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# The Effect of MVA, ROE, and NPM on The Return of Indonesian Sharia Stock Index 2019-2023

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**Abstract**

The study aims to examine the factors that affect the stock returns of consumer products businesses listed on the Indonesia Sharia Stock Index for 2019–2023. The findings of several earlier research that looked at stock returns varied. Thus, more study must be done in order to reassess stock returns. A population of 125 consumer goods companies participated in this study. During the five years of research (2019–2023), which involved 195 observations, 13 companies were chosen using the purposive sample technique. The annual report of the sample company, which is available for download from both the company's and the Indonesian Stock Exchange's (IDX) official websites, provided all of the data used in this study. Multiple regression is one of the data analysis methods used in this study. Classical assumption testing is the first step in the data analysis process. Multiple regression analysis follows, and hypothesis testing concludes. According to the research that has been done, MVA, ROE, and NPM all significantly increase stock returns. In the meanwhile, it partially demonstrates that MVA significantly affects stock returns. The stock returns of primary consumption companies in the ISSI index are positively and significantly impacted by the ROE variable. Similarly, the stock returns of primary consumption companies in the ISSI index are positively and significantly impacted by the NPM component.
**Keywords:** Stock return, Market value-added, Return on equity, Net profit margin, Indonesia Sharia Stock Index

**Introduction Section**

According to Mulyadi (2001), investment is an act of allocating resources to acquire financial or tangible assets with the aim of achieving better results in the future. One form of investment that can be used by the wider community is investment in the capital market. Without a capital market with financial and economic functions, a country's economy cannot function (Aminah, 2021). By bringing together those who have excess money (investors) and those who need cash (borrowers) (issuers), the capital market encourages economic growth. Issuers or companies can use this cash to make investments without waiting for the capital market to provide operational money (Aminah, 2021). The capital market serves as a means that investors can use to diversify their portfolios according to the risk profile of investors, as well as pursue the expected profits and portfolio growth. Investment in the capital market also has liquid properties and facilitates asset conversion.

According to Nurdin (2020), the rate of return that investors anticipate from their investments in stock instruments or other investment groups through a particular portfolio is known as the stock return. These returns may be realized or have already happened, or they may be predicted returns that have not yet been realized but are anticipated to happen in the future. In the last ten years, Indonesia's capital market return has grown by 361.43%, the Philippines ranks second at 264.01%, and India ranks third at 196.51% (Nurdin, 2020).

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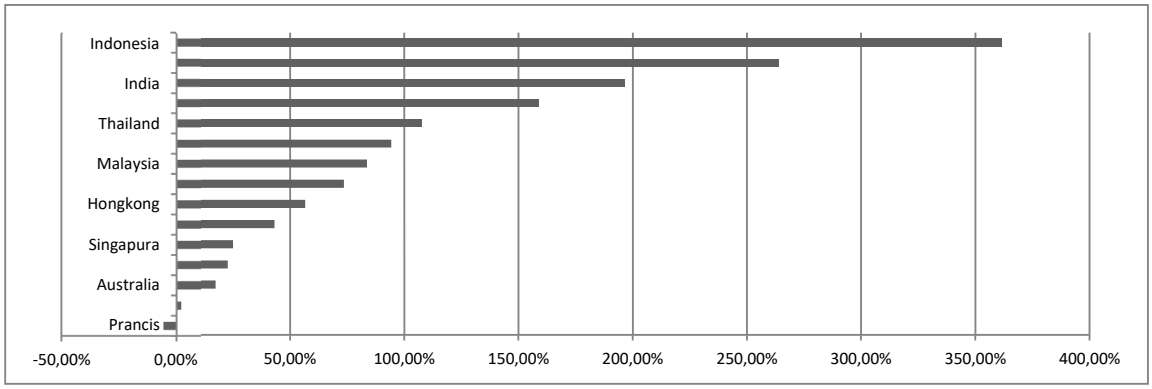


Figure 1.1 Capital market returns of countries in the world

Source: Nurdin, 2020

When investing in the capital market, it is common for investors to expect to get profits/returns from investment activities they carry out. Stock return is the profit obtained by a shareholder after he invests in the stock market. This return can be divided into two types: realized return, which means profits that have already occurred, and expected return, which means profits anticipated or expected by investors when investing in the capital market (Jogiyanto, 2008). In this instance, investors are taking a risk by trading the present value in the hopes of obtaining a higher value later on. The selling price or current price is subtracted from the purchase price or price at the start of the investment period to determine stock returns. The following is a graph of the return growth of the Composite Stock Price Index (IHSG) in the last twenty years:

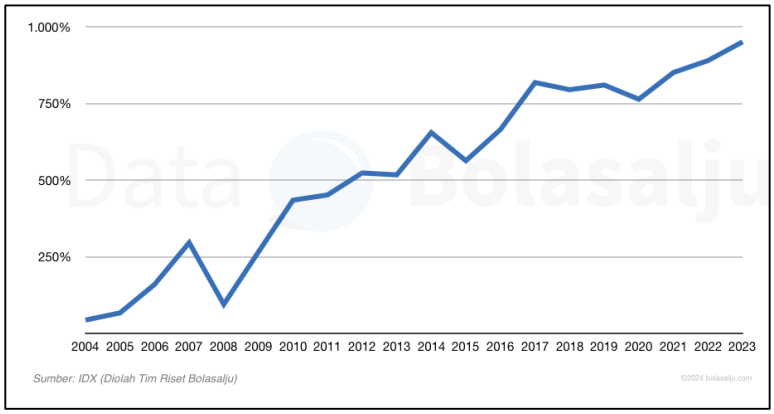


Figure 1.2 IHSG Return for the Last 20 Years

Source: Bolasalju.com

Nonetheless, investors can utilize a number of indices, such as the Indonesia Sharia Stock Index (ISSI), as a guide when selecting the equities they wish to purchase in the Indonesian capital market. The performance of firm stocks in Indonesia that are governed by sharia principles is reflected in the Indonesia Sharia Stock Index (ISSI), a sharia stock market index. The Indonesia Stock Exchange (IDX) created this index as a crucial tool for investors who adhere to Islamic financial standards. ISSI stocks are chosen according to sharia standards, which forbid businesses from engaging in certain industries, including gambling, usury, alcohol, and other non-halal goods. For stock investors who are dedicated to making investments based on sharia ideals, ISSI offers a summary of the performance of the Indonesian sharia capital market.

In 2020, the world faced severe situations and conditions affected by the Covid-19 pandemic. This impacts a decrease in income due to a decrease in consumer demand, disruptions in the supply chain, and a decrease in overall economic activity. A decrease in stock prices can also impact decreasing returns obtained by shareholders. When the stock exchange closed at the end of 2020, the JCI closed down 0.95% compared to the opening of trading at the beginning of the year. This was also experienced by the Indonesia Sharia Stock Index (ISSI) which closed down 0.53% at the close of 2020 trading. However, the volatility of ISSI's stock returns did not only occur during the pandemic but also before and after the pandemic occurred, the volatility of ISSI's stock returns still occurred. This makes it necessary to conduct research to examine the causes of the rise and fall of stock returns in ISSI.

| Years | Opening Price | Closing Price | Percentage of Return |
|---|---|---|---|
| 2019 | 193,50 | 173,15 | -10,51% |
| 2020 | 173,15 | 172,23 | -0,53% |
| 2021 | 172,23 | 189,12 | 9,80% |
| 2022 | 189,12 | 212,64 | 12,43% |
| 2023 | 212,64 | 211,47 | -0,55% |

Table 1.1
Return of stock ISSI 2019-2023

Some of the primary considerations for investors in stock market investment are the financial performance and business actions of the company they own (Nurdin, 2020). Investors must examine a company's financial statements to evaluate its economic success. This can be used as a useful reference for shareholders in determining whether investing in the company can provide benefits for them or not. Financial ratios allow investors to determine the strengths and weaknesses of a business (Nurdin, 2020). Financial ratio analysis, according to Bisara & Amanah (2015), is a study that uses historical data to show how well a firm will perform in the future. A company's stock price is a reflection of its financial performance, and investors' favorable reactions to the stock price are frequently correlated with the company's financial performance (Wira, 2012).

