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The Effect Of Market Ratio And Profitability Ratio On Stock Return In The Hotel Industry On The Indonesia Stock Exchange Periode 2017-2021

Rivan Rivaldi [1], Diah Yudhawati [2], Titing Suharti [3]
[1,2,3] Management, Faculty of Economics and Business, Universitas Ibn Khaldun Bogor,
JL. K.H. Sholeh Iskandar Km.2, Bogor 16162, Indonesia.
E-mail: Rivanrvldi@gmail.com

Abstract

An investment is a commitment of money or other resources made now for future gains. The objective of investors' investment activities in the capital market is to obtain optimal returns. The purpose of this study was to determine the effect of market ratios and profit ratios on the hotel industry's stock returns on the Indonesia Stock Exchange. A sample of 5 hotels was used in this study. The analysis technique used in this study is multiple linear regression analysis. The results showed that the market ratio (X_1) and profit ratio (X_2) simultaneously affect stock returns (Y). In addition, several market ratios have an impact on stock returns, but the profitability ratios have no effect on stock returns in the Indonesian stock exchange for the hospitality sector. It is suggested that more basic factors such as market ratio and profit ratio should be considered, and the trading volume of the issuing company should be considered to get high returns. The hotel industry listed on the IDX is expected to be able to operate and manage the company's business more efficiently to attract investors to invest their funds

Keywords: Market, Profitability, Stock Return

Introduction

The capital market plays an important role because it connects parties who need funds with those who have excess funds to use to finance their operations. (Prabowo, 2020). The Indonesian capital market has experienced a period of rapid development, as evidenced by an increase in the number of shares traded and an increase in the volume of shares traded

The market ratio measures market price relative to book value. The market ratio in this study is the Price Earning Ratio. The price earnings ratio shows the price at which a share is purchased compared to the profit to be received in the future, which shows that investors have confidence in the amount of profit that will be given by the company, which will be distributed to shareholders in the future. The shape of future dividends. There is a strong relationship between stock prices and the PER ratio, because the PER ratio shows the company's profit growth, so investors will be interested in the profit growth which will ultimately affect stock prices (Arvin Heri Wicaksono, 2016). Views on these ratios are based more on the views of investors or potential investors, although management also has an interest in these ratios

The profitability ratio indicates the capacity of a business to gain profit or serves as a measure of the efficiency of the management team. An increase in ROA indicates that the company's performance is getting better, which will lead to an increase in stock prices and ultimately increase stock returns(Dewi, 2016). ROA is used to measure the effectiveness of the company. ROA shows the company's ability to use all its resources efficiently. The higher this ratio, the more likely the company will generate sufficient profits. Investors will invest in companies with high returns because they believe in them to make a profit. As a result, there is a greater demand for company stock.

To determine whether the financial position of a company or service is better than in previous years or is it experiencing losses, it is important to analyze the impact of market ratios and profitability

ratios. And by evaluating and imagining stock prices, investors can track financial performance. so that investors can decide to invest in a smart way. Investors will not hesitate to buy company shares if the company achieves good profits

So based on the description above, the authors are interested in conducting research with the title **"The Influence of Market Ratios and Profitability Ratios on Stock Returns in the Hospitality Industry on the Indonesia Stock Exchange 2017 – 2021"**

Problem Statement

Based on the above background, the problems in this research are as followed :
1. Does Market Ratio affect Stock Returns in the Hospitality Industry?
2. Does Profitability Ratio affect Stock Returns in the Hospitality Industry?
3. Do Market Ratios and Profitability Ratios affect Stock Returns in the Hospitality Industry?

Objectives of the Study

In accordance with the formulation of the problem this research aims to find out as follows :
1. To determine the effect of Market Ratio on Stock Returns in the hospitality industry.
2. To determine the effect of Profitability Ratio on Stock Returns in the hospitality industry.
3. To determine the effect of market ratios and profitability ratios on stock returns in the hospitality industry.

Research Methods

Type of Research Data

Quantitative data is the type of data used in this study. (Sugiyono, 2018) emphasizes that quantitative data is a research technique based on positivism (concrete data), research data in the form of numbers to be measured using statistics as a numerical test tool, connected to the problem under study to draw a conclusion. In some populations or samples, positivism is used.

