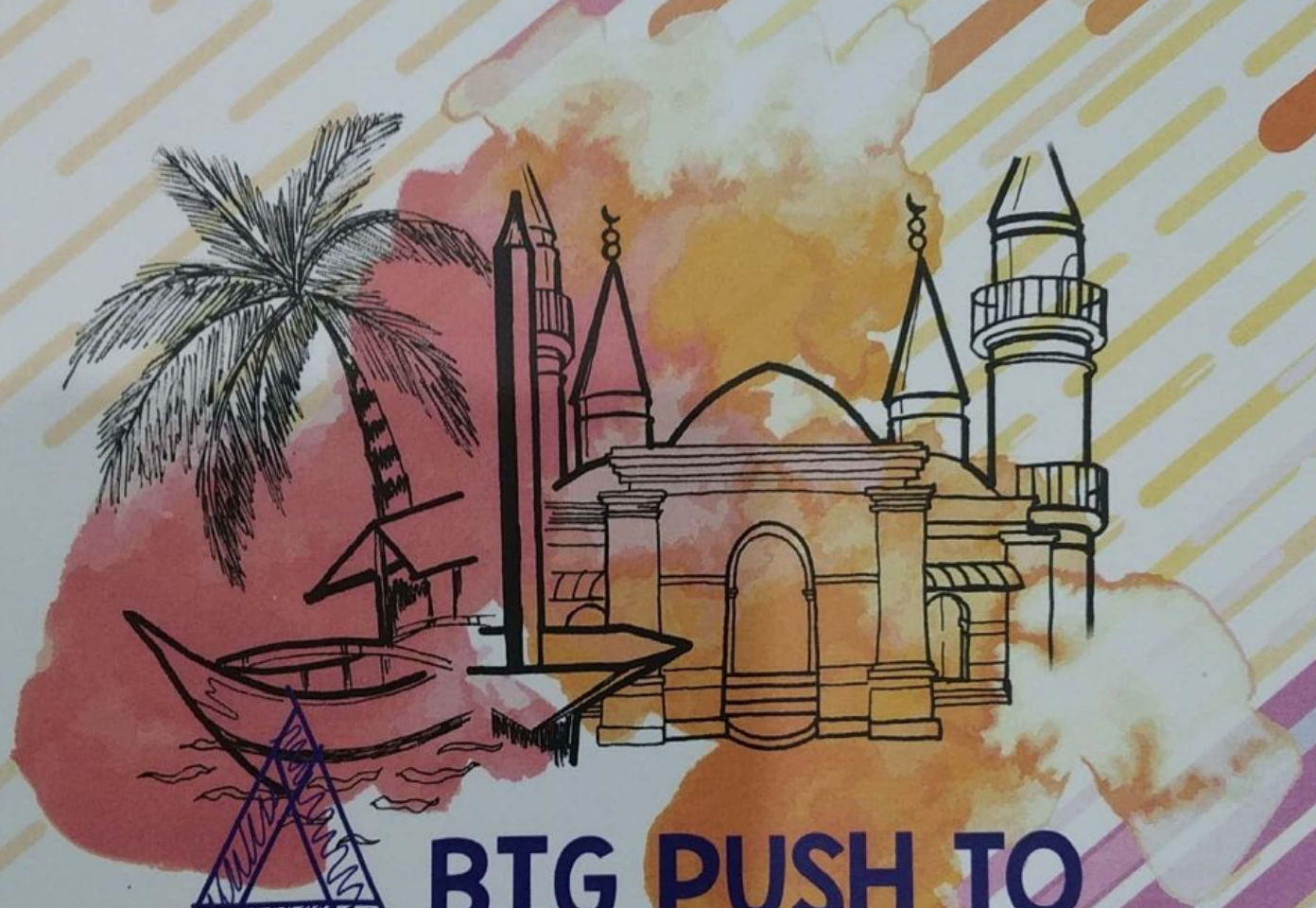




UBAYA
UNIVERSITAS SURABAYA



14th INSYMA
international annual
symposium on
management



**BIG PUSH TO
WORLD-CLASS TOURISM:**
Strategic Analysis & Opportunities

Proceeding 14th International Annual Symposium on Management
Tanjung Pinang, Riau Islands, Indonesia | March 3rd - 4th, 2017

Co-host:



HINDU UNIVERSITY
OF AMERICA



PROCEEDING

The 14th UBAYA International Annual Symposium on
Management

**A BIG PUSH TO A WORLD-CLASS
TOURISM: STRATEGIC ANALYSIS
& OPPORTUNITIES**

Tanjung Pinang, Riau Islands, Indonesia
3rd-4th March 2017

Department on Management
Faculty of Business and Economics, Universitas Surabaya,
Surabaya, Indonesia

Proceeding

**The 14th UBAYA International Annual Symposium on
Management**

**A BIG PUSH TO A WORLD-CLASS TOURISM: STRATEGIC
ANALYSIS & OPPORTUNITIES**

Editors:

Dudi Anandya, Dr.
Arif Herlambang, M.Si.

Layout and Cover Designer:

Edithia Ajeng P, SE.

