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CURRENT RATIO, DEBT TO EQUITY RATIO, RETURN ON EQUITY, FIRM SIZE, DIVIDEND PAYOUT RATIO, AND GREEN ACCOUNTING ON STOCK RETURN IN LQ45 COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE 2017-2021 PERIOD

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ABSTRACT

The purpose of this study was to determine the effect of the current ratio, debt-to-equity ratio, return on equity, firm size, dividend payout ratio, and green accounting on stock returns of LQ45 companies listed on the Indonesia Stock Exchange for the 2017-2021 period. This study uses a quantitative approach. The population in this study were all LQ45 companies listed on the IDX for the 2017-2021 period, totaling 45 companies. Using the purposive sampling method, the sample in this study was set at 45 companies. The data collection technique in this study is to use the documentation method. Data analysis using regression with the help of Smart PLS. The results of this study indicate that the current ratio, debt-to-equity ratio, return on equity, firm size, and green accounting have no significant negative effect on stock returns, while the dividend payout ratio has a significant negative effect on stock returns of LQ45 companies listed on the Stock Exchange Indonesia for the 2017-2021 period. Suggestions for companies are expected to be able to manage each of the company's assets to gain profits so that they can increase stock prices which will affect the company's stock returns.

Keywords: Current Ratio, Debt to Equity Ratio, Return on Equity, Firm Size, Dividend Payout Ratio, Green Accounting, Stock Return

CURRENT RATIO, DEBT TO EQUITY RATIO, RETURN ON EQUITY, FIRM SIZE, DIVIDEN PAYOUT RATIO, *DAN* GREEN ACCOUNTING TERHADAP RETURN SAHAM *PADA PERUSAHAAN* LQ45 *YANG TERDAFTAR DI BURSA EFEK INDONESIA PERIODE* 2017-2021

ABSTRAK

Tujuan penelitian ini adalah untuk mengetahui pengaruh current ratio, debt to equity ratio, return on equity, firm size, dividend payout ratio, *dan* green accounting *terhadap* return *saham perusahaan LQ45 yang terdaftar di Bursa Efek Indonesia periode 2017-2021. Penelitian ini menggunakan pendekatan kuantitatif. Populasi dalam penelitian ini adalah seluruh perusahaan LQ45 yang terdaftar di BEI periode 2017-2021 yang berjumlah 45 perusahaan. Dengan menggunakan metode purposive sampling, sampel dalam penelitian ini ditetapkan sebanyak 45 perusahaan. Teknik pengumpulan data dalam penelitian ini adalah dengan menggunakan metode dokumentasi. Analisis data menggunakan regresi dengan bantuan Smart PLS. Hasil penelitian ini menunjukkan bahwa current ratio, debt to equity ratio, return on equity, firm size, dan green accounting tidak berpengaruh negatif signifikan terhadap return saham, sedangkan dividen payout ratio berpengaruh negatif signifikan terhadap return saham perusahaan LQ45 yang terdaftar di Bursa Efek Indonesia periode 2017-2021. Saran bagi perusahaan diharapkan dapat mengelola setiap aset perusahaan untuk memperoleh laba sehingga dapat meningkatkan harga saham yang akan mempengaruhi return saham perusahaan.*

Kata kunci: Current Ratio, Debt to Equity Ratio, Return on Equity, Firm Size, Dividend Payout Ratio, Green Accounting, Stock Return

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INTRODUCTION

As a universal index of all stocks on the Indonesian stock exchange, it can be seen from the Composite Stock Price Index (JCI) as a performance reference. Many sources can be obtained that show that JCI does tend to provide positive returns every December (Ansorimal et al., 2022; Chandra et al., 2018; Lumbantoruan et al., 2021). For this reason, you can take advantage of the moment by buying some shares on the exchange. But there are 780 more stocks in the Composite Stock Price Index, of course, it is difficult and time-consuming to choose which one. It can be considered to collect LQ45 shares. LQ45 is the 45 most traded stock on the exchange so it is called Liquid 45 (LQ45). The stocks that makeup LQ45 are never fixed, changing according to existing transaction data. Based on the data obtained, the movement of the LQ45 index is very close to the movement of the JCI. Shares will usually be reviewed and re-released every 6 months and are designated as the 45 most liquid stocks on the Indonesia Stock Exchange.

Please note that the stocks included in the LQ45 stock index criteria may change from time to time. Because the IDX (Indonesia Stock Exchange) continues to review the development of these stocks and other stocks that are not included in the LQ45. The IDX (Indonesia Stock Exchange) always evaluates and even replaces issuers included in the LQ45 stock index every 6 months. The evaluation and selection of issuers is carried out by including various experts outside the IDX so that the assessment results are more valid and objective. In this case, the company's performance also determines whether a company can still be incorporated into the stock index. A company can experience a setback that results in the IDX no longer categorizing it in LQ45 Shares. Usually, stocks whose trading liquidity is depleting and whose performance is declining will be excluded from the LQ45 index (Junaedi et al., 2024).

