Ilomata International Journal of Tax & Accounting
P-ISSN: 2714-9838; E-ISSN: 2714-9846
Volume 5, Issue 3, July 2024
Page No. 692-708

Impact of Internal and External Factors of a Company Facing the Return of the Company with a Compas100 Indeks Noted on the Indonesia Shipping Borse

Uchock Pandapotan Raja Salomo Sinaga[1], Dudi Rudianto[2]
[12]Universitas Bakrie, Indonesia
Correspondent: uchock.sinaga@gmail.com[1]

Received : May 30, 2024
Accepted : July 12, 2024
Published : July 31, 2024

Citation: Sinaga, U, P, R, S., Rudianto, D. (2024). Impact of Internal and External Factors of a Company Facing the Return of the Company with a Compas100 Indeks Noted on the Indonesia Shipping Borse. Ilomata International Journal of Tax and Accounting, 5(3), 692-708.
https://doi.org/10.61194/ijtc.v5i3.1322

ABSTRACT: The coal industry is a pillar of the Indonesian economy as the main energy source and an important contributor to the country's foreign exchange. Coal companies in the Kompas100 Index show significant stock performance measurements, giving rise to the need to understand the factors that contribute to variations in stock returns, both in terms of internal and external factors. This research aims to analyze the influence of internal factors (Current Ratio, Net Profit Margin, Debt to Equity Ratio) and external factors (inflation, interest rates, currency exchange rates) on stock returns of coal companies listed on the Kompas100 Index on the Indonesia Stock Exchange. This research method uses a quantitative approach, purposive sampling is used to select samples based on the availability of complete financial data and relevant historical stock price data. The analysis shows that in this study, the Current Ratio (CR) has a significant positive influence on Stock Returns, while the Net Profit Margin (NPM) also has a significant positive influence. On the other hand, the Debt to Equity Ratio (DER) has a significant positive influence. Externally, inflation has a significant negative impact on Stock Returns, while interest rates also have a significant negative impact, but the exchange rate does not affect Stock Returns. Overall, internal factors influence Stock Returns, and external factors also influence Stock Returns. Additionally, the combination of internal and external factors collectively affects Stock Returns with significant interaction complexity.

Keywords: Current Ratio (CR), Net Profit Margin (NPM), and Debt to Equity Ratio (DER), Stock Returns Inflation, Interest Rates and Exchange Rates

INTRODUCTION

The coal industry is vital in the Indonesian economy as a primary energy source and a significant contributor to the country's currency. The coal companies listed in the Kompas100 index at the Indonesian Stock Exchange (BEI) attracted the attention of investors because of their highly fluctuating share performance. Although some companies show high share returns, some others

experience low returns. This condition raises questions about what factors influence the return on the stock, especially in the context of internal and external factors of the company.

The capital business sector permits the organization to enter the capital and allows financial support to participate in monetary development through corporate securities. The shares of coal companies, especially those listed in the Compass 100 File on the Indonesian Stock Exchange, are encouraging investment instruments. Nevertheless, the share returns of these companies showed enormous variations. Some organizations recorded significant profits while others recorded low profits, thus raising concerns about the elements affecting those profits (T. Brown et al., 2020; Karjono, 2019; U. et al., 2016).

Corporate internal factors, especially financial performance, are often regarded as the primary determinants of share returns. The economic performance of a company can be measured through several financial ratios, including the Current Ratio (CR), which describes the liquidity of the company; the Net Profit Margin (NPM), which reflects profitability; and the Debt to Equity ratio (DER) that shows the corporate solvency (Jensen & Meckling, 2018). Several investigations show that Sustainable Proportion (CR) impacts stock returns. A study led by (Bhunia & Mukhuti, 2018) found that organizations with high CRs would generally have better share returns because ample liquidity indicates the organization's ability to meet temporary commitments without problems, thereby increasing financial support certainty. Similar results were also announced by (Al-Khazali & Zoubi, 2018), who stated that high CR reflects the board's productive resources, thereby increasing share returns. Another study by (M. Johnson & Lee, 2019) in the assembly field also found that companies with higher CRs showed higher share returns because sufficient liquidity was seen as a sign of good financial well-being.

However, another study showed different results by (C. Brown & Al, 2019), showing that the relationship between CR and share returns is only sometimes positive. They found that in some industries, CRs that are too high reflect less efficient working capital management, which can hurt share returns. Another study by (Bodie et al., 2018) found that an increased CR value could also indicate an increase in the liquid assets that should be reinvested, thereby reducing potential profits and hurting share returns. In addition, a study by (Jung & Kim, 2020). (2020) found that in some emerging markets, the relationship between CR and stock returns is insignificant, indicating that other factors may be more dominant in influencing stock returns in the market. Research by (T. Brown et al., 2020) finds that the impact of CR on stock return is contextual and can vary depending on market and industry conditions. In stable market conditions, a high CR can give a positive signal to investors. Still, a higher CR may not convince investors about the company's stability in unstable market circumstances. This is also supported by findings from research by(R. A. Johnson et al., 2018) that show that the impact of CR on share returns can vary significantly between different industry sectors.