Reviewers:

Candra S. Chayadi, Ph.D. (School of Business, Eastern Illinois University)
Dudi Anandya, Dr (Universitas Surabaya)
Joniarto Parung, Ph.D, Prof. (Universitas Surabaya)
Ning Gao, Ph.D. (Manchester Business School)
Wahyu Soedarmono, Ph.D. (Research Analyst, The World Bank, Jakarta)
Yuanto Kusnadi, Ph.D. (City of Hongkong University)

Published by:

Department Of Management, Faculty Of Business & Economics

Universitas Surabaya

Jl. Raya Kalirungkut

Surabaya, Indonesia 60293

Phone : +62-31-2981139

Fax : +62-31-2981239

ISBN: 978-602-73852-1-4

Copyright © 2017 Department of Management, Faculty of Business &
Economics, Universitas Surabaya

FOREWORD

We are delighted to welcome you to 14th International Symposium on Management (INSYMA) Tanjung Pinang, Riau, Indonesia. The high quality of the papers and the discussion represent the thinking and experience of researchers, academics and practitioners in the particular fields. Their contributions helped to make the conference as outstanding as it has been.

This proceeding is a compilation of papers submitted for the 14th International Symposium on Management (INSYMA) conducted by the Department of Management, the Faculty of Business and Economics, University of Surabaya (UBAYA) themed "**A BIG PUSH TO WORLD-CLASS TOURISM: STRATEGIC ANALYSIS AND OPPORTUNITIES**". The conference organizers have put together both the latest research and provide an opportunity to make friendship and new acquaintances.

The 14th INSYMA is a means for participants consisting of researchers, academics and practitioners to have a discussion forum. The event is expected to enable participants in sharing initiatives, ideas and efforts from the results of research and discussion concerning how to create a Big Push in a strategy to deal with all the challenges and find opportunities in the tourism industry of each country to be a world-class tourism.

In this opportunity, we would like to say that we are greatly honored by all presenters and participants' presence both from Indonesia and from other country. We would like to share our grateful to the Sponsorship and partnership in this 14th INSYMA. This theme represents strategic analysis and opportunities of implementation that will extend far beyond the sector, as tourism enhances province's reputation as a premier destination to visit, invest, work-live, and integration with the global community. The strength of tourism destination product will be counted and will continue to find ways how economic integration in tourism

sector can achieve the sustainability of: growth of economic, prosperity and welfare to all countries. Finally, we would like to thank the researchers for their willingness to share their research and ideas. Without their efforts, this proceeding would not possible. The committees and editors deserve special thanks for their outstanding effort in reviewing and preparing the event and manuscripts for publication. We hope that this compilation of papers can enrich our perspective in Tourism strategic analysis and opportunities.

Tanjung Pinang, March 3rd, 2017
Prita Ayu Kusumawardhany
Chairwoman of 14th INSYMA

CONTENTS

FOREWORD	iii
CONTENTS	v

FINANCE & ACCOUNTING

1. THE INFLUENCE
OF FINANCIAL KNOWLEDGE,
FINANCIAL CONFIDENCE, AND INCOM
E ON FINANCIAL BEHAVIOR AMONG
THE WORKFORCE IN JAKARTA
Agus Zainul Arifin, Kevin, Halim Putera Siswanto 3
2. THE EFFECT OF PROFITABILITY,
TANGIBILITY, SIZE, GROWTH AND
LIQUIDITY TO LEVERAGE OF
BUSINESS ENTITIES LISTED IN
INDONESIA STOCK EXCHANGE ON
PERIOD 2011-2015
Ayrin Corina, Werner RiaMurhadi, Liliana Inggrit Wijaya 4
3. THE EFFECT OF FIRM FUNDAMENTAL
FACTORS ON CAPITAL STRUCTURE
OF CEMENT AND CHEMICAL
INDUSTRIES LISTED IN INDONESIA
STOCK EXCHANGE
D. Agus Harjito, Robert Oktama 5
4. THE INFLUENCE OF CORPORATE
GOVERNANCE, CAPITAL STRUCTURE

- AND FIRM SIZE ON FIRM VALUE WITH
FIRM PERFORMANCE AS AN
INTERVENING VARIABLE
Dedik Wahyudi, Abdul Hadi, Fifi Swandari 6
5. THE IMPACT OF
INTERNATIONALIZATION AND R&D
ON FIRM PERFORMANCE
Elsandra Iuwana, Deddy Marciano 8
6. TEST OF JANUARY EFFECT, DAY OF
THE WEEK EFFECT, AND ROGALSKI
EFFECT ON MANUFACTURING FIRMS
LISTED IN INDONESIA STOCK
EXCHANGE
Fauziah Wijayanti, Zaenal Arifin 9
7. FACTORS AFFECTING THE VALUE OF
THE COMPANY AND HEDGING ON
INDUSTRY COMPANIES LISTED IN
BEI
Firdaus AR, Suryadi, Hamdi Agustin, Emkhad Arif 10
8. OWNERSHIP STRUCTURE AND BANK
PERFORMANCE IN INDONESIA
Hamdi Agustin, Azmansyah, Kamar Zaman 12
9. EFFICIENT OR OPPORTUNISTIC
EARNINGS MANAGEMENT
CONCERNING THE EFFECT OF FAMILY
OWNERSHIP, FIRM SIZE, AND
CORPORATE GOVERNANCE
PRACTICES
Inez Devina, Hanna 13

