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THE EFFECT OF FINANCIAL PERFORMANCE, CAPITAL STRUCTURE, AND FIRM SIZE ON STOCK RETURNS

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ABSTRACT
This study aims to analyze the effect of financial performance, capital structure, and firm size on stock returns in technology sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2019–2023. The research sample was selected using the purposive sampling method, and after removing outlier data, a number of companies met the research criteria. The analysis method used is panel data regression with the EViews 12 application. The results show that, simultaneously, financial performance, capital structure, and firm size significantly affect stock returns. Partially, capital structure and firm size have a significant impact on stock returns, while financial performance does not have a significant effect. These findings indicate that investors in the technology sector consider capital structure and firm size as key factors in making investment decisions.

Keywords: Financial performance; Capital structure; Firm size; Stock return

ABSTRAK
Penelitian ini bertujuan untuk menganalisis pengaruh kinerja keuangan, struktur modal, dan ukuran perusahaan terhadap return saham pada perusahaan sektor teknologi yang terdaftar di Bursa Efek Indonesia (BEI) periode 2019–2023. Sampel penelitian dipilih dengan metode purposive sampling, dan setelah menghilangkan data outlier, sejumlah perusahaan memenuhi kriteria penelitian. Metode analisis yang digunakan adalah regresi data panel dengan aplikasi EViews 12. Hasil penelitian menunjukkan bahwa secara simultan kinerja keuangan, struktur modal, dan ukuran perusahaan berpengaruh signifikan terhadap return saham. Secara parsial, struktur modal dan ukuran perusahaan berpengaruh signifikan terhadap return saham, sedangkan kinerja keuangan tidak berpengaruh signifikan. Temuan ini menunjukkan bahwa investor di sektor teknologi mempertimbangkan struktur modal dan ukuran perusahaan sebagai faktor kunci dalam pengambilan keputusan investasi.

Kata kunci: Kinerja keuangan; Struktur modal; Ukuran perusahaan; Return saham

1. INTRODUCTION

Stock return is one of the factors that can motivate investors to invest. However, every investment that yields high returns is also accompanied by high risks. The level of stock returns in a company reflects its value in the eyes of the public. When a company has high stock returns, its perceived value in society is also favorable, and vice versa.

A phenomenon related to stock returns in technology companies is the decline in the Composite Stock Price Index (IHSG). Several large-market-cap technology stocks have led the decline in the technology sector. This downturn is a result of the decline in U.S. technology stocks during the early morning trading session in Indonesia. Shares of

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Alphabet Inc. CI A (Google) slipped by 2.32%, Microsoft Corp (MSFT) fell by 2.31%, Amazon.com Inc. (AMZN) dropped by 3.99%, and Meta Platforms Inc. (META) plunged by 4.27%.

This study aims to examine and provide empirical evidence on the effect of financial performance, capital structure, and firm size on stock returns. The findings of this research are expected to be beneficial upon its completion.

The expected benefits of this study include providing insights for company leaders in maintaining and increasing stock returns, enhancing the author's knowledge and understanding, strengthening previous research, and contributing to the development of literature and studies in the field of accounting.

2. LITERATURE REVIEW

The theoretical foundation of this research includes agency theory, signaling theory, stock returns, financial performance, capital structure, and firm size. According to Sugiyono (2017), a theoretical foundation needs to be established to ensure that this research has a strong basis and is not merely a trial-and-error effort. Theory is a logical framework or reasoning that consists of a set of concepts, definitions, and propositions arranged systematically.

Agency Theory

Agency theory describes the agency relationship as a contract in which one or more principals (shareholders) engage an agent (management) to carry out business activities on their behalf (Jensen & Meckling, 1976). This theory highlights the relationship between shareholders and managers, which is inherently difficult to establish because conflicts of interest may arise. These conflicts stem from individual self-interest, as human nature tends to prioritize personal gains, leading to potential agency problems.

