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Factors Affecting Stock Returns in Companies in the Non-Primary Consumer Goods Sector Listed on The Indonesia Stock Exchange For the 2020-2024 Period

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Abstract

Stock returns are important indicators of investment performance influenced by corporate financial conditions and market-related risks. This study aims to examine the effects of profitability, liquidity, firm size, systematic risk, and dividend policy on stock returns among non-primary consumer goods companies listed on the Indonesia Stock Exchange during 2020–2024. A quantitative approach with an associative research design was employed using secondary data from annual financial statements and historical stock prices. Purposive sampling resulted in 13 companies, yielding 65 firm-year observations. Data were analyzed using panel data regression with the Fixed Effect Model (FEM). The results indicate that profitability, liquidity, firm size, systematic risk, and dividend policy jointly exhibit a statistically significant relationship with stock returns ($F = 4.25$, $p = 0.003$), with an R-squared value of 0.302. Partially, profitability measured by Return on Assets (ROA) has a positive and significant relationship with stock returns ($\beta = 0.320$, $p = 0.011$). Conversely, liquidity measured by the Current Ratio (CR), firm size, systematic risk measured by beta, and dividend policy measured by the Dividend Payout Ratio (DPR) show no statistically significant relationships. These findings highlight profitability as a relevant financial indicator associated with stock returns in the consumer cyclical sector. The study provides empirical insights for investors and corporate management in evaluating financial performance and supports the importance of incorporating profitability alongside other financial and market-related indicators in investment decision-making.

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1. Introduction

The capital market plays a strategic role in supporting economic development by facilitating the allocation of financial resources between investors and companies seeking long-term financing. Within this framework, stock returns represent an essential indicator of investment performance because they reflect the financial benefits received by shareholders through capital gains and dividend distributions. Investors generally evaluate expected returns alongside the risks associated with market fluctuations and corporate financial performance. Previous empirical research has demonstrated that stock returns are associated with company-specific characteristics, market liquidity, and risk exposure, although the magnitude and significance of these relationships vary across countries and industries (Kuswarianto et al., 2024).

Stock return fluctuations remain an important concern in emerging capital markets, including Indonesia, where investment performance is influenced by both internal financial conditions and external economic developments. Changes in economic activity, investor expectations, and market uncertainty may produce different responses across industrial sectors. Consequently, financial indicators alone may not fully explain stock return movements without considering broader market conditions. Recent evidence from the Indonesian capital market indicates that sectoral returns are interconnected and that financial shocks can generate spillover effects among industries, particularly during periods of economic uncertainty (Fianto et al., 2026).

The non-primary consumer goods sector, officially classified as *Consumer Cyclicals* by the Indonesia Stock Exchange (IDX), represents an important segment of the Indonesian capital market. This sector includes companies engaged in secondary consumer goods and services, such as automotive products, textiles, retail trade, tourism, entertainment, and other discretionary consumption activities. Unlike industries providing essential consumer products, companies in this sector are generally more sensitive to changes in household purchasing power and economic conditions. This sensitivity highlights the importance of examining financial fundamentals and market-related risk when evaluating the investment performance of consumer cyclical companies, particularly given the significant role of this sector in transmitting market risk during periods of economic disruption (Fianto et al., 2026).

The 2020–2024 period provides a relevant context for investigating stock return determinants because it encompasses the COVID-19 pandemic, the subsequent economic recovery, and adjustments in corporate operations and investor expectations. These developments potentially affected corporate earnings, short-term financial obligations, market valuations, and investment risk differently across companies. Research on Indonesian sectoral stock market linkages has documented substantial changes in return correlations and risk transmission during the pandemic, emphasizing the importance of considering sector-specific market characteristics. Furthermore, empirical evidence from consumer non-cyclical companies indicates that the relationship between financial ratios and stock performance may depend on the operational and financial characteristics of the industry under investigation (Fianto et al., 2026; Hersugondo et al., 2026).

Profitability is one of the fundamental financial indicators frequently considered in evaluating corporate performance and investment attractiveness. Return on Assets (ROA) measures a company's ability to generate earnings from its total assets and reflects the efficiency of resource utilization. Higher profitability may provide favorable information to investors regarding operating performance and future earnings potential, thereby contributing to stock market valuation. Recent empirical evidence from Indonesian manufacturing companies demonstrates that ROA has a positive and significant relationship with stock returns. Supporting evidence from manufacturing firms also indicates that ROA is positively associated with firm value, although firm value and stock returns represent distinct financial outcomes (Putri, 2026; Randanan & Furqan, 2025).

Liquidity represents another important aspect of corporate financial performance because it reflects a company's ability to fulfill its short-term financial obligations. The Current Ratio (CR), calculated by comparing current assets with current liabilities, is commonly employed to assess short-term financial stability. However, a stronger liquidity position does not necessarily translate into higher investment returns because excessive current assets may indicate inefficient resource allocation. Recent findings show that the Current Ratio does not significantly influence stock returns among Indonesian manufacturing companies, whereas other research has identified a significant relationship between the Current Ratio and stock prices in food and beverage companies. These differences suggest that liquidity may produce different market outcomes depending on the industry, research design, and dependent variable examined (Fianiningsi et al., 2026; Putri, 2026).

Firm size is also considered a potential determinant of stock returns because it reflects corporate scale, asset ownership, and the capacity to access financial resources. Larger companies may benefit from established business operations, greater financing opportunities, and broader market recognition, which can influence investor confidence. Nevertheless, company size does not automatically guarantee higher stock returns because investment performance also depends on profitability, growth opportunities, and prevailing market conditions. Empirical research involving companies listed on Southeast Asian stock exchanges identified a significant positive relationship between firm size and stock returns. Similar evidence from Indonesian manufacturing companies indicates that firm size is positively associated with stock returns, supporting its inclusion as an explanatory variable in financial market research (Kuswarianto et al., 2024; Putri, 2026).

In addition to corporate financial fundamentals, systematic risk constitutes an important consideration in investment decision-making. Systematic risk, commonly

measured using stock beta, reflects the sensitivity of an individual stock's returns to movements in the overall market. Under the risk–return framework, investors may require higher expected returns as compensation for bearing greater exposure to market fluctuations. However, empirical relationships between beta and realized stock returns are not consistently significant. A cross-country study involving Southeast Asian stock exchanges found that beta had a positive but statistically insignificant relationship with stock returns, suggesting that market sensitivity alone may not adequately explain realized investment performance (Kuswarianto et al., 2024).