10. STOCK AND BOND CORRELATION IN TERM OF CONTAGION AND FLIGHTS REFER TO UNCONVENTIONAL MONETARY POLICY
Isye Nur Isyroh, Zaäfri Ananto Husodo 14
11. STOCK RETURN PREDICTABILITY BY USING MARKET RATIO, TRADING VOLUME, AND STOCK VARIANCE
Klaudia Fraulein Tejosaputro, Werner RiaMurhadi, Bertha Silvia Sutejo 15
12. CASH CONVERSION CYCLE AND FIRM PERFORMANCE: EVIDENCE FROM INDONESIA
Lukas Purwoto, Caecilia Wahyu Estining Rahayu 17
13. MERGER OF PROVINCIAL AND DISTRICT OWNERSHIP SAVING AND LOAN (S&L) AND MARKET POTENTIAL IN TOURISM SECTORS
Marijati Sangen, Fifi Swandari 18
14. ROLE OF SUSTAINABLE GROWTH RATE TO INCREASE COMPANY'S VALUE
Rosemarie Sutjiati 20
15. FACTORS AFFECTING THE CAPITAL STRUCTURE AND EFFECT ON ITS PERFORMANCE
Samuel Pramana Dwidjaja, Werner R. Murhadi, Mudji Utami 21
16. THE IMPACT OF FUNDAMENTAL FACTORS ON INDONESIA STOCK

- EXCHANGE COMPOSITE INDEX
Sri Zaniarti 22
17. TOWARDS EXCELLENT HOSPITALITY
INDUSTRY THROUGH MANAGEMENT
CONTROL SYSTEM FRAMEWORK
Stanislaus Adnanto Mastan, 23
18. THE EFFECT OF TUNNELING,
PROFITABILITY, LEVERAGE AND SIZE
TO THE FUTURE FIRM PERFORMANCE
AND FINANCIAL DISTRESS ON THE
CONSUMER GOODS SECTOR (ASEAN
STOCK EXCHANGE 2011-2015 PERIOD)
Steffi Felicia, Werner R. Murhadi, Arif Herlambang 25
19. ANALYSIS OF FINANCIAL LITERACY
IN MICRO BUSINESS IN PEKANBARU
INDONESIA
Susie Suryani, Eka Nuraini, Evizal Abdul Kadir, Surya
Ramadhan 27
20. ISLAMIC SHARE PRICES
DETERMINANT EMPIRICAL STUDY ON
ISLAMIC CAPITAL MARKET
Sutrisno 28
21. HUMAN RESOURCES IN PERSPECTIVE
ACCOUNTING SHARIA
Zarah Puspitaningtyas 29
22. THE ROLE OF BUSINESS INCUBATOR
IN DEVELOPING DIGITAL STARTUP IN
INDONESIA
Andy Saputra 30

23. THE INFLUENCE OF FUNDAMENTAL FACTORS TO FIRM'S SHARE PRICE INCLUDED IN 2015 KOMPAS 100 INDEX
Ika Yanuarti, Helena Dewi 31

HUMAN RESOURCES

24. THE ROLE OF ENTREPRENEURSHIP CULTURE AND ENTREPRENEURSHIP COURSE TOWARD ENTREPRENEURSHIP INTENTION AMONG STUDENTS
Ivana Krisantana, Noviaty Kresna Darmasetiawan, Elsy Tandelilin 35
25. GROUP ORGANIZATIONAL CITIZENSHIP BEHAVIOR INFLUENCES INDIVIDUAL-ORGANIZATIONAL CITIZENSHIP BEHAVIOR: A CROSS LEVEL ANALYSIS.
Joseph L. Eko Nugroho 36
26. ORGANIZATIONAL CLIMATE, COUNTERPRODUCTIVE BEHAVIOR AND EMPLOYEE TURNOVER
Meily Margaretha 37
27. COMPETENCE ENHANCEMENT OF HUMAN RESOURCES IN THE DEVELOPMENT OF TOURISM REGION BOJONEGORO AS AGROPOLITAN TOURISM AREA
Noviaty Kresna Darmasetiawan 38

28. THE IMPACT OF WORK STRESS AND BURNOUT ON NURSE'S PERFORMANCE WITH JOB SATISFACTION AS AN INTERVENING VARIABLE
Suhartini, Ramadhany Setyarini 39
29. STAY OR QUIT: ANALYZING FACTORS AFFECTING EMPLOYEE LOYALTY (EMPIRICAL STUDY OF HOTELS IN BALI)
I Gusti Ayu Putu Wita Indrayani 40
30. INVESTIGATION FACTORS INTENTION AS A PUBLIC ACCOUNTANT AUDITOR AT THE BIG FOUR PUBLIC ACCOUNTANT FIRM
Yohana F. Cahya Palupi Meilani, Herlina Lusmeida 41
31. MIDDLE MANAGERS' PULL FACTORS ON THE EFFECT OF TURNOVER INTENTIONS, BEHAVIORAL STUDY OF INDIVIDUAL WORK
Honorata Dwi Ratnawati Putranti 43
32. FACTORS THAT INFLUENCING THE ADOPTION OF DIVERSITY MANAGEMENT: CASE OF MNC BANK
Wolter Boeky, Lieli Suharti, Christantius Dwiatmadja 44

