

The Influence of Return on Asset, Debt to Equity Ratio, Earnings per Share, and Company Size on Share Return in Property and Real Estate Companies

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Abstract

Capital market existence in Indonesia is marked with to the number of investor that start inculcates its share in industry real estate and property. Growing fast its sector growth this property is followed with growing request height of board need, until make investors property requires fund from external source. Fund was from external source can be obtained pass by capital market. The objectives of this research to analyze the influence of Return on Asset (ROA), Debt to Equity Ratio (DER) Earnings per Share and Company size on share return of real estate and property industry in Indonesia. The number of population for this research is 50 companies and the number of sample that examined after passed the purposive sampling phase is 35 companies. Analyze technique to use in this research is multiple linier regression to obtain picture which totally regarding relationship between one variable with other variable. The result of this research shows Debt to Equity Ratio (DER) and Earnings per Share (EPS) variables has a positive and significant influence to share return. On other hand, Return On Asset (ROA) and Company size has a negative and insignificant influence on share return on property and real estate industry. This result is expected that Return on Asset (ROA), Debt to Equity Ratio (DER) Earnings per Share (EPS) and Company size variable can be made reference, both by company management and also by investors in determining investment strategy.

Keywords: Share Return, Return on Asset, Debt to Equity Ratio, Earnings per Share, and Company size.

Introduction

Rachbini (1997) in *Properti Indonesia* (1997) state that among many industry sectors in the capital market, there are a lot of investor invest their capital in the property industry. People choose this industry because land and property prices are likely to rise. The annual rise in the price of land is estimated to 40% (Rachbini, 1997). Investments in property are generally long term and will grow in line with economic growth. However, since the economic crisis of 1998, many developers are having trouble because they had large numbers of debt in US dollar that made lending rates jumped to 50% and which later, made developers difficult to pay their loan installments (Kompas, 2003).

After several years from 1998, Indonesia was slowly improving its economic condition, and property industry in Indonesia in 2011 continues to show a positive trend. Improving economic fundamentals, demand continues to increase, and supported by a growing source of financing also favorable government policies are expected to push the development of the property industry in Indonesia in three years (<http://www.bi.go.id>). Property and real estate industry is a fast growing industry that has correlation with the economic condition and the growth of the company which can be measured with share returns.

Share return is the result obtained from investments (Hartono, 2010). There are two factors that affect the investment return according to Ang (1997). First, internal factors such as: reputation of management, performance of company, capital structure, company's debt structure, and many others. Second, the external factors such as: the development of the industrial sector, as well as the effects of monetary and fiscal policy. These factors will be used as a reference for investors in making their investment. If a lot of investors invest in the company, the share price will go up due to the high demand. At the end, the company will get additional capital gain from the increasing share price that led to the potential of its growth.

It is very important to know and understand better about factors affecting share return. In this study the author trying to analyze some internal factors that affecting share return. Understanding internal factor is important because the internal factors are factors that can be controlled or managed by the management. While external factors are factors that beyond the control of the company. There are four independent variables from fundamental analysis that affecting share return in this research, which are Return on Assets (ROA) and Debt to Equity Ratio (DER), Earnings per Share (EPS), and Company size.

The first variable used in this research is Return on Assets (ROA) as an indicator of company's profitability. ROA is an internal factor that is used to measure the effectiveness of the company in generating profits with the use of assets owned (Wild, 2005). Increasing return on assets indicates how well the assets are managed by the companies to bring profit for each one dollar of asset that has been invested to the company (Aryono and Isworo, 2009). Several studies have analyzed the effect of ROA on share return. Studies examining the influence of return on assets on share returns have inconsistent results. Hardiningsih et al.(2002), Martono in Arista and Astohar (2012) and Kennedy (2003) showed a result of their researches that ROA has positive and significant effect on share return. While research from Arianto (2009) and Astohar (2010) showed that ROA has negative and insignificant effect on share returns.

The second ratio used as variable that affecting share return is Debt to Equity Ratio (DER). Debt to Equity Ratio (DER) is indicating a relative proportion of debt and equity used to finance company's asset, and high Debt to Equity Ratio (DER) ratio reflects the company's relatively high risk in solvency and as a result, investors tend to avoid company with high debt or company who has high DER. Some empirical evidence about the effect on share returns showed DER in research conducted by Kennedy (2003) which indicates that the Debt to Equity Ratio (DER) did not has significant effect on share returns, while in Bhandari (1988) the Debt to Equity Ratio (DER) showed a positive significant effect on expected share returns.

Another fundamental analysis that is also affecting share return is Earnings per Share (EPS). EPS is a good indicator of company's profitability and widely used by financial statements users (Kieso et al., 2011). Earnings per Share (EPS) is company's total earnings or net income less any preference shares and dividend then divided by weighted shares outstanding. High Earnings per Share (EPS) is a positive signal to the share price, because it attracts investors more than if its

value is low (Mohana, 2011). But, research conducted by Arista and Astohar (2012) showed that Earnings per Share (EPS) has no significant effect on share return.

