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Research Article

The Effect of Liquidity, Solvency, And Profitability on Stock Return (Empirical Study on Property, Real Estate, And Building Construction Companies Listed on The Indonesia Stock Exchange for the 2014-2017 Period)

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Abstract

This study aims to determine whether liquidity, solvency, and profitability influence stock returns in the property sub-sector, real estate, and building construction companies listed on the Indonesia Stock Exchange for the period 2014-2017. This sample of this consist of 25 property, real estate, and building construction companies that met the criteria of 73 companies listed in Indonesia Stock Exchange period 2014-2017. The method used in this research was purposive sampling with multiple linear regression analysis techniques and Eviews program as a tool. The results of the research partially show that liquidity, solvency, and profitability influence stock returns. While the results of the study simultaneously show that liquidity, solvency, and profitability affect stock returns. The magnitude of the effect of liquidity, solvency, and profitability in contributing influence on stock returns is 62.2%.

Keywords

Liquidity, Profitability, Solvability, and Stock Return.

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Introduction

As the business world transitions into the globalization era, competition has become increasingly fierce. Such circumstances necessitate that every company carries out its activities effectively and efficiently in order to preserve competitiveness and ensure the company's continuity. The availability of sufficient capital to finance the company's activities is one factor that contributes to a company's continuity. The company can obtain cheap funds for capital by selling shares to the public on the capital market. The Indonesian capital market, specifically the Indonesia Stock Exchange (IDX), can serve as a meeting place for investors (those with funds) and companies (those in need of funds) (Aaron, Koesrindartoto, & Takashima, 2020). The Indonesian property market continues to be the prima donna when it comes to being targeted as a property. Starting from solid investments, promising long-term investments, prices that continue to rise, to passive income that can be obtained from rental results. (Rahadi, Majid, Faturohman, Hasanah, & Rahmawati, 2021). The Property, Real Estate, and Building Construction industries are one of the industries that contribute significantly to investment in Indonesia. This sector is also one of the indicators used to evaluate a country's economic development. Property, real estate, and building construction are large sectors that can absorb a large number of workers and have a knock-on effect on other economic sectors. It can be seen that the property, real estate, and building construction sectors have had a huge impact, which may encourage the development of other economic sectors, notably financial product development. Expansion is one of the methods used to grow the company. Expansion seems to be difficult because it entails a large amount of capital. The company can obtain funding from its profits and the sale of securities as an alternative source of funding. The company's securities are traded in the capital market, which is frequently known as the Indonesia Stock Exchange (IDX). However, before the company could really buy and sell securities, it must be listed as an issuer on the Indonesia Stock Exchange (IDX) (Teytelboym, 2019). *Return* is the result obtained from the investment. *Returns* can be realized returns that have already occurred or expected returns that have not yet occurred but are expected to occur in the future. The *realized return* is the return that has occurred. *Realized return* is calculated using historical data. The realized return is significant because it is used to assess the performance of the company. Realized and historical returns can also be used to forecast future returns and risks (Akkaya, 2021). If the company's profit is relatively high, the dividends paid are likely to be relatively high as well. If the dividend paid is relatively high, it will have a positive effect on the stock price on the stock exchange, and investors will be interested in purchasing it. As a result, the demand for these shares will rise, and the price will eventually rise as well (Yoon, 2021). Even so, in reality, several properties, real estate, and building construction companies experienced an increase in net income but a decrease in stock prices, or the inverse condition. Several issuers among the 73 property, real estate, and building construction companies listed on the Indonesia Stock Exchange have experienced the following phenomena:

Table 1.1
The development of share prices in Property, Real Estate, and Building Construction companies for the period 2017-2018

ISSUER CODE	2017		2018	
	PROFIT (Billion)	STOCK PRICE	PROFIT (Billion)	STOCK PRICE
PTPP	Rp 566	Rp 3.770	Rp 989,9	Rp 2.400
WIKA	Rp 465,46	Rp 2.580	Rp 682,64	Rp 1.870
WSKT	Rp 1,08	Rp 2.510	Rp 2,57	Rp 1.600
ADHI	RP 115,18	Rp 2.130	Rp 205,07	Rp 1.735

Source: finance.detik.com (data processed by the researcher himself)

