



Do Fundamental and Behavioral Factors Affect Insurance Company's Stock Returns?

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Article Information

Article History:

Received August 2021

Approved September 2021

Published September 2021

Keywords:

Stock returns, Financial Performance, Macroeconomic Conditions, Investor Sentiment

Abstract

This study aims to determine the effect of fundamental factors and behavioral finance on stock returns. The company's financial performance variables use Return on equity (ROE) and Earnings per Share (EPS) as proxies. The macroeconomic condition variable uses the exchange rate and the BI rate as a proxy. Investor sentiment variable uses Trading Volume Activity (TVA) and Consumer Confidence Index (CCI) as proxies. The object of this research is the insurance sub-sector companies listed on the Indonesia Stock Exchange for the 2015-2019 period. The research sample was selected using purposive sampling method so that 12 companies were selected as samples. The data analysis method used was multiple regression using the Eviews 9 tool. The results showed that the company's financial performance variables and macroeconomic conditions had no effect on stock returns. Investor sentiment with TVA proxy has a significant positive effect on company returns, while CCI has no effect on company returns.

INTRODUCTION

The rapid development of the capital market in Indonesia provides a means for companies to obtain sources of funding and investors to invest their capital in a variety of existing investment instruments. According to Supriantikasari and Utami (2019), the capital market basically has two functions, namely the economic function and the financial function. As an economic function, the capital market provides a facility for transferring funds from investors to issuers. Meanwhile, as a financial function, the capital market provides the funds needed by other parties without having to be involved in the company's operations.

Investors as owners of funds and issuers as parties who need funds have different interests in the capital market. For issuers, the capital market is a source of funding apart from the company's operational activities. As for investors, the capital market is an alternative in making investments in the hope of getting returns in the future. Return is

defined as the level of profit obtained by investors for their investment activities (Ayu et al., 2017). Choi and Yoon (2017) explain the concept of investment as "high risk, high return" which means that the higher the investment risk, the higher the level of profit. As the party who owns the funds, investors certainly expect higher returns with a certain level of risk.

The financial sector is a group of service industry companies that are classified as public companies and have been listed on the Indonesia Stock Exchange and are divided into several sub-sectors, including the banking sub-sector, financial institutions sub-sector, securities company sub-sector, insurance sub-sector and other sub-sectors. The financial sector has a very important role in maintaining economic stability in Indonesia because of its excellent growth potential.

Based on IDX Annually Statistic data in 2019, financial sector companies occupy the highest position with a growth index reaching 15.22% which indicates good growth potential.

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Insurance sub-sector companies as part of the financial sector contributed to this growth. According to Sugiyani and Saryadi (2019), the development of the insurance industry in Indonesia has a significant role in supporting the national development process.

Based on Insurance Statistics data in 2019, the growth of assets and investment which continues to increase every year, shows that the capital management ability of the insurance sub-sector company is quite capable. Shares are one of the largest investment portfolios in the insurance industry with a value of Rp 245.2 trillion or 21.61% of the total investment. This shows that stocks are an important source of capital for the insurance industry in Indonesia.

However, the fact is that the growth in assets and investments is not matched by the growth in stock returns, which fluctuate and tend to be in a negative trend. The following is data on industrial stock returns for 16 insurance sub-sector companies listed on the Indonesia Stock Exchange in the 2016-2020 period. Various problems and issues of default have made insurance companies have negative sentiments from some people. Reporting from Tirto.id data (2020), to date there have been 6 Indonesian insurance companies that have failed to pay. In addition, the shares of insurance companies are also not widely traded by investors. Reporting from CNBC Indonesia (2019), experts and analysts expressed their opinion that the shares of insurance companies in Indonesia were not widely traded because they had low levels of liquidity and market capitalization.

Fundamental factors are believed to be able to assess the reliability of a company (Saputra, 2019). According to Baker et al. (1977), the fundamental factor is a derivative of conventional financial theory which has a pure strategy based on consideration of returns and risks. For example, when an investor makes a decision to buy a stock, he or she will expect to get a high return but must also be willing to take the risk of buying the stock. Thampanya et al. (2020), explained that fundamental factors consist of two components, namely financial ratios and macroeconomic indicators. This is in accordance with conventional financial theory that actors in the stock market are rational investors who seek maximum profit by considering fundamental factors (financial ratios and macroeconomic indicators) and the company's intrinsic value (Baker et al., 1977).