Besides financial ratios, there are several variables that have impact on stock returns. One of them is a factor of the size of the company. Company size is one of important factors that influence stock returns (Hou and Dijk, 2008). Larger companies can generate greater earnings. So, they will get a higher return than the smaller companies. This statement is also in line with the statement of Hashemi et al. (2012) that, the size of the company may affect stock returns. Nuringsih (2005) stated that the capital market is more easily penetrated by a large company. With this opportunity, the company will optimize the output and then increase profit that will be obtained to pay greater dividends to shareholders. In addition, investors usually invest by considering the size of the company. But, study conducted by Cooper et al. (2008) showed that asset growth has significant negative relationship on share returns.

Based on the above description and previous studies on the influence of ROA, DER, Earnings per Share (EPS), and Company size on share return indicates that there is still a gap between the theory and the result from previous researches.

Literature Review

Shares Return

Return is the profit or an investment which is usually expressed as an annual percentage rate. Share returns are expected share returns on investments made in shares or groups of shares through a portfolio. Return this share could be used as an indicator of trading activity in the share market. According to Jones (2000: 124), "return is the yield and capital gain or loss". In general, share returns are the benefits of owning a share investor on its investments consisting of dividend and capital gain / loss. Return divided into two, namely the returns that have taken place (the actual return) is calculated based on historical data and expected return to be obtained by investors in the future. Sulaiman and Handi (2008) in their study stated that most companies and investors will seek to increase return of assets owned. Investors who invest in a security, is very concerned about the current profit (actual return) and expected profit in the future (expected return).

Return on Assets

ROA is a profitability ratio that indicates the company's ability to efficiently generate profits from the total asset owned. The greater the mean performance of the company's ROA, the better profitability of the company, because the rate of return increasingly generating profits versus the relatively small assets (Ang, 1997). Return on assets is an internal factor that is used to measure the effectiveness of the company in generating profits with the use of assets owned (Wild, 2005). High return on assets indicates how well the assets are managed by the companies to bring profit for each one dollar of asset that has been invested to the company (Gul et al. 2011).

Increasing ROA shows that the better the performance of the company and its shareholders may benefit from the increasing of capital gain and/or dividends received. If the capital gained or dividend received by the shareholders increasing, the investors or potential investors will be attracted to invest their funds into the company. With the growing appeal to many investors who want the company's share, if the demand for shares of a company increases then the share price will also increase. With the rising share prices, the returns obtained by investors of these shares also increase. This is because the return is the difference between the share prices of the current period with the previous share price (Natarsyah, 2000). This is in line with the opinion of Ang

(1997) which states that corporate profits are increasingly signaled that the financial and operational strength of the company is getting better, so as to provide a positive impact on equity.

Debt to Equity Ratio

Debt to Equity Ratio (DER) is one of leverage ratio. This ratio shows the composition or structure of the total loan capital (debt) to total capital (equity) of the company in fulfilling its long-term liabilities. Debt to Equity Ratio (DER) is the ratio between total debt and total equity. Debt to Equity Ratio (DER) is used to measure the use of debt to total shareholders' equity of the company (Ang, 1997). High Debt to Equity Ratio (DER) shows the composition of total debt (short-term and long-term) is greater than the total capital itself, thus impacting the burden on companies to outsiders (creditors) (Ang, 1997).

According to Horne and Wachowicz (2008), Debt to equity is computed by simply dividing the total debt of the firm (including current liabilities) by its shareholders' equity. Debt to Equity Ratio (DER) provides an overview of the structure of the capital owned by the company so that it can be seen as the level of risk of unsettled debt. Debt to Equity Ratio (DER) also shows the level of corporate debt, firms with large debt have greater cost of debt. It is a burden for companies for having large cost of debt, and this can destroy the investor confidence. Investors tend to avoid shares that have high Debt to Equity Ratio (DER). When there is increase in the number of debt in absolute terms it will reduce the level of solvency of the company, which in turn will affect the value of company's return decline.

Earnings per Share (EPS)

Earnings per Share (EPS) is one of a tool to measure company's profitability that is distributed to shareholders. But in practice, not all of this can be shared, some being held as retained earnings. Earnings per Share (EPS) is the ratio between the net profit after tax less preference share in the financial year and the weighted average of shares outstanding (Kieso et al, 2011). Earnings per Share (EPS) is often used by investors or potential share investors for analyzing the company's ability to make a profit by the shares owned.

