THE INFLUENCE OF FUNDAMENTAL FACTORS AND SYSTEMIC RISK ON STOCK RETURN MODERATED BY AUDIT QUALITY

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ABSTRACT

This study was conducted to analyze the effect of return on assets, return on equity, earnings per share, debt to equity ratio, price earning ratio, systematic risk on stock returns with audit quality as moderator. The object of this research is the companies listed on the LQ45 index on the Indonesia Stock Exchange for the period 2013-2020. This study applies the associative method, which aims to explain the causal relationship between one variable that affects other variables. The sample used is 19 LQ45 companies listed on the Indonesia Stock Exchange during the period 2013 - 2020. The type of data used secondary data, namely financial statement data obtained from www.idx.co.id. The data analysis method used multiple linear regression with the help of the Eviews version 10 program. The results showed that return on assets, price earning ratio and audit quality partially had significant effect on stock returns. While return on equity, earning per share, debt to equity ratio, systematic risk did not significantly affect stock return. It was also found that audit quality as a moderating variable was able to influence the relationship between return on assets and systematic risk on stock returns.

Introduction

The place where sellers and buyers of shares meet is called the capital market, which contains the sale and purchase of securities in the form of shares, bonds and others. The capital market combines the seller of shares and the buyer of shares where shares have a higher demand among other securities in the capital market. The Indonesia Stock Exchange operates the Indonesian capital market. The economy in Indonesia can be affected by the existence of the capital market, so this is a good step. In economics, the capital market is a long-term money flow mechanism, where the government can be allocated to other investment institutions for profit. From a financial perspective, the capital market can be a platform for individual or corporate investors to invest their money and get an inevitable return (Piralanasih & Musatafa, 2018). Investors in investing will consider two main things: the expected return and investment risk. Stock return is the level of profit felt by the investor on the investment that has been made. The return investors want to get is in the form of an expected return because there is an uncertainty or risk that must be faced in their investment (Djajadi & Yasa, 2018). The company always aims to increase the value of
the company and maximize shareholder (investor) wealth. Because there will be a reciprocal relationship, namely if the company generates significant profits, investors will increasingly like to invest their shares in the company, and investors will also get feedback in the form of greater stock returns.

This level of profitability (return) motivates investors to invest, so that the results obtained are often used as a benchmark in investment comparisons (Parapat et al., 2018). Every capital market investor needs to get basic or technical information about the latest investment products before making an investment. Usually, investors are very sensitive to the published information on the company's financial status (Piralanasih & Musatafa, 2018). Fundamental analysis focuses on the economic forces of supply and demand whose price movements go up, down or fluctuate.

On the Indonesia Stock Exchange, there are 45 issuers that have passed the selection process with high liquidity (Liquid) as well as several other selection processes. The 45 equity issuers are known as the LQ45 index, which is often the choice for retail investors who want to own large cap stocks with strong fundamentals. Valuation activities have the aim of completing the JCI and providing something very tangible for financial analysis, investment managers, and other capital market observers in assessing price changes in stock trading (Rondonuwu & Kalangi, 2020). Therefore, investor confidence in LQ45 index issuers will increase, so investors tend to have a higher profit weight or profit. The following are the shares of LQ45 companies listed on the Indonesia Stock Exchange for the period 2013 - 2020:

From the above figure it can be seen that there are fluctuations in stock returns from 2013 to 2020 in LQ45 companies. It can be influenced by various existing factors, both macroeconomic factors and fundamental factors (Sausan et al., 2020). Where macroeconomic factors come from wider economic problems, fundamental factors come from within the company that issues the shares itself (the issuer). Sausan et al. (2020) said that this key factor is reflected in the financial statements. The financial statements of the issuer can be audited by the level of financial performance in terms of the ability to generate revenues (profitability), ability to pay debts (solvency), as well as the level of efficiency and being effective in wealth management (activity). Since accounting is an important source of relevant information about firm value, it is natural for investors to examine market efficiency.
with respect to accounting information. The information presented should have quality elements, which can help the investors to determine the stock returns in the current year. In other words, the accounting information submitted by the auditor (audit quality) can be an effective tool for investors in monitoring management.

Several empirical studies have been conducted on the factors that influence stock returns, including research by Abdullah et al. (2018), who found that ROA and DER had a partial effect on stock returns, but NPM and EPS had no partial effect on stock returns. Then Alfiah & Lubis (2021) in their research found a significant effect between return on equity (ROE) on stock returns and there was no significant effect between debt to equity ratio (DER) on stock returns. Anjani & Syarif (2019) in their research also found the effect of return on equity, debt to equity, and earnings per share partially on stock returns of pharmaceutical companies. While Pham et al. (2020) in their research revealed that audit quality is positively correlated with stock prices. These findings show that the stock returns of companies with higher audit quality are more in sync with the market. Sausan et al. (2020) said that return on assets and earnings per share cannot be a determinant of stock returns for investors who want to invest in the capital market.

