DIJEMSS: Dinasti International Journal of Education Management and Social Science
E-ISSN: 2686-6331
P-ISSN: 2686-6358
https://dinastipub.org/DIJEMSS dinasti.info@gmail.com +62 811 7404 455
DINASTI PUBLISHER

DOI: https://doi.org/10.38035/dijemss.v6i3

Return on Assets, Earnings Per Share, Price Earning Ratio, and Economic Value Added on Stock Returns in The Telecommunications Sub-Industry

Dian Nur Aini[1], Darto[2]
[1]Universitas Muhammadiyah Jakarta, Jakarta, Indonesia, ndian341@gmail.com
[2]Universitas Muhammadiyah Jakara, Jakarta, Indonesia, darto@umj.ac.id

Corresponding Author: ndian341@gmail.com[1]

Abstract: Rapid economic growth in Indonesia, bolstered by digitization and telecommunications advancements, generates both strategic possibilities and difficulties for the sector, making it crucial to economic expansion and appealing to investors. The purpose of this study is to examine how stock returns in telecommunications sub-industry businesses listed on the Indonesia Stock Exchange for the 2019–2023 timeframe are impacted by Return on Assets (ROA), Earnings Per Share (EPS), Price Earning Ratio (PER), and Economic Value Added (EVA). Purposive sampling is used with panel data regression analysis in this study. Fourteen telecommunications sub-sector businesses that were listed on the IDX between 2019 and 2023 made up the research sample. EViews 10 was used to examine the data. The findings of the research showed that although Price Earning Ratio has a negative and considerable impact on stock returns, Economic Value Added has a negative but negligible impact, and Return on Asset and Earnings Per Share have a positive but negligible impact. The independent variables may account for 32.01% of the variability in stock returns, according to the coefficient of determination (R2) value of 0.320065. The remaining 67.99% is influenced by factors not included in the model.

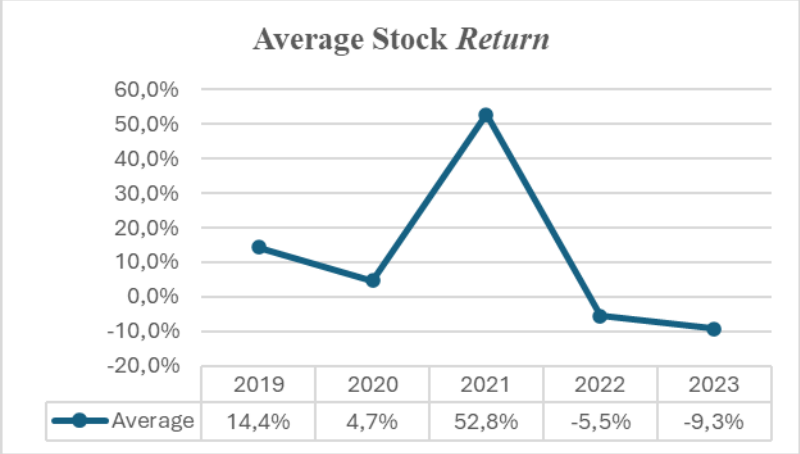
Keyword: Return on Assets (ROA), Earnings Per Share (EPS), Price earning Ratio (PER), Economic Value Added (EVA), and Stock Return.

INTRODUCTION

One of the main forces behind Indonesia's economic expansion is the rapid advancement of digital technology and telecommunications. The rapid and widespread flow of information made possible by the telecommunications industry gives businesses enormous chances to become more competitive in the global market. Furthermore, this business is now one of the crucial components supporting economic activity, particularly in the era of digitization, because to the digital change brought about by people's desire for information access. The telecom industry is likely to yield the best returns on investment and has a great deal of room to grow as technology and the digital economy develop.

One of the primary metrics that investors look at when assessing the performance of their investments is stock return. Stock return, or the profit from stock investments, is the main objective of capital market investors (Novianti, 2018). Stock returns reflect such investments' potential profit and risk (Kusumawati & Anhar, 2019).

Nevertheless, despite the good prospects, the stock returns of telecommunications companies showed significant fluctuations. Uncertainty in regulation and intense competition can affect the performance of stocks in this sector. This is seen by Graph 1's movement of telecommunication companies' stock returns from 2019 to 2023.



Graph 1
Development of Telecommunication Sub-Industry
Stock Returns for the 2019-2023 Period
(in ratio and data processed)

Graph 1 shows the fluctuations in the average stock returns of telecommunication companies during the 2019-2023 period. 2019 the stock return was 14.4%, but fell to 4.7% in 2020 due to the COVID-19 pandemic. In 2021, the sector increased sharply to 52.8%, which aligns with the economic recovery and high demand for digital services. Unfortunately, the positive trend did not last, and in 2022, the stock return fell to -5.5% and further declined to -9.3% in 2023. Macroeconomic factors, intense competition, and market uncertainty influenced this decline. Despite a spike in 2021, the telecommunications sector faced sharp fluctuations that led to inconsistent returns. Recognizing the factors that influence stock returns is crucial for attaining the best possible investment outcomes.