Signaling Theory

Brigham and Houston (2001:36) state that a signal is an action taken by company management that provides investors with an indication of how management perceives the company's prospects.

Signaling theory emphasizes the importance of information provided by a company that influences investment decisions made by investors or external parties. Signaling theory emphasizes the importance of information provided by a company to investors. Capital structure, as a key element of corporate information, can serve as a significant signal to the market regarding the company’s performance and future prospects.

These signals can influence investors' investment decisions, which in turn affect stock prices and returns. Therefore, management must carefully communicate information related to capital structure to ensure that the signals sent enhance investor confidence and increase the company's value.

Stock Return

According to Fahmi (2015: 219) in Mustikawati et al. (2020), return is the profit anticipated by an investor in the future from the funds that have been invested. Stock

return is one of the key factors considered by investors when making investment decisions (Yusma & Holiawati, 2019). According to Hartono (2016:263), return is the result obtained from an investment. Stock return is an essential aspect of investment, along with the associated risks, as it reflects whether a company adopts a risk-averse approach or is willing to take risks.

The types of stocks traded on the stock exchange are as follows:

a. Common Stock
b. Preferred Stock

Factors Affecting Stock Return

According to Siregar (2024), several factors influence stock returns or the rate of return, including:

1. Internal Factors
   a) Announcements related to marketing, production, and sales
   b) Management board of directors announcements
   c) Labour announcements
   d) Company financial report announcements
2. External Factors
   a) Government announcements
   b) Legal announcements
   c) Securities announcements
   d) Foreign political instability and exchange rate fluctuations..
   e) Various domestic and international issues.

Financial Performance

According to Lorentino (2017), financial performance is a formal effort to evaluate a company's efficiency and effectiveness in generating profits and maintaining a certain cash position. A company is considered successful if it achieves specific performance targets that have been set beforehand. Financial performance can be assessed using various analytical tools, one of which is financial ratio analysis.

The function of financial information is to serve as a means of communication, a tool for management accountability to the company's owners, a basis for decision-making, and an indicator of the company's success. This financial information is used as a benchmark and guideline for investors when conducting stock trading transactions of a company.

Benefits of Financial Performance, According to Amalia (2021), the benefits of assessing a company's performance are to measure the achievements of an organization over a specific period, reflecting the level of success in carrying out its activities.

1. To measure the achievements of an organization over a specific period, reflecting the level of success in carrying out its activities.
2. In addition to evaluating the overall performance of an organization, performance measurement can also be used to assess the contribution of a specific department in achieving the company's overall objectives.
3. It can be used as a basis for determining the company's future strategy.
4. It provides guidance in decision-making and organizational activities in general, and for specific divisions or departments within the organization.
5. As a basis for determining investment policies to enhance the company's efficiency and productivity.

The objectives of a company's financial performance, according to Afni et al. (2023), are as follows:

1. To determine the level of liquidity
2. To determine the level of solvency
3. To assess the level of profitability
4. To evaluate business stability

Based on the explanation above, it can be concluded that financial performance is the company's achievement over a specific period, reflecting its financial health through indicators such as capital adequacy, liquidity, and profitability.

Capital Structure

The capital structure theory was first introduced by Franco Modigliani and Merton Miller in 1958 in the *American Economic Review* 48 (June 1958) in a paper titled *"The Cost of Capital, Corporate Finance, and the Theory of Investment,"* which is more commonly known as the MM theory. According to Mourine & Septina (2023), capital structure is the combination of equity and both short-term and long-term debt used by a company as a source of business financing.

Based on the explanation above, it can be concluded that capital structure refers to the availability of excess funds that can be distributed to shareholders, with such decisions influenced by management policies. Capital structure reflects the company's flexibility in making additional investments, repaying debt, repurchasing treasury stock, or increasing liquidity. Capital Structure Ratios, the ratio used to measure a company's capital structure is often referred to as the leverage ratio**.** According to Fahmi (2014:75), the leverage ratio measures the extent to which a company is financed by debt.