MARKETING

33. THE CONSUMER'S ATTITUDES
TOWARDS WEB ADVERTISING ON
TOURISM MALAYSIA WEB
ADVERTISEMENT: LITERATURE
REVIEW AND HYPOTHESIS
Bahtiar Mohamad, Nur Syuhada Rahimi 49
34. THE INFLUENCE OF GOVERNMENT
OFFICER AS AN AD ENDORSER
TOWARD ADVERTISEMENT ATTITUDE
AND PURCHASE INTENTION
Brian Fredericka Supit, Muchsin Muthohar 50
35. GREEN PERCEPTION, GREEN VALUE
AND GREEN AWARENESS ON GREEN
PURCHASE OF TOYOTA AGYA IN
SURABAYA
Calvin Halim, Christina Rahardja Honantha, Liliana Inggrit
Wijaya 51
36. UNDERSTANDING OF PERCEPTION
QUALITY MANAGEMENT SYSTEM
PROCEDURE AND THE
IMPLEMENTATION OF THE TESTING
HAVE ON SATISFACTION SERVICES
Deni Surapto 52
37. THE IMPACT OF SOCIAL MEDIA
CELEBRITY ENDORSER TO BRAND
EQUITY AND PURCHASE INTENTION
Nency, Dudi Anandya 53

38. THE EFFECT OF BRAND AUTHENTICITY TOWARD BRAND TRUST HATTEN WINES IN SURABAYA
Ferdinandus Yohanes Nugraha Sutrisno, Silvia Margaretha, Christina R. Honantha 54
39. THE IMPACTS OF LENGTH OF STAY TO ROOM OCCUPANCY: A ROOM REVENUE MANAGEMENT PERSPECTIVE OF AMAN RESORTS
Ida Bagus Made Wiyasha, I Ketut Surata 55
40. A STRATEGIC ANALYSIS OF DOMESTIC TOURISM MARKET IN INDONESIA
Ike Janita Dewi, Lucia Kurniawati 56
41. INFLUENCE OF MALL PERSONALITY AND FASHION ORIENTATION TOWARD SHOPPING VALUE AND MALL PATRONAGE INTENTION
Innocentia Sally Hartono, Indarini, Andhy Setyawan 57
42. THE TRANSFORMATION STRATEGY OF A FARM BASED VILLAGE INTO TOURISM VILLAGE: A CASE STUDY ON WESTERN PARTS OF SLEMAN REGENCY, YOGYAKARTA SPECIAL PROVINCE
Lucia Kurniawati, V Mardi Widyadmono, Ike Janita Dewi, BR Diah Utari 58
43. MEASUREMENT OF THE DOMESTIC TOURISTS' ATTITUDE ON THE TOURIST DESTINATIONS IN

INDONESIA BY USING IDEAL POINT
MODEL

Muhamad Ariza Eka Yusendra 59

44. DEVELOPING LOCAL POTENTIAL-
BASED ENTREPRENEURSHIP MODEL
IN KANGEAN ISLANDS

Uswatun Hasanah, Ahmad Arsyad Munir 60

45. IMPLEMENTASI UNCERTAINTY
REDUCTION THEORY PADA KONTEKS
CONSUMER ONLINE REVIEW: STUDI
PADA DIGITAL NATIVE ANGGOTA
THE URBAN MAMA

Anna Riana Putriya, Whony Rofianto 61

46. TRUST AS MEDIATION VARIABLE
BETWEEN COMMUNICATION AND
IMAGE AGAINST THE LOYALTY OF
GOJEK'S USER IN JAKARTA AND
SURROUNDING

Soekiyono 63

OPERATION

47. THE EFFECT OF EFFICIENCY, SERVICE
QUALITY, AESTHETICS, AND PLAY
AGAINST THE PERCEIVED VALUE,
SATISFACTION, AND LOYALTY AT
IBIS HOTELS INDONESIA

Andy Raymond Willyanto, Juliani Dyah Trisnawati, Prita
Ayu Kusumawardani 67

48. PANEL THEME: CULTURAL EDUCATION AND TOURISM INTERFACE: VOICES FROM THE PHILIPPINES
TOURISM AND ASEAN INTEGRATION: CHALLENGES OF SOCIOCULTURAL LITERACY AND COMMUNITY-BUILDING
Levita A. Duhaylungsod 69
49. UPGRADING THE VALUE CHAIN FOR SPIRITUAL TOURISM IN CHAU DOC - AN GIANG – VIETNAM
(THE STUDY IS SPONSORED BY NATIONAL UNIVERSITY HO CHI MINH CITY THROUGH PROJECT INDICATE ON NUMBER CODE B2016-18B-02 VÀ MSĐT: 373.2016.9)
Duong Duc Minh, Ta Duy Linh 70
50. INTERNATIONAL TOURISTS' MOTIVATIONS AND REVISIT INTENTION TO INDONESIA
Erna Andajani, Siti Rahayu, Fitri Novika W, Adi Prasetyo Tedjakusuma 71
51. CREATING CUSTOMER VALUE THROUGH TOURISM EXPERIENCE DESIGN IN BALI
I Gusti Ketut Adi Winata, Ni Luh Putu Eka Yudi Prastiwi, Ni Made Wulan Sari Sanjaya, I Ketut Suardika 72
52. YIELD MANAGEMENT, AN EFFORT TO EARN PROFIT THROUGH DYNAMIC PRICING

