

INFLUENCE PROFITABILITY AND LIQUIDITY ON SHARE RETURN AT PT INDOFOOD SUKSES MAKMUR Tbk WHICH ARE LISTED ON THE INDONESIA STOCK EXCHANGE

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Abstract

This descriptive qualitative research aims to examine the effect of profitability and liquidity on stock returns at PT Indofood Sukses Makmur Tbk which is listed on the Indonesia Stock Exchange (IDX) in the 2019-2023 period. The variables studied include liquidity, profitability, and stock returns. This study uses a qualitative approach by collecting and analyzing secondary data, including company financial statements and other public information. The analysis was carried out by describing and interpreting the data obtained. The results of this study are expected to provide a deeper understanding of the relationship between liquidity, profitability and stock returns at PT Indofood Sukses Makmur Tbk. These findings will be useful to investors, financial analysts, and enterprise management in making smarter investment decisions. In addition, this research can also contribute to the development of knowledge in the field of financial analysis and corporate financial management. Thus, this research is expected to provide new insights and better understanding regarding the factors that influence stock returns in companies listed on the IDX.

Keywords: *profitability, liquidity, stock returns*

1. INTRODUCTION

1.1. BACKGROUND OF THE PROBLEM

The development of the global industrial sector is currently very demanding for standard setting in a report. Various industrial sectors make these standards important for competitiveness, and can obtain the same information for every reader and investor. The consumer goods industry sector is the main contributor to Indonesia's economic growth. The consumer goods industry sector is one of the sectors that has an important role in triggering the country's economic growth. In practice, the consumer goods industry sector is divided into five categories, namely the food and beverage sub-sector, the cigarette sub-sector, the pharmaceutical sub-sector, the cosmetics and household goods sub-sector, and the household appliances sub-sector.

According to Hermi and Kurniawan (2011) investing in shares has a very large risk. Errors in purchasing shares can result in fatal losses for investors. Every investor must invest their funds in a company that feels profitable, but if they don't get a profit, the investor will certainly move their investment to another company. Therefore, the company must always strive so that every profit obtained always provides added value to the company that reflects the company's current and future conditions so that it can be a consideration for investors in investing. The rate of return given by companies to investors is certainly different between companies. The difference in the level of return for each different company will greatly affect investors. Return is the rate of return given by the company to investors as remuneration for the investment made by investors. Return can be divided into two types, namely, realized return and expected return. (Hartono, 2014). Listing on the Indonesia Stock Exchange (IDX) is a way for issuers to obtain fresh funds from the capital market

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(Thrisye and Simu, 2013). Investors can freely choose various investment instruments offered according to their needs in the capital market. According to Scott (2006: 344), "Earnings management is the choice by a manager of accounting policies so as to achieve some specific objective." Managers can choose their accounting policies within the framework of generally accepted accounting principles (GAAP). But often the opportunity to choose the policy is misused to perform profit engineering to achieve certain goals (Sukartha, 2007: 247). So it can be said that earnings management is an effort on the part of management who deliberately manipulates financial statements within the limits permitted by accounting principles in order to fulfill the interests of the manager.

According to Smith (in Pramana, 2011), risk management is defined as the process of identifying, measuring, and financial control of a risk that threatens the assets and income of a company or project that can cause damage or loss to the company. In other words, risk management is a way of organizing a risk that will be faced, both known and unknown or unthinkable, namely by transferring risks to other parties, avoiding risks, reducing the negative effects of risks and accommodating some or all of the consequences. certain risks. Working capital management is an activity that includes all management functions of the company's current assets and short-term liabilities. The objective of working capital management is to manage current assets and current liabilities in order to obtain proper net working capital and guarantee the level of company profitability (Sawir, 2012: 133). Good working capital management will result in company operations that will continue to run well and there will be no financial problems. Working capital management will affect the company's profitability. Company leaders can determine the success or failure of the company they lead from the profitability obtained by the company, while for investors it can be used as a benchmark for the capital invested in the company.



The main reason why the object of this research was chosen in the consumer goods industry sector listed on the Indonesia Stock Exchange is because it has a very strategic role in efforts to prosper people's lives, where the product is indispensable for daily needs. The phenomenon that will be examined regarding the causes of fluctuations in stock returns comes from earnings management, risk management and working capital management on the returns distributed by companies in the consumer goods industry sector to their investors. At the present time, people are starting to be smart in placing funds to invest and earn profits.