Net Profit Margin (NPM) is an indicator of profitability and significantly influences stock returns. Net profit margin measures the ability of a company to generate net profit from total revenue. A high NPM indicates operational efficiency and good profitability, which attract investors seeking high returns (Lim & Rokhim, 2020). Research by (Cheba et al., 2021)found that higher NPMs are significantly linked to higher share returns, as larger profit margins indicate the company's

operational efficiency and ability to turn revenues into tangible profits, which are attractive to investors. Similar findings were also by (Ahmed, 2019), which showed that companies with high NPMs tend to generate better share returns because stable and high profits reflect effective management and solid business strategies.

However, other studies show different results. Research by (R. A. Johnson et al., 2018) suggests that the relationship between NPM and share returns can be harmful in some contexts. They found that high-profit margins in highly competitive industries can raise too high expectations from investors, which may only sometimes be met, potentially lowering share returns. Furthermore, (Jung & Kim, 2020) found that high NPMs sometimes translate into high share returns in some emerging markets. This can happen because external factors such as macroeconomic conditions and political risks are more influential than corporate profit margins (Betz & Kerner, 2016; Mattingly, 2019; Ranaldo et al., 2021).

Overall, this study shows that although high NPMs are generally considered an indicator of good company performance, their impact on share returns can vary depending on the industry context and market conditions. In their research, (M. Johnson & Lee, 2019) concluded that the relationship between NPM and share returns is non-linear and influenced by various external factors such as economic stability and regulatory changes. Therefore, investors need to consider NPMs and other contextual factors when making investment decisions (Beaupain & Braouézec, 2017; Nguyen et al., 2023).

The Equity Ratio (DER) measures the corporate capital structure by comparing total debt to total equity. Low DER indicates lower financial risk, which can be a positive factor for investors who avoid high risk (Mankiw, 2019). Several studies found a positive influence between DER and stock returns. For example, research by (Nguyen, 2021) found that higher DERs can increase share returns in the manufacturing sector in Vietnam. They concluded that the wise use of leverage could help companies harness profitable investment opportunities, increasing share returns. Similar findings were by (Ahmed, 2019), which showed that in emerging markets, moderate leverage can boost company performance and increase share returns as companies can use borrowed funds to expand operations and increase profitability.

For example, a study by (R. Johnson, 2019) showed that a high DER can increase the risk of bankruptcy, ultimately reducing share returns. They found that companies with high leverage tend to have greater share return volatility, which can reduce investor confidence and lower share prices. Research by (Jung & Kim, 2020) also supports this finding, suggesting that in markets with high economic uncertainty, companies with high DERs face higher interest costs, which reduce net profits and ultimately lower share returns. This research shows that the relationship between DER and share returns is complex and contextual. Factors such as economic conditions, market stability, and corporate management strategies play an essential role in determining the impact of leverage on stock performance. Therefore, investors should consider DER and other factors when evaluating the potential return on corporate stocks.

According to a study by (Davis & Schoorman, F. D. Donaldson, 2019), rising interest rates can increase the company's borrowing costs and reduce net profit, which can lower share returns. By

contrast, research by (Jensen & Meckling, 2018) suggests that some coal companies can take advantage of low interest rates for expansion and investment, which ultimately increases share return.

The exchange rate of currencies also plays an important role. A study by (M. Johnson & Lee, 2019) found that depression of exchange rates can increase the cost of importing raw materials and reduce profitability, thereby lowering share returns. However, research by (Connelly et al., 2019; Go et al., 2020; Li & Nakagawa, 2022) suggests that export-oriented companies such as coal companies can benefit from currency depression by increasing the price competitiveness of their products in international markets.

Although many studies show the significant influence of internal and external factors on share returns, the findings still need to be more certainty and consistency. Therefore, this study aims to further study the influence of internal and external factors of the company on the return on shares of coal companies listed in the KOMPAS100 index on the Indonesian Stock Exchange. The research is expected to provide a more comprehensive understanding of the factors influencing share returns and help investors make better investment decisions.