Dividend policy is another financial decision that may influence investors' perceptions of corporate performance and future prospects. The Dividend Payout Ratio (DPR) indicates the proportion of earnings distributed to shareholders and provides information regarding the allocation of profits between dividend payments and retained earnings. Dividend distributions may influence investor expectations, although their effects depend on profitability, financing requirements, and prevailing economic conditions. Evidence from Indonesian property and real estate companies indicates that dividend policy significantly influences stock returns, while research involving Indonesian listed companies also identifies a positive association between dividend payout decisions and stock returns. Furthermore, research on Indonesian banking companies demonstrates that market responses to dividend announcements vary across crisis and recovery periods (Munadjat et al., 2026; Sapiri et al., 2026; Wijaya et al., 2025).

The relationship between corporate operational performance and stock returns also requires further investigation because improvements in business activity do not necessarily generate proportional investment gains. Operational indicators, such as sales growth and asset utilization, may provide relevant information regarding company performance, but their influence on stock returns depends on whether these developments alter investors' expectations of future financial benefits. A recent study published in *Income Journal of Economics Development* examined the effects of sales growth and Total Asset Turnover on the stock returns of PT Kimia Farma Tbk and found no statistically significant effects. Although the study focused on a single pharmaceutical company, its findings illustrate that improvements in selected operational indicators do not invariably correspond to changes in stock returns, reinforcing the need to examine other corporate financial and market-related determinants (Suciyati et al., 2026).

Despite the growing body of research on stock return determinants, previous empirical findings remain inconsistent across financial indicators, industrial sectors, and observation periods. Some studies have identified significant relationships between profitability, firm size, and stock returns, whereas others have reported insignificant effects for profitability, liquidity, or systematic risk. Dividend policy has also demonstrated varying relationships with stock returns depending on the characteristics of the sample and the economic circumstances under investigation. Moreover, the reviewed studies employ different combinations of explanatory variables and frequently focus on manufacturing, property, financial, or broader regional markets rather than exclusively examining Indonesia's non-primary consumer goods sector. These differences provide a rationale for evaluating profitability, liquidity, firm size, systematic risk, and dividend policy within a unified analytical framework and a clearly defined sectoral context (Kuswarianto et al., 2024; Munadjat et al., 2026; Putri, 2026; Wijaya et al., 2025).

Accordingly, this study aims to examine the effects of profitability, liquidity, firm size, systematic risk, and dividend policy on stock returns among companies in the non-primary consumer goods sector listed on the Indonesia Stock Exchange during the 2020–2024 period. Profitability is measured using Return on Assets, liquidity using the Current Ratio, firm size using the natural logarithm of total assets, systematic risk using stock beta, and dividend policy using the Dividend Payout Ratio. This study adopts a quantitative approach using panel data regression involving 13 companies and 65 firm-year observations, with the Fixed Effect Model employed to estimate the relationships among the variables. By simultaneously examining five financial and risk-related determinants within a sector-specific setting, this research seeks to provide empirical evidence regarding their individual and collective associations with stock returns and contribute to investment evaluation and financial decision-making in the Indonesian capital market.

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2. Literature Review

Signal Theory

Signal theory explains that the information conveyed by the company to investors will be a signal in investment decision-making. The information can be in the form of financial statements that reflect the company's performance conditions. Companies with good financial performance tend to give positive signals to investors so that they can increase investment interest and have an impact on increasing stock returns (Spence, 1973). Thus, financial variables such as profitability, liquidity, company size, risk, and dividend policy can be signals for investors in assessing the company's prospects.

Agency Theory

Agency theory describes the relationship between the owner of the company (principal) and management (agent), where there is a potential conflict of interest due to the difference in goals between the two parties. Management as the management of the company has more information than the shareholders, so it can cause information asymmetry (Michael C. Jensen & William H. Meckling, 1976).

In the context of this study, the dividend policy is one of the mechanisms to reduce agency conflicts. Paying dividends to shareholders can reduce management's opportunities to use the company's profits for personal interests. Thus, a high dividend policy can increase investor confidence and have an impact on increasing stock returns. In addition, the company's profitability can also affect agency conflicts, because high profits provide flexibility for management in determining company policies.

Based on the theory that has been described, the information submitted by the company through financial statements will affect investor perception in assessing the company's performance. This perception is ultimately reflected in the level of profit obtained by investors, known as stock returns. Stock return is the level of profit that investors get from stock investments made, both in the form of capital gains and dividends. Stock returns are the main indicator in assessing investment performance in the capital market (Jogiyanto, 2017). The high and low return of stock is influenced by various factors, including the company's financial performance and market conditions.

Stock return as the main indicator of investment profit is influenced by various fundamental factors of the company, one of which is profitability. Profitability proxied by Return on Assets (ROA) shows the company's ability to generate profit from the total assets it owns. The higher the value of ROA, the more efficient the company is in managing its assets to generate profits. This efficiency reflects the performance of management in making optimal use of the company's resources.

From a signal theory perspective, a high level of profitability gives investors a positive signal regarding the company's future prospects. Companies with high profit levels tend to be considered to have good performance and the ability to generate stable cash flow, thereby increasing investor confidence. This condition can encourage an increase in demand for stocks which ultimately has an impact on increasing stock returns.

The results of empirical research show that profitability has a positive and significant effect on stock returns (Ningsih & Maharani, 2022; Hastuti, 2020), which shows that investors tend to consider the level of profit as the main indicator in investment decision-making. Based on the theory and results of previous research, the following hypotheses can be formulated:

H1: Profitability has a positive effect on stock returns.

In addition to profitability, the company's financial condition can also be seen from the level of liquidity that the company has in fulfilling its short-term obligations. Liquidity measured by the Current Ratio reflects the company's ability to meet its short-term obligations using its current assets. The higher the value of the Current Ratio, the greater the company's ability to pay off short-term liabilities, thus indicating relatively safe and stable financial conditions. From the perspective of signal theory, a high level of liquidity can give a positive signal to investors regarding the company's ability to maintain its operational continuity.

The results of empirical research show that liquidity has an influence on stock returns, but with different directions and significance. Research by Telaumbanua et al. (2021) found that liquidity affects stock returns, while other research shows that liquidity is not always the main consideration for investors in determining investment decisions. Based on the theory and results of previous research, the following hypotheses can be formulated:

H2: Liquidity affects stock returns.

Not only liquidity, but company characteristics such as company size are also factors considered by investors in assessing the company's prospects. Company size reflects the size of a company which is generally measured through total assets or the natural logarithm of total assets. Companies with larger sizes tend to have a higher level of stability, wider business diversification, and easier access to funding sources, both from the capital market and financial institutions.

From a signal theory perspective, the size of a company can be an indicator for investors in assessing the credibility and prospects of the company. Large companies generally have a better level of transparency and a relatively lower risk of bankruptcy, which can increase investor confidence. This condition has the potential to encourage an increase in demand for stocks which has an impact on stock returns.

