
**THE EFFECT OF GEARING, PRICE EARNING RATIO, INTEREST RATE,
RISK ON ABNORMAL RETURN**



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Abstract

The purpose of the research is to analyze the effect of gearing, Price Earning Ratio (PER), interest rate, and risk on abnormal return. The research was conducted using secondary data. The sampling technique used was purposive sampling. The object of the research is to list companies on the Indonesia stock exchange/ Bursa Efek Indonesia (BEI) from 2017-2020. The analysis method used is multiple linear regression analysis. By using regression analysis, the study provides evidence that all the independent variables such as gearing, Price Earning Ratio, and risk haven't a significant positive effect on abnormal returns. Only one variable which is interest rate that has a significant positive effect on abnormal returns.

Keywords: Gearing, PER, Interest Rate, Risk, Abnormal Return

INTRODUCTION

One of the information that can be found by investors in the company's financial statements is the return of stock given by the company. This stock return is very important information for investment managers because this information is used by retail investors or investment managers to maximize profits (Cascino et al. 2014). In the Islamic perspective, Allah is perceived as the ultimate owner of everything on earth as well as in the heavens, which affects business expectations. Agency relationships, and also agency problems, are therefore more complicated in Islamic countries, especially for sharia-compliant firms (hereafter, SCFs). Thus, the unique agency problems resulting from the managerial obligations to obey the sharia (Islamic law) need further exploration.

Indonesia, the heavily-populated Islamic country, is one of the fast-growing countries in emerging markets. Indonesia's benchmark Jakarta Composite Index rose 19.97 % in 2017, reaching a new all-time record high. Moreover, Indonesia, the largest nation in the Association of Southeast Asian Nations (ASEAN), has a vast domestic market of more than 260 million people, high domestic demand and its capital market has become one of the top three stock markets in Southeast Asia. Therefore, Indonesia is on the track to become a major economic power following China and India (Imamah et al. 2019). However, its legal environment and institutions are still not well-established, and shareholder protection is weak. In addition, even though some previous studies have examined Islamic financial institutions, few have explored effect of gearing, PER, risk, interest rate on abnormal return in Indonesia. The research hopes to make literacy and interest in investment in sharia compliant in Indonesia rising especially from young age in Indonesia.

Stock return information and other information can be used by investment managers to predict abnormal return on investment by investors. Abnormal returns are returns obtained by investors that are not following investor expectations. This abnormal return is the difference between the investor's expected return and the return obtained by the investor. The return difference will be positive if the return obtained is greater than the expected return. But on the contrary, the difference in return will be negative if the return obtained is smaller than the expected return.

Abnormal returns are often used as a basis for testing market efficiency. In an efficient capital market, the market will be comprehensive of all relevant information. It involves changes in normal stock prices, causing abnormal returns (Zaqi, 2006). Abnormal returns can occur due to certain events such as national holidays, uncertain political atmosphere, stock split, and others. Research on stock split events was conducted by Masse et. al (1999) who tested the market's reaction to the announcement of a stock split in Canada measured by abnormal returns. The results show that the market reacted positively to the announcement of a stock split. Whereas (Bishara 1998) researched stock splits and returns on the Canadian stock market using the abnormal return approach, the results showed that stock splits did not affect abnormal returns. Other events that can affect abnormal returns are banking reform and restructuring. Dekiawan and Jaya (1999) found a negative abnormal return after the announcement of banking reform and restructuring by Bank Indonesia. In addition to certain events, there is also a lot of information available in financial statements that affect abnormal returns.

According to Weston and Copeland (1996) said that the capital structure is permanent financing consisting of long-term debt, preferred stock and shareholder capital. According to Rodoni and Ali (2010), capital structure is a proportion in determining the fulfillment of corporate spending needs where the funds obtained use a combination or a combination of sources that come from long-term funds consisting of two main sources, namely from within and outside the company. So, it can be concluded that the capital structure is a comparison or balance of long-term funding of the company which is shown by the ratio of long-term debt to own capital and from outside the company. The company's funds needed from its capital come from share capital, retained earnings. Funding comes from outside, namely from debt (debt financing). Weston and Brigham (1994) state that one of the important decisions of financial managers to remain competitive in the long run is decisions regarding capital structure. Capital structure is important because it affects the financial position and risk of the company. An optimal capital structure can minimize the overall cost of capital use or average capital cost, thereby maximizing the value of the company. The optimal capital structure occurs at a financial leverage of x , where the level of company capitalization or minimum overall capital costs will provide the highest share price.

