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Differences in the Influence of Fundamental Analysis on Stock Returns Between Mining Sector and Consumer Goods Sector

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ABSTRACT

This study explores variations in the fundamental factors impacting stock returns by focusing on two sectors: the mining sector and the consumer goods sector. The financial metrics analyzed include Price Earning Ratio (PER), Return on Assets (ROA), and Earning Per Share (EPS). The sample comprises the financial reports from 2018 to 2022 for 12 companies, evenly split between 6 mining sector companies and 6 consumer goods sector companies listed on the LQ45 of the Indonesian Stock Exchange. The findings reveal dissimilar effects of financial analysis on stock returns in the mining and consumer goods sectors. In the mining sector, the combined influence of PER, ROA, and EPS is positive but insignificant on stock returns.

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INTRODUCTION

Stock investing is one type of capital market investment that is available. It is frequently associated with a high degree of risk as well as the possibility of large gains. Risk-taking investors will select companies with higher risk in the hopes of making bigger rewards down the road. On the other hand, for investors who are less risk-averse, they tend to plan for more stable profits. Please remember that any form of investment always involves risk, because the expected results will only be realized in the future, and the actual results may be greater or smaller than the amount invested.Fathoni (2014:3), analysis and assessment of shares in the capital market is usually carried out through two main approaches: fundamental analysis and technical analysis. The interplay of these two approaches contributes to market dynamics, shaped by the forces of supply and demand, ultimately affecting the oscillation of a company's stock price.

Fundamental analysis includes an assessment of the factors underlying the price movement of an asset. Samsul (2006:335) notes that there are many factors that influence stock returns, including macroeconomic factors such as inflation, interest rates, foreign exchange rates, economic growth, international oil prices, and regional stock indices. Apart from that, non-economic factors such as domestic and foreign political events, social events, legal events, can also influence stock price movements. Microeconomics factors such as earnings per share, dividend per share, book value per share, debt equity ratio, and other financial indicators also play an important role. There has been research conducted by many previous researchers in terms of observing how investment results in the form of company stock returns can be explained using the influence of the issuer's fundamental factors and the macroeconomic influence of a country, such as research conducted by Khairadiyar et al. That. (2011) found that financial ratios could be used to predict stock returns on Bursa Malaysia for the period January 2000 to December 2009.

In line with Sulishan (2009) and Hirmawan (2012), Puckett and Angono (2013) found that earnings per share had a favorable and significant effect on stock returns. In their investigation of Pakistani textile companies, Khan et al. (2013) observed a beneficial impact of earnings per share (EPS) on stock returns, utilizing financial reports spanning from 2003 to 2009. Research by Al-Lawzi and Ghassan in 2016 revealed a significant relationship between EPS and manufacturing companies on the Amman Stock Exchange. In parallel, Ali et al. (2015) discovered a substantial and positive impact of earnings per share on the stock prices of non-financial companies listed on the KSE-100 index. This differs from the findings of Jasman and Kasran (2017), who concluded that there is no influence of earnings per share on stock returns. According to Praytno et al. (2017), the DER variable demonstrates a positive impact and does not exert any influence on stock returns. Similarly, in the study conducted by Liciani and Ratna in 2021, the findings and discussions lead to the conclusion that the DER test results do not impact stock returns following the announcement of financial reporting. Research conducted by Al-Lawzi and Ghassan in 2016 showed that DER had insignificant relationships with manufacturing companies on the

Amman Stock Exchange. However, it is very different from Sugiarto's research conducted in 2011, DER was reported to have negative and significant results on stock returns. In 1991, Chan et al. conducted research on the Tokyo Stock Exchange, uncovering a significant association between fundamental variables and expected returns in the Japanese market. Out of the fundamental variables investigated, the value-added ratio and cash flow yield demonstrated the most pronounced positive influence.

Figure 1. Disparities in Stock Returns Between the Mining Sector and the Consumer Goods Sector.
Socurces: Data Processed, 2023

Observing the image provided, stock returns in the mining sector frequently undergo significant variations, particularly due to the impact of global commodity prices. Meanwhile, stock returns to the consumer goods sector were predominantly stable. High commodity prices can push up company share prices. This research aims to increase investors' understanding and help them make investment decisions independently in an effective and efficient way. Therefore, it is important for investors to understand fundamental analysis as the main consideration tool in making investment decisions in the future. Researchers will measure the fundamental influence of PER, ROA and EPS on share returns to the mining and consumer goods sectors listed in the LQ 45 indexes on the IDX for the 2018-2022 period. Additionally, we will examine variations in the impact of PER, ROA, and EPS on stock returns within the mining and consumer goods sectors listed in the LQ 45 indexes on the Indonesia Stock Exchange (BEI) for the period spanning 2018 to 2022.