The variable in the financial ratio used to analyze stock returns is market value added (MVA). MVA is the gap between the value of shares and the net asset value of a company (Angelica, 2022). This measurement of MVA reflects the impact of managerial decisions on shareholders' profits since the company's inception. The Market Value Added (MVA), or the difference between the market value and the amount of capital contributed by investors, will be optimized to maximize investor welfare. (Silalahi, 2021). Good business performance is indicated by a high MVA level. Good business performance is indicated by a high MVA level. According to research by Angelica (2022), stock returns are not significantly impacted by MVA. Nonetheless, a study by Silalahi (2021) found that MVA significantly and negatively affects stock returns. In contrast, MVA was found to have a favorable and significant impact on stock returns in a study conducted by Riani et al. in 2023.

Indonesia's stock market includes a segment known as consumer goods stocks. The primary consumption sector is a big concern because it provides basic needs for humans. To compete with similar companies worldwide, companies in this sector must strengthen their operational base. Furthermore, according to the book "Sharia Capital Market Roadmap" released by the OJK in 2019, the primary consumption sector controls 9.89% of all IDX shares. Some of the primary considerations for investors in stock market investment are the financial performance and business actions of the company they own (Nurdin, 2020). Investors must examine a company's financial statements to evaluate its economic success. This can be used as a useful reference for shareholders in determining whether investing in the company can provide benefits for them or not. Financial ratios allow investors to determine the strengths and weaknesses of a business (Nurdin, 2020). Financial ratio analysis, according to Bisara & Amanah (2015), is an analysis based on past data with the primary goal of showing the company's future performance. The stock price of a company will reflect its financial performance, and the positive response of investors to the stock price often has a relationship with the financial performance of the company (Wira, 2012).

The variable in the financial ratio used to analyze stock returns is market value added (MVA). MVA is the gap between the share capitalization and the net asset value of a company (Angelica, 2022). This measurement of MVA reflects the impact of managerial decisions on shareholder's profits since the company's inception. The welfare of investors will be optimally achieved by optimizing the gap between the market value and the amount of capital that has been invested by investors, which is referred to as market value added (MVA) (Silalahi, 2021). Businesses that function well typically have high MVA values. The MVA rate has no discernible impact on stock returns, according to research by Angelica (2022). But according to a study by Silalahi (2021), there was a substantial and adverse relationship between MVA and stock returns. In contrast, MVA was found to have a favorable and significant impact on stock returns in a study conducted by Riani et al. in 2023, and Silitonga, et.al (2019).

The rate of return on stocks is frequently measured using the plural variable return on equity. Return on Equity (ROE) is a profitability statistic that shows how well a firm can pay out profits to its shareholders by collecting net profit from the capital that shareholders have invested in the company (Mangantar, 2020). The ability of the business to make money off of its own capital is indicated by a high ROE. The company's value rises as a result of the ROE growth, which influences the rise in stock prices. As a result, the rise in stock returns is correlated with the rise in ROE. According to a study on ROE by Mangantar et al. (2020), returns stock was not significantly impacted by ROE. On the other hand, ROE significantly improved stock returns in another study by Almira (2020). Devi (2020) came to the conclusion that ROE significantly and favorably affects stock returns. Meanwhile, ROE had no discernible impact on stock returns in the Kampongsina study (2020).

Net profit margin (NPM) is the third variable used in this study. A financial ratio called net profit margin compares net profit to total revenue to determine profitability. When all costs and expenses are taken into account, this ratio shows how effectively the business turns income into net profit. Businesses with a high Net Profit Margin score are those that efficiently extract net profit from their operating income. This ratio demonstrates that the business can effectively manage its operating expenses and has the capacity to enhance profits per revenue unit. According to a study by Laulita (2022), stock returns were positively and significantly impacted by NPM. According to Ristyawan's (2019) research, there was no discernible positive correlation between stock returns and net profit margin.

According to the justification provided, there is a notable distinction from earlier studies. Thus, the purpose of this study is to examine the partial and simultaneous effects of MVA, ROE, and NPM on stock returns on the Indonesia Sharia Stock Index (ISSI). In terms of the research period and the combination of independent variables used—MVA, ROE, and NPM—this study is different from earlier investigations. Using MVA, ROE, and NPM ratios, this study examines and contrasts the company's financial statements and the growth in its value.