Based on the explanation above, it can be concluded that capital structure refers to the availability of excess funds that can be distributed to shareholders, with such decisions influenced by management policies.

Company Size

According to Adiwibowo (2018), company size refers to the scale or value used to classify a company as large or small based on total assets, log size, stock value, and other factors. Company size can be measured through total assets, sales, and market capitalization. The larger a company's total assets, sales, and market capitalization, the larger its size.

Company size is regulated under Indonesian Law No. 20 of 2008, which defines four types of company sizes based on their total sales and assets.

Tabel 2.1
Company Size Criteria

Companu Size	Criteria	
	Assets (excluding land and buildings)	**Annual Sales**
Micro Enterprise	Max 50 jt	Max 300 jt
Small Enterprise	> 50 jt – 500 jt	> 300 Juta – 2,5 M
Medium Enterprise	> 500 jt – 10 M	> 2,5 M – 50 M
Large Enterprise	> 10 M	> 50 M

Based on Table 2.1, there are at least four company size criteria regulated in Law No. 20 of 2008**.**

Company Size Indicators, According to Abdurohman & Indra (2024), company size reflects how large or small a company is, which can be measured through total assets, total sales, average total sales, and average total assets. Company size is a determining factor in assessing a company's scale. The larger the company, the higher the benchmarks used to evaluate its performance and quality. This is undeniable, as greater assets can increase market value, boost investor confidence, and encourage investment due to rising stock prices.

Based on the explanation above, it can be concluded that company size is represented by the total assets, sales, average sales, and assets in determining the scale of a company. The larger the company, the higher the stock returns it tends to generate.

3. RESEARCH METHOD

This research is a quantitative study using an associative method**.** Quantitative research is defined as a type of study that is systematic, planned, and clearly structured from the beginning to the development of the research design.

Operational Research Variables

Tabel 3. 2
Operational Variables

No	Variabel	Type of Variables	Indicator	Scale
1	Stock Return	Dependent	Return Period t = $\frac{\text{Stock Price at period t - (Stock Price t - 1}}{\text{Stock Price t-1}}$ (Yuliana & Artati, 2022)	Ratio
2	Financial Performance	Independent	$ROA = \frac{Net\ Income}{\text{Total Assets}}$ (Salsabilah & Amanah, 2021)	Ratio
3	Capital Structure	Independent	$DER = \frac{Total\ Liabilities}{Total\ Equity}\ x\ 100\%$ (Ningsih & Soekotjo, 2017)	Ratio
4	Company Size	Independent	Company Size = Ln Total Assets (Erawati et al., 2022)	Ratio

Population and Sample

According to Sugiyono (2017:80)**,** population is a generalization area consisting of objects or subjects that have a certain quantity and characteristics determined by the researcher to study and draw conclusions.

The population used in this study consists of technology sector companies listed on the Indonesia Stock Exchange (IDX**)** from 2019 to 2023**,** with a total population of 35 companies. Below is the list of technology sector companies :

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Tabel 3.1
List of Technology Sector Companies for the 2019-2023 Period