The main goal of investors investing is to earn a certain amount of profit in the future. The profit in question is the return on funds invested by investors in the capital market, also known as stock returns. The return consists of capital gains (losses) and yields. Stock returns are influenced by several events such as the latest news related to the Covid-19 pandemic. The impact of the pandemic also hit the capital market, which is an economic barometer and is directly related to the real economy.

The current ratio (CR) is a way to test the level of protection obtained by short-term lenders provided by companies to fund the company's operational activities. The current ratio is used to evaluate a company's ability to pay its short-term obligations, such as debt and wages. This is calculated by dividing current assets by current liabilities. The higher the results, the stronger the company's financial position. If the current ratio is low, it can be said that the company lacks capital to pay debts. However, if the results of the ratio measurement are high, it is not necessarily that the company's condition is good. This can happen because assets are not used as well as possible (Ihsan S. Basalama & Sumarauw, 2015). Some empirical evidence regarding the effect of CR on stock returns shows different results.

Debt to equity ratio (DER) is a comparison between total debt to total shareholder equity owned by a company (Verawaty et al., 2015). The higher debt-to-equity ratio (DER) shows that the company is more funded through debt so the company's ability to provide stock returns is lower. The safe debt-to-equity ratio (DER) level is usually less than 50 percent. The smaller the Debt to the debt-equity ratio (DER), the better for the company or the safer the debt that must be anticipated with its capital (Prakoso, 2016).

Return on equity (ROE) is a measure of a company's ability to generate profits using its capital, this ratio is obtained by dividing profit after tax by the average of its capital (Aryanti et al., 2016). A high return on equity (ROE) reflects that the company has managed to generate profits from its capital. An increase in Return on equity (ROE) will also boost the company's selling value which has an impact on the stock price, so this is correlated with an increase in stock returns (Aisah & Mandala, 2016).

The size of the company is a determination of the size of a company. The higher the total assets owned by a company, the more it can indicate that the company is classified as a large company. Conversely, the lower the total assets owned by the company can show that the company is classified as a small company. The larger the total assets indicate the larger the assets owned by the company so that investors will be safe in investing or investing capital in the company. Based on the firm size, companies are divided into big and small companies, in other words, firm size is the market value of a company. Market value can be obtained from the calculation of the stock market price multiplied by the number of outstanding shares issued (Aisah & Mandala, 2016). Investors will be more confident in large companies to invest their excess funds so the more investors who are interested in buying shares of large companies, the stock price will increase and affect the Return on Shares.

The dividend payout ratio (DPR) is a percentage of income given by a company to owners or shareholders. Any money that is not paid to shareholders will usually be used to pay debts or reinvest in some important operations of the company. A higher dividend payout ratio will be beneficial for the investor, but it does not apply to the company because it will weaken the company's finances, on the contrary, a lower dividend payout ratio will strengthen the company's finances and will harm the investors because the dividends expected by investors are not as expected (Purnamasari, 2013).

Green accounting known as green accounting is a type of accounting that tries to include and connect environmental cost factors into company activities (Chandra et al., 2024). Green accounting provides an overview

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of efforts to protect the environment by combining environmental benefits with the costs of economic decisions through the company's financial results. Activities in the implementation of green accounting certainly cost money. These activities are costs that must be charged by the company along with the provision of goods and services to consumers. The system provides a better analysis of environmental costs and can reveal opportunities that may increase revenue, such as recycling of raw materials, product design, and better manufacturing processes.

LITERATURE REVIEW

Theoretical Foundations

Signal Theory

Signal theory is a theory that looks at signs about the conditions that describe the company (Renaldo et al, 2021). This theory explains that a good financial report is a signal or sign that the company has also been operating well, a good signal will be responded to well by other parties.

Arbitrage Pricing Theory

Arbitrage Pricing Theory (APT) is an alternative model for determining stock prices that is entirely based on the concept of arbitrage, so it is called Arbitrage Pricing Theory. The concept used in Arbitrage Pricing Theory (APT) is the law of the one price. If the assets with the same characteristics are at different prices, there will be an opportunity to arbitrage by buying low-priced assets and at the same time selling them at a higher price to obtain a risk-free profit (Fahmi, 2013).

Agency Theory

Agency theory is a condition that occurs where the management (agent) and shareholders (principal) make a contract, called the nexus of contract, which contains an agreement that explains that the company's management must work optimally to provide maximum satisfaction, such as high profits, to the owner of capital (principal) (Fahmi, 2013).

