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Corporate Social Responsibility, Firm Size, Inflation, Interest Rate, and Exchange Rate on Stock Returns

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Abstract

This study aims to examine the effect of partially and simultaneously between corporate social responsibility, firm size, inflation, interest rates, and exchange rates on stock returns. This research uses quantitative methods. The population in this study are all automotive and their components sub-sector companies listed on the Indonesia Stock Exchange from 2014 to 2018. The sample selection technique uses a purposive sampling method. The sample in this study was six automotive companies, and their components used quarterly data, so a total of 120 samples. The analysis technique used is multiple linear regression analysis with the help of SPSS software version 20. The partial analysis results show that corporate social responsibility and interest rates have a negative and not significant effect on stock returns. Firm size, inflation and exchange rates have a positive and not significant effect on stock returns. Simultaneously corporate social responsibility, firm size, inflation, interest rates, and exchange rates do not affect stock returns.

Keywords

corporate social responsibility, firm size, inflation, interest rates, exchange rates, stock returns

1. Introduction

The development of the financial sector greatly affects the economic growth of a country, for example, the capital market. A capital market is a place for companies to seek funds to fund their

company activities (Abidin, 2017). The capital market in Indonesia was formed to connect companies or government institutions with investors. Investing in shares is an example of an investment that can be made in the capital market. The purpose of investors investing their funds in the capital market is to get a return or return as expected from the funds that have been invested in the future.

Stock return motivates investors to interact and as a reward for the courage to take risks on the investments made (Tandelilin, 2010). Investors tend to be more interested in buying stocks with a high return and risk rate than buying stocks with a low return and low risk. Investors believe they can estimate how much return will be obtained from the funds invested. The higher the selling price of a stock from its purchase price, the higher the return that investors will get.

Stock returns are influenced by several factors, namely micro-economic factors and macro-economic factors. Micro-economic factors are factors from internal or within the company itself, for example, in the form of disclosure of corporate social responsibility, firm size, and other financial ratios. Meanwhile, macroeconomic factors are global conditions regarding the economy in Indonesia that can affect stock prices. It can be said that these macroeconomic factors are factors from outside or external to the company so that they are difficult to control, for example, inflation, interest rates and the exchange rate of the rupiah against foreign currencies (Pattawe et al., 2020). Changes in the microeconomic and macroeconomic variables will positively or negatively affect stock prices, causing changes in stock returns. Therefore, both microeconomic and macroeconomic factors can be used as a reference by investors in estimating stock returns to be obtained in the future. Because relatively few studies have used microeconomic and macroeconomic variables, this research will use fundamental analysis from companies' microeconomic and macroeconomic aspects that can affect stock returns.

The company does not only operate for the benefit of the shareholders but also for social responsibility. A company is required to contribute directly or indirectly to the community, especially the community around the company's environment, better known as Corporate Social Responsibility (CSR).

Company size is a measure of how small total assets express a company. The greater the total assets owned by a company, the greater the size of the company. Based on the size of the company is divided into two, namely large companies and small companies. Fahmi (2014) states that inflation is a condition in which a country's currency declines and a systematic increase in the price of goods takes place, which can endanger a country's economy and have a big impact and is very difficult to overcome quickly. With the impact of inflation, a company can experience an increase in costs due to the increasing prices of goods. The increase in costs experienced by the company can cause a decrease in profits which can also affect the company's stock returns (Mirayanti & Wirama, 2017).

Stock prices can be influenced by the interest rate of a country, where the interest rate can be one of the factors expected to affect the company's profit. The decline in corporate profits indicates that the company's performance is deteriorating, so it can affect its stock price. When interest rates on savings are low, people are not interested in saving in the bank. On the other hand, if the interest rate on savings is high, people will be more interested in saving their money in the bank in the hope of getting a high return (return) or more profitable than investing in stocks. The interest rate reference used by Bank Indonesia is the BI Rate. The BI Rate is an interest rate

policy that reflects the monetary policy stance set by Bank Indonesia (the central bank in Indonesia) and published to the public (Khasanah, 2018).

A currency exchange rate is a comparison of the price or value between two currencies being exchanged. This comparison of values is often referred to as the exchange rate (Mirayanti & Wirama, 2017). If the demand for a currency increases, but there is a decrease or remains in the supply of currency, then what happens is the exchange rate of that currency will rise. Conversely, if the demand for currency decreases while the supply of the currency increases, the exchange rate will decrease or weaken.

In the capital market, listed companies are classified into 9 sectors, namely the agricultural sector, trade sector, services and investment, mining sector, property sector, real estate and building construction, financial sector, infrastructure sector, utilities and transportation, various industrial sectors, basic sector, chemicals, and the consumer goods sector (Reza & Ullah, 2019; Mughal, 2019). The object of this research is the manufacturing industry, the various industrial sub-sectors of the automotive sector and its components which are listed on the Indonesia Stock Exchange with a research period of 2014-2018. The reason the researcher chose the manufacturing industry in the various sectors of the automotive sub-sector and its components as the object of this research is that the automotive sub-sector and its components are one of the mainstay sectors that have a major role in economic growth in Indonesia.