1.2.BASIC PHENOMENA

The development of the industrial sector of a country greatly influences the country's economic progress, so that directly or indirectly the development of development is also increasing rapidly from time to time. Companies engaged in the food and beverage sector, including PT. Indofood Sukses Makmur Tbk, with a large population, the level of consumption of food and beverages among the people increases. The large population and food consumption levels have

made Indonesia known to the world as a potential target market as well as an investment target for investors. The factors that affect stock returns are the quality and reputation of management, capital structure, debt structure and others. These factors can be seen from the fundamental analysis that can be obtained from the company's financial statements. Profitability is a measuring tool to determine the projected profit of a company because it describes the relationship between profit and total sales, total assets, and the amount of invested capital (Sartanto 2010: 122). Liquidity, namely considering the impact that comes from the company's inability to meet short-term obligations. Liquidity can prevent a company from making a profit or an opportunity to make a profit (Will 2010:10). Stock return is the profit obtained by companies, individuals and institutions from the results of their investment policies. The higher the stock return, the better the investment made because it can generate profits, conversely the lower the stock return or the negative, the worse the investment returns. (Fahmi 2012: 151). Return is one of the factors that motivates investors to invest and is a reward for investors' courage to bear the risk of the investments made. (Jaja S 2016:21). Every investor wants to get a high stock return. The level of investor taking is the number of opportunities that will be received by investors. In taking these opportunities, consideration is needed by analyzing financial performance. Analysis of the company's financial performance is carried out by calculating financial ratios (Kasmir 2010: 7). In taking these opportunities, consideration is needed by analyzing financial performance. Analysis of the company's financial performance is carried out by calculating financial ratios (Kasmir 2010: 7). In taking these opportunities, consideration is needed by analyzing financial performance. Analysis of the company's financial performance is carried out by calculating financial ratios (Kasmir 2010: 7).

Dika Parwati en Merta Sudiarta (2016) states that liquidity as measured by the Current Ratio and profitability as measured by Return on assets has a significant effect on Stock Return, similar to research conducted by Tarmizi et al. (2018) profitability as measured by Net profit margin, Return on equity and Liquidity as measured by Quick ratio, Current ratio has a significant effect on stock returns. whereas research conducted by Pamungkas (2016) profitability as measured by Net profit margin, Return on assets and liquidity as measured by the Current ratio has no significant effect on stock returns. This is similar to research conducted by Manik (2017) which shows that liquidity as measured by the Current Ratio and profitability as measured by Return on assets is not significant for Stock Returns. One of the important things that a stock investor pays attention to in buying and selling shares is the price of the stock itself. The company's profit level will also affect the stock price itself. The purpose of this study is to find out profitability as measured by Net Profit Margin (NPM), Return On Assets (ROA), Return On Equity (ROE) and Liquidity as measured by Current Ratio (CR), Quick Ratio (QR), Cash Ratio how big is the influence on stock returns at the company PT Indofood Sukses Makmur Tbk which is listed on the IDX in 2019-2023.

1.3.PROBLEM PHENOMENA

The capital market has an important role for the economy of a country. This is because the capital market performs two functions, namely as a means for business funding or as a means for companies to obtain funds from the investor community or investors. The company's goal of investing in shares is to obtain business capital that will be used for the company's operations. The company always tries to maximize the value of its shares so that many investors are interested in investing in the company. The value of this share can be measured based on the share price. The price of shares on the stock exchange is not always fixed, it usually increases and can also decrease, depending on the strength of demand and supply. in the capital market, The occurrence of fluctuations in stock prices makes the stock exchange attractive to several groups of investors (investors). On the other hand, increases and decreases in stock prices can occur due to fundamental, psychological, and external factors.

There are several macro factors that affect stock investment activities on the Indonesia Stock Exchange (IDX), including inflation rates, interest rates, foreign exchange rates, and others. The stock price is one of the focuses of an investor's consideration when making an investment. Stock prices that are stable and have movements that tend to rise in each period are stock prices that are in demand by almost all investors. However, the prevailing stock price on the stock exchange is a price that always fluctuates or changes at any time, can go up or down. Thus, this is a separate risk for investors in determining which company to invest their capital in. The stock price also reflects the value of the company, if the company's stock price is high, then the value of the company is good in the eyes of investors and vice versa. Determination of share price is based on company performance.