Financial leverage or also referred to as gearing is the use of funds by issuing a fixed burden. This financial leverage is a balance whether using debt or own capital for company operations. Gearing is also called the company's fundamental analysis ratio where the proportion of long-term debt divided by share capital in corporate financing. Gearing is expressed as a percentage. This gearing can be measured using market value and can also be measured using book value.

(Acheampong, Agalega, and Shibu 2014) and Gomes and Smith (2010), conducted a study and found that market gearing has a positive relationship with returns, while book gearing has a negative relationship. While George and Hwang (2010) found that market gearing and return have a negative relationship caused by the sensitivity of the company's high leverage to financial distress risk. (Muradoğlu Yaz Gulnur and Sivaprasad 2012) examined 787 companies listed on the British stock exchange (FTSE) from 1980-2008, found that abnormal returns dropped in companies with large gearing while in companies that controlled gearing, abnormal returns increased.

Capital structure addresses the question of what type of long-term financing is the best for the company under current and forecasted market conditions; project analysis is concerned with the determining whether a project should be undertaken (Levi 2010) . Capital structure is influenced by several factors. One of the things that affect the capital structure is a risk. Risk is a function of the uncertainty inherent in the projected return on invested capital. This company's risk can be measured by the standard deviation of ROE. According to Suad Husnan (1998), the overall risk (total risk) of ownership of a share consists of two parts, namely systematic risk, and non-systematic risk. Both of these risks become a consideration for investors in choosing a combination of shares in the portfolio they form.

High risk can cause companies to have poor profit prospects. Where the company's profits are not good, of course, will affect the total stock returns given by the company so that it will also affect the abnormal return. Therefore, it can be concluded that risk has a negative influence on abnormal return. Another study found, risk increases linearly with the higher debt-equity ratios (Strong and Xu 1997).

Another thing that affects the capital structure is the Price Earning Ratio (PER). Price Earning Ratio is a ratio that describes how profits of investors or issuers of shares of

stock prices. In theory, the higher the PER, the longer the invested capital will return (Ang, 2005). A PER study initiated by Basu (1977) found that PER harmed return. A low PER causes a relatively high stock return compared to shares with a high PER. Widiyati's research found different results, PER has a positive relationship to stock returns. With the expectation of high stock returns based on this Price Earning Ratio, the company's PER will influence the stock returns expected by investors. Thus, indirectly this PER will also affect the high or low abnormal return of an investment.

The study emphasized the link between gearing, Price Earning Ratio, interest rate, and risk contributing towards the existing empirical evidence of asset pricing implications of on abnormal return. Furthermore, the empirical data that have been used to test this proposition have predominantly derived from firms in the developed country, there is therefore the need to test the robustness of this proposition in a different environment and more importantly in a developing country. It has served as a motivation for the current paper.

REVIEW OF LITERATURE

Concept of Stock

Corporations issue stock to raise funds to run their businesses. The holder of stock (a shareholder) has now bought a piece of the corporation and, depending on the type of shares held, may have a claim to a part of its assets and earnings. In other words, a shareholder is now an owner of the issuing company. Ownership is determined by the number of shares a person owns relative to the number of outstanding shares. For example, if a company has 7,000 shares of stock outstanding and one person owns 70 shares, that person would own and have claim to 1% of the company's assets and earnings.

Plainly stock holders do not own corporations; they own shares issued by corporations. But corporations are a special type of organization because the law treats them as legal persons. In other words, corporations file taxes, can borrow, can own property, can be sued, etc. The idea that a corporation is a "person" means that the corporation owns its own assets. A corporate office full of chairs and tables belongs to the corporation, and not to the shareholders.

An investor's share ownership is represented by a stock certificate. It is a piece of paper which serves as a proof to one's ownership. According to (Michael C. Ehrhardt 2018), an ordinary stock simply represents an ownership interest in a corporation. In this modern age of business however, such certificates are rarely given the shareholder because the brokerage firms keep these records electronically otherwise known as holding shares "in street name". It is done in an attempt to make the stock easily tradeable.. Unlike in the past where one has to physically take a share certificate to the brokerage in order to sell, now with just a click on the mouse or even a phone call; stocks can be easily traded.

Return

Return refers to the financial rewards gained as a goal of investing. The origin of the return depends on the form of the investment. For instance, a firm that invests in fixed assets and business operations expects returns in the form of profit, which may be measured on before-interest, before tax or after-tax basis, and in the form of increased cash flows. A Share-holder who buys ordinary shares expects returns in the form of dividend payment and capital gains (share price increases). Again, an investor who buys corporate bonds expects regular returns in the form of interest payments (Frimpong, 2010).