The automotive sub-sector and its components are labor-intensive businesses or have large capital in their business, in addition to several automotive company shares listed on the Indonesia Stock Exchange, including blue chip shares (stocks that are actively traded on the Indonesia Stock Exchange). Many well-known car companies in the world are reopening their manufacturing plants and increasing their production volumes in Indonesia, so the Indonesian government continues to encourage the automotive industry in Indonesia to continue to grow and develop.

According to Sidik (2019), sales of motorized vehicles in Indonesia are predicted to slow down until the end of 2019 in line with the trend of economic growth in the last 2 quarters which tends to slow down due to market consumption that does not match market predictions.

PT Bahana Sekuritas analyst Anthony Yunus predicts that sales of motorized vehicles, both four-wheeled and two-wheeled, will still weaken. People's ability to buy cars will be increasingly limited, as well as motorcycle sales, which are estimated to still grow by single digits due to the high penetration of motorcycles. External factors such as the downward trend in commodity prices, the trade war between the United States (US) and China, which continued in a currency war, triggered the weakening of exchange rates in a number of countries, including Indonesia. This condition is expected to further erode people's purchasing power for motorized vehicles. In addition, Bank Indonesia's move to lower the benchmark interest rate further to support people's purchasing power is also not easy because of the weakening rupiah value.

Anthony explained that PT Astra Internasional Tbk (ASII), which is one of the largest automotive players in Indonesia, in the second quarter recorded lower sales volume and margins from four-wheeled vehicles than originally expected, although the decline was not as bad as the industry as a whole.

In the second quarter of 2019, Astra posted a net profit of IDR 4.6 trillion, down 15% compared to the same period in 2018, due to low sales from the automotive sector and commodities, especially palm oil. Throughout the first semester of 2019, Astra experienced a 6%

decline in net profit year on year (YoY) to IDR 9.80 trillion from IDR 10.38 trillion at the end of June 2019.

From an industry perspective, it is estimated that the sales volume of four-wheeled vehicles will reach 1.082 million units by the end of 2019 or a decrease of 6% from the realization of sales throughout 2018. ASII's four-wheeled vehicle sales are expected to decline by around 4.8% on an annual basis.

Meanwhile, industrially, sales of two-wheeled vehicles are expected to reach 7.088 million units throughout 2019 or grow by 8% on an annual basis. Astra's two-wheeled vehicle sales are expected to grow by 12% on an annual basis by the end of 2019.

Data from the Indonesia Stock Exchange (IDX) noted that in the last year, ASII's shares rose only 2%, while year to date (January to August) ASII's shares were minus 17% at Rp 6,825/share. Reporting from IDN Financials (2019), car sales of PT Astra International Tbk (ASII) recorded a growth in sales of four-wheeled vehicles by 67.13% on a monthly basis from 26,539 units in June to 44,357 units in July. Based on data from the Association of Indonesian Automotive Industries (Gaikindo), Astra's market share has also increased from 45% to 50%. Sales were dominated by the Toyota brand, with 29,499 units, Daihatsu with 13,013 units, Isuzu with 1,838 units, and Peugeot 7 units. Throughout the first semester of 2019, car sales decreased by 7.38%, from 352,210 units to 326,182 units.

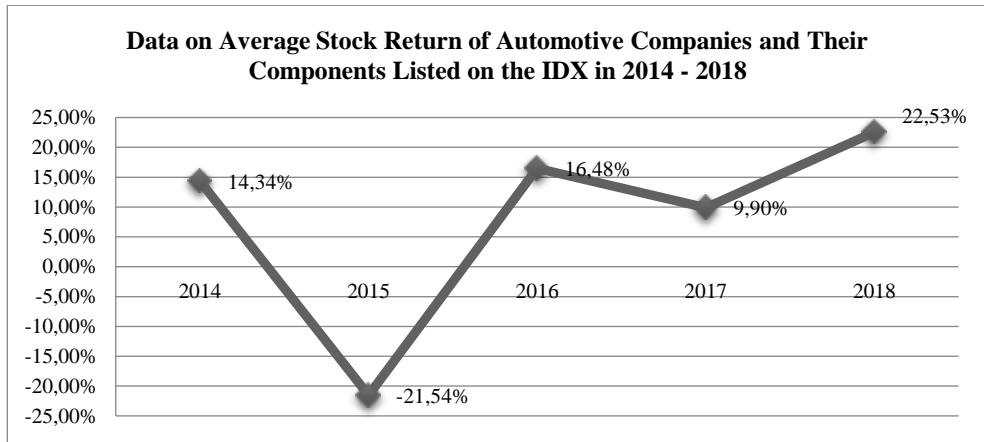
Head of Investor Relations at Astra International, Tira Ardianti, said that the increase in sales in July was triggered by the end of the 2019 Lebaran holiday period. Although not significant, car sales at the 2019 Gaikindo Indonesia Auto Show (GIAS) contributed to sales in the same month. Although sales increased on a monthly basis, annual sales were still corrected by 19.15%. Last July ASII was able to sell 54,867 units. The market share fell slightly from 51% to 50%.

