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The Effect of Profitability, Liquidity, Dividend Policy, Stock Price Volatility, and Inflation on Stock Returns in the Primary Consumer Goods Sector

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A B S T R A C T

This study aims to analyze the influence of internal factors (profitability, liquidity, and dividend policy), external factors (stock price volatility), and microeconomic factors (inflation) on stock returns in primary consumer goods sector companies listed on the Indonesia Stock Exchange (IDX). The method used in this study is panel data regression analysis with a common effect model (CEM) approach. The research sample involved 15 companies in the primary consumer goods sector that were selected using purposive sampling techniques based on specific criteria during a certain period. The results of the study show that dividend policies and stock price volatility have a significant effect on stock returns, while profitability, liquidity, and inflation do not have a significant effect on stock returns of companies in the primary consumer goods sector.

INTRODUCTION

The capital market serves as a crucial financial mechanism in the global economy, providing a platform for investors with available funds to connect with entities in need of financing. In Indonesia, one of the key instruments in the capital market is stocks. Shares serve as documents attesting to a company's ownership, and holders of these certificates are entitled to the company's profits and assets as well as to attend the general meeting of shareholders (GMS) (Nurdin & Abdani, 2020; Putra & Dana, 2019). And with the existence of the capital market, it is very easy for investors to sell and buy stocks or other investment alternatives (Arumuninggar & Mildawati, 2022; Hartana, 2019; Parwati & Sudiartha, 2016).

Stocks as the main instrument in the capital market not only provide company ownership rights to their holders but also have the potential to generate returns through stock price appreciation and dividend distribution. Factors such as profitability, liquidity, and dividend policy have been widely researched as determinants of stock returns. A company's profitability, as measured through its profitability ratio, reflects how well a company is able to generate profits relative to its own sales, assets, or capital (Br Purba, 2019). Factors that drive profitability, such as operational efficiency and competitive advantage, can influence investors' perception of a company's growth potential and stability, which in turn influences their investment decisions. In addition, the liquidity ratio, which is a comparison of current assets to current liabilities to evaluate the capacity of a business to fulfill its immediate commitments, also affects stock returns, where liquid companies are more attractive to investors because they provide flexibility in making investment decisions. There are two results in the assessment of liquidity ratio measurement, namely, the corporation is said to be in liquid condition if it can pay its obligations. Conversely, a business is considered illiquid if it cannot pay its obligations. This liquidity ratio analysis provides a very useful idea of the extent to which a company can maintain its financial balance, especially in the face of short-term liabilities that may arise in the company's operational cycle (Munawar, 2018).

The amount of a dividend is decided by the general meeting of shareholders and is computed by deducting retained earnings from net income after taxes (Budiharjo, 2018). Meanwhile, dividend policy is a financial policy that can influence investment decisions and is a crucial factor in providing income certainty to shareholders. Dividend distribution is a policy that determines how a company utilizes its profits. Companies that consistently distribute dividends can give a positive signal to investors, appealing to those looking for a direct return on investment. The company's dividend policy also has major implications for stock returns. A company's decision to distribute dividends can affect investors' perception of potential investment income. Research on how dividend policy affects stock returns can provide deeper insights into a company's strategy to maximize shareholder value.

In addition to internal factors, the stock rate of return also has other instruments that come from external and macroeconomic factors such as stock price volatility and inflation rates. The percentage increase in prices of goods and services over a given time period is known as the inflation rate, typically calculated on an annual basis. This shows how quickly prices are rising in the economy. Expert opinions on the effect of the Inflation rate on stock returns vary. One of them is the opinion of Michael McCaffrey, according to him that companies that have strong price power can maintain profit margins. On the other hand, stock price volatility is the fluctuation in the price of an investment instrument, the change in the stock price in a certain period of time (Otoritas Jasa Keuangan, 2023). This phenomenon reflects uncertainty in the market, where stock prices can move significantly up or down in a certain period of time. High levels of volatility can provide opportunities for traders to make profits, but they also increase the risk of significant losses for unprepared investors. High volatility causes prices to rise and fall quickly, so there is no other option but to cut losses (Paningrum, 2022).