According to Hanafi and Halim (1995), Earnings per Share (EPS) is used for some kinds of analysis. First, Earnings per Share (EPS) is used to analyze the profitability of a share by securities analysts. Second, Earnings per Share (EPS) is linked to the market price of a share and yield ratio of Price Earning Ratio (PER). Price Earning Ratio (PER) is the ratio between the price of a share market (market price) to Earnings per Share (EPS) of shares concerned (Ang, 1997).

Company Size

Size of the company can be measured using total assets, sales or capital of the company. One benchmark that indicates the size of the company is the size of the assets of the company. The larger the company's total assets are increasingly able to generate profits. The larger the company making a profit, it will be a big share dividend. In addition, if the company's ability to generate income increases, the share price will rise (Husnan; 1993). This means the company size has a positive relationship with share returns.

Size of the company is one of important factors in that influence share returns (Hou and Dijk, 2008). Larger companies can generate greater earnings. So, they will get a higher return than the smaller companies. This statement is also in line with the statement of Hashemi et al. (2012) that, the size of the company may affect share returns. Nuringasih (2005) stated that the capital market is more easily penetrated by a large company. With this opportunity, the company will optimize

the output and then increase profit that will be obtained to pay greater dividends to shareholders. In addition, investors usually invest by considering the size of the company.

Hypothesis Development

Relationship between ROA and Share Return

Return on assets is an internal factor that is used to measure the efficiency of the company in generating profits with the use of assets owned (Wild, 2005). Studies examining the influence of return on assets on share returns have inconsistent results. Hardiningsih et al.(2002), Martono in Arista and Astohar (2012) and Kennedy (2003) showed a result of their researches that ROA has positive and significant effect on share return. While research from Arianto (2009) and Astohar (2010) showed that ROA has negative and insignificant effect on share returns. High return on assets indicates how well the assets are managed by the companies to bring profit for each one dollar of asset that has been invested to the company (Gul et al. 2011).

Increasing ROA shows that the better the performance of the company, the greater shareholders will benefit from the increasing of capital gained or dividends received. By increasing the dividend received by the shareholders, it will be an attraction for the investors or potential investors to invest their funds into the company. With the growing of attracted investors will cause the demand for shares of a company increases then the share price will also increase. After the rising share prices, the return obtained by investors of these shares is also increased. This is because the return is the difference between the share prices of the current period with the previous share price (Hartono, 2010). This is in line with the opinion of Ang (1997) which stated that corporate profits are increasingly signaled that the financial and operational strength of the company is getting better and then provide a positive impact on equity. Empirical evidence about the influence or ROA relationship with share returns indicates that ROA has no influence on share return (Natarsyah, 2000). From the previous research and explanation above the hypothesis is:

H1: ROA has positive significant impact on share returns

Relationship between DER and Share Return

Debt to Equity Ratio (DER) is used to measure the use of debt to total shareholders' equity of the company (Ang, 1997). High level of Debt to Equity Ratio (DER) shows that the composition of total debt (short-term debt and long term debt) is greater if compared to the total capital itself, so this will have an impact on the greater the burden of the company to external parties (creditors) (Fakhrudin and Hardianto, 2001). Increasing the burden on the creditor will indicate the source of the company's capital is highly depending on external parties, and their ability to settle long-term debt decreasing which could lead to the bankruptcy of the company. Decreased interest of investors in this fund would have an impact on the company's share price declining (Ang, 1997).

If Debt to Equity Ratio (DER) is too high, it will has an adverse impact on the performance of the company, due to the higher level of debt which means the company's interest expense will be greater and reduces profits (Natarsyah, 2000). On the other hand, According to Ross et al. (2003), Debt to Equity Ratio (DER) will affect the company's performance and could cause the share price appreciation if the cost of debt is low. DER is a tool for estimating the level of leverage of a company. High DER means that the company may provide higher returns to its shareholders if the cost of debt is decreasing from previous period. Some empirical evidence on the effect of Debt to Equity Ratio (DER) on share returns show in a study conducted Bhandari (1988), Martono in Arista and Astohar (2012), which showed Debt to Equity Ratio (DER)has a positive significant effect on share returns. So, from the previous research and explanation above the hypothesis is:

H2: DER has positive and significant impact on share returns.

Relationship between Earnings per Share (EPS) and Share Return

According Darmadji and Fakhruddin (2006), Earnings per Share (EPS) is a ratio that indicates how much profit (return) is obtained by investors or shareholders per share. High value of Earnings per Share (EPS) will encouraging shareholders because the greater the profit made by per 1 share owned by shareholders. According to research conducted by Kennedy (2003), there is a link between share returns and Earnings per Share (EPS). The results showed that the variables Earnings per Share (EPS) provide a real relationship with share return. Signaling theory explains that information about the company's financial statements is used by investors as a signal of the company in the future. Signal changes in Earnings per Share (EPS) can be seen from the reaction of share prices. Share price reaction can be measured by using share returns as the value of the price changes.