Financial ratios used by investors in making investment decisions are contained in the company's financial statements. Sudana (2015) explains that these financial ratios are grouped into 5 (five) types of financial ratios, namely le-

verage ratios, liquidity ratios, activity ratios, profitability ratios and market ratios. Furthermore, Sudana (2015) explains that the profitability ratio can measure the company's ability to generate profits by using the company's resources such as assets, capital and company sales. Return on Equity (ROE) is one of the ratios that can be used in determining the size of the company's profitability (Sukmawardini & Ardiansari, 2018). This is because ROE can provide information related to the size of the level of return by the company which is assessed from the company's performance which refers to how much the company can manage and utilize its capital to generate profits.

In addition to ROE, Earning Per Share (EPS) can also describe the company's earnings in the future (Harlina et al., 2018). EPS is also an indicator that can be used in measuring market value. This is because the market value indicates the number of rupiahs that must be paid by investors which are then invested as company capital by obtaining one rupiah of company earnings reported for each rupiah invested (Putranto & Darmawan, 2018).

In addition to financial ratios, the second fundamental factor is macroeconomic indicators. Macroeconomic indicators need to be considered by investors because they are related to the company's operational activities (Sarumaha, 2018). Rahmawati (2015), found that macroeconomic factors including exchange rates, inflation and interest rates affect systematic risk in investment. Thampanya et al. (2020), also uses macroeconomic variables which include exchange rates, inflation and interest rates to determine the effect of fundamental factors on company returns and volatility. So it can be said that the three macroeconomic variables are generally used in determining an investor's investment decision.

The exchange rate/exchange rate is one of the important macroeconomic indicators to be used as a parameter and is considered an indicator of the competitiveness of any economy (Danladi, 2015). Changes in the exchange rate itself fluctuate or move up and down according to the high and low demand and supply for the currency (Sukirno, 2010). Meanwhile, Listriono and Nuraina (2015), explained that an increase in the exchange rate illustrates the good or bad economic conditions and will affect the level of risk owned by investors.

Bank Indonesia interest rate (BI rate) is the reference interest rate set by Bank Indonesia to overcome the increase in state inflation (Listriono & Nuraina, 2015). Maharditya et al. (2018), explained that in general a decrease in the interest rate of Bank Indonesia will increase the Composite Stock Price Index on the Indonesia Stock Exchan-

ge, although there are several possible anomalies. This opinion is supported by Chen (2014), who considers that an increase in interest rates will reduce investor interest in investing by considering the high interest rates on loans that are paid so that it will increase investment risk.

In addition to the company's fundamental factors (financial ratios and macroeconomic indicators), behavioral finance factors can also affect the company's return which can also be used as a basis for decision making by investors. According to Sarwar (2014), behavioral finance factors are factors that are influenced by sentiment and prejudice from investors that the market is considered inefficient, thus allowing each investor to get different levels of return.

Rupande et al. (2019), using investor sentiment as measured by trading volume activity (TVA) in describing behavioral finance factors. Furthermore, Taslim and Wijayanto (2016) argue that trading volume activity greatly affects the number of shares outstanding, because if the number of trading frequencies is large, the shares can be declared as actively traded shares. This is also due to the large number of investors in these shares, because an increase in demand for shares will increase their frequency as well. Sayim and Rahman (2015), describe the effect of investor sentiment on stock movements in a different way, namely by using the Consumer Confidence Index as an indicator to measure investor sentiment. Consumer confidence index is consumer confidence about the economic conditions and situation in a country (Baker & Wurgler, 2006).

Previous studies have examined several factors that influence stock returns. However, there are differences in research results (research gap) regarding the factors that affect stock returns. According to Araujo and Machado (2018); Sugiyani and Saryadi (2019), the company's financial performance shown by the ROE variable has a significant positive effect on stock returns. This shows that the higher the ROE value, the higher the company's stock return value. However, research from Sunardi (2018), argues that financial performance indicated by the ROE variable has a significant negative effect on stock returns. While the research conducted by Aryaningsih et al. (2018), shows that ROE has no effect on stock returns.

According to Sugiyani and Saryadi (2019); Thampanya et al. (2020), the company's financial performance as indicated by the EPS variable has a significant positive effect on stock returns. This shows that the higher the EPS value, the higher the company's stock return value. However, research conducted by Handayani and Zulyanti (2018), argues that EPS has a significant negative effect on

stock returns. While Aryaningsih et al. (2018), argues that EPS has no effect on stock returns.

According to Khalid and Khan (2017); Okonkwo and Jude (2019), macroeconomic conditions as indicated by the exchange rate/exchange rate variable have a significant negative effect on stock returns. This shows that the lower the value of the rupiah exchange rate, the higher the value of the company's stock return. However, research from Martin and Herman (2017) argues that macroeconomic conditions indicated by the exchange rate variable have a significant positive effect on stock returns. While the research conducted by Divine et al. (2015), shows that the exchange rate has no effect on stock returns.