According to Ayuningtyas (2019), total of 13 shares of the automotive and component sub-sector companies listed on the Indonesia Stock Exchange, there were 8 stocks that posted negative returns during the period from January 2 to September 30 2019. Meanwhile, 4 other stocks rose and 1 stocks tend to be constant.

The shares of listed companies in the automotive and component sub-sector were sold by market players due to sluggish demand, a condition that has been going on for the past few years. In the last 5 years, the average growth in car sales volume in Indonesia has been minus 2.42%.

The latest data release from the Association of Indonesian Automotive Industries (Gaikindo) noted that until the end of August 2019, domestic car sales fell by 13.5% to 660,286 units compared to last year's period of 763,444 units. This sluggish sales did not only occur in Indonesia, but also throughout the world due to the impact of the trade war between the United States and China. Then the strict regulation of electric vehicles that make companies have to spend quite a thick pocket.

The following is data on stock returns of Automotive Companies and their Components listed on the Indonesia Stock Exchange in 2014-2018:



Source: www.idx.co.id, processed October 2019

Figure 1. Average Stock Return of Automotive Sub-Sector Companies and Its Components in 2014-2018

Figure 1 shows that the stock returns above can show that the automotive sub-sector companies and their components in the last 5 years have stock returns that are unstable or fluctuated from 2014 to 2018, even in 2015, they experienced a significant decline in stock returns up to -21.54%. Then in 2016, it increased and then the following year, it decreased again, but the value was still positive but not yet touched a negative number. Furthermore, in 2018 there was a significant increase to reach 22.53%. The stock returns that tend to be unstable or fluctuate make researchers want to conduct further research related to stock returns in automotive sub-sector companies and their components listed on the Indonesia Stock Exchange in 2014 - 2018. Based on the previous description, this study aims to analyze several variables that have an influence on stock returns.

2. Literature Review

2.1 Stock returns

Hadi (2015) states that return is the level of profit enjoyed by investors on an investment made. Every short-term investment has the main goal of making a profit, which is called return. Likewise, Tandelilin (2010) states that stock returns are one that motivates investors to invest and as a reward for the courage to take risks on the investments made.

Return on investment consists of 2 main components, namely:

1. Yield is a component that reflects the income obtained periodically from an investment. Yield is only zero (0) and positive (+).
2. Capital gain (loss) is an increase (decrease) in the price of a security that can provide a gain or loss for investors. Capital gains are in the form of minus (-), zero (0) and positive (+) numbers.

Hartono (2016) states that the results obtained from investments are called returns. Returns can be in the form of realized returns that have occurred or expected returns that have not occurred but are expected to occur in the future. Realized returns are returns that have already occurred

and are calculated using historical data. This return is used as a measure of the company's performance and is used as a basis for determining the expected return and risk in the future. Realized return is often called historical return.

There are several measurements of realized return used. First is the total return. The total return is more often called return is the overall return of an investment in a certain period. The total return consists of capital gain (loss) and yield. Capital gain (loss) is the difference between the current relative investment price and the previous period's price. If the current investment price (P_t) is higher than the investment price of the previous period (P_{t-1}) this means that there is a capital gain, on the contrary, there is a capital loss. Yield is the percentage of periodic cash receipts against the investment price of a certain period of an investment. For stocks, yield is the percentage of dividends to the stock price of the previous period. Ordinary shares that pay periodic dividends of D_t rupiah per share, the yield is D_t/P_{t-1} .

Second is relative return. The total return can be negative or positive. Sometimes for certain calculations, for example the geometric average using rooting calculations, it is necessary to have a return that must be positive. Relative return (relative return) can be used by adding the number 1 to the total return.

Third is cumulative return. Total return measures changes in prosperity, namely changes in the price of shares and changes in dividend income received. This change in prosperity indicates additional wealth from previous wealth. Total return only measures changes in prosperity at a certain time but does not measure the total wealth owned. The cumulative wealth index can be used to determine total prosperity. IKK (cumulative prosperity index) measures the accumulation of all returns starting from the initial prosperity (KK_0) owned.