Investors must comprehend the factors that affect stock returns, as the telecommunications industry is growing rapidly, to support more accurate investment decision-making. An in-depth analysis of key factors, such as ROA, EPS, PER, and EVA, is essential to provide a more thorough insight into the company's performance.

According to Kasmir (2019: 203), a ratio called return on assets (ROA) shows how profitable a company's assets may be. This ratio assesses how well the business uses its resources to generate profits.

According to Tandelilin (2017: 374), A financial measurement called earnings per share (EPS) gauges how well management produces money for investors. By dividing net income after taxes by the total number of outstanding shares, this ratio is computed. (Suryani et al., 2024).

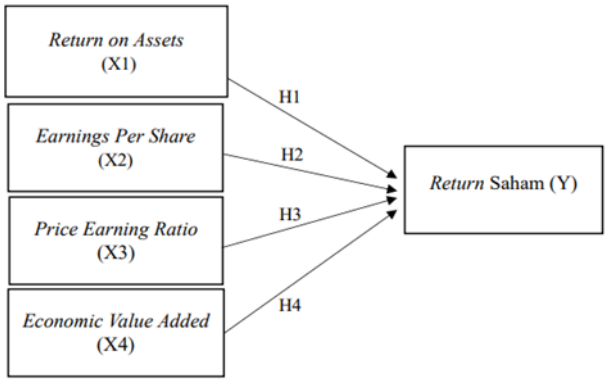
According to Moktar and Jibrail (2024), PER is a ratio used to analyze the price valuation of a stock. This ratio shows how much money investors have to spend to get every one rupiah of profit generated by the company.

According to Siregar and Andriaskiton (2024), EVA is a financial management tool used to assess a company's financial profit level. Economic Value Added serves as an indicator of the company's ability to utilize its capital to create economic-added value.

Based on the description above, the authors are interested in conducting research titled" Return on Assets, Earnings Per Share, Price Earning Ratio, and Economic Value Added to Stock Returns of the Telecommunications Sub-Industry." This research is expected to make an important contribution to analyzing the effect of these variables on stock returns and provide practical insights for investors to make smarter investment decisions.

1. **Signaling Theory**
   Signaling theory, first proposed by Spence (1973), explains the relationship between company management as an internal party sending signals and investors as an external party receiving signals. This theory states that company management, which has more information, sends signals to reduce information asymmetry with investors. The effectiveness of this theory depends on the credibility and consistency of the information submitted (Prakoso & Puspawati, 2021).
2. **Stock Return**
   Jogiyanto (2017: 283) defines stock returns as the profit results obtained from investment activities in the form of realized returns (which have already occurred) or expected returns (which have not yet occurred but are expected in the future). Apart from being an investment result, stock returns are also the main indicator in measuring stock investment performance (Shofiyuddin & Triyonowati, 2018). Stock returns are important in decision-making, where investors evaluate expected returns to assess whether the risk is worth the potential reward (Novianti, 2018).
3. **Return on Assets**
   According to Kasmir (2019: 203), Return on Assets is a ratio that shows the results of a company's use of its assets. Return on Assets indicates the company's efficiency in generating profits from its assets (Suryani et al., 2024). A higher Return on Assets indicates that the business is managing its assets more efficiently to maximize earnings, which often results in higher stock returns for investors.
4. **Earnings Per Share**
   According to Tandelilin (2017: 374), Earnings Per Share (EPS) is a financial ratio that assesses management's achievement in providing profits to investors. EPS is important for investors in assessing the potential return on capital (Novianti, 2018). EPS fluctuations become a benchmark for expected returns; the higher the EPS, the more investors are interested, which can increase the stock price and positively impact stock returns.
5. **Price Earning Ratio**
   According to Moktar & Jibrail (2024), the Price-Earning Ratio (PER) is a ratio used to assess the valuation of stock prices against company profits. PER reflects market expectations of the company's future earnings growth. The higher the PER, the greater the investor's confidence in potential earnings growth. However, a PER that is too high can indicate an overvalued stock, while a low PER can indicate an undervalued stock or a company facing challenges.
6. **Economic Value Added**
   According to Siregar and Andriaskiton (2024), economic value added (EVA) is a measure used to assess a company's financial performance by evaluating its capacity to use capital to generate added value. A positive EVA signifies that earnings exceed the cost of capital, creating value for shareholders, whereas a negative EVA suggests the company is inefficient in utilizing its resources.

Framework



METHOD

The subject of this study are the companies in the telecommunications subsector that were listed between 2019 and 2023 on the Indonesia Stock Exchange. Fourteen businesses that meet the selection criteria make up the sample. This study made use of secondary data from the firms' annual reports. Panel data regression analysis with purposive sampling is the research methodology used. EViews 10 software was used to analyze the data. A model selection test comparing common, fixed, and random effects in panel data regression analysis was carried out to identify the optimal analysis model.