## LITERATURE REVIEW

### Signalling Theory

When an investor or organization has an opportunity to access the information available, their attitude can be explained by signal theory. Signals of confidence in investors will be given by companies with good business (Lukman & Tanuwijaya, 2020). Generally, the receiving party must decide how to interpret the signal, while the signaling party is given the choice of whether and how to disclose (or disseminate) the information obtained (Connelly et al., 2011). A good company is able to differentiate itself from other companies, as evidenced by being able to provide reliable signals to shareholders about the quality of a company in the capital market (Bustani et al., 2021).

According to signal theory, the way a company conveys signals is with financial and non-financial performance as well as productivity performance that has been passed by the company as an effort to meet expectations and have an influence on investor decision-making (Wijaya, 2022). The data that companies often provide is in the form of records or summaries of their circumstances in the previous period. The explanation for applying signal theory in accounting is that a manager disseminates financial statements to the market to convey information. Then, investors or potential investors will again conclude whether the news they get is positive or negative news that can be inferred from financial report data. If investors give positive indications, the company's share price will increase. On the other hand, if investors give negative indications, it will have an impact on a decrease in the company's share returns (Wijaya, 2022)

### STOCK RETURN

Return, as defined by Oktari et al. (2018), is income expressed as a percentage of the initial capital invested. Income obtained from stock investment is profit obtained through the purchase and sale of shares (Son, 2016). Shares are kept as a backup when the cooperation contract has expired and is not executed. According to Okechukwu et al. (2019), return is the return on investment, and the rate of return is the difference between the amount of capital deposited for the investment and the amount received. An investor in the world of the stock market must be confident against all risks and uncertainties when making investments and know how to buy stocks.

Anticipated returns are inversely correlated with risk. Better risk is usually associated with a better likelihood of success (Susanty et al., 2020). However, large profits are not always achievable, and it is not always necessary to invest large amounts of funds. This situation can occur in abnormal markets, as has happened before. The shift in the value of stock prices in the period t with t-1 is called stock return also called stock income (Ayu Aizsa, Solikah Nurwati, 2020). High stock returns are generated in proportion to changes in stock prices. Stock returns, according to Rusliati & Farida (2010), are incentives in carrying out investment activities.

Figure 2.1
Stock return formula

### Market Value Added (MVA)

$$\text{Stock Price} = \frac{Pi_t - Pi_{t-1}}{Pi_{t-1}}$$

The gap between market capitalization and net asset value is the definition of market value added. MVA which indicates that the business has succeeded in providing additional benefits for its shareholders. A high MVA reflects the success a business has had in increasing shareholder wealth through solid operational performance and strong market support (Rahman, 2022). The demand for business shares may increase due to increasing company investor confidence. Stock prices will rise along with strong demand. Since investors can sell their shares when the stock price rises after purchasing them at the original price, the capital gain will likewise rise as the stock price rises. The difference between market capitalization and net asset value is computed by MVA. Growing investor trust in businesses may lead to a rise in the demand for company shares. Strong demand will result in higher stock prices. If the stock price is high, capital gains will also rise since investors can sell their shares when the price surpasses the original purchase price.

MVA is the best operational metric to assess whether a business is successful in creating wealth for its owners (Rahayu 2019). Consequently, an increase in the wealth and well-being of shareholders coincided with the rise in MVA's value. The majority of companies aim to increase profits, but they also have an obligation to make sure that resources are used efficiently and can benefit the economy (Rahman, 2022). The following is the MVA formula:

**MVA= (Outstanding shares x common stock price) - Total common stock equity**

**H1: Market Value Addded (MVA) has a positive effect on stock returns**

### Return On Equity (ROE)

Investors use the return on equity (ROE) ratio to determine how big their investment is. To provide a return on equity, the business makes use of its resources. The company's share return will be significantly impacted by the return on equity (Anggrainie, 2024). Previous research shows that there is an influence on stock returns. A company's share capital is used to calculate returns and assess a business's profitability. A company's stock performance is also influenced by its rate of return on equity. The increase or decrease

in a company's ROE will typically have an impact on the rate of return on its stock (Anggrainie, 2024). Investors can also use ROE to assess a stock's value when the market is generally underperforming. (Kieso et al., 2019). This percentage also describes how effectively the business uses equity capital internally. The return on equity ratio should be as high as possible. This indicates that the position of business owners is getting stronger and vice versa. The formula for Return on Equity is