However, previous research has highlighted internal factors such as profitability, liquidity, dividend distribution, and operational efficiency in influencing stock returns, while external and macroeconomic factors, such as stock price volatility and inflation rates, are still rarely studied in depth. This study focuses on the influence of profitability, liquidity, dividend policy, stock price volatility, and inflation rate on stock returns, with the limitation of the last three years of data and a selection of the Indonesia Stock Exchange's major consumer products companies. The results of the research are expected to provide an in-depth understanding for investors in making informed and measurable decisions, as well as help companies understand the impact of these factors on their financial performance. With a more holistic approach and incorporating external variables that are rarely discussed, this study offers an original contribution to the capital market literature and provides a new view of the dynamics of internal and external factors on stock return.

LITERATURE REVIEW

Portfolio Theory

This theory was first put forward by Harry M. Makowitz in 1952, an economist from the University of Chicago, In Markowitz's theory, portfolios have a focus on investors and economic actors acting in uncertainty (Markowitz, 1991). This theory pertains to how investors assess risk and expected returns, utilizing statistical measurements to construct an investment portfolio. In practice, investors in securities frequently diversify their holdings by combining different assets, effectively creating a portfolio.

Portfolio theory reviews risk and return as well as return assumptions that should be considered in a formal framework. It is related to the measurement of risk and return in portfolio formation. (Eni Suharti, Lena Edawati, 2016) claims that in its most basic version, portfolio theory calculates risk by analyzing changes in the distribution of returns, starting with the premise that the rate of return on future securities can be calculated. Portfolio theory produces a linear relationship between risk and return under specific assumptions. In this case, the projected return needed to offset the risk of an investment or loan increases with the level of risk involved.

Signal Theory

Spence was the first to introduce Signaling Theory (1973) in the context of the labor market, which explains how those who have better information can convey that information to others through certain signals. In the context of finance, this theory evolved to explain how companies provide signals to investors through various financial indicators, such as profitability, dividend policy, liquidity, and stock price volatility. A favorable indicator of a company's capacity to continuously turn a profit is profitability, while the dividend policy shows the company's commitment to shareholders and its financial stability (Howe, 1997). These signals increase investor confidence in the company's prospects by reducing the information asymmetry between the investor and the company.

In addition to internal financial indicators, external factors such as inflation can also be an important signal in investment decision-making. Inflation affects purchasing power, operating costs, and overall economic risk, which ultimately impacts stock returns. Stock price volatility, on the other hand, provides signals about the level of market risk, which is important for investors to assess the stability and potential returns of stocks (Fama E. F., 1970). Investors are better able to evaluate a company's performance and make informed investment decisions when internal and external signals are integrated. Thus, signal theory provides a relevant theoretical basis for understanding the relationship between profitability, liquidity, dividend policy, stock price volatility, and inflation to stock returns.

Profitability

In general, Profitability is an analysis used to measure the level of profitability of a company (Petty. A, 2022). The ability of a business to make money off of its operations is referred to as profitability. It is an important metric for evaluating financial performance, showing how well a business uses its resources and activities to turn a profit. A high level of profitability indicates strong financial health and the potential for business growth, while low profitability may signal operational inefficiencies or financial challenges that require strategic improvements.

Liquidity

Liquidity is all debts that the business can afford to pay off in a short time and immediately (Petty. A, 2022). The capacity to swiftly convert a product or investment into cash without experiencing a significant decline in value is referred to as liquidity. In corporate finance, liquidity represents the ability of a business to effectively meet its short-term responsibilities. A high level of liquidity indicates financial stability and flexibility, allowing a business to react to unforeseen costs or investment opportunities. Conversely, insufficient liquidity may lead to difficulties in meeting financial commitments, potentially affecting overall business operations and investor confidence.