Increased Earnings per Share (EPS) will make the market react positively (supporting signaling theory) when the market tends to interpret that increase Earnings per Share (EPS) is considered as a signal about the bright prospects in the future and vice versa, market will react negatively if there is a decrease Earnings per Share (EPS), which is considered less good signal about the prospects of the company in the future. The theoretical basis above generates hypotheses as follows:

H3: Earnings per Share (EPS) has positive and significant impact on share returns.

Relationship between Company Size and Share Return

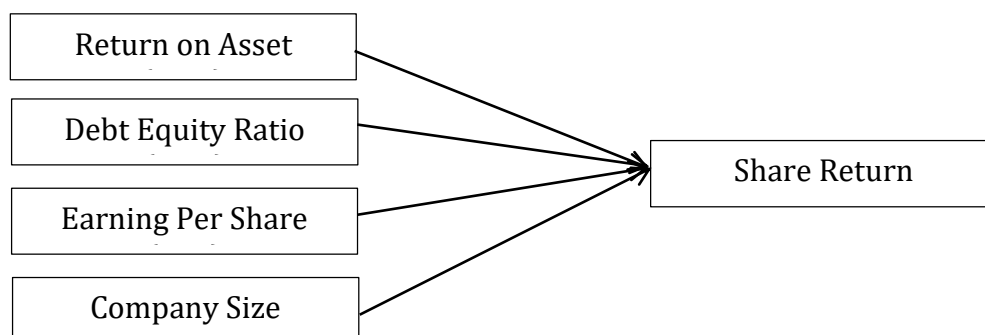
Research of Fama and French (1992) showed that Size of company has negative relationship with share return. While, according to Miswanto (1999), a small company has a risk and higher returns than large companies. In addition, a large company with total assets relatively more stable and bigger is able to generate profits than companies that have small total assets. Thus the fourth hypothesis that the author choose based on the previous researcher and explanation above is:

H4: Size has positive significant effect on share return.

Research Model

Research framework is a model of the research that gives a picture of what the author will conduct in this research. From literature review and previous researches, the variables tested in this research are Return on Asset (ROA), Debt to Equity Ratio (DER), Earnings per Ratio (EPS), and Company size as the independent variables also Share return as the dependent variable. Therefore, the research framework model in this research is as follows:

Figure 1.
Research Model



Research Method

Types and Sources of Data

In this study, the type of data used is secondary data, which have already exist after collected by someone else rather than the researcher himself. Secondary data is obtained from publication and documentation. This study use Cross-sectional data for all variables. Namely, Share Returns, Return on Asset (ROA), Debt to Equity Ratio (DER), Earnings per Share (EPS), and Company size. The form of data in this research is metric for all of the variables.

The data used are secondary data obtained from financial reports, annual report, and other reports obtained through Indonesia Stock Exchange (IDX) website. While, the information regarding the share return data are obtained from *Saham Ok website*.

Population and Sample

Sample is a part of a population that has one or more particular characteristics needed by the researcher and can be considered as the representative of the population. This research sample was done by purposive sampling. According to Steinke (2004), Purposive or judgmental sampling is a sampling that the researcher chooses the sample based on who or what is appropriate for the research by establishing several criteria or condition. The sample is company listed on IDX before 2010 in property and real estate Industry.

Variable Research and Operational Definitions

Dependent variable in this research is the Share return at the close end of the year. Share return is the realization of what has happened. Actual Return is used in analyzing the data is the result obtained from the investment by calculating the difference between the price of individual shares the current period with prior periods by ignoring dividends.

Return on Assets

Return on assets (ROA) shows the ability of a company to generate income with all assets effectively. This ratio is an important ratio existing in profitability ratio.

Debt to Equity Ratio

Debt to Equity Ratio (DER) reflects the company's ability to meet all of its obligations if the company is facing bankruptcy (Solvency). Debt to Equity Ratio (DER) is the ratio between total debt held by the company with total shareholders' equity.

Earnings per Share (EPS)

Earnings per Share (EPS) is one of a tool to measure company's profitability that is distributed to shareholders. But in practice, not all of this can be shared, some being held as retained earnings. Earnings per Share (EPS) is the ratio between the net profit after tax in the financial year and the number of shares issued (Ang, 1997). The data is obtained from company's annual financial statements.

Company Size

Company size indicates the size of the company in property and real estate sector that will be represented using the calculation of natural log (ln) of the total assets of the company (Martani et

al, 2009). Size of the companies is measured by using the total assets owned by the company for 4 years, with the observation period 2011-2014. According to Sitepu and Siregar (2007: 8), "Total assets measured using natural logarithm (ln), which is to balance the results of total assets with other variables that results are not biased, because the total assets have large numbers". The units of the data used are in ratio scale data after being transformed into natural logarithm. All the data of company's total asset is obtained from annual financial statements of each sample companies.