No	Company Code	Company Name	IPO
1	GOTO	PT. Gojek Tokopedia Tbk	17 Mei 2021
2	WIRG	PT. Wir Asia Tbk	04 April 2022
3	ATIC	PT. Anabatic Technologies Tbk	08 Juli 2015
4	BUKA	PT. Bukalapak.Com	10 Januari 2010
5	CASH	PT. Cashlez Worldwide Indonesia Tbk	04 Mei 2020
6	DCII	PT. DCI Indonesia Tbk	06 Januari 2021
7	DIVA	PT. Distribusi Voucher Nusantara	27 November 2018
8	DMMX	PT. Digital Mediatama Maxima Tbk	21 Oktober 2019
No	**Company Code**	**Company Name**	**IPO**
9	EDGE	PT. Indointernet Tbk	08 Februari 2021
10	EMTK	PT. Elang mahkota Teknologi Tbk	12 Januari 2010
11	ENVY	PT. Envy Technologies Tbk	08 Juli 2019
12	GLVA	PT. Galva Technologies Tbk	23 Desember 2019
13	HDIT	PT. Hansei Davest Indonesia Tbk	12 Juli 2019
14	KIOS	PT. Kioson Komersial Indonesia Tbk	05 Oktober 2017
15	LMAS	PT. Limas Indonesia Makmur Tbk.	28 Desember 2001
16	LUCK	PT. Sentral Mitra Informatika Tbk.	28 November 2018
17	MCAS	PT. M Cash Integrasi Tbk.	01 November 2017
18	MLPT	PT. Multipolar Technology Tbk	08 Juli 2013
19	MTDL	PT. Metrodata Electronics Tbk	09 April 1990
20	NFCX	PT. NFC Indonesia Tbk	12 Juli 2018
21	PGJO	PT. Tourindo Guide Indonesia Tbk.	08 Januari 2020
22	RUNS	PT. Global sukses solusi Tbk	08 September 2021
23	PTSN	PT. Sat nusapersada Tbk	08 November 2007
24	SKYB	PT. Northcliff Citranusa Indonesia Tbk	07 Juli 2010
25	TECH	PT. Indosterling Technomedia Tbk	04 Juni 2020
26	UVCR	PT. Trimegah Karya Pratama Tbk	27 Juli 2021

27	ZYRX	PT. Zyrexindo Mandiri Buana Tbk	30 Maret 2021
28	BELI	PT. Global digital Niaga Tbk	08 November 2022
29	NINE	PT. Techno9 Indonesia Tbk	05 Desember 2022
30	ELIT	PT. Data Sinergitama jaya Tbk	06 Januari 2023
31	JATI	PT. Informasi Teknologi Indonesia Tbk	08 Mei 2023
32	TFAS	PT. Telefast indonesia Tbk.	17 September 2019
33	TRON	PT. Teknologi Karya Digital Nusa Tbk.	08 Maret 2023
34	WGSH	PT. Wira Global Solusi Tbk	06 Desember 2021
35	WIFI	PT. Solusi Sinergi Digital Tbk.	30 Desember 2020
36	MSTI	PT. Mastersystem Infotama Tbk	08 November 2023
37	CYBR	PT. ITSEC Asia Tbk	08 Agustus 2023
No	**Company Code**	**Company Name**	**IPO**
38	AWAN	PT. Era Digital Media	18 April 2023
39	CHIP	PT. Pelita Teknologi Global Tbk	08 Februari 2023
40	AXIO	PT. Tera Data Indonusa Tbk	20 Juli 2022
41	IOTF	PT. Sumber Sinergi Makmur Tbk	06 Oktober 2023
42	IRSX	PT. Aviana Sinar Abadi Tbk	07 Februari 2023
43	MENN	PT. Menn Teknologi Indonesia Tbk	18 April 2023

Source: www.idx.co.id, 2023

The sampling technique used in this study is purposive sampling, as defined by Sugiyono (2017:85), which is a technique for selecting research samples based on specific considerations to ensure that the obtained data is more representative.

In this study, the population consists of technology sector companies listed on the Indonesia Stock Exchange (IDX) that meet the following criteria:

1. Technology companies listed on the **I**ndonesia Stock Exchange (IDX) during the observation period 2019-2023.
2. Technology companies that consistently publish financial statements during the 2019-2023 period.
3. Technology companies that did not experience losses during the 2019-2023 period.
4. Technology companies that used Indonesian Rupiah (IDR) as their currency during the 2019-2023 period.

Data Collection Techniques

According to Sugiyono (2017)**,** data collection techniques are the most strategic step in research, as the primary goal of research is to obtain data. Without understanding proper data collection techniques, researchers will not be able to acquire data that meets

the established standards. The data collection techniques used in this study are Documentation and Literature Study.

Data Analysis Techniques

The data analysis technique in this study utilizes EViews version 12 software. The data analysis method used is panel data regression, which is a regression technique conducted using panel data (Widarjono, 2017).