According to Faridullah (2014), Khalid and Khan (2017) and Okonkwo and Jude (2019), macroeconomic conditions as indicated by the interest rate variable have a significant negative effect on stock returns. This shows that the lower the interest rate value, the higher the company's stock return value. However, research conducted by Karim (2015) and Sudarsono and Sudiyanto (2016) argues that interest rates have a significant positive effect on stock returns. Meanwhile, Divine et al. (2019) and Sutriyani and Sudiarta (2019), argue that interest rates have no effect on stock returns.

According to Uygur and Taş (2014) and Thampanya et al. (2020), investor sentiment as indicated by the TVA variable has a significant positive effect on stock returns. This shows that the higher the TVA value, the higher the company's stock return value. While Finter et al. (2012), argues that TVA has no effect on stock returns. According to Sayim and Rahman (2015), investor sentiment as indicated by the Consumer Confidence Index (CCI) variable has a significant positive effect on stock returns. This shows that the higher the CCI value, the higher the company's stock return value.

Based on the description above, it can be seen that there is a gap phenomenon and a research gap between previous studies due to differences between existing phenomena and theories and inconsistencies in the results of previous studies. Therefore, further research is needed by developing several factors that are thought to have an effect on stock returns in insurance companies listed on the Indonesia Stock Exchange for the 2015-2019 period. The aim is to find out the company's fundamental factors and what finance behavior affects the stock returns of insurance companies. This research is interesting for further research because of the nature of systematic risk and the level of return obtained which is always attached to every stock investment activity.

Hypotheses Development

Signaling theory was first developed by Spence (1973) which suggests about how a company should give signals to users of financial statements. Brigham and Houston (2013) state that signal theory is an action taken by the management of a company that provides instructions to investors on how management sees the company's prospects. The intended signal is in the form of information about what has been done by management to realize the wishes of the owner (investor). Information can provide a positive or negative signal for investors in their investment decisions. Financial information that has a good assessment can be considered as good news by investors so that investors will be interested in trading stocks and vice versa bad financial information is considered as bad news which will also affect stock trading (Khairudin, 2017).

Arbitrage pricing theory (APT) was first formulated by Stephen A. Ross in 1976. This theory is a theory that explains how a security's price is influenced by economic factors or market factors, and explains how to determine the level of profit that is deemed appropriate. Arbitrage pricing theory (APT) assumes that investors believe that security returns will be determined by a factorial model with a number of (n) risk factors. The risk in the APT is in the form of stock sensitivity to macroeconomic factors, and the amount of expected return is influenced by this sensitivity (Sanjaya, 2019). During the last few decades, a lot of literature has discussed the development of arbitrage pricing theory (APT) using various macroeconomic variables.

The effect of investor sentiment on stock returns is based on the theory of behavior finance. The concept of behavioral finance began to emerge in the early 1970s. Daniel Kahneman and Vernon Smith were pioneers in the study of behavioral finance with their experiments in economics and psychology related to the field of decision making. Nevertheless, the validity and acceptability of the behavioral finance concept is still often questioned, especially by the adherents of standard or traditional finance theory. Statman (1995) wrote a comparison between the rapidly evolving concept of behavioral finance and the old standard theory of finance. According to Statman, behavior and psychology greatly affect individual investors and portfolio managers in the decision-making process if they are associated with information about the risks that arise and how the process of obtaining that information is.

Previous research on the company's financial performance (ROE) variable on stock re-

turns conducted by Araujo and Machado (2018); Sugiyani and Saryadi (2019), proves that the company's financial performance variable shown by ROE has a significant positive effect on stock returns. This ratio is important for shareholders, to determine the effectiveness and efficiency of the company's management in the use of paid-in capital. In accordance with signaling theory, the higher the ROE, it indicates that the company is able to use its own capital effectively and efficiently.

H1: Return on Equity (ROE) has a significant positive effect on stock returns.

Previous research on the company's financial performance variable (EPS) on stock returns was conducted by Sugiyani and Saryadi (2019); Syahputra (2018), proves that the company's financial performance variable shown by EPS has a significant positive effect on stock returns. EPS was chosen in this study, because EPS is able to be considered by investors to estimate whether an investment is able to provide good profits or returns or is detrimental.

H2: Earning per share (EPS) has a significant positive effect on stock returns.