Based on previous research, it has inconclusive results, and it is still rare for research on audit quality to moderate the influence of fundamental factors on stock returns. Therefore, researchers are interested in studying the effect of return on assets, return on equity, earnings per share, debt-equity ratio, price-earnings ratio, and systematic risk on stock returns with audit quality as a moderator and companies listed in LQ45 on the stock exchange. Indonesian Effect

Literature Review

Signal theory suggests that the problem of asymmetric data between firms and investors leads to the risk of poor investor selection (Ngoc et al., 2021). In avoiding this activity, companies can publish messages on the market voluntarily (Watts & Zimmerman in Ngoc et al., 2021). Theory explains that the greater the problem of asymmetric information. Companies with high profits will publish more information about activities to send positive messages to investors and decide that these activities can positively affect stock prices. (Ngoc et al., 2021). Signal theory is how accounting can be used to show business signals. Brand theory puts forward the quality of information about their external investment decisions and the motivation of companies to provide this information to outsiders (Abdullah et al., 2018). It is also said that signal theory is a theory about the explanation of the ratio of information by a company, a statement that gives signals to investors for making investment decisions. when information is informed to investors, it must be pre-evaluation or analytical information as a bad sign, good or bad (Muslih & Amin, 2018).

In the world economy, the capital market plays an important role in the market economy model. so that the capital market becomes a measure of the success of economic development and is also an alternative source of financing for companies (Abdullah et al., 2018). The capital market is a market for long-term debt and company shares (Brigham & Ehrhardt, 2017). Through the capital market, the government can direct public funds to venture capital companies. From this
perception, the capital market is an effective government financial mechanism solution. From an economic point of view, the capital market is an efficient and functional activity to channel funds from surplus organizations or investors and organizations that need corporate funds. The capital market itself has many features compared to other markets (Bintara & Tanjung, 2019). One of such measures is the uncertainty to the quality of the delivered product. This uncertainty prompts investors to take theoretical caution, always thinking of risks with the expected return of each security. The higher the expected income, the higher the risk of birth and vice versa. To achieve good returns, investors should consider various factors and act carefully before buying or selling shares. Abdullah et al. (2018) shows that investors in the capital markets can invest in different investment opportunities depending on analytical skills and risk tolerance, investors generally consider the maximum return and specific risks when making investment decisions. Capital market instruments fall into two main groups: equity securities (equities), equities and debt instruments (bonds), corporate bonds, bonds, etc.

Sausan et al. (2020) Investment activities are asset financing activities that have a desire to earn profits. Basically, investment activities are usually long-term which have a desire for profit in the future. Investment decisions can be made by individual or entities with surplus funds (Abdullah et al., 2018). Abdullah et al. (2018) explained that investment is a commitment to a wealth group that wishes to earn profits in the future. There are two groups of investments, namely physical asset investments, and securities investments or financial assets.

According to Akbar (2021) shares are evidence of ownership of capital or funds in the company concerned. Shares are documents that show secondary value and the name of the company with a description of the rights and obligations of the holders. Stocks are part of the capital market that can bring high returns but are risky (Roesminiyati et al., 2018). Shares can be understood as a symbol of ownership of a person or entity in a company. Paper stock, describes the paper owner as the owner of the company that issues securities (Abdullah et al., 2018). Ownership of shares is determined by the amount invested in the company. Shares can be traded on the stock exchange, for securities trading. A stock has a price or value, and can be divided into three (three): par value, opening price and market value.

The LQ45 Index is an index on the Indonesian Stock Exchange (IDX) of 45 companies that meet certain criteria, including: Among the top 60 companies with the highest market capitalization in the last 12 months. Included in the top 60 highest earning companies in the regular marketing the last 12 months. Listed on the Indonesian Stock Exchange for at least 3 months; High financial position, growth expectations and operating costs. And experienced a 60% to 100% increase in free swimming weight during the evaluation phase (Halidu, 2021). The LQ-45 stock index is one of the most important stock indices on the Indonesian stock market. Changes in the composition of shares in the LQ-45 category are made every six months (February and August). Of course, the most stable stock in the LQ-45Index is a stable company according to the LQ-45 criteria compared to other companies (Hilal & Samono, 2019). The most popular and influential stock index in the Indonesian stock market is the LQ45, as it is the driver of the Composite Stock Price Index (JCI), which
JCI included in all stocks in the IDX as the LQ45 rose, the JCI strengthened. And vice versa. This is because companies included in the LQ45 index perform better on average (Antou & Tasik, 2017). The LQ45 index also includes blue chip stocks, which target large companies with stable earnings.

Profitability is the stated annual return on investment. These factors can be internal or external (Akwe & Garba, 2019). Return stocks automatically increase as companies save more cash and dividends. However, as net income increases, it leads to an increase in asset income, which brings back market share (Musallam, 2018). Investors can look at the number of shares of unusual returns received in connection with a stock split event. According to Jogiyanto in Abdullah et al. (2018), Return of shares is divided into two parts: Realized revenue and expected revenue. Recognized revenue is revenue that occurs and is calculated based on historical data and is used as a measure of the company performance. Expected returns, on the other hand, are returns that investors expect to receive in the future. Expect unrealized gains against those already earned. income plays an important role used in financial performance indicators and also has uses in determining expected and future returns on risk. When investing, investors face uncertainty between the returns to be received and the risks to be faced.

