

**INFLUENCE OF DOLLAR EXCHANGE RATE, INTEREST RATE,  
INFLATION, DIVIDEND, OWNERSHIP AND FIRM SIZE TO  
RETURN SHARES  
(Study in Sub Sector Company Telecommunications Listing on  
Bursa Efek Indonesia Period 2010-2016)**

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**ABSTRACT**

*The purpose of this study is to analyze how the return of shares of the Indonesian Telco's companies listing in Indonesia Stock Exchange (BEI) in 2010-2016 will be affected by external and internal factors which include the influence of dollar exchange rate, interest rate, inflation, dividend, ownership (insider and external) and company size either partially or simultaneously. This study uses data analysis techniques in this study using regression analysis. The sample used is Top-3 Telco Company that is EXCEL, INDOSAT and TELKOM by using Annual Company Report and Annual Financial Report and Bank Indonesia Report in a monthly statistic to know the effect on dividend, ownership and assets. The results showed that in the Telco's company the dollar exchange rate, interest rate, inflation rate and external ownership have a positive effect on stock return, while insider ownership, dividend and firm size have negative effect on stock return.*

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**Key Words:** Dollar exchange rate, Inflation, Interest Rate, Dividend, Ownership, Size of company, Stock Return

**JEL Classification:** C19, G13, G14

## 1. INTRODUCTION

The tight increasingly development of the business aspect in Indonesia will create an increasingly keen competition among companies. Companies industry in Indonesia are the way for investors to invest in various forms of securities. So it is not wrong for companies of various aspects and types to be part of the capital market.

Public involvement in the capital market is by buying shares that offered in the capital market. For an investor, the investment in the selected securities would be expected to provide a return rate that corresponds to the risks that investors must bear. Bodie et.al. (2008), explains in investment theory that uncertainty of return asset from a company caused by existence of influence of business environment factor that is external environment and internal environment. With regard to investment, every investor in making investments, always faced a trade-off between return and risk. Any rational investor decision will make an investment choice that gives a certain return by taking the lowest risk possible or an investment option at a certain risk that generates the highest possible return.

This rate of return is a major factor because of return is the result obtained from an investment (Jogiyanto, 2000: 155). The return value of each security varies from one to another. Not all securities will provide the same return for investors. Return of a security is determined by many things such as the company's performance and the company's strategy of managing the profits. The conditions that make investors and creditors feel worried if the company has financial difficulties (financial distress) that leads to bankruptcy. Expectations to earn a return also occur in financial assets.

Large companies are considered to have less risk than smaller companies because large companies are considered to have more access to the Elton and Gruber capital markets (in Jogiyanto, 2007). Therefore, when connected with stakeholder theory that large companies have a large number of stakeholders that will provide an overview to the market will a large company which will be responded positive market so that it is expected to be able to increase the stock return of the company in order to get support from stakeholders.

The high population in Indonesia become one factor for the company in the era of the fourth wave of technology and digital wave revolution in conducting business activities with investment offerings for the people who promise an advantage in the capital market.

Furthermore, the sample in this study is a group of industrial Services Companies in the Sector Infrastructure, Utilities and Transportation Sub Sector Telekomunikasi covering: EXCL (XL Axiata Tbk), ISAT (Indosat Tbk) and TLKM (Telekomunikasi Indonesia Tbk).

**Table 1.1 Return of Telecommunication Company Share in Indonesia  
for 2010 - 2016 period**

No	Tahun	Operator Telekomunikasi		
		EXCL	ISAT	TLKM
1	2010	1.7461	0.1429	-0.1587
2	2011	-0.1462	0.0463	-0.1132
3	2012	0.2597	0.1416	0.2837
4	2013	-0.0877	-0.3566	0.1878
5	2014	-0.0644	-0.0241	0.3326
6	2015	-0.2497	0.3580	0.0838
7	2016	-0.3671	0.1727	0.2818

*Source: Company Annual Financial Report at [www.idx.co.id](http://www.idx.co.id), data is processed*

In table 1.1 above it can be seen that during the period 2010 to 2016, stock return telecommunication companies listing on the Indonesia Stock Exchange (BEI) are as follows:

1. PT Excel Axiata Tbk, in 2010 and 2012 stock returns retrofitted but in 2011 to 2016 tend to always decrease,
2. PT Indosat Tbk, in 2010 to 2012 stock returns retrofitted, but in 2013 to 2014 tends to decline and despite retrofitting in 2015 and 2016,
3. PT Telekomunikasi Indonesia Tbk, in 2010 and 2011 stock returns decreased but in 2012 to 2016 tend to strengthen.

Despite an increase in the number of service users but investments made in the capital market by investors are not directly correlated to expected earnings and returns.

Based on the description of the above general conditions that affect the company and describe the actual conditions of macro-economic activities that affected a company in carrying out its business activities, the research will examine the internal and external factors that impact in the performance of telecommunication sub-sector companies, especially on stock return to stakeholders.