The interest of this exploration lies in the importance of understanding the impact of internal and external variables on the share returns of coal companies recorded in the Compass100 File in Indonesia Securities Trading. The coal sector is one of the critical sectors in the Indonesian economy that has essential commitments to the national income. Nonetheless, stock price fluctuations in this area indicate high vulnerabilities, which can affect business choices. Given that a company's financial and macroeconomic conditions can affect share returns, this examination will provide essential insight for investors to make more accurate and informed speculative choices. Besides, this exploration will help executives plan more attractive monetary techniques to increase share returns and speculative attractiveness. A deeper understanding of the impact of these elements is also essential for capital market controllers in developing strategies that help market solidity and flexibility. Therefore, these checks are essential not only for investors and financial organizations but also for the progress of capital markets and the Indonesian economy.

METHOD

The study used the entire coal companies listed in the Compass100 Index on the Indonesian Stock Exchange in 2019-2023 as a population. Purposive testing is selected because it allows experts to select tests based on specific attributes relevant to the purposes of exploration, particularly distinguishing the impact of internal and external factors on coal company share returns.

The operational definition and measurement of the dependent variable variable in this study is the share return. In contrast, the independent variable consists of internal factors such as current ratio, Net Profit Margin, Debt to Equity Ratio and external factors such as inflation, interest rates, and rates.

Table 1. Operationalization of Research Variables

Variable	Operational Definition	How to obtain data	Scale
Current Ratio (CR)	The ability of the company to meet short-term obligations	Data on smooth assets and liabilities of the company's annual financial statements	Rasio (angka desimal)
Net Profit Margin (NPM)	Efficiency of the company in generating profit from sales	Data of net profit and total income from the company's annual financial statements	Persentase (%)
Debt to Equity Ratio (DER)	The rate of use of debt in operational financing	Long-term debt and equity data from the company's annual financial statements	Rasio (angka desimal)
Inflasi	The rate of increase in prices of goods and services in general in the economy	Inflation data from the Central Statistical Authority (BPS) or other statistical agencies	Indeks (misal: 100 = basis)
Suku Bunga	The loan fee charged to the company to borrow money	Interest rate data from Bank Indonesia or related financial institutions	Persentase (%)
Nilai Tukar/kurs	The value of a country's currency compared to the currency of another country	Exchange rate data from Bank of Indonesia or related financial institutions	Angka (misal: IDR/USD)
Return Saham	Performance or return on the investment of the company's shares	Historical data on stock prices and dividends issued by the Indonesian Stock Exchange	Persentase (%) atau angka

Data analysis

In this study, data analysis will be carried out through several stages, namely descriptive statistical analysis, analysis prerequisite testing, and hypothesis testing using regression.

RESULT AND DISCUSSION

Descriptive Statistics
In discryption of each variable in this study, descriptive analysis is used. A summary of the statistical discryptive analysis that has been carried out is as follows:

Table 2 Variable Descriptive Analysis

Variabel	N	Minimum	Maximum	Mean
SR	50	56.70000	-1560000	6.222600
CR	50	3.000000	1.500000	1.924000
NPM	50	34.90000	0.056000	3.422880
DER	50	0.600000	0.100000	0.402800
IN	50	6.390000	1.680000	3.858400
IR	50	7.500000	3.500000	5.330000
ER	50	15303.00	12440.00	14034.86

Source: data sekunder 2023

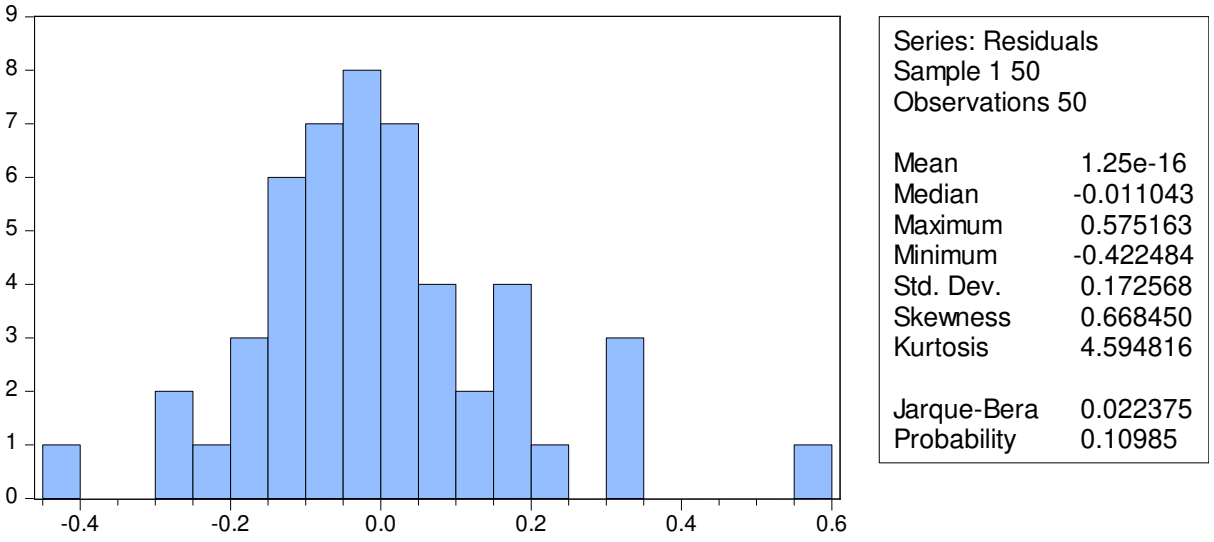
On the basis of table 2, it is known that the variable SR obtained the mean value of 6.222600. The variable CR obtains the average value (mean) of 1,924000. The NPM variable obtaining the mean of 3.422880.