However, the size of a large company does not always guarantee a high return on stock. In some cases, large companies tend to have a slower growth rate than small companies, so the potential for capital gains is more limited. Therefore, the influence of company size on stock returns still shows inconsistent results. The results of empirical research show that company size has an effect on stock returns (Syahputra & Budi, 2025), although there are differences in results in several other studies. Based on the theory and results of previous research, the following hypotheses can be formulated:

H3: The size of the company affects the return of the stock.

In addition to internal company factors, stock returns are also influenced by risk factors derived from overall market conditions, namely systematic risk (Beta). Systematic risk is a risk that cannot be eliminated through diversification because it is influenced by macroeconomic factors and overall market conditions. This risk reflects uncertainty stemming from changes in interest rates, inflation, and global economic conditions. Stock beta is used as a measure to determine the level of sensitivity of stock returns to market movements. In financial theory, especially in the concept of the Capital Asset Pricing Model (CAPM), beta reflects the level of systematic risk that must be borne by investors. The higher the beta value, the greater the risk level of the stock, so investors will demand a higher rate of return as compensation (high risk high return). Therefore, beta is one of the important considerations in investment decision-making.

However, the relationship between beta and stock returns is not always consistent in practice. In certain market conditions, investors not only consider systematic risks, but also other factors such as the company's financial performance and market sentiment. This has led to empirical research results showing differences related to the effect of beta on stock returns.

Based on the theory and results of previous research, the following hypotheses can be formulated:

H4: Systematic risk affects stock returns.

In addition to systematic risk (Beta), the company's policy in distributing profits to shareholders is also an important consideration for investors. The dividend policy reflects the company's decision in distributing profits to shareholders. The Dividend Payout Ratio (DPR) shows the proportion of profits distributed as dividends compared to the profits generated by the company. The amount of the DPR reflects the extent to which the company allocates profits for the benefit of shareholders compared to for reinvestment.

From a signal theory perspective, a high dividend distribution can give investors a positive signal regarding the company's future performance and prospects. Companies that are able to distribute dividends consistently are generally considered to have stable cash flow and good performance, so they can increase investor confidence and have an impact on increasing stock returns.

In addition, from the perspective of agency theory, dividend policy also serves as a mechanism to reduce conflicts between management and shareholders. Dividend payments can reduce the potential for misuse of profits by management, thereby increasing transparency and investor confidence. This condition can encourage investment interest which ultimately affects stock returns.

However, a high dividend policy can also reduce the company's internal funds for future expansion or investment, so that in some conditions it can actually limit the company's growth potential. This causes the results of empirical research to show a difference, where there are studies that find significant and insignificant effects on stock returns (Ningsih & Maharani, 2022). Based on the theory and results of previous research, the following hypotheses can be formulated:

H5: Dividend policy affects stock returns.

Thus, overall, the variables of profitability, liquidity, company size, systematic risk, and dividend policy are fundamental factors that can affect stock returns. The combination of these variables provides a comprehensive picture of the company's financial condition and risks that are the basis for investors' considerations in making investment decisions.

H6: Profitability, liquidity, company size, systematic risk, and dividend policy simultaneously affect stock returns.

3. Research Methods

This study employed a quantitative approach with an associative research design to examine the relationships between independent variables and the dependent variable. The independent variables consisted of profitability, measured by Return on Assets (ROA); liquidity, measured by the Current Ratio (CR); firm size; systematic risk, measured by stock beta; and dividend policy, measured by the Dividend Payout Ratio (DPR). Meanwhile, stock return was used as the dependent variable. The quantitative approach was considered appropriate because it enabled the systematic measurement and statistical examination of relationships between corporate financial indicators, market-related risk, and investment returns.

The study focused on companies operating in the non-primary consumer goods sector listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The sampling technique employed purposive sampling, in which companies were selected based on predetermined criteria relevant to the research objectives and data requirements. Based on the sampling process, 13 companies were included in the final research sample, resulting in 65 observations over the five-year study period. This sampling approach ensured that the selected companies provided the financial and market information required for the analysis.

The unit of analysis in this study was the firm-year observation, representing the financial and market characteristics of each sampled company during the research period. The combination of 13 companies and five observation years resulted in 65 firm-year observations. This panel structure enabled the examination of differences in financial performance and stock returns across companies and over time. Furthermore, the five-year observation period provided a broader analytical perspective on variations in corporate financial conditions and investment performance within the non-primary consumer goods sector.

The study utilized secondary data obtained from the annual financial statements of the sampled companies and historical stock price information. Financial statement data and stock market information were accessed through the official website of the Indonesia Stock Exchange and other relevant supporting sources. Data were collected using the documentation method, which involved identifying, compiling, and organizing financial and market information according to the research variables and observation periods. The collected data were subsequently structured into a panel dataset to facilitate statistical analysis.

The operationalization of research variables was established based on their respective financial and market characteristics. Stock return, as the dependent variable (Y), was measured using annual changes in stock prices, representing the investment return associated with changes in the market value of a company's shares. Profitability (X1) was measured using Return on Assets (ROA), calculated as the ratio of net income to total assets, which indicates the company's ability to generate profits through the efficient utilization of its resources. Liquidity (X2) was measured using the Current Ratio (CR), determined by dividing current assets by current liabilities, thereby reflecting the company's capacity to meet its short-term financial obligations. These indicators were employed to evaluate the relationship between corporate financial performance and investment returns.

Firm size (X3) was measured using the natural logarithm of total assets (Ln Total Assets), representing the scale of corporate operations and the financial resources controlled by the company. Systematic risk (X4) was assessed using stock beta, which measures the sensitivity of individual stock returns to movements in overall market returns. Meanwhile, dividend policy (X5) was measured using the Dividend Payout Ratio (DPR), calculated as the ratio of dividends distributed to net income. This indicator reflects the proportion of corporate earnings allocated to shareholders rather than retained for future business activities. The inclusion of these

variables enabled the examination of company characteristics, exposure to market risk, and corporate dividend distribution decisions in relation to stock returns.

The measurement of each variable was based on its respective financial characteristics and operational indicators. Profitability, liquidity, firm size, and dividend policy were derived from corporate financial information, whereas systematic risk and stock returns were associated with stock market performance. The use of these indicators enabled a systematic assessment of the relationships between accounting-based financial characteristics, market-related risk, and investment returns. Furthermore, the operationalization of variables provided a consistent analytical framework for examining the individual contributions of the independent variables to stock return variations throughout the observation period.

Data were analyzed using panel data regression with the assistance of statistical software. Panel data regression was employed because the dataset combined cross-sectional observations from different companies with time-series observations covering the 2020–2024 period. The selection of the appropriate regression model was conducted through model specification tests, including the Chow test, Hausman test, and Lagrange Multiplier (LM) test. Based on the model selection results, the Fixed Effect Model (FEM) was selected as the most appropriate approach for estimating the relationships between the independent variables and stock returns.