Based on the background, and the phenomenon mentioned above, writer is interested in this research with the title "Influence of Dollar Exchange Rate, Interest Rate, Inflation Rate, Dividend, Ownership, and Firm Size to Return of Share in Company Sub Sector Telecommunication Listing in Indonesia Stock Exchange Period 2010-2016".

## **2. LITERATURE REVIEW**

The literature review in this study discusses the financial theories used in order to get the right direction in formulating basic theories for basic theoretical and empirical as well as the development of hypotheses. This study will begin by reviewing the concept of stock return, then review the theories of Financial Management which became the grand theory (main theory). The theories are used interrelationships in the relationship between variables that will form a basic model of research or grand theoretical model.

Return of stock is the level of profit enjoyed by the investor on a stock investment that he did (Ang, Robert 1997). Every short-term and long-term investment has the primary goal of gaining a profit called return, either directly or indirectly (Ang, Robert 1997). In simple terms investment can be defined as an activity of placing funds on one or more of one asset during a certain period in the hope of earning or increasing the value of investment. The concept of risk is inseparable in relation to returns, as investors always expect an appropriate rate of return on each investment risk it faces. Return of shares is the income earned during the investment period per amount of funds invested in shares (Bodie, 1998).

Several previous studies on the effect of macro-economic variables on stock performance showed different results as found by Tirapat and Nitayagasetwat (1999) that there is a corporate sensitivity to macroeconomic variables called systematic risk of the company obtained from the results of regression of stock returns of firms with macroeconomic variables the.

Economic developments in some countries are influenced by interest rates. Tandeli (2001, in Meta 2007) mentions that when the economy is in a stable state of interest rate decline, on the contrary when the economic conditions are unstable then the interest rate becomes high. According Sugeng (2004), an increase in interest rates will result in a decrease in return and vice versa. In the face of an increase in interest rates, shareholders will sell their shares until the interest rate returns to a level that is considered normal.

Research on the relationship between inflation and stock return as Widjojo (in Almilia, 2003) says that the higher of the rate of inflation will further lower the level of profitability of the company. While research conducted by Utami and Rahayu (2003) to prove empirically the influence of inflation on stock prices, the higher the rate of inflation the lower the stock return. And research conducted by Adams et al. (2004) and Nurdin (1999) who found the significant inflation negatively affect the stock return.

Amarjit's research (2010) in Carlo (2014) states that the dividend policy proxies by the Dividend Payout Ratio (DPR) can also be attributed to the stock return of the company. This is because companies that have a high DPR will increase the share price, so the demand for shares increase, and this will impact on a positive return.

According to Effendi (2009), Good Corporate Governance is defined as a company's internal control system that has the primary goal of managing significant risks to meet its business objectives through securing corporate assets and increasing shareholder value in the long term.

Previous studies that analyzed the effect of firm size on stock returns showed inconsistent results. The results of Karacaer's research, et al. (2009) shows that firm size has a positive effect on stock return. The results of Daniati and Suhairi (2006) showed that firm size influenced the expected return. The results of Munte (2009) and Solechan (2008) show that firm size does not affect stock return. The results of Sofilda and Subaedi (2008) show that firm size does not affect stock prices.

### **3. METHODOLOGY**

#### **3.1 RESEARCH QUESTIONS**

Based on the formulation of the research problem can be raised the question of problem formulation as follows:

1. How does the effect of Dollar exchange rate on telecom shares return on the Indonesia Stock Exchange period 2010-2016?
2. How does the interest rate affect the return of telecommunication sub-sector shares in Indonesia Stock Exchange 2010-2016 period?
3. How Does Inflation Rate Influence on Telecommunication Sector Stock Return In Indonesia Stock Exchange 2010-2016 Period?
4. What is the effect of Dividend on the return of telecommunication sub-sector shares in Indonesia Stock Exchange 2010-2016 period?
5. How is the effect of Ownership on the return of telecommunication sub-sector shares in Indonesia Stock Exchange period 2010-2016?

6. How does Firm Size affect the return of telecommunication sub-sector shares in Indonesia Stock Exchange for 2010-2016 period?
7. How is the effect of dollar exchange rate, Interest Rate, Inflation, Dividend, Ownership and Firm Size on stock return on Telecommunication Sub Sector Companies in Indonesia Stock Exchange 2010-2016 period?

### 3.2 Modeling Volatility

The method that will be used in this research are quantitative, descriptive, exploration method. This research is included in causal research, because this research is conducted to test the hypothesis about the effect of causality between one or several variables. In this research will be developed a model that is expected to be more explain again the relationship of causality between variables analyzed, and at the same time can make the research implications useful for the development of science as well as a method and techniques for solving problems in the field.

This study focuses on empirical testing of model builds developed on the basis of the proposed basic theoretical models, as noted in Chapter II. The identification and integration of determinant variables of internal and external factors of the company in relation to the achievement of Stock Return, is done through a research empirical model. The formation of empirical models of this research is to answer the research problem that has been explored into 7 (seven) research questions, as previously stated.