Previous research on macroeconomic condition variables (exchange rate/exchange rate) on stock returns conducted by Khalid and Khan (2017) is supported by research by Okonkwo and Jude (2019), proving that macroeconomic condition variables indicated by the exchange rate have a significant negative effect on returns. share. According to the efficient market hypothesis theory, investors will pay close attention to the Rupiah exchange rate in considering their stock investment decisions. This is because the unstable condition of the Rupiah value will give investors a feeling of anxiety to invest their funds in the form of stock investments (Zuleli & Yusniar, 2013).

H3: Exchange rate/exchange rate has a significant negative effect on stock returns.

Previous research on the variable macroeconomic conditions (BI rate interest rate) on stock returns conducted by Khalid and Khan (2017) is supported by the research of Okonkwo and Jude (2019), proving that the variable macroeconomic conditions indicated by the BI rate significant negative effect on stock returns. According to the efficient market hypothesis theory, interest rates are one of the risk factors in stock investment. Interest rates have a negative impact on stock prices and stock returns. When the loan interest rate is high, the credit interest expense will also increase,

causing a decrease in net profit (Utama & Puryandani, 2020).

H4: BI rate has a significant negative effect on stock returns.

Previous research on investor sentiment variables (trading volume activity) on stock returns conducted by Thampanya et al. (2020) supported by research by Rupande et al. (2019), proves that the investor sentiment variable shown by TVA has a significant positive effect on stock returns. According to the efficient market hypothesis theory, if the information is considered good news, there will be a change in the volume of stock trading in the form of an increase in volume, whereas if it is considered a bad signal, the market will not react or there will be a decrease in stock trading volume and even an increase in selling volume.

H5: Trading volume activity (TVA) has a significant positive effect on stock returns.

Previous research on the investor sentiment variable (consumer confidence index) on stock returns conducted by Sayim and Rahman (2015), proved that the investor sentiment variable indicated by the CCI had a significant positive effect on stock returns. Consumer satisfaction (consumer confidence) is the confidence of consumers about how the condition of an economy is happening in a country (Baker & Wurgler, 2006).

H6: Consumer Confidence Index (CCI) has a significant positive effect on stock returns.

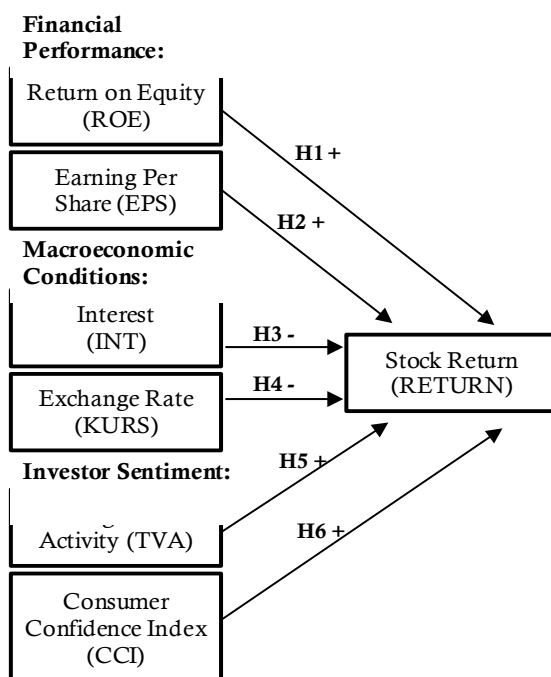


Figure 1. Research Model

METHOD

The type of research used in this study is an explanatory study. In this study, the researcher provides an explanation of the position and relationship between the independent variables of the company's financial performance and macroeconomics as a fundamental factor and investor sentiment as a behavioral factor on the dependent variable of stock returns. This study uses a quantitative approach. In this study, researchers build hypotheses and test them empirically. The hypothesis built in this study is a replication hypothesis and retests in different areas or situations (Ferdinand, 2014).

This study uses a causality research design. The causal relationship in causality research has been predictable by researchers, so researchers can state the classification of causal variables consisting of company financial performance, macroeconomic conditions and investor sentiment on the dependent variable of stock returns (Sanusi, 2017).

The population used in this study are insurance sub-sector companies listed on the Indonesia Stock Exchange for the 2015-2019 period, totaling 16 companies. The steps taken after determining the population are selecting the population so that a sample of 60 data is obtained that will be used in the study. Sampling was done using purposive sampling method. Sample selection using purposive sampling method based on several criteria. These criteria include: (a) Insurance sub-sector companies listed on the Indonesia Stock Exchange for the 2015-2019 period; (b) Insurance sub-sector companies listed on the Indonesia Stock Exchange in a row during 2015-2019; (c) Insurance sub-sector companies that publish complete financial reports during the study period; (d) Insurance sub-sector companies that present the required data related to research variables.

