maldio Siahaan and Tita Lia Rasmara with the same results and companies only in different years, namely the company was listed on the IDX in 2016-2019 (Siahaan & Rasmara, 2021).

Based on the data above, it is important for each company to pay attention to the movement of the company's finances and stock prices to continue to improve the quality and existence of the company's performance by continuing to pay attention to every important component such as human resources, quality of tools, product nausea, and so on.

This is because, without the control exercised by the company's leadership, it is not impossible if the financial statements submitted are not in accordance with the existing circumstances in the company so that they can make things worse and cause a variety of unwanted losses.

CONCLUSIONS

The results of the study show that H1 is accepted and H0 is rejected, meaning that the financial performance studied

through CR, ROA, and DER also risks affecting stock returns in the companies studied, namely consumer goods companies listed on the IDX in 2016-2021 with a value of 89.3%.

With this, every shareholder and company manager must continue to monitor and control the performance of company components to reduce the

occurrence of various negative risks to existing financial factors, because this can be fatal to the company's operations.

On the other hand, researchers hope that the results of this study can be used as one of the basis for conducting the following research or used as one of the guidelines in determining various policies.

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