Research Data Source

Secondary data in the form of financial statements of each company is the source of data used. Annual financial reports for December 2017 to November 2021 are the documents used in this study. One of the secondary data can be obtained online, according to (Cooper, 1995).

Data Collection Technique

Riduwan (2010), Data collection techniques are data collection methods, namely techniques or methods that can be used by researchers to collect data. The data collection techniques in this study are as follows:

1. Documentation

Data collection is done by reviewing the documents of hotel companies incorporated in the tourism category listed on the Indonesia Stock Exchange.

2. Literature Study (library research)

Studying, reviewing, and examining various literature and other supporting materials related to the research conducted, as well as academic journals, complementary books, and previous research related to this research, is the first step in the data collection process. The literature review was conducted to collect theoretical data, which was then used as a benchmark for comparison in the discussion.

Population

(Sugiyono, 2018) states the population as follows: "Population is a generalization area consisting of objects / subjects that have certain quantities and characteristics that are applied by researchers to study and then draw conclusions,"

The use of population used in the scope of this research is companies included in the hotel industry listed on the Indonesia Stock Exchange, especially for 2017 to 2021, and companies with hotel occupancy rates of more than 50% are the population considered in this study.

Sampel

According to Arikunto (2017: 173) the population is the entire research subject The sampling technique in this study uses Purpose non probability sampling, namely non-random sample selection, whose information is obtained with certain considerations or criteria.

The criteria for the companies selected in this study are as follows:

1. Companies that are consistently listed on the Indonesia Stock Exchange
2. The hospitality company under study is still operating in the research time period (2017-2021)
3. Companies that have a hotel occupancy value above 50%

Data Analysis Method

The data analysis method aims to determine and analyze the effect of market ratios and profitability ratios on stock returns in the hotel industry in Indonesia. SPSS software will help calculate and analyze the data in this study.

Classical Assumption Test

There are various ways to test classical assumptions, including multicollinearity test, heteroscedasticity test, normality test, and autocorrelation test. This test is carried out to see whether the research model data is normally distributed and whether the research has deviations from this distribution. Multiple linear regression statistical test tools can be used if the classical assumption test has been met.

According to Ghozali (2018) the classic assumption test is the initial stage used before multiple linear regression analysis.

Multiple Linear Regression Analysis

Multiple linear regression analysis shows the direction of the relationship between the dependent variable and the independent variable and the intensity of the relationship between two or more variables. Multiple linear regression is expressed as follows:

$$Y = a + b1X1 + b2X2 + e$$

Sumber : (Ghozali, 2006)

Y = Stock Return
a = the constant of the regression equation
b1 = regression coefficient of the variable X_1
b2 = regression coefficient of the variable X_2
X1 = PER
X2 = ROA
e = error / confounding variable

Correlation Coefficient

This correlation coefficient is used to measure how strong the relationship is between the independent variable (X) and the dependent variable (Y). Then the formula used in the correlation coefficient analysis is as follows :

$$r_{xy} \frac{n \sum XY - (\sum X) - (\sum Y)}{\sqrt{(n\sum X^2 - (\sum X)^2 . (n \sum Y^2 - (\sum Y)^2)}}$$

Sumber : (Kasmadi, 2013:130)

Description :
r = Correlation coefficient
n = Number of sample data studied

Coefficient of Determination (R2)

The coefficient of determination (R2) essentially measures how much the ability of the independent variable (X) to explain the variation in the dependent variable (Y). The coefficient of determination is between zero (0) and one (1). A small R2 value means that the ability of the independent variables to explain the variation in the dependent variable is very limited. A value close to one means that

the independent variables provide almost all the information needed to predict the variation in the dependent variable.
KP = r2 x 100%
Sumber : (Damanik, 2019)

Hypothesis Testing

Hypothesis testing is needed to prove whether in this study the independent variable affects the dependent variable. This test can be done with Partial Test (t test) and Simultaneous Test (f test).
1.Partial test (t test)
Partial test or statistical test is used to partially determine the relationship between the independent variable and the dependent variable. The significant level is 5%
2.Simultaneous Test (F Test)
Simultaneous testing of the F statistical test is used to determine the feasibility of the data. The decision rules in the f test use a significance level of 5%.