Analysis Prerequisite Test Results

Normality test

This test is to test whether the observations are distributed normally or not. The results of the Normality test can be seen in the table below.

Table 3 Normality Test Results



From the table above it can be concluded that the value of significance 0.109 > 0.05 used is out of normality.

Heteroscadastisity test

Based on the Breusch-Pagan-Godfrey test, the probability value is significant more than 5%. The results of the heterocedastasis test can be seen in the table below:

Table 4 Heteroshedisity test results

Heteroskedasticity Test: Glejser

F-statistic	1.195481	Prob. F(6,43)	0.3270
Obs*R-squared	7.148170	Prob. Chi-Square(6)	0.3074
Scaled explained SS	7.942724	Prob. Chi-Square(6)	0.2423

The results of the heterocadastisity test in Table 4 show that the Prob.Chi-Square value of Obs*R-squared= 0.3074 ≥ 0.05, so the assumption of homocadestisity is fulfilled. In other words, there are no symptoms of heterocadastasis on the residual.

Multicolinearity test

The results of the multicolinearity test can be seen in the table below:

Table 5 Multicolinerity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.075633	111.4372	NA
CR	0.064559	113.7076	1.274632
NPM	0.001677	1.999431	1.156804
DER	0.004144	10.33915	1.748089
IN	0.001518	3.574462	1.737878
IR	0.002451	5.392057	1.266751
ER	0.001053	1.634656	1.255897

The multicolinearity test band in table 5 showed that the centered VIF value was less than 10 so it could be concluded that there were no symptoms of multicolinarity between independent variables.

Autocoleration Test

Durbin-Watson test results in this study are as follows:

Table 6 Results of the Regression Model Test

R-squared	0.015344	Mean dependent var	1.25E-16
Adjusted R-squared	-0.176784	S.D. dependent var	0.172568
S.E. of regression	0.187201	Akaike info criterion	-0.351715
Sum squared resid	1.436818	Schwarz criterion	-0.007551
Log likelihood	17.79287	Hannan-Quinn criter.	-0.220655
F-statistic	0.079865	Durbin-Watson stat	1.974608
Prob(F-statistic)	0.999576		

The above calculation that the DW value of 1.974 lies between the du and (4-du) values of 1.770 and 2.230 (du < DW < 4-du) can be concluded that there is no autocorrelation in the regression model used in this study.

Best Model Selection

The results of the Chow Test were performed to determine the more accurate regression model used between the Common Effects and the Fixed Effects models, for the Hausman Test was conducted to determine which regression models were more accurately applied between the Random Effects model and the fixed effects model.

The fundamental rejection of the hypothesis is to compare the calculation of the statistics F with the tables F. Comparison is used when the result of counting F is more significant (>) than table F, and then H0 is rejected, which means that the most accurate model used is the Fixed Effect Model. Similarly, if the count of F is smaller (<) than that of table F, then the accepted model is H0, and the model used is the common effect model. (Widarjono, 2009).

Table 7 Chow Test Results with Reduced Test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.529656	(16,27)	0.1603
Cross-section Chi-square	32.262479	16	0.0092

Based on the results of the Chow test with the redundancy test, they obtained a transverse F value of 1.529656 with a probability of 0.1603 (more than 5%). Since all test models have a statistical probability F greater than alpha 0.05, the Cross-sectional model cannot be used, so the correct

model is the Fixed Effect Model. From the test results above, the Hausman Test will be carried out to determine whether to use a fixed or random effect model.

Hausman test

The test used to choose the best model between a fixed effect and a random effect model is based on the following hypothesis: H0: Choose the Random Effect Model if the Chi-square value is insignificant at α= 5%. H1: Choose the Fixed Effect model if it is substantial in α= 5%. The choice between a random effect model or a fixed effect model can be made by looking at a significant p value (less than α = 5%). Then, the model used is an estimate of fixed effects and the opposite if the p-value is non-significant (larger than α= 5%).

Table 8 Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	7.958822	6	0.2411

Based on the above table, a chi-square distribution value of 7.958822 is obtained with a 0.2411 probability of 0.2411, more significant than the alpha 0.05 (0.2411 > 0.05), so the correct model is to use the Random Effect Model. Thus, based on the Hausman test, the suitable model for analyzing the data is a random effect model rather than a fixed effect model.