Research Variables

The variables used in this study are the dependent variable, the independent variable, and assumption variable. The dependent variable in this study is stock returns. The independent variables are the company's financial performance, macroeconomic conditions, and investor sentiment. The company's financial performance variable is proxied by Return on Equity (ROE) and Earning per Share (EPS). Variable macroeconomic conditions are proxied by the BI rate and the exchange rate (exchange rate). Investor sentiment variable is proxied by Trading Volume Activity

(TVA) and Consumer Confidence Index (CCI). This research uses robustness test with Model Variation Test method. Numayer and Plumper (2017) state that the robustness test with the variation test method is carried out by replacing the regressor with another variable as a predetermined assumption, so that it can be seen whether the influence of the independent variable on the dependent variable remains consistent when calculated using a different approach. These variables include price to book value (PBV), inflation, and turnover ratio (TR).

Stock return can be interpreted as a reward obtained by investors due to the difference in stock prices. The annual closing price data that is used as the basis for calculating stock returns is obtained from the yahoo finance website. According to Asmi (2014), the actual return or realized return can be calculated by the following formula:

$$R_t = \frac{P_t - P_{(t-1)}}{P_{(t-1)}}$$

Noted:

R_t : rate of return/return of shares in period t.

P_t : closing price of shares in period t.

P_(t-1): closing price of shares in period t-1 or the previous period

ROE can be interpreted as a ratio that shows the extent to which the company's ability to utilize the use of capital from the owners (shareholders) to generate profits, in other words to measure how much the company's ability to generate a return on available equity. Companies that have good performance certainly have the ability to generate high returns on available equity. ROE data is obtained from audited annual financial statements for the 2015-2019 period which are downloaded from the Indonesia Stock Exchange website (www.idx.go.id) and the websites of each company. The ROE measurement scale is a ratio. The researcher refers to the formula used in the Juwita and Diana (2020) study, in calculating ROE, which is as follows:

$$ROE = \frac{\text{Net Profit After Tax}}{\text{Owner's Equity}}$$

Earning Per Share (EPS) is the amount of the company's profit allocation in each outstanding share or the company's share of profit per share in a certain period. EPS can be considered by investors to estimate whether an investment is able to provide good profits or returns or is detri-

mental.

Earnings per share (EPS) data in this study were obtained from audited annual financial statements for the 2015-2019 period which were downloaded from the Indonesia Stock Exchange website (www.idx.go.id) and the websites of each company. The EPS measurement scale is in the form of a natural logarithm. The natural logarithm is used to refine the value of EPS because the value of the EPS is in the form of a nominal rupiah unit which is very large compared to other variables. The researcher refers to the formula used in the research of Sugiyani and Saryadi, (2019) in calculating EPS, which is as follows:

$$EPS = \frac{\text{Net Profit After Tax-Special Stock Dividend}}{\text{Weighted Average Number of Shares Outstanding}}$$

The exchange rate is a comparison of the price of one country's currency against the value of another country's currency. The exchange rate of a currency is the result of the interaction between the forces of demand and supply that occurs in the foreign exchange (forex) market. The Rupiah exchange rate data in this study uses data published on the official website of the Central Statistics Agency which is measured using the value of the semi-annual exchange rate of the Rupiah against the USD during the 2014 to 2018 research period. Referring to the Main and Puryandani research (2020) and according to the formula used listed on www.bps.go.id, the middle rate is calculated using the following formula:

$$KURS = \frac{\text{Selling Rate} + \text{Buying Rate}}{2}$$

BI rate as a monetary policy issued by BI as the central bank, in the form of remuneration for a loan in banking transactions announced to the public. The BI rate is announced by the Board of Governors of Bank Indonesia at each monthly Board of Governors Meeting. The BI rate in this study is measured using the annual BI rate, namely in December each year determined by Bank Indonesia, during the research period, namely 2015 to 2019. The measurement used is in ratio units. BI rate data is obtained from data published by the Central Statistics Agency website (www.bps.go.id) from 2015 to 2019.