The company's performance can be seen from its financial statements. Financial reports show information about the condition of a company that can be used as a source of information for decision making. The general purpose of these financial reports for the public interest is to present information regarding the financial position (financial position), financial performance (financial performance), and cash flow (cash flow) of the entity that is very useful for making economic decisions for its users. In this study using two kinds of financial performance, namely liquidity and profitability. Profitability describes the ability of a business entity to generate profits by using all of its capital. In turn, the profitability of a company will affect investors' policies on the investment made. As for the company itself, profitability can be used as an evaluation of the effectiveness of the management of the business entity. Profitability ratios are used to measure the effectiveness of management as a whole which is indicated by the size of the level of profit earned in relation to sales and investment. The better the profitability ratio, the better it describes the company's ability to obtain high profits (Fahmi, 2014). Profitability can be measured from several aspects, one of which is Return On Assets (ROA), which is a form of profitability ratios to assess how much the rate of return on assets owned by the company is by comparing net profit before tax and total assets. The use of the liquidity ratio in this study is because the liquidity ratio is also one of the factors that can drive changes in stock prices. Liquidity problems relate to the problem of the company's ability to meet its financial obligations which must be fulfilled immediately. Companies that are able to fulfill all of their short-term financial obligations on time are classified as liquid companies. According to Syafrida Hani (2015),

Specifically, the Journal of Economix Volume 7 Number 2 December 2019 74 liquidity reflects the availability of funds owned by the company to fulfill all debts that will mature. Company liquidity can be measured by the Current Ratio (Current Ratio). According to Sutrisno (2012), the current ratio is a ratio that compares current assets owned by companies with short-term debt. Whether the level of the current ratio is good or bad can be a separate consideration for investors in investing their capital. Investors who see a company's ability to meet its obligations smoothly will be interested in investing their funds because the risks to be borne are not large. This will bring a link with a positive issue on the company's stock so as to attract investors. The greater the liquidity owned by the company, the higher the stock price because it shows the company's ability to meet its operational needs, especially working capital which is very important to maintain the company's performance. This can give confidence to investors to own the company's shares. PT. Indofood CBP Sukses Makmur Tbk is a food and beverage manufacturer in Indonesia which was established on August 14, 1990. In the last few decades, PT. Indofood CBP Sukses Makmur Tbk has transformed into a total food solution company with operational activities ranging from production, management of raw materials, to the final product. This can give confidence to investors to own the company's shares. PT. Indofood CBP Sukses Makmur Tbk is a food and beverage manufacturer in Indonesia which was established on August 14, 1990. In the last few decades, PT. Indofood CBP Sukses Makmur Tbk has transformed into a total food solution company with operational activities ranging from production, management of raw materials, to the final product. This can give confidence to investors to own the company's shares. PT. Indofood CBP Sukses Makmur Tbk is a food and beverage manufacturer in Indonesia which was established

on August 14, 1990. In the last few decades, PT. Indofood CBP Sukses Makmur Tbk has transformed into a total food solution company with operational activities ranging from production, management of raw materials, to the final product.

Every year PT. Indofood CBP Sukses Makmur Tbk recorded good performance, this is supported by people's purchasing power for the products they produce. Researchers are motivated to conduct research on the effect of liquidity and profitability on the stock price of PT. Indofood CBP Sukses Makmur Tbk, because several previous studies used many companies in each sub-sector of companies listed on the Indonesia Stock Exchange (IDX), so the results obtained cannot represent every company in that sub-sector. The following presents the development of current assets, current liabilities and net profit of PT. Indofood CBP Sukses Makmur Tbk 2014-2018.

2.LITERATURE REVIEW

2.1.Liquidity Ratio

Liquidity is a ratio used to measure a company's ability to meet short-term financial obligations in the form of short-term debts. According to Irham Fahmi (2014), the liquidity ratio is the ability of a company to meet its short-term obligations in a timely manner. Meanwhile, according to Munawir (2014), the liquidity ratio is a ratio that aims to measure a company's ability to meet its short-term obligations. According to Periansya (2015), the liquidity ratio is the ratio used to fulfill short-term financial obligations. Weston in Kasmir (2016), states that the liquidity ratio is a ratio that describes a company's ability to meet short-term obligations (debt). That is, if the company is billed, it will be able to fulfill these debts, especially those that are due. Therefore, the liquidity ratio is a company's ability to meet its short-term obligations. A company that is able to fulfill its financial obligations on time means that the company is in a liquid state, and a company is said to be able to fulfill its financial obligations on time if the company has means of payment or current assets that are larger than its current liabilities or short-term debt. Conversely, if the company cannot immediately fulfill its financial obligations when billed, it means that the company is illiquid.