- (CASE STUDY OF TRANSPORT
INDUSTRY)
Nining Purwatmini 73
53. CAT TIEN ARCHAEOLOGICAL SITE
WITH TOURISM DEVELOPMENT OF
LAM DONG PROVINCE - VIETNAM
Prof.Dr. Dang Van Thang, Duong Hoang Loc (M.A) 74
54. THE IMPLEMENTATION OF FISH BONE
ACTIVITIES TO ENSURE THE QUALITY
OF UNIVERSITY
Ratna Widiastuti 75
55. SOME FACTORS IN THE ADOPTION OF
UBAYA LEARNING SPACE BASED ON
TECHNOLOGY ACCEPTANCE MODELS
Richard Changay, Stefanus Budy Widjaja Subali, Prita Ayu
Kusumawardhani 76
56. ANALYZING THE DEVELOPMENT OF
TOURISM INDUSTRY IN SEVERAL
CULTURAL EVENTS AT BATAM
REGENCY, RIAU ISLAND PROVINCE
Syailendra Reza Irwansyah Rezeki, Siska Amelia Maldin 77
57. PAWON GENITRI AS A BUSINESS UNIT
SUPPORTING UNIVERSITAS
SURABAYA'S EDUCATIONAL
TOURISM
Veny Megawati 78
58. EWOM EFFECT ON INTENTION TO
VISIT RAJA AMPAT PAPUA
(THEORY OF PLANNED BEHAVIOR)
Virginia Winarta, Siti Rahayu, Prita Ayu Kusumawardhani 79

59. TOURISM INDUSTRY DEVELOPMENT
IN VIETNAM: A CONCEPTUAL
SUGGESTION AS STRATEGY
David Koh 80
60. COMMUNITY-BASED DISCERNING
TOURISM
Nguyen Ngoc Tho, Lu Nguyen Xuan Vu 81
61. CULTURAL TOUISM IN CAMBODIA
(ANGKOR WAT)
THUY Chanthourn 82

STRATEGIC MANAGEMENT & ECONOMICS

62. DEVELOPMENT OF TOURISM AND
CREATIVE ECONOMY IN INDONESIA
Ahmad Zafrullah Tayibnapis, Lucia E. Wuryaningsih 85
63. THE IMPEMEMNTATION OF
CORPORATE SOCIAL RESPONSIBILITY
IN INDONESIA: AN OBLIGATION OR
STRATEGIC COMPETITIVE
ADVANTAGE
Andhy Setyawan, ME. Lanny Kusuma Widjaja 86
64. THE ROLE OF HIGHER EDUCATION TO
DEVELOPMENT OF TOURISM SECTOR
IN RIAU PROVINCE
Detri Karya, Azmansyah, Desy Mardianti 87

65. BUDGETING PARTICIPATION,
ORGANIZATIONAL COMMITMENT
AND QUALITY OF SERVICE
Candra Sinuraya 88
66. MALUKU'S TOURISM DEVELOPMENT:
AN ANALYSIS OF TOURIST
DESTINATION IN AMBON
Charly Hongdiyanto 89
67. STUDENTS' CHALLENGES IN
MAXIMIZING ENTREPRENEURSHIP
CAPACITY
Rachmasari Devi 90
68. LAMLIFEW: A CULTURAL
COMMUNITY-INITIATED MUSEUM IN
THE SOUTHERN EDGE OF THE
PHILIPPINES
Joan Christi Trocio 91
69. HEALTH AND WELLNESS TOURISM : A
STRATEGIC PLAN FOR TOURISM
ENTREPRENEURSHIP
Leonardi Lucky Kurniawan 92
70. THE NGHINH ONG FESTIVAL IN GO
CONG DISTRICT, TIEN GIANG
PROVINCE
(A PERSPECTIVE OF TOURISM
CULTURE)
Nguyen Thi Le Hang, Tran Thi Kim Anh, Cao Thanh Tam 93
71. SUSTAINABILITY DEVELOPMENT
REPORTING: FIRMS'
CHARACTERISTICS AND

- SHAREHOLDERS VALUE, INDONESIA
CASE
Fr. Ninik Yudianti 95
72. TRI HITA KARANA AS PHILOSOPHY
OF PROPONENT SUSTAINABLE
SPIRITUAL TOURISM IN BALI
Ni Wayan Novi Budiasni, Ni Luh Eka Ayu Permoni, Ni
Made Rianita, I Gusti Made Oka Astana 97
73. TOURISM INDUSTRY AS ECONOMIC
DRIVER IN EAST JAVA
nurul istifadah 99
74. COUNTING CULTURE: FLOWS AND
FLAWS OF CULTURAL STATISTICS IN
SOCIAL AND NON-MARKET
CULTURAL PRODUCTIONS
Assoc. Prof. Ricamela S. Palis 100
75. "WEEKEND TOURISM" - AN
ORIENTATION OF TOURIST
DEVELOPMENT IN VIETNAM ON THE
CONTEXT OF ASEAN COMMUNITY
(CASE STUDY OF BINH DUONG
PROVINCE)
Assoc Prof. Dr Phan Thi Hong Xuan 101
76. GLOBALIZATION TOURISM
PROMOTION, CULTURE, NATURAL
TOURISM OBJECTS, HOME INDUSTRY,
LOCAL PRODUCTS,
INFRASTRUCTURE, AND SERVICES.
Seno H Putra 102