**ROE= (Net profit: Total equity) x 100%**

**H2: Return on Equity (ROE) has a positive effect on stock returns**

**Net Profit Margin (NPM)**

Profit after interest and taxes is compared to sales to get the Net Profit Margin (NPM) (Sari, 2020). The range of capabilities is described by NPM. According to Fahmi (2016), companies eventually lower their operating expenses. One way to gauge a company's ability to sustain its market position and overall growth is by looking at its net profit margin. The company's net income will rise if its growth keeps up annually, which will boost investor returns (Sari, 2022). The formula for the net profit margin is:

**Net profit margin = (Net profit : Sales) x 100%**

**H3: Net profit margin has a positive effect on stock returns**

## METHODOLOGY

This kind of study is an explanatory study. This study relies on secondary data, which was gathered from yearly financial statements that were published and made accessible via the websites of listed businesses and the Indonesia Stock Exchange between 2019 and 2023. Market Value Added (MVA), Net Profit Margin (NPM), and Return on Equity (ROE) were among the data examined in this study. The 125 key consumer companies that are listed on the IDX between 2019 and 2023 make up the study's population. This approach should more accurately represent the actual state of stock trading since the stocks used to calculate the Indonesia Stock Exchange are thought to represent the price of shares that are actively traded as well as their yields.

A sample of primary consumer businesses that were listed between 2019 and 2023 on the Indonesia Stock Exchange will be used in this study. Purposive sampling, which is done in accordance with preset research goals, is the approach used to acquire samples for this study. The following are the sample selection criteria derived from the purposive sampling method: (1) Companies that are included in the Indonesia Sharia Stock Index (ISSI) index for consecutive periods in the 2019-2023 period; (2) Companies that have consistently published their financial statements that the Indonesia Stock Exchange has fully audited during the period 2019-2023; (3) Primary consumption sector companies listed on the main board on the Indonesia Stock Exchange.

Thus, the sample was selected from as many as 13 primary consumption companies using the criteria that had been set. This study used documentation, namely documents related to financial statements that have been collected, especially from the Indonesia Stock Exchange (IDX), in the form of annual reports of primary consumption companies in 2019-2023. The systematic analysis methods used are descriptive statistics, classical assumption tests, and multiple regression analysis. Data analysis in this study uses the Eviews application.

## RESEARCH RESULTS

**Panel Data Regression Model Selection**

In order to identify the best model and comprehend the elements influencing stock returns in the panel data regression analysis, the panel data regression model was used. Three different types of regression models—the Fixed Effect Model (FEM), the Random Effect Model (REM), and the Common Effect Model (CEM)—make up the panel data regression model.

**Chow Test**

Chow tests are used to determine whether a Fixed Effect Model or a Common Effect Model fits panel data better. If the significance value is less than 0.5, the FEM model is more appropriate for use, and if the significance value is greater than 0.5, the CEM model performs better (Hasyim, 2021).

| Effects Test | Statistic | d.f. | Prob. |
|---|---|---|---|
| Cross-section F | 1.609557 | (12,49) | 0.1199 |
| Cross-section Chi-square | 21.599794 | 12 | 0.0423 |

Table 1. Chow Test Results
Source: Author's data, processed (2024)

The probability value (Prob), as determined by the Chow test, is 0.0423, which is less than 0.05. It is evident from this test that the Fixed Effect Model (FEM) is a better fit for this particular test.

**Haussman Test**

In order to determine which model is best for panel data regression, the Haussman test contrasts the Fixed Effect Model and the Random Effect Model. The Random Effect Model (REM) is the model that is chosen if the test's significance value is greater than 0.05; if it is less than 0.05, the Fixed Effect Model (FEM) is the model that is chosen (Hasyim, 2021).

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Cross-section random | 12.302328 | 3 | 0.0064 |

Table 2. Haussman Test Results
Source: Author's data, processed (2024)

Based on the Hausmann Test shows that the probability value (Prob) is 0.0064. This shows that the value is <0.5. Thus, it can be concluded that the Fixed Effect Model (FEM) model is more appropriate to be used in this test. If the Chow Test and the Hausman Test have found the same model to be acceptable, then the LM (Lagrange Multiplier Test) test is no longer necessary.

**Classical Assumption Test**

The regression of the Ordinary Least Squares (OLS) panel data only considers heteroscedasticity and multicollinearity, not the entire classical assumption test (Basuki & Yuliadi, 2015).