LITERATURE REVIEW

Investment

As per Falah (2017: 11), "investment is the act of allocating a specific sum of money or conserving funds with the anticipation of future financial gains." Murrofiatun (2018:21) concurs, defining investment as the practice of deferring current consumption by a certain amount and duration, directing it towards a productive asset. Investors engage in this activity with the objective of realizing anticipated profits in the future. In essence, investment involves deferring immediate consumption to allocate a specific sum of money to a productive asset over a defined period, with the expectation of future profits.

Stock Returns

Consistent with Moeljadi (2015:97), the term "return" denotes the gains acquired by companies, individuals, and institutions as a consequence of the applied investment strategies. Conversely, Abidin (2016:28) defines stock returns as the profits or losses, along with yields in the form of dividends, that investors obtain from their investment activities. Various factors impact these returns. Therefore, stock returns encompass the profits or losses experienced by investors in their investments, originating from companies, individuals, and institutions.

Fundamental Analysis

Fuady (2014:17) concludes that fundamental analysis is the process of analyzing securities by taking into account various factors, both internal (company financial data) and external to the company (industrial sector and macro economic conditions) with the aim of determining the company's intrinsic value. Meanwhile, as per Tannadi (2019:241), fundamental analysis involves evaluating the status of a company, considering both its financial aspects (as reflected in its financial reports) and qualitative aspects such as performance, management, and the company's future potential. There are several fundamental analysis ratios, namely:

1. Price Earning Ratio (PER)

As outlined by Tannady (2019:250), the Price-to-Earnings Ratio (PER) is defined as the ratio between the market price per share and the net profit per share. The PER ratio provides insight into the duration it takes for the company to recoup the invested capital. In accordance with Ekananda (2019:463), the Price-to-Earnings Ratio (PER) illustrates the extent to which investors are willing to take on the risk associated with acquiring each share. The formula for calculating PER is as follows:

PER = Share Price / Earnings Per Share (EPS)

2. Return On Assets (ROA)

As per Fahmi (2013:137), Return on Assets (ROA) is defined as the ratio between the company's net profit and its total assets. The ROA ratio is used to assess the extent to which investments that have been made are able to provide returns as expected. And the investment is actually the same as the company assets invested or determined. The ROA figure can be said to be good if it is > 2%. In contrast, as outlined by Ekananda (2019), Return on Assets (ROA) serves as a metric for gauging the returns generated by a company through the utilization of all its assets. The Return on Assets metric indicates the company's proficiency in utilizing all its assets to generate profits effectively and efficiently. The formula for calculating ROA is as follows:

ROA = Net Profit / Total Assets

3. Earnings Per Share (EPS)

According to Tannady (2019:249), EPS or the company's net profit is distributed to each number of shares outstanding. The EPS ratio shows how much net profit we get from each share we own. Meanwhile, according to Ekananda (2019:463), EPS is a measure that provides information to shareholders about the amount of profit per share obtained by shareholders or investors in a certain period, for example in one year. This ratio improves as the obtained results increase and stands as a crucial metric for assessing the fairness of share prices in the market. It also plays a vital role in measuring the price-earnings ratio for each share. The formula for calculating EPS is as follows:

EPS = Net Profit / Share Out

METHODOLOGY

This study employs a quantitative research approach, utilizing secondary data collection methods, specifically documentation. The information is obtained from the official website of the Indonesia Stock Exchange (BEI). Additionally, annual closing stock price data is extracted from the official Yahoo Finance website.

Pupulation and Sample

The study's population encompasses all stocks listed on the BEI from 2018 to 2022. The research focuses on samples from the mining and consumer goods sectors, specifically those included in the LQ 45 Index during the same period. Panel data analysis is employed, with stock returns as the dependent variable and PER, ROA, and EPS as the independent variables. The research adopts a purposive sampling technique to select objects based on specific criteria aligned with the research objectives. The criteria for companies included in this study are::

1. Companies listed as LQ 45 Stock Index on the Indonesia Stock Exchange in 2023. (45 samples)
2. Companies included in the mining and consumer goods sectors. (15 samples).
3. Companies registered in LQ45 for at least 3 years during the 2018-2022 period (12 samples).