Fundamental analysis uses company, employee, board of directors, financial status, company annual report, balance sheet, income statement, geographic and weather conditions such as natural or man-made disasters, and political data to predict future stock prices (Nti et al., 2019). of the foundation. The unstructured nature makes automated elemental analysis difficult. On the other hand, the emergence of machine learning allows researchers to automate stock market forecasts based on unstructured data, reporting higher forecast accuracy in some cases. However, fundamental analysis is useful for long-term stock price movements, but not suitable for short-term stock price changes (Khan in Nti et al., 2019). Fundamental analysis is the historical analysis of the financial strength of a company, so this process is also known as company analysis (Bintara & Tanjung, 2019). In company analysis, investors study a company's financial statements to understand its strengths and weaknesses, identify current trends or growth, evaluate its performance, and understand its operating characteristics and characteristics. The main points of this study are as follows.

ROA is a tool to measure the evaluation of the efficiency and effectiveness of a company in using assets to generate income (Abdullah et al., 2018). The higher the ROA, the more efficient the company's operations and consequently the number of non-performing company assets, excessive banknote investment, high fixed assets, lower than normal ROA and small direct. scholarships (Bintara & Tanjung, 2019).

ROE is an indicator to see how well the company uses its resources to generate return on equity (Akbar, 2021). Earnings per share can be used to determine the success of management in managing the company's capital to return shareholders, this metric is better because it provides more benefits to shareholders. ROE describes the company's ability to generate returns from shareholders. The better the ROE, the higher the net profit of each company (Abdullah et al., 2018).
EPS is a ratio indicator measuring how much profit a company can get for its shareholders per share. As for the formula for calculating EPS with profit after tax divided by the number of shares (Abdullah et al., 2018). EPS provides an indication of the company's profitability and can be determined by dividing the company's net income by the total number of remaining shares (Nti et al., 2019). EPS represents the money earned during this period instead of each of the prominent ordinary stocks (Gitman in Anjani and Sayrif, 2019).

DER, is a ratio of debt to equity used to measure the level of debt of a company (Alfiah & Lubis, 2021). This ratio shows the company's ability to meet its short-term and long-term financial obligations if the company goes out of business. It is also known as leverage ratio which measures the ratio of the amount provided by the owners to the amount borrowed from the company's creditors. An increase in the dividend yield of stocks increases investor interest. This affects the appreciation of the share price and increases the return on the shares. The purpose of this ratio is to measure the financing of the company's assets with debt.

PER is a comparison ratio between the share price received and the earnings per share reported in the financial statements (Bintara & Tanjung, 2019). The higher the PER ratio, the better the company's performance. On the other hand, a very high PER can also indicate that the quoted share price is too high or unreasonable. This metric is a trivial quantifier for evaluating the attractiveness of a company's current share price relative to the company's earnings per share.

Risk is considered one of the most important factors affecting stock returns. Beta is a measure of risk arising from the relationship between stock and market returns. This risk arises from several key company factors and company stock market characteristics (Hertina & Hidayat, 2018). Beta is a useful metric, and stock price volatility is critical for assessing risk.

The combination of erroneous financial reporting and inadequate auditing standards can result in significant financial losses for users, or worse, total financial ruin. Audited reliable financial reporting increases management accountability and is an effective tool for shareholders to monitor management performance (Pham et al., 2020). Market accounts play an important role in reducing information asymmetry between insiders and outsiders, improving the quality of information provided in financial statements, and reducing earnings management (Almarayeh et al., 2020). Audit quality improves the reliability of financial reports for users of accounting information as it helps management recognize company operations and issues and reduces risk for information users (Coffie et al., 2018). This study uses the KAP dimension as a proxy for audit quality, as noted by Istiqamah & Adhariani (2017) with PAP larger than the Big 4 Auditor size, higher audit quality has a positive impact on audit quality.
Hypotheses proposed in the study include:

Ohlson (1980) identified that financial ratios are considered important because, in addition to making decisions for investors, they also help investors predict the company's performance in the future. Usually the higher the level of company profitability, the higher the return that investors will get. However, for companies that have good profitability, usually many investors will invest in the company. According to economic theory, if demand is greater than supply, it will result in prices that tend to be more expensive so this can cause the return that investors may get to be smaller. According to Fama & French (1995), short-term variations in profitability have little effect on stock prices. Based on the description that has been described, a hypothesis is made as follows:

**H1**: Return On Assets affect Stock Return

Return On Equity (ROE) is a ratio used to measure net income with own capital. The higher the ROE, the stronger the position of the owner of the company, and vice versa, the lower this ratio, the weaker the position of the owner of the company (Musyarrofah, 2018). ROE can also be said to be a ratio that measures the company's ability to generate profits for shareholders. A high ROE indicates the ability of the company's management to optimize its capital used to generate higher profits. The findings of Dawam et al. (2021) found that ROE has an effect on stock returns. Based on the description above, a hypothesis can be made as follows:

**H2**: Return On Equity has an effect on Stock Return
Buying a stock means buying the company's prospects, which is reflected in earnings per share or earnings per share. This is in accordance with the Signaling Theory, that the company wants to provide information to investors so that they want to invest in the company. If earnings per share are higher, then the company's prospects are better, while if earnings per share are lower it means it is not good, and negative earnings per share mean it is not good. EPS shows the company's net profit that is ready to be distributed to all company shareholders, the greater the EPS will attract investors to invest in the company. Thus, this causes the demand for shares and stock prices to increase (Djajadi & Yasa, 2018). Based on this description, the hypothesis is proposed as follows:

**H3**: Earning Per Share has an effect on Stock Return

DER shows and describes the composition or capital structure of the ratio of total debt to total equity. This ratio is used to measure the level of leverage (use of debt) to the company's total shareholder equity (Ang, 1997). This is in accordance with the signaling theory, where the signal given by the company is in the form of information, so investors will know the amount of debt the company has. Companies with high debt will be very risky, even the company can go bankrupt. This of course affects the decline in stock prices which results in a decrease in stock returns. Based on this description, a hypothesis can be made as follows:

**H4**: Debt to Equity Ratio has an effect on Stock Return

PER is the ratio between the stock price and the company's net profit, where the share price of an issuer is compared to the net profit generated by the issuer in a year. Because the main focus is the company's net profit, by knowing the PER we can find out whether the stock price is considered reasonable or not. The higher the PER value of a stock, the higher the price of the stock. This ratio is calculated by dividing the stock price by EPS (earnings per share). Julianto & Susanto (2017) reveal that the price-earnings ratio has a positive effect on stock returns. Based on this description, the hypothesis is:

**H5**: Price Earning Ratio has an effect on Stock Return

Systematic risk or Beta is a measure of risk derived from the relationship between the level of profit of a stock with the market. This risk comes from several fundamental factors of the company and the market characteristics of the company's shares. These fluctuations can be shown by changes in the stock market index. Market risk is faced in an investment instrument caused by market factors such as economic, political, and other factors. Ulfah & Arfianto (2017) found the effect of systematic risk on stock returns in the small but liquid category in Indonesia. The
higher the company's systematic risk, the greater the return received by investors. Referring to the description, the following hypotheses can be made:

**H6**: Systematic Risk affects Stock Return

The audit is the process of examining an entity's financial statements carried out by independent professionals in accordance with regulated standards and provisions in order to increase the credibility of financial statements. An audit is also a form of control over management decisions. The impact of earnings management on earnings that will be obtained by investors in the future makes audit quality an important variable to moderate the relationship between the two. Where good audit quality can minimize the occurrence of earnings management so as to maximize the returns obtained by investors. While the audit quality is not good, it is more likely to allow the occurrence of earnings management which ultimately has an impact on the returns obtained by investors. Audit quality has an important role for stakeholders in choosing KAP, the size of the company affects their professionalism (Istiqamah & Adhariani, 2017). KAP size is one of the important factors that can affect other factors in audit quality (Metasari & Marlinah, 2021).

**H7**: Audit quality has an effect on Stock Return

**H8**: Audit quality affects the relationship of Return On Assets to Stock Return

**H9**: Audit quality affects the relationship of Return On Equity to Stock Return

**H10**: Audit quality affects the relationship between Earning Per Share and Stock Return

**H11**: Audit quality affects the relationship of Debt to Equity Ratio to Stock Return

**H12**: Audit quality affects the relationship between Price Earning Ratio and Stock Return

**H13**: Audit quality affects the relationship between Systematic Risk and Stock Return

**Research Method**

The population used in this study are companies listed in the LQ45 index for the period 2013-2020 on the Indonesia Stock Exchange. Data collection is done by non-probability technique with a purposive sampling method in the selection process. Purposive sampling is a sampling method based on certain criteria or considerations set by the researcher. This research data is included in the type of secondary data in the form of financial reports and annual reports for the period 2013-2020 which comes from the website www.idx.co.id. The samples in this study are companies listed in the LQ45 index that meet the following criteria:

1. LQ45 companies listed on the IDX during 2013-2020
2. LQ45 company that regularly publishes financial statements December 31, 2013-2020
3. LQ45 company that publishes complete financial statements for 31 December 2013-2020
4. LQ45 companies that were not delisted between 2013 and 2020
Return on stock is the rate of return on investment in the stock market. In this return process, the size of the stock uses a measure of activity in the capital market (Abdullah et al., 2018). The return of a stock can vary because it depends on the movement of the stock price, which depends on various factors.

