# Financial Ratio and Stock Returns in Indonesia Equity Markets: A Signaling Theory Approach

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**Abstract.** Stock prices that have fluctuated have caused the stock return that investors will receive to be negligible during the Covid 19 pandemic. The decrease in stock prices can result from stock revenues later, which will be given to investors, and whether the financial ratios and mechanisms of good corporate governance can increase or result in the stock revenues given to investors. This study empirically examines the effect of return on assets, revenue on equity, net profit margin, current ratio, debt to equity ratio, debt to total asset ratio, earning per share and good corporate governance mechanisms on stock revenues moderated by an independent commissioner. A quantitative study was used 28 industries listed on index LQ45 that was stable during 2017–2021 were used as the population in this study. Furthermore, data analysis was carried out with multiple linear regression using SPSS. The results of this study found that the variables revenue on assets, net profit margin, current ratio, debt to total asset ratio, earning per share, and audit committee can have a negative effect on stock revenues. revenue equity, debt to equity ratio can have a positive result on stock revenues, and independent commissioners can moderate the revenue equity and current ratio.

**Keywords:** Financial ratio · stock market return · signaling theory

## 1 Introduction

The country with the world exception, Indonesia, is currently being hit by the covid-19 pandemic. In Indonesia, at the beginning of 2020, the government officially announced that Covid-19 had entered Indonesia. And it began to spread throughout Indonesia, which resulted in many lockdowns being carried out in various regions of Indonesia. The lockdown has greatly affected Indonesia's economy, including the stock market. A stock market is a place for buying and selling securities for more than one period [1]. Stocks are the essential product of the stock market, a reference marker of the movement of stock prices in Indonesia, namely the JCI. Because there is a decline in stock prices, it also results from the stock revenues that investors will receive.

Stock revenues, that is, every individual, institution and industry has the right to get the results of the investment policies that run them to get a profit. Meanwhile, stock revenues, according to [2], are profits that are obtained because there is a difference obtained from the selling price and purchase price of a stock through an investment tool.


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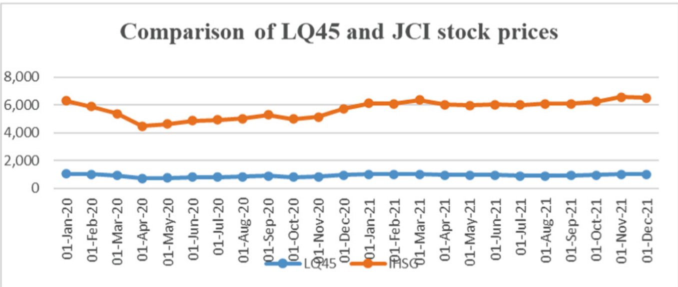
However, due to the occurrence of Covid-19, the receipt of stock revenues that investors will receive will decrease due to a decrease in stock prices during the Covid-19 period. However, investors can compare the profits they expect from the various stocks provided with the rate of revenue they want to use stock revenues from the LQ45 industry.

LQ45 industry is a group with the most substantial stock indexes with significant sales levels, but at a time like this, they are also feeling the result of the covid 19 pandemic. The decline in the stock price index in LQ45 has decreased since the beginning of 2020, with the decline in stock prices affecting a large share of the revenue that investors will receive. As a result of the investment policies carried out, industry, individuals, and institutions are entitled to receive benefits from their investment policies (Fahmi & Yovi, 2011). During this covid pandemic, without exception, industries, including the LQ45 industry that have a high level of trade, also experienced a decline, such as PT Astra International Tbk (ASII), which decreased by 15.77%, Bank Negara Indonesia (BBNI) decreased by 18.22%, PT Perusahaan Gas Negara Tbk (PGAS) fell to 29.91%, PT Bank Tabungan Negara Tbk (BBTN) experienced a decline of 21.74%, PT Unilever Indonesia Tbk (UNVR) its shares fell to the point of 48.03%. The chart below shows the comparison of LQ45 stock prices with the JCI.