Lagrange Multiplier Test

The Lagrange Multiplier Test is a test to choose whether the model used a common or random effect. This test is done with the following assumption: H0: Select the standard effect model H1: Choose the random effect model. The LM test is based on the probability of Breusch-Pagan; If the probability value of Breusch–Pagan is less than the alpha value, then Ho is rejected, which means that the correct estimate for the regression of panel data is the model of random effects and vice versa.

Table 9 Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects
Null hypotheses: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided
(all others) alternatives

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.286929	1.232070	1.518999
	(0.5922)	(0.2670)	(0.2178)

Based on the results of the test, a cross-section value of 0.286929 is obtained with a probability of 0.5922 (more than 5%). Since the test model has a statistical F-probability greater than alpha 0.05, the correct model is to use the Common Effect Model.

Hasil Uji *Common Effects*

From the results of the tests carried out on the Chow test, the Hausman test, and the Lagrange multiplier test above, it is possible to identify and select the best model for analysis. The model used is the regression of the Common effect model.

Table 10 Common Effects Test Results

Dependent Variable: SR
Method: Panel Least Squares
Date: 07/17/24 Time: 11:24
Sample: 1 50
Periods included: 3
Cross-sections included: 17
Total panel (unbalanced) observations: 50

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.584179	0.275014	-2.124180	0.0394
CR	0.607502	0.254084	2.390951	0.0213
NPM	0.282399	0.040949	6.896352	0.0000
DER	0.378801	0.064373	5.884449	0.0000
IN	-0.124813	0.038960	-3.203594	0.0026
IR	-0.134356	0.049508	-2.713843	0.0095
ER	-0.044421	0.032456	-1.368660	0.1782

R-squared	0.847474	Mean dependent var	0.969200
Adjusted R-squared	0.826192	S.D. dependent var	0.441865

S.E. of regression	0.184215	Akaike info criterion	-0.416252
Sum squared resid	1.459208	Schwarz criterion	-0.148569
Log likelihood	17.40629	Hannan-Quinn criter.	-0.314316
F-statistic	39.81995	Durbin-Watson stat	2.146680
Prob(F-statistic)	0.000000		

Random effect regression model on Y:

$SR = \beta_0 + \beta_1 CR + \beta_2 NPM + \beta_3 DER + \beta_4 IN + \beta_5 IR + \beta_6 ER + \varepsilon$

SR = -0.584179 + 0.607502 CR + 0.282399 NPM + 0.378801 DER + -0.124813 IN + -0.134356 IR + -0.044421 ER + ε

Notes :

B0-β6 = Coefiscient

ε = Standard Error

1. The CR variable has a probability value of 0.0213 < 0.05; this shows that CR has a positive effect on SR; if CR increases by 1, it will increase SR by 0.607502, so it can be concluded that hypothesis 1 is accepted.
2. The NPM variable probability value is 0.0000 < 0.05; this shows that NPM has a positive effect on SR; if NPM increases by 1, it will increase SR by 0.282399, so it can be concluded that hypothesis 2 is accepted.
3. The DER variable has a probability value of 0.0000 < 0.05; this shows that DER has a positive effect on SR; if the DER increases by 1, it will increase the SR by 0.607502, so it can be concluded that hypothesis 3 is accepted.
4. The IN variable has a probability value of 0.0026 < 0.05; this shows that IN hurts SR, if IN increases by 1, it will increase SR by -0.124813, so it can be concluded that hypothesis 4 is accepted.
5. The IR variable probability value is 0.0095 < 0.05; this shows that IR hurts SR; if IR increases by 1, it will increase SR by -0.134356, so it can be concluded that hypothesis 5 is accepted.
6. The ER variable has a probability value of 0.1782 < 0.05; this shows that ER hurts SR; if the ER increases by 1, it will increase the SR by -0.44421, so it can be concluded that hypothesis 6 is rejected.
7. The f-test is used to determine whether the variables used together affect the dependent variable. Based on the above results, a statistical f of 39.81995 was obtained with a statistical probability of 0.00000 < α 5%, meaning Ho was rejected. The independent variables, namely CR, NPM, DER, IN, IR, and ER, together have a significant effect on the dependent variable, namely SR. Hypothesis 9 is accepted.
8. The regression results above show the value of the adjusted coefficient R2 of 0.826192, which means that the independent variables CR, NPM, DER, IN, IR, and ER can explain the

dependent variable, namely SR, of 82.6%. At the same time, the remaining 17.4% is explained by other variables outside the model.