Information Asymmetry Theory

The concept of signaling and information asymmetry is closely related, the asymmetry theory says that parties related to the company do not have the same information about the company's prospects and risks. Certain parties have better information than others. The theory of asymmetric information says that parties related to the company do not have the same information about the company's prospects and risks. One of the parties has better information than outsiders, namely investors (Renaldo et al, 2021).

Stakeholder Theory

Stakeholders theory is a theory that argues that in carrying out production and operational activities, companies are obliged to provide benefits and profits for their stakeholders because they are not entities that have their interests. The stakeholders in question are parties that directly and indirectly influence the company such as the community, government, suppliers, consumers, and shareholders. The survival of a company is greatly influenced by stakeholders, so companies have a responsibility to try to fulfill the wishes of their stakeholders (Renaldo et al, 2021).

Social Contract Theory

The theory of legitimacy is closely related to the theory of stakeholders. From the perspective of legitimacy theory, a company will voluntarily report its activities if management considers that this is what the community expects. The theory of legitimacy places public perception and recognition as the main encouragement for disclosing information in financial statements. Social Contract Theory emerged because of the interrelation in people's social lives so that there is harmony or balance, including in the environment (Fahmi, 2013).

Theory of Legitimacy

Legitimacy theory is a company management system that is oriented towards partiality towards the community, government, individuals, and community groups as a system that prioritizes partiality to the community, and company operations with the expectation that the community must be congruent (Fahmi, 2013).

Return on Shares

Return is the amount of investment gains and losses over a certain period which is generally measured as a change in value plus money distributed over a certain period and expressed as a percentage of the value of the initial investment (Renaldo, Wijaya, et al., 2024). Every investor who wants to invest has the same goal, which is to get a profit. In addition to having the same goal, investors also have different investment goals, namely to get short-term profits and long-term profits. Every investment, both short-term and long-term, has the main goal of getting a profit called a return, either directly or indirectly (Fahmi, 2013).

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Current Ratio (CR)
The current ratio is a commonly used measure of short-term solvency, the ability of a company to meet the company's debt needs when it matures (Fadrul et al., 2024; Infante et al., 2024; Renaldo, Junaedi, et al., 2024). It must be understood that the use of the current ratio in analyzing financial statements is only able to provide a rough analysis, therefore it is necessary to have comprehensive qualitative analysis support (Suyono et al, 2022).

Debt to Equity Ratio (DER)
Debt to equity ratio is an indicator of capital structure and financial risk, which is a comparison between debt and capital itself, the increase in the size of a company's debt to equity ratio (Ibrahim & Panjaitan, 2020) indicates that the risk of the company's operating profit distribution will be greater to be absorbed to pay off the company's obligations (Suyono et al, 2021).

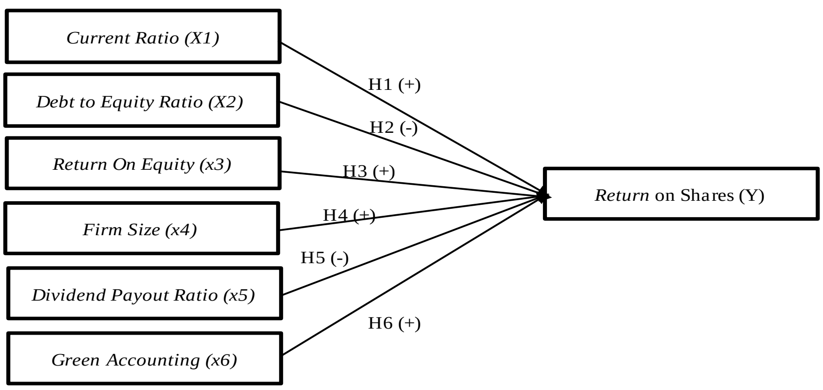
Return on Equity (ROE)
Return on equity is a ratio that measures the ability to generate profits by measuring the return on one's capital (Hutahuruk et al., 2024; Renaldo, Purnama, et al., 2023). This ratio is used to measure how much net profit will be generated from each rupiah of funds embedded in total equity or own capital (Wati et al., 2024). The higher the return on equity, the higher the amount of net profit generated from each rupiah of funds embedded in equity. Conversely, the lower the return on equity, the lower the amount of net profit generated from each rupiah of funds embedded in equity (Fahmi, 2013).

Firm size
Firm size is a reflection of the size of the company which is related to the opportunity and ability to enter the capital market and other types of external financing that show the company's ability to borrow (Fadrul et al., 2023; Sari et al., 2021; Wijaya et al., 2023). The larger the total assets, sales, log size, stock market value, and market capitalization, the larger the size of the company. The larger the size of a company, the greater the tendency to use foreign capital. (Suyono et al, 2021).