Stock prices that have fluctuated have caused the stock revenues that investors will receive to be negligible during the Covid 19 pandemic like this. It can be seen in the chart above that the stock price at LQ45 has fallen dramatically, even below that of the JCI in 2020–2021, where at LQ45, the lowest stock price is 605 with the highest cost of 1,080 while the stock price on the JCI with the lowest value is still 3,991 with a valid price the highest 6,754. The decline in stock prices can result from stock revenues later, which will be given to investors. In the chart, it can be seen that the LQ45 share price is far below the IHSG stock price. The decline in stock prices based on this phenomenon in influencing stock revenues can be predicted through stock revenue factors using financial ratios and GCG mechanisms, with the financial ratios used are revenue on assets, revenue on equity, net profit margin, debt to equity ratio, current ratio, debt to total asset ratio, and earnings per share.

The current ratio is the capability to pay current liabilities using existing short-term assets so that it becomes a sign of industry performance. The higher this ratio indicates that the industry can effectively manage its assets to obtain high profitability. Various studies reveal that the current ratio is a predictor that can be seen in determining whether an enterprise has high or low value in the eyes of investors. Studies conducted [3–6] found that going up or down did not have a resulted on stock prices, whereas in the study [7] stated that positive resulted on stock revenues.

The debt-to-equity ratio is a ratio that describes the industry's leverage, namely how the industry's capital ability is used as effectively as possible to generate profits. Based on previous study [7–12] provides negative resulted on stock revenues. Meanwhile, studies conducted by [13–16] report the debt-to-equity ratio has a positive resulted on stock revenues and study [17] explain that the debt-to-equity ratio has not resulted on stock revenues.

Return on assets is a tool that can measure industry performance by looking at the ability of assets to generate net income. Based on a study [18–20] return on assets have a positive effect on stock revenues, meaning that the greater the industry's performance, the significant gains received by investors. However, study [21, 22] report the return on assets do not result from stock market. Net profit margin is the profit received by the industry in one period of the industry. A high net profit margin indicates that the earnings per share increase, providing enormous profits for investors. Based on a study [11, 23, 24], the net profit margin has a positive result on stock revenues. In the study [25], the net profit margin positively affects stock revenues.

Return on equity is a ratio that becomes a calculating tool for measuring the state of the industry when it generates a profit from the capital owned [11, 18]. The relationship between revenue equity and stock revenues can be seen from the existing empirical evidence based on the study [11, 13] report the return on equity has a positive result on stock revenues, while in a study [9] return on equity does not affect stock revenues. Debt to equity ratio is a way of assessing the condition of an industry in fulfilling its long-term obligations using a solvency ratio [26]. The relationship between the debt to total asset ratio (DAR) and stock revenues can be seen from the existing empirical evidence, namely based on the study [15], the debt-to-total asset ratio has a positive result on stock revenues. The debt-to-total asset ratio negatively affects stock revenues [19, 27]. The debt-to-total asset ratio has no impact on stock revenues.

Good corporate governance is a form of regulating, managing and supervising a control process in an industry to increase share value. It is an effort to pay attention to stakeholders, employees, and the community [28]. The audit committee has a role in supervising the financial reporting process to comply with applicable policies and standards. According to study [29], the audit committee does not affect stock revenues. Supervision of the board of directors will run well with the presence of many independent commissioners. Good and independent decisions will be made with independent commissioners. Supported by a study [30], independent commissioners positively resulted in stock revenues. Previous studies and based on the differences in the explanations of previous studies, the author wants to conduct a recent survey of the effect of financial ratios and suitable corporate governance mechanisms on stock revenues by using independent commissioner moderation. Following the explanation and the differences in the results of previous studies, the authors want to study the effect of financial ratios and good corporate governance mechanisms on stock revenues moderated by independent commissioners.

The independent variables used have never been studied using independent commissioner moderating variables, and a study with this model has never been done on objects related to stock revenues. So this study will examine the effect of financial ratios and good corporate governance mechanisms on stock revenues with independent commissioners as moderating variables. This study was conducted to prove empirically the impact of financial ratios on revenue assets, revenue on equity, current balance, net profit margin, debt to equity ratio, debt to total asset ratio, earnings per share and audit committee. As well as proving whether independent commissioners can moderate the relationship between revenue equity and stock revenues and the relationship between current ratio and stock revenues.