Dividend Policy

Dividends are calculated by subtracting retained earnings, which are used as the company's reserves, from net income after taxes (Nabella, 2022). Dividend distribution refers to the distribution of a a share of a business's earnings given to shareholders. Dividends are cash or stock payments to shareholders as part of the company's earnings. The goal of dividend distribution is to give shareholders returns while also demonstrating the company's sound financial standing.

Stock Price Volatility

Volatility is the fluctuation in the price of an investment instrument (Otoritas Jasa Keuangan, 2023). Stock price volatility is a statistical measure that shows how much the stock price fluctuates or changes over a certain period of time. Volatility is used to measure investment risk, where stocks with high volatility have sharper price movements, both up and down, compared to stocks with low volatility.

Inflation

Inflation is the high price of goods in circulation or the general increase in the cost of products and services in a market. When inflation occurs, the value of the currency tends to decrease, because the decline in the real value of the currency due to price increases causes people's purchasing power to decrease (Otoritas Jasa Keuangan, 2023).

Profitability

A company's profitability can have a positive impact on stock returns with several underlying mechanisms. High indicators of financial health, especially those indicated by consistent and high returns, are considered an important factor in attracting investor interest. Companies that are able to generate strong profits can often provide positive information to investors, creating confidence in the company's ability to deliver good investment returns. This trust can increase the demand for stocks, which in turn can increase the stock price and the expected potential returns. In addition, high profitability can also be associated with low risk, making the company more attractive to investors looking for stable investments (Arumuninggar & Mildawati, 2022; Br Purba, 2019; Devy, 2018; Fitriana et al., 2016; Lestari et al., 2022; Nadyayani & Suarjaya, 2021; Saputra, 2022).

However, on the other side, although profitability reflects the performance of a company in some conditions it might not significantly impact stock returns. The stock price has taken into account all available information, including the degree of profitability, in an efficient market. External factors such as market risk are often more dominant in determining stock returns. This assertion is consistent with earlier studies' findings that profitability has no bearing on stock returns (Thio Lie Sha, 2020).

H1 : Profitability Affects Stock Returns.

H0 : Profitability Has No Effect on Stock Returns.

Liquidity

The effect of liquidity on stock returns can be explained through several perspectives. According to Portfolio theory, investors looking for portfolio diversification and optimization can consider liquidity as one of the factors influencing investment decisions. Liquidity can be an important consideration, as less liquid stocks can carry additional risks that may require higher yields as compensation. Investor confidence can also be affected by liquidity, where stocks that are easier to trade can create trust and attract investor interest. Furthermore, high liquidity can make it easier to carry out trading strategies and reduce transaction costs. This hypothesis is in line with previous research which concluded that liquidity has a positive effect on stock returns (Antara et al., 2014; Br Purba, 2019; Fitriana et al., 2016; Ningsih & Soekotjo, 2017; Nugroho & Pristiana, 2021; Parwati & Sudiartha, 2016; Putra & Dana, 2019).

However, this relationship is not always linear and can be influenced by market factors, investor sentiment, and company policies regarding dividends. Consistent with earlier studies' findings that liquidity has no bearing on stock returns (Chandra & Rusliati, 2019; Irawan & Polimpung, 2021; Lestari et al., 2022).
H2 : Liquidity Affects Stock Returns.
H0 : Liquidity Has No Effect on Stock Return.

Dividend policy

Dividend has a major impact on a company's stock return. The company decision to pay dividends and the amount of dividends paid can affect the perception of investors and the value of the shares. Companies that consistently pay attractive dividends can create investor confidence in the company's financial stability and health. This can increase stock demand, encourage stock price increases, and provide positive returns to shareholders. Additionally, dividend policies can serve as a signal to the market about the performance and future prospects of the company. The aforementioned claim is consistent with earlier studies' findings that dividend distribution has an impact on stock returns (Andersson, 2016; Djalil, 2017; Fitriana et al., 2016; Oroh et al., 2019).
H3 : Dividend Distribution Affects Stock Returns.