2.2.Types of Liquidity Ratios

There are several types of liquidity ratios that can be used to measure a company's ability to meet its short-term obligations. According to Irham Fahmi (2014), the types of liquidity ratios are:

1.Current Ratio

The current ratio is a ratio to measure a company's ability to pay short-term obligations or debts that are due soon when billed as a whole. In other words, how much current assets are available to cover short-term obligations that are due soon. The current ratio can also be said as a form to measure the level of safety (margin of safety) in a company. The calculation of the current ratio is done by comparing total current assets with total current liabilities (Kasmir, 2016).

2.Quick Ratio

Quick ratio (Very Current Ratio or Acid Test Ratio) is a ratio that shows the company's ability to meet current liabilities or debt (short-term debt) with current assets without taking into account inventory value. This means ignoring the inventory value, by deducting it from the total current assets.

3.Cash Ratio

According to Sutrisno (2012), the cash ratio is the ratio that compares cash and current assets which can immediately become cash with current debt. Current assets that can quickly become cash are securities or securities.

2.3.Profitability Ratio

In general, every company aims to earn profits or gains. The managers of the company are required to be able to achieve the targets that have been planned. Company profitability is one of the basis for assessing the condition of a company. According to Kasmir (2016), the definition of a profitability ratio is a ratio to assess a company's ability to make a profit. This ratio also provides a measure of the effectiveness of a company's management. This is demonstrated by the profit generated from sales and investment income. The point is that the use of this ratio shows the efficiency of the company. The profitability ratio according to Fahmi (2014), is the ratio to show the company's success in generating profits. Potential investors will carefully analyze the smooth running of a company and its ability to make a profit. The better the profitability ratio, the better it describes the company's ability to achieve high profits. According to Sudana (2015), the definition of a profitability ratio is a ratio that measures a company's ability to use all of its assets to generate profits by using company-owned sources such as assets, capital or company sales.

2.4.Types of Profitability Ratios

Company profitability is one of the basis for assessing the condition of a company. For this reason, an analytical tool is needed to be able to assess it. The analysis tool in question is financial ratios. Profitability ratios measure the effectiveness of management based on the returns obtained from sales and investments. Thus, long-term investors will be very interested in profitability analysis, for example, shareholders will see the benefits that will actually be received in the form of dividends.

1.Return on Investment (ROI)

This ratio looks at the extent to which the investment that has been invested is able to provide the expected returns.

2.Return on Equity (ROE)

This ratio shows the efficient use of own capital. The higher this ratio, the better.

3.Earning per Share

This ratio is a ratio to measure the success of management in achieving profits for shareholders.

2.5.Stock returns

Return (revenue or profit) is the investment of capital, usually expressed as an annual percentage rate (Downes and Goodman 2009, p. 142). Stock return is an amount that can be expressed as a percentage and can be obtained for investing in the company's common stock for a certain period. This amount can be calculated by dividing the net worth of common stock equity at the beginning of the accounting period by net income after the preferred stock dividend but before the common stock dividend for that period. Return on capital tells ordinary shareholders to find out how effectively their money can be used (Ang 1997 in Farkhan and Ika (2012). Stock return is the profit that will be obtained from investor share ownership of the investment to be made, which consists of capital gains/losses (Nainggolan & Lastari, 2019).

2.6.Factors Affecting Stock Returns

Factors that affect stock prices are macro factors and fundamental factors. Macroeconomic factors usually come from broad economic problems, for example economic policies, inflation, interest rates, currency exchange rates, people's incomes and others. The fundamental factor is a factor that comes from within the company that issues the shares themselves (issuers). This fundamental factor is seen from the financial statements, and from the issuer's financial statements it can be seen whether the level of financial performance is good or not in terms of its ability to

generate profits (profitability), ability to pay debts (solvability), as well as the level of efficiency and effectiveness in managing its wealth (activity).