Fourth is adjusted return. The return discussed earlier is the nominal return which only measures changes in the value of money but does not consider the level of purchasing power of the value of the money. To take this into account, nominal returns need to be adjusted for the prevailing inflation rate. This return is called the real return or inflation-adjusted return.

The expected return is the return expected in the future by investors. The expected return has not yet occurred. The expected return is the return used for making investment decisions. This return is more important than the historical return because this expected return is the return expected by investors on the investment that will be made.

There are several ways to calculate the expected return: 1). Based on the expected future value

Expected return can be calculated using the expected value method, multiplying each future outcome (outcome) by the probability of occurrence and then adding up all the multiplication products. Thematically, the expected return of the expected value method (expected value method); 2). Based on the historical return value. Calculating future outcomes and probabilities is subjective and is not easy, resulting in inaccuracies. To reduce inaccuracies that occur, historical data can be used as the basis for expectations.

There are 3 methods that can be used to calculate expected returns using historical data: the mean method, trend method, and random walk method.

The average method assumes that the expected return can be considered equal to the average historical value. Using historical average returns does not consider the growth of its returns. If growth is to be taken into account, the expected return can be calculated using the trending technique. The random walk method assumes that the distribution of return data is random so it

is difficult to predict so that the last estimated return will repeat in the future. Thus this method predicts that the expected return will be the same as the last return that occurred.

Based on the existing expected return model, models to calculate expected return are needed. Unfortunately, not many are available. The available models that are popular and widely used are the Single Index Model and the CAPM model.

2.2 Corporate Social Responsibility

Fahmi (2017) states that Corporate Social Responsibility is the commitment of the company or the business world to contribute to sustainable economic development by paying attention to corporate social responsibility and focusing on the balance between attention to economic, social and environmental aspects. Conceptually CSR is an approach in which companies integrate social concerns in their business operations and in their interactions with stakeholders based on volunteerism and partnerships, meaning that the company must see that CSR is not a coercive program but a form of disloyalty to fellow human beings, namely helping to release the parties from the difficulties that plagued them. And the effect later for the company as well.

The formal definition of social responsibility is the obligation of management to make choices and take actions that play a role in realizing welfare and society. This obligation can take the form of the company's attention to the surrounding community as well as the responsibility to the government in the form of paying taxes honestly and on time.

Based on the understanding of signalling theory described by Putra & Utama (2015), which shows an indication that CSR disclosure can be one of the information determining investors' investment decisions. CSR itself is a form of commitment to the company's business ethics in running a business so that it gets a profit. Later the profits obtained by the company will have a positive impact that tends to be large for the company.

2.3 Firm Size

Firm size is a description of the company's financial capability in a certain period (Atanasov & Nitschka, 2017). Firm size is a measure of the size of a company seen from the amount of equity value, sales value or asset value (Mayuni & Suarjaya, 2018). Firm size can influence investors to invest in a company. Companies that have large total assets will find it easier to obtain additional funds in the capital market. On the other hand, if the company has small total assets, it will be difficult to obtain additional funds. This is because the total assets are small, the stock price will be low, resulting in a low stock return as well.

2.4 Inflation

Inflation is a general and continuous increase in prices over a certain period of time. An increase in the price of one or two goods cannot be said to be inflation unless the increase is widespread, which results in an increase in the price of other goods. The opposite of inflation is called deflation (Bank Indonesia, 2019).

The indicator used to measure the inflation rate is the Consumer Price Index (CPI). Changes in the CPI from time to time indicate the price movements of the packages of goods and services consumed by the public. The determination of goods and services in the CPI basket is carried out on the basis of the Cost of Living Survey (SBH) conducted by the Central Statistics Agency (BPS). Then, BPS will monitor the price development of these goods and services on a monthly

basis in several cities, in traditional and modern markets for several types of goods/services in each city.

Other inflation indicators based on international best practices are:

1. Wholesale Price Index (WPI)
The wholesale price of a commodity is the transaction price that occurs between the first big seller and the next big buyer or wholesaler in the first market for a commodity.
2. Producer Price Index (PPI)
This indicator measures the change in the average price received by domestic producers for the goods they produce.
3. The Gross Domestic Product (GDP) Deflator
Shows the magnitude of the change in prices of all new goods, locally produced goods, finished goods, and services. The GDP deflator is generated by dividing GDP at nominal prices by GDP at constant prices.
4. Asset Price Index
This index measures the price movements of assets, including property and stocks, which can be used as indicators of pressure on overall prices.

Inflation is defined as a tendency for the overall price of products to increase, resulting in a decrease in the purchasing power of money (Tandelilin, 2010; Afiyati, 2018). So it can be concluded that inflation is a continuous process of increasing prices which causes a decrease in the value of the currency and people's purchasing power. If inflation occurs continuously, it will cause economic conditions to worsen. The benchmark used is the Consumer Price Index (CPI). The Consumer Price Index (CPI) is a relative comparison of the price of a package of goods and services at a time compared to the prices of those goods and services in the base year and is expressed in percent (Afiyati, 2018).