Risk

When an individual investor or a company makes an investment, they anticipate or expect a particular return. However, the actual return that these investors receive may be greater or lesser than what they expected. Risk has been defined as the possibility that the actual return may be different from the expected return. When the actual return received is greater than what was expected, investors are happy. On the other hand, investors, companies, and financial managers are more likely to be worried with the possibility that the actual return is less than the expected return. Therefore, a risky investment is one where there is a significant possibility of its actual returns being lower or higher than its expected return (Frimpong, 2010).

Risk and return relationship investors invest for anticipated future returns, but those returns can rarely be predicted precisely as there will almost always be risk associated with investments. Actual or realized returns will almost always deviate from expected returns anticipated in the beginning of the investment period. It is assumed that investors will prefer investment with the highest expected return suitable to their risk aversion (Bodi et

al.(2008). Risk in a financial context can be interpreted as the level of uncertainty. Risk is a broad concept and the risk pertaining to an investor is very different to the risks a firm is exposed to. The risk-return trade off in financial markets implies that low levels of risk are associated with low returns and that high levels of risk imply high returns. Assuming investors are risk averse, they will require a compensation for bearing risk. This risk compensation takes the form of a risk premium, which is defined as the expected return less the risk-free rate (Bodie et al. 2008). Financial risk for a firm is commonly associated with the form of financing. The greater the amount of debt a firm uses to finance its operation, the higher the financial risk. This risk stems from the firm not being able to meet its financial obligations (Kusumastuti, 2021).

Measures of Leverage

According to Rajan and Zingales (1995), the objective of a study has an essential influence of the measure of leverage. Thus, one should first think of what the objective of the study is. Total liabilities to total assets is the broadest definition of leverage, but this, as Rajan and Zingales (1995) argue, is not a good proxy for financial risk, since many balance sheet items included in total liabilities are used for transaction purposes rather than financing. The next step after providing a definition of leverage is to decide on an appropriate measure. The previous papers written on this subject have a mixed attitude to the use of book value or market value. The use of either book or market value of leverage can yield different conclusions, for example as presented by Gomes and Schmid (2008). Titman and Wessels (1988) argued that the coefficients in the factor model may vary depending on whether book or market values are used. As we will use market values of equity for estimating returns, one might argue that market values of debt would be better for any comparison. Although the use of market values of debt can have its advantages over book value, we have to consider what measures of debt are available. As book values are more readily available as opposed to market values, we are inclined to use the book values of debt this study.

Gearing

Gearing is a ratio that calculates the proportion between debt or funds borrowed with funds from shares plus debt in the company's funding activities. Companies in various

industries have a typical asset structure and the composition of the asset structure is determined by the company's financing structure.

Gearing Ratio Formula

$$\text{Gearing Ratio} = \frac{\text{Debt}}{\text{Debt} + \text{Equity}}$$

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Hypothesis Development

The Effect of Gearing on Abnormal Returns

In business, companies may have difficulty meeting debt repayments, and may experience bankruptcy risks, as found in the research of George and Hwang (2010). This situation is very dangerous when a company has been involved in debt management with variable interest rates, where sudden increases in rates can cause serious interest payment problems. It affects the rate of return of each company.

Muradoglu and Sivaprasad's research (2010) examined 787 companies listed on the British stock exchange (FTSE) from 1980-2008, found that abnormal returns decreased in companies with large gearing while those in companies that controlled their gearing had abnormal returns. It became the main journal in the research.

H1: Gearing in a company has a significant relationship to abnormal return.

The Effect of Risk on Abnormal Return

The research of Elly and Nur Indriantoro (1999) found a positive relationship between beta on stock returns. This of course will also affect abnormal returns. Research by Fama and French (1992) (Fama 1998) shows that market beta has no effect on returns. Research in Indonesia still gives different results from one another. Husnan (1996) in his research concluded that the beta as measured by CAPM does not apply on the Jakarta Stock Exchange. The same thing was expressed by Hanafi (1996), which in his research gave the same final results. According to Tandelilin (1997), his research showed that large corporate beta is significant with systematic risk, whereas in the study of Pudjiastuti and Husnan (1993), it was concluded that beta is stable as a prediction in the future. The results of this study contradict the research of Manurung (1996) which showed insignificant results. The research was also supported by the existence of a research gap from the results of the research by Nurayani (1999) and Miswanto (1999), where the results of the research by