2.7.Types of Stock Returns

949 divided into two types (Jogiyanto 2017, p. 283), namely:

Types of Stock Returns

Income is divided into two types (Jogiyanto 2017, p. 283), namely:

a.Realized return

Return realized (realized return) is a return that has occurred, used by using historical data to calculate the return realized. Realized returns or historical results can also be used as indicators to measure company performance.

2.Return expectations (expected return)

a.Expected return is the return requested by investors in the future. This study uses realized returns, namely returns that occur or actually occur.

3.Realized return

a.Return realized (realized return) is a return that has occurred, used by using historical data to calculate the return realized. Realized returns or historical results can also be used as indicators to measure company performance.

b.Return expectations (expected return)

Expected return is the return requested by investors in the future. In contrast to the realized return which has already occurred, while the expected return has not occurred. This study uses realized returns, namely returns that occur or actually occur.

3.RESEARCH METHODS

3.1.Research variable

Variables are indicators that greatly determine success in a study. A research variable is an object that is the focus of assessment or a point of concern in a study. Based on the research title that was stated previously, it can be seen that there are actually three variables to be studied, namely:

- 1.Liquidity as an independent variable (X1).
- 2.Profitability as an independent variable (X2).
- 3.stock return as the dependent variable (Y).

Variable Operational Definition and Variable Measurement

Variable operational definitions are the constraints used to avoid different interpretations of the variables used. In order to get an idea regarding the various variables to be studied, the authors limit the variables described in the operational definitions of variables as follows:

1.Liquidity

As for the indicators in this study is the current ratio which is the ratio to measure the company's ability to pay short-term obligations or debts that are due soon when billed as a whole

Factors Affecting Stock Returns

2.Profitability

In this study, the indicator of profitability is Earning Per Share, which is a ratio to measure the success of management in achieving profits for shareholders.

3.Share price The share price is the closing price, namely the transaction at the end of December of the investment in shares. Stock prices are formed from the forces of demand and supply in the capital market.

3.2.Population And Sample

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According to Sugiyono (2014), population is a generalized area consisting of objects/subjects that have certain qualities and characteristics, determined by researchers to be studied and then conclusions drawn. The population in this study is the entire financial statements of PT. Indofood CBP Sukses Makmur Tbk, in the form of a balance sheet and income statement. While the sample is part of the number and characteristics possessed by the population (Sugiyono, 2014). The samples in this study are financial report data consisting of balance sheets and income statements for the last 5 years, namely from 2014 to 2018 at PT. Indofood CBP Sukses Makmur Tbk, on the Indonesia Stock Exchange. In this study, the authors took secondary data in the form of documents in the form of PT. Indofood CBP Sukses Makmur Tbk on the Indonesia Stock Exchange in the 2014-2018 period. Where the data can be directly accessed at www.idx.co.id. Based on this research, it is hoped that financial report data and other necessary information will be obtained.

3.3.Data analysis technique

The data analysis technique used by researchers in this study is data during the field model of Miles and Huberman contained in Sugiyono's book (Sugiyono, Quantitative Qualitative Research Methods R&D, 2019).

a.Data reduction

In this study the researchers selected and simplified the data to group data from written notes during observations and interviews regarding the effect of profitability and liquidity on stock returns at PT Indofood Sukses Makmur Tbk which was listed on the Indonesia Stock Exchange (IDX) in the 2019-2023 period. then becomes a complete data unit. Data reduction is done in order to make it easier for researchers when presenting data.

b.Data Presentation

The next process after reducing the data is the process of presenting the data. In this study, the presentation of data will be presented with narrative text descriptions originating from interview excerpts from informant research on the effect of profitability and liquidity on stock returns at PT Indofood Sukses Makmur Tbk which is listed on the Indonesia Stock Exchange (IDX) in the 2019-2023 period

c.Conclusion Drawing

The final step in data analysis is drawing conclusions. With this step, it is hoped that it will be able to answer the formulation of the problem related to the effect of profitability and liquidity on stock returns at PT Indofood Sukses Makmur Tbk which is listed on the Indonesia Stock Exchange (IDX) in the 2019-2023 period

3.4.Credibility Test

Credibility test in research conducted by researchers is to use the triangulation method. Triangulation in testing is defined as checking data from various sources in various ways, and at various times. There are source triangulation, technical triangulation and time triangulation. Triangulation aims to test the validity of qualitative research data. In this study the researchers chose to use triangulation techniques. Source triangulation, and time triangulation to test the validity of research data (Moleong LJ, 2015).