RESULTS AND DISCUSSION

Table 1. Descriptive statistics

	RETURN	ROA	EPS	PER	EVA
Mean	0.114100	2.999286	30.26900	33.92157	-2.42E+22
Median	-0.015500	2.660000	24.65000	40.96500	3.24E+20
Maximum	2.774000	12.47000	126.2500	441.4600	1.01E+23
Minimum	-0.803000	-10.68000	-68.83000	-2549.420	-9.36E+23
Std. Dev.	0.519348	4.748755	36.51742	339.9849	1.62E+23
Skewness	2.254477	-0.125389	0.427082	-6.358085	-4.936494
Kurtosis	11.44336	3.416460	3.183139	49.17854	26.68517
Jarque-Bera	267.2277	0.689292	2.225815	6691.297	1920.517
Probability	0.000000	0.708471	0.328602	0.000000	0.000000
Sum	7.987000	209.9500	2118.830	2374.510	-1.69E+24
Sum Sq. Dev.	18.61082	1555.997	92013.01	7975691.	1.81E+48
Observations	70	70	70	70	70

Source: Eviews 10 (data processed)

Table 2 shows five research variables, namely Stock Return, ROA, EPS, PER, and EVA, with a total sample of 70 data. With a mean value of 0.114100, a median value of -0.015500, a maximum value of 2.774000, a minimum value of -0.803000, and a standard deviation of 0.519348, the Stock Return variable has a mean value of 0.114100. Stock returns exhibit the least amount of risk and are comparatively constant throughout the course of the research, according to the standard deviation number.

The ROA variable's mean value is 2.999286, its median value is 2.660000, its maximum value is 12.47000, its minimum value is -10.68000, and its standard deviation is 4.748755. This demonstrates a wide range in the business's capacity to turn a profit over the study period by using its assets.

The EPS variable has an average (mean) value of 30.26900, a median (middle value) of 24.65000, the highest (maximum) value of 126.2500, the lowest (minimum) value of -68.83000, and a standard deviation of 36.51742. The large standard deviation indicates a significant variation in the company's ability to generate earnings per share during the study period.

The PER variable has an average (mean) value of 33.92157, a median (middle value) of 40.96500, the highest (maximum) value of 441.4600, the lowest (minimum) value of -2549.420, and a standard deviation of 339.9849. The very high standard deviation value indicates a large fluctuation in stock price valuation relative to the profit generated by the company during the study period.

The EVA variable has a mean (average) value of -2.42E+22, median (middle value) of 3.24E+20, maximum (highest value) of 1.01E+23, minimum value (lowest value) of -9.36E+23, and standard deviation of 1.62E+23. By looking at the standard deviation, Economic Value Added means it has a higher level of risk than other variables. This illustrates that the Economic Value Added variable has a very volatile change compared to other variables.

The asymmetry in the data distribution with respect to the mean is measured by skewness. The skewness of a normal distribution is zero. A distribution with a long tail on the right side is said to be positively skew, and one with a long tail on the left side is said to be negatively skew. According to Table 2, the Stock Return and Earnings Per Share variables exhibit positive skewness, meaning the majority of the data is concentrated on the left, with some higher values on the right. On the other hand, the ROA, PER, and EVA variables show negative skewness, suggesting that most of the data is on the right side, with some very low values on the left side. Kurtosis, which has a value of 3 for a normal distribution, gauges the form of the data distribution. More than 3 indicates a leptokurtic distribution, while less than 3 indicates a flat (playkurtic) distribution. In this study, all variables have a kurtosis of more than 3. This means all variables have a more pointed distribution and longer tails than the normal distribution, indicating leptokurtic properties. None of the variables had a flat distribution.

The Jarque-Bera (JB) test tests the normality of data distribution by comparing skewness and kurtosis. Based on the statistical test results, Stock Return, PER, and EVA show a normal distribution (because the JB probability < 0.05). At the same time, ROA and EPS do not follow a normal distribution (because the JB probability > 0.05).

Table 2
Correlation Test Results

	RETURN	ROA	EPS	PER	EVA
RETURN	1.000000	0.011877	-0.012123	-0.548882	-0.024614
ROA	0.011877	1.000000	0.505692	0.215371	0.101366
EPS	-0.012123	0.505692	1.000000	0.176563	-0.376200
PER	-0.548882	0.215371	0.176563	1.000000	0.013835
EVA	-0.024614	0.101366	-0.376200	0.013835	1.000000

Source: Eviews 10 (data processed)

Based on the correlation test results in Table 4, the following interpretation can be made:

1) The correlation between the Stock Return and Return on Assets variables shows a very low relationship, with a value of 0.011877. This means that although there is very little correlation between the two variables, changes in one cause changes in the other in the same way.
2) The correlation between the Stock Return variable and Earnings Per Share has a very low relationship and a negative direction of -0.012123. This means that a change in one variable will result in a change in the other variable in a different or inverse direction.