Dividend Payout Ratio
Dividend Payout Ratio (DPR) is a ratio used to calculate dividends on a company's profit. Corporate profits fell as a result of the decline in the DPR which negatively impacted corporate profits and gave a negative signal about the company's financial health. The dividend payout ratio is calculated by dividing cash dividends by profit after tax. While a high dividend payout ratio benefits investors, it hurts the company's finances by reducing retained earnings (Fahmi, 2013).

Green Accounting
Green accounting is a process of recognition, value measurement, recording, summarizing, reporting, and disclosure in an integrated, integrated, and relevant financial, social, and environmental object, transaction, or event that is beneficial to users in decision-making and economic and non-economic management (Renaldo, Suhardjo, et al., 2021). Green accounting or environmental accounting is the integration of information about the benefits and costs of the environment into accounting practices and business decisions (Renaldo et al, 2022).

Research Framework
The framework of though used in this study is as follow:



Source: Developed From Previous Research (2022)
Figure 1. Research Framework

RESEARCH METHODS

Place and Time of Research

This research was conducted on 45-year-old LQ-listed companies listed on the Indonesia Stock Exchange (IDX) in 2017-2021. Meanwhile, the research was conducted from August 2022 to January 2023.

Population and Sample

The population in this study is all LQ45 companies listed on the IDX for the 2017-2021 period as many as 45 companies. By using data from the observation period for 5 years, namely 2017-2021. The sample extraction technique in this study is the *purposive sampling* method, with the sample selection criteria determined being (1) LQ45 companies for the period August 2021 – January 2022 listed on the Indonesia Stock Exchange and (2) companies that submit financial statements from 2017-2021. So, the sample in this study is 45 LQ45 companies.

Operational Research Variables

Table 1. Variable Operationalization

No	Variable	Indicator	Scale
1	Stock Return (Y) (Purnamasari, 2013)	$Return\ (t) = \frac{P_t - P_{t-1}}{P_{t-1}}$	Rasio
2	Current ratio (X1) (Ratna, 2019)	$Current\ Ratio = \frac{Current\ Asset}{Current\ Liability}$	Rasio
3	Debt to equity ratio (X2) (Dwiputra & Suryanawa, 2016)	$Debt\ to\ equity\ ratio = \frac{Total\ Debt}{Total\ Equity}$	Rasio
4	Return on equity (X3) (Sanjaya, 2015)	$ROE = \frac{Net\ Profit}{Total\ Equity}$	Rasio
5	Firm size (X4) (Mahmudah dan Suwitho 2016)	$Firm\ Size = Log\ (Total\ Asset)$	Rasio
6	Dividend payout ratio (X5) (Estuari, 2001)	$DPR = \frac{Dividend\ Per\ Share}{Earning\ Per\ Share}$	Rasio
7	Green accounting (X6) (Fahmi, 2013)	$EC = \frac{Environmental\ Cost}{Net\ profit} \times 100\%$	Rasio

Data Analysis Techniques

Classical Assumption Test

Normality Test

The normality test was used to test the data of the free variable (X) and the data of the bound variable (Y) on the resulting regression equation. Normally distributed or abnormally distributed. A good regression model is a regression model that has a normal or near-normal distribution, so it is worth testing statistically. Data normality testing uses *the Kolmogorov-Smirnov Test of Normality*. If the data is not distributed normally, this study uses analysis with the help of Smart–PLS.

Multiple Linear Regression Test

The Regression Analysis used in this study is Multiple Linear Regression Analysis. Multiple Linear Regression analysis is used to measure the influence between more than one predictor variable (independent variable) on the bound variable. Ghozali (2018) presented. The equation of multiple linear regression lines can be written as follows:

$$Y = a + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + e \qquad (1)$$

Hypothesis Test

The t-test results of this calculation are then compared with the t-table using an error rate of 0.05. The criteria used are as follows: (1) H0 is accepted if the tcount value is ≤ ttable or the sig value is > α and (2) H0 is rejected if the tcount value ≥ ttable or the gis value is < α.

RESEARCH RESULTS AND DISCUSSION

Normality Test

The normality test can be carried out by the Kolmogrov-Smirov statistical test by looking at the significant level. The normal data is Sig. Kolmogrov-Smirov calculated > Sig. research (0.05).