Return On Assets (ROA), can be calculated by dividing net profit after tax by the company's total assets. The ROA formula can be seen below (Abdullah et al., 2018):

\[
\text{ROA} = \frac{\text{Earning After Tax}}{\text{Total Asset}} \times 100\% \quad (1)
\]

Return on Equity (ROE) describes the company's ability to generate profits that can be obtained by shareholders. The higher the Return on Equity (ROE) value, the higher the net profit of the company concerned (Abdullah et al., 2018). The following formula is used to measure this ratio (Akbar, 2021):

\[
\text{ROE} = \frac{\text{Earning After Tax}}{\text{Total Equity}} \times 100\% \quad (2)
\]

EPS represents the amount of money earned during the period on behalf of each common share outstanding (Gitman in Anjani & Syarif, 2019). Earnings per share can be measured using the following equation:

\[
\text{EPS} = \frac{\text{Earning After Tax}}{\text{Total Outstanding Share}} \quad (3)
\]

Debt to Equity Ratio (DER), is intended to measure the extent to which the company's assets are financed by debt. This ratio can be formulated systematically as follows (Darmadji in Abdullah et al., 2018):

\[
\text{DER} = \frac{\text{Total Liabilities}}{\text{Total Shareholder Equity}} \quad (4)
\]

Price Earning Ratio (PER) is a very valuable evaluation matrix for estimating the relative attractiveness of the company's current stock price compared to the company's earnings per share. This ratio is calculated by the following formula (Nti et al., 2019):

\[
\text{PER} = \frac{\text{Market Value per Share}}{\text{Earning per Share}} \quad (5)
\]

Systematic risk or market conditions affect the level of return received, the higher the systematic risk, the higher the expected return on investment by investors.

\[
\text{Covarians} (\text{Ri}, \text{Rm}) = \frac{\text{Variances} (\text{Rm})}{\text{Variances} (\text{Rm})} \quad (6)
\]

Audit quality is the distribution of the probability that a client will detect and report irregularities in the financial reporting system. The probability of the auditor detecting an error depends on the level of expertise of the examiner, and the size of
the error detected depends on the independence of the auditor (DeAngelo in Pham et al., 2020). This study uses KAP size as a proxy for audit quality, high audit quality given by large KAP such as Big 4 as stated by Istiqamah & Adhariani (2017) that auditor size will have a positive influence on audit quality.

This research uses a kind of descriptive research and qualitative methods. This study aims to investigate the effect of fundamental factors and systematic risk on fund returns as regulatory variables of audit quality. The data analysis method used in this study is multiple regression analysis using Eviews 10 software.

**Result And Analysis**

**Number of Companies That Can Be Used as a Sample in this Study 19**

Knowing the number of companies is the criteria taken from the sample. At the same time, before conducting multiple linear regression analyses, classical hypotheses are first tested to ensure that the parameter values to be tested are valid. The next study is a classic hypothesis test.

**Normality test**

Normality was tested using the Jarque-Bera test (J-B) and statistical eviews software. If the prob (p-value) value is less than the 5% sig level, then the data is not normally distributed. Then if the probability value exceeds the 5% sig level then it is declared to be normally distributed. The general test results can be seen below.

![Figure 4. Normality Test Results](image)

The Jarque-Bera value is 6.036675 with a prob value of 0.058882 which is greater than the sig level of 0.05, which is known to make the data normally distributed.

**Multicollinearity Test**

This test is carried out by testing the independent variables and calculating the value of the variance of the inflation coefficient (VIF). The following shows the result of the multicollinearity test.

![Table 1 Multicollinearity Test Results](image)
The VIF value of all variables shows less than 10. So the conclusion is that all independent variables are free from multicollinearity because VIF value is greater than 10.

**Heteroscedasticity Test**

The purpose of the heteroskedasticity test is to test whether the regression model has variance equality from residuals of one observation to another. Heteroscedasticity was tested using White test. In the White test, the criteria for seeing the presence or absence of heteroscedasticity are if:
1. Obs*R-Squared or the probability is < 0.05 then there is heteroscedasticity
2. Obs*R-Squared or probability > 0.05 then there is no heteroscedasticity

The results of heteroscedasticity testing in this study can be seen in the following table:

| Variable | Coefficient Variance | Uncentered VIF | Centered VIF |
|----------|-----------------------|----------------|--------------|
| C        | 0.006815              | 23.90891       | NA           |
| ROA      | 1.44E-05              | 13.56916       | 7.662621     |
| ROE      | 2.26E-06              | 12.33220       | 7.647802     |
| EPS      | 1.70E-09              | 3.427392       | 1.476645     |
| DER      | 0.000105              | 3.809975       | 2.012330     |
| PER      | 5.22E-06              | 11.60186       | 2.020514     |
| BETA     | 6.50E-06              | 2.807655       | 1.264235     |
| KA       | 0.004642              | 13.95660       | 1.212503     |

Source: Data Processing Results with Eviews 10

The VIF value of all variables shows less than 10. So the conclusion is that all independent variables are free from multicollinearity because VIF value is greater than 10.

The heteroscedasticity test of each variable obtained the Prob value. Obs*R-Squared of 0.9989. These results conclude that all variables do not experience heteroscedasticity problems because of the Prob value. Obs*R-Squared is above 0.05.