Hypothesis Test Results

Test F Influence of Internal Factors on Stock Returns

Table 11. Test Results F Influence of Internal Factors on Stock Returns

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2893.404	3	964.468	9.388	.000[b]
	Residual	4725.803	46	102.735		
	Total	7619.207	49			

The ANOVA analysis shows a significant influence of the internal factor on the dependent variable Y. The regression model that has been constructed indicates that the variables X1, X2, and X3 together make a significant contribution to the variability Y, with a F value of 9,388 and a significance of less than 0.001 ($p < 0.001$). In this context, internal factors such as the Current Ratio (CR), the Net Profit Margin (NPM), and the Debt to Equity ratio (DER) play an important role in explaining variations in Y. The Current Ratio (CR) describes a company's ability to meet short-term obligations, the Net profit margin (NPS) reflects efficiency in generating net profits, and the debt to equity ration (DER), indicates the degree of company dependence on the source of loan funds compared to own capital. The combination of these factors provides a comprehensive insight related to the performance and internal financial conditions of the company, which influences the variable Y in the regression analysis of this 7 accepted hypothesis.

Table 12. Results of the F-Test Internal Factor Impact on Share Return

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1665.453	3	555.151	4.289	.009[b]
	Residual	5953.754	46	129.429		
	Total	7619.207	49			

The results of ANOVA analysis in Table 12 show that internal factors have a significant influence on share returns. The built regression model indicates that the variables X4 (inflation), X5 (interest rate), and X6 (exchange rate) together make a significant contribution to the variability of share return. The obtained F value is 4.289 with a significance rate of 0.009. Since this significance value is less than 0.05, we can conclude that there is a significant influence of the variables X4, X5, and X6 on the return on shares of the accepted hypothesis 8.Based on the tests that have been carried

out, the probability value of the CR is 0.0213 which is smaller than 0.05, indicating that the CR has a significant positive effect on the SR. This means that if the CR rises 1 unit, the SR will increase by 0.607502. Thus, hypothesis 1 is accepted. This indicates that the Current Ratio (CR) affects the return on shares in coal companies listed on the Compass100 Index on the Indonesian Stock Exchange.

The NPM variable shows a probability value of 0.0000 smaller than 0.05, indicating that NPM has a significant positive effect on SR. This means that if NPM rises 1 unit, SR will increase by 0.282399. Thus, the hypothesis 2 is accepted. This indicates that coal companies listed in the Compass 100 Index have significant positive influence of NPM on stock returns. The DER variable indicates a probability value of 0.000 smaller Than 0.05, suggesting that the DER has a positive effect significantly on SR. This means if the DER rises one unit, the SR will rise by 0.378801. Thus the hypothetic 3 is acceptable. It shows that the Debt to Equity Ratio (DER) has significant positive impact on the share returns of coal firms listed on the Compasso 100 Index on the Indonesian Stock Exchange.

The IN variable shows a probability value of 0.0026 smaller than 0.05, indicating that the IN has a significant negative effect on the SR. This means that if the IN rises 1 unit, the SR will decrease by 0.124813. Thus, hypothesis 4 is accepted. This indicates that inflation has a significant negative impact on the share returns of coal companies listed on the Compass100 Index on the Indonesian Stock Exchange. The IR variable shows a probability value of 0.0095 that is less than 0.05, indicating that the IR has an significant negative effect on the SR. This means that if the IR rises 1 unit, the SR will decrease by 0.134356. Thus, hypothesis 5 is accepted. This indicates that interest rates have a significant negative impact on the share returns of coal companies listed on the Compass100 Index on the Indonesian Stock Exchange. The ER variable shows a probability value of 0.1782 greater than 0.05, indicating that ER has no significant influence on SR. This means hypothesis 6 is rejected.

This suggests that changes in exchange rates have no significant influence on share returns in coal companies listed on the Compass100 Index on the Indonesian Stock Exchange. The regression model that has been constructed indicates that the Current Ratio variables (CR), Net Profit Margin (NPM), and Debt to Equity Ratio (DER) together contribute significantly to the variability of the share return, with a value of F of 9.388 and a significance of less than 0.001 ($p < 0.001$). The results of the ANOVA analysis in Table 12 show that the external factors have a significant influence on the share returns of the coal companies listed in the Compass100 Index on the Indonesian Stock Exchange. Since this significance value is less than 0.05, we can conclude that there is a significant influence of inflation variables, interest rates, and exchange rates on share returns. (Glebocki Keefe & Saha, 2022; Kumeka et al., 2022; Ma & Wang, 2019; Shi, 2019)

Based on the above results obtained f statistic of 39.81995 with a statistical probability of f of 0.00000 < α 5%, which means Ho rejected. The independent variables CR, NPM, DER, IN, IR, ER together have a significant influence on the dependent variable SR in the Compass100 Records of Coal Organizations listed in the Indonesian Impact Stock Exchange. This hypothesis emphasizes that assets within an organization (such as monetary and functional administration) are combined with the ability to anticipate and adapt to external elements, (e.g. economic situation

and financial strategy) that can be managed. Proper exploration supports these discoveries. For example, a study conducted by (Pujiharto & Abdul'Aziz, 2023) revealed that organizations that can coordinate profitable financial management with critical transformations of external change, for example, increasing loan costs and trade interest rates, will often have better stock execution in unpredictable business sectors.