Trading volume activity (TVA) shows the number of shares traded during a certain period of time (Tandelilin, 2002). Stock trading volume

is the number of shares of an issuer that are traded in the capital market at a price level agreed by the seller and buyer of shares (Dewi and Suaryana, 2016). TVA data is annual data obtained from the yahoo finance website. The TVA measurement scale in this study is in the form of a ratio. The researcher refers to the formula used in the research of Thampanya et al. (2020), which are as follows:

$$\text{TVA} = \frac{\text{Number Shares Trade}}{\text{Number Shares Outstanding}}$$

Baker and Wurgler (2007) state that consumer confidence is the confidence of consumers about the current economic situation in a count-

EPS : Earning per share (EPS)
INT : Interest (BI rate)
KURS : Exchange Rate
TVA : Trading volume activity (TVA)
CCI : Indeks keyakinan konsumen (CCI)

RESULT AND DISCUSSION

Descriptive statistical analysis

Descriptive statistical analysis is used to provide an overview or to describe a statistical data. Descriptive statistical analysis in this study includes: mean, standard deviation, maximum and minimum (Ghozali and Ratmono, 2018). The results of descriptive statistical analysis can be seen in Table.1 below:

Table 1 above descriptive statistics shows

Table 1. Descriptive Statistical Analysis

	RETURN	ROE	EPS	KURS	INT	TVA	CCI
Mean	0.10	0.09	0.07	9.53	5.50	0.07	4.79
Maximum	2.23	0.37	6.32	9.58	7.50	1.17	4.84
Minimum	-0.77	-0.18	-8.07	9.51	4.25	0.00	4.68
Standard Dev.	0.48	0.08	4.27	0.03	1.16	0.19	0.07
Observations	60	60	60	60	60	60	60

ry. So there is an organization that conducts surveys in several areas to find out how consumers perceive the current economic situation. The CCI data was obtained from the Bank Indonesia website (www.bi.go.id) conducted by Bank Indonesia. The index is calculated by the balance score method (net balance + 100). If the index above 100 means optimistic, otherwise below 100 means pessimistic. CCI historical data is during the research period, namely 2015-2019.

This research is a quantitative research that was taken using the documentation method. The data used is secondary data. The data processing tools in this study used Microsoft Office Excel and Eviews 9 software. Hypothesis testing was carried out using multiple linear regression analysis. The model of this research is as follows:

$$\text{Return} = \alpha + \beta_1\text{ROE} + \beta_2\text{EPS} + \beta_3\text{INT} + \beta_4\text{KURS} + \beta_5\text{TVA} + \beta_6\text{CCI} + e$$

Noted:

Return : Stock return

α : Constant

β : Regression

ROE : Return on equity (ROE)

the mean, median, maximum, minimum and standard deviation of each variable with a total of 60 observations. Based on the output in table 2, the average return on insurance sub-sector companies listed on the IDX in 2015-2019 is 0.097. The maximum return value is 2.225 and the minimum return value is -0.77. The standard deviation of stock returns is 0.48.

The output results show the average return on equity of insurance sub-sector companies listed on the IDX in 2015-2019 is 0.089 or 8.9%. The ROE variable has a minimum value range of -18% to a maximum value of 36.8%. The standard deviation value of ROE is 0.08. The output results show the average earning per share of insurance sub-sector companies listed on the IDX in 2015-2019 is 0.073. The EPS variable has a minimum value range of -8.075 to a maximum value of 6.318. The standard deviation value of EPS is 4.267.

The output results show the average value of the exchange rate in 2015-2019 is 9.534. The exchange rate (exchange rate) has a range of values from the lowest (minimum) value of 9.506 to the highest (maximum) value of 9.581. The standard deviation value is 0.026. The output results show that the BI interest rate in 2015-2019

is 0.055 or 5.5%. The interest variable has a minimum value range of 4.2% to a maximum value of 7.5%. The standard deviation value is 0.01.

The output results show that the average trading volume activity (TVA) of insurance sub-sector companies listed on the IDX in 2015-2019 is 0.068. The TVA variable has a minimum value range of 0.000029 to a maximum value of 1.17. The standard deviation of TVA is 0.19. The output results show the average value of the consumer confidence index (CCI) in 2015-2019 is 4.79. The CCI variable has a minimum value range of 4.67 to a maximum value of 4.844. The standard deviation of the CCI is 0.067.

Hypotheses Test

Table 2. Multiple Regression Analysis

Variable	Coefficient	t-Statistic	Prob.
C	13.54	0.18	0.86
ROE	0.56	0.95	0.35
EPS	0.00	0.08	0.93
KURS	-0.98	-0.12	0.90
INT	-10.80	-0.49	0.62
TVA	1.73	7.08	0.00
CCI	-0.09	-0.02	0.98

Based on table 2, the model of equation as follows:

$$\text{RETURN} = 13.536 + 0.559 \text{ ROE} + 0.0008 \text{ EPS} - 0.983 \text{ KURS} - 10.797 \text{ INT} + 1.728 \text{ TVA} - 0.088 \text{ CCI} + \varepsilon$$

Based on the results of the t-statistical test in table 3, the TVA variable has a significant positive effect on stock returns while the other variables have no significant effect.