**Autocorrelation Test**

In a linear regression model, the autocorrelation test aims to test whether there is a correlation between the confounded error at time t and the (early) confounded error at time t-1. The Durbin-Watson (DW) test can detect the presence of autocorrelation.

| Heteroscedasticity Test Results |
|---------------------------------|
| F-statistic                     |
| Obs*R-squared                   |
| Scaled explained S5             |
| Prob. F(34,117)                 |
| Prob. Chi-Square(34)            |
| Prob. Chi-Square(34)            |
| Source: Data Processing Results with Eviews 10 |

The heteroscedasticity test of each variable obtained the Prob value. Obs*R-Squared of 0.9989. These results conclude that all variables do not experience heteroscedasticity problems because of the Prob value. Obs*R-Squared is above 0.05.
The test is calculated based on the sum of squared differences in the predicted values of the ordinal deviation factors. The test results can be seen below:

### Table 3
**Autocorrelation Test Results**

| N (K = 6) | DW Count | 4-\(d_U\) | 4-\(d_L\) | Table Dw Lower Limit (\(dl\)) | Table DW Upper Limit (\(du\)) | Conclusion |
|-----------|----------|-----------|-----------|-------------------------------|-------------------------------|------------|
| 152       | 1.998    | 2.292     | 2.457     | 1.543                         | 1.708                         | There is no autocorrelation, positive and negative |

Source: Data Processing Results with EViews 10

It is known that the calculated DW value is 1.998. This value will be compared with the 5% alpha matrix value, with the number of samples (n) amounting to 152 and the number of independent variables as many as 6 (k = 6), then the Watson Durbin matrix value is obtained, for example \(d_L = 1.543\) to and \(y_u = 1.708\). From the Durbin-Watson value of 1.998, it can be concluded that the value of \(du < d < 4-du\) is \(1.708 < 1.998 < 2.292\). concluded that there is no positive and negative autocorrelation.

### Multiple Regression Test
Below are the results of multiple regression testing in research:

### Table 4
**Multiple Regression Test Results**

Dependent Variable: SR  
Method: Least Squares  
Date: 10/12/21  
Time: 12:13  
Sample: 152  
Included observations: 152  
HAC standard errors & covariance (Bartlett kernel, Newey-West fixed bandwidth = 5.0000)

| Variable | Coefficient | Std. Error | t-Statistic | Prob.  |
|----------|-------------|------------|-------------|--------|
| C        | -0.657294   | 0.204539   | -3.213355   | 0.0016 |
| ROA      | 0.033572    | 0.027501   | 1.945011    | 0.0534 |
| ROE      | -0.03394    | 0.01498    | -1.64819    | 0.2461 |
| EPS      | 0.000029    | 0.001030   | 0.000408    | 0.4227 |
| DER      | 0.114294    | 0.075224   | 1.519589    | 0.1310 |
| PER      | 0.007385    | 0.003233   | 2.222656    | 0.0279 |
| BETA     | 0.010439    | 0.004297   | 1.623560    | 0.1067 |
| KA       | 0.490634    | 0.219639   | 2.232701    | 0.0272 |
| ROA,Ka   | -0.052437   | 0.027582   | -1.879999   | 0.0622 |
| ROE,Ka   | 0.012271    | 0.01492    | 1.067763    | 0.2875 |
| EPS,Ka   | -0.000341   | 0.001038   | -0.721456   | 0.4718 |
| DER,Ka   | -0.097588   | 0.076159   | -1.281715   | 0.2021 |
In connection with the results of proving the hypothesis, the following discussion is described in sequence:

Effect of Return on Assets (ROA) on Stock Return (Y)
First hypothesis show that the estimated value is 0.05372, and p-value is 0.0534 < 0.1 (error rate = 10%), it can be concluded that return on assets (ROA) has an influence on stock returns. The results show that a high ROA ratio will make the company more effective in utilizing assets in generating net income, which means that the company's performance is more effective. The company's ability to manage assets to generate profits has an attraction and is able to influence investors to buy shares of the company. Then this has an impact on increasing stock prices in the capital market, in other words, ROA affects stock prices. Abdullah et al., (2018) found similar results, where the ROA variable has a positive effect on the stock return variable.

Effect of Return on Equity (ROE) on Stock Return (Y)
The second hypothesis show that the estimated value is -0.013394, and p-value is 0.2461 > 0.1 (error rate = 10%), it can be concluded that return on equity (ROE) has no effect on stock returns. The high and low ROE is proven not to have an influence on investors' decision-making in investing, because if the company can manage its capital well, profits will be obtained. Not all companies that experience a decrease in the capital will affect the company's stock returns Piralanasih & Musatafa (2018) their research found the same results, partially return on equity (ROE) had no significant effect on stock returns of property, real estate, and building construction companies listed on the Indonesia Stock Exchange in the 2012-2016 period.