The application of the Fixed Effect Model allowed the analysis to account for unobserved company-specific characteristics that remained constant throughout the observation period. This approach was relevant because the sampled companies could differ in operational characteristics, management structures, and business conditions that were not explicitly represented by the independent variables. By controlling for time-invariant company-specific effects, the model provided a framework for estimating the relationships between financial indicators and stock returns. The estimated regression coefficients were subsequently interpreted based on their direction, magnitude, and statistical significance to determine the relationships between the explanatory variables and stock returns.

Furthermore, diagnostic tests were conducted to evaluate the statistical assumptions underlying the regression analysis. These procedures included normality, multicollinearity, heteroscedasticity, and autocorrelation tests to assess the characteristics of the regression model and identify potential estimation problems. Hypothesis testing was performed using partial significance tests (*t*-tests) to examine the individual effects of the independent variables and a simultaneous significance test (*F*-test) to evaluate their collective effect on stock returns. The coefficient of determination (R^2) was also examined to assess the proportion of variation in stock returns explained by the regression model. Statistical significance was evaluated at the 5% significance level ($\alpha = .05$).

4. Results and Discussion

4.1 Descriptive Statistical Analysis

Descriptive statistical analysis was conducted to examine the distribution and variability of the research variables across 65 firm-year observations during the 2020–2024 period. The analysis included profitability, liquidity, firm size, systematic risk, dividend policy, and stock returns. The descriptive statistics comprised the minimum, maximum, mean, and standard deviation of each variable, as presented in Table 1.

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
ROA (X1)	65	0.0279	0.2827	0.1251	0.0812
Liquidity (X2)	65	0.8885	168226	15600	45000
Firm Size (X3)	65	11333	327256	208750	80000
Beta (X4)	65	0.05	0.9205	0.428	0.315
DPR (X5)	65	0.3030	10540	215	1500
Stock Return (Y)	65	-0.2087	0.1837	0.015	0.075
Valid N (listwise)	65	—	—	—	—

As presented in Table 1, profitability measured by ROA had a mean of 0.1251, with values ranging from 0.0279 to 0.2827, indicating differences in the profitability levels of the sampled companies. Liquidity and dividend policy exhibited substantial dispersion, reflecting considerable variation in the reported financial indicators. Meanwhile, the average systematic risk was 0.428, with beta values ranging from 0.05 to 0.9205. Stock returns showed a positive average of 0.015, with a minimum of -0.2087 and a maximum of 0.1837, demonstrating fluctuations in investment performance throughout the

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observation period. These findings indicate that the sampled companies exhibited heterogeneous financial and market characteristics, providing a basis for further panel regression analysis.

4.2 Panel Data Model Selection

4.2.1 Chow Test (Redundant Fixed Effects Test)

The Chow test was conducted to determine the most appropriate panel regression specification between the Common Effect Model (CEM) and the Fixed Effect Model (FEM). The results are presented in Table 2.

Table 2. Chow Test Results

Effect	F-statistic	p-value
Cross-section F	5.87	0.0000

Table 2 shows that the Chow test produced an F-statistic of 5.87 with a reported probability value of 0.0000, which was below the significance threshold of 0.05. Therefore, the null hypothesis stating that the Common Effect Model was appropriate was rejected. This result indicated that significant differences existed among the company-specific intercepts, suggesting that the Fixed Effect Model was more appropriate for estimating the relationships between financial indicators and stock returns. Accordingly, further model specification testing was conducted using the Hausman test.

4.2.2 Hausman Test (Correlated Random Effects Test)

The Hausman test was conducted to determine whether the Fixed Effect Model (FEM) or Random Effect Model (REM) was more suitable for panel data estimation. The results are presented in Table 3.

Table 3. Hausman Test Results

Effect	Chi-square statistic	p-value
Random Effect	18.25	0.0080

As shown in Table 3, the Hausman test generated a chi-square statistic of 18.25 with a probability value of 0.0080. Since the probability was lower than the significance level of 0.05, the null hypothesis supporting the Random Effect Model was rejected. This finding indicated that the Fixed Effect Model was the preferred specification for the research data. Together with the results of the Chow test, the Hausman test supported the selection of FEM as the analytical approach for estimating the relationships between profitability, liquidity, firm size, systematic risk, dividend policy, and stock returns.

4.3 Classical Assumption Test: Multicollinearity

The multicollinearity test was performed to evaluate the degree of linear association among the independent variables using tolerance values and variance inflation factors (VIF). The results are presented in Table 4.

Table 4. Multicollinearity Test Results

Variable	Tolerance	VIF	Interpretation
ROA (X1)	0.875	1.142	No severe multicollinearity
Liquidity (X2)	0.701	1.426	No severe multicollinearity
Firm Size (X3)	0.655	1.527	No severe multicollinearity
Beta (X4)	0.810	1.234	No severe multicollinearity
DPR (X5)	0.852	1.173	No severe multicollinearity

The results presented in Table 4 indicate that all independent variables had tolerance values greater than 0.10 and VIF values below 10. The highest VIF value was recorded for firm size at 1.527, while the lowest was observed for profitability at 1.142. These values suggest that the independent variables did not exhibit severe multicollinearity under the diagnostic criteria adopted in this study. Consequently, the inclusion of profitability, liquidity, firm size, systematic risk, and dividend policy in the same regression model did not indicate problematic linear dependence based on the reported diagnostic statistics.

4.4 Panel Data Regression Analysis (Fixed Effect Model)

4.4.1 Coefficient of Determination (R^2)

The coefficient of determination was examined to evaluate the explanatory capacity of the selected regression model in accounting for variations in stock returns. The model fit statistics are presented in Table 5.

Table 5. Coefficient of Determination and Model Fit

Statistic	Value
R-squared	0.302
Adjusted R-squared	0.258
S.E. of Regression	0.0645
Sum Squared Residuals	0.224
Log Likelihood	95.73
F-statistic	4.25
Prob(F-statistic)	0.003

Source: Panel data regression output (2025).

Based on Table 5, the regression model produced an R-squared value of 0.302, indicating that approximately 30.2% of the variation in stock returns was accounted for by the estimated model under the reported measure of model fit. The remaining 69.8% of

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the variation was not explained by the included independent variables. Furthermore, the adjusted R-squared value of 0.258 indicated a lower explanatory proportion after adjustment for model complexity. The regression standard error was 0.0645, while the sum of squared residuals was 0.224. These findings suggest that the selected financial and market-related indicators provided partial explanatory information regarding stock return variations during the observation period.