Then will be tested whether the variable of external factors such as exchange rate of exchange rate of rupiah to USD, SBI interest rate, inflation rate and internal factors like Dividend, Ownership and Firm Size influence to stock return of telecommunication sub sector company, described the research model as follows:

**Table 3.1 Operation Variables for Research**

Variable	Dimension / Variable Concept	Variable Measurement	Scale
Return Stock (Y)	The rate of return enjoyed by the investors on a stock investment it does (Ang, Robert 1997)	$Return\ Saham = \frac{(P_1 - P_0) + D}{P_0}$ Where: P1 = Price, ie price for time t P0 = Price, ie the price for the preceding time D = Dividend	Ratio

Variable	Dimension / Variable Concept	Variable Measurement	Scale
<p><i>Ownership</i> consists of:</p> <p>1) Ownership Internal shares (X<sub>1.1</sub>)</p> <p>2) Ownership External shares (X<sub>1.2</sub>)</p>	<p>The percentage of ownership of shares owned by management (Ownership of Internal Shares) and public / public shareholdings (External Shares Ownership).</p> <p>The amount of ownership of shares by management of the entire number of shares outstanding.</p>	$\text{Internal Ownership (IO)} = \frac{\sum \text{saham oleh Manajemen}}{\sum \text{seuruh saham beredar}}$ $\text{Eksternal Ownership (IO)} = \frac{\sum \text{saham oleh Masyarakat/Publik}}{\sum \text{seuruh saham beredar}}$	<p>Ratio</p> <p>Ratio</p>
Dividend (X <sub>2</sub> )	A profit share to shareholders based on the number of shares owned. This division will reduce the retained earnings and the available cash for the company, but the distribution of profits to the owners is indeed the main objective of a business.	$\text{Dividend Payout Ratio (DPR)} = \frac{\text{Earning per Share}}{\text{Dividend per Share}}$	Ratio
Firm Size (Ukuran Perusahaan) (X <sub>3</sub> )	It describes the size of a company (Jaelani, 2001 in Suryani, 2007: 42). The size of the company that shows the size of the company can be seen from the size of capital used, total assets owned, or total sales obtained.	$\text{Firm Size Growth} = \frac{(\text{Firm Size}_t - \text{Firm Size}_{t-1})}{\text{Firm Size}_{t-1}}$	
Interest rate (X <sub>4</sub> )	Percentage of principal debt paid as fee (interest) in a given period	$\text{Tingkat Suku Bunga} = \frac{\text{Harga Uang dipinjam}}{\text{Periode waktu tertentu}}$	Ratio

Variable	Dimension / Variable Concept	Variable Measurement	Scale
Inflation rate (X <sub>5</sub> )	Inflation is also a process of declining currency values continuously	$\text{Tingkat Inflasi} = \frac{(\text{Tingkat Inflasi} - \text{Tingkat Inflasi}_{t-1})}{\text{Tingkat Inflasi}_t}$	Ratio
Dollar Exchange rate (X <sub>6</sub> )	An agreement known as the exchange rate of a currency against current or future payments, between two currencies of each country or territory	$\text{Nilai Tukar Uang (IDR ke USD)} = \frac{\text{Nilai 1 Rupiah}}{\text{Nilai tukar USD}}$	Ratio

In this study, the population in this study were 6 (six) Telecommunication Service Companies in Infrastructure, Utilities and Transportation Sectors in Indonesia Stock Exchange period 2010-2016. Furthermore, to avoid differences in the characteristics of industrial activities whereas the entire population is a telecommunications sub-sector, this research will focus on companies in telecommunication sub-sector which is a company with top 3 (three) market category in Indonesia.

In this study the type of data used is secondary data is data obtained indirectly through intermediaries (obtained and recorded by other parties). The data used in this research are inflation data, exchange rate, interest rate, dividend, ownership and firm size and return of shares of Industry Group of Service Companies in Infrastructure, Utility and Transport Sector Sub Telecommunication Sector listed on BEI 2010-2016

The following model of multiple linear regression in this research are:

$$Y = a + b_1X_1 + b_2X_2 + \dots + b_nX_n + e$$

Remark:

Y = Stock Return

a = Constants

b = regression coefficient

e = Error term

X<sub>1</sub> to X<sub>6</sub> = Dollar exchange rate, inflation rate, interest rate, dividend, ownership (Insider and external) and firm size.

### 3.3 Data

In this thesis, the sample used is a sample of companies in the sector of Infrastructure, Utilities and Transportation in Indonesia Stock Exchange period 2005-2014. In this research the sampling technique is taken by purposive sampling, this is the technique of sampling using certain criteria specified by the researcher (Sugiyono, 2013).

Sample selection criteria in this study are as follows:

- 1) Companies that have published their consolidated financial statements from 2010 to 2016.
- 2) The trading of its shares is active in IDX during the study period.
- 3) The Company has listings before the observation period and is not delisted until the end of the period.

Furthermore, the sample in this study is a group of industrial Services Companies in the Sector Infrastructure, Utilities and Transportation Sub Sector Telekomunikasi covering: EXCL (XL Axiata Tbk), ISAT (Indosat Tbk) and TLKM (Telekomunikasi Indonesia Tbk).