## 2 Literature Review

### 2.1 Signaling Theory

Signaling theory is a guide for investors on how the actions taken by the management in obtaining industry prospects—the relationship between signalling theory and the variables in the study [31]. Signal theory provides investors with positive news. The current ratio with good guarantees in paying off its short-term financial obligations is seen from the high current ratio. The debt-equity ratio gives a positive signal, when the resulting debt to equity ratio value is high, the lower the industry's funding provided by the shareholders, the lower the value of the funds provided by the shareholders to the industry, the high value of the revenue on assets gives a positive signal to the industry. Investors. The relationship between net profit margin and signal theory is positive because the rise in net profit margin can illustrate the increase in profits earned by shareholders and better industry performance.

The relationship between the debt-to-total asset ratio and signal theory is negative because the higher the debt-to-total asset ratio, the higher the risk faced. Investors will ask for a high level of profit [32] revenue equity gives a positive signal because revenue on equity is the ratio used to calculate the industry's ability to generate net income using its capital [2]. The relationship between earnings per share and positive signal theory is that if the earnings per share of an industry increase every year, it indicates that the industry is growing, giving investors a positive signal. The audit committee that carries out its duties effectively provides a positive sign for investors.

### 2.2 Hypothesis Development

Revenue assets can be the amount of wealth in the industry that can get how much net profit is [1]. Industry use return on assets to show gains on the number of assets used [33]. Effective utilization of economic resources owned by the industry in generating profits can be calculated using this ratio. The profit the enterprise will obtain will also increase the revenue on the industry's assets and vice versa. If the profits obtained by the industry are small, the gain on assets of the industry will also be significant. A study [34–36] reports that revenue on assets has a positive effect on stock revenues. Then the magnitude of the profit level achieved by the industry and the revenue assets are also high. Conversely, if the revenue assets are low, it shows that the profit earned by the industry is also expected.

In measuring the ability of an industry to earn profits by using existing capital in the industry, namely using revenues on equity [23]. Revenue equity describes the industry's ability to generate optimal profits so that the industry's capital can be reflected in this ratio. Signal theory provides positive news to shareholders. Increased revenue on assets can attract the industry's selling price so that stock revenues increase. A study that states that income on investments positively results from stock revenues were carried out by [22, 37]. The decision of investors to invest their shares results from the size of the revenue on assets in increasing stock revenues.

A net profit margin is a measuring tool for calculating the size of an industry's net profit with its sales [31]. The sector uses net profit margin to measure the percentage of profits generated [38]. An increase in net profit margin will increase the profit earned by shareholders. The increasing net profit margin will increase shareholder profits. This follows the signal theory, which states that there will be an increase in financial performance. Investor interest will increase when the industry's performance rises to increase stock revenues. Studies saying that net profit margin has a positive effect on stock revenues were carried out by [11, 23–25].

A picture of the comparison of how many short-term assets are owned by an industry with the amount of current debt held by the industry is called the current ratio [6]. Calculating the industry's ability to pay off its short-term obligations will soon be due for payment using the current ratio and the total short-term assets available. The current ratio provides positive news when buying stocks to increase stock revenues. Increased stock prices can make stock revenues increase. Studies stating that the current ratio positively affects stock revenues were carried out by [18, 39].

A solvency ratio can be used to see the industry's condition when paying its long-term debt [40]. The debt-to-equity ratio calculates the amount of debt and the amount of equity [41]. The high value of the debt-to-equity ratio causes a decrease in profits for the industry. The high value of the debt-to-equity ratio causes the industry's profit value to decrease. Signal theory gives a negative signal to potential investors. Investors have no interest in investing their funds in the industry when there is an increase in the value of the debt-to-equity ratio. Studies that state that the debt-to-equity ratio negatively results from stock revenues were carried out by [15, 19, 26, 27].

The debt to total asset ratio is an indicator of debt used by investors in looking at debt. If the industry debt is less than the assets owned by the industry, it signals to investors that the industry is in reasonably good condition. The greater the value of the industry's debt to total asset ratio, the higher the financial risk, resulting in a small stock revenue received by investors. The greater the value of the debt to equity ratio in an industry is a sign to investors of the greater risk that will be faced because the smaller the capital available to the sector in financing the industry's assets, this becomes a negative signal to investors. Following the signal, theory gives a negative indication to investors with a high debt-to-equity value in the industry. A study conducted [15, 27] reports that the debt-to-total asset ratio has a negative effect on stock revenues. So the high value of the debt to total asset ratio gives a sign to investors that the risk that is being endured is getting bigger.