Stock Price Volatility

Stock price volatility can have or no effect on stock returns. According to the first hypothesis, stock price volatility affects stock returns, where changes in price volatility can cause increases or decreases. Volatility can have a significant effect if the trade is made in the short term, while most long-term trades are not affected by volatility(Mishra, 2011). This is because price changes can occur due to uncertainty in the market that causes an increase or decrease in stock prices whose level of influence depends on the choice of time period. The aforementioned claim is consistent with earlier studies' findings that stock returns are impacted by market price volatility (Auranisa Raiferiana et al., 2024).
H4 : Stock Price Volatility Affects Stock Returns.
H0 : Stock Price Volatility Has No Effect on Stock Returns.

Inflation Rate

Inflation is the condition of high prices of all goods on the market. The high price of goods in circulation can increase production costs or human resource management costs incurred by the Company. The company's net profit may be impacted by this circumstance since it may have an effect on the profit margin level. Although the Company experienced a decrease in profit margins, there were several cases where shareholders benefited from inflation. In the study of stock returns during Nigerian inflation, the results show that inflation has a positive effect on stock returns because inflation is a vital macroeconomic variable that affects investment flows (Taofik Mohammed Ibrahim & Agbaje, 2022). The company has also paid dividends and excessive stock returns to its shareholders even more than the available profits (Patjoshi, 2020).

H5 : The Inflation Rate Affects On Stock Returns.

H0 : The Inflation Rate Has No Effect on Stock Returns.

In the context of globalization and the complexity of the capital market, stock returns are the main indicator of investment success and an important concern for investors. Numerous internal and external factors have been found to impact stock returns. While stock price volatility and inflation are examples of external factors, internal factors include profitability, liquidity, and dividend policy. Stable profitability indicates the financial health of the company, gives a positive signal to investors, and encourages an increase in stock returns (Balvers et al., 2017; Devy, 2018). Additionally, liquidity allows the company to meet its short-term obligations and reduce the risk of bankruptcy (Moghaddam & Abbaspour, 2017).Dividend policies, such as the size of dividend payments, also contribute to the increase in stock value and shareholder welfare (Andersson, 2016; Oroh et al., 2019).

External factors such as stock price volatility provide high opportunities and risks, while inflation affects consumer purchasing power and company operating costs, which ultimately impacts stock profits and returns. By understanding the relationship between these variables, investors can make wiser decisions in managing their investment.