**Table 3.2 Objek Penelitian Sub Sektor Telekomunikasi**

No	Kode Saham	Nama Emiten	Tanggal IPO	Keterangan
1	BTEL	Bakrie Telecom Tbk	3-Feb-06	
2	EXCL	XL Axiata Tbk (dh Exelcomindo Pratama Tbk)	29-Sep-05	Object Penelitian
3	FREN	Smartfren Telecom Tbk	29-Nov-06	
4	INVS	Inovasi Infracom Tbk	3-Jul-09	
5	ISAT	Indosat Tbk	19-Oct-94	Object Penelitian
6	TLKM	Telekomunikasi Indonesia Tbk	14-Nov-95	Object Penelitian

*Source: idx.co.id, data is processed*

In accordance with the description of the company to be used as a research object, the information that can be submitted for research consideration is between Bakrie and Smartfren there has been a merger and transfer of ownership and Inovisi Infracom currently focuses on services that are enterprise-specific to enterprise scale and not all levels of society can feel the service so that later companies that enter into the object of research for the period 2010-2016 is Excel, Indosat and Telkom.

Data collection method in this research is to document that is record monthly data which is listed on Monthly Statistic for return data of telecommunication sub-sector share monthly. For monthly exchange rate and interest rate data obtained from the official website of Bank Indonesia ([www.bi.go.id](http://www.bi.go.id)) and Central Bureau of Statistics (BPS) for monthly inflation rate data.

According Sugiyono (2013) data when viewed from the source can be divided into primary data and secondary data.

#### 1. Primary Data

The primary data source is the data source that directly provides data to the data collector.

#### 2. Secondary Data

Sources of secondary data is a source data obtained by reading, studying and understanding through other media sourced from literature, books and corporate documents.

In this study, the type of data used is secondary data is data obtained indirectly through intermediaries (obtained and recorded by other parties). The data used in this research are inflation data, exchange rate, interest rate, dividend, ownership and firm size and return of shares of Industry Group of Service Companies in Infrastructure, Utility and Transport Sector Sub Telecommunication Sector listed on BEI 2010-2016



#### 4. RESULTS AND DISCUSSION

Based on the 54 samples used in this study, descriptive statistics are obtained for all analyzed variables: Stock Return, Dollar Exchange Rate, Interest Rate, Inflation, Internal Share Ownership, External Share Ownership, Dividend, and Size of the Company. This descriptive statistic is presented with the aim to know the characteristics of the variables analyzed in detail which includes the number of samples, range, average, minimum, maximum, and standard deviation.

For research data exchange rate dollar against rupiah using data from <http://www.ortax.org> and exchange rate used is middle value. The dollar exchange rate ratio is as follows:

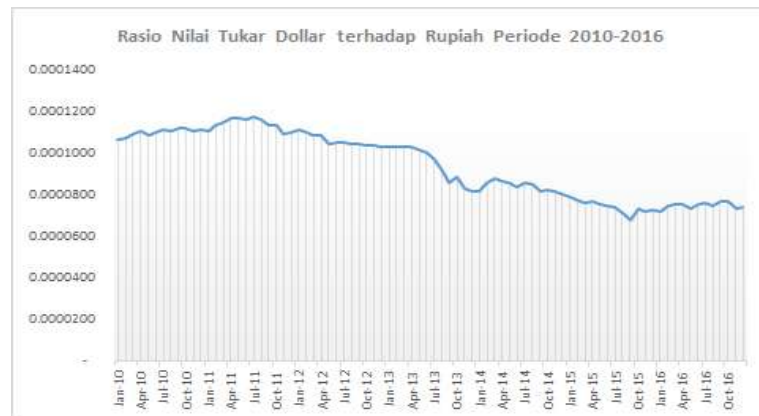


Figure 4.1 Dollar Exchange Rate Ratio during 2010-2016

It appears that during the period of January 2010 to July 2012 the exchange rate tended to be stable, but from July 2012 to December 2016, the Rupiah experienced pressure and caused the fall of the rupiah.



Figure 4.2 Inflation Rate Ratio during 2010-2016

The inflation rate ratio during 2010-2016 period with the following trend, 2010 inflation tends to increase, while in 2011 it tends to decrease. However, the inflation ratio in 2012 is relatively stable and

a significant increase occurred in 2013 which was followed by a decline back to August 2014. After rising in August 2014 to the end of 2015, the inflation ratio tends to be stable until December 2016.

Table 4.1 Dividend Payout Ratio Top-3 Indonesia Telco 2010-2016

Tahun	Dividend Payout Ratio		
	EXCL	ISAT	TLKM
2010	0.31490	0.50000	0.50340
2011	-	-	0.55580
2012	-	1.10000	0.48000
2013	1.14000	-	0.51000
2014	-	-	0.54000
2015	-	-	0.46000
2016	0.02000	-	0.49000

During the period 2010 to 2016, Telco looks consistent to make payments to shareholders with the following explanation: 1) Excel only gives dividends in 2010, 2013 and 2016 with the consideration of financial condition that is not possible, 2) Indosat, also only give dividends in 2010 and 2012. 3) Telkom, consistent in giving dividends to its shareholders.