4.4.2 Simultaneous Significance Test (F-test)

The simultaneous significance test was conducted to determine whether profitability, liquidity, firm size, systematic risk, and dividend policy collectively demonstrated a statistically significant relationship with stock returns. The results are presented in Table 6.

Table 6. Simultaneous Significance Test Results

Statistic	Value	p-value
F-statistic	4.25	0.003
R-squared	0.302	—
Adjusted R-squared	0.258	—
Regression Degrees of Freedom	5	—
Residual Degrees of Freedom	59	—

Source: Panel data regression output (2025).

As presented in Table 6, the simultaneous significance test yielded an F-statistic of 4.25 with a probability value of 0.003. Since the probability was lower than the 0.05 significance threshold, the null hypothesis stating that the independent variables had no joint statistical relationship with stock returns was rejected. This result indicated that profitability, liquidity, firm size, systematic risk, and dividend policy were jointly significant in the reported regression model. Although some independent variables did not demonstrate statistically significant individual effects, their collective inclusion was associated with a statistically significant overall regression result.

4.4.3 Partial Significance Test (t-test)

The partial significance test was performed to investigate the individual relationships between each independent variable and stock returns. Regression coefficients, t-statistics, probability values, and statistical decisions are presented in Table 7.

Table 7. Fixed Effect Model Regression Results

Variable	Regression Coefficient	t-statistic	p-value	Interpretation
Constant	0.0152	2.15	0.038	—
ROA (X1)	0.320	2.65	0.011	Significant
Liquidity (X2)	0.0000021	0.75	0.457	Not significant
Firm Size (X3)	-0.0000004	-1.15	0.257	Not significant
Beta (X4)	-0.085	-1.89	0.065	Not significant
DPR (X5)	0.0000080	1.50	0.141	Not significant

Source: Panel data regression output (2025).

The results in Table 7 demonstrate that profitability was the only independent variable with a statistically significant relationship with stock returns at the 5% significance level. ROA showed a positive regression coefficient of 0.320, a t-statistic of 2.65, and a probability value of 0.011, indicating a positive and significant association with stock returns. Conversely, liquidity exhibited a positive but insignificant coefficient (p = 0.457), while firm size showed a negative and insignificant coefficient (p = 0.257). Systematic risk also demonstrated a negative coefficient, with a probability value of 0.065, which did not satisfy the predetermined significance threshold. Similarly, dividend policy had a positive but statistically insignificant relationship with stock returns (p = 0.141). Overall, these findings provide statistical support for the profitability hypothesis, whereas the remaining four individual relationships were not statistically significant.

4.4.4 Estimated Regression Equation

Based on the regression coefficients obtained from the Fixed Effect Model estimation, the simplified regression equation can be expressed as follows:

$$Y = 0.0152 + 0.320X_1 + 0.0000021X_2 - 0.0000004X_3 - 0.085X_4 + 0.0000080X_5 + \varepsilon$$

where (Y) represents stock return, (X_1) denotes profitability (ROA), (X_2) represents liquidity (CR), (X_3) denotes firm size, (X_4) represents systematic risk (beta), (X_5) denotes dividend policy (DPR), and (\varepsilon) represents the error term. The equation presents the reported regression coefficients, while firm-specific fixed effects are not explicitly displayed in this simplified specification.

4.5 Discussion

4.5.1 The Effect of Profitability (Return on Assets) on Stock Returns

The results of the Fixed Effect Model indicate that profitability, measured by Return on Assets (ROA), has a positive and statistically significant relationship with stock returns, with a regression coefficient of 0.320 and a probability value of 0.011. This finding suggests that companies with higher profitability tend to exhibit higher stock returns, holding other

explanatory variables constant. The positive coefficient indicates that efficient asset utilization and stronger earnings performance are associated with more favorable investment outcomes. Accordingly, the first hypothesis (H1), which proposes a positive relationship between profitability and stock returns, is supported by the empirical results.

From the perspective of Signaling Theory, profitability represents an important financial indicator that may communicate information about corporate performance and future earnings prospects to investors. Companies that generate higher profits relative to their total assets demonstrate greater efficiency in utilizing available resources, potentially strengthening market confidence in their operational sustainability. Such information may influence investors' assessment of future cash flows and investment attractiveness, thereby contributing to changes in stock valuation and realized returns. Similar evidence was reported in a study of Indonesian manufacturing companies, which identified a positive and significant relationship between ROA and stock returns (Putri, 2026).

The findings are also consistent with research demonstrating the importance of profitability in corporate market valuation. A study published in Journal Social Society found that ROA significantly influenced stock prices among food and beverage companies listed on the Indonesia Stock Exchange during 2022–2024. Although stock prices and stock returns are different dependent variables, the findings provide supporting evidence that profitability is relevant to investors' assessments of corporate financial performance. Furthermore, research published in Income Journal of Economics Development identified a positive and significant relationship between ROA and firm value among Indonesian manufacturing companies, further emphasizing the role of profitability in corporate valuation (Fianiningsi et al., 2026; Randanan & Furqan, 2025).

Nevertheless, the relationship between profitability and stock returns is not universally consistent across industrial sectors. Research involving Indonesian property and real estate companies found that ROA did not significantly influence stock returns, despite the inclusion of profitability as an important financial indicator. This difference suggests that the relationship between corporate profitability and investment performance may depend on sectoral characteristics, business conditions, and the financial information considered by investors. Therefore, the positive relationship identified in the present study should be interpreted within the characteristics of non-primary consumer goods companies rather than generalized to all listed companies (Wijaya et al., 2025).

The relevance of profitability may also be associated with the financial characteristics of consumer cyclical companies, whose business activities are sensitive to changes in economic conditions and household consumption. During periods of economic uncertainty, companies with stronger earnings performance may be perceived as having greater capacity to maintain operations and respond to changing market conditions. However, profitability should not be considered the sole indicator of investment performance because stock returns may also reflect market expectations, sectoral developments, and external economic shocks. Research on the Indonesian capital market has demonstrated substantial intersectoral spillover effects, particularly during periods of heightened uncertainty (Fianto et al., 2026).

Overall, the findings support H1 and indicate that profitability is a significant financial characteristic associated with stock returns among non-primary consumer goods companies listed on the Indonesia Stock Exchange during 2020–2024. The positive regression coefficient provides empirical support for the relevance of asset utilization efficiency and earnings generation in evaluating investment performance. Nevertheless, this association should not be interpreted as definitive evidence that profitability alone determines investor behavior or causes increases in stock returns. For investors, ROA may serve as an important component of fundamental analysis, while corporate managers may consider the efficient utilization of assets and sustainable earnings performance when evaluating financial strategies.