The table above shows that earning after tax (EAT) and stock returns of property, real estate, and

building construction companies in Indonesia fluctuate. PTPP experienced an increase in EAT of 74.4% from 2017, but since the beginning of 2018 the share price has decreased by 36.3% from 2017.Then the WIKA company's EAT increased by 46.66% and the recorded stock price decreased by 27.51%. Similarly, WSKT's recorded EAT increased by 137.9 % from the previous year, while recorded share prices decreased by 36.25 %. Meanwhile, ADHI's Net Income increased by 78% and stock prices declined by 17%.In addition to reviewing the company's financial statements, a financial ratio analysis also can be used to perform a company analysis. From the investor's point of view, one of the most important indicators for assessing the company's prospects in the future is to see how far the company's profitability is growing. This indicator is essential to note in order to determine the extent to which an investor's investment in a company will be able to provide returns that are in line with the required level (Pan & Long, 2021).The liquidity ratio is a ratio that shows a company's ability to pay its maturing short-term debt or a ratio that determines a company's ability to finance and fulfill obligations when they are billed (Berthilde & Rusibana, 2020). The company's liquidity is proxied by the ratio of CR (Current Ratio). The current ratio is a commonly used measure of a company's ability to meet debt needs when it matures (Whitewood, 2020). A company's condition is considered good and nice if it has a good current ratio, but if the current ratio is too high, it is also considered not good (Whitewood, 2020).The solvency ratio is a ratio used to measure how much of a company's assets are financed by debt. This refers to how much debt the company carries in comparison to its assets. In a broad sense, the solvency ratio is used to assess a company's ability to pay all of its obligations, both short-term and long-term, if the company is dissolved (liquidated) (Berthilde & Rusibana, 2020). The company's solvency is proxied by using DER (Debt to Equity Ratio). The profitability ratio is a ratio used to evaluate a company's ability to maximize profits. This ratio also provides a measure of a company's management effectiveness. This is reflected in the profit generated from sales and the income generated from investments. The point is that using this ratio demonstrates the company's efficiency (Berthilde & Rusibana, 2020). ROA (Return on Assets) is a proxy for a company's profitability. Based on the previously described phenomena and previous studies, the researchers would like to conduct additional research on liquidity, solvency, profitability, and stock returns in property, real estate, and building construction companies listed on the Indonesia Stock Exchange. Therefore, the researcher intends to conduct research on the following topic:

Stock Returns Affected by Liquidity, Solvency, and Profitability (Empirical Study on Property Sub-Sector, Real Estate, and Building Construction Companies 2014-2017).

Literature Review

Stock Returns

The outcome of an investment is known as a *return*. *Returns* can be realized returns that have occurred or expected returns that have not yet occurred but are expected to occur in the future (Akkaya, 2021). According to Akkaya (2021), realized returns are returns that have occurred. Realized return is calculated using historical data. The realized return is significant because it is used to assess the performance of the company. Realized returns or historical returns can also be used to calculate expected returns and future risks. The following formula is used to calculate realized return:

$$R_{it} = \frac{P_t - P_{t-1}}{P_{t-1}}$$

(Akkaya, 2021)
Information:
Rit = Realized stock *return*
P1 = Current stock price
Pt-1 = stock price in the last period
The expected return is the return on investment that investors expect to receive in the future. In contrast to the realized return, which has already occurred, the expected return has not yet occurred. This return can be calculated by the formula:

$$RM_t = \frac{IHSG_t - IHSG_{t-1}}{IHSG_{t-1}}$$

(Akkaya, 2021)

This study only takes into account stock returns from capital gains without taking into account the dividend yield. Because the company does not always distribute dividends periodically to shareholders. The return used in this study is realized return, also known as an abnormal return.

Abnormal Return

Abnormal returns, according to Akkaya (2021), are the excess of *actual returns* over normal returns. Expected returns, or returns expected by investors, are referred to as "normal returns". Thus, the abnormal return is the difference between the actual yield and the expected return. Akkaya (2021) measures abnormal return as:

$$AR_{it} = R_{it} - RM_t$$

Keterangan:

ARit = abnormal return of Company I at time t
Rit = return of company I at time t
RMt = Market return at time t

The period of occurrence of events and their effects is referred to as the *window period*, *event window* or *event period*. The window period for daily data is 3 days to 121 days, and for monthly data, it is 3 months to 121 months. The observations on stock returns are based on a seven-day window period (Akkaya, 2021).