Table 1. Research Sample

No	Stock Code	Emiten	Sector
1	2	3	4
1.	PTBA	Bukit Asam Tbk.	Mining
2.	ANTM	Aneka Pertambangan Tbk.	Mining
3.	ADRO	Adaro Energy Tbk	Mining
4.	INCO	Vale Indonesia Tbk.	Mining
5.	ITMG	Indo Pertambanganraya Megah Tbk.	Mining
6.	MDKA	Merdeka Copper Gold Tbk	Mining
7.	GGRM	Gudang Garam Tbk.	Consumer Goods
8.	ICBP	Indofood CBP Sukses Makmur Tbk.	Consumer Goods
9.	UNVR	Unilever Indonesia Tbk.	Consumer Goods
10.	KLBF	Kalbe Farma Tbk.	Consumer Goods
11.	INDF	Indofood Sukses Makmur Tbk.	Consumer Goods
12.	HMSP	H.M. Sampoerna Tbk.	Consumer Goods

Sources: Idx

Data Analysis Technique

The analysis of data in this study employs the panel data technique. As defined by Widarjono (2018:361), pooled data, or panel data, is a merging of time series and cross-sectional data. This approach involves sampling both events at specific times and sequences over time. Consequently, the Eviews 13 application is utilized as the analytical tool for processing the research data. Panel data, being a blend of cross-sectional and time series data, is generally formulated in the model as follows:

$Yit = \alpha i + \beta Xit + \varepsilon it$; I = 1,2,…N ; t = 1,2,…T

Information:'
N= number of observation units
T= amount of time
N x T = number of panel data
αi = intercept
β = slope
εit = individual error I at time t

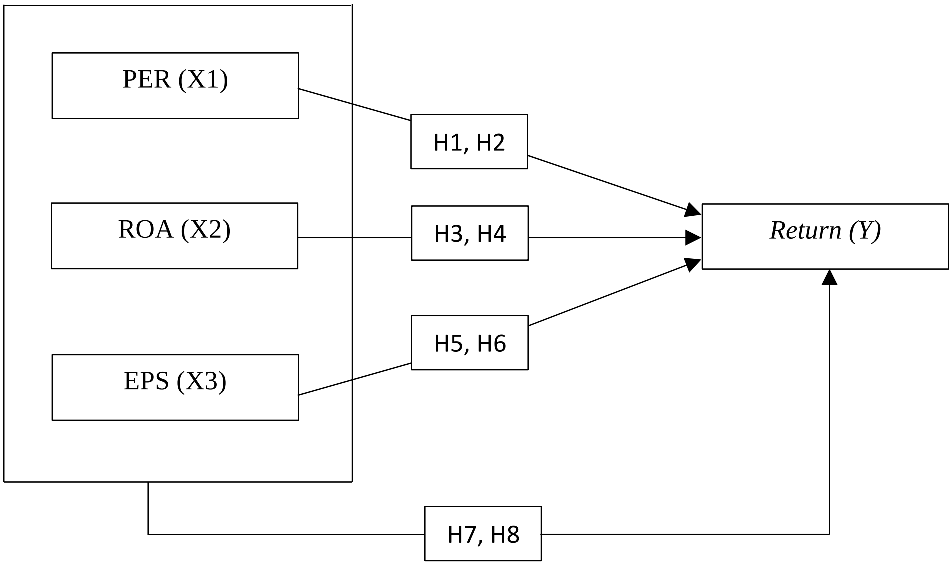

Figure 2. Relationship between variables.

The author's hypothesis in this research is:
H_1 = PER has a positive and significant influence on stock returns in the mining sector.
H_2 = PER has a positive and significant influence on stock returns in the consumer goods sector.
H_3= ROA has a positive and significant influence on stock returns in the mining sector.
H_4 = ROA has a positive and significant influence on stock returns in the consumer goods sector.
H_5 = EPS b has a positive and significant influence on stock returns in the mining sector.
H_6 = EPS has a positive and significant influence on stock returns in the consumer goods sector.
H_7 = All independent variables in mining sector shares together have a significant influence on the dependent variable.
H_8= All independent variables for shares in the consumer goods sector together have a significant influence on the dependent variable.
H_9 = There is a difference in the influence of fundamentals on stock returns in the mining sector and the consumer goods sector.

RESEARCH RESULT AND DISCUSSION

Descriptive Statistics

Descriptive analysis is data analysis that describes variables in research such as mean, standard deviation, maximum value and minimum value. The purpose of Descriptive Analysis is to find out the description or characteristics of the distribution of data in a sample. The following are the descriptive data results:

Table 2. Mining Sector Descriptive Statistics Results

	RETURN	PER	ROA	EPS
Mean	0.298004	30.85781	0.107875	1154.563
Median	0.215486	13.02366	0.066700	185.9577
Maximum	1.304000	172.5849	0.462337	16994.12
Minimum	-0.433333	2.296383	0.006420	8.066827
Std. Dev.	0.436524	39.93893	0.104514	3222.768
Skewness	0.508254	2.071924	1.622155	4.258091
Kurtosis	2.905931	6.912497	5.549761	20.98994
Jarque-Bera	1.302673	40.59889	21.28354	495.2043
Probability	0.521348	0.000000	0.000024	0.000000
Sum	8.940120	925.7344	3.236252	34636.90
Sum Sq. Dev.	5.526049	46258.42	0.316771	3.01E+08
Observations	30	30	30	30

Socurces: Data Processed Eviews 13, 2023

The descriptive statistical analysis of mining sector shares reveals that there were 30 observations from 6 research samples spanning the period from 2018 to 2022. The average stock returns (Y) stood at 0.30, indicating a yearly return change of 30%. The minimum value was -0.43 (Indo Tambangraya Megah Tbk, 2019), and the maximum was 1.30 (Aneka Tambang Tbk, 2020). The standard deviation of 0.43 signifies considerable variability in stock returns within the consumption sector, as the standard deviation exceeds the mean.