The definition of panel data, as stated by Wing Wahyu Winarno (2015:91), refers to a combination of time-series data and cross-sectional data, Time-series data consists of one or more variables observed within a single observation unit over a specific period. Cross-sectional data represents observations from multiple observation units at a single point in time.

4. RESULT AND DISCUSSION

Research Analysis of Variables X1, X2, X3 againts Y

Descriptive Statistics

Tabel 4.2
Statistik Deskriptif

	Return Saham (Y)	Kineria Keuangan (X1)	Struktur Modal (X2)	Ukuran Perusahaan (X3)
Mean	0.368424	2.068429	1.879896	15.21743
Median	-0.157480	0.517534	1.106292	15.29885
Maximum	4.211268	6.796885	11.87436	15.49438
Minimum	-0.761468	0.005943	0.235414	14.62261
Std. Dev.	1.341526	2.464829	2.904968	0.262063
Skewness	1.889926	0.787483	2.955111	-1.242231
Kurtosis	5.681318	2.262109	10.76220	3.431742
Jarque-Bera	13.42297	1.890627	59.48900	3.974345
Probability	0.001217	0.388558	0.000000	0.137082
Sum	5.526353	31.02643	28.19844	228.2615
Sum Sq. Dev.	25.19567	85.05534	118.1437	0.961480
Observations	15	15	15	15

Descriptive Statistics Explanation

Based on the table above, the descriptive statistics explanation for each variable is as follows:

1. Variable Y (Stock Return)
   Minimum value: -0.761468, Maximum value: 4.211268, Mean: 0.368424, Standard deviation: 1.341525, Interpretation The mean is smaller than the standard deviation, indicating high variability and heterogeneous data.
2. Variable X1 (Financial Performance)
   Minimum value: 0.005943, Maximum value: 6.796585, Mean: 2.068429, Standard deviation: 2.464829, Interpretation The mean is smaller than the standard deviation, indicating high variability and heterogeneous data.
3. Variable X2 (Capital Structure)
   Minimum value: 0.235414, Maximum value: 11.87436, Mean: 1.879896, Standard deviation: 2.904966, Interpretation The mean is smaller than the standard deviation, indicating high variability and heterogeneous data.
4. Variable X3 (Company Size)

Minimum value: 14.62261, Maximum value: 15.49438, Mean: 15.21743, Standard deviation: 0.961480, Interpretation The mean is greater than the standard deviation, indicating low variability and homogeneous data.

Estimation Testing

Panel data has three approaches used to determine the most appropriate estimation method for the regression model. According to Widarjono (2009) in Meiryani (2021), panel data regression models consist of three types: common effect**,** fixed effect**,** and random effect**.**

Tabel 4.2
***Common Effect Model* (CEM)**

Dependent Variable: Y
Method: Panel Least Squares
Date: 02/17/25 Time: 15:43
Sample: 2019 2023
Periods included: 5
Cross-sections included: 3
Total panel (balanced) observations: 15

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.323997	26.07331	0.357607	0.7274
X1	-0.096818	0.170075	-0.569265	0.5806
X2	-0.120849	0.162353	-0.744357	0.4723
X3	-0.560418	1.700703	-0.329522	0.7480

R-squared	0.056974	Mean dependent var	0.368424
Adjusted R-squared	-0.200215	S.D. dependent var	1.341526
S.E. of regression	1.469700	Akaike info criterion	3.831171
Sum squared resid	23.76018	Schwarz criterion	4.019985
Log likelihood	-24.73379	Hannan-Quinn criter.	3.829160
F-statistic	0.221524	Durbin-Watson stat	2.795639
Prob(F-statistic)	0.879443		

Source : Data Diolah *Eviews 12*, 2024

The Common Effect Model (CEM) shows that the constant has a coefficient of 9.323997 with a p-value of 0.7274, which is not statistically significant. Variable X1 has a negative coefficient of -0.096818 with a p-value of 0.5806. Variable X2 has a positive coefficient of 0.120849 with a p-value of 0.4732. Variable X3 has a negative coefficient of -0.560418 with a p-value of 0.7480.