4.5.2 The Effect of Liquidity on Stock Returns

The regression results show that liquidity, measured by the Current Ratio (CR), has a positive but statistically insignificant relationship with stock returns. The estimated regression coefficient is 0.0000021, with a probability value of 0.457, which exceeds the significance threshold of 0.05. This finding indicates that the available sample does not provide sufficient statistical evidence of a significant relationship between corporate liquidity and stock returns. Although liquidity reflects a company's ability to fulfill short-term

obligations, the results suggest that variations in the Current Ratio were not significantly associated with differences in stock returns during the observation period.

From the perspective of Signaling Theory, a higher liquidity ratio may communicate favorable information regarding a company's short-term financial stability and its capacity to settle current liabilities. However, a strong liquidity position does not necessarily indicate efficient asset utilization or greater future earnings potential. Excessive investment in current assets may also reduce the resources available for productive activities, potentially limiting profitability and shareholder returns. Consequently, liquidity may generate ambiguous financial signals because investors must consider both short-term solvency and the efficiency of corporate resource allocation when assessing investment opportunities.

The findings are consistent with recent empirical evidence from Indonesian manufacturing companies, where the Current Ratio was found to have no statistically significant relationship with stock returns. However, different results were reported in a study published in Journal Social Society, which identified a significant relationship between the Current Ratio and stock prices among food and beverage companies. These differences should be interpreted carefully because the studies examined different industries and employed different dependent variables. The comparison indicates that liquidity may be relevant to market valuation without necessarily generating a statistically significant relationship with annual stock returns (Fianiningsi et al., 2026; Putri, 2026).

Differences in empirical findings may also reflect variation in financial structures and operational requirements across industries. Consumer cyclical companies may experience changes in inventories, receivables, and short-term liabilities because their operating activities are influenced by consumer demand and economic conditions. Under such circumstances, a higher Current Ratio may reflect either stronger financial flexibility or the accumulation of underutilized working capital. Therefore, the interpretation of liquidity requires consideration of the composition of current assets, operating efficiency, and business characteristics rather than relying exclusively on a single liquidity measure.

From an agency perspective, differences in managerial decisions concerning working capital may also influence how liquidity is perceived by investors. Corporate management may retain substantial liquid resources to support operational continuity, finance expansion, or manage uncertainty. However, holding excessive liquid assets may create potential inefficiencies when financial resources are not allocated to productive investments. The present regression results do not directly test managerial motives or agency conflicts, but these considerations provide possible explanations for why a higher liquidity ratio does not automatically correspond to higher investment returns. Moreover, empirical evidence from Indonesian listed companies indicates that the relationships between liquidity, dividend decisions, and stock returns may differ according to financial conditions and economic periods (Munadjat et al., 2026).

Overall, the results do not support H2 because liquidity does not demonstrate a statistically significant relationship with stock returns at the 5% significance level. This finding does not imply that liquidity is irrelevant to corporate financial stability; rather, it indicates that the Current Ratio did not provide significant explanatory information regarding stock return variation in the estimated model. Investors should therefore assess liquidity alongside profitability, cash flow, operating performance, and other financial indicators. Future research may also investigate alternative liquidity measures and the potential influence of working capital efficiency on investment performance.

4.5.3 The Effect of Firm Size on Stock Returns

The results indicate that firm size has a negative but statistically insignificant relationship with stock returns, as reflected by a regression coefficient of -0.0000004 and a probability value of 0.257. Since the probability value exceeds the 0.05 significance level, the estimated relationship is not statistically significant. This finding suggests that differences in company size, measured using the natural logarithm of total assets, were not significantly associated with stock return variations among the sampled companies. Accordingly, the third hypothesis (H3), which proposes a relationship between firm size and stock returns, is not supported by the empirical results.

From the perspective of Signaling Theory, firm size may provide information regarding corporate scale, financial resources, and organizational stability. Larger companies

generally possess greater asset bases and may have broader access to financing opportunities, allowing them to respond more effectively to financial and operational challenges. Nevertheless, the possession of substantial assets does not automatically translate into superior profitability or higher investment returns. Investors may place greater emphasis on the productive utilization of assets and future growth prospects than on corporate size alone. Therefore, firm size should be interpreted as a structural characteristic rather than a direct measure of financial performance.

The findings differ from those of previous empirical studies that identified a significant positive relationship between firm size and stock returns. Research involving companies listed on several Southeast Asian stock exchanges demonstrated that larger company size was positively associated with stock returns. Similarly, research involving Indonesian manufacturing companies found that firm size had a positive and statistically significant relationship with investment returns. These contrasting results highlight the possibility that the relationship between company size and stock returns varies according to industrial characteristics, observation periods, market conditions, and model specifications (Kuswarianto et al., 2024; Putri, 2026).

The nonsignificant relationship identified in the present study may also be associated with differences in business strategies and operational structures within the non-primary consumer goods sector. Companies operating in retail, automotive products, textiles, tourism, and other consumer-oriented industries may differ substantially in their asset requirements and revenue-generating activities. As a result, firms with larger asset bases may not consistently achieve higher earnings growth or more favorable market performance. Moreover, sectoral risk transmission may influence returns independently of company size, particularly during periods of market disruption. Empirical evidence from the Indonesian stock market demonstrates that consumer cyclical industries can play an important role in transmitting financial shocks across sectors (Fianto et al., 2026).

Another possible explanation concerns the distinction between corporate scale and asset productivity. A company may possess substantial total assets while experiencing relatively low returns on those assets, whereas a smaller company may generate higher earnings through more efficient resource utilization. Therefore, firm size does not necessarily represent the quality of management decisions, operational efficiency, or the sustainability of future earnings. This interpretation is relevant when considering the present study's finding that profitability was significant while firm size was not. However, the regression results do not directly establish whether asset productivity mediates the relationship between firm size and stock returns, and further statistical testing would be required to examine such a mechanism.

Overall, the results do not support H3 and indicate that firm size was not a statistically significant explanatory variable for stock returns within the estimated model. The negative coefficient should not be interpreted as evidence that larger companies systematically generate lower returns because the corresponding relationship was statistically insignificant. Instead, the findings suggest that company size alone may be insufficient for assessing investment attractiveness in the non-primary consumer goods sector. Investors may obtain a more comprehensive perspective by combining firm size with profitability, growth opportunities, asset efficiency, and market-related risk indicators.

4.5.4 The Effect of Systematic Risk (Beta) on Stock Returns

The regression analysis indicates that systematic risk, measured by stock beta, has a negative but statistically insignificant relationship with stock returns. The estimated coefficient is -0.085, with a probability value of 0.065, which is higher than the predetermined significance threshold of 0.05. Although the probability value is relatively close to the significance threshold, the result does not provide sufficient evidence to establish a statistically significant relationship at the 5% level. Consequently, the fourth hypothesis (H4), which proposes a relationship between systematic risk and stock returns, is not supported by the reported regression results.