The Price Earning Ratio (PER) had an average of 30.85, suggesting that, on average, companies had a price per share level of 30.85 times during the research period. The standard deviation of PER was 39.94, indicating a diverse distribution of PER data. The minimum PER was 2.30 (PT Indo Tambangraya Megah Tbk, 2022), and the maximum was 172.58 (PT Merdeka Copper Gold Tbk, 2021). The Return on Assets (ROA) had a mean of 0.108, indicating that each IDR 1 of company assets could generate IDR 0.108 in profit. The ROA standard deviation, lower than the mean at 0.104, suggests a stable distribution of data. The minimum ROA was 0.0064 (PT Aneka Tambang, 2019), and the maximum was 0.46 (PT Indo Tambangraya Megah Tbk, 2022). Earning Per Share (EPS) had an average of 1154.56, signifying an average profit per share of IDR 1154.56 during the research period. The EPS standard deviation of 3222.77 indicates a diverse distribution of EPS data. The minimum EPS was 8.07 (PT Aneka

Tambang, 2019), and the maximum was 16994.12 (PT Indo Tambangraya Megah Tbk, 2022).

Table 3. Consumer Goods Sector Descriptive Statistics Results

	RETURN	PER	ROA	EPS
Mean	-0.104804	16.76853	0.147755	967.1871
Median	-0.093500	15.71439	0.123869	553.8683
Maximum	0.267000	31.87522	0.446758	5654.993
Minimum	-0.441000	5.446074	0.031387	52.41862
Std. Dev.	0.189513	8.170500	0.112464	1371.225
Skewness	-0.102793	0.347401	1.098733	2.161971
Kurtosis	2.255015	1.777312	3.202955	6.824599
Jarque-Bera	0.746584	2.472144	6.087557	41.65503
Probability	0.688464	0.290523	0.047654	0.000000
Sum	-3.144121	503.0559	4.432653	29015.61
Sum Sq. Dev.	1.041538	1935.955	0.366794	54527453
Observations	30	30	30	30

Socurces: Data Processed Eviews 13, 2023

The results of descriptive statistical analysis of shares in the consumer goods sector show that there are 30 observations from 6 research samples on shares in the consumer goods sector during the period 2018 to 2022. The dependent variable stock return (Y) has an average of -0.105, indicating a return change of 1% per year, with a minimum value of -0.44 (PT Unilever Indonesia Tbk, 2021) and a maximum of 0.27 (PT Kalbe Farma Tbk, 2022), as well as a standard deviation of 0.18 which shows that data on the distribution of stock returns on consumption sector stocks varies because the standard deviation value is greater than the mean value.

Price Earning Ratio (PER) The standard deviation of PER is 8.17, which means it is lower than the mean value, indicating that PER distribution data is stable, with a minimum of 5.45 (PT Unilever Indonesia Tbk, 2021) and a maximum of 31.87 (PT Hanjaya Mandala Sampoerna Tbk, 2018). Return on Assets (ROA) The ROA standard deviation is lower than the mean value (0.11) indicating a stable distribution of data, with a minimum of 0.031 (PT Gudang Garam Tbk., 2022) and a maximum of 0.447 (PT Unilever Indonesia Tbk, 2018). Earning Per Share (EPS) X3 independent variable has a mean of 967.17, indicating an average profit per share of IDR 967.17 during the research period. The EPS standard deviation is 1371.25, indicating a varied distribution of data, with a minimum of 52.41 (PT Kalbe Farma Tbk, 2018) and a maximum of 5655 (PT Gudang Garam Tbk, 2019).