Table 2. Results of the One-Sample Kolmogorov-Smirnov Test for Normality

	Unstandardized Residual
N	225
Test Statistic	.268
Asymp. Sig. (2-tailed)	.000[c]

Source: SPSS Processed Data (2022)

Based on the table above, it can be seen that the results of the Kolmogorov-Smirrow normality test are Asymp.sig (2-tailed) values of 0.000 < 0.05 meaning that the data is not normally distributed. This normality test concludes that the test using the SPSS 21 program cannot be continued, and replaced by using the Smart PLS 3.0 program.

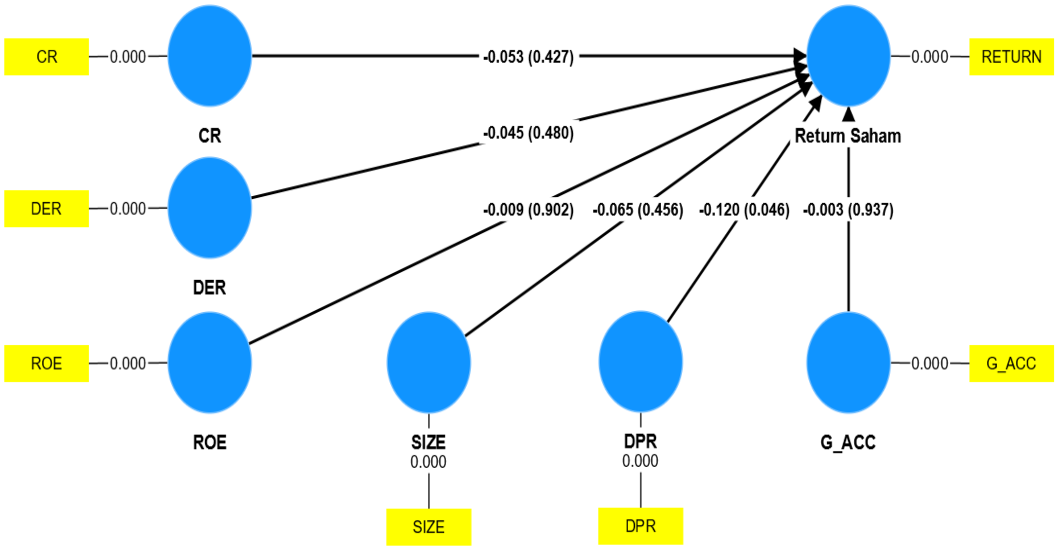


Figure 2. Outer Loading Full Model Figure

Table 3. Multicollinearity Test Results

Variable	VIF
CR	1.587
DER	1.674
DPR	1.291
G_ACC	1.050
ROE	1.321
SIZE	1.826

Source: SmartPLS Processed Data (2022)

The basis for concluding the detection of multicollinearity using VIF is as follows: (1) If the VIF value is > 10, it can be concluded that there is a symptom of multicollinearity, and (2) If the VIF value is < 10 and the Tolerance > 0.1, then it can be concluded that there is no symptom of multicollinearity.

Based on the data that can be seen in Table 3 which consists of independent variables Current Ratio, Debt to Equity Ratio, Return On Equity, Firm Size, Dividend Payout Ratio, and Green Accounting have a VIF value of < 10, it can be concluded that these variables indicate that there is no multicollinearity symptom.

Determination Coefficient Test (R2 Test) PLS Full Model

Table 4. Determination Coefficient Test Results

	R-square	R-square adjusted
Stock Return	0.020	(0.007)

Source: SmartPLS Processed Data (2022)

Based on table 4 above, it can be seen that the Adjusted R Square Profit Equalization is -0.007 or -0.7%, thus it can be interpreted that CR, DER, ROE, Firm Size, DPR, and Green Accounting do not have a good and inaccurate model in predicting stock returns.

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Test of Determination Coefficient (R2 Test) PLS Partial Model

Table 5. Results of Test of Determination Coefficient

	R-square	R-square adjusted
Stock Return	0.020	0.002

Source: SmartPLS Processed Data (2022)

Based on table 5, it can be seen that the Adjusted R Square stock return is 0.002 or 0.2%, thus it can be interpreted as 5 that CR, DER, Firm Size, and DPR at least the model is better than before.