77. "CULTURAL TOURISM"
THE RISK INVOLVED, POSSIBLE
CONFLICTS AND CHALLENGES IN A
MULTI-RELIGIOUS -
MULTI CULTURAL COUNTRIES"

Yashwant Pathak, Adi Prasetyo Tedjakusuma

103

STOCK RETURN PREDICTABILITY BY USING MARKET RATIO, TRADING VOLUME, AND STOCK VARIANCE

Klaudia Fraulein Tejonaputro

Department of Management, Faculty of Business and Economics, Universitas
Surabaya

email: claudette@gmail.com

Werner RiaMurhadi

Department of Management, Faculty of Business and Economics, Universitas
Surabaya

email: wernermurhadi@gmail.com

Bertha Silvia Sutejo

Department of Management, Faculty of Business and Economics, Universitas
Surabaya

email: bertha7381@gmail.com

Abstract

The objective of this research is to examine the effect of financial ratios, such as book-to-market ratio, dividend-yield ratio, dividend-price ration, dividend-payout ratio, earnings-to-price ratio, cash flow-to-price ratio, trading volume, and stock variance, as the independent variable to stock return predictability on IDX Composite and 9 sectors listed on Indonesia Stock Exchange.

This research uses quantitative perspective with linier regression and model in a panel data for all of the research's observation that used in this research. The number of observation in this research are 1125, consists of 225 firms that has been enlisted on Indonesia Stock Exchange for 2011-2015 period.

The result shows that book-to-market ratio, dividend-yield ration, cash flow-to-price ratio, and stock variance have positive significant effect on stock return predictability. Earnings-to-price ratio shows that it has a negative significant effect on stock return predictability, while dividend-payout and trading volume appear to be having no significant effect on stock return predictability

Keywords: Stock return predictability, financial ratio, trading volume, stock variance

Stock Return Predictability by using Market Ratio, Trading Volume, and Stock Variance

Klaudia Fraulein Tejosaputro

claudefttee@gmail.com

Jurusan Manajemen Fakultas Bisnis dan Ekonomika Universitas Surabaya

Dr. Werner RiaMurhadi, S.E., M.M.

wernermurhadi@gmail.com

Jurusan Manajemen Fakultas Bisnis dan Ekonomika Universitas Surabaya

Bertha Silvia Sutejo, S.E., M.Si.

bertha7381@gmail.com

Jurusan Manajemen Fakultas Bisnis dan Ekonomika Universitas Surabaya

Abstract

The objective of this research is to examine the effect of financial ratios, such as book-to-market ratio, dividend-yield ratio, dividend-price ration, dividend-payout ratio, earnings-to-price ratio, cash flow-to-price ratio, trading volume, and stock variance, as the independent variable to stock return predictability on IDX Composite and 9 sectors listed on Indonesia Stock Exchange.

This research uses quantitative perspective with linier regression and model in a panel data for all of the research's observation that used in this research. The number of observation in this research are 1125, consists of 225 firms that has been enlisted on Indonesia Stock Exchange for 2011-2015 period.

The result shows that book-to-market ratio, dividend-yield ration, cash flow-to-price ratio, and stock variance have positive significant effect on stock return predictability. Earnings-to-price ratio shows that it has a negative significant effect on stock return predictability, while dividend-payout and trading volume appear to be having no significant effect on stock return predictability

Keyword: Stock return predictability, financial ratio, trading volume, stock variance

Reasarch Background

Each year, Indonesia capital market has become more interesting for investors. Indonesia capital market shows a positive growth, which can be seen from the increasing number of firms listed on BEI. The increase in number of firms listed on BEI from 2011-2015 indicates that Indonesia capital market is still interesting for investor, resulting in even more firms starting to enlisted themselves on BEI. When investor starts to invest their moeny in capital market, investor expects to gain, not only return, but also profit worths the risk they are accounted with, from their investment. Moreover, investor organize a portfolio to diversify risk and gain higher profit.

Bannigidadmth and Narayan (2016) did research on stock return predictability and factors affecting predictability in India capital market . Financial ratios, such as dividend-yield, dividend-payout, dividend-price, earning-to-price, book-to-market, were examined of its effect to stock return predictability. There are 4

results generated from the test: (1) Not all of 5 financial ratios used as predictor able to predict return; (2) Return predictability is specific to sector and there are few sectors can be predicted, but there are few sectors that can not be predicted; (3) mean-variance investor able to gain profit that statistically significant through predictive regression model based on financial ratio and few sectors that can generate higher profit than market profit; (4) The result shows that risk, both expected and unexpected risks, turns out to be the determinant of sectoral return predictability and profit from mean-variance investor, however, determinant of predictability and profit are more heterogeneous if using unexpected financial ratio risk.

Previously, Phan, Sharma, and Narayan (2015) had examined the determinant factor of sectoral stock return predictability by finding the relation between predictability and sectoral characteristic variable. Sectoral characteristics examined are book-to-market ratio, dividend-yield ratio, price-earning ratio, trading volume, and market capitalization. The result of this research is stock return predictability has a linkage to certain industrial characteristics, such as book-to-market ratio, dividend-yield ratio, price-earning ratio, trading volume, and market capitalization. Book-to-market ratio, dividend-yield ratio, and trading volume affect stock return predictability positively, while price-earning ratio and market capitalization affect sectoral stock return predictability negatively.