3) The correlation between the Stock Return variable and the Price Earning Ratio has a moderate relationship, with a negative direction of -0.548882. This means that changes between one variable will result in changes in other variables in different or inverse directions.
4) The correlation between Stock Return and economic value added is very low, with a negative direction of -0.024614. This means that changes in one variable will result in changes in other variables in different or inverse directions.
5) The correlation between ROA and EPS variables shows a moderate relationship, with a value of 0.0505692. This means that changes in one variable are followed by changes in the other variable in the same direction, although the level of relationship is moderate.
6) The correlation between ROA and PER variables shows a low relationship, with a value of 0.215371. This means that changes in one variable tend to be followed by changes in the other variable in the same direction, although the relationship between the two is quite weak.
7) The correlation between the Return on Assets variable and Economic Value Added is very low, with a positive direction of 0.101366. This means that changes in one variable affect changes in other variables in the same direction.
8) The relationship between the EPS and PER variables shows a very weak correlation, with a value of 0.176563. This means that a change in one variable will be followed by a change in the other variable in the same direction.
9) The correlation between Earnings Per Share and Economic Value Added variables shows a low relationship, with a value of -0.376200. This means that changes in one variable will cause changes in the other variable in the opposite or inverse direction.
10) The correlation between the PER and EVA variables shows a very weak relationship, with a value of 0.013835. This means that changes in one variable tend to be followed by changes in the other in the same direction, although the relationship is very weak.

The Common Effect panel data regression model is found to be the best appropriate model for this investigation based on the pairwise test of the three panel data regression models.

Table 3
Panel Regression Model Testing Conclusion

No.	Method	Result	Conclusion
1.	Uji Chow	0.8587	Common Effect Model
2.	Uji Hausman	0.9303	Random Effect Model
3.	Uji Lagrange Multiplier	0,1408	Common Effect Model

Source: Eviews 10 (data processed)

The Common Effect Model was chosen as the best model based on the findings of the Chow, Hausman, and Lagrange multiplier tests. The next stage is to use the Ordinary Least Square (OLS) methodology to perform a classical assumption test, which includes tests for heteroscedasticity and multicollinearity in the estimate method.

Table 4
Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
ROA	0.000205	2.306692	1.642457
EPS	4.14E-06	3.322531	1.957862
PER	2.58E-08	1.067949	1.057271
EVA	1.22E-39	1.519060	1.465678
C	0.004923	1.772869	NA

Source: Eviews 10 (data processed)

If the VIF value for each variable is less than 10, the regression model is said to be free of multicollinearity problems. According to the multicollinearity test results in Table 6, all variables have VIF values under 10, indicating that this regression model is not affected by multicollinearity problems.

Table 5
Heteroscedasticity Test Results (Glejser)

Heteroskedasticity Test: Glejser			
F-statistic	1.734589	Prob. F(4,65)	0.1531
Obs*R-squared	6.751406	Prob. Chi-Square(4)	0.1496
Scaled explained SS	7.323241	Prob. Chi-Square(4)	0.1198

Source: Eviews 10 (data processed)

The Glejser test is used to perform the heteroscedasticity test. If the likelihood of ObsR-squared is less than 0.05, the model is said to have heteroscedasticity in this test. Conversely, if the probability of ObsR-squared is greater than 0.05, then the model does not show any heteroscedasticity problems.

Table 6
Results of Panel Data Regression with Common Effect Model estimation

Dependent Variable: RETURN_SAHAM
Method: Panel Least Squares
Date: 12/26/24 Time: 22:40
Sample: 2019 2023
Periods included: 5
Cross-sections included: 14
Total panel (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.092815	0.070260	1.321027	0.1911
ROA	0.014438	0.014036	1.028657	0.3075
EPS	0.000201	0.001952	0.103133	0.9182
PER	-0.000885	0.000161	-5.511179	0.0000
EVA	-7.91E-26	3.81E-25	-0.207814	0.8360

R-squared	0.320065	Mean dependent var	0.114100
Adjusted R-squared	0.278223	S.D. dependent var	0.519348
S.E. of regression	0.441225	Akaike info criterion	1.270224
Sum squared resid	12.65414	Schwarz criterion	1.430830
Log likelihood	-39.45783	Hannan-Quinn criter.	1.334019
F-statistic	7.649350	Durbin-Watson stat	2.134644
Prob(F-statistic)	0.000041		

Source: Eviews 10 (data processed)

Table 8 above obtained panel data regression results using Eviews 10. Then, the data regression equation can be written as follows:

Y = 0.092815 + 0.014438 ROA + 0.000201EPS - 0.000885PER - 7.91E-

The coefficients of the regression equation above can be interpreted as follows:

1) Intercept (α = 0.092815): This value implies that when all independent variables—Return on Assets, Earnings Per Share, Price-to-Earnings Ratio, and Economic Value Added—are

equal to zero, the dependent variable, Stock Return (Y), will have a baseline value of 0.092815. In other words, in the absence of contributions from the independent variables, the Stock Return is expected to be 0.092815.