Hypothesis Test (Test t) pls pasrsrsial model

This hypothesis test is used to test the level of significance of the influence partially. The conclusion drawn in this t-test is to look at the significance (α). The following are the results of the partial hypothesis test used in this study:

Table 6. Results of PLS Full Model Hypothesis Testing

	Original sample (O)	T statistics (|O/STDEV|)	P values (2-tailed)	P values (1-tailed)	Hypothesis	Conclusion
CR -> Stock Return	(0.053)	0.794	0.427	0.214	+	Rejected
DER -> Stock Return	(0.045)	0.706	0.480	0.240	-	Rejected
DPR -> Stock Return	(0.120)	1.995	0.046	0.023	-	Accepted
G_ACC -> Stock Return	(0.003)	0.079	0.937	0.469	+	Rejected
ROE -> Stock Return	(0.009)	0.123	0.902	0.451	+	Rejected
SIZE -> Stock Return	(0.065)	0.746	0.456	0.228	+	Rejected

Source: Smart PLS Processed Data, 2022

It can be seen from the results of the hypothesis test that only one hypothesis is accepted, but the model is not yet fit, the results of the hypothesis test may be biased, so it is tried to manually backward regression steps

Table 7. Results of PLS Partial Model Hypothesis Testing

	Original sample (O)	T statistics (|O/STDEV|)	P values (2-tailed)	P values (1-tailed)	Hypothesis	Conclusion
CR -> Stock Return	(0.051)	0.806	0.420	0.210	+	Rejected
DER -> Stock Return	(0.047)	0.758	0.448	0.224	-	Rejected
DPR -> Stock Return	(0.124)	2.485	0.013	0.006	-	Accepted
SIZE -> Stock Return	(0.062)	0.773	0.439	0.220	+	Rejected

Source: Smart PLS Processed Data (2022)

Discussion

The Effect of Current Ratio on Stock Returns

The first hypothesis is that the current ratio (CR) has a negative and insignificant effect on stock returns. The insignificant current ratio to stock returns in LQ45 companies listed on the Indonesia Stock Exchange for the period 2017 – 2021 is because the calculation only includes the cash element to the company's short-term debt in assessing the company's liquidity level. LQ45 companies are a collection of companies from various sectors with different current asset components so that the resulting current ratio value has different capabilities in covering the current debt owned by the company. This is certainly a consideration for investors before investing their capital in the LQ45 company to get returns by expectations.

A low current ratio will cause a decrease in the market price of the stock price concerned. On the other hand, the current ratio is too high and is also not necessarily good, because under certain conditions it shows that there are a lot of unemployed company funds (little activity) which can eventually reduce the company's profitability. A high current ratio can be caused by uncollectible receivables and unsold inventory, which of course cannot be used quickly to pay debts.

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The larger the current ratio it has, it shows the company's ability to meet its operational needs, especially working capital, which is very important to maintain the company's performance (Renaldo, Suyono, et al., 2023), which ultimately affects stock price performance. This can give investors confidence to own the company's shares so that it can increase stock returns.

The results of this study are not in line with the theory of signaling and information asymmetry are closely related, the asymmetry theory says that parties related to the company do not have the same information about the company's prospects and risks. Certain parties have better information than others. The theory of asymmetric information says that parties related to the company do not have the same information about the company's prospects and risks. One of the parties has better information than outsiders, namely investors.

Due to mispricing in the primary market as a result of an information imbalance between the underwriter and the company (issuer), in the financial literature, the problem is called asymmetric information. This will cause higher-valued companies to use Underpricing as a signal.

Outside investors do not know the complete information of the company, but managers within the company know for sure the company's financial strategy. The relationship of information asymmetry is in the current ratio variable, where managers can manage high or low liquidity depending on the company's needs, while investors only know that low liquidity is not good for the company if it needs external funding.

The Effect of Debt to Equity Ratio on Stock Returns

The second hypothesis, namely the debt-to-equity ratio, has a negative and insignificant effect on stock returns. A negative debt-to-equity ratio means that the higher the debt-to-equity ratio indicates the higher the composition of the company's debt compared to its capital, which has a major impact on the company's burden on external parties because it will increase the company's solvency. This is because the company will try to fulfill its debt obligations first before providing returns to investors. The higher the debt-to-equity ratio reflects the company's relatively high risk, as a result, investors tend to avoid stocks that have a high debt-to-equity ratio value.

The absence of a significant effect of the debt-to-equity ratio on stock returns may mean that there is a different assessment from investors of the importance of debt to the company. Some investors may think that a large debt-to-equity ratio will be a burden for the company because of the obligation of the company to pay debts and the risk of bankruptcy that will be borne by investors. On the other hand, some investors also argue that debt is urgently needed by the company for the company's operations. Debt is needed by the company to increase the company's capital because having a large debt can be used to increase the company's capital so that the company can develop its business and by doing business development, investors are more interested in buying the company's shares so that the company's share price will rise and the return on shares will also rise.

The results of this study are not in line with the agency theory which is a condition that occurs where the management (agent) and shareholders (principal) make a contract, called the nexus of contract, which contains an agreement that explains that the company's management must work optimally to provide maximum satisfaction, such as high profits, to the capital owner (principal) (Fahmi 2013: 2). Agency theory contains that the management of the company as agents for the shareholders will act with full awareness for its interests, not as a wise and prudent party and agitate with the shareholders.