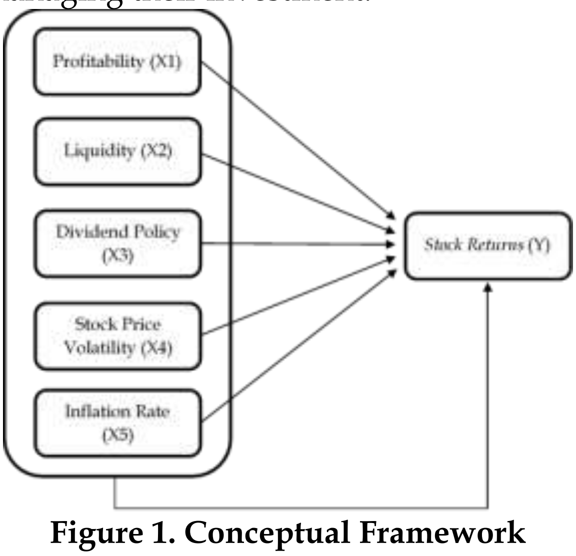

Figure 1. Conceptual Framework

METHODOLOGY

Panel data regression analysis is a quantitative research method used in this study to assess the impact of profitability, liquidity, dividend policy, stock price volatility, and inflation on stock returns conducted using a comparative causal approach. According to (Rahmi Pertiwi et al., 2023).Research that examines a hypothesis on the causal relationship between many variables is known as causal-comparative research has an important impact on a company's stock return. The study's data sources include financial statements of major consumer goods companies listed on the Indonesia Stock Exchange, as well as secondary data gathered from securities platforms like Investing.com and Poems. This data includes information on profitability (ROA), liquidity (CR), dividend policy (DY), stock price volatility (Stdev), and stock returns. In addition, inflation rate data is obtained through the Bank Indonesia (BI) and Central Statistics Agency (BPS) official websites. Purposive sampling is the sampling strategy employed in this study, and the population is made up of capital market-listed businesses in the primary consumer goods sector, with a sample of 15 companies selected from this sector.

RESEARCH RESULT

Chow Test

The Chow test results, which indicated a prof value of 0.0977 > 0.05, led to the selection of the Common Effect Model (CEM) as the research model. This suggests that the panel data used did not have significant differences between individuals or time. Consequently, the CEM model is thought to be the best fit for this analysis. This study uses the CEM model, which eliminates the need to account for variation over time or between individuals, and assumes that the influence of independent variables on dependent variables is homogeneous for all entities in the sample. The model also allows for a simpler approach, with constant intercepts for each entity, so that the analysis can be focused on the relationships between variables without taking into account the specific characteristics of each entity.

Lagrange Multiplier Test

According to test results (LM), prof has a value of 0.4281 > 0.05. Thus, the chosen research model is the Common Effect Model (CEM). The LM test is used to determine whether the Random Effect Model (REM) is more accurate compared to CEM. If the LM test results show that the probability value (p-value) is greater than the significance level (usually 0.05), then the null hypothesis (H0) stating that CEM is a suitable model cannot be rejected. The study assumes that the influence of independent variables on dependent variables is the same for all entities in the sample, regardless of random variation between entities or time. This facilitates the analysis with a simpler approach, where the model assumes a constant intercept for the entire entity.

Multicollinearity Test

Table 1. Multicollinearity Test

	X1	X2	X3	X4	X5
X1	1,0000				
X2	0,0949	1,0000			
X3	0,0438	0,0699	1,0000		
X4	-0,3094	-0,2151	-0,0107	1,0000	
X5	-0,0358	-0,0866	-0,0684	-0,0713	1,0000

All X variables have a coefficient of correlation of less than 0.85, indicating that there is no multicollinearity or that the multicollinearity test is passed (Esmandala Napitupulu, 2021).

Heterokedasticity Test

The heterokedasticity test results indicate that the prob value is 0.1210 > 0.05. This means that they are free from heterokedasticity symptoms or pass the heterokedasticity test (Esmandala Napitupulu, 2021).

Hypotesis Test

Panel Data Regression Analysis Test

Table 2. Panel Data Regression Analysis Test

Y	Coefficient	Std. err.	t	P>|t|	[95% conf.	interval]
X1	-.0334696	.0520587	-0.64	0.524	-.1387683	.0718291
X2	-.0530445	.0396553	-1.34	0.189	-.133255	.027166
X3	-.1595449	.0432126	-3.69	0.001	-.2469507	-.0721391
X4	.1678581	.0781826	2.15	0.038	.0097189	.3259973
X5	.657804	3.101587	0.21	0.833	-5.615748	6.931356
_cons	-.1530946	.3165066	-0.48	0.631	-.7932896	.4871004

The following equation is based on the panel data regression analysis test results:

$$\mathbf{Y = -0.1530946 - 0.0334696X1 - 0.0530445X2 - 0.1595449X3 + 0.1678581X4 + 0.657804X5}$$

The following is an explanation of the panel data regression equation:

1. A constant value of -0.1530946 which means that without the variables of profitability (X1), liquidity (X2), dividend policy (X3), stock price volatility (X4), and inflation (X5), the variable return of shares (Y) will decrease by -0.1530946
2. The profitability variable (X1) has a value of -0.0334696. Accordingly, the stock return variable (Y) will decrease if the value of another variable stays constant and the X1 variable rises, and the stock return will rise if X1 falls.
3. The liquidity variable (X2) has a coefficient value of -0.0530445. This means that the stock return variable (Y) will decrease if X2 rises and all other variables stay the same, and the stock return will increase if X2 falls.