Robustness Test

The robustness test in this study is to replace the regressor with a predetermined assumption variable. The proxy for financial performance variables, namely earnings per share (EPS) will be replaced with price to book value (PBV). The proxy variable for macroeconomic conditions, namely the BI rate, will be replaced by inflation. The proxy for investor sentiment, namely the consumer confidence index (CCI) will be replaced by the turnover ratio (TR). The results of the robustness test in the study can be seen in table 3 below:

Table 3. Robustness test

Variable	Coefficient	t-Statistic	Prob.
C	18.83	0.72	0.48
ROE	0.32	0.54	0.59
PBV	0.01	0.84	0.40
KURS	-1.55	-0.74	0.46
INF	0.16	0.86	0.40
TVA	1.57	6.30	0.00
TR	-0.19	-0.74	0.46

Based on the robustness test above, it can be seen that after the variation test model method was applied by replacing the regressor variable in the research equation model, there was no difference in the significance test results for each independent variable (results remained consistent). So it can be said that this research model is robust.

Hypotheses Testing Results

The Effect of Return on Equity (ROE) on Stock Returns

The results of the study based on the results of statistical tests in Table 2 show that ROE has a regression coefficient of 0.559 with a probability value of $0.349 > 0.05$ thus proving that the company's performance variable as proxied by return on equity (ROE) has a positive influence direction and has no significant effect on returns. stock and the first hypothesis (H1) is rejected. The results of this study are in line with research conducted by Tumonggor et al (2017), Nurmasari (2018) and Aryaningsih et al. (2018), which show that ROE has no significant effect on the company's stock returns.

The results of this study indicate that the insurance sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 period cannot guarantee their equity with profit. According to Tumonggor et al (2017) companies that are still small have ROE values that tend to increase rapidly in line with the increase in net income which causes linear regression with samples of companies that have different growth phases to give insignificant results.

The Effect of Earning Per Share (EPS) on Stock Returns

Based on the results of statistical tests in Table 2, it shows that EPS has a positive and insignificant relationship towards stock returns, so the second hypothesis (H2) in this study is rejected. Based on the results in the calculation

of regression analysis in insurance sub-sector companies in 2015 – 2019, the results show that the coefficient value in the regression equation is 0.0008, while the significance value is $0.933 > 0.05$, which means that EPS has a positive and insignificant effect on stock returns. This result is in line with research conducted by Mahardika and Martini (2017) and Aryaningsih et al (2018), which shows that the EPS variable has no significant effect on stock returns.

EPS shows the company's ability to generate profits, but the size of the level of profit between one company and another can be different. Earnings per share of large companies are not the same as earnings per share of smaller companies, and it is possible that the EPS of small companies is actually higher than that of large companies. Because the more number of shares outstanding will affect the amount of EPS. So, the high earnings per share of a company does not always indicate that the company has a better performance than other companies because the high and low EPS is also influenced by the number of shares outstanding.

The Effect of Exchange Rate on Stock Returns

The results of the study based on the results of statistical tests in Table 2 show that the exchange rate (exchange rate) has a negative and insignificant relationship towards stock returns, so the third hypothesis (H3) in this study is rejected. Based on the results in the calculation of regression analysis on insurance sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2015 – 2019, the results show that the coefficient value in the regression equation is -0.983, while the significance value is $0.903 > 0.05$ which means that the exchange rate (exchange rate) has no significant effect on stock returns. These results are in line with the research conducted by Divine et al. (2015), Wiradharma (2016) and Abdallah and Aljarayesh (2017), which show the results that the exchange rate has no significant effect on stock returns.

This exchange rate is related to the performance of issuers who do a lot of transactions in foreign currencies, especially USD so that the impact will be felt in the long term, of course, this makes the exchange rate not directly affect investment decisions by investors so that it does not have a significant impact on stock returns (Pratama & Tjun, 2017). Judging from the year of the study, from 2015 to 2019, the amount of the exchange rate showed a number that did not fluctuate too much so that it still indicated that exchange rate fluctuations were not at an extreme

stage which would later result in losses for investors.

Investors certainly assess the fundamental condition of the company's shares to maximize the expected return and minimize the risk of the stock (Dirga et al, 2016). If the company's fundamental performance remains good in the midst of exchange rate fluctuations, investors will prefer to make fundamental analysis the main factor. So that when the fundamental performance is good, investors do not mind the magnitude of the exchange rate in making investment decisions.