The Classical Assumption Test

After opting for the regression model, the panel data regression model chosen for mining sector shares is CEM, whereas for the consumption sector, it is REM. The classical assumption tests encompass four evaluations: normality, heteroscedasticity, multicollinearity, and autocorrelation. Given the choice of the CEM model for the mining sector, which involves more than one independent variable (x), this research employs the Ordinary Least Squares (OLS) for the heteroscedasticity and multicollinearity tests. Conversely, for the consumption sector utilizing the REM model and involving more than one independent variable (x), the classical Generalized Least Squares (GLS) assumption test, specifically the normality test and multicollinearity test, is applied (Kuncoro, 2009)

Table 4. Mining Sector Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.318866	0.111810	2.851867	0.0084
PER	0.000246	0.001416	0.173871	0.8633
ROA	0.062469	0.843005	0.074103	0.9415
EPS	-1.71E-05	2.43E-05	-0.702370	0.4887

Socurces: Data Processed Eviews 13, 2023

The probability value for each variable is PER 0.86, ROA 0.94, and EPS 0.49, which means it is greater than the standard level of 0.05, meaning that there are no symptoms of heteroscedasticity.

Table 5. Mining Sector Multicollinearity Test Results

	PER	ROA	EPS
PER	1.000000	-0.502685	-0.239393
ROA	-0.502685	1.000000	0.782137
EPS	-0.239393	0.782137	1.000000

Socurces: Data Processed Eviews 13, 2023

The correlation values between the variables PER & ROA -0.50, PER & EPS -0.24, ROA & PER -0.50, ROA & EPS 0.78, EPS & PER -0.24, and EPS & ROA 0.78, which means that all correlation values between variables are smaller than the standard level 0.90 means that there is no multicollinearity between variables.

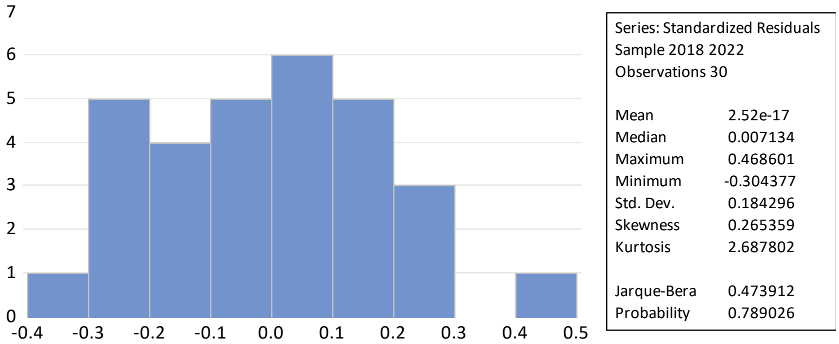

Figure 3 Consumer Goods Normality Test Results
Socurces: Data Processed Eviews 13, 2023

Based on the normality test results, a probability result of 0.789026 is greater than 0.05, meaning it is normally distributed.

Table 6. Consumer Goods Sector Multicollinearity Test Results

	PER	ROA	EPS
PER	1.000000	-0.184461	-0.384249
ROA	-0.184461	1.000000	-0.074065
EPS	-0.384249	-0.074065	1.000000

Socurces: Data Processed Eviews 13, 2023

The correlation values between the variables PER & ROA -0.18, PER & EPS -0.38, ROA & PER -0.18, ROA & EPS 0.74, EPS & PER -0.38, and EPS & ROA 0.74, which means that all correlation values between variables are smaller than the standard level 0.90 means that there is no multicollinearity.

Hypothesis Test

Table 7. Mining Sector Partial Test Results.

Variable	Probability Value	α (*level of significant*)	Result
PER	0.8633	0.05	Insignificant
ROA	0.9415	0.05	Insignificant
EPS	0.4887	0.05	Insignificant

Socurces: Data Processed Eviews 13, 2023

Table 8. Consumer Goods Partial Test Results.

Variable	Probability Value	α (*level of significant*)	Result
PER	0.0118	0.05	Significant
ROA	0.3345	0.05	Insignificant
EPS	0.6299	0.05	Insignificant

Socurces: Data Processed Eviews 13, 2023

The t statistical test primarily assesses the degree to which an explanatory or independent variable independently contributes to explaining variations in the dependent variable. If the significance probability value surpasses 0.05, the hypothesis is rejected, indicating that the independent variable lacks a substantial impact on the dependent variable. On the contrary, if the significance probability value falls below 0.05%, the hypothesis is upheld, signifying that the independent variable does exert a significant influence on the dependent variable.

From the outcomes of the partial test concerning mining sector shares (as depicted in table 7), it is observed that PER (X1) yields a probability value of 0.8633 > 0.05, signifying the lack of a significant effect on stock returns. Similarly, ROA (X2) exhibits a probability value of 0.9415 > 0.05, indicating the absence of a substantial impact on stock returns. Additionally, EPS, with a probability value of 0.4887 > 0.05%, implies that the independent variable lacks a noteworthy effect on the dependent variable. Conversely, the partial test results for shares in the consumer goods sector (illustrated in table 8) show a PER value with a probability value of 0.018 < 0.05, indicating a significant effect on the dependent variable. However, for ROA and EPS, the probability values (> 0.05%) are 0.3345 and 0.6299, respectively, implying that these independent variables do not have a significant impact on the dependent variable.