All independent variables are not significant individually, as their p-values exceed 0.05. The R-squared value is 0.056974, indicating that only 5.70% of the variation in Y can be explained by X1, X2, and X3, while **9**4.30% is influenced by other factors outside the model.

Tabel 4.4
***Fixed Effect Model* (FEM)**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	88.68993	9.375844	9.459407	0.0110
X1	0.174098	0.049669	3.505154	0.0726
X2	-0.231785	0.020720	-11.18661	0.0079
X3	-5.798999	0.617054	-9.397886	0.0111

Effects Specification

Cross-section fixed (dummy variables)

Weighted Statistics

R-squared	0.465834	Mean dependent var	0.446127
Adjusted R-squared	0.169075	S.D. dependent var	1.607864
S.E. of regression	1.472061	Sum squared resid	19.50268
F-statistic	1.569738	Durbin-Watson stat	2.682153
Prob(F-statistic)	0.002036		

Unweighted Statistics

R-squared	0.101331	Mean dependent var	0.368424
Sum squared resid	22.64258	Durbin-Watson stat	2.983241

Source : Data Diolah Eviews 12

The estimation results table shows that the Fixed Effect Model (FEM) using the Panel EGLS (Cross-section weights) method has been applied in this study. The research sample covers the period from 2019 to 2023, with 5 periods and 3 cross-sections, resulting in a total of 15 balanced observations**.**

Tabel 4.5
***Random Effect Model* (REM)**

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 02/17/25 Time: 09:16
Sample: 2019 2023
Periods included: 5
Cross-sections included:3
Total panel (unbalanced) observations: 15
Swamy and Arora estimator of component variances
White cross-section (period cluster) standard errors & covariance (d.f. corrected)
Standard error and t-statistic probabilities adjusted for clustering

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.197176	1.987390	-0.602386	0.5794
X1	-0.021059	0.065056	-0.323708	0.7624
X2	-0.050926	0.050899	-1.000527	0.3737
X3	0.101165	0.142827	0.708300	0.5179

Effects Specification	S.D.	Rho
Cross-section random	0.000000	0.0000
Idiosyncratic random	1.184500	1.0000

Weighted Statistics			
R-squared	0.032578	Mean dependent var	0.101255
Adjusted R-squared	-0.067500	S.D. dependent var	1.004084
S.E. of regression	1.037419	Sum squared resid	31.21091
F-statistic	0.325524	Durbin-Watson stat	3.046302
Prob(F-statistic)	0.806873		

Unweighted Statistics			
R-squared	0.032578	Mean dependent var	0.101255
Sum squared resid	31.21091	Durbin-Watson stat	3.046302

Table 4.4 presents the estimation results of the Random Effect Model (REM) using the Panel EGLS (Cross-section random effects) method. The study was conducted with a sample covering the 2019 to 2023 period, consisting of 5 periods and 3 cross-sections**,** resulting in a total of 15 unbalanced observations. The Swamy and Arora estimator was used for the variance component.

Panel Data Regression Model Testing

Tabel 4.6
Uji Chow

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

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.187115	(2,9)	0.0182

The Chow test in Table 4.7 was conducted on the Common Effect Model and the Fixed Effect Model. The decision-making criterion for the Chow test is that if the Prob. Cross-section Chi-square value is less than 0.05, then the Fixed Effect Model is selected.

Tabel 4.7
Uji Hausman

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	0.000000	3	0.0300

The Hausman test in Table 4.8 was conducted using the Fixed Effect Model and the Random Effect Model. The decision-making criterion for the Hausman test is that if the Prob. Cross-section Chi-square value is less than 0.05, the Fixed Effect Model is selected. However, if the Prob. Cross-section Chi-square value is greater than 0.05, the Random Effect Model is selected.