2) Return on Assets Coefficient (β_1 = 0.014438): The positive value of this coefficient indicates a direct relationship between Return on Assets (X_1) and Stock Return (Y). Specifically, for every one-unit increase in Return on Assets, the Stock Return will rise by 0.014438 units, assuming other variables remain constant.
3) Earnings Per Share Coefficient (β_2 = 0.000201): This coefficient signifies a positive relationship between Earnings Per Share (X_2) and Stock Return (Y). It suggests that a one-unit increase in Earnings Per Share will lead to a 0.000201-unit increase in Stock Return, with all other factors held constant.
4) Price-to-Earnings Ratio Coefficient (β_3 = -0.000885): The negative sign of this coefficient reflects an inverse relationship between the Price-to-Earnings Ratio (X_3) and Stock Return (Y). This indicates that a one-unit increase in the Price-to-Earnings Ratio will result in a reduction of 0.000885 units in Stock Return, provided other variables do not change.
5) Economic Value Added Coefficient (β_4 = -7.91E-26): This coefficient, with its negative value, demonstrates an inverse relationship between Economic Value Added (X_4) and Stock Return (Y). It suggests that for every one-unit increase in Economic Value Added, the Stock Return will decrease by 7.91E-26 units, assuming other variables remain unchanged.

Table 7 indicates that the regression findings' coefficient of determination is 0.320065. This indicates that 32.01% of the variability of the dependent variable (stock return) can be explained by all independent variables, with other factors outside the study model accounting for the remaining 67.99% (100%—32.01%).

Table 7
T-test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.092815	0.070260	1.321027	0.1911
ROA	0.014438	0.014036	1.028657	0.3075
EPS	0.000201	0.001952	0.103133	0.9182
PER	-0.000885	0.000161	-5.511179	0.0000
EVA	-7.91E-26	3.81E-25	-0.207814	0.8360

Source: Eviews 10 (data processed)

Based on the t-test at = 5% in Table 7, it can be interpreted as follows:

1) Effect of Return on Assets on Stock Returns

Table 9 shows the results of the panel data regression analysis test with the Common Effect Model estimation with the results of the independent variable t count of 1.028657. Meanwhile, the t-table values are a = 5% and df = (n-k-1). Df = 65, where the t table value is 1.66864, meaning that the calculated t value is smaller than the t table value, 1.028657 < 1.66864. Then the probability value is 0.3075> 0.05, and H0 is accepted and rejects Ha. This means that Return on Assets has a positive and insignificant effect on Stock Returns. These results align with research conducted by Adestia Saraswati, Abdul Halim, and Ati Retna Sari (2020), which states that Return on Assets has a positive and insignificant effect on Stock Returns.

2) Effect of Earnings Per Share on Stock Return

Table 9 shows the results of the panel data regression analysis test with the Common Effect Model estimation with the results of the independent variable t count of 0.103133. Meanwhile, the t-table values are a = 5% and df = (n-k-1). Df = 65, where the t table value is 1.66864, meaning that the calculated t value is smaller than the t table value, namely 0.103133 < 1.66864. Then the probability value is 0.9182> 0.05, and H0 is accepted and rejects Ha. This means that Earnings Per Share has a positive and insignificant effect on Stock Returns. These results align with research conducted by Novitasari, Dewi, and Prayoga (2023), which states that Earnings Per Share has a positive and insignificant effect on Stock Returns.

3) Effect of Price Earning Ratio on Stock Return

Table 9 shows the results of the panel data regression analysis test with the Common Effect Model estimation with the results of the independent variable t count of -5.511179. Meanwhile, the t-table values are a = 5% and df = (n-k-1). Df = 65, where the t table value is 1.66864, meaning that the calculated t value is smaller than the t table value, namely -5.511179 < 1.66864. Then the probability value is 0.0000 <0.05, then Ha is accepted and rejects H0. This means that the Price Earning Ratio negatively and significantly affects Stock Returns. These results align with Wardani, Masithoh, and Soegiarto (2019) research, which states that the Price Earning Ratio has a negative and significant effect on Stock Returns.

4) The Effect of Economic Value Added on Stock Returns

Table 9 displays the findings of the panel data regression analysis test using the Common Effect Model estimate, with an independent variable t count of -0.207814. In the meanwhile, a = 5% and df = (n-k-1) are the t-table values. The estimated t value is less than the t table value, namely -0.207814 < 1.66864, where the t table value is 1.66864 and Df = 65. Then, H0 is accepted and Ha is rejected, and the probability value is 0.8360>0.05. This indicates that stock returns are negatively and negligibly impacted by economic value added. These findings are consistent with study by Rohi, Rozari, Makatita, and Ndoen (2024), which found that Economic Value Added had a negligible and negative impact on stock returns.

Table 8. Descriptive statistics

	RETURN	ROA	EPS	PER	EVA
Mean	0.114100	2.999286	30.26900	33.92157	-2.42E+22
Median	-0.015500	2.660000	24.65000	40.96500	3.24E+20
Maximum	2.774000	12.47000	126.2500	441.4600	1.01E+23
Minimum	-0.803000	-10.68000	-68.83000	-2549.420	-9.36E+23
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0.519348, the Stock Return variable has a mean value of 0.114100. Stock returns exhibit the least amount of risk and are comparatively constant throughout the course of the research, according to the standard deviation number.