Table 9. Simultaneous Test Results (F-Test) in the Mining Sector

R-squared	0.152407	Mean dependent var	0.298004
Adjusted R-squared	0.054608	S.D. dependent var	0.436524
S.E. of regression	0.424438	Akaike info criterion	1.247465
Sum squared resid	4.683840	Schwarz criterion	1.434291
Log likelihood	-14.71197	Hannan-Quinn criter.	1.307232
F-statistic	1.558368	Durbin-Watson stat	2.145469
Prob(F-statistic)	**0.223297**		

Socurces: Data Processed Eviews 13, 2023

Table 10. Simultaneous Test Results (F-Test) in the Consumer Goods Sector

R-squared	0.218320	Mean dependent var	-0.035301
Adjusted R-squared	0.128127	S.D. dependent var	0.142807
S.E. of regression	0.133345	Sum squared resid	0.462301
F-statistic	2.420569	Durbin-Watson stat	1.884792
Prob(F-statistic)	**0.088769**		

Socurces: Data Processed Eviews 13, 2023

The primary purpose of the F statistical test is to evaluate whether the combined set of independent variables in the model has a collective impact on the dependent variable. The determination of this impact's significance is contingent upon analyzing the Probability F-statistic value. A Probability F-statistic value below 0.05 indicates that all independent variables, when considered together, have a significant influence on the dependent variable. Conversely, if the Probability F-statistic value surpasses 0.05, it implies that the combined effect of all independent variables does not achieve statistical significance on the dependent variable.

Based on the outcomes of the simultaneous tests for mining sector shares (as depicted in table 9), the Probability F-statistic value registers at 0.223297, exceeding the 0.05 threshold. Consequently, H7 is rejected, indicating that collectively, all independent variables (PER, ROA, EPS) lack significant influence on the dependent variable, namely stock returns. Similarly, for the simultaneous test results on consumer goods sector shares (refer to table 10), the Probability F-statistic value is 0.088769, surpassing 0.05. Consequently, H8 is rejected, suggesting that collectively, all independent variables (PER, ROA, EPS) do not significantly impact the dependent variable, namely stock returns.

Table 11. Determination Test (R2)in the Consumer Goods Sector

R-squared	**0.152407**
Adjusted R-squared	0.054608
S.E. of regression	0.424438
Sum squared resid	4.683840
Log likelihood	-14.71197
F-statistic	1.558368
Prob(F-statistic)	0.223297

Socurces: Data Processed Eviews 13, 2023

Table 12. Determination Test (R2)in the Mining Sector

R-squared	**0.218320**
Adjusted R-squared	0.128127
S.E. of regression	0.133345
F-statistic	2.420569
Prob(F-statistic)	0.088769

Socurces: Data Processed Eviews 13, 2023

The coefficient of determination (R2) serves as a metric for gauging the extent to which the model can elucidate variations in the dependent variable. R2 values range between zero and one. A low R2 value signifies a limited capacity of the independent variables to account for variations in the dependent variable. Conversely, a value approaching 1 indicates that the independent variables furnish nearly all the necessary information to predict the dependent variables.

Based on the results of the determination test on mining sector shares (table 11), the R squared value shows a value of 0.152407 or 15%. This shows the ability of variations in the independent variables used in the model to explain the dependent variable by 15%. Thus, there are 75% other variables outside the research variables that can be used to analyze the influence on stock returns.

As for the results of the determination test on shares in the consumer goods sector (table 12), the R squared value shows a value of 0.218329 or 22%. This shows the ability of variations in the independent variables used in the model to explain the dependent variable by 22%. Thus, there are 78% other variables outside the research variables that can be used to analyze the influence on stock returns.

Interpretation

Based on the results of data processing using the Eviews 13 application, the following regression equation results were obtained:

1. Mining Sector Stock Panel Data Regression Equation

   RETURN = 0.018073 + 0.004145 (PER) + 1.292758 (ROA) + 0.0000109 (EPS)

   a. Constant or intercept (return stock)

      Based on the results of the equation above, a constant coefficient of 0.018073 is obtained. This shows that stock returns will increase by IDR 0.018073 when the value of other independent variables is constant or fixed or zero.

   b. Price Earning Ratio (PER)

      The regression coefficient value for the PER variable is 0.004145, meaning that every 1% increase in PER will have a positive effect or increase stock returns in the mining sector worth IDR 0.004145. Then, the results of the significance test in table 7 show that the probability value is 0.0937 > 0.05, so H1 is rejected. Therefore, it can be inferred that the PER variable has a positive yet statistically insignificant impact on stock returns within the mining sector.