This research adds empirical evidence that there is an influence of independent variables CR, NPM, DER, IN, IR, ER on SR on Compass100 Records of Coal Organizations listed on the Indonesian Stock Exchange. The results of this research still have research limitations, namely that there are several companies that do not publish reports financial statements according to the year of research required by the researcher. There are outliers so that there is a reduction in the number (n) of company data with the aim of ensuring that the data is normally distributed.

CONCLUSION

1. Impact of Current Ratio (CR) on Share Return: The current ratio has a significant positive effect on the share return. This means that companies with high liquidity tend to have better share performance because investors believe that the company is able to meet its short-term obligations.
2. Effect of the Net Profit Margin (NPM) on Share Return: The net profit margin has a significant positive effect on the return on the stock. This suggests that increased overall revenue has the potential to increase the share returns.
3. Effects of the Debt Equity Ratio (DER) on the Return of the stock: The debt equity ratio has a major positive impact on the share return. This means that companies with high leverage often have better share performance because investors believe that the company is able to use the loan fund effectively to increase profits.
4. Inflation has a significant negative influence on the return. Stock returns tend to decrease as the inflation rises.
5. The influence of Flowers on Stock Return: Interest rates have a significantly negative effect on the share return. This suggests that the rise in interest rates can lower the stock return.
6. The exchange rate has a significant negative impact on the share return.
7. Analysis showed that Current Ratio (CR), Net Profit Margin (NPM), and Debt to Equity Rasio (DER) significantly influenced share return. This ratio reflects the liquidity, profitability, and capital structure of the company, which collectively provides a comprehensive insight into the company's financial health and performance in the stock market.
8. Inflation, interest rates, and exchange rates have also been found to have a significant influence on stock returns. These variables reflect macroeconomic conditions that can affect investment decisions and stock market performance as a whole.
9. Impact of stimulus between Inward and External Factors on Share Return Overall, internal factors (CR, NPM, DER) and external factors (inflation, interest rates, exchange rates) have a significant influence on the Return.

10. Future researchers are advised to use other variables that may have an influence on stock returns, for example accounting profits, leverage, exchange rates (Exchange Rates). and it is recommended to expand the sectors in the sample selection criteria.

REFERENCE

Ahmed, I. A. (2019). Capital Structure, Ownership Structure and Corporate Governance of SMEs in Ghana. *Journal of Accounting – Business & Management, 26*(1), 45–56.

Al-Khazali, O. M., & Zoubi, T. A. (2018). Financial Performance and Firm Value: Evidence from Jordan. *International Journal of Financial Studies*, *6*(3), 85–98.

Beaupain, R., & Braouézec, Y. (2017). Central bank tools for steering short-term interest rates. *Reflets et Perspectives de La Vie Economique*, *56*(4), 113–123. https://doi.org/10.3917/rpve.564.0113

Betz, T., & Kerner, A. (2016). The influence of interest: Real US interest rates and bilateral investment treaties. *Review of International Organizations*, *11*(4), 419–448. https://doi.org/10.1007/s11558-015-9236-6

Bhunia, A., & Mukhuti, S. (2018). Financial Performance Analysis: A Case Study of Tata Steel. *Journal of Financial Management & Analysis*, *31*(2), 38–53.

Bodie, Z., Kane, A., & Marcus, A. J. (2018). *Investments*. McGraw-Hill Education.

Brown, C., & Al, E. (2019). Industry analysis in fundamental equity valuation: A comprehensive review. *Financial Analysts Journal*, *36*(2), 110–132.

Brown, T., Johnson, R., & Williams, S. (2020). Assessing Liquidity: The Role of Current Ratio in Financial Health. *Journal of Financial Analysis and Investment*, *45*(3), 275–290.

Cheba, K., Kiba-Janiak, M., Baraniecka, A., & Kołakowski, T. (2021). Impact of external factors on e-commerce market in cities and its implications on environment. *Sustainable Cities and Society*, *72*(1).

Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2019). Signaling theory: A review and assessment. *Journal of Management*, *45*(6), 2409–2431.

Davis, J. H., & Schoorman, F. D. Donaldson, L. (2019). Toward a stewardship theory of management. *Academy of Management Review*, *22*(1), 20–47.