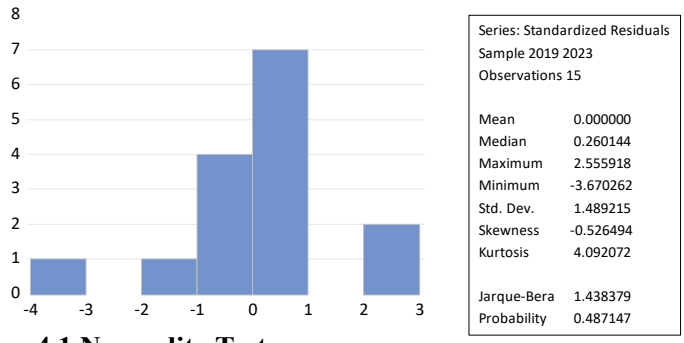
Tabel 4.8 Model Suitability Conclusion

No	Metode	Pengujian	Hasil
1	Uji Chow	CEM vs FEM	FEM
2	Uji Hausman	FEM vs REM	FEM

Source: Data diolah peneliti 2024

Therefore, based on Table 4.9, the results of the Chow test and Hausman test consistently indicate that the Fixed Effect Model (FEM) is the best model for this study.

Classical Assumption Test
Normality Test



Gambar 4.1 Normality Test

The results of the normality test show that the Jarque-Bera probability value is 0.487147, which is greater than 0.05, indicating that the data is normally distributed.

Autocorrelation Test

Tabel 4.9
Hasil Uji Autokorelasi Metode Durbin-Watson

Weighted Statistics

R-squared	0.465834	Mean dependent var	0.446127
Adjusted R-squared	0.169075	S.D. dependent var	1.607864
S.E. of regression	1.472061	Sum squared resid	19.50268
F-statistic	1.569738	Durbin-Watson stat	2.682153
Prob(F-statistic)	0.002036		

Source : Data diolah menggunakan Eviews 12

Based on the calculations, the values of 4 – dL = 2.918 and 4 – dU = 2.440 were obtained. From the regression output, the Durbin-Watson value is 2.682153. This value falls between dU (1.560) and 4 – dU (2.440). Since the Durbin-Watson value is within the range of dU to 4 – dU, it can be concluded that there is no autocorrelation, either positive or negative, in this regression model.

Multicollinearity Test

Tabel 4.10
Multicollinearity Test

	Y	X1	X2	X3
Y	1.000000	-0.097095	-0.152403	0.001649
X1	-0.097095	1.000000	-0.330873	0.052931
X2	-0.152403	-0.330873	1.000000	-0.460625
X3	0.001649	0.052931	-0.460625	1.000000

Source: Data diolah menggunakan Eviews 12, 2024

Based on the table above, all correlation values from this study's data are below 0.80, indicating no multicollinearity issues. This suggests that the regression model used is appropriate, as there is no correlation between the independent variables.

Heteroscedasticity Test

Tabel 4. 11
Heteroscedasticity Test

Heteroskedasticity Test: White
Null hypothesis: Homoskedasticity

F-statistic	1.924531	Prob. F(9,127)	0.0540
Obs*R-squared	16.44217	Prob. Chi-Square(9)	0.0582
Scaled explained SS	519.9099	Prob. Chi-Square(9)	0.0000

Based on the data above, the Chi-Square probability value for Obs*R-squared is 0.0582, which is greater than 0.05.

Panel Data Regression Analysis

$$\mathbf{Y= 88{,}68993 + 0{,}174098X1 - 0{,}231785X2 - 5{,}798999X3 + e}$$

1. A constant value of 88.68993 means that if all independent variables, namely Financial Performance (X1), Capital Structure (X2), and Firm Size (X3), are equal to zero, then the dependent variable, Stock Return (Y), will be 88.68993.
2. The Financial Performance variable (X1) has a positive regression coefficient of 0.174098. This means that for every 1-unit increase in Financial Performance, Stock Return will increase by 0.174098, assuming other variables remain constant.
3. The Capital Structure variable (X2) has a negative regression coefficient of -0.231785. This coefficient indicates that for every 1-unit increase in Capital Structure, Stock Return will decrease by 0.231785, assuming other variables remain constant.