Results

Classical Assumption Test
Normality Test

To find out whether the data is normally distributed or not. This study uses the Kolmogorov-smirnov test, p-plot graph test, histogram statistical test, with a significant level of 0.05..

Tabel 1. Hasil Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		25
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	17.88229649
Most Extreme Differences	Absolute	.106
	Positive	.106
	Negative	-.071
Test Statistic		.106
Asymp. Sig. (2-tailed)[c]		.200[d]

Sumber : Data diolah menggunakan spss

In accordance with the Kolmogorov-Smirnov criteria if Asymp. Sig. (2-tailed) >0.05 means the data is normally distributed and if Asymp. Sig. (2-tailed) <0.05 means the data is not normally distributed. Based on the data from the table above, the value of Asymp. Sig. (2-tailed) is 0.200> 0.05, then the data is declared normally distributed.

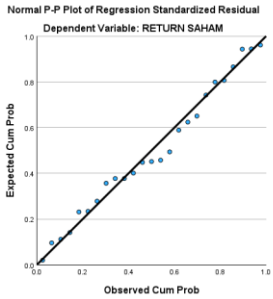

Figure 1. Grafik P-Plot
Sumber : Hasil Data diolah dengan spss

In the picture above, the normal P-Plot test shows that the distribution of data points tends to follow the direction of the diagonal line, it can be said that the regression is normally distributed so it is suitable for analysis.

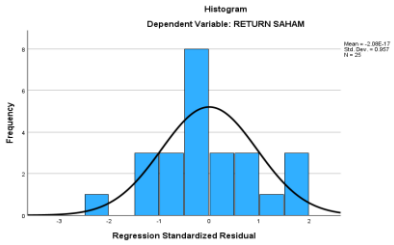

Figure 2. Grafik Histogram
Sumber : Data diolah menggunakan spss

In the picture above, the curve is formed normally because some of the bars are under the curve and the shape of the curve resembles a bell, so the variable shows that the data is normally distributed..

Uji Multikolinieritas

Table 2. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	**VIF**
1. PER	.926	1.080
2. ROA	.926	1.080

Based on the table above, it is known that the VIF value of PER (X1) and ROA (X2) is 1.080 < 10 and the Tolerance Value value is 0.926> 0.1, so the data does not occur multicollinearity..

Heteroscedasticity Test

The heteroscedasticity test is used to determine whether the variance and residuals between different observations in the regression model are not the same. The presence or absence of certain regular patterns on the scatterplot graph and dots scattered above and below the 0 mark on the Y-axis can be used to determine whether the regression model has heteroscedasticity problems.

Image 3. Heteroscedasticity Test Results

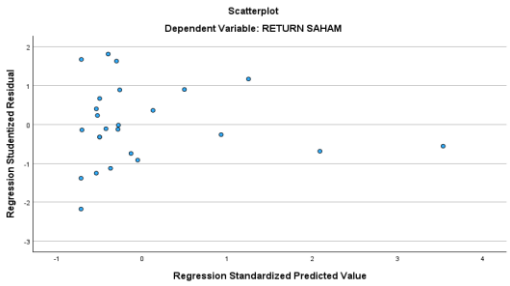

Figure 3. Heteroscedasticity Test Results

Sumber : Data diolah menggunakan spss

Based on the picture above, the scatterplot graph shows that the points spread randomly and do not form a clear or regular pattern. Thus it can be concluded that there is no heteroscedasticity in the regression model.

Autocorrelation Test

Table 3. Autocorrelation Test Results

Model	Durbin-Watson
1	2.051[a]

Sumber : Data diolah menggunakan spss

Based on the results of the above calculations, where the decision is made whether or not there is autocorrelation, namely, where the test results obtained by the number of data (n) = 25 and the coefficient (k) = 3, the dU value is 1.5495 and dL is 1.2063 so that it can be known that 4-dU is 2.4505 and 4-dL is 2.7937. The value of d = 2.051 then the value (4-d) is 1.949.

It can be concluded that the value (4-d) is 1.949. So the value of dL < (4 - d) < dU (1.2063 < 1.949 < 1,.5495) then the test is inconclusive or cannot be concluded, so it can be stated that there are no symptoms of autocorrelation.