Before examining factors that affect sectoral stock return predictability and market in India, Narayan and Bannigidadmth (2015) had researched stock return predictability in India using book-to-market ratio, dividend-payout ratio, dividend-price ratio, dividend-yield ratio, earnings-price ratio, cash flow-to-price ratio, inflation, and stock variance. The result of this research shows that stock in India is predictable, despite of the sector-specific return predictability.

This research will combine journals of Bannigidadmth and Narayan (2016), Phan, Sharma, and Narayan (2015), and Narayan and Bannigidadmth (2015) with stock return predictability as the dependent variable and dividend-yield ratio, dividend-payout ratio, dividend-price ratio, earning-to-price ratio, book-to-market ratio, cash flow-to-price ratio, trading volume, and stock variance). This research will use all firms listed on BEI in 2011-2015, consecutively, have not been suspended for at least 1 year or more, have published complete and audited annual report from 2011-2015, annual report of 2011-2015 that ended in December, have not done corporate action (stock split, right issue, stock warrant, and stock dividend that causes a large change in number of shares outstanding) in 2011-2015, do not have negative book value, have trading volume in 2011-2015, not currently in privatization stage, and have Exchange Member Approval Letter (SPAB).

Literature Review

Stock return is the expectation of investors that the funds invested through the stock will receive yield and capital gains (Hartono, 2010:198). Narayan dan Bannigidadmth (2015), Phan, Sharma, and Narayan (2015), also Bannigidadmth dan Narayan (2016), provide that *return* saham can be predictability using by historical value of financial variable and macroeconomic such as expected inflation (Bodie, 1976; Fama, 1981), short term interest rate, (Fama dan Schwert, 1977), *dividend-yield* ratio (Rozeff, 1984; Shiller, 1984; Fama dan French; 1988), and rasio *earning-to-price*

Campbell dan Shiller (1988) shows that return predictability can be determined financial ratio, *trading volume*, and *stock variance*. Narayan and Bannigidadmth (2016) explain that *book-to-market* ratio can be positive influence to predictability

stock return. Pontiff dan Schall (1998) dan Berk dan Sharathchandra dan Thompson (1994) in Narayan dan Bannigidadmath (2016) said that *book-to-market* ratio catch information future return because book value is a proxy from expected cash flow. *book-to-market* ratio is a *proxy* cash flow to current price. If *discount rate* changes it can impact increase stock price. So, increase discount rate will be increase book-to-market ratio. Hypotheses developed in this research are

H1: Book-to-market t ratio affects stock return predictability t+1 positively.

Phan, Sharma, dan Narayan (2015); Narayan dan Bannigidadmath (2015); also Bannigidadmath dan Narayan (2016) explain that *dividend-yield* ratio influence positive return predictability. Hirt (2006) said *dividend-yield* is one of indicator can be influence stock return. Guler dan Yimaz (2008) provide high *dividend-yield* show that *undervalued* capital market, if the stock price smaller than the value, so this stock must be buy and hold to get *capital gain* when stock price increasing. If dividends are distributed higher, investor will trend to buy. The relationship indicates that positive correlation between dividend-yield and return predictability.

H2: Dividend-yield t ratio affects stock return predictability t+1 positively.

Narayan and Bannigidadmath (2015), *dividend-price* is a ratio that compare *dividend per share* and stock price. It is same with *dividend-yield*, when *dividend-price* increase so the return also increase.

H3: Dividend-price t ratio affects stock return predictability t+1 positively.

Phan, Sharma, and Narayan (2015), Narayan and Bannigidadmath (2015), also Bannigidadmath and Narayan (2016) examine that *dividend-payout* influence positive stock return predictability. Kurniati (2003) said that increasing the *dividend-payout* ratio also increasing stock price. Investor has certainty about dividend. Dividend increase encouraging improvement of the stock and increase the price (Amarjit, 2010). So, higher *dividend-payout* ratio indications increasing net income and will be positive signal to investor buy the stock.

H4: Dividend-payout t ratio affects stock return predictability t+1 positively.

Narayan and Bannigidadmath (2015); Bannigidadmath and Narayan (2016) provide that *earning-to-price* ratio influence positive stock return predictability. *Earning-to-price* ratio is a reverse the *price-to-earning* ratio. Hanadi and Halim (1996). Increasing revenue of the firm will be positive impact to stock price. That is show expected investor about the company.

H5: Earning-to-price t ratio affects stock return predictability t+1 positively.

Narayan and Bannigidadmath (2015) explain that *cash flow-to-price* ratio influence to positive stock *return* predictability. Da (2009) said that cash flow directly to contain the risk of asset compensation. Thus, the greater the cash flow is reflected in the stock price, will have positive influence on stock returns due to the increased cash flow means the risk that the company offers higher, resulting in increased return obtained by investors.

H6: Cash flow-to-price t ratio affects stock return predictability t+1 positively.

Phan, Sharma, and Narayan (2015) explain that *trading volume* have a positive impact to stock return predictability. *Dow Theory* state that volume is a one of important component in market movement. Bullish or Bearish market will be followed with increase or decrease trading volume. When the stocks have higher trading volume, its mean that stocks are in demand. Chordia *et al.* (2000) show when the share are actively traded means have higher trading volume and will be produce higher return.