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The EPS variable has an average (mean) value of 30.26900, a median (middle value) of 24.65000, the highest (maximum) value of 126.2500, the lowest (minimum) value of -68.83000, and a standard deviation of 36.51742. The large standard deviation indicates a significant variation in the company's ability to generate earnings per share during the study period.

The PER variable has an average (mean) value of 33.92157, a median (middle value) of 40.96500, the highest (maximum) value of 441.4600, the lowest (minimum) value of -2549.420, and a standard deviation of 339.9849. The very high standard deviation value indicates a large fluctuation in stock price valuation relative to the profit generated by the company during the study period.

The EVA variable has a mean (average) value of -2.42E+22, median (middle value) of 3.24E+20, maximum (highest value) of 1.01E+23, minimum value (lowest value) of -9.36E+23, and standard deviation of 1.62E+23. By looking at the standard deviation, Economic Value Added means it has a higher level of risk than other variables. This illustrates that the Economic Value Added variable has a very volatile change compared to other variables.

The asymmetry in the data distribution with respect to the mean is measured by skewness. The skewness of a normal distribution is zero. A distribution with a long tail on the right side is said to be positively skew, and one with a long tail on the left side is said to be negatively skew. According to Table 2, the Stock Return and Earnings Per Share variables exhibit positive skewness, meaning the majority of the data is concentrated on the left, with some higher values on the right. On the other hand, the ROA, PER, and EVA variables show negative skewness, suggesting that most of the data is on the right side, with some very low values on the left side.

Kurtosis, which has a value of 3 for a normal distribution, gauges the form of the data distribution. More than 3 indicates a leptokurtic distribution, while less than 3 indicates a flat (playkurtic) distribution. In this study, all variables have a kurtosis of more than 3. This means all variables have a more pointed distribution and longer tails than the normal distribution, indicating leptokurtic properties. None of the variables had a flat distribution.

The Jarque-Bera (JB) test tests the normality of data distribution by comparing skewness and kurtosis. Based on the statistical test results, Stock Return, PER, and EVA show a normal distribution (because the JB probability < 0.05). At the same time, ROA and EPS do not follow a normal distribution (because the JB probability > 0.05).

Table 9
Correlation Test Results

	RETURN	ROA	EPS	PER	EVA
RETURN	1.000000	0.011877	-0.012123	-0.548882	-0.024614
ROA	0.011877	1.000000	0.505692	0.215371	0.101366
EPS	-0.012123	0.505692	1.000000	0.176563	-0.376200
PER	-0.548882	0.215371	0.176563	1.000000	0.013835
EVA	-0.024614	0.101366	-0.376200	0.013835	1.000000

Source: Eviews 10 (data processed)

Based on the correlation test results in Table 9, the following interpretation can be made:

1) The correlation between the Stock Return and Return on Assets variables shows a very low relationship, with a value of 0.011877. This means that although there is very little

correlation between the two variables, changes in one cause changes in the other in the same way.

2) The correlation between the Stock Return variable and Earnings Per Share has a very low relationship and a negative direction of -0.012123. This means that a change in one variable will result in a change in the other variable in a different or inverse direction.
3) The correlation between the Stock Return variable and the Price Earning Ratio has a moderate relationship, with a negative direction of -0.548882. This means that changes between one variable will result in changes in other variables in different or inverse directions.
4) The correlation between Stock Return and economic value added is very low, with a negative direction of -0.024614. This means that changes in one variable will result in changes in other variables in different or inverse directions.
5) The correlation between ROA and EPS variables shows a moderate relationship, with a value of 0.0505692. This means that changes in one variable are followed by changes in the other variable in the same direction, although the level of relationship is moderate.
6) The correlation between ROA and PER variables shows a low relationship, with a value of 0.215371. This means that changes in one variable tend to be followed by changes in the other variable in the same direction, although the relationship between the two is quite weak.
7) The correlation between the Return on Assets variable and Economic Value Added is very low, with a positive direction of 0.101366. This means that changes in one variable affect changes in other variables in the same direction.
8) The relationship between the EPS and PER variables shows a very weak correlation, with a value of 0.176563. This means that a change in one variable will be followed by a change in the other variable in the same direction.
9) The correlation between Earnings Per Share and Economic Value Added variables shows a low relationship, with a value of -0.376200. This means that changes in one variable will cause changes in the other variable in the opposite or inverse direction.
10) The correlation between the PER and EVA variables shows a very weak relationship, with a value of 0.013835. This means that changes in one variable tend to be followed by changes in the other in the same direction, although the relationship is very weak.

The Common Effect panel data regression model is found to be the best appropriate model for this investigation based on the pairwise test of the three panel data regression models.

Table 10
Panel Regression Model Testing Conclusion

No.	Method	Result	Conclusion
1.	Uji Chow	0.8587	Common Effect Model
2.	Uji Hausman	0.9303	Random Effect Model
3.	Uji Lagrange Multiplier	0,1408	Common Effect Model

Source: Eviews 10 (data processed)

The Common Effect Model was chosen as the best model based on the findings of the Chow, Hausman, and Lagrange multiplier tests. The next stage is to use the Ordinary Least Square (OLS) methodology to perform a classical assumption test, which includes tests for heteroscedasticity and multicollinearity in the estimate method.