Djayani Nurdin (1999) showed that beta stock and stock return variants have no significant effect on stock returns. Miswanto (1999) shows that stock beta and stock return variants have a significant effect on stock returns. The results of Miswanto's research (1999) are supported by previous research conducted by Fletcher (2000) and Lam (2001) which shows a significant positive effect of stock beta and stock return variants on stock returns. Based on the background of the problem as described above, the issues that will be discussed in this study as follows:

H2: Risk has a significant relationship to abnormal return

The Effect of PER on Abnormal Return

Research by Fitrijanti and Hartono (2002), found that PER has a positive influence on capital structure which will indirectly affect also on stock returns. In a study conducted by Juanda (2003), it was found that PER had a significant relationship to stock returns. When a company reports significantly higher earnings than expected (positive surprise) or lower than expected (negative surprise), investors' perceptions can change simultaneously from the expected growth rate for the company. It will lead to price effects. We would expect a far greater price reaction for a positive or negative income shock in a low interest rate environment than a high interest rate. PER determines payout ratio, expected growth, and equity risk. (Damodaran, 2006).

Unlike the case with companies that have a low PER, the market will undervalued companies with low growth marked by a low PER value. Investors will use information about PER to predict abnormal returns in the future (Reilly and Brown, 2009). In addition, research conducted recently by Wahyuni Peni Padan (2012) that simultaneously PER, PBV and DER proved to have a significant effect on company stock returns.

H3: PER has a significant relationship to a company's abnormal returns.

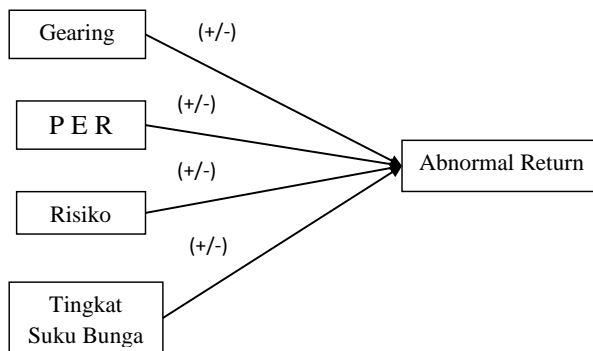
Effect of Interest Rates on Abnormal Returns

Research on stock price behavior has been widely carried out, especially in relation to macroeconomic variables, including Chen et al. (1986), Geske and Roll (1983), and Fama (1981). The results of their study said that stock prices are affected by macroeconomic fluctuations. Some macroeconomic variables that are used include; inflation rate, interest rate, exchange rate, industrial production index, and oil prices. Ajayi and Mougoue (1996) also use macroeconomic variables in exchange rates and stock prices.

They examined the dynamic relationship between stock prices and exchange rates on the “Big Eight” stock markets, namely Canada, France, Germany, Italy, Japan, the Netherlands, the United Kingdom, and the United States using the bivariate error correction model. Their results show a significant relationship between exchange rates and stock prices (capital markets and money markets). This result was then supported by Sudjono (2002) and Sitinjak and Kurniasari (2003) that the rupiah exchange rate had a significant effect on the CSPI. Furthermore Gupta (2000) who conducted research in Indonesia using data from 1993-1997 concluded that there was no causality relationship between interest rates, exchange rates, and stock prices. The result contrasts with Sitinjak and Kurniasari (2003) who found that the exchange rate and the SBI interest rate affected the CSPI. However, Saadah and Panjaitan (2006) again show that there is no significant dynamic interaction between stock prices and interest rates.

H4: Interest rates have a significant relationship to a company’s abnormal returns.

Figure 1
Framework Research



RESEARCH METHOD

Source and Type of Data

This study used Secondary data. The data for the selected stocks were obtained from the Indonesia Stock Exchange database.

Tabel 1
Purposive Sampling Process

No	Purposive Sampling	Total
1	Companies listed consistently in JII During 2017-2020	21
2	Less samples that did not have Financial statement	4
3	Total Companies	17
4	Total Period	4
5	Total Observation	68

Source: Indonesia Stock Exchange, 2020

The companies in this research are as follows

Table 2
List of Samples

No	Ticker	Company
1	AA LI	Astra Agro Lestari Tbk.
2	AISA	Tiga Pilar Sejahtera Tbk.
3	ASII	Astra Internasional Tbk.
4	AUTO	Astra Otoparts Tbk.
5	BUMI	Bumi Resources Tbk.
6	CMNP	Citra Marga Nusaphala Tbk
7	CTRA	Citra Property Tbk
8	DILD	Intiland Property Tbk.
9	INTA	Intraco Penta Tbk.
10	INTP	Indocement Tunggal Prakarsa
11	LPCK	Lippo Cikarang Tbk.
12	LSIP	London Sumatera Plantation Tbk
13	PGAS	Perusahaan Gas Negara Tbk
14	PTBA	Bukit Asam Tbk.
15	SIPD	Sierad Produce Tbk.
16	SMRA	Summarecon Agung Tbk.
17	UNTR	United Tractor Tbk.