The data used for the research is the composition of both Internal and External Ownership, where the Internal Ownership is the ownership of shares by the Commissioner or Director of the company. While External Ownership is the ownership of shares by Public other than business entity.

Table 4.2 Ownership (Insider & External) Ratio during 2010-2016

Tahun	Onwership					
	Excl-Int	Excl-Eks	Isat-Int	Isat-Eks	Tlkm-Int	Tlkm-Eks
2010	0.000580	0.199974	0.000002	0.155949	0.000001	0.344939
2011	0.000722	0.200966	0.000002	0.150856	0.000001	0.303218
2012	0.000864	0.334513	0.000002	0.151982	0.000001	0.328914
2013	0.001134	0.335154	0.000002	0.152074	0.000001	0.351859
2014	0.000447	0.335154	0.000002	0.153204	0.000001	0.368060
2015	0.000688	0.335690	0.000002	0.207079	0.000048	0.381247
2016	0.000581	0.336388	0.000002	0.207079	0.000090	0.401292

Excel has a relatively stable Ownership ratio from 2010 to 2016 with the highest Internal Ownership ratio in 2013. Medium Ownership Ratio Indosat is relatively small and there is no change from 2010 to 2016. In Telkom, the Internal Ownership shows an increase starting in 2016 with the increase share ownership by Commissioners and Directors.

Company size describes the size of a company. The size of the company that shows the size of the company can be seen from the size of capital used, total assets owned, or total sales obtained. The size of the company will affect the ability to bear the risks that may arise due to various situations faced by the company



Figure 4.3 Asset (Firm Size) Ratio during 2010-2016

In general, Excel could have the highest ratio of other Telco's in 2014, although ultimately at a ratio that is below zero. While Indosat has fixed asset ratio that depicts unstable firm size and majority below zero, despite touching positive ratio in 2012 and 2015. Telkom has positive ratio since 2010-2016.

Table 4.3 Descriptive Statistics Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
TktDolar	84	,000068	,000118	,00009422	,000015919
TktSkBunga	84	,057500	,077500	,06718750	,006591213
Inflasi	84	,027900	,087900	,05440238	,016201658
ExtrnLO	84	,655041	,944759	,82127929	,098585494
InsdrO	84	,000150	,264552	,07576288	,120111242
DPR	84	,153340	,733750	,38879004	,216195573
Size	84	-,022790	,220377	,06769014	,075024735
ReturnShm	84	-,085490	,576747	,11757457	,212360141
Valid N (listwise)	84				

Based on Table 4.3 above can be explained that the Stock Return variable has an average of 0.11757457 (11.76%) with a standard deviation of 0.212360141 indicates that in general from 3 companies (84 sample data) shares of the company under one. The maximum value of this stock return variable is 0.576747 and its minimum value is -0.085490.

Variable Size has an average of 0.06769014 (6.77%) with a standard deviation of 0.075024735, indicating that of the 3 companies selected as members have revenue as a result or Return of the use of company assets. The highest Size value is 0.220377 and the lowest Size value is -0.022790.

The variable of House of Representatives has an average of 0.38879004 (38.88%) with a standard deviation of 0.216195573, it shows that the 3 companies that are members of the sample in this study generally have a high percentage of return, which exceeds 40% to finance investment. The maximum value of this House variable is 0.733750 (73.37%), and the minimum value is 0.153340.

External Ownership Variable (Extrnl-O) has an average of 0.82127929 (82.13%) with a standard deviation of 0.098585494, it indicates, the 3 companies that are members of the sample in this study generally use the Number of shares outstanding in trading activities company stock. The maximum value of this External Ownership variable is 94.48%, while the minimum value is 65.50%.

The Insider Ownership (Insdr-O) variable has an average value of 0.07576288 (7.58%) with a standard deviation of 0.119501816, this condition indicates that the selected companies are members of the sample in this study of company stock owned by the manager on average by 7.58% of the company's ownership. The maximum value of this Internal Ownership variable is 26.45%, while the minimum value is 0.015%.

Inflation rate variables have an average value of 5.44% with a standard deviation of 0.016201658, this condition indicates that the firms selected to be members of the sample in this study inflation by managers on average amounted to 5.44%. The maximum value of this Inflation variable is 8.79%, while the minimum value is 2.79%.

The interest rate variable has an average value of 6.72% with a standard deviation of 0.006591213, this condition indicates that the firms selected to be members of the sample in this study The average interest rate faced by managers is 6.72 %. The maximum value of the variable interest rate is 7.75%, while the minimum value is 5.75%.

The exchange rate Dollar variable has an average value of 0.000009422 (0.01%) with a standard deviation of 0.000015919, this condition indicates that the companies selected to be members of the sample in this study The dollar exchange rate that occurred when it was flat at a rate of 0.009%. The maximum value of this Dollar exchange rate variable is 0.000118 (0.012%), while the minimum value is 0,000068 (0.007%).