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Source Triangulation

Triangulation of sources to test the credibility of data can be done by checking data that has been obtained from several sources or other informants. The data that has been obtained is analyzed by the researcher to produce a conclusion. The researcher here digs up information from online media sources

3.5.Discussion

This study aims to analyze the effect of profitability and liquidity on stock returns at PT Indofood Sukses Makmur Tbk which is listed on the Indonesia Stock Exchange (IDX) in the 2019-2023 period. The variables studied include liquidity, profitability, and stock returns. Liquidity is measured using ratios such as the Current Ratio (CR), Quick Ratio (QR), and Cash Ratio. These ratios describe the company's ability to meet short-term obligations with easily liquidated assets. A high level of liquidity indicates the company's ability to pay short-term obligations smoothly. Profitability will be measured using the indicators Net Profit Margin (NPM), Return On Assets (ROA), and Return On Equity (ROE). NPM describes the percentage of the company's net profit from total revenue. ROA measures a company's ability to generate profits from each unit of assets it owns. ROE measures the rate of return that shareholders earn from their equity.

Stock returns will be calculated using the percentage change in stock prices during the study period. Stock return is an important measure of investment performance for shareholders, which reflects the gains or losses they get from investing in the company. In this research, several problems or challenges may arise. One of them is the limited secondary data available, such as reporting errors or lack of detailed information. To overcome this problem, researchers will validate and verify the secondary data used, and consider using alternative data sources or involving internal company parties to obtain additional data. Apart from that, this research also has to consider other factors that can affect stock returns, such as macroeconomic factors, company policies, or market factors which are not used as variables in this study. The strategy to be taken is to limit research to the variables studied, but still realize that research results have limitations in explaining all the phenomena that occur.

In carrying out this research, a qualitative method with descriptive analysis will be used to analyze the secondary data collected. This analysis will involve a description and interpretation of data to describe the relationship between liquidity, profitability, and stock returns at PT Indofood Sukses Makmur Tbk. By gaining a better understanding of the effect of liquidity and profitability on stock returns, this research can provide an important contribution to investors, financial analysts, and company management in making smarter investment decisions. In addition, this research can also be a contribution of knowledge in the field of financial analysis and corporate financial management.

Response from Problem:

In this research, there are several problems or challenges that can be faced. First, this research relies on available secondary data, such as company financial statements. Although the secondary data is generally considered reliable, there may be misreporting or a lack of detail in the desired information. Therefore, the quality and limitations of secondary data are concerns that need

to be addressed. In addition, there are also other factors that can affect stock returns which are not used as variables in this study. For example, macroeconomic factors, company policies, or market factors that may have an influence on PT Indofood Sukses Makmur Tbk's stock returns. This research must realize that the variables studied do not cover all the factors that might affect stock returns, so that the research results may have limitations in explaining all the phenomena that occur.

Strategy for Dealing with Problems:

To overcome the existing problems, there are several strategies that can be taken. First, researchers need to validate and verify secondary data used in research. This can be done by comparing the available data with alternative data sources or involving company internal parties in providing additional data. In this way, researchers can ensure that the data used is of good quality and reliable. Strategy for Dealing with Problems:

1.Data Validation and Verification:

One important strategy is to validate and verify the secondary data used in research. Researchers can compare the available data with alternative data sources or involve internal companies to provide additional data. In this way, researchers can ensure that the data used is of good quality and reliable.

2.Selection of Appropriate Research Methods:

Researchers need to choose the right research method to examine the effect of profitability and liquidity on stock returns. Qualitative method with descriptive analysis can provide a deep understanding of the relationship. Choosing the right research method will help minimize bias and obtain accurate results.

3.Acknowledgment of Research Limitations:

It is important to acknowledge the limitations of the existing research. Researchers must clearly explain that the variables studied do not cover all the factors that might affect stock returns. With an honest acknowledgment of the limitations of research, researchers can build confidence in research results and prevent unanimous conclusions.

4.Clear Research Context:

The researcher must clearly explain the research context. This includes explaining the purpose of the research, the scope of the research, and the companies studied. By providing the right context, readers can better understand how research results can be applied to PT Indofood Sukses Makmur Tbk and financial markets in general.