Earning per share is earnings per share, which is the profit level of each share that the industry can generate. The sector is declared good and growing if earnings per share have increased yearly. In stock trading, earnings per share result in stock sales because earnings per share are a fundamental factor of an industry that results in investors buying shares to increase stock revenues. Therefore, good earnings per share are a good sign for investors in the industry. This follows the signal theory. The study conducted [20] shows that earnings per share positively affect stock revenues. However, a study [42] shows that earnings per share have a negative effect on stock revenues. Then the higher value of earnings per share can result in investors' decision to buy shares to increase stock revenues.

The audit committee is a team formed by the board of directors to assist in carrying out independent oversight, processing financial reports, and external audits. The audit committee's responsibilities are to make an annual report to the OJK and supervise and monitor financial statement audit activities. The stock market participants will increase if the role of the audit committee is effective in overseeing the process of financial reports prepared by the industry through an objective and integrated inspection process from the auditor. With the credibility of information from a good audit committee, it will create investor confidence and trust in stock revenues. This result in line with the signal theory that having a competent audit committee will increase investor confidence. Studies conducted by [43, 44] show that audit committees have a positive effect on stock revenues. So the credibility of information from a good audit committee will create investor confidence and trust in the industry so that it can increase stock revenues with investor trust.

Return on equity is used to measure the state of an industry when it generates a profit from the capital it owns [18]. By fulfilling the industry's operational needs, it will maintain the continuity of the sector. The existence of good corporate governance within the industry will be able to increase the revenue on equity on stock revenues. This study adds another factor that is thought to result in the relationship between gain on equity and stock revenues, namely the mechanism of good corporate governance as a moderating variable that is thought to result in this—supported by a study which states that independent commissioners have a positive effect on stock revenues by [9, 11, 13]. Monitoring of independent commissioners that is carried out optimally leads to sound decision-making, so this can strengthen the revenue on equity on stock revenues.

The value of the Current ratio in a high industry means that the industry will increase the profit for investors. In other words, this current ratio compares the amount of available short-term assets owned by the sector and total current liabilities [45]. well, the value of the current ratio will be directly proportional to the high ability of an industry to pay off its short-term financial obligations. Good and independent decisions will be made with independent commissioners who are independent. In this study, another factor is added, namely the mechanism of good corporate governance as a moderating variable which is thought to strengthen this. A study conducted by [4, 5, 46] reported that independent commissioners have a positive effect because the functioning of a good board of commissioners will run smoothly in decision-making, which can strengthen the revenue on equity on stock revenues.

H1: It is assumed that the revenue on assets has a positive result on stock revenues.
H2: Revenue equity has a positive result on stock revenues
H3: Net profit margin has a positive effect on stock revenues.

H4: Current ratio (CR) positively affects stock revenues.
H5: Debt to Equity Ratio (DER) negatively affects stock revenues.
H6: Debt to total assets has a damaging result on stock revenues
H7: Earning Per Share has a positive effect on stock revenues
H8: The Audit Committee has a positive effect on stock revenues
H9: It is suspected that Good Corporate Governance strengthens the effect of ROE on stock revenues.
H10: It is suspected that Good Corporate Governance strengthens the results of stock revenues.

## 3 Research Methods

This study uses a sample of the LQ45 industry on the Indonesia Stock Exchange (IDX). It uses two criteria in the selection of samples, namely the financial statements of the LQ45 industry for 2017–2021 and those that are consistently present in LQ45 from 2017–2021. The choice of the LQ45 sector is because this industry is the most liquid industry on the IDX with good fundamental performance and has a stock value with a high transaction index compared to other industry sectors. With an initial sample of 45 industries, but after deducting the industry that is inconsistent with the LQ45 sector during 2017–2021, the sample is 28 industries. The data comes from the industry's official website and www.idx.co.id.

The multiple linear regression formula is as follows:

$$\begin{aligned} \text{RS} :& \alpha + \beta_1(\text{ROA})_{\text{i,t}} + \beta_2(\text{ROE})_{\text{i,t}} + \beta_3(\text{NPM})_{\text{i,t}} + \beta_4(\text{CR})_{\text{i,t}} + \beta_5(\text{DER})_{\text{i,t}} \\ &+ \beta_6(\text{DAR})_{\text{i,t}} + \beta_7(\text{EPS})_{\text{i,t}} + \beta_8(\text{KA})_{\text{i,t}} + \text{e} \end{aligned} \quad (1)$$

Explanation: Stock revenue is RS, revenue on assets is ROA, revenue on equity is ROE, the net profit margin is NPM, the current ratio is CR, equity debt is DER, debt to total asset ratio is DER, earnings per share is EPS, and the audit committee is the KA, in the LQ45 industry with β1, β2, β3, β4, β5, β6, β7 and β8 are independent variables, α is a constant and e is an error.