Liquidity

According to Whitewood (2020), the liquidity ratio is a company's ability to meet its short-term obligations on time. This ratio is significant because failure to pay obligations can lead to the company's bankruptcy. Durocher and Fortin (2021) defined that the liquidity ratio as a ratio that indicates a company's ability to meet obligations or pay the short-term debt. Furthermore, Berthilde and Rusibana (2020), demonstrated the formula for revealing the current ratio that can be used as follows:

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities}$$

Berthilde and Rusibana (2020) explained that the current ratio is a ratio used to assess a company's ability to pay short-term obligations or debts that are due immediately when billed as a whole. In practice, the current ratio with a standard of 200 percent (2:1) is sometimes regarded as a reasonably good or satisfactory measure for a company.

Solvency

According to Whitewood (2020), the leverage ratio is a measure of how much the company is financed with debt. A high level of debt will endanger the company because it will enter extreme leverage, in other words, the company will be trapped in a high level of debt and it will be difficult to release the debt burden. Therefore, the company must balance how much debt is acceptable and which sources can be used to repay debt.
Berthilde and Rusibana (2020) provided the following formula for calculating the debt-to-equity ratio as a comparison of total debt and total equity:

$$DER = \frac{Debt}{Equity}$$

The debt to equity ratio is a ratio used to evaluate debt-to-equity (Berthilde & Rusibana, 2020). This

ratio can be used to determine the number of funds provided by the creditor to the company's owner or the amount of rupiah of own capital used as collateral for money.

Profitability

According to Whitewood (2020), a profitability ratio that measures the effectiveness of overall management, as indicated by the size of profits obtained concerning sales and investment.
The following formula for calculating return on assets can be used to compare net income to total assets (Berthilde & Rusibana, 2020):

$$ROA = \frac{Earning\ After\ Tax\ (EAT)}{Total\ Assets}$$

Berthilde and Rusibana (2020) proposed that ROA is used to demonstrate a company's ability to generate profits by utilizing all of its assets. Return on Assets (ROA) demonstrates a company's ability to generate profits from its assets. Among the existing profitability ratios, ROA is the most crucial.

Previous Study

Previous study by other parties on the factors that affect stock returns has been widely conducted so that it can be used as a reference in this study: Chasanah and Sucipto (2019) conducted research titled The Effect of Liquidity, Profitability, and Solvency on Stock Returns in Construction Industry Sub-Sector Companies Listed on the IDX in 2010-2014. The findings revealed that the Current Ratio and Debt to Equity Ratio had a positive effect on stock returns. Return on Assets has no significant positive effect on stock returns. I Febrianti, Sugiyanto, and Fitria (2020) with the title, The Effect of Return On Assets and Earning Per Share on Stock Returns in Hotels, Restaurants, and Tourism Sub-Sector Companies listed on the IDX. The results showed that partially, ROA had a significant positive effect on stock returns of 68.9% and EPS had a positive and significant effect on stock returns of 45.1%.Kadek Iin Mudzakar (2021), entitled The Effect of Debt to Equity Ratio (DER) and Return on Equity on Stock Returns in Transportation Sub-Sector Companies Listed on the IDX. The results showed that DER had a negative and significant effect on stock returns of 31.7% and ROE had a positive and significant effect on stock returns of 34.6%.

Hypothesis

H1: Liquidity affects stock returns of Property, Real Estate, and Building Construction Companies listed on the Indonesia Stock Exchange for the period 2014-2017
H2: Solvency has an effect on stock returns of Property, Real Estate, and Building Construction Companies listed on the Indonesia Stock Exchange for the period 2014-2017
H3: Profitability has an effect on stock returns of Property, Real Estate, and Building Construction Companies listed on the Indonesia Stock Exchange for the period 2014-2017

Method

The population of this study is the Property, Real Estate, and Building Construction Sector companies listed on the Indonesia Stock Exchange for the period 2014-2017. The sample was selected using the purposive sampling method, which is the sampling technique used by the researcher if the researcher had a sample determination for a specific purpose. The selected criteria are retail companies listed on the IDX during the 2013-2017 period, companies that issue and publish audited annual financial reports, and companies that have complete stock price data to perform calculations. Based on these criteria, 16 companies were chosen as research samples.