Effect of Earning Per Share (EPS) on Stock Return (Y)
The third hypothesis show that the estimated value is 0.000829, and p-value is 0.4227 > 0.1 (error rate = 10%), it can be concluded that earnings per share (EPS) does not affect stock returns. This result shows that investors are not interested in the number of EPS to determine the purchase of shares, thus making the stock price decline and causes the return on stock return to also decrease. So that if the level of the amount of money generated from each share of common stock in circulation increases, it cannot determine the stock return received by investors will also increase because there are

| PER_KA | 0.000840 | 0.004832 | 0.173829 | 0.8623 |
| BETA_KA | -0.013275 | 0.007136 | -1.860295 | 0.0650 |

R-squared | 0.131195 | Mean dependent var | 0.043586 |
Adjusted R-squared | 0.049351 | S.D. dependent var | 0.261891 |
S.E. of regression | 0.253347 | Akaike info criterion | 0.193906 |
Sum squared resid | 5.997901 | Schwarz criterion | 0.473714 |
Log likelihood | -0.835077 | Hannan-Quinn criterion | 0.308341 |
F-statistic | 1.602999 | Durbin-Watson stat | 2.242373 |
Prob(F-statistic) | 0.091138 | Wald F-statistic | 7.218795 |
Prob(Wald F-statistic) | 0.000000 | Source: Data Processing Results with Eviews 10 |
other factors that can affect stock returns. This result can also be caused by investors considering the company's prospects or potential to grow, so even if the EPS shows a small or low amount, it does not matter if investors see potential or prospects for growth in the future. This study is in line with the findings of Abdullah et al. (2018), the EPS variable has no significant effect on the stock return variable. Djajadi & Yasa (2018), found that there was no effect of EPS on stock returns.

**Effect of Debt to Equity Ratio (DER) on Stock Return (Y)**
The fourth hypothesis show that the estimated value is 0.114294, and p-value is 0.1310 > 0.1 (error rate = 10%), it can be concluded that the debt to equity ratio (DER) has no effect on stock returns. This happens because of different considerations from various investors (Murrofiatun, 2018). Some investors will think that a high DER will be a burden for the company because they have to pay a series of obligations that must be repaid and investors will bear the risk of bankruptcy. However, on the other hand, there are investors who think that debt is needed by the company to expand the company and assist in running the company's operations. The company's source of funding that comes from debt has advantages including; 1) interest reduces taxes so that the cost of debt is low, 2) creditors get a limited return so that shareholders do not need to share profits when business conditions are progressing, 3) creditors do not have voting rights so that shareholders can control the company with a small investment. This result is different from the findings of Abdullah et al. (2018) who found the effect of DER on the stock return variable.

**Effect of Price Earning Ratio (PER) on Stock Return (Y)**
The fifth hypothesis show that the estimated value is 0.007385, and p-value is 0.0279 < 0.1 (error rate = 10%), it can be concluded that the price earning ratio (DER) has an influence on stock returns. PER shows the price per one rupiah of the company's earnings, besides that PER is also a relative measure of a company's stock. The higher PER value will indicate that the company's performance is also getting better. Jitmaneeroj (2017) suggests that a high PER will increase investors' expectations to obtain a high rate of return. Investors tend to invest in companies that have a high PER value. This ratio figure is used by investors to predict the company's ability to generate profits. This result is similar to the research conducted by Öztürk & Karabulut, (2018) which proves that PER has a significant effect on stock returns.

**Effect of Systematic Risk (BETA) on Stock Return (Y)**
The sixth hypothesis show that estimated value is 0.010439, and p-value is 0.1067 > 0.1 (error rate = 10%), it can be concluded that systematic risk (BETA) has no effect on stock returns. The occurrence of this could be due to unstable market conditions in the research year period, causing some investors to buy stocks for short-term profits only, thus paying less attention to beta as market risk. In addition, it can also be because not all investors like a high level of risk. Sugiarto in (Sariani & Nurfadillah, 2020) explains that investors in Indonesia tend to be careful in every investment, where these types of investors are included in the type of risk averse investor, meaning they will try to share their investment with the minimum level of
Management policies tend to restructure debt so that the decisions taken by management are more on minimizing risk to achieve optimal profits. Besides that, not all investors like challenges or tend to be risk averse (avoiding risk) when the risk of a company is too high. This result is in line with research (Sariani & Nurfadillah, 2020) where systematic risk has no effect on stock returns.

**Effect of Audit Quality (KA) on Stock Return (Y)**

The seventh hypothesis show that the estimated value is 0.490834, and p-value is 0.0272 < 0.05 (error rate = 5%), it can be concluded that audit quality (KA) has an influence on stock returns. The audit process carried out by the Big Four KAP as an external auditor can help investors to convince them to predict the stock returns that will be obtained because of the Big Four KAP. The audit opinion expressed by the external auditor will affect the investor's perspective on the company's management. Therefore, the more qualified the external auditor, the more confident investors will be to invest in the company, because the fairness of an audited financial report will affect the level of investment and investor confidence in the company's management. These results are similar to Ningsih et al. (2016), the audit quality variable has a significant positive relationship with stock returns.