## 4 Result and Discussion

The results of this study are presented in the form of descriptive statistics and multiple regression tests.

### 4.1 Descriptive Statistics

Based on the results of the Table 1, the results of the descriptive statistical test show that the number of samples is 140. The data is obtained from data for 20117–2021 with a total of 28 industries, in connection with Table 1. Then the revenue on assets has a low distribution as evidenced by the standard deviation value of 0.08455 compared to the mean value, it is softer with a mean value of 0.0859, and the average LQ45 industry has a low net profit value because the mean value is close to the minimum value. The variable

**Table 1.** Measurement of Study Variables

| Variable | Variable Measurement |
|---|---|
| *Stock Revenue* | $R_t = \frac{P_t - P_{t-1}}{P_{t-1}}$<br>Rt: Revenue shares in year t<br>Pt: current year's stock price<br>Pt-1: previous year's stock price |
| Revenue On Equity | $\frac{\text{Earning After Tax}}{\text{Equity}}$ |
| Revenue On Asset | $\frac{\text{net income}}{\text{total asset}}$ |
| Net Profit Margin | $\frac{\textit{net income after tax}}{\text{sales revenue}}$ |
| Current Ratio | $\frac{\text{short term assets}}{\textit{current liabilities}}$ |
| Debt to Equity Ratio | $\frac{\text{total iabilities}}{\text{total equity}}$ |
| Debt to total Asset Ratio | $\frac{\text{Total liabilities}}{\textit{Total Aktiva}}$ |
| Earning Per Share | $\frac{\textit{Earning After Tax}}{\text{outstanding share}}$ |
| Audit committee | $\sum$ total audit commitee |
| Independent commisioners | $\frac{\text{total independent commisioners}}{\textit{total board of commissioners}} \times 100\%$ |

revenue on equity has a high distribution with a standard deviation value of 0.23896, more significant than the mean value of 0.1818. The average LQ45 industry generates a high net income level because the mean is far from the minimum value a positive signal to investors. The net profit margin variable has a low distribution, as evidenced by the standard deviation value of 0.13774, which is smaller than the mean value of 0.1737. The average LQ45 industry has a profit value received by large investors because the mean value is far from the minimum value. The current ratio variable has a high distribution because the standard deviation value is 1.13762, which is greater than the mean value of 0.8816. The average LQ45 industry's ability to pay off its short-term debt is high because the mean value is far from the minimum value.

The debt-to-equity ratio variable has a high distribution because the standard deviation value of 0.71329 exceeds the mean value of 0.3003. The average LQ45 industry can pay off its high long-term obligations because the mean value is far from the minimum value. The variable debt to total asset ratio has a high distribution because it has a higher standard deviation value of 0.31728 than the mean value of 0.2829. The average LQ45 industry has a relatively high debt because of the significant distance between the mean and minimum values. The earnings per share variable have a wide distribution because the standard deviation value is higher, namely 0.93339, and the mean value is 0.0082. The average LQ45 industry has shares per share that are small and even negative for several years. The audit committee variable has a high distribution because it has a higher standard deviation value of 0.12284 and a mean value of 0.5719. The average LQ45 industry has a good audit committee structure, as evidenced by the significant distance between the mean and minimum values. The stock revenue variable has a wide distribution because the standard deviation value has a value of 0.12284 with a mean value of 0.5719 and the average LQ45 industry has a small stock revenue even in negative years.

### 4.2 Revenue on Asset

The test data resulted in a t-value of -0.655 and a significance of 0.014, which was smaller than 0.05. The first provisional assumption is rejected. The revenue on assets negatively results from the stock revenue rate. Income on investments serves as an illustration of the level of efficiency of the industry's activities globally. Revenue on assets in the negative sector is due to declining industry margins. Research that shows the return-on-assets ratio negatively results from stock revenues was carried out [18]. Assets that are adequately managed will create industry profits in the future. Revenue assets in the industry need to be used more effectively so that it causes interest in stock prices to decrease and exacerbates the stock revenues to be received [19, 21, 39].