Data Analysis Method

This method is used when the type of relationship being examined is dependence, variables being predicted is one dependent variable and several independents variables in single relationship, and the measurement scale of dependent variable is in metric (Hair et al, 2010). The multiple linear regression model equation can be written as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

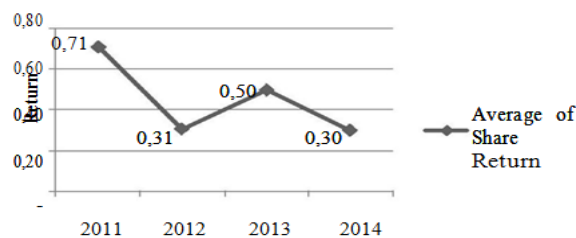
Description:

- Y = Share Return
- α = Constant
- β = Coefficient of variables
- X1 = ROA
- X2 = DER
- X3 = EPS
- X4 = Company Size

Result and Discussion

Object of research used in this study is the Real Estate and Property industry listed in Indonesia Stock Exchange. From the total of 50 existing companies, the sample in this research must fulfill the criteria specified in chapter three. From the sampling method used, it is acquired 35 sample companies in this study. List of companies that meet the criteria specified in Annex 1. Return on Assets (ROA), Debt to Equity Ratio (DER), the Earnings per Share (EPS), company size in form of total asset, and share returns are obtained from annual company's report and financial statements in the period 2011-2014 issued in the Indonesia Stock Exchange (IDX) website. The data on the dynamics of the movement of the share return to the Real Estate industry and Property listed on the Indonesia Stock Exchange Period 2011-2014 is shown in figure

Figure 2.
Historical Data of Share Return
Average of Share Return on Property and Real Estate Industry for period 2011-2014



Source: Processed Secondary data

From Figure 2 it can be seen that the magnitude of the share return on the Real Estate and Property industry listed in Indonesia Stock Exchange 2011-2014 period has decreased. Whereas in the period 2013 share returns have increased. This shows that the condition of the share return in the study period fluctuated.

Descriptive Statistics

Based on the results of the analysis of statistical description, it follows in Table 1 shown the characteristics of the sample used in this study include: number of samples (N), sample mean (mean), maximum value, minimum value and standard deviation for each variable.

Table 1.
Descriptive Statistic Test

	N	Min	Max	Mean	Std. Dev
ROA	35	-3,97	15,48	5,7106	4,62529
DER	35	,07	2,05	,7443	,46220
EPS	35	-17,61	716,70	110,2671	192,94347
Comp Size	35	25,38	30,96	28,4287	1,52705
Share Return	35	-,31	3,64	,4640	,65114
Valid N (listwise)	35				

Source: Processed Secondary data

Table 1 above shows that the number of observations in the Real Estate and Property industry listed in Indonesia Stock Exchange 2011-2014 period in this study is 35 data. Mean or average of share return is 0.464 or 46.4%. The lowest (minimum) of Share returns is -0.31 or -31% and the highest (maximum) of share returns is 3.64 or 364%. From the above data it can be seen that the share returns on average (mean) changes with a positive return on average share return of 5.7%. The table shows that during the period 2011-2014, the general price of shares in companies sampled in this study increased. The standard deviation of share returns of 9.7%, which exceeds the value of the average share return of 6.1%. With a large deviation of the data shows a high fluctuation of the share return variable data during the observation period.

Variable Return on Asset (ROA) has the smallest value (minimum) of - 27.38% and the largest (maximum) is 37.95%. The average (mean) of the Return on Asset (ROA) was 2.7442% with a standard deviation of 7.706%. This indicates that the data in the variable Return on Asset (ROA) has a distribution that is very large, because the standard deviations greater than the mean value. It can be concluded the data in the variable Return on Asset (ROA) was not good.

Variable Debt Equity Ratio (DER) has the smallest value (minimum) of 0.07% and the largest (maximum) is 205%. The average (mean) of the Debt Equity Ratio (DER) is 0.7443% with a standard deviation of 42.326%. This shows that that the data on the variable Debt Equity Ratio (DER) has a distribution that is very large, because the standard deviations greater than the mean value. It can be concluded the data in the variable Debt Equity Ratio (DER) is not good.

The average value (mean) amounted to Rp 110.26 Earnings per Share (EPS) shows that the Earnings per Share (EPS) during 2011-2014 has decreased, with a maximum value of 716.70 rupiah and minimum of Rp -17.61 rupiah. The standard deviation of Rp 192.94 Earnings per Share (EPS) is smaller than the mean value. By looking at the value of the standard deviation that is

smaller than its average then the data used in the variable Earnings per Share (EPS) has a small distribution. It can be concluded that the data used is good data.