The Effect of Interest on Stock Returns

The results of the study based on the results of statistical tests in Table 2 show that the BI interest rate has a negative and insignificant relationship towards stock returns, so the fourth hypothesis (H4) in this study is rejected. Based on the results in the calculation of regression analysis on insurance sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2015 – 2019, the results show that the coefficient value in the regression equation is -10.798 while the significance value is $0.623 > 0.05$ which means that the variable economic conditions macro proxied by the BI rate has no significant effect on stock returns. This result is in line with research from Pratama and Tjun (2017), Divine et al (2019), Sutriyani and Sudiarta (2019), which shows that the interest rate (BI rate) has no significant effect on stock returns.

This result contradicts the existing theory and the previously proposed hypothesis. Supposedly high interest rates will make investors allocate their funds to banks in the form of deposits and savings which are clearly less risky than investing in stocks. But in reality high interest rates cause raw material prices to be expensive and companies will choose cheaper and more efficient financing alternatives with high selling prices so that it will not affect the company's profitability on stock returns that will be received by investors. So that high interest rates do not affect investors in determining investments in companies (Wisnantara, 2017).

The Effect of Trading Volume Activity on Stock Returns

The results of the study based on the results of statistical tests in Table 2 show that TVA has a positive and significant relationship towards stock returns, so the fifth hypothesis (H5) in this study is accepted. Based on the results in the calculation of regression analysis on insurance sub-sector companies listed on the Indonesia Stock

Exchange (IDX) in 2015 – 2019, the results show that the coefficient value in the regression equation is 1.729 while the significance value is $0.000 < 0.05$ which indicates that the investor sentiment variable proxied by TVA has a significant effect on stock returns.

This result is in accordance with the behavior finance theory which proves that a high value of trading volume activity (TVA) is accepted as good news for investors. The results of this study indicate that in the insurance sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 period, the higher the trading volume activity (TVA) value of shares, it means that the shares traded are in great demand by investors. This has an impact on guarantees to get the return desired by investors. These results are in line with the results of research by Thampanya et al (2020), Rupande et al (2019) and Novianti and Dikdik (2017) which state that trading volume activity (TVA) has a significant effect on stock returns.

The Effect of Consumer Confidence Index on Stock Returns

The results of the study based on the results of statistical tests in Table 2 show that CCI has a negative and insignificant relationship towards stock returns, so the sixth hypothesis (H6) in this study is rejected. Based on the results in the calculation of regression analysis on insurance sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2015 – 2019, the results show that the coefficient value in the regression equation is -0.088 while the significance value is $0.981 > 0.05$ which indicates that the investor sentiment variable which is proxied by CCI has no significant effect on stock returns. This result is in line with the results of Phen's (2020) research which states that CCI has no significant effect on stock returns.

According to Phen (2020), the Consumer Confidence Index (CCI) does not affect stock returns due to the low desire of Indonesian people to invest in stocks. Based on a survey conducted by Bank Indonesia regarding the plan to place excess income. It was found that only a few Indonesians are willing to put their excess income in stock investments. Indonesians prefer to save or deposit, buy gold, and buy property rather than investing in stocks.

CONCLUSIONS AND RECOMENDATION

This study aims to determine the effect of fundamental factors and behavioral finance on

company returns. Based on the results of the tests and discussions that have been described, it can be concluded that the company's financial performance as proxied by Return on Equity (ROE) has no significant positive effect on stock returns. The company's financial performance as proxied by Earning Per Share (EPS) has a positive and insignificant effect on stock returns. Macroeconomic conditions as proxied by the exchange rate (exchange rate) have no significant negative effect on stock returns. Macroeconomic conditions as proxied by the interest rate (BI rate) have no significant negative effect on stock returns. Investor sentiment as proxied by trading volume activity (TVA) has a significant positive effect on stock returns. Investor sentiment, which is proxied by the consumer confidence index (CCI) has an insignificant negative effect on stock returns in insurance sub-sector companies listed on the IDX for the 2015-2019 period.

The results of this study are expected to be a reference for future researchers in conducting research with similar themes. The limitation of this research is the small number of samples that can be used in the research object. Preferably, future researchers can use indicators for measuring company financial performance and macroeconomic conditions more accurately. So that more relevant results can be found regarding the influence of fundamental factors (company financial performance and macroeconomic conditions) on stock returns of insurance sub-sector companies listed on the Indonesia Stock Exchange.

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