### 4.3 Revenue on Equity

The data test resulted in a t count of 0.296 and a significance value of 0.032. This revenue-on-equity ratio positively affects stock revenues, so H2 is accepted. The study, which states that the rate of revenue on equity has a positive effect on stock revenues, was carried out by [9, 11, 13, 18]. A high rate of revenue on equity illustrates that the industry has managed to benefit from the income on industry equity. The use of equity effectively increases the rate of revenue on industry equity. The high value of equity payment indicates the industry can maximize profits to attract the industry's selling price, which can increase stock revenues.

### 4.4 Net Profit Margin

From the test obtained a t-value of -0.253 and a significance of 0.001. The third conjecture (H3) is rejected because the net profit margin negatively results from stock revenues. The industry uses the net profit margin as a calculator for the ratio between the amount of the industry's net profit and the industry's trade. The industry's profit margin reflects the size of the net profit that investors receive from sales [11, 23]. The high sales value not accompanied by an increase in net profit can be a factor in reducing the presence of the net profit margin and a negative indicator for investors. Research stating that net profit margin has a negative effect on stock revenues was carried out [25, 47] with the same results.

### 4.5 Current Ratio

The test results are the calculated t-value of 0.003 and a significance of 0.017, less than 0.05. The current ratio positively results in stock revenues, so H4 is acceptable. A high current ratio indicates that the industry has good skills to pay its debts, so it can be seen that the industry is responsible. This is supported by [4, 46]. The current ratio will

**Table 2.** Descriptive statistics

| Variable | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|
| Revenue On Asset | 0.00 | 0.46 | 0.0859 | 0.08455 |
| Revenue On Equity | 0.00 | 1.45 | 0.1818 | 0.23896 |
| Net Profit Margin | -0.02 | 0.80 | 0.1737 | 0.13774 |
| Current Ratio | 0.00 | 4.66 | 0.8816 | 1.13762 |
| Debt to Equity Ratio | -0.01 | 3.41 | 0.3003 | 0.71329 |
| Debt to total Asset Ratio | 0.00 | 0.87 | 0.2829 | 0.31728 |
| Earning Per Share | -2.41 | 1.75 | 0.0082 | 0.93339 |
| Audit committee | 0.48 | 0.90 | 0.5719 | 0.12284 |
| Revenue saham | -20.72 | 6.40 | -2.4499 | 9.04255 |

also be good with the significant current assets used to pay off current debt—the more current liabilities filled with assets, the smoother the industry's operational flow to attract investors.

### 4.6 Debt to Equity Ratio

The results of this study indicate a calculated t-value of 0.035 and a significance value of 0.002, which is less than 0.05. So this debt-to-equity ratio has a positive effect on stock revenues. The higher the debt-equity percentage, the higher the risk borne by investors. The comparison between total equity and total liabilities is used to determine the debt-equity ratio. A high debt-equity ratio illustrates that the industry can be responsible to lenders and creditors where the more significant the expectation of the stock revenue that will be given, the higher. This is consistent with the research [9, 12, 48] because the debt-to-equity ratio is considered a commitment of the industry's responsibility to creditors as the lender. In line with the signal theory, a high debt-to-equity ratio gives a positive view of the industry (Tables 2 and 3).

### 4.7 Debt to Total Asset Ratio

The test results are t-value -0.687 and a significance of 0.043. So, this debt-to-total asset ratio has a negative effect on stock revenues, so H6 is accepted. The higher the risk faced, the greater the profit demanded by investors, the higher the value of debt to total assets, the lower the industry's stock price and the lower the value of the industry's profits so that there is a result in stock revenues. Research that states the ratio of assets to debt that results in the rate of gain on shares is carried outn [15, 17, 22]. A high value of debt to total assets will provide a low revenue value, with a significant distance between the average value and the minimum value. The industry's ability to pay debts with industry assets is limited in attracting investors.