Based on the results above, it shows that some investors think that PER describes good company performance. A higher Price-to-Earnings Ratio (PER) signifies increased investor confidence in the company's shares for generating profits. This implies that a higher PER value indicates greater demand for the company's shares. The greater the demand, the greater the company's stock returns will also be. The increase in PER can be seen in PT shares.

c. Return On Assets (ROA)

The regression coefficient value for the ROA variable is 1.292758, meaning that every 1% increase in ROA will have a positive effect or increase stock returns in the mining sector by IDR 1.292758. Then, the results of the significance test in table 7 show that the probability value is 0.3704 > 0.05, so H3 is rejected. Therefore, it can be deduced that the Return on Assets (ROA) variable has a positive yet statistically insignificant impact on stock returns within the mining sector.

The results above show that some investors consider that an increase in ROA can indicate good company performance and believe that company management can utilize total assets well and in the end can increase profits, thereby having an impact on stock returns for investors. This can be seen from one of the mining companies, PT INCO, from 2018 to 2019 experiencing a decrease in ROA from Rp. 0.2747 to Rp. 0.2582 accompanied by a decrease in stock returns from Rp. 0.128 in 2018 to 0.117 in 2019.

d. Earnings Per Share (EPS)

The regression coefficient value for the EPS variable is 0.0000109, meaning that every 1% increase in EPS will have a positive effect or increase the rate of return on shares in the mining sector worth IDR 0.0000109. The results of significance testing in table 7 show that the probability value is 0.7923 > 0.05, so H5 is rejected. So, it can be concluded that the EPS variable has a positive and insignificant effect on mining sector stock returns.

The above shows that some investors consider EPS as information to invest in to get large stock returns because it shows how much money the company generates for its shareholders. The increase in EPS can be seen in one mining company, namely, the company PT Indo Tambangraya Megah which experienced an increase in EPS from 2021 to 2022, namely, IDR 5,833.12 to IDR 16,994.11, accompanied by an increase in stock returns, namely, IDR 0 .473 to Rp. 0.913 (attachment 1).

The surge in profits at PT Indo Tambangraya Megah results from the company's effective coal marketing strategies, both domestically and internationally. In 2022, ITM accomplished a coal sales volume of 18.9 million tonnes, achieving 92% of the targeted volume ranging from 20.5-21.5 million tonnes. Notably, 14.7 million tonnes were exported, representing 4.7% of the national coal export volume. The company's net income reached USD 3,636 million, marking a remarkable 152% increase from the previous year, reaching USD 1,199 million. The substantial profit growth is attributed to the significant increase in coal prices, with the company successfully selling coal at US$ 190 per ton during the first nine months of 2022, reflecting a noteworthy 113% surge compared to the US$ 89 per ton recorded in the same period of the previous year.

Teti (2022), as reported on the CNBC Indonesia website, affirmed that despite challenging weather conditions, the company successfully produced 12.3 million tons of coal in the initial nine months of 2022. During this period, the sales volume reached 13.8 million tons, with distribution to various countries such as China (4.2 million tons), Indonesia (2.9 million tons), Japan (1.9 million tons), the Philippines (1.1 million tons), India (1.0 million tons), and other nations in the Asia Pacific region. Drawing from the research of Solechan (2009), Hermawan (2012), and Bukit and Anggono (2013), which suggests a positive impact of earnings per share (EPS), and contrasting with the findings of Jasman and Kasran (2017) indicating no effect of EPS on stock returns, it can be inferred that the EPS variable may not be suitable as a consideration in determining stock returns.

2. Regression Equation for Panel Data for Consumer Goods Sector Shares

RETURN = -0.303170 + 0.014820 (PER) – 0.453191 (ROA) + 0.0000174 (EPS)

a. Constant or intercept (share return)

Based on the results of the equation above, a constant coefficient of -0.303170 is obtained. This shows that stock returns will decrease by IDR 0.303170 when the value of other independent variables is constant or fixed or zero.

b. Price Earning Ratio (PER)

The regression coefficient for the PER variable is 0.014820, signifying that a 1% increase in PER results in a positive effect, leading to an increase in stock returns in the consumer goods sector valued at IDR 0.014820. The significance test outcomes in table 8 reveal a probability value of 0.0118, which is less than 0.05, thereby accepting H2. Consequently, it can be concluded that the PER variable exerts a positive and significant impact on stock returns in the consumer goods sector. This implies that the magnitude of PER can influence fluctuations in stock returns. The findings suggest that investors perceive PER as indicative of strong company performance. A higher PER reflects increased investor confidence in the company's shares and its ability to generate profits. Therefore, a higher PER value indicates heightened demand for the company's shares, which in turn contributes to greater stock returns.