Multiple Linear Regression Analysis

Table 4. Multiple Linear Regression Analysis Results

Model	Unstandardized Coefficients	t	sig
	B		
1 (Constants)	-051	-.670	.510
PER	.032	.085	.009
ROA	-.005	.505	.061

Sumber : data diolah menggunakan spss

Based on the results of the multiple regression analysis calculation, the regression equation Y = 0.051 + 0.032 X1 + 0.005 X2 + e. The regression equation can be interpreted that :

a. constant of 0.051 means that if there is no market ratio, and profitability ratio, the stock return in the hospitality industry on the Indonesia Stock Exchange in 2017-2021 is 0.051%
b. The regression coefficient for the market ratio of 0.032 is positive, meaning that if the market ratio increases by 1% while other variables remain constant, it will cause an increase in stock returns in the hotel industry on the Indonesia Stock Exchange in 2017-2021 by 0.032%
c. The regression coefficient for the profitability ratio of -0.005 is negative, meaning that if the profitability ratio increases by 1% while other variables remain constant, it will cause a decrease in stock returns in the hotel industry on the Indonesia Stock Exchange in 2017-2021 by -0.005%

Correlation and Determination Coefficient Analysis

Table 5. Results of correlation and determination coefficient analysis

Model Summary[b]		
Model	**R**	**R.Square**
1	.127[a]	.1612

Sumber : data diolah menggunakan spss

a. Correlation Coefficient Analysis

The correlation value (R) obtained is 0.127, this shows a fairly strong relationship between PER and ROA with stock returns. with the value of R being in the interval 0.199 - 0.398, the stronger the relationship will be if the R value is higher.

b. Coefficient of Determination Analysis

The coefficient of determination (R.Square) is obtained at 0.1612 or 16% where the contribution of PER (X1), ROA (X2) variables is 16% to Stock Returns (Y) and the remaining 84% is influenced by other variables.

Hypothesis Test

Table 6. F Statistical Test Results

Model		**Df**	**F**	**Sig.**
1	Regression	.013	.180	.008[b]
	Residual	.764		
	Total	.777		

Sumber : data diolah menggunakan spss

The significant value of Table 6 is 0.008 which is smaller than 0.05 based on the results of simultaneous testing, it shows that there is a combined effect of market ratios and profitability ratios on stock returns in the hospitality sector on the Indonesia Stock Exchange in 2017-2021.

Uji Statistik t (Uji Secara Parsial)

Tabel 7. Hasil Uji statistik t

Model	**Unstandardized Coefficients**	**t**	**sig**
	B		
1 (Constants)	-051	-.670	.510
PER	.032	.085	.009
ROA	-.005	.505	.061

Sumber : Data diolah menggunakan spss

1. Based on the results of the partial test calculation, the results for the market ratio variable obtained a significant probability value of 0.009 which is smaller than 0.05, meaning that there is an effect of market ratios on stock returns in the hospitality industry on the Indonesia Stock Exchange 2017 - 2021.
2. Based on the results of the partial test calculation, the results for the profitability ratio variable obtained a significant probability value of 0.061 which is greater than 0.05, meaning that there is no effect of the profitability ratio on stock returns in the hospitality industry on the Indonesia Stock Exchange 2017-2021..

Conclusion

The conclusion in this study is: 1. Based on the results of the partial test calculation, the results for the market ratio variable obtained a significant probability value of 0.009 which is smaller than 0.05, meaning that there is an effect of market ratios on stock returns in the hospitality industry on the Indonesia Stock Exchange 2017 - 2021. 2. Based on the results of the partial test calculation, the results for the profitability ratio variable obtained a significant probability value of 0.061 which is greater than 0.05, meaning that there is no effect of the profitability ratio on stock returns in the hospitality industry on the Indonesia Stock Exchange 2017-2021. 3. Based on the results of the simultaneous test calculation, it is obtained that the significant probability value is 0.008 which is smaller than 0.05, meaning that there is an effect of market ratios and profitability ratios together on stock returns in the hotel industry on the Indonesia Stock Exchange 2017-2021.

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