The data used is secondary data obtained from the Indonesia Stock Exchange website, namely www.idx.co.id and idnfinancial.com. Variable operationalization is shown as follows:
Table 6. Operational Variablel

Table 5.
Research Sample

No	Stock code	Issuer Name
1	ACST	PT. ACSET INDONUSA TBK
2	APLN	PT. AGUNG PODOMORO LAND TBK
3	ASRI	PT. ALAM SUTERA REALTY TBK
4	BAPA	PT. BEKASI ASRI PEMULA TBK
5	BEST	PT. BEKASI FAJAR INDUSTRIAL ESTATE TBK
6	BIPP	PT. BHUWANATALA INDAH PERMAI TBK
7	BSDE	PT. BUMI SERPONG DAMAI TBK
8	DART	PT. DUTA ANGGADA REALTY TBK
9	DGIK	PT. NUSA KONSTRUKSI ENJINIRING TBK
10	DILD	PT. INTILAND DEVELOPMENT TBK
11	ELTY	PT. BAKRIELAND DEVELOPMENT TBK
12	EMDE	PT. MEGAPOLITAN DEVELOPMENTS TBK
13	GMTD	PT. GOWA MAKASSAR TOURISM DEVELOPMENT TBK
14	JKON	PT. JAYA KONSTRUKSI MANGGALA PRATAMA TBK
15	JRPT	PT. JAYA REAL PROPERTY TBK
16	MDLN	PT. MODERNLAND REALTY TBK
17	MKPI	PT. METROPOLITAN KENTJANA TBK
18	MTLA	PT. METROPOLITAN LAND TBK
19	PWON	PT. PAKUWON JATI TBK
20	SMDM	PT. SURYAMAS DUTAMAKMUR TBK
21	SMRA	PT. SUMMARECON AGUNG TBK
22	SSIA	PT. SURYA SEMESTA INTERNUSA TBK
23	TARA	PT. SITARA PROPERTINDO TBK
24	TOTL	PT. TOTAL BANGUN PERSADA TBK
25	WIKA	PT. WIJAYA KARYA (PERSERO) TBK

VARIABLE	DIMENSIONS	INDICATOR	SCALE
Y Stock return	Company Return and Market Return	$AR_{it} = R_{it} - RM_t$ (Akkaya, 2021)	Ratio
XI Liquidity (CR)	Assets and Liabilities	$CR = \frac{Current\ Debt}{Current\ Assets} x\ 100\%$ (Berthilde & Rusibana, 2020)	Ratio
X2 Solvency (DER)	Debt and Capital	$DER = \frac{Debt}{Equity} x\ 100\%$ (Berthilde & Rusibana, 2020)	Ratio
X3 Profitability (ROA)	Net Profit and Total Assets	$ROA = \frac{Net\ Profit}{Total\ Assets} x100\%$ (Berthilde & Rusibana, 2020)	Ratio

Results and Discussion

Results

Model Estimation Test

Chow test

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.365494	(24,72)	0.0027
Cross-section Chi-square	58.137623	24	0.0001

Based on table 4.2 above, the Chow test results reject Ho because the cross-section chi-square value of 0.0001 is less than the probability value of 0.05, i.e. (0.0001 0.05).

Hausman test

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	7.068590	3	0.0697

Source: Output Eviews 9

Based on the table above, the Hausman test results accept Ho because the chi-square random cross-section value of 0.0697 is higher than the probability value of 0.05, i.e. (0.0697>0.05). This means that the model rejects the fixed effect model and follows the random effect model.

Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives

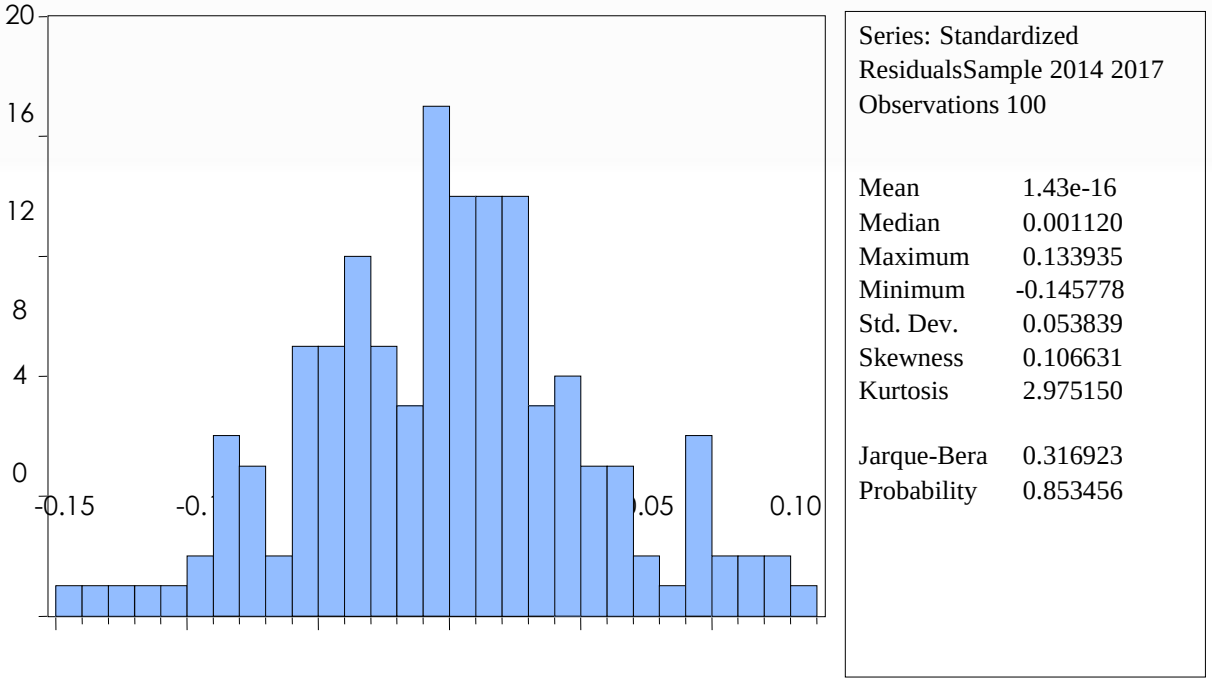
	Test Hypothesis Cross-section	Time	Both
Breusch-Pagan	5.754472 (0.0164)	0.310796 (0.5772)	6.065268 (0.0138)
Honda	2.398848 (0.0082)	-0.557491 --	1.302036 (0.0965)
King-Wu	2.398848 (0.0082)	-0.557491 --	0.274009 (0.3920)
Standardized Honda	2.742283 (0.0031)	-0.237684 --	-2.481596 --
Standardized King-Wu	2.742283 (0.0031)	-0.237684 --	-2.383846 --
Gourierioux, et al.*	--	--	5.754472 (< 0.05)

Source: Output Eviews 9

Based on the table above, because the chi-square random cross-section value of 0.0164 is less than the probability value of 0.05, namely (0.0164 0.05), the Lagrange Multiplier Test rejects Ho. This means that the model rejects the common effect model and follows the random-effects model.

Classical Assumption Test

Normality Test



Sumber: Output Eviews 9

Based on the picture, it can be seen that the probability value or significance value obtained from the Jarque-Bera test is 0.853. Because the probability value in the Jarque-Bera test is greater than the error rate of 5% (0.05), it can be concluded that the regression model is normally distributed, where the distribution of residual data forms a normal distribution curve.
Multicollinearity Test

Multicollinearity Test

Variance Inflation Factors			
Date: 04/13/19 Time: 15:57			
Sample: 1 100			
Included observations: 100			
Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.003239	6.470329	NA
LIQUIDITY	0.000373	3.253855	1.097640
SOLVENCY	0.000905	3.004619	1.096885
PROFITABILITY	0.019747	1.173887	1.000833

Source: Output Eviews 9

Based on the table of multicollinearity test results above, it can be seen that the value of centered variance inflation factors (VIF) shows the value of each variable not more than 10 or < 10. Therefore, it can be concluded that there is no multicollinearity between the independent variables in the regression model.

Heteroscedasticity Test

Heteroskedasticity Test: Glejser			
F-statistic	0.235289	Prob. F(3,96)	0.8716
Obs*R-squared	0.729912	Prob. Chi-Square(3)	0.8661
Scaled explained SS	1.834456	Prob. Chi-Square(3)	0.6075

Source: Output Eviews 9

According to the table of heteroscedasticity test results, the multiplication value of Obs*R-squared is 0.7299. Afterwards, the chi-square table shows an error rate of 5% (0.05), and degrees of freedom 3 yielded a value of 7.815. When the value of Obs*R-squared (0.7299) is compared to the value of the chi-square table (7.815), it shows a value less than the value of the chi-square table (7.815), and the probability value of chi-square is 0.8661, indicating a value greater than the error rate of 5%. (0.05), it is possible to conclude that there is no evidence of heteroscedasticity in the regression model.