Normality test aims to test whether in the regression model, the annoying / residual variable has a normal distribution. The normality test method used is Kolmogorov-Smirnov (K-S), the result is as follows:

Table 4.4 Normality Test

One-Sample Kolmogorov-Smirnov Test

			Unstandardized Residual
N			84
Normal	Mean		,0000000
Parameters <sup>a,b</sup>	Std. Deviation		,16640827
Most	Extreme	Absolute	,096
Differences		Positive	,088
		Negative	-,096
Kolmogorov-Smirnov Z			,882
Asymp. Sig. (2-tailed)			,418

a. Test distribution is Normal.

b. Calculated from data.

Sumber : Hasil olah data SPSS versi 20.0

To determine data by Kolmogorov-Smirnov statistical test, the significance value should be above 0.05 or 5% (Ghozali, 2009). From table 4.4 the value of Kolmogorov-Smirnov 0.882 with the significance value of 0.418 > 0.05, this means that the residual data is normally distributed.

The formulation for all hypotheses present in this study has led to the consequent formation of empirical research models. Tests for all hypotheses that accompany the empirical model of the study, using regression analysis performed through the Amos program package 20.0 shown in Figure 4.8 below:

Based on the above Figure 4.8 regression weights obtained on the output estimates from the results of the data with Amos version 20.0 as presented in the following:

Table 4.5 Results of *Coefficients* SPSS

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-1,891	1,716		-1,102	,274
TktDolar	9985,140	6238,044	,748	1,601	,114
TktSkBunga	15,675	8,641	,487	1,814	,074
Inflasi	-4,997	1,592	-,381	-3,140	,002
ExtrnIO	,895	,919	,415	,974	,333
InsdrO	-1,412	,585	-,799	-2,413	,018
DPR	-,521	,191	-,530	-2,722	,008
Size	-2,060	,616	-,728	-3,343	,001

Based on Table 4.5 above and regression weights in the output estimates (Table 4.2), structural equations of data analysis result with SPSS program package for testing influence Dollar Exchange Rate, Interest Rate, Inflation Rate, Dividend, Ownership and Firm Size to Return Stock as follows:

$$Return \text{ Saham} = -1,891 + 9985,140TktDolar + 15,675TktSkBunga - 4,997Inflasi + 0,895ExtrnIO - 1,412InsdrO - 0,521DPR - 2,070Size \dots (4.1)$$

Simultaneous Hypothesis Testing (Test F)

To know whether or not a significant influence of free variables on a non-free variable is used F test.

Hypothesis: The Effect of Dollar Exchange Rate, Interest Rate, Inflation Rate, Dividend, Ownership and Firm Size simultaneously on Stock Return.

1.  $H_0: \beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = \beta_6 = \beta_7 = 0$

Dollar Exchange Rate, Interest Rate, Inflation Rate, Dividend, External and Insider Ownership and Firm Size simultaneously have no positive and significant effect on Stock Return.

2.  $H_a: \text{at least one } \beta \neq 0$

Dollar Exchange Rate, Interest Rate, Inflation Rate, Dividend, External and Insider Ownership and Firm Size simultaneously have a positive and significant effect on Stock Return.

$\alpha = 5\%$

F test results can be displayed in the following table:

Table 4.6 Simultaneous Hypothesis Test (F Test)

R-squared	0,386	Mean dependent var.	0,18641
Adjusted R-squared	0,329	S.D. dependent var.	0,13228
S.E. of regression	2.13E+13	Sum squared residue	0,001
F-statistic	6,824	Durbin-Watson stat.	0,348
Prob. (F-statistic)	0.000		

From Table 4.6 above, visible Prob. value. F-statistic of 0.0000000, where the value of Prob. F (.000000) < 0.05. Thus  $H_0$  is rejected.

Thus there is a positive and significant influence simultaneously between the variable Dollar Exchange Rate, Interest Rate, Inflation Rate, External Ownership, Internal Ownership, Dividend and Firm Size of Share Return.

#### Partial Hypothesis Testing (t test)

To know whether or not a significant influence of partial independent variables on a dependent variable is used t test.

Hypothesis:

- 1) 1) Effect of Dollar Exchange Rate on Stock Return  
 $H_0: \beta_1 = 0$  The Dollar exchange rate has no positive and significant effect on Stock Return.  
 $H_1: \beta_1 \neq 0$  The Dollar Exchange has a positive and significant effect on Stock Return.
- 2) Effect of Interest Rate on Stock Return  
 $H_0: \beta_2 = 0$  The Interest Rate has no positive and significant effect on Stock Return.  
 $H_1: \beta_2 \neq 0$  The Interest rate has positive and significant effect on stock return.
- 3) Influence of Inflation on Stock Return  
 $H_0: \beta_3 = 0$  Inflation has no positive and significant effect on Stock Return.  
 $H_1: \beta_3 \neq 0$  Inflation has positive and significant effect on Stock Return.
- 4) Effect of External Ownership on Stock Return  
 $H_0: \beta_4 = 0$  Extrnl-O has no positive and significant effect on Stock Return.  
 $H_1: \beta_4 \neq 0$  Extrnl-O has a positive and significant effect on Stock Return.  
 $\alpha = 5\%$
- 5) Influence of Insider Ownership to Stock Return  
 $H_0: \beta_5 = 0$  Insdrr-O has no positive and significant effect on Stock Return.  
 $H_1: \beta_5 \neq 0$  Insdrr-O has a positive and significant effect on Stock Return.  
 $\alpha = 5\%$
- 6) Effect of Dividend on Stock Return  
 $H_0: \beta_6 = 0$  Dividends have no positive and significant effect on Stock Return.  
 $H_1: \beta_6 \neq 0$  Dividends have a positive and significant effect on Stock Return.  
 $\alpha = 5\%$

7) Firm Size Effect on Stock Return

Ho:  $\beta_7 = 0$  Firm Size has no positive and significant effect on Stock Return.

H1:  $\beta_7 \neq 0$  Firm Size has positive and significant effect on Stock Return.

$\alpha = 5\%$

Test Criteria:

1) Accept H0 if  $-t_{table} \leq t_{arithmetic} \leq t_{table}$

2) Reject H0 if  $-t_{arithmetic} < -t_{table}$  or  $t_{arithmetic} > t_{table}$

With  $t_{table} n = 84$ ,  $diff = 76$  equal to 1,980

T test results based on data processing are presented in the following table:

Table 4.7 Hypothesis Testing by Partial (t test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
(Constant)	-1,891	1,716	-1,102	,274
Dollar exchange rate	9985,140	6238,044	1,601	,114
Interest rate	15,675	8,641	1,814	,074
Inflation	-4,997	1,592	-3,140	,002
Extrnl-O	,895	,919	,974	,333
Insdr-O	-1,412	,585	-2,413	,018
Dividend	-0,521	,191	-2,722	,008
Size	-2,060	,616	-3,343	,001

1. For the variables Dollar Exchange Rate (X1) obtained value t arithmetic of 1.601 with a positive direction. Because t arithmetic (1,601) < t table (1,980), then H1 is rejected. Therefore, it can be concluded that the Dollar Exchange (X1) partially has a positive and insignificant effect on the Return of Shares (Y) with Prob. = 0.114 >  $\alpha = 0.05$ .
2. For variable Interest Rate Level (X2) obtained value t arithmetic equal to 1.814 with positive direction. Because t count (1.814) > t table (1,980), then H1 is rejected. Therefore, it can be concluded that the interest rate (X2) partially has a positive and insignificant effect on the Return of Shares (Y) with Prob. = 0.074 >  $\alpha = 0.05$ .
3. For variables Inflation (X3) obtained t value counted -3.140 with a negative direction. Because t arithmetic (-3,140) < t table (1,980), then H0 is rejected. Therefore, it can be concluded that Inflation (X3) partially has a negative and significant effect on the Return of Shares (Y) with Prob. 0.002 >  $\alpha < 0.05$ .
4. For External Ownership variable (X4) obtained by t value equal to 0.974 with positive direction. Because t arithmetic (0.974) < t table (1,980), then H1 is rejected. Therefore, it can be concluded that Extrnl-O (X4) partially has a positive and insignificant effect on Return of Shares (Y) with Prob. = 0.333 >  $\alpha = 0.05$ .
5. For variables Insider Ownership (X5) obtained t value counted -2.413 with a negative direction. Because t arithmetic (-2,413) < -t table (-1,980), then H0 is rejected. Therefore, it can be concluded

that Insider-O (X5) partially has a negative and significant effect on the Return of Shares (Y) with Prob. = 0.018 >  $\alpha = 0.05$ .

6. For variables Dividend (X6) obtained t value counted -2.722 with a negative direction. Because t arithmetic (-2.722) < -t table (-1,980), then H0 is rejected. Therefore, it can be concluded that Dividend (X6) partially has a negative and significant effect on the Return of Shares (Y) with Prob. = 0.008 <  $\alpha = 0.05$ .
7. For variables Firm Size (X7) obtained t value counted -3.343 with a negative direction. Because t arithmetic (-3.343) < -t table (-1,980), then H0 is rejected. Therefore, it can be concluded that Size (X7) partially has a negative and significant effect on the Return of Shares (Y) with Prob. = 0.001 <  $\alpha = 0.05$ .

From the results of the above explanation of variables that affect positively and not significantly partially to the dependent variable Return Shares are independent variables Dollar Exchange (X1), Interest Rate (X2) and External Ownership (X4), while the negative and significant independent variables Inflation (X3), Insider Ownership (X5), Dividend (X6), and Firm Size (X4), on Stock Return (Y).