The average value (mean) of 28.43 company size shows company size for 2011-2014 has increased, with a maximum value of 30.96 and a minimum of 25.38. By looking at the value of standard deviations smaller than average, the data used in the company size variable has a small distribution. It can be concluded that the data used is good data.

Normality test data statistical analysis can be done using the Kolmogorov - Smirnov. In multivariate data normality test performed on residual values. The data indicated normal distribution with significant value above 0.05 (Ghozali, 2006). Normality test results in tests on 35 the data shown in Table 2 below:

Table 2.
Normality Data
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
	N	35
Normal	Mean	,0000000
Parameters ^{a,b}	Std. Deviation	,44171742
Most	Absolute	,121
Extreme	Positive	,121
Differences	Negative	-,097
Kolmogorov-Smirnov Z		,714
Asymp. Sig. (2-tailed)		,689

Based on the results in Table 2 above, from the result of the second test, it shows that the data was normally distributed. This is indicated by the test Kolmogorov-Smirnov showed results that have a significance level of 0.689 which is far above 0.05.

By looking at a histogram graph display can be concluded that the data distribution patterns close to normal. Then in the normal graph plots dots spread closer to the normal line. The regression model also passes in kolmogorov-smirnov test. The regression model can be concluded that already normally distributed.

Multicollinearity Test

Multicollinearity test aims to test whether the regression model found a correlation between the independent variables (independent). If the independent variables are correlated, then these variables are not orthogonal. Orthogonal variable is the independent variable correlation value between the members of the independent variables equal to zero (Ghozali, 2006). To determine whether there multicollinearity can be seen from the VIF values contained in each variable as shown in Table 3.

Table 3.
Test results Multicollinearity Coefficients^a

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
ROA	,486	2,059
DER	,849	1,178
EPS	,574	1,742
LnCompany_size	,734	1,361

Source: Processed Secondary data

A regression model was declared free of multicollinearity is if it has a value above 0.1 Tolerance and VIF fewer than 10. The data used to test this multicollinearity is data that has eliminated its outlier. The table shows that all independent variables have a value above 0.1 Tolerance and VIF value is far below the number 10. Thus, in this model there is no multicollinearity problem.

Test Autocorrelation

Autocorrelation test aims to test whether the linear regression model filled by correlation of error in the previous period t-1 or not. According Ghozali (2006), a good regression model is a regression that is free of autocorrelation. To determine whether there is autocorrelation we have to look at the DW value with the following table:

Table 4.
Durbin-Watson test Model Summary^b

Durbin-Watson
2,048

Source: Processed Secondary data

Based on the regression analysis, results obtained value of the Durbin Watson (DW) of 2,048. While the amount of DW-table: dl (outer boundary) = 1.22; du (inner boundary) = 1.73; 4 - du = 2.27; and 4 - dl = 2.78. It can be concluded that the DW-test located in the test area. It can be seen in Table 5 as follows:

Table 5.
Durbin-Watson Test Results

Positive autocorrelation	Doubtful Area	Free from autocorrelation	Doubtful Area	Negative autocorrelation
0	dl = 1,22	DW = 2,048	4-du=2,27	4
	4-dl= 1,73		4-dl- 2,78	

In accordance with table 5 shows that the Durbin-Watson are in the area there is no autocorrelation. So that the data used in this study are free of autocorrelation.

Results of Multiple Regression Analysis

From the data obtained and analyzed by the method of regression and calculated using SPSS software. The SPSS output shows partially the effect of the five independent variables, namely ROA, DER, EPS, and Company Size to share return is shown in Table 6 as follows:

Table 6.
Regression Calculation Results Coefficients^a

Model	Unstandardized Coefficients	
	B	Std. Error
1 (Constant)	2,393	1,677
ROA	-,026	,025
DER	,561	,189
EPS	,002	,001
LnCompany_size	-,086	,062

a. Dependent Variable: Share_Return
 Source: Processed Secondary data

By looking at the table above, can be composed of multiple linear regression equation as follows:

$$\text{Shares Return} = 2,393 - 0,026 \text{ ROA} + 0,561 \text{ DER} + 0,002 \text{ EPS} - 0,086 \text{ Company Size}$$

The regression equation above has the following meanings:

1. The regression coefficient of ROA is -0,026. Negative coefficient values indicate that ROA negatively affected the share return in the Real Estate and Property industry listed in Indonesia Stock Exchange Period 2011-2014.
2. The regression coefficient of DER is 0.561. Positive coefficient values indicate that DER positively affects share returns in the Real Estate and Property industry listed in Indonesia Stock Exchange Period 2011-2014.
3. The regression coefficient of Earnings per Share (EPS) is equal to 0.002. Positive coefficient values indicate that the Earnings per Share (EPS) positively affect share returns in the Real Estate and Property industry listed in Indonesia Stock Exchange Period 2011-2014.
4. Company size coefficient is amounted to -0.086. Negative coefficient values indicate that size of company negatively affect share returns in the industry Real Estate and Property listed on the Indonesia Stock Exchange Period 2011-2014.