4. The dividend policy variable's coefficient value (X3) is -0.1595449. Accordingly, the stock return variable (Y) will decrease if X3 rises and all other variables stay the same, and vice versa if X3 falls.
5. The stock price volatility variable (X4) has a coefficient value of 0.1678581. This suggests that the stock return variable (Y) will rise in tandem with X4 if all other variables stay the same.
6. The inflation variable (X5) has a coefficient value of 0.657804. This suggests that the stock return variable (Y) will rise if X5 rises and all other variables stay the same.

T Test

Table 3. Hypothesis Test Results

Hypothesis	T table	T count	Prob	Hypothesis Results
H1	2,0166922	-0,64	0,524	Rejected
H2	2,0166922	-1,34	0,189	Rejected
H3	2,0166922	-3,69	0,001	Accepted
H4	2,0166922	2,15	0,038	Accepted
H5	2,0166922	0,21	0,833	Rejected

Based on 45 research data, t_{table} (0,05;(45-2) is 2.016692199. Indicates that H1 is rejected because of the t_{count} (0,64) < (2,016692199) value t_{table}. This indicates that there is no discernible relationship between ROA and stock returns. H2 rejected due to grade t_{count} (1,34) < (2,016692199) value t_{table}, This indicates that CR and stock returns do not significantly affect one another. H3 is accepted because of the value of t_{count} (3,69) > (2,016692199) value t_{table}, This indicates that the relationship between DY and stock returns is substantial. H4 is accepted because of the value of t_{count} (2,15) > (2,016692199) value t_{table}, This indicates that stock returns are significantly impacted by Stdev. H5 is rejected due to the value of t_{count} (0,48) < (2,016692199) value t_{table} , This indicates that the relationship between inflation and stock returns is not very strong.

F Test

Table 4. F-squared Results

Number of orbs	45
F (5, 39)	5,06
Prob > F	0,0011
Root MSE	0,22874

Based on research data totaling 45 and 6 variables, F_{table} 2,455 obtained from (0,05;(6-1);(45-6)). From the F test, a score was obtained $F_{\text{count}} > F_{table}$ (5,06 > 2,455) and prof value 0,0011 < 0,05. Therefore, It can be inferred that there is a substantial and favorable relationship between ROA, CR, DY, Stdev, and inflation together on stock returns.

R Test

Table 5. R-Squared Results

Number of orbs	45
R-squared	0,3934
Adj R-squared	0,3156
Root MSE	0,22874

The adjusted R-square value, as determined by the R test, is 0.3156, or 31.56%. According to this coefficient of determination, 31.56% of the variation in stock returns of companies in the primary consumer goods sector can be explained by the independent variables of profitability, liquidity, dividend policy, stock price volatility, and inflation. In the meantime, additional factors not covered by this research model have an impact on the remaining 68.44%.

DISCUSSION

The panel data regression analysis's conclusions led to the creation of a regression equation that describes the relationship between independent and dependent variables. Generally speaking, each variable's coefficients display how it affects stock returns (Y). A constant value of -0.1530946 shows that stock returns will drop by 0.1530946 in the absence of the effects of profitability, liquidity, dividend policy, stock price volatility, and inflation variables. Conversely, the profitability variable's (X1) coefficient is -0.0334696, meaning that a rise in profitability will result in a decline in stock return, and the same is true for the liquidity variable (X2) with a coefficient of -0.0530445 and the dividend policy (X3) which has a coefficient of -0.1595449. On the other hand, inflation (X5) and stock price volatility (X4) both have positive coefficients of 0.657804 and 0.1678581, respectively, indicating that both factors positively affect stock returns. In other words, higher inflation and stock price volatility will result in higher stock returns.