2.5 Interest Rate

Abidin (2017) states that the BI rate is the interest rate to respond to changes in inflation and the rupiah exchange rate as a reference for banking interest rates such as interest rates for savings and time deposits. The Bank Indonesia has the authority to change interest rates in general.

Bank Indonesia will change the BI rate or Bank Indonesia Certificates (SBI) to respond to changes in inflation. If inflation is high or the rupiah exchange rate declines, usually Bank Indonesia will increase the BI rate and SBI. BI rate or SBI interest rate increase must be carried out by BI, so that people are still willing to save in banks. Likewise, when the rupiah exchange rate declines against strong currencies, such as the US dollar, BI must increase the BI rate or SBI interest rates so that the banking industry will follow suit. If this is not done, people will withdraw their savings to be exchanged for US dollars.

2.6 Exchange rate

A currency exchange rate is a comparison of the value or price between two currencies being exchanged. This comparison of values is called the exchange rate (Mirayanti & Wirama, 2017). Sukirno (2011) states that the exchange rate or exchange rate as the amount of domestic money needed is the amount of rupiah needed to get 1 unit of foreign currency.

Sukirno (2011) reveals that there are 4 types of currency exchange rates or exchange rates: 1) Selling Rate is the rate determined by a bank to sell certain foreign currencies at a certain time; 2) Middle Rate is the middle rate between the selling rate and the buying rate of foreign exchange against the national currency, which has been determined by the central bank at a certain time; 3) Buying Rate is the rate determined by a bank to buy certain foreign currencies at a certain time, and; 4) Flat Rate is the exchange rate prevailing in bank notes and travelers check trading transactions.

2.7 Hypothesis

H1: Corporate Social Responsibility has an effect on stock returns in automotive sub-sector companies and their components listed on the Indonesia Stock Exchange in 2014-2018

H2: Firm Size has an effect on stock returns in automotive sub-sector companies and their components listed on the Indonesia Stock Exchange in 2014-2018

H3: Inflation affects stock returns in automotive sub-sector companies and their components listed on the Indonesia Stock Exchange in 2014-2018

H4: Interest Rates affect stock returns in automotive sub-sector companies and their components listed on the Indonesia Stock Exchange in 2014-2018

H5: Exchange rate affects stock returns in automotive sub-sector companies and their components listed on the Indonesia Stock Exchange in 2014-2018

H6: Corporate Social Responsibility, Firm Size, Inflation, Interest Rates, and Exchange Rates affect stock returns simultaneously in automotive sub-sector companies and their components listed on the Indonesia Stock Exchange in 2014-2018

3. Methods

3.1 Data Types and Sources

The type of data used in this research is quantitative data. Quantitative data is data that can be measured directly in the form of information expressed in the form of numbers. The figures obtained were further analyzed through data analysis. This study consists of six variables: Corporate Social Responsibility, firm size, inflation, interest rates, and exchange rates as independent variables and stock returns as the dependent variable. The data sampled in this study were sourced from the Indonesia Stock Exchange, obtained through internet access on the official website of the Indonesia Stock Exchange (IDX) (www.idx.co.id), which contains the company's annual financial statements. The data used as objects in this study is the financial report data of the automotive sub-sector companies and their components for 2014-2018.

3.2 Research variable

Independent variables are variables that affect the dependent (bound) variable. This study uses five independent variables, namely Corporate Social Responsibility (X1), Firm Size (X2), Inflation (X3), Interest Rates (X4), and Exchange Rates (X5). The dependent variable is the variable that is influenced by the independent variable. In this study, Stock Return (Y) is the dependent variable.

3.3 Variable Operational Definition

Corporate Social Responsibility (X1)

In this study, the disclosure of Corporate Social Responsibility (CSR) is done by observing the information whether or not there are information items disclosed in the annual report. To find out the extent of CSR disclosure made by the company, the Disclosure Index is used. The list of CSR disclosures is based on the G4 Global Reporting Initiative (GRI) standard, which consists of 91 CSR indicators. If the information is available, it is given a value of 1. Meanwhile, if the information is not available, it is given a value of 0. It is formulated as follows:

$$CSR_{ij} = \frac{\sum X_{ij}}{n_j} \times 100\%$$

Information:

CSR_{ij} = Corporate Social Responsibility index of company j year i

X_{ij} = number of items disclosed by company j for year i

n_j = number of items for company j (max score n_j = 91)

Firm Size (X2)

Firm size (company size) is proxied by total assets. Formulated:

$$Firm\ size = Ln\ of\ Total\ Aktiva$$

Inflation (X3)

In this study, the inflation rate used is the percentage of inflation in 2014 – 2018. Formulated:

$$Inflation = \frac{(IHK_t - IHK_{t-1})}{IHK_{t-1}} \times 100\%$$

Information:

CPI = Current Consumer Price Index

CPI-1 = Previous Consumer Price Index

Interest Rate (X4)

Bank Indonesia Interest Rate or BI Rate.