The relationship between agency theory and debt to equity ratio is related to the policies of managers who manage the company's finances. If managers take their own profits, for example through bonus schemes to increase debt value or through dividend policy schemes to increase dividend distribution (Suhardjo et al., 2022), this will incur very high agency costs for the company and tend to be less liked by investors.

The Effect of Return On Equity on Stock Returns

The third hypothesis in the first model explains that return on equity has a negative and insignificant effect on stock returns. So in the second model, return on equity is not tested because it causes the resulting r square value to be minus.

Basically, the high or low return on equity will not affect investors in making investment decisions, because if the company is able to manage its capital well, it will be able to generate profits. So not all companies whose capital has decreased will have an effect on the company's stock return.

Return on equity is information that is responded negatively to by exchange participants, this is because the data distribution pattern of stock returns tends to decrease when the return on equity of a company increases. If you look more deeply in terms of profits for shareholders, actually stock investment in sector companies is very perspective. Thus, investors are more concerned about other factors because they are less interested in return on equity.

With a higher return on equity (ROE) value, the better the financial performance in obtaining net profit. Return on equity (ROE) is part of the profitability ratio and can be useful to measure more or less ability and make profits from investment returns. Return on equity (ROE) is very crucial for potential investors because using this can determine how effective the company is in utilizing the capital invested to get a net profit.

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Stakeholders theory is a theory that argues that in carrying out production and operational activities, companies are obliged to provide benefits and profits for their stakeholders because they are not entities that have their interests. The stakeholders in question are parties that directly and indirectly influence the company such as the community, government, suppliers, consumers, and shareholders. The survival of the company is greatly influenced by stakeholders, so the company has a responsibility to try to fulfill the wishes of its stakeholders.

Stakeholders can basically control (Napitupulu et al., 2021) or have the ability to influence the use of economic resources used by the company. Therefore, stakeholder power is determined by the amount of power that stakeholders have over the source. These powers can be in the form of the ability to limit the use of limited economic resources (capital and labor), access to influential media, the ability to regulate the company, or the ability to influence the consumption of goods and services produced by the company.

A company must maintain relationships with its stakeholders by accommodating the wishes and needs of stakeholders and disclosing information to stakeholders, especially stakeholders who have power, which has a great influence on the company. The relationship between stakeholder theory and return on equity is that stakeholders want companies that are going concern. If business sustainability, which is characterized by a return on equity that always increases, then this will be able to meet the expectations of investors.

The Effect of Firm Size on Stock Return

The fourth hypothesis is that firm size has a negative insignificant effect on stock returns. From the table above, it is known that firm size has no significant effect, this can be seen from the p values which are 0.228 > 0.05. The original sample value of -0.065 indicates that the direction of the relationship between Firm Size and stock returns is negative. Thus the fourth hypothesis is rejected.

In theory, firm size is a scale where the size of a company can be classified through total assets, net sales, and market capitalization, a large company size will easily obtain additional funds in the capital market compared to a small company. However, investors should not only look at the company because of its size of the company, a large company does not always have a large total asset from the capital it has, the capital owned can come from loans that must be paid later which will result in a small return or return on shares.

The size of the company will affect investors' interest in investing in a company. Companies with large total assets will easily obtain additional funds in the capital market when compared to companies that have small total assets because, with small total assets, the company's share price will be low, resulting in stock returns.

This result is not in line with signal theory where signal theory looks at signs about the conditions that describe the company (Fahmi, 2013). This theory explains that a good financial report is a signal or sign that the company has also been operating well, a good signal will be responded to well by other parties. If the published announcement contains a positive value, then it is expected that the market will react when the announcement is received by the market.

Signal theory shows the existence of information asymmetry between the company's management and the parties interested in the information, as well as how the company should provide signals to users of financial statements. The signal in question is in the form of information about the activities that have been carried out by the company's management in reducing the uncertainty of prospects and other information that states that the company's condition is better than other companies.

The relationship with firm size is the funding activity carried out by the management reflecting the value of the company's shares. The signals given by the management will influence investors' decisions in the future (Renaldo & Murwaningsari, 2023). The market reaction is shown by a change in stock trading volume because investors use existing information to analyze so that there is a change in volume in stock trading. The signals given by the management will influence investors' decisions in the future.

The Effect of Dividend Payout Ratio on Stock Returns

The fifth hypothesis, namely the dividend payout ratio, has a significant negative effect on stock returns. The amount of dividends will determine how much of the company's net profit will be retained which is used for development interests in the company. The dividend payout ratio is a ratio that describes the large proportion of dividends distributed to the company's net income. The Dividend payout ratio is used to compare dividends per share and earnings per share. Companies that have high risk, tend to pay a smaller DPR so that they do not have dividends deducted if the profits earned fall and, if companies with low risk tend to pay a larger dividend payout ratio. So, companies with larger dividend payments will reduce the company's ability to invest it will reduce the company's growth rate which will further reduce the stock price. A decrease in stock prices will result in a decrease in stock returns.