Financial performance data as of 31st December was obtained from a summary of the company's financial statement performance. The data collection began with the study of literature by studying books, journals, website and other references related to this research. Furthermore, the researchers collected data on the company's annual report. The research take data from 2017 until 2020 in annual report of emiten in Indonesia Stock Exchange/ Bursa Efek Indonesia (BEI). All data can be downloadd from data center BEI. There are several object in this research, return, risk, PER, gearing, interest rate and abnormal. Emiten in BEI is the subject of the research.

Data technique analysis in this research used quantitative data analysis. Quantitative data analysis have several stage data analysis. It contains classic assumption include testing for normality, multicollinearity, heteroscedasticity, and autocorrelation (Ghozali, 2005).

RESULTS AND DISCUSSION

The description of the data also explains in more detail the descriptive statistics of each variable. The descriptive statistics include the mean, median variance and standard deviation. The results of the descriptive statistics of each variable can be seen in the following table:

Table 3
Descriptive Statistics

	N	Mean	Minimum	Maximum	Std Deviation
Abnormal Return	68	-0,304000	-0,832000	0,104000	0,479400
Gearing	68	0,191333	0,183000	0,206000	0,012741
PER	68	15,96767	5,865000	21,57000	8,766499
Interest rate	68	8,499667	6,660000	10,89000	2,168098
Risk	68	0,816667	0,150000	1,820000	0,884440

Source: Results of data processing

Based on table 3 above, it can be seen that the number of observations is 68. Then, the average value of the abnormal return variable is -0.304000 and the standard deviation is 0.479400. The gearing variable has an average value of 0.191333 and a standard deviation of 0.012741. The price earning ratio variable has an average value of 15.96767 and a standard deviation of 8.766499. The interest rate variable has an average value of 8.499667 and a standard deviation of 2.168098 and the risk variable has an average value of 0.816667 and a standard deviation of 0.884440.

Normality test

In statistics, normality tests are used to determine if a data set is well-modeled by a normal distribution and to compute how likely it is for a random variable underlying the data set to be normally distributed. Data that are normally distributed are data that have skewness and kurtosis values between the range of -1 to +1 (Owusu-ansah, 2006).

Tabel 4
Skewness and Kurtosis

Variabel	Skewness	Kurtosis
Abnormal Return	0,2436	-0,0744
Gearing	-0,306	-0,1418
PER	-0,1342	-0,0664
Interest rate	-0,2088	-0,0787
Risk	-0,4564	-0,0945

Source: Results of data processing

From the table above, it can be seen that the skewness value of the abnormal return, gearing, PER, interest rate and risk variables are 0.2436, -0.306, -0.1342, -0.2088, -0.4564. From the table it can also be seen that the kurtosis value of each variable is abnormal return -0.0744, gearing -0.1418, PER -0.0664, interest rate -0.0787 and risk -0.0945. This value is in the range -1 to +1. Then the data from the five research variables can be declared normally distributed.

Multicollinearity Test

Multicollinearity can lead to skewed or misleading results when a researcher or analyst attempts to determine how well each independent variable can be used most effectively to predict or understand the dependent variable in a statistical model.

Tabel 5
Multikolinieritas
Coefficients^a

Model	Collinearity Statistics	
	Tolerance	VIF
Gearing	0,981	1,019
PER	0,950	1,052
Interest rate	0,978	1,023
Risk	0,956	1,046

Source: Results of data processing

Based on the results of table 4.5, it can be seen that the results of the VIF value for all variables, turned out to be below the value 10 (VIF <10), so it can be said that there is no serious multicollinearity.

Heteroscedasticity Test

It is used to test for heteroscedasticity in a linear regression model and assumes that the error terms are normally distributed. It tests whether the variance of the errors from a regression is dependent on the values of the independent variables.