Exchange Rate (X5)

The exchange rate is proxied by the middle rate based on the exchange rate by Bank Indonesia in 2014 – 2018. Formulated:

$$Middle\ Rate = \frac{selling\ rate + buying\ rate}{2}$$

Stock returns (Y)

Stock return in this study is calculated by calculating the capital gain (loss). Formulated as follows:

$$\text{Stock returns} = \frac{P_t - P_{t-1}}{P_{t-1}} \times 100\%$$

Information:

P_t = current year-end stock price

P_{t-1} = stock price at the end of last year

3.4 Population and Sample

The population in this study is the financial statements published by the Automotive and Component sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2014-2018, as many as 13 companies. The sampling technique used purposive sampling method which aims to obtain samples according to the established criteria. So that the research sample is obtained as many as 6 automotive and component sub-sector companies listed on the Indonesia Stock Exchange with an observation period of five years and using quarterly data.

3.5 Methods of Data Collection and Data Processing

The data collection method used was the literature study method and the documentation method obtained from Bank Indonesia (2019) and BPS (2019) as well as the annual reports and financial statements of the selected companies as study samples. Processing research data using editing, tabulating, and inputting data to a computer using SPSS version 20.

4. Results

4.1 Normality test

The normality test performed with the Kolmogorov-Smirnov test showed the Asymp value. Sig. (2 tailed) is 0.919. The value obtained is greater than the specified significance level of 0.05 (0.919 > 0.05). So it can be concluded that the normality test with the Kolmogorov Smirnov test data is normally distributed.

4.2 Multicollinearity Test

The results of the multicollinearity test showed that the VIF value of the five independent variables had a value of less than 10 (VIF value < 10). So it can be concluded that there are no symptoms of multicollinearity.

4.3 Heteroscedasticity Test

The results of the heteroscedasticity test using the Glejser test showed that the significance value was more than 0.05 (sig > 0.05) of the five independent variables. So it can be concluded that there is no symptom of heteroscedasticity.

4.4 Autocorrelation Test

The results of the autocorrelation test using a non-parametric statistical run test showed the Asymp value. Sig. (*2tailed*) of 0.142. This value is greater than the set significance level of 0.05 (0.142 > 0.05). So it can be concluded that there is no autocorrelation symptom.

4.5 Linear Regression Analysis

$$Y = -22,085 - 0,308 X_1 + 0,071 X_2 + 0,392 X_3 - 0,679 X_4 + 2,466 X_5$$

Based on the results of the equation shows that:

Table 1. Coefficient Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-22,085	17,494		-1,262	,209
X ₁	-,308	,184	-,214	-1,675	,097
X ₂	,071	,064	,142	1,111	,269
X ₃	,392	,443	,125	,884	,378
X ₄	-,679	,618	-,139	-1,099	,274
X ₅	2,466	1,807	,150	1,365	,175

Source: Processed primary data, 2020

1. The constant value is -22.085, meaning that if the value of all independent variables is considered constant (0), then the stock return in this study is -22.085.
2. The coefficient value of the X1 variable is -0.308, meaning that every 1 unit of Corporate Social Responsibility (CSR) will experience a decrease in stock returns of 0.308.
3. The coefficient value of the X2 variable is 0.071, meaning that every 1 unit of Firm Size will experience an increase in stock returns of 0.071.
4. The coefficient value of the X3 variable is 0.392, meaning that every 1 unit of inflation will experience an increase in stock returns of 0.392.
5. The value of the X4 variable coefficient is -0.679, meaning that every 1 unit of interest rate will experience a decrease in stock returns of 0.679.
6. The coefficient value of the X5 variable is 2.466, meaning that every 1 unit of inflation will experience an increase in stock returns of 2.466.

4.6 T-Test Results (Partial)

1. The effect of corporate social responsibility (CSR) on stock returns

Based on the results of the partial significance test (t-test) in Table 1, it shows that the t value for the corporate social responsibility variable is -1.675, and the significance value is 0.097. The t-count value obtained is greater than the t-table value (-1.675 > -1.98099) and the significance value is greater than the specified level (0.097 > 0.025) which means that the corporate social responsibility variable has a negative but not significant effect on stock returns. So hypothesis H1 is **rejected**.

2. The effect of firm size on stock returns

Based on the results of the partial significance test (t-test) in Table 1, it shows that the t-count value for the firm size variable is 1.111, and the significance value is 0.269. The t-count value obtained is smaller than the t-table value ($1.111 < 1.98099$), and the significance value is greater than the specified level ($0.269 > 0.025$), which means that the firm size variable has a positive but not significant effect on stock returns. So hypothesis H2 is **rejected**.