From the perspective of the Capital Asset Pricing Model (CAPM), beta represents exposure to systematic market risk and is associated with the expected return required by investors. In principle, investors may demand higher expected returns as compensation for holding assets with greater sensitivity to market fluctuations. However, the CAPM concerns expected returns, whereas the present study

examines realized historical stock returns. These two measures are conceptually different because realized returns may be affected by unexpected economic developments, company-specific information, and fluctuations in market expectations. Therefore, a statistically insignificant relationship between beta and realized returns does not, by itself, invalidate the theoretical risk–return framework.

The findings are partially consistent with previous empirical research involving companies listed on Southeast Asian stock exchanges, which found that beta did not have a statistically significant relationship with stock returns. Nevertheless, the direction of the coefficient differed, as the previous study reported a positive but insignificant relationship, whereas the present study identified a negative but insignificant coefficient. This difference reinforces the importance of distinguishing statistical significance from coefficient direction. Taken together, the findings suggest that the empirical relationship between beta and realized stock returns may be sensitive to sample characteristics and market conditions (Kuswarianto et al., 2024).

Market conditions during the research period may also provide an important context for interpreting the results. The 2020–2024 period included substantial economic uncertainty and subsequent recovery, potentially influencing the relationship between systematic risk and realized investment returns. Research examining the Indonesian capital market found that correlations and spillover effects among industrial sectors changed considerably during the COVID-19 pandemic, with consumer cyclical industries playing a particularly important role in risk transmission. These findings indicate that market-related risks may vary across industries and economic periods rather than remaining constant under all conditions (Fianto et al., 2026). The insignificant beta coefficient may also reflect limitations associated with measuring systematic risk through a single market sensitivity indicator. Beta estimates can depend on the frequency of stock return observations, the market index used as the benchmark, and the length of the estimation period. Furthermore, variations in market exposure may not be fully captured when beta is represented as a single explanatory variable in a panel regression model. Although these considerations may influence statistical results, their relevance to the present dataset cannot be established without additional information regarding beta estimation procedures and robustness testing. Consequently, the reported result should be interpreted as a sample-specific statistical finding rather than evidence that systematic risk has no economic importance.

Overall, the findings do not support H4 at the 5% significance level. The negative coefficient indicates the estimated direction of the relationship, but its lack of statistical significance prevents a definitive conclusion regarding the influence of systematic risk on stock returns. Investors should therefore avoid relying exclusively on beta when evaluating investment opportunities and may consider additional measures of volatility, market conditions, and company fundamentals. For future research, alternative beta estimation methods, different observation frequencies, and market-condition indicators may provide further insight into the relationship between systematic risk and realized investment performance.

4.5.5 The Effect of Dividend Policy on Stock Returns

The results demonstrate that dividend policy, measured using the Dividend Payout Ratio (DPR), has a positive but statistically insignificant relationship with stock returns. The estimated regression coefficient is 0.0000080, with a probability value of 0.141, which exceeds the significance threshold of 0.05. Although the positive coefficient indicates the estimated direction of the relationship, the statistical evidence is insufficient to conclude that dividend policy significantly explains stock return variations among the sampled companies. Therefore, the fifth hypothesis (H5), which proposes a relationship between dividend policy and stock returns, is not supported by the empirical results.

From the perspective of Signaling Theory, dividend distributions may communicate information concerning corporate financial strength, earnings stability, and management's expectations regarding future performance. Companies that consistently distribute dividends may be perceived as having sufficient financial resources to provide shareholder returns while maintaining their business activities. From the perspective of Agency Theory, dividend payments may also reduce discretionary funds controlled by management and potentially mitigate conflicts between

managers and shareholders. Nevertheless, the informational value of dividends may depend on investors' expectations, corporate financing requirements, and the sustainability of future cash flows.

The findings differ from research involving Indonesian property and real estate companies, which identified a statistically significant relationship between dividend policy and stock returns. Other research on companies listed on the Indonesia Stock Exchange also found that the Dividend Payout Ratio had a positive and significant relationship with stock returns during the 2019–2024 observation period. These differences suggest that the relationship between dividend distributions and investment returns may depend on industry characteristics, sampling criteria, and economic conditions. Consequently, the insignificant relationship identified in the present study should be understood within its specific sectoral and analytical context (Munadjat et al., 2026; Wijaya et al., 2025).

The relationship between dividend policy and market performance may also vary across different phases of the economic cycle. Research on Indonesian banking companies demonstrated that dividend distributions and market reactions to dividend announcements changed during the periods before, during, and after the COVID-19 crisis. In particular, market responses to dividend information weakened during the crisis and became more pronounced as financial conditions improved. Although this evidence was obtained from the banking sector rather than consumer cyclical companies, it demonstrates that the informational content of dividends can be influenced by economic circumstances and the financial position of the issuing company (Sapiri et al., 2026).

Another consideration concerns the trade-off between dividend distributions and retained earnings. Companies with substantial investment opportunities may retain a larger proportion of profits to support expansion, technological development, or operational improvements. In such cases, a lower Dividend Payout Ratio does not necessarily indicate poor financial performance, just as a higher payout ratio does not automatically imply superior investment prospects. Investors may consider dividend sustainability, expected earnings growth, and future capital requirements simultaneously. Therefore, dividend policy may interact with other corporate financial characteristics, and its individual relationship with stock returns may be limited when evaluated independently in a regression model.

Overall, the results do not support H5 and indicate that dividend policy was not a statistically significant explanatory variable for stock returns among non-primary consumer goods companies during the 2020–2024 period. This finding does not establish that investors disregard dividend payments; instead, it suggests that the observed variation in DPR was insufficient to demonstrate a significant statistical relationship with realized stock returns. For investors, dividend policy should be evaluated in conjunction with profitability, earnings sustainability, cash flow, and corporate investment requirements. Further studies may consider dividend yield, dividend payment consistency, and dividend announcement effects to examine alternative dimensions of dividend-related market performance.

4.5.6 The Simultaneous Effect of Profitability, Liquidity, Firm Size, Systematic Risk, and Dividend Policy on Stock Returns

The simultaneous regression results indicate that profitability, liquidity, firm size, systematic risk, and dividend policy jointly demonstrate a statistically significant relationship with stock returns. The reported F-statistic is 4.25, with a probability value of 0.003, which is lower than the significance threshold of 0.05. Consequently, the null hypothesis stating that all explanatory variables have no joint relationship with stock returns is rejected. This result supports the sixth hypothesis (H6), indicating that the five independent variables collectively contribute to the statistical explanation of stock return variations in the estimated model. The relevance of examining financial indicators simultaneously is also reflected in previous studies that employed multivariate approaches to investigate the relationships among profitability, liquidity, dividend policy, and investment performance. However, empirical evidence indicates that these relationships may vary across industries, suggesting that the joint contribution of financial indicators should be evaluated within the specific characteristics of the research sample (Adelia et al., 2026).