Glebocki Keefe, H., & Saha, S. (2022). Threshold effects of openness on real and nominal effective exchange rates in emerging and developing economies. *World Economy*, *45*(5), 1386–1408. https://doi.org/10.1111/twec.13212

Go, Y.-H., Ng, C.-F., & Jayaraman, T. K. (2020). Asymmetric effect of China's exchange rates on global commodity prices: New evidence and implication. *Journal of International Trade and Economic Development*, *29*(4), 455–481. https://doi.org/10.1080/09638199.2019.1697346

Jensen, M. C., & Meckling, W. H. (2018). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Journal of Financial Economics*, *3*(4), 305–360.

Johnson, M., & Lee, J. (2019). Sustainable Profitability in a Dynamic Market: Insights from Net Profit Margin Analysis. *Global Economic Journal*, *27*(1), 101–118.

Johnson, R. (2019). The role of financial reporting in updating financial ratios for stock analysis. *Journal of Accounting and Public Policy*, *38*(3), 201–224.

Johnson, R. A., Hoskisson, R. E., & Hitt, M. A. (2018). The Effects of International Expansion and Profit Margin on Firm Value: An Empirical Study in the US Market. *Strategic Management Journal*, *39*(6), 1698–1724.

Jung, J., & Kim, S. (2020). The impact of share repurchase on signaling undervaluation: Evidence from Korea. *Journal of Financial Studies*, *28*(1), 23–45.

Karjono, A. (2019). Pengaruh Cash Ratio, Net Profit Margin, Debt to Equity Ratio, dan Firm Size terhadap Kebijakan Dividen (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di BEI Periode 2013-2017. *Jurnal Manajemen Bisnis*, *22*(3).

Kumeka, T. T., Uzoma-Nwosu, D. C., & David-Wayas, M. O. (2022). The effects of COVID-19 on the interrelationship among oil prices, stock prices and exchange rates in selected oil exporting economies. *Resources Policy*, *77*. https://doi.org/10.1016/j.resourpol.2022.102744

Li, S., & Nakagawa, H. (2022). Exchange rates and foreign direct investment: Evidence from Chinese firm-level data. *World Economy*, *45*(9), 2902–2923. https://doi.org/10.1111/twec.13257

Lim, H., & Rokhim, R. (2020). Factors affecting profitability of pharmaceutical company: an Indonesian evidence. *Journal of Economic Studies*, *48*(5).

Ma, Y., & Wang, J. (2019). Co-movement between oil, gas, coal, and iron ore prices, the Australian dollar, and the Chinese RMB exchange rates: A copula approach. *Resources Policy*, *63*. https://doi.org/10.1016/j.resourpol.2019.101471

Mankiw, N. G. (2019). *Macroeconomics. 10th ed.* Worth Publishers.

Mattingly, T. J. (2019). Before we talk about student debt cancelation, can we talk about interest rates? *American Journal of Pharmaceutical Education*, *83*(9), 1832–1835. https://www.scopus.com/inward/record.uri?eid=2-s2.0-85076984215&partnerID=40&md5=2e549f4faeacc41b9718bb3b8b319049

Nguyen. (2021). Internal Factors Affecting Firm Performance: A Case Study in Vietnam. *The Journal of Asian Finance, Economics and Business*, *8*(5), 303–314.

Nguyen, H. T. T., Tram, H. T. X., & Nguyen, L. T. T. (2023). Interest rates and systemic risk:Evidence from the Vietnamese economy. *Journal of Economic Asymmetries*, *27*. https://doi.org/10.1016/j.jeca.2023.e00294

Pujiharto, & Abdul'Aziz. (2023). *PERAN LEMBAGA PEMBIAYAAN PT. BFI FINANCE CABANG SEMARANG DALAM MEMENUHI KEBUTUHAN TRANSPORTASI MASYARAKAT (Studi Kasus di PT. BFI Finance Cabang Semarang)*. Universitas Islam Sultan Agung Semarang.

Ranaldo, A., Schaffner, P., & Vasios, M. (2021). Regulatory effects on short-term interest rates. *Journal of Financial Economics*, *141*(2), 750–770. https://doi.org/10.1016/j.jfineco.2021.04.016

Shi, J. (2019). Vertical FDI and exchange rates over the business cycle: The welfare implications of openness to FDI. *Journal of Development Economics*, *138*, 274–293. https://doi.org/10.1016/j.jdeveco.2019.01.004

U., A. M., Andini, R., Raharjo, & Kharis. (2016). Analisis Pengaruh Net Profit Margin (NPM), Return On Asset (ROA) dan Current Ratio (CR) terhadap harga Saham Emiten LQ 45 Yang Terdaftar di Bursa Efek Indonesia PadaTahun 2010-2014. *Journal Of Accounting*, *2*(2).