Thus the result of the independent variable influence on the dependent variable analysis that has been done is in accordance with the theoretical framework proposed by the author.

The coefficient of determination (R^2)

The coefficient of determination (R^2) essentially measures how far the ability of the model to explain variations in the dependent variable. R^2 value close to one means independent variables provide almost all the information needed to predict the variation of the dependent variable (Ghozali, 2006). The determination coefficient calculation results can be seen in Table 7 below:

Table 7.
The Calculation Results of determination coefficient (R^2)
Model Summary^b

Model	R	R Square	Adjusted R Square
1	,735	,540	,478

a. Dependent Variable: Share_Return

b. Predictors: (Constant), LnCompany_size, EPS, DER, ROA

Source: Processed Secondary data

From the calculation results of the influence of independent variables on the dependent variable that can be explained by the model of this equation is 47.8%. The value is Positive and close to 50%. This correlation means that the relationship between X and Y variables such that as values for X increases, values for Y is also increases with a strong enough correlation. The 47.8% suggests that the major effect of the variable Return on Assets (ROA), Debt to Equity Ratio (DER) and the Earnings per Share (EPS), and Company size on share returns can be explained by the model of this equation is equal to 47.8% and the rest of 52.2% influenced by other factors that are not included in the regression model, such as other internal variables, state macroeconomic factors, market sentiment factors and political factors of the country.

Hypothesis Testing

T Test

In this research, Author use one-tailed test for computing the statistical significance of parameter inferred from a data set. In one-tailed test not only the significance that is being tested but also the direction of significance whether it is positive or negative. The calculation results of regression analysis to test the hypotheses put forward can be seen in Table 8 as follows:

Table 8.
T Test Result
Coefficients^a

Model	Unstandardized Coefficients		T	Sig.
	B	Std. Error		
1 (Constant)	2,393	1,677	1,427	,164
ROA	-,026	,025	-1,059	,298
DER	,561	,189	2,963	,006
EPS	,002	,001	4,327	,000
LnCompany_size	-,086	,062	-1,403	,171

a. Dependent Variable: Share_Return

Source: Processed Secondary data

From the results of the regression analysis above, it appears that only DER and EPS that has significant effect on share return, because the significant level of DER and EPS is below 0.05. EPS and DER also has a positive significance. While, the other two independent variables, ROA and Company size have insignificant effect on the dependent variable, with a significance level of each 0,298 and 0.171. This is because the value of the variable t Sig. ROA and Company size is bigger than the significance level of 0.05.

Discussion

The first proposed hypothesis states that ROA positive and significant impact on share returns. The results were obtained from regression coefficients for the variables ROA amounted to -0.026 with a significance value of 0.298, the value is significant at the 0.05 level as it less than 0.05. Thus, the first hypothesis which states that ROA positive and significant impact on share returns is rejected.

This suggests that high ROA doesn't really attract investors in capital market. It shows that a good profitability performance of the company can be really seen when the investor also considering other profitability ratio such as OPM, NPM, ROE, ROIC, and P/E ratio. So, ROA by itself alone is hard to attract investor buying the shares of a company if the other profitability ratios have different condition. By the increasing of ROA from previous period, it doesn't mean that the economic condition is good. Bad economic condition also can lead with the decreasing of share return although the ROA is increasing. In conclusion, The ROA increasing and decreasing in property and real estate sector for period 2011-2014 didn't affect investor decision in buying share which result in its insignificant effect on share return. These findings support the results of Arianto (2009), and Arista & Astohar (2012) showed a negative and insignificant effect on share returns.

The second proposed hypothesis states that DER has positive and significant effect on share returns. The results obtained from regression coefficient for the variable DER is 0.561 with a significance value of 0.006, where the value is significant at the 0.05 level as less than 0.05. Thus the fourth hypothesis which states that the DER has significant positive effect on share returns can be accepted.

Debt to Equity Ratio (DER) can be used as a reference for determining the investment strategy for investors. Increasing the Debt doesn't always led to poor performance of a company to pay its debt, especially the short-term debt. Low cost of debt can also become one factor that make high DER attract investors to buy shares and increasing the share return. This condition may increase the interest of investors in their funds in the company. Increased interest investors in this fund would have an impact on the company's share price inclines, so the return the company also increased.

According to Brigham and Houston (2013), a company with low DER will have smaller risk in bad economic condition. But, when the economic growth better the chance to get high income is also low. On the other hand, companies with high leverage ratio are indeed face a greater risk in a declining economic condition. But, its chance to get high profit in a growing economy is also high. Thus, high debt to equity in a good economic condition may give positive signal to investors. These findings support the results of Bhandari (1988), shows that the DER has significant positive effect on share returns.