The reported coefficient of determination (R^2) is 0.302, indicating that approximately 30.2% of the variation in stock returns is explained by the estimated regression model under the reported goodness-of-fit measure.

Meanwhile, the remaining 69.8% represents variation not explained by the model. Such unexplained variation may reflect omitted financial characteristics, macroeconomic developments, investor expectations, market sentiment, or other factors not incorporated into the analysis. The adjusted R-squared of 0.258 further indicates that the explanatory performance of the model is lower after adjustment for model complexity. Previous research on companies included in the LQ45 index demonstrated that interest rates and inflation significantly influenced stock returns, while exchange rates did not exhibit a significant individual relationship. These findings indicate that macroeconomic indicators may provide additional information when explaining investment performance beyond corporate financial characteristics (Fahnayu et al., 2024). Furthermore, research examining Indonesian stock prices identified asymmetric relationships involving interest rates and documented the relevance of economic growth and exchange rate movements, suggesting that broader economic conditions may contribute to variations in stock market performance (Sia et al., 2025). These findings suggest that the selected financial indicators provide meaningful but incomplete information regarding stock return variations.

The difference between the simultaneous and partial test results is important for interpreting the findings. Although the F-test indicates that the explanatory variables are jointly significant, the partial tests show that only profitability has a statistically significant individual relationship with stock returns at the 5% level. This distinction demonstrates that joint statistical significance does not require every explanatory variable to have a significant individual coefficient. Similar findings have been reported in research on Indonesian manufacturing companies, where profitability, liquidity, firm size, and intellectual capital were jointly significant, although not all explanatory variables were individually significant. Research published in Journal Social Society also demonstrated the importance of evaluating financial indicators collectively when analyzing stock market valuation, although its dependent variable was stock price rather than stock return (Fianingsi et al., 2026; Putri, 2026). Supporting evidence from food and beverage companies listed on the Indonesia Stock Exchange indicates that profitability and leverage were significantly associated with stock returns, while liquidity was not statistically significant. The study also identified a moderating role of firm size in the relationship between liquidity and stock returns, demonstrating that financial indicators may have different relationships with investment outcomes depending on the analytical framework and company characteristics (Prawesti et al., 2025).

The partial explanatory capacity of the model also highlights the possibility that investment returns are associated with additional financial and operational indicators. Research published in Income Journal of Economics Development examined sales growth and Total Asset Turnover in relation to stock returns at PT Kimia Farma Tbk and reported that the variables did not have a statistically significant joint relationship with stock returns. Although the study employed a different sample and explanatory variables, its findings illustrate that operational indicators do not consistently explain realized stock returns. Furthermore, evidence from the Indonesian capital market demonstrates that sectoral correlations and financial spillovers may influence return movements, emphasizing the importance of considering market-related developments beyond company financial statements (Fianto et al., 2026; Suciyati et al., 2026). Additional evidence from Indonesian energy sector companies indicates that profitability, liquidity, ESG disclosure, and dividend policy did not exhibit significant direct relationships with stock returns in the estimated model. These findings illustrate that the statistical relevance of financial and nonfinancial indicators may differ across industries and that investment performance cannot necessarily be explained through the same combination of explanatory variables in every sector (Adelia et al., 2026).

The findings also provide an important perspective on the characteristics of the non-primary consumer goods sector during the 2020–2024 period. Companies operating in consumer cyclical industries may experience changes in revenue, profitability, financial flexibility, and investment opportunities as economic conditions and household demand fluctuate. Consequently, financial indicators may exhibit different relationships with stock returns across companies and observation periods. Although the Fixed Effect Model accounts for unobserved company-specific characteristics that remain constant over time,

it does not automatically eliminate the influence of time-varying omitted variables or establish causal relationships. Empirical research involving Indonesian energy companies has also demonstrated that profitability can be positively associated with stock returns, whereas liquidity and leverage do not necessarily exhibit statistically significant individual relationships. The same study identified a moderating effect of firm growth on the relationship between profitability and stock returns, suggesting that company growth characteristics may influence how financial performance relates to investment outcomes (Perangin Angin & Aquila, 2026). Therefore, the estimated associations should be interpreted within the limitations of the available panel dataset and regression specification.

Overall, the results support H6 and indicate that profitability, liquidity, firm size, systematic risk, and dividend policy are jointly associated with stock returns in the estimated model. The findings contribute to the literature by providing sector-specific evidence regarding the combined statistical relevance of corporate financial characteristics and market risk indicators. Nevertheless, profitability remains the only variable with a statistically significant individual coefficient, suggesting that earnings performance provides the strongest direct statistical evidence among the financial indicators examined in this study. Previous empirical research further demonstrates that financial characteristics, macroeconomic indicators, and company growth conditions may exhibit different relationships with stock returns across sectors and economic periods (Fahnayu et al., 2024; Perangin Angin & Aquila, 2026; Prawesti et al., 2025). Future research may incorporate additional explanatory variables, larger samples, alternative market risk indicators, and robustness tests to improve the understanding of stock return determinants in Indonesia's consumer cyclical sector.

5. Closing

This study examined the effects of profitability, liquidity, firm size, systematic risk, and dividend policy on stock returns among non-primary consumer goods companies listed on the Indonesia Stock Exchange during 2020–2024. The findings indicated that the five independent variables jointly demonstrated a statistically significant relationship with stock returns ($F = 4.25$, $p = 0.003$), explaining 30.2% of stock return variation ($R^2 = 0.302$). Partially, profitability measured by Return on Assets (ROA) showed a positive and significant relationship with stock returns ($\beta = 0.320$, $p = 0.011$), whereas liquidity, firm size, systematic risk, and dividend policy exhibited no statistically significant relationships. These findings highlight the relevance of profitability in explaining investment performance and provide empirical support for Signaling Theory.

Practically, investors may prioritize ROA as an indicator in fundamental analysis, while corporate management should focus on improving asset utilization efficiency and maintaining sustainable profitability. Nevertheless, investment decisions should also consider other financial and market-related indicators. This study was limited to 13 companies and 65 firm-year observations over a five-year period. Furthermore, the model's explanatory capacity was limited, and macroeconomic factors were not explicitly incorporated. Future research should expand the sample size and observation period, include additional financial indicators such as Earnings per Share (EPS), Price-to-Book Value (PBV), and Debt-to-Equity Ratio (DER), and consider macroeconomic variables and alternative analytical approaches to strengthen the generalizability of the findings.

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