**Multicollinearity Test**

| | X1 | X2 | X3 |
|---|---|---|---|
| MVA | 1.000000 | 0.702916 | -0.061612 |
| ROE | 0.702916 | 1.000000 | 0.137548 |
| NPM | -0.061612 | 0.137548 | 1.000000 |

Table 3. Multicollinearity Test Results
Source: Author's data, processed (2024)

The purpose of the multicollinearity test is to determine whether or not independent variables in a regression model have a linear relationship. Multicollinearity should not be present in regression models. A significant level of multicollinearity is indicated if the correlation coefficient between the variables is greater than 0.80. Since the values of each variant, X1, X2, and X3, are less than 0.8, it can be inferred from the multicollinearity test results in the above table that the independent variables do not have multicollinearity issues.

**Heteroscedasticity Test**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 0.196140 | 0.034090 | 5.753602 | 0.0000 |
| MVA | -4.72E-16 | 7.69E-16 | -0.613896 | 0.5421 |
| ROE | 0.011601 | 0.105004 | 0.110484 | 0.9125 |
| NPM | -0.003142 | 0.001789 | -1.756179 | 0.0853 |

Table 4. Heteroscedasticity Test Results
Source: Author's data, processed (2024)

Each regression model's residual imbalances are found using the heteroscedasticity test. To ascertain whether the regression model in this study is heteroscedastic, the Glacier Test approach was employed. The dependent variable in Glejser's method is the obsolete residual variable (RESABS). A p-value greater than the alpha threshold of 0.05 is necessary to pass this test. It is evident from the results of the heteroscedasticity test that the independent variables in this study do not suffer from heteroscedasticity issues because each variable's matrix values are X1, X2, and X3 > 0.05.

**Coefficient of Determination R**

| | | | |
|---|---|---|---|
| R-squared | 0.413606 | Mean dependent var | 0.052923 |
| Adjusted R-squared | 0.234098 | S.D. dependent var | 0.313970 |
| S.E. of regression | 0.274774 | Akaike info criterion | 0.464002 |
| Sum squared resid | 3.699525 | Schwarz criterion | 0.999236 |
| Log-likelihood | 0.919937 | Hannan-Quinn criter. | 0.675186 |
| F-statistic | 2.304108 | Durbin-Watson stat | 2.476627 |
| Prob(F-statistic) | 0.014359 | | |

Table 5. Coefficient of Determination R Test Results
Source: Author's data, processed (2024)

Based on the table above, the adjusted R-square value of 0.234098 shows that the variables MVA, ROE, and NPM can explain the return on shares of primary consumption companies in ISSI of 23.4%; the remaining 76.6% is explained by other variables outside the model.

**F Test**

| | | | |
|---|---|---|---|
| R-squared | 0.413606 | Mean dependent var | 0.052923 |
| Adjusted R-squared | 0.234098 | S.D. dependent var | 0.313970 |
| S.E. of regression | 0.274774 | Akaike info criterion | 0.464002 |
| Sum squared resid | 3.699525 | Schwarz criterion | 0.999236 |
| Log-likelihood | 0.919937 | Hannan-Quinn criter. | 0.675186 |
| F-statistic | 2.304108 | Durbin-Watson stat | 2.476627 |
| Prob(F-statistic) | 0.014359 | | |

Table 6. F Test Results
Source: Author's data, processed (2024)

The results of the F test in the table above explain that the probability value of F is 0.0143 < 0.05. So it can be concluded that MVA, ROE, and NPM are equally influential regarding stock returns. This positive influence means that any increase in MVA, ROE, and NPM will impact increasing stock returns. Similarly, vice versa, a decrease in MVA, ROE, and NPM will reduce stock returns.

**T Test**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -0.127483 | 0.061704 | -2.066021 | 0.0441 |
| MVA | 1.32E-15 | 1.39E-15 | 0.946631 | 0.3485 |
| ROE | 0.557574 | 0.190062 | 2.933646 | 0.0051 |
| NPM | 0.007297 | 0.003238 | 2.253713 | 0.0287 |

Table 7. T Test Results
Source: Author's data, processed (2024)

By calculating the significance of their association, the t-test assesses how each independent variable affects the dependent variable. It also aids in determining if changes in the dependent variable are statistically explained by the independent variable. According to Basuki & Yuliadi (2015), parameters are used in partial testing to assess the relationship between independent and dependent variables. In this study, decisions are based on significance values. If the significance value exceeds 0.05, the null hypothesis (H0), which suggests that the independent variable does not have a significant effect on the dependent variable, is accepted. The alternative hypothesis (Ha), on the other hand, is accepted if the significance value is less than 0.05, demonstrating that the independent variable has a substantial impact on the dependent variable. This t-statistic test quantifies the effect of each independent variable on the dependent variable.