Tabel 5
Heteroskedastisity Test
Coefficients^a

Variance	Value Sign.	Cut off	Conclusion
Gearing	0,804	0,05	Heteroscedasticity not occurred
PER	0,947	0,05	Heteroscedasticity not occurred
Interest rate	0,000	0,05	Heteroscedasticity occurred
Risk	0,690	0,05	Heteroscedasticity not occurred

Source: Results of data processing

The test is carried out using the Glejser test with the model $AbsU_t = + X_t + v_t$, if the independent variable is statistically significant affecting the independent variable, then there is an indication of heteroscedasticity. From the results obtained, there is one variable, namely the interest rate which significantly affects the dependent variable, the absolute value of U_t ($AbsU_t$), which means that heteroscedasticity occurs.

Autocorrelation Test

Autocorrelation, as a statistical concept, is also known as serial correlation. It is often used with the Autoregressive-Moving-Average model (ARMA) and Autoregressive-Integrated-Moving-Average model (ARIMA). The analysis of autocorrelation helps to find repeating periodic patterns, which can be used as a tool of technical analysis in the capital market.

Tabel 6
Autocorrelation Test

Model	Durbin Watson
1	2,252

Source: Results of data processing

From the test results obtained DW value of 2.252. Based on the Durbin Watson table with 4 independent variables and 68 the amount of data processed, the DU is 1,731. Therefore, the DW value of 2.252 is greater than the upper limit (du) of 1.731 and less than

4 – 1.7218 (4-du) which is 2.278. The result can be formulated as $-1.7218 < 2.252 < 2.269$, so it can be concluded that there is no autocorrelation problem in the regression model.

Hypothesis test

Hypothesis testing is done by using linear regression analysis method using the SPSS program. This data analysis aims to analyze the relationship between gearing, PER, interest rates and risk on abnormal returns.

Tabel 7
Regression Test

Independent Variable	Coeffisien Regression	Std. error	F. Sign	T. Test	Sig	Conclusion
Konstanta	0,901	0,426	0,075	2,117	0,038	
Gearing	-0,008	0,032	0,075	-0,241	0,810	Not Significant
PER	0,002	0,008	0,075	0,268	0,789	Not Significant
Interest rate	-0,146	0,050	0,075	-2,924	0,005	Significant
Risk	0,042	0,074	0,075	0,562	0,576	Not Significant
R ² = 0,124		N = 68		Sig. = 0,05		
Dependent Variable (Y) = Abnormal Return						

Source: Results of data processing

From the regression testing carried out, multiple regression equations were obtained as follows:

$$Y = 0,901 - 0,008X_1 + 0,002X_2 - 0,146X_3 + 0,042X_4$$

The constant of 0.901 indicates that if there are no gearing, PER, interest rate and risk variables, the abnormal return that will occur is 0.901. The regression coefficients of -0.008, 0.002 -0.146 and 0.042 indicate the magnitude of the effect of gearing, PER, interest rates and risk on the company's abnormal returns. The negative sign means that the relationship between the four independent variables and the dependent variable is inversely proportional. The point is, if the dependent variable, namely gearing, its value decreases, the abnormal return value will increase.

CONCLUSION

The results of data analysis to test the effect of the four dependent variables together on the dependent variable, namely abnormal return, obtained a probability level

(significant) of 0.075, which means greater than 0.05. Thus, the four independent variables of the study, namely gearing, PER, interest rates and risk together have no effect on the dependent variable, namely abnormal returns. It means that changes that occur in the four independent variables are not followed by changes in the dependent variable.

The results of data analysis to examine the effect of each variable individually, the first variable gearing obtained a significance value of 0.810. This figure is greater than the specified significant value of 0.05. Therefore, the gearing variable individually has no effect on abnormal returns.

In the second variable, namely the Price Earning Ratio (PER), also obtained a large significance value of 0.05, namely 0.789. The PER variable individually has no effect on abnormal returns.

For the analysis of the third variable, namely the interest rate, the significance value is 0.005. The figure is smaller than the level of significance, which is 0.05. So, the interest rate variable individually has an influence on abnormal returns.

In the analysis of the X4 variable data, namely risk, a large significance value is also obtained from the 0.05 level of significance (alpha). The significant value obtained is 0.576. It means that the risk variable has no effect on abnormal returns.

The results of this study are different from previous studies (Muradoğlu Yaz Gulnur and Sivaprasad 2012) (Sadikin 2011) (Ziobrowski et al. 2011)(Acheampong, Agalega, and Shibu 2014). The occurrence of differences in research results may be due to differences in research objects and data analysis methods used, differences in research locations and differences in research time.

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