**Table 3.** Multiple Linear Regression test results

| Variable | Beta | t-statistic | Signifikansi | R-Square |
|---|---|---|---|---|
| Revenue On Asset | -0.753 | -0.655 | 0.014 | 0.835 |
| Revenue On Equity | 0.560 | 0.296 | 0.032 | |
| Net Profit Margin | -0.149 | -0.253 | 0.001 | |
| Current Ratio | 0.002 | 0.003 | 0.017 | |
| Debt to Equity Ratio | 0.019 | 0.035 | 0.002 | |
| Debt to total Asset Ratio | -0.560 | -0.687 | 0.043 | |
| Earning Per Share | -0.126 | -0.983 | 0.327 | |
| Audit committee | 0.303 | 0.632 | 0.029 | |
| Independent commisioners × Revenueon equity | -1.081 | -0.444 | 0.048 | |
| Independent commisioners × Current Ratio | 0.044 | 0.067 | 0.046 | |

### 4.8 Earning Per Share

A study states that the earnings per share generated have a negative effect on stock revenues [39]. The result of this research is the t-value is -0.983, and the significance value is 0.327, which is smaller than 0.05. So this is the profit of each share has a negative result on stock revenues with H7 rejected. The increase in the value of earning per share indicates the industry is in a period of growth, and it does not result from investors buying shares in the industry. Because if the industry has higher profits than other industries, it will lead to the thought that the management value is also high. This will cause investors to be disinterested in the value of earnings per share because the rise and fall of earnings per share often occur every quarter [49].

### 4.9 Audit Committee

The results of this study with a t-value of 0.029 and a significance of 0.632 with a standard error. The data test obtained a t-value of 0.029 and a value of 0.632 with a standard error of 0.05. The audit committee has a positive result on the revenue on shares of the industry listed on LQ45, so H8 is accepted. This is because investors believe in an audit committee that plays an influential role in supervision in preparing financial reporting with an objective nature and auditor integrity. Research in the same direction states that the audit committee has positively resulted in stock revenues [42, 44]. These results are consistent with signal theory with the credibility of information from a good audit committee that will create investor confidence and trust in stock revenues because the report presented by the audit committee is essential for investors to seek investors' vital information to increase stock revenues.

### 4.10 Effect of Revenue on Equity on stock revenues moderated by Independent Commissioner

This test obtained a t count of -0.444 and a significance of 0.017 with a standard error of 0.05. Independent commissioners can moderate the effect of the revenue-on-equity ratio on stock revenues in the LQ45 industry. So the results of this study state that independent commissioners can weaken the relationship of income on equity to stock revenues, so H9 is rejected. This is because more and more independent commissioners can result from the profit earned because independent commissioners will prioritize personal interests rather than investors' interests, which causes agency costs that have resulted in stock revenues. Research [50] supports that independent commissioners have no effect on stock revenues, so the number of commissioners can weaken the debt-to-equity ratio at the share revenue level.

### 4.11 Effect of Current Ratio on Stock Revenues Moderated by Independent Commissioner

The results of this study with a t count of 0.067 and a significance of 0.046 with a standard error of 0.05. Therefore, the independent commissioner can moderate the relationship between the current ratio and stock revenue, so H10 is accepted. This is because the supervision of an independent commissioner can increase the value of the Current Ratio, indicating that the better the ability of an industry to pay its short-term debt. With this, it can attract investors' interest in buying shares, increasing the rate of revenue on shares as well. Similar to research [36, 51] states that independent commissioners have a positive result, because with the functioning of a good board of commissioners it will run smoothly in decision making, then this can strengthen the revenue on equity against stock revenues.

## 5 Conclusion

From the results of the descriptive analysis and multiple linear regression tests, we can conclude the variable current ratio, debt-to-equity ratio, audit committee, and revenue-on-equity ratio positively affect stock revenue. In contrast, the variable return on assets, net profit margin, the debt-to-asset ratio impacts a negative direction on stock revenues, and the variable profit received by shareholders has no impact on stock revenues. The results of this study can also find out that the independent commissioner variable can moderate and weaken the relationship between revenues on equity and stock revenues and can strengthen the relationship between the current ratio and stock revenues. With the value of r-square, the effect of the income on assets ratio, income on equity ratio, net profit margin, current ratio, debt to debt ratio, debt to assets ratio, profits received by shareholders and the Good Corporate Governance mechanism on stock revenues were moderated by the good mechanism corporate governance in 2017–2021 is 83.5%, the remaining 16.5% is resulted by other factors. The limitation of this study is that this study only limits the number of industries, the only industry that is stable in entering LQ45 from year to year.

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