In the t-test, the calculated t-value is obtained which is used to test the partial hypothesis. Because the t calculations are less than the t tables, which are 0.64 and 1.34, respectively, and less than the table t value of 2.016692199, the H1 and H2 hypotheses, which examine the impact of profitability and liquidity on stock returns, are rejected based on the computations. This shows that although profitability and liquidity play a role in the management of the company, its influence on stock returns in this study is not significant enough. The rejection of H1 and H2 is in line with the theory that these factors may not always have a significant direct impact on stock returns in the short term (Eugene F. Bringham, 2017).

On the other hand, the H3 and H4 hypotheses that test the influence of dividend policy and stock price volatility on stock returns are accepted, because the t calculations for these two variables are greater than the t tables, namely 3.69 and 2.15. The acceptance of this hypothesis is based on the fact that dividend policy and stock price volatility have a significant influence on investors' perceptions and their decisions in investing. Dividend policy gives signals to the market about the financial health of the company, which contributes to the stability of the stock price (Franco Modigliani, 2016). Stock price volatility is also an important factor influencing investors' decisions, where higher fluctuations can increase the chances of profit, albeit with greater risk (Sharpe, 1964). Thus, dividend policy and stock price volatility are accepted because of their significant influence on stock returns.

Meanwhile, H5, which tests the effect of inflation on stock returns, was also rejected, because the t calculated by 0.48 was smaller than the t table. This shows that although inflation has an impact on macroeconomic conditions, in this study its effect on stock returns is not significant enough. Inflation may affect the stock market indirectly, but its effect in the context of the data used in this study cannot be proven significantly.

Overall, the independent variables under investigation (ROA, CR, DY, Stdev, and inflation) have a significant impact on stock returns, according to the F-test results. With a p-value of 0.0011, below 0.05, and a computed F-value of 5.06, above the F-table value of 2.455, it can be said that all independent variables taken together significantly and favorably affect stock returns. These findings support the theory that a company's fundamental factors can collectively affect stock market performance (Fama E. F., 1970). The reason for the acceptance of the results of this f test is that all independent variables together contribute to the observed variation in stock returns, showing a significant relationship in this model.

Lastly, The independent variables in this research model explain 31.56% of the variation in stock returns, according to the adjusted R-square value of 0.3156 obtained from the R test. In the meantime, other variables not covered by the model have an impact on the remaining 68.44%. This finding implies that although the independent variables play a major role, stock returns are also influenced by a wide range of other factors, which warrant additional investigation in subsequent studies. This is in line with the view that many external and microeconomic variables also affect investment decisions and stock returns in the market. The reason for accepting this adjusted R-square value is because although not all variables can be explained by the model, there is a significant explanation for the variation in stock returns that occur.

CONCLUSIONS AND RECOMMENDATIONS

The study's conclusions indicate that the only factors that significantly affect the stock returns of companies in the primary consumer goods sector listed on the IDX are dividend policy, as measured by dividend yield (DY), and stock price volatility, as measured by standard deviation (Stdev). Meanwhile, the stock returns of companies in the primary consumer goods sector listed on the IDX are not significantly impacted by inflation, liquidity (CR), or profitability (ROA). Together, profitability (ROA), liquidity (CR), dividend policy (DY), stock price volatility (Stdev), and inflation account for 31.51% of the variables that affect stock returns in the Primary Consumer Goods Sector. Additional variables that impact and explain the variables of stock returns can be used or added in future studies, considering that there are still 68.44% of variables that affect cannot be explained in this study.

ADVANCED RESEARCH

Researchers can then raise variables such as revenue and profit growth, operational performance, corporate governance, and economic growth.

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