Table 11
Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
ROA	0.000205	2.306692	1.642457
EPS	4.14E-06	3.322531	1.957862
PER	2.58E-08	1.067949	1.057271
EVA	1.22E-39	1.519060	1.465678
C	0.004923	1.772869	NA

Source: Eviews 10 (data processed)

If the VIF value for each variable is less than 10, the regression model is said to be free of multicollinearity problems. According to the multicollinearity test results in Table 6, all variables have VIF values under 10, indicating that this regression model is not affected by multicollinearity problems.

Table 12
Heteroscedasticity Test Results (Glejser)

Heteroskedasticity Test: Glejser			
F-statistic	1.734589	Prob. F(4,65)	0.1531
Obs*R-squared	6.751406	Prob. Chi-Square(4)	0.1496
Scaled explained SS	7.323241	Prob. Chi-Square(4)	0.1198

Source: Eviews 10 (data processed)

The Glejser test is used to perform the heteroscedasticity test. If the likelihood of ObsR-squared is less than 0.05, the model is said to have heteroscedasticity in this test. Conversely, if the probability of ObsR-squared is greater than 0.05, then the model does not show any heteroscedasticity problems.

Table 13
Results of Panel Data Regression with Common Effect Model estimation

Dependent Variable: RETURN_SAHAM
Method: Panel Least Squares
Date: 12/26/24 Time: 22:40
Sample: 2019 2023
Periods included: 5
Cross-sections included: 14
Total panel (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.092815	0.070260	1.321027	0.1911
ROA	0.014438	0.014036	1.028657	0.3075
EPS	0.000201	0.001952	0.103133	0.9182
PER	-0.000885	0.000161	-5.511179	0.0000
EVA	-7.91E-26	3.81E-25	-0.207814	0.8360

R-squared	0.320065	Mean dependent var	0.114100
Adjusted R-squared	0.278223	S.D. dependent var	0.519348
S.E. of regression	0.441225	Akaike info criterion	1.270224
Sum squared resid	12.65414	Schwarz criterion	1.430830
Log likelihood	-39.45783	Hannan-Quinn criter.	1.334019
F-statistic	7.649350	Durbin-Watson stat	2.134644
Prob(F-statistic)	0.000041		

Source: Eviews 10 (data processed)

Table 13 above obtained panel data regression results using Eviews 10. Then, the data regression equation can be written as follows:

Y = 0.092815 + 0.014438 ROA + 0.000201EPS - 0.000885PER - 7.91E-

The coefficients of the regression equation above can be interpreted as follows:

1) Intercept (α = 0.092815): This value implies that when all independent variables—Return on Assets, Earnings Per Share, Price-to-Earnings Ratio, and Economic Value Added—are equal to zero, the dependent variable, Stock Return (Y), will have a baseline value of 0.092815. In other words, in the absence of contributions from the independent variables, the Stock Return is expected to be 0.092815.
2) Return on Assets Coefficient (β_1 = 0.014438): The positive value of this coefficient indicates a direct relationship between Return on Assets (X_1) and Stock Return (Y). Specifically, for every one-unit increase in Return on Assets, the Stock Return will rise by 0.014438 units, assuming other variables remain constant.
3) Earnings Per Share Coefficient (β_2 = 0.000201): This coefficient signifies a positive relationship between Earnings Per Share (X_2) and Stock Return (Y). It suggests that a one-unit increase in Earnings Per Share will lead to a 0.000201-unit increase in Stock Return, with all other factors held constant.
4) Price-to-Earnings Ratio Coefficient (β_3 = -0.000885): The negative sign of this coefficient reflects an inverse relationship between the Price-to-Earnings Ratio (X_3) and Stock Return (Y). This indicates that a one-unit increase in the Price-to-Earnings Ratio will result in a reduction of 0.000885 units in Stock Return, provided other variables do not change.
5) Economic Value Added Coefficient (β_4 = -7.91E-26): This coefficient, with its negative value, demonstrates an inverse relationship between Economic Value Added (X_4) and Stock Return (Y). It suggests that for every one-unit increase in Economic Value Added, the Stock Return will decrease by 7.91E-26 units, assuming other variables remain unchanged.

Table 14 indicates that the regression findings' coefficient of determination is 0.320065. This indicates that 32.01% of the variability of the dependent variable (stock return) can be explained by all independent variables, with other factors outside the study model accounting for the remaining 67.99% (100%—32.01%).