3. The effect of inflation on stock returns

Based on the results of the partial significance test (t-test) in Table 1, it shows that the t-count value for the inflation variable is 0.884 and the significance value is 0.378. The t-count value obtained is smaller than the t-table value ($0.884 < 1.98099$) and the significance value is greater than the set level ($0.378 > 0.025$) which means that the inflation variable has a positive but not significant effect on stock returns. So hypothesis H3 is **rejected**.

4. The effect of interest rates on stock returns

Based on the results of the partial significance test (t-test) in table 3.1, it shows that the t-count value for the interest rate variable is -1.099 and the significance value is 0.274. The t-count value obtained is greater than the t-table value ($-1.099 > -1.98099$) and the significance value is greater than the specified level ($0.274 > 0.025$) which means that the interest rate variable has a negative and insignificant effect on stock returns. So hypothesis H4 is **rejected**.

5. Effect of exchange rate on stock returns

Based on the results of the partial significance test (t-test) in table 3.1, shows that the t-count value for the exchange rate variable is 1.365 and the significance value is 0.175. The t-count value obtained is smaller than the t-table value ($1.365 < 1.98099$) and the significance value is greater than the specified level ($0.175 > 0.025$), which means that the exchange rate variable has a positive but not significant effect on stock returns. So hypothesis H5 is **rejected**.

4.7 F Test Results (Simultaneous)

Table 2. Simultaneous Significance Test Results (Test F)

ANOVA^a						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	6,989	5	1,398	1,187	,320 ^b
	Residual	134,273	114	1,178		
	Total	141,262	119			

a. *Dependent Variable: Stock Return*

b. *Predictors: (Constant), Exchange Rate, CSR, Interest Rate, Firm Size, Inflation*

Source: Secondary data processed by SPSS 20, 2020

Table 3.2 shows that the Fcount obtained in this study is 1.187, and the significance level is 0.320. At the same time, the value of Ftable is 2.29. It can be concluded that the value of Ftable is greater than Fcount ($2.29 > 1.187$), and the significance level is more than 0.05 ($0.320 > 0.05$). So it can be concluded that the variables of corporate social responsibility, firm size, inflation, interest rates, and exchange rates together with have a positive but not significant effect on the stock return variable. So hypothesis H6 is **rejected**.

4.8 Coefficient of Determination Results (Adj R²)

Table 3.3 The Result of the Coefficient of Determination (*Adj R²*)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Model
1	,222 ^a	,049	,008	1,08528	1

Source: secondary data processed by SPSS 20, 2020

Table 3.3 shows the adjusted R square value is 0.8%. This means that the variables of corporate social responsibility, firm size, inflation, interest rates, and exchange rates are able to explain the dependent variable, namely stock returns of 0.8%. The remaining 99.2% is explained by other variables outside of this study.

5. Discussion

5.1 The Effect of Corporate Social Responsibility on Stock Return

Disclosure of CSR from a cost point of view can become a burden such as a tax burden, this of course will reduce profits so that it has an impact on stock returns which can harm investors. The view of investors in the short and medium term, the more CSR the company discloses, the greater the burden incurred by the company.

Companies incur costs in the context of CSR only to the extent of meeting the minimum standards of applicable regulations which, in other words, CSR that is disclosed does not contain information. The number of CSR disclosures disclosed by a company may not necessarily increase the optimal stock return for investors.

This study agrees with previous research conducted by Lioui et al. (2018) which stated that CSR has no effect on stock returns. Research conducted by Ologbenla (2021) and Bagaskhara (2016) which says that CSR has a negative and insignificant effect on stock returns. This means that CSR disclosure does not have an impact on investors on the funds invested. In addition, CSR activities carried out in a short period of time cannot be perceived as investment returns because from a cost point of view, CSR activities can be said to be a burden for companies that have a negative impact on stock returns. So that investors may use other variables that are more supportive in influencing the results of stock returns obtained at the time of investing.

5.2 Effect of Firm Size on Stock Return

Firm size in this study is measured by the natural logarithm of total assets. This indicates that any increase or decrease in the total assets of a company has no effect on the size of the stock return that will be obtained. Investors assume that large companies do not necessarily provide large returns and vice versa does not mean that small companies provide small returns and do not even rule out the possibility of providing high returns for investors. Investment decisions by investors tend to ignore or even don't care about the size of a company.

This study is in line with research conducted by Rosiana et al. (2014) which states that firm size has no effect on stock returns. And research conducted by Dewi & Ratnadi (2019) state that the firm size variable partially has a negative and insignificant effect on stock returns. This means

that firm size does not have an impact on the size of the stock return that will be received by investors.