Results of research conducted with implications:

#### 1. Theoretical implications,

Agency Theory says that managers as agents who are held responsible by shareholders do not always act in the interests of shareholders because they have different goals (Jensen and Meckling, 1976). Furthermore Jensen and Meckling said that the agency conflict occurred because of the separation of ownership and control functions. This separation can encourage managers to tend to behave opportunistically more self-serving to achieve prosperity, rather than the prosperity of the owner.

Thus, managers are interested in investing capital in order to increase growth and decrease corporate risk through diversification, although this may not necessarily improve shareholder wealth (Bethel and Julia, 1993). Managers in public companies have an incentive to expand the company beyond the optimal size, although the expansion is done on projects that have a negative net present value (NPV).

The decrease in the composition of managerial ownership will affect the increase of investment that can increase the Return of Shares. This shows that if the company in Indonesia ownership of shares by the management of large companies will control the company not for the welfare of the owner and increase the Return of Shares. But to improve its own welfare.

#### 2. Managerial implications

In the scope of financial management financial management function is how management takes financial decisions. Jensen and Smith (1984); Weston and Brigham (1991), explains financial decisions consisting of investment decisions, funding decisions, and dividend policies. Company objectives can be achieved through the implementation of the financial management functions carefully and appropriately, since any financial decisions taken will affect other financial decisions and will in turn impact the value of the company (Jensen and Smith, 1994; Fama and French, 1998). The company's goal is to increase the value of the company, which is reflected in its share price (Wright and Ferris, 1997; Walker 2000; Qureshi, 2006). Key decisions taken by the company include investment decisions, funding decisions, and dividend policies. An optimal combination of all three will maximize the value of



the firm, thus the decisions are interrelated with each other (Mbodja and Mukhrejee, 1994; Qureshi, 2006).

The implications of the results of this study in relation to financial decision-making by managers are to provide guidance for managers in carrying out corporate financial management functions, with the aim of enhancing corporate value. The implication of this research result to the company's financial management function is in carrying out the Dividend policy function, the result of hypothesis testing 6 shows that Dividend policy (DPR) has a negative and significant effect to Stock Return. Thus, the results of testing this hypothesis proves that the managers of the company in determining the policy Dividend, profitable and increase the Return of Shares.

### 3. Implications for Investors

The results of this study include the managers of these companies showing sufficient evidence that there is an opportunistic behavior. This is indicated by the positive and insignificant influence of external stock ownership on Stock Return (hypothesis 4). Furthermore, it is shown by the existence of negative and significant influence of internal share ownership to stock return (hypothesis 5).

## 5. CONCLUSIONS AND RECOMMENDATIONS

Based on the results of hypothesis testing, it can be concluded as follows:

1. The results of hypothesis testing obtained 4 accepted hypothesis that is, hypothesis 3, hypothesis 5, hypothesis 6 and hypothesis 7. While the hypothesis is rejected hypothesis 1, hypothesis 2 and hypothesis 4.
2. Based on the results of testing on hypothesis 1, found enough evidence that the managers of the companies sampled in this study did not exhibit opportunistic behavior. It can be proven that the exchange rate of dollar against the rupiah has an effect and not significant to the stock return.
3. Based on the results of testing on hypothesis 2, found enough evidence that the managers of the companies sampled in this study did not exhibit opportunistic behavior. It can be proved such that the Interest Rate is influential and not significant to Stock Return
4. Based on the results of testing on hypothesis 3, found enough evidence that the managers of the companies sampled in this study did not exhibit opportunistic behavior. It can be proved that Inflation has an effect on and significant to Return of Stock.
5. Based on the results of testing on hypothesis 4, found enough evidence that the managers of the companies sampled in this study did not exhibit opportunistic behavior. It can be proved that External Share Ownership has a significant and insignificant effect on Stock Return.
6. Based on the results of hypothesis testing 5 it can be concluded that the managers of the companies sampled in this study have utilized the use of Internal Shares Ownership by management and commissioners of the company to increase profit or Return of Shares. This can be proven, Ownership of Internal Shares are significant and significant to the Stock Return
7. Based on test results on hypothesis 6 it can be concluded that Dividends can increase Stock Return. This is proven to be significant and significant Dividend to Stock Return.

8. Based on the results of testing on hypothesis 7 it can be concluded that Company Size can increase Stock Return. This is proven Size Company significant and significant to the Stock Return..

Based on the discussion, the limitation of research and conclusion then there are some suggestions that can be put forward as follows:

1. Company

Ownership of Internal Shares has a negative and significant effect on Stock Return and research results for External Share Ownership proved ineffective as a control mechanism means that it has not been able to prevent opportunistic behavior of corporate managers.

The decrease in the composition of managerial ownership will affect the increase of investment that can increase the Return of Shares. This shows that if the company in Indonesia ownership of shares by the management of large companies will control the company not for the welfare of the owner and increase the Return of Shares. But to improve its own welfare.

This is very important to be done by the company's strategy in dealing with external and internal factors so that stock returns provide maximum income / optimal and continue to survive and grow.

2. Investors

For investors in investing should study and pay attention to the company's share ownership structure. According to the results of this study found that the ownership of internal shares of the company

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