Table 14
T-test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.092815	0.070260	1.321027	0.1911
ROA	0.014438	0.014036	1.028657	0.3075
EPS	0.000201	0.001952	0.103133	0.9182
PER	-0.000885	0.000161	-5.511179	0.0000
EVA	-7.91E-26	3.81E-25	-0.207814	0.8360

Source: Eviews 10 (data processed)

Based on the t-test at = 5% in Table 14, it can be interpreted as follows:

1) Effect of Return on Assets on Stock Returns
Table 9 shows the results of the panel data regression analysis test with the Common Effect Model estimation with the results of the independent variable t count of 1.028657. Meanwhile, the t-table values are a = 5% and df = (n-k-1). Df = 65, where the t table value

is 1.66864, meaning that the calculated t value is smaller than the t table value, 1.028657 < 1.66864. Then the probability value is 0.3075> 0.05, and H0 is accepted and rejects Ha. This means that Return on Assets has a positive and insignificant effect on Stock Returns. These results align with research conducted by Adestia Saraswati, Abdul Halim, and Ati Retna Sari (2020), which states that Return on Assets has a positive and insignificant effect on Stock Returns.

2) Effect of Earnings Per Share on Stock Return
Table 9 shows the results of the panel data regression analysis test with the Common Effect Model estimation with the results of the independent variable t count of 0.103133. Meanwhile, the t-table values are a = 5% and df = (n-k-1). Df = 65, where the t table value is 1.66864, meaning that the calculated t value is smaller than the t table value, namely 0.103133 < 1.66864. Then the probability value is 0.9182> 0.05, and H0 is accepted and rejects Ha. This means that Earnings Per Share has a positive and insignificant effect on Stock Returns. These results align with research conducted by Novitasari, Dewi, and Prayoga (2023), which states that Earnings Per Share has a positive and insignificant effect on Stock Returns.

3) Effect of Price Earning Ratio on Stock Return
Table 9 shows the results of the panel data regression analysis test with the Common Effect Model estimation with the results of the independent variable t count of -5.511179. Meanwhile, the t-table values are a = 5% and df = (n-k-1). Df = 65, where the t table value is 1.66864, meaning that the calculated t value is smaller than the t table value, namely -5.511179 < 1.66864. Then the probability value is 0.0000 <0.05, then Ha is accepted and rejects H0. This means that the Price Earning Ratio negatively and significantly affects Stock Returns. These results align with Wardani, Masithoh, and Soegiarto (2019) research, which states that the Price Earning Ratio has a negative and significant effect on Stock Returns.

4) The Effect of Economic Value Added on Stock Returns
Table 9 displays the findings of the panel data regression analysis test using the Common Effect Model estimate, with an independent variable t count of -0.207814. In the meanwhile, a = 5% and df = (n-k-1) are the t-table values. The estimated t value is less than the t table value, namely -0.207814 < 1.66864, where the t table value is 1.66864 and Df = 65. Then, H0 is accepted and Ha is rejected, and the probability value is 0.8360>0.05. This indicates that stock returns are negatively and negligibly impacted by economic value added. These findings are consistent with study by Rohi, Rozari, Makatita, and Ndoen (2024), which found that Economic Value Added had a negligible and negative impact on stock returns.

CONCLUSION

The following conclusions may be drawn from the data analysis and discussion conducted using the panel data regression approach using EViews software version 10:

1. Return on Assets has a positive and insignificant effect on Stock Returns in telecommunications sub-industry companies listed on the Indonesia Stock Exchange for 2019-2023. This is due to the regression coefficient value of the Return on Assets variable of 0.014438 with a significance value of 0.3075, greater than 0.05 or 5%.
2. Earnings Per share have a positive and insignificant effect on Stock Returns in telecommunications sub-industry companies listed on the Indonesia Stock Exchange for 2019-2023. This is because the regression coefficient value of the Earnings Per Share variable is 0.000201, with a significance value of 0.9182, greater than 0.05 or 5%.
3. The Price-Earnings Ratio has a negative and significant effect on Stock Returns in telecommunication sub-industry companies listed on the Indonesia Stock Exchange for the

2019-2023 period. This is due to the regression coefficient value of the Price-Earnings Ratio variable of -0.000885 with a significance value of 0.000, which is smaller than 0.05 or 5%.

4. Economic Value Added has a negative and insignificant effect on Stock Returns in telecommunications sub-industry companies listed on the Indonesia Stock Exchange for 2019-2023. This is because the regression coefficient value of the Economic Value Added variable is -7.91E-26 with a significance value of 0.8360, greater than 0.05 or 5%.

Recommendation

The researcher proposes several suggestions that are expected to be useful input for related parties in the future, namely:

1. Future research is expected to examine variables other than those used in this study. This aims to obtain more varied results so that it can more comprehensively describe the factors that influence Stock Returns.
2. To attract investors, it is recommended that companies improve key financial performance, such as ROA, EPS, PER, and EVA. In addition, companies need to ensure the transparency of financial reports and strengthen communication with investors to build trust and increase competitiveness in the capital market.
3. Investors should analyze variables such as ROA, EPS, PER, and EVA as key indicators in assessing a company's financial performance before making investment decisions. An in-depth understanding of these indicators can help investors choose stocks with better return prospects.
4. Future studies intend to examine stock returns in other sectors listed on the IDX, providing deeper insights into the factors affecting stock performance across different industries.

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