The escalation in PER is evident in the case of a consumer goods company's shares, specifically PT Indofood CBP Sukses Makmur Tbk. In 2021 and 2022, the PER values were IDR 15,854 and IDR 25,422, respectively, accompanied by an increase in stock returns from IDR -0.065 in 2018 to IDR 0.149 in 2019. These findings align with the results of prior research conducted by Bintara and Putri (2019), demonstrating a positive influence of PER on stock returns. Similarly, Alvin and Dian (2014) assert that PER has a positive effect on stock returns, and according to Mudzakar and Intan (2021), PER significantly impacts stock returns.

c. Return On Assets (ROA)

The regression coefficient value for the ROA variable is -0.453191, meaning that every 1% increase in ROA will have a negative effect or decrease in stock returns in the consumer goods sector by IDR 0.453191. Then, the results of the significance test in table 8 show that the probability value is 0.3345 > 0.05, so H4 is rejected. So, it can be concluded that the ROA variable has a positive and insignificant effect on stock returns in the mining sector. The results above show that some investors consider that an increase in ROA can indicate good company performance and believe that company management can utilize total assets well and in the end can increase profits, thereby having an impact on stock returns for investors. This can be seen from one of the consumer goods sector companies, PT HMSP, in 2018 to 2019 experiencing a decrease in ROA from IDR -0.2905 to IDR 0.2695 accompanied by a decrease in stock returns from IDR -0.216 in 2018 to -0.434 in 2019.

d. Earnings Per Share (EPS)

The regression coefficient for the EPS variable is -0.0000144, indicating that each 1% increase in EPS leads to a negative effect, causing a decrease in stock returns in the consumer goods sector by IDR 0.0000144. The significance testing results in table 8 reveal a probability value of 0.6299, surpassing the 0.05 threshold, thereby rejecting H6. Consequently, it can be concluded that the EPS variable exerts a negative and insignificant impact on stock returns in the consumer goods sector. The outcomes suggest that some investors perceive EPS as not the sole determinant influencing stock returns, as fluctuations in EPS may not accurately reflect a company's actual performance. This is exemplified by the increase in earnings per share (EPS) at PT Indofood CBP Sukses Makmur Tbk., escalating from 392.37 in 2018 to Rp. 432.07 in 2019. Simultaneously, there was a decrease in stock returns from Rp. 0.174 in 2018 to Rp. 0.067 in 2019 (refer to attachment 1).

These findings align with the research of Jasman and Kasran (2017), indicating that EPS has no significant impact on stock returns, suggesting that companies with increased earnings per share may experience a decrease in stock returns. Additionally, Consler et al. (2011) concluded, based on the chosen model's suitability criteria, that earnings per share is an inappropriate measure for evaluating dividends.

3. Disparities in the Fundamental Impact on Stock Returns between the Mining Sector and the Consumer Goods Sector

   Upon interpreting the equation above, it can be deduced that variations exist in the fundamental impact on stock returns between the mining sector and the consumer goods sector, thereby validating H9. Specifically, in the mining sector, PER exhibits a positive yet insignificant effect, while in the consumer goods sector, PER demonstrates a positive and significant impact. Furthermore, in the mining sector, ROA exerts a positive but insignificant influence, whereas in the consumer goods sector, ROA shows a negative and insignificant effect. Both in the mining sector and the consumer goods sector, EPS has a positive but insignificant impact

CONCLUSIONS AND RECOMMENDATIONS

From the research results, it can be concluded as follows:

1. Based on the results of the analysis of the fundamental influence of PER, ROA and EPS on stock returns as follows:
   a. On an individual basis, the influence of fundamental factors on stock returns within the mining sector is outlined as follows: the Price Earning Ratio (PER) variable demonstrates a positive and significant influence, Return on Assets (ROA) exhibits a positive but insignificant effect, and Earning Per Share (EPS) shows a positive yet insignificant effect.
   b. Individually, the influence of fundamental factors on stock returns within the consumer goods sector is delineated as follows: the Price Earning Ratio (PER) variable exhibits a positive and significant influence, Return on Assets (ROA) demonstrates a negative but insignificant effect, and Earning Per Share (EPS) shows a positive yet insignificant impact.
   c. Concurrently, the analysis indicates that the combined impact of all independent variables (PER, ROA, and EPS) on stock returns is not statistically significant for both mining sector and consumer goods sector stocks.
2. The analysis results indicate disparities in the fundamental impact on stock returns between the mining sector and the consumer goods sector.

ADVANCED RESEARCH

Like any research, this study is not without limitations. One of the limitations is the relatively small sample size used, and it is anticipated that future researchers will consider employing larger samples. The data provided in this research can serve as a foundation for further exploration of the existing issues using alternative research methodologies.

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