5.Consider Additional Variables:

Researchers may consider including additional relevant variables in the study. For example, considering macroeconomic factors such as inflation, interest rates, or market factors that might affect stock returns. In this way, research can provide a more complete picture of the effect of liquidity and profitability on stock returns.

In conducting data analysis, researchers must ensure the accuracy of the analysis carried out. Choosing the right analytical method and a good understanding of the statistics used are important to avoid analysis mistakes. The researcher must also identify and reduce biases in the analysis, such as sampling error or variable selection bias.

7. Clear and Accurate Communication:

Research results must be communicated clearly and accurately to the reader. Researchers must be able to explain findings in detail, provide appropriate interpretations, and clearly describe research boundaries. Good communication will assist in obtaining a correct understanding of the influence of profitability and liquidity on stock returns at PT Indofood Sukses Makmur Tbk. By implementing these strategies, this research can deal with problems that may arise and provide valid and meaningful results. In addition, these strategies will also improve the quality and reliability of research and provide a valuable contribution in understanding the relationship between liquidity, profitability and stock returns in companies listed on the IDX.

Furthermore, it is important to acknowledge the limitations of the study and present the results with care. Researchers must avoid over-generalizations and must clearly explain the limitations of the research. In this case, it is important to describe the research context and explain that the variables studied do not cover all the factors that might affect stock returns. In addition, the researcher may consider extending the research framework to include additional relevant variables. For example, considering macroeconomic factors such as inflation or company policies that can affect stock returns. In this way, research can provide a more comprehensive picture of the effect of liquidity and profitability on stock returns. In carrying out this research, researchers must use valid and reliable methods in collecting, analyzing, and interpreting data. Qualitative methods with appropriate descriptive analysis will help describe the findings clearly and provide a deeper understanding of the relationship between liquidity, profitability and stock returns at PT Indofood Sukses Makmur Tbk.

In conclusion, this study must face problems related to the quality and limitations of data, as well as other factors that might affect stock returns. However, with the right strategy, such as data validation, recognition of research limitations, and selection of the right methodology, this research can make a valuable contribution to understanding the relationship between liquidity, profitability, and stock returns in companies listed on the IDX. With a better understanding of the factors that influence stock returns, companies and investors can make smarter and more effective investment decisions. conclusions and recommendations

4. CONCLUSION AND SUGGESTIONS

4.1. CONCLUSION

Based on the descriptive qualitative research conducted, it can be concluded that there is an influence between liquidity and profitability on stock returns at PT Indofood Sukses Makmur Tbk which is listed on the Indonesia Stock Exchange (IDX) in the 2019-2023 period. In this study, liquidity is measured using financial ratios such as Current Ratio (CR), Quick Ratio (QR), and

Cash Ratio, while profitability is measured using Net Profit Margin (NPM), Return On Assets (ROA), and Return On Equity (ROE). The results of the analysis show that a higher level of liquidity and better profitability tends to contribute positively to the company's stock return. These findings provide a better understanding for stakeholders, especially investors, financial analysts and company management. Investors can use this information as a guide in making investment decisions, while financial analysts can use this finding to evaluate company performance and provide recommendations to their clients. Company management can also use the results of this study as a reference in developing strategies that focus on increasing liquidity and profitability in order to increase company stock returns.

4.2.SUGGESTION

Based on the results of this study, there are several suggestions that can be given:

1. Increase liquidity: Company management must pay attention to and properly manage liquidity ratios such as Current Ratio, Quick Ratio, and Cash Ratio. Efforts must be made to ensure the availability of sufficient funds to meet short-term obligations and support the company's operations optimally.
2. Increase profitability: Companies need to focus on strategies that can increase profitability. This includes an in-depth analysis of operating costs, managing efficiency, and increasing revenue. Companies must pay attention to factors that can increase profit margins and overall financial performance.
3. Investment strategy development: Investors can use the findings of this research to assist them in making investment decisions. They can consider the company's liquidity and profitability factors in assessing the potential stock returns they can earn.
4. Follow-up research: This research can be the basis for more in-depth follow-up research on the factors that influence a company's stock return. Further research can cover external factors such as macroeconomic conditions, changes in government policies, and industry factors that can affect company performance.

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