Autocorrelation Test

R-squared	**0.622606**	**Mean dependent var**	**0.015707**
Adjusted R-squared	0.610813	S.D. dependent var	0.205886
S.E. of regression	0.128442	Sum squared resid	1.583743
F-statistic	52.79207	Durbin-Watson stat	1.899191
Prob(F-statistic)	0.000000		

Source: Output Eviews 9

Based on table 4.8, the results of the autocorrelation test show that Durbin Watson's number is 1.899. This value will be compared with the DW table with the number of observations (n) = 100, the number

of independent variables (k) = 3, and a significance level of 0.05 in which the value dl = 1.613 and value du=1,736. Because the value of DW=1,899 is greater than the value of du=1,736 and smaller than the value of 4–du=2,264 (1,736<1,899<2,264), also DW is between the values of du and 4–du (du<d<4–du) As a result, the hypothesis that there is no positive and negative autocorrelation in the regression model cannot be rejected.

Regression Analysis of Panel Data

Panel Data Regression

Dependent Variable: STOCK RETURNS				
Method: Panel EGLS (Cross-section random effects)				
Date: 04/13/19 Time: 15:51				
Sample: 2014 2017				
Periods included: 4				
Cross-sections included: 25				
Total panel (balanced) observations: 100				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.023115	0.046951	0.492329	0.6236
LIKUIDITAS	0.003292	0.013341	0.246773	0.8056
SOLVABILITAS	-0.083752	0.020124	-4.161865	0.0001
PROFITABILITAS	1.334410	0.283058	4.714264	0.0000

Source : Output Eviews 9

Based on the study's results, the regression equation model is as follows:

$$Y = 0{,}023115 + 0{,}003292\ LIQUIDITY - 0{,}083752\ SOLVENCY + 1{,}334410\ PROFITABILITY$$

From the regression equation model, it can be explained as follows:

1. If the constant value is 0.023115, it means that the independent variables, namely liquidity, solvency, and profitability are considered constant (value 0), and the dependent variable, namely stock return, is worth 0.023115.
2. If the regression coefficient value of the liquidity variable shows 0.003292, it means that if the liquidity variable has increased by (one) unit, while the other independent variables, namely the solvency variable, and profitability are considered constant (value 0), then, the dependent variable, namely the stock return variable, will be increased by 0.003292.
3. If the regression coefficient value of the profitability variable shows 1.334410, it means that if the profitability variable increases by (one) unit, while the other independent variables, namely the liquidity variable, and solvency are considered constant (value 0), As a result, the dependent variable, namely the stock return variable, will increase by 1.334410.

Results of hypothesis testing

Partial Hypothesis Testing

Dependent Variable: STOCK RETURNS				
Method: Panel EGLS (Cross-section random effects)				
Date: 04/13/19 Time: 15:51				
Sample: 2014 2017				
Periods included: 4				
Cross-sections included: 25				
Total panel (balanced) observations: 100				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.023115	0.046951	0.492329	0.6236
LIQUIDITY	0.003292	0.013341	0.246773	0.8056
SOLVENCY	-0.083752	0.020124	-4.161865	0.0001
PROFITABILITY	1.334410	0.283058	4.714264	0.0000

Source: Results of Output Eviews 9

Based on the table above, the partial test results are as follows:

1. Based on the results of the t-test (partial) in the regression model, the significance value of the liquidity variable is 0.8056> 0.05 (significant level of research). Furthermore, the results of the comparison between t-count and t-table show that the t-count value is 0.246, while the t-table value is 1.985. From these results, it can be seen that t-count <t-table is 0.246 <1.985, it can be concluded that H1 is rejected, meaning that partially liquidity has no effect on stock returns.
2. Based on the results of the t-test (partial) in the regression model, the significance value of the solvency variable was 0.0001 <0.05 (real level of research significance). Besides that, the results of the comparison between t-count and t-table also show that the t-count value is 4.161, while the t-table value is 1.985. Because t-count>t-table is 4.161>1.985, it can be concluded that H2 is accepted, implying that partial solvency has an effect on stock returns.
3. Based on the results of the t-test (partial) in the regression model, the significance value of the solvency variable was 0.0001 <0.05 (real level of research significance). In addition, it can also be seen from the results of the comparison between t-count and t-table which shows the t-count value of 4.714, while t-table is 1.985. From these results, it can be seen that t-count>t-table is 4.714>1.985, it can be concluded that H3 is accepted, meaning that partial profitability has an effect on stock returns.