5.3 Effect of Inflation on Stock Return

Inflation can be used as one of the macroeconomic factors used by investors as a consideration in making investment decisions. Inflation is an increase in the price of goods as a whole and continuously (continuously) within a certain period of time. If the economic condition of a country is not good due to an increase in inflation, investors feel less safe investing in the capital market. However, inflation that occurs in a country is a condition that cannot be controlled directly by the company so that the stock return of a company is not affected by the increase in the price of goods in the market caused by inflation.

Inflation that occurred during the 2014 – 2018 research period was still relatively normal and stable. This is considered reasonable by investors, so investors pay more attention to the company's way of obtaining high profits in order to generate high returns. So that the profit earned by the company is not influenced by the size of the inflation that occurs. Judging from the inflation data tends to be stable but stock returns fluctuated quite significantly, this explains that inflation has a positive and insignificant effect on stock returns. Therefore, investors' investment decisions in investing tend to be normal or ignore the high and low levels of inflation that occur.

This study is in accordance with research conducted by Sunayah & Ibrahim (2016), Uwubanmwun & Eghosa (2015), Okech & Mugambi (2016), Hardaningtyas & Siswoyo (2016) which states that the inflation variable partially has a positive but not significant effect on stock returns. This means that the inflation variable is not a strong predictor in influencing stock returns.

5.4 The Effect of Interest Rates on Stock Returns

The interest rate reference used by Bank Indonesia is the BI Rate. The BI Rate is a policy interest rate policy that reflects the monetary policy stance set by Bank Indonesia as the central bank in Indonesia and published to the public (Bank Indonesia, 2019). Changes in interest rates are able to help predict stock prices so that they can attract investors to invest in the capital market. The interest rate (BI Rate) can be one of the factors that can be used as an indicator in investing in the capital market. The rise and fall of the BI Rate create conditions of uncertainty that can create risks.

From an investor's point of view, an increase or decrease in the BI Rate tends to control inflation and the rupiah exchange rate. In the 2014 – 2018 research period, interest rates were in good condition, thus making investors safe in investing in capital articles. However, the BI Rate is something that companies cannot predict. So that in investment decisions, investors tend to pay less attention to interest rates because they do not have too big an impact on the acquisition of stock returns distributed by the company.

5.5 Effect of Exchange Rate on Stock Return

The currency exchange rate is a comparison of the value between two currencies of a country that are exchanged. This comparison is often referred to as the exchange rate. The exchange rate in this study is proxied by the middle exchange rate. The economic condition of a country can be seen from the weakening or strengthening of the exchange rate in that country. The exchange rate

that occurred in Indonesia during the 2014 to 2018 research period did not experience significant changes, this means that the rupiah value is well maintained.

The government continues to strive to maintain economic stability so that economic growth in Indonesia is better. The exchange rate is also one of the factors that cannot be controlled by the company so that it does not have a direct impact on the high and low stock returns received by investors. The exchange rate variable that has no significant effect indicates that the exchange rate that occurred during the 2014-2018 period did not have an impact on the high and low stock returns received by investors. So that in investing activities, investors tend to ignore the exchange rate that occurs. This is in accordance with research conducted by Sunayah & Ibrahim (2016) which states that the exchange rate has a positive but not significant effect on stock returns.

5.6 The Effect of Corporate Social Responsibility, Firm Size, Inflation, Interest Rates, and Exchange Rates on Stock Returns

Based on the results of testing the variables of corporate social responsibility, firm size, inflation, interest rates, and exchange rates together or simultaneously, there is no influence and no significant effect on the stock return variable. So hypothesis H_6 is rejected. The coefficient of determination of adjusted R^2 is 0.8%, meaning that the variables of corporate social responsibility, firm size, inflation, interest rates, and exchange rates are only able to explain the stock return variable of 0.8%. At the same time, the remaining 99.2% is explained by other variables not examined by this study.

6. Conclusion

Corporate social responsibility has a negative and insignificant effect on stock returns. The number of CSR disclosures disclosed by a company may not necessarily increase the optimal stock return for investors. Firm size has a positive and insignificant effect on stock returns. Each increase or decrease in the total assets of a company has no effect on the size of the stock return that will be obtained. Inflation has a positive and insignificant effect on stock returns. Stable inflation and fluctuating stock returns make investors keep investing in the capital market. Interest rates have a negative and insignificant effect on stock returns. Changes in interest rates can help predict stock prices so that they can attract investors to invest in the capital market. The exchange rate has a positive and insignificant effect on stock returns. The increase in the exchange rate during the study period did not experience a significant change. The government continues to strive to maintain economic stability to improve economic growth in Indonesia. Corporate social responsibility, firm size, inflation, interest rates and exchange rates together or simultaneously have a positive but not significant effect on stock returns.

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