**The Effect of MVA on Stock Return of Indonesian Sharia Stock Index**

There is a table based on the test results. 7. The following is a description of the hypothesis test results: The market value added (MVA) variable test result revealed a probability value of 0.3485, above the signs are not greatly impacted by the market value-added element. A market value added valunificance level of 0.05. The results of this study are in line with (Riani et al., 2023) (Silitonga, 2019). Thus, it may be said that stock return to its shareholders are evaluated using the MVA ratio in relation to the invested capital (Riani et al., 2023). There is no great impact between MVA & stock return due to the fact that Indonesia's Sharia stock index, ISSI, is still classified as an emerging market, which often has a lower degree of market efficiency. Stock return information is not directly impacted by the company's added value (MVA) in less efficient markets because it is not yet completely represented in share prices.

**The Effect of ROE on Stock Return of Indonesian Sharia Stock Index**

The probability value of 0.0051, which is higher than 0.05, is revealed by the test results for the return on equity variable. The results of this study are in line with (Almira, 2020), (Devi, 2020). This demonstrates that return on equity significantly and favorably affects stock performance. This can be taken to mean that stock returns will be impacted by any change in the return on equity. ROE evaluates a company's ability to turn a profit using the capital that shareholders have contributed. The more efficiently a firm generates profits, the higher its ROE, which tends to make its shares more appealing (Almira, 2020). Businesses having a high return on equity (ROE) are better able to pay dividends to their shareholders. Regular and rising dividends might draw in investors seeking passive income, which will raise stock returns and share prices.

**The Effect of NPM on Stock Return of Indonesian Sharia Stock Index**

The net profit margin variable's test results revealed a probability value of 0.0287, which was less than 0.05. Thus, it can be said that stock returns are positively and significantly impacted by the net profit margin component. The results of this study are in line with (Laulita, 2022), (Akbar, 2024). This implies that the return on the shares will rise in tandem with each increase in the net profit margin. Because a high NPM ratio denotes excellent efficiency in controlling operating expenses and producing profits, which might raise market expectations for the company's performance, this conclusion further demonstrates the significance of NPM in stock returns. The rise in stock prices, which raises stock returns, frequently reflects this assumption. Businesses with high NPM are thought to be more stable and risk-averse, which draws in investors and raises share prices and returns.

## CONCLUSION

Using information from the company's financial statements that were made public on the official websites of the Indonesia Stock Exchange (IDX) and the company itself during the 2019–2023 period, this study seeks to determine the degree to which market value added, return on equity, and net profit margin impact stock returns. Overall, MVA, ROE, and NPM have a strong beneficial impact on stock returns, according to the study's findings. In the meantime, the stock returns of primary consumption companies in the ISSI index are not significantly impacted by the MVA variable. The stock returns of primary consumption companies in the ISSI index are positively and significantly impacted by the ROE variable. Likewise, the stock returns of primary consumption companies in the ISSI index are positively and significantly impacted by the NPM component.

The following will be an explanation of the research's limitations: (1) There may be information or conditions that have not been presented because the 2024 financial report was not yet published at the time this research was conducted; (2) the variables used in this study only include three independent variables—MVA, ROE, and NPM—in relation to the dependent variable, stock return; and (3) the sample used in this study is limited to consumer goods companies that are listed on the Indonesia Stock Exchange and included in the ISSI index.

The following recommendations can be made for future research based on the limitations: (1) broadening the scope of the company sectors for the research sample to include the trade, financial, mining, and manufacturing sectors in addition to the consumer goods sector; (2) extending the research period to be more recent; (3) substituting or adding independent variables, such as Market Value Added, Return on Equity, and Net Profit Margin, with other independent variables, such as Leverage, Dividend Policy, Inflation, Interest Rate, and other independent variables that might be able to explain changes in the company's stock return.

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