The third proposed hypothesis states that the Earnings per Share (EPS) has positive and significant effect on share returns. The results were obtained regression coefficient for the variable Earnings per Share (EPS) of 0.02 with a significance value of 0.000, where the value is significant at the 0.05 level as less than 0.05. Thus the second hypothesis which states that the Earnings per Share (EPS) and a significant negative effect on share returns can be accepted.

The Earnings per Share (EPS) can be used as a material consideration in determining their investment strategy. This is because the Earnings per Share (EPS) give the amount that implicitly shows the capital gain will be earned by the investor if they want to invest their money in a company with high EPS. This result is supported by other research from Silviana and Rocky (2013).

The fourth proposed hypothesis states that Company size is a significant negative effect on share returns. The results were obtained regression coefficient for the variable is -0.086 with a significance value of 0.171, where the value is significant at the 0.05 level as less than 0.05. Thus the fourth hypothesis which states that company size is a significant positively affect on share returns in Property and Real Estate Company listed on the Indonesia stock exchange is rejected. This result is in accordance with (Fama and French, 1993) that also showed a negative relationship between size of company and share return.

Company size could not become the main basis to evaluate the performance of a company. Bigger company doesn't mean better return the company will give to the investors. It is because the effect of company size n this study showed an insignificant result on share returns. Investors who invest in capital market don't always consider the size of company as the main indicator of the best company to invest. Instead, they care more about the ability of the company to return the investment. Shares with higher asset growth in the past experience lower future returns in 40 international equity markets, consistent with the U.S. evidence documented by Cooper et al. (2008).

The fifth proposed hypothesis states that ROA, DER, EPS, and Company size simultaneously has significant effect on share returns. The results were obtained with a significance value of 0.000, where the value is significant at the 0.05 level as less than 0.05. Thus the fifth hypothesis which states that ROA, DER, EPS, and Company size has significant effect on share returns in Property and Real Estate Company listed on the Indonesia stock exchange is accepted. This result is in accordance with (Triwulandari and Akbar, 2013) that also showed a significant relationship

simultaneously between ROA, EPS, Size of company as the independent variables and share return as its dependent variable.

Conclusion

This study attempts to answer the research objectives, namely to analyze the effects of ROA, DER, EPS and Company size to share return in property and real estate industry listed in the Indonesia Stock Exchange results from hypothesis testing using multiple regression analysis with five independent variables (ROA, DER, EPS, and Company size) and one dependent variable (share returns) show that hypothesis testing results indicate that Return on Asset (ROA) positive and significant impact on share returns is rejected. This is shown by the significance value more than 0.05, which is 0.298. The hypothesis shows the results of testing that the (DER) has significant positive effect on share returns can be accepted. This is shown by the significance value less than 0.05, which is 0.006. Hypothesis testing results show that the Earnings per Share (EPS) has significant positive effect on share returns can be accepted. This is shown by the significance value less than 0.05, which is 0.000. Hypothesis testing results indicate that Company size positive and significant impact on share returns is rejected. This is shown by the significance value less than 0.05, which is 0.171. Hypothesis testing results indicate that ROA, DER, EPS, and Company size simultaneously have significant impact on share returns is accepted. This is shown by the significance value less than 0.05, which is 0.000.

This study has limitations. Results indicate little influence of the independent variables in influencing the dependent variable, which only amounted to 47.8% and the remaining 52.2% is influenced by other factors that are not included in the model, so there are many variables that affect the dependent variables, but are not included in this model. This study is limited to shares that are included in the Property and Real Estate industry listed in Indonesia Stock Exchange period 2011-2014 so there is still a lot of issues which have not been included in this study. Such as the other industry sector in Indonesia and the other period that is not included in this study. Longer period will generalize the result. While, broaden sample will give more accurate picture of the result. In the future research, there are several things to note. In future studies, researchers need to add other fundamental factors as independent variables, because it is very possible some fundamental factors that are not included in this study has a strong influence on share returns. Such as, Net profit margin (NPM), Debt to asset ratio (DAR), Price to earnings ratio, and many more. Researchers also need to consider the external factors. Such as, the macro economic condition, market sentiment, demographic, trends, and other technical factors. Researchers also should consider using some non-metric independent variables that affecting the share return such as the reputation of auditor. Researchers should do a research that also address the moderating and control variables. To analyze the effect of independent variables in this study that is affected by those variables toward share return. Economic value added (EVA) is one among many that can be used as the moderating variable. Next, researchers need to add more research period. Thus, the result obtained later hopefully gives better explanation and show a better picture about the real condition of research subject. Also to provide better analysis for other interested users of the research. A ten years data or should prove adequate. Last, researchers may use the same variables in this study plus some additional factors and same sample. But, with different research method or type of data. In this research, author use cross sectional data. But in the future, researchers should consider using the time series data or pooled data.

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