4. The Firm Size variable (X3) has a negative regression coefficient of -5.798999. This means that for every 1-unit increase in Firm Size, Stock Return will decrease by 5.798999, assuming other variables remain constant.

Test of the Coefficient of Determination (R^2)

The calculation results show that the Adjusted R-squared value is 0.169075, which means that the independent variables X1 (Financial Performance), X2 (Capital Structure), and X3 (Company Size) collectively explain only about 16.90% of the variation in the dependent variable Y. Thus, approximately 83.01% of the variation in Y is explained by other factors outside this regression model.

Hypothesis Testing
F-Test (Simultaneous Test)

Tabel 4.12
F- Test (Simultant)

R-squared	0.465834	Mean dependent var	0.446127
Adjusted R-squared	0.169075	S.D. dependent var	1.607864
S.E. of regression	1.472061	Sum squared resid	19.50268
F-statistic	1.569738	Durbin-Watson stat	2.682153
Prob(F-statistic)	0.002036		

Source: Olah Data Eviews 12

The results show that the probability (p-value) of the F-statistic is 0.002036**,** which **is** less than 0.05**.** This indicates that the independent variables Financial Performance (X_1), Capital Structure (X_2), and Firm Size (X_3) simultaneously have a significant effect on Stock Return (Y**)** at a 5% significance level.

T-Test (Partial Test)

a. Financial Performance Variable (X_1)
   Probability: 0.0726 (greater than 0.05), t-value: 3.505154
   Conclusion: Since the probability is greater than 0.05, Financial Performance does not significantly affect Stock Return at a 5% significance level. Thus, H_0 is accepted and H_1 is rejected, meaning that Financial Performance has no significant impact on Stock Return.
b. Capital Structure Variable (X_2)
   Probability: 0.0079 (less than 0.05), t-value: -11.18661,
   Conclusion: Since the probability is less than 0.05, Capital Structure has a significant impact on Stock Return, despite its negative coefficient. Therefore, H_2 is accepted, indicating that Capital Structure significantly influences Stock Return.
c. Firm Size Variable (X_3)
   Probability: 0.0111 (less than 0.05), t-value: -9.397886
   Conclusion: Since the probability is less than 0.05, Firm Size has a significant effect on Stock Return, though the influence is negative. Therefore, H_3 is accepted, confirming that Firm Size significantly affects Stock Return.

5. CONCLUSION

Based on the research findings and analysis conducted, several conclusions can be drawn:

a. Simultaneous Effect:
Financial Performance (ROA), Capital Structure (DER), and Firm Size simultaneously have a significant effect on stock returns of technology sector companies listed on the Indonesia Stock Exchange during the 2019–2023 period. This indicates that internal company factors play a crucial role in influencing stock returns in this sector.

b. Financial Performance and Stock Returns:
Financial performance, measured by Return on Assets (ROA), has a significant positive effect on stock returns. Companies with higher profitability tend to provide greater returns to investors. This finding aligns with signaling theory, which states that profitability serves as a positive signal for investors regarding a company's financial prospects.

c. Capital Structure and Stock Returns:
Capital structure, measured by Debt to Equity Ratio (DER), has a significant negative effect on stock returns. This suggests that technology sector companies with high debt levels tend to experience a decline in stock returns, as investors consider the financial risks associated with high leverage. In the technology sector, heavy reliance on debt may hinder innovation and growth, which are key factors for investors.

d. Firm Size and Stock Returns:
Firm size does not have a significant effect on stock returns. This indicates that in the technology sector, firm size is not a primary factor for investors when making investment decisions. Instead, investors focus more on growth prospects, innovation, and product development strategies rather than the company’s total assets.

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