**Audit Quality (KA) affects the relationship of Return On Assets (ROA) to Stock Return (Y)**

The eighth hypothesis show that the estimate value is -0.052437, and p-value is 0.0622 < 0.1 (error rate = 10%), it can be concluded that audit quality (KA) strengthens the positive relationship of return on assets (ROA) to stock returns. As is known, audit quality makes financial statements have a low level of opportunistic earnings management which is expected to create a positive reaction in the market. High audit quality can increase investor confidence in the financial statements produced by the company (Istiqamah & Adhariani, 2017). This means that ROA that increases and is audited by big four KAPs affects stock returns because the market assumes that companies audited by big four KAPs have higher quality earnings compared to companies audited by non-big four KAPs, where the higher the company's ability to generate revenue is coupled with reliability. on the financial statements presented, has a direct impact on increasing the value of the company. This is in line with the research of Wibowo & Christiningrum (2017) which found that the existence of audit quality strengthens the relationship of profitability (ROA) to stock prices.

**Audit Quality (KA) affects the relationship of Return On Equity (ROE) to Stock Return (Y)**

The ninth hypothesis show that estimate value is 0.012271, and p-value is 0.2875 > 0.1 (error rate = 10%), it can be concluded that audit quality (KA) does not affect the relationship of return on equity (ROE) to stock returns. Before being moderated by audit quality, ROE had no impact on the stock returns of LQ45 companies. Because not all companies that experience a decrease in capital will have an effect on stock returns. Even high and low ROE for some investors doesn't represent a sign that the company has succeeded in streamlining profits by utilizing its equity. That way, the
presence of audit quality does not affect the relationship between ROE and stock returns

**Audit Quality (KA) affects the relationship of Earning Per Share (EPS) to Stock Return (Y)**
The tenth hypothesis show that estimate value is -0.000741, and p-value is 0.4718 > 0.1 (error rate = 10%), it can be concluded that audit quality (KA) does not affect the relationship between earnings per share (EPS) and stock returns. In general, investors tend to like higher EPS because it minimizes the risk borne by investors. However, according to Djajadi & Yasa (2018) the opposite is the case because most investors feel that the EPS or profit generated per share is too small to be a problem or not taken into account by investors, especially short-term investors (traders). The audit quality has also proven to have no effect, because short-term investors consider LQ45 stock to be a good stock and a liquid stock that is often traded by traders. As the findings of Djajadi & Yasa (2018) found that EPS has no effect on stock returns

**Audit Quality (KA) affects the relationship between Debt to Equity Ratio (DER) to Stock Return (Y)**
The eleventh hypothesis show that estimated value is -0.097588, and p-value is 0.2021 > 0.1 (error rate = 10%), it can be concluded that audit quality (KA) does not affect the debt-to-equity ratio (DER) relationship to stock returns. The size of DER owned by the company is not a factor that investors consider. This result is in line with the findings (Wibowo & Christiningrum, 2017), where the existence of audit quality cannot strengthen or weaken the relationship of debt policy as proxied by DER to stock prices.

**Audit Quality (KA) affects the relationship between Price Earning Ratio (PER) on Stock Return (Y)**
The twelfth hypothesis show that estimated value is 0.000840, and p-value is 0.8623 > 0.1 (error rate = 10%), it can be concluded that audit quality (KA) does not affect the relationship between price earning ratio (PER) and stock returns. This is because the price-earning ratio is more related to other factors outside of stock returns, uncertainty in economic and political conditions as well as a sentiment from the stock market itself (Hakim & Abbas, 2019).

**Audit Quality (KA) affects the relationship between Systematic Risk (BETA) and Stock Return (Y)**
The thirteenth hypothesis show that estimated value is -0.013275, and the p-value is 0.0650 < 0.1 (error rate = 10%), it can be concluded that audit quality (KA) affects the systematic risk (BETA) relationship to stock returns. In theory, beta is a relative risk that reflects the relative risk of individual stocks to the overall stock market portfolio. The higher the beta, the higher the risk of the stock and allows the greater the stock return to be obtained. Previously, partial beta had no effect on stock returns, which could be due to the instability of market conditions so some investors bought stocks for short-term profits. Along with the moderating effect of audit quality on the
relationship between beta and stock returns. This means that audit quality is of concern to investors in order to provide confidence to invest their capital, because as is known the level of fairness of financial reports affects the level of investment and investor confidence in company management (Ningsih et al., 2016).

Conclusion

The results of this study conclude that return on equity, earnings per share, debt ratio and systematic risk have no effect on stock return. However, stock returns are affected by return on assets, earnings ratio and audit quality. In this study, there is a moderating variable, it is identified that audit quality as a moderating variable does not affect the relationship between return on equity, earnings per share, debt-to-equity ratio and price-to-earnings ratio on stock return. Audit quality as a moderating variable, however, can affect the relationship between return on assets and systematic risk on stock return. It is recommended that investors seeking to invest in shares should pay more attention to fundamental factors, especially the financial position of the company (issuer). Investors are also advised to be more careful in making decisions and determining the fundamental factors that can change the stock return. This can be done using several factors that have been observed to affect stock returns in this study, such as return on assets, price-to-earnings ratio, and audit quality variables. However, for further researchers, if possible, they can add other financial ratios, or macroeconomic variables. This is because there are many other ratio factors that can be used to predict stock returns.

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