Agency theory is a condition that occurs where the management (agent) and shareholders (principal) make a contract, called the nexus of contract, which contains an agreement that explains that the company's management must work optimally to provide maximum satisfaction, such as high profits, to the owner of capital (principal) (Fahmi 2013). Agency theory contains that the management of the company as agents for the

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shareholders, will act with full awareness for its own interests, not as a wise and prudent party and agitate with the shareholders. T

The results of this study are in line with the dividend payout ratio theory, which is related to the policies of managers who manage the company's finances. If managers take their profits, for example through bonus schemes to increase debt value or through dividend policy schemes to increase dividend distribution, this will incur very high agency costs for the company and tend to be less liked by investors.

The Effect of Green Accounting on Stock Returns

The sixth hypothesis is that green accounting has a negative and insignificant effect on stock returns. So in the second model of green accounting, no testing was carried out because it caused the resulting r square value to be minus.

The application of this concept will provide a positive perspective from the public who assess that the company is not only concerned with production but also with the surrounding environment. By implementing the concept of green accounting, the company is also late in complying with environmental regulations to be maintained. In addition, companies can also use natural resources more wisely so that companies can get results in the long term. Companies can maintain the company's good name by applying this green accounting concept because companies not only exploit natural resources but can also maintain the preservation of these natural resources. So companies with the application of the green accounting concept will have higher stock prices as well.

The low awareness of industrial companies in the implementation of green industry through green accounting is evident that there are still many LQ45 companies listed on the Indonesia Stock Exchange that have not implemented the concept of green accounting during the period 2017 to 2021. This is because in general, the application of green accounting is like two sides of a coin, on the one hand, it will bring benefits to the industry but on the other hand, it will bring potential cost increases through environmental costs. This is why there are not many companies that implement green accounting. If the company implements green accounting for a long period, it will provide benefits for all parties, both the company, consumers, and stakeholders.

The results of this study are not in line with the theory of legitimacy theory, which is a company management system that is oriented towards partiality towards the community, the government, individuals, and community groups as a system that prioritizes partiality to the community, and company operations with the expectation that the community must be congruent.

The theory of legitimacy in terms of showing the influence of green accounting on stock returns is when a company really cares about the community in the place where the company operates. The existence of good environmental information will give a good image to the company which actually shows that the company is carrying out its environmental obligations. This will also have an impact on the company's value.

CONCLUSION

Based on the results of the study, the conclusion in this study is (1) Current ratio (CR) has a negative effect on stock returns. (2) Debt to equity ratio has a negative and insignificant effect on stock returns. (3) Return on equity has a negative effect on the return of shares. (4) Firm size has a negative effect on stock returns. (5) Dividend payout ratio has a significant negative effect on stock returns and (6) Green accounting has a negative and insignificant effect on stock returns.

Implication

These results highlight the importance of considering multiple financial and non-financial factors when making investment decisions. Investors should look beyond traditional metrics like liquidity and profitability, considering aspects like firm size, dividend policies, and environmental practices when evaluating stock performance (Renaldo, Suharti, et al., 2021; Zulkifli et al., 2023). The study implies that financial managers need to strike a balance between maintaining financial stability and pursuing growth opportunities. They should manage liquidity efficiently, ensure a balanced capital structure, and consider the long-term implications of dividend policies and sustainability practices on shareholder value.

Limitation

The limitations that the author obtained during this study include (1) Many research variables that do not affect the stock *return of* LQ45 companies for the period 2017 – 2021. (2) Of the many financial ratios that exist, the researcher only uses financial ratios that represent each variable and (3) Another limitation is that the companies that are the research sample are not in the same sector, so that there are differences in the report.

Recommendation

In accordance with the results of the research, the suggestions that the author can give include (1) For potential investors in assessing a good investment, they must make other assessments besides looking at the company's financial ratio, so that the investment made later can bring better profits, especially for prospective investors who expect a dividend payment ratio. (2) For other prospective researchers, the results of this study can be used as supporting evidence to examine other factors that give better results to see things that can affect the dividend payout ratio. (3) For researchers, the existence of research can be a learning material to encourage conducting other research in the hope that later it can be practiced in real situations and (4) For the Accounting study program at the Pelita Indonesia Institute of Business and Technology, it is hoped that the research results of this author can be used as reading material for the next generation and generation and also a reference for other researchers to discuss the same analysis.

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