Coefficient of Determination

R-squared	0.622606	Mean dependent var	0.015707
Adjusted R-squared	0.610813	S.D. dependent var	0.205886
S.E. of regression	0.128442	Sum squared resid	1.583743
F-statistic	52.79207	Durbin-Watson stat	1.899191
Prob(F-statistic)	0.000000		

Source: Results of Output Eviews 9

Based on the results of testing the coefficient of determination in table 4.11 above, it shows that the value of R2 is 0.622, which means that the variability of the dependent variable, namely stock returns, which can be explained by the independent variables, specifically liquidity, solvency, and profitability is 62.2% in this study, while the remaining 37.8% is explained by other variables outside the research model.

Discussion

The Effect of Liquidity on Stock Return

The results revealed that liquidity had no effect on stock returns. This can be seen from the significant value of the liquidity variable of 0.8056> 0.05 (real level of research significance). Further

to that, the results of the comparison between t-count and t-table show that t-count has a value of 0.246 while t-table has a value of 1.985. From these results, it can be seen that t-count <t-table is 0.246 <1.985, it can be concluded that H1 is rejected, meaning that partial liquidity has no effect on stock returns. Thus, the higher the current ratio value indicates the company's success in paying current debt with current assets. So the higher the liquidity, the higher the stock return.

The Influence of Solvency on Stock Return

The results of the comparison between t-count and t-table show that the t-count value is 4.161, while the t-table value is 1.985. Because t-count>t-table is 4.161>1.985, it can be concluded that H2 is accepted, implying that partial solvency has an effect on stock returns.
Hence, a high DER indicates that the company's funding is mostly financed by debt. So, the lower the solvency, the lower the stock return will be.

Effect of Profitability on Stock Return

The results showed that profitability had an effect on stock returns. This can be seen from the significance value of the profitability variable of 0.0000 <0.05 (real level of research significance). Besides, the results of the comparison between t-count and t-table show that t-count has a value of 4.714 whilst also t-table has a value of 1.985. From these results, it can be seen that t-count>t-table is 4.714>1.985, it can be concluded that H3 is accepted, meaning that partial profitability has an effect on stock returns. Thus, the better the profitability ratio, the better the ability to describe the company's high profitability. As a result, the higher the profitability, the higher the stock return.

Conclusions and recommendations

Conclusions

The following conclusions were reached based on the study's results using panel data regression analysis:
1. The results show that partial liquidity does not affect stock returns. This means that the higher the company's liquidity, the lower the stock return.
2. The results showed that solvency had a partial effect on stock returns. This means that the lower the solvency of the company, the higher the stock return.
3. The results show that profitability has a partial effect on stock returns. This means that the higher the company's profitability, the higher the stock return.
4. The results show that liquidity, solvency, and profitability partially affect stock returns. This means that the higher the liquidity, solvency, and profitability of the company, the higher the stock return.

Recommendations

The following are some recommendations that researchers can make:
1. For sub-sector property, real estate, and building construction companies listed on the Indonesia Stock Exchange
a. Increase company liquidity by increasing company profits and increasing the provision of current cash to meet short-term obligations that are due in one period.
b. Reducing the solvency ratio by minimizing the use of debt as a source of capital in financing the company's assets or operational activities. The use of capital sourced from debt is also limited so that the leverage ratio is not too high and it does not have a negative impact on the company's financial distress.
c. Increase company profitability by improving management performance in increasing company sales and reducing company operational costs. Further to that, companies must be aware of various external factors.
d. Increase stock returns by improving financial performance and company management performance, as measured by financial ratios, and minimizing risk from external

factors (macro and microeconomics) that can cause stock returns to decline.

For prospective investors

The study's results are also expected to be used as a reference by potential investors as material for consideration in making investment decisions, with financial performance and company management performance serving as the basis for consideration or assessment in investing. Prospective investors, one of which can be used as a basis for consideration by looking at companies with liquidity, solvency, profitability.

For Further Researchers

It is recommended that future researchers not only focus on the factors examined in this study, but also include other micro or macro factors that may have an impact on stock returns, such as working capital turnover, company size, inflation, interest rates, and other factors.

a. It is recommended that future researchers conduct research in areas such as the basic and chemical industries, various industries, and mining.

b. It is also recommended that future researchers always use the research period with the most recent year. These items are intended to provide a comprehensive and up-to-date picture of the factors that can influence the company's stock returns.

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