Other investors are not yet in possession of these shares will use the information as a trade volume of investment decisions because more shares bought by investors then the price will rise up to enhance return for investors

H7: Trading volume t+1 affects stock return predictability t+1 positively.

Narayan and Bannigidadmath (2015) provide that *stock variance* influence positive stock *return* predictability. Varians indicate the risk of the investment. Keown (2005) explain about ten fundamental principle on financial management where the first is “*The Risk-Return Trade-Off*”. This principle show that “*We won’t take on additional risk unless we expect to be compensated with additional return.*”, its means the higher the risks covered will increase the risk premium paid so that will increase the profits required by investors.

H8: Stock variance t+1 affects stock return predictability t+1 positively.

Research Method

This research is a basic research, which is the kind of research that is intended to develop previously researched topic. As from the aim of this research, this research is categorized as causal research due to its purpose to test the effect of independent variables (book-to-market ratio, dividend-yield ratio, dividend-price ratio, dividend-payout ratio, earning-price ratio, cash flow-to-price ratio, trading volume, and stock variance) to dependent variable (stock return predictability of firms listed on BEI in 2011-2015). Furthermore, based on its approach, this research is a quantitative research because it uses quantitative data. This research will test the effect of book-to-market ratio, dividend-yield ratio, dividend-price ratio, dividend-payout ratio, earning-price ratio, cash flow-to-price ratio, trading volume, and stock variance to stock return predictability of firms listed on BEI in 2011-2015.

This research will also undertake robustness test to test each sector in BEI because each sector has its own characteristic different to another sector. By undertaking this test, researcher will examine the effect of independent variables to dependent variable if applied on different sector with different characteristic. The main model of this research will be on all firms listed on BEI, while the other model will be on 9 sector in BEI, such as manufacture sector, finance&banking sector, property sector, agriculture and farming sector, mining sector, infrastructure sector, trading sector, service and investment sector, and consumer goods sector. Robustness test is done by applying regression test on the 9 sectors.

Result And Discussion

Table 1.
Regression Result to all company listed on IDX

Variabel Independen	Koefisien	Sig.	Hyphoteses
C	0.000195	0.1594	
BM	-0.000260	0.0000***	Positive
DY	0.006655	0.0000***	Positive
DP	5.88E-05	0.6461	Positive
EP	-0.000316	0.0068**	Positive
CFP	0.000195	0.0087**	Positive
TV	9.06E-06	0.6940	Positive
STV	0.755202	0.0000***	Positive
R-Squared	0.296973		
Adjusted R-Squared	0.292567		
S.E. of Regression	0.001804		
F-statistics	67.40627***		

* is significant on $\alpha = 10\%$; ** is significant on $\alpha = 5\%$;

*** is significant on $\alpha = 1\%$

Source: data processed

The result of this research for book-to-market ratio shows that book-to-market ratio has a negative significant effect to stock return predictability. This result is supported by Fama and French (1995) and Lakonishok et. al. (1994).

As for dividend-yield ratio, the result shows that dividend-yield ratio has a positive significant effect to stock return predictability and is supported by Bannigidadmth and Narayan (2016), Liolen (2004), Rozeff (1982), and Lamont (1998).

The result of dividend-payout ratio shows that this ratio has positive insignificant effect to stock return predictability. This result is supported by Modigliani and Miller argument against dividend policy theory of Gordon and Lintner, The Bird In Hand. To Modigliani and Miller, dividend-payout ratio does not have any effect because eventually, investor will re-invest the dividend in the same firm or another firm with relatively the same risk.

Earning-to-price ration appears to have negative significant effect to stock return predictability. This result is supported by the finding of Narayan and Bannigidadmth (2015), and argument stated by Lamont (1998:1563) about the relation between earning and return in certain market condition.

The result of this research on cash flow-to-price shows that this ratio has a positive significant effect to stock return predictability. This result is supported by Da (2009) saying that cash flow directly consists of risk compensation of an asset and the “Risk-Return Trade-Off” theory.

Trading volume appears to have positive insignificant effect to stock return predictability. This result is supported by Campbell et. al. (1993), Wang (1994), and Llorente et. al. (2002).

The result of the research for stock variance shows that stock variance has a positive significant effect to stock return predictability. This result is supported by Keown (2005), saying that there are 10 principals that underlying Financial Management learning, in which the first principal is “The Risk-Return Trade-Off.

The F test on model 1 has probability below 5% and R-Squared in Indonesia is 0,296973. This number shows that independent variables (book-to-market ratio, dividend-yield ratio, dividend-price ratio, dividend-payout ratio, earning-price ratio, cash flow-to-price ratio, trading volume, and stock variance) are able to explain the dependent variable (stock return predictability) as big as 29.70%, while the rest is explained by another variables that are not included in this research.

Robustness test in this research is done by applying regression test on the 9 sectors in BEI. The result of the robustness test can be seen on Table 2.

Table 2.
Regression Result at 9 Sector on IDX

	BM	DY	DP	EP	CFP	TV	STV
Indonesia	-0.000260*** -5.535025	0.006655** * 7.946387	5.88E-05 0.459275	-0.000316** -2.712071	0.000195** 2.626923	9.06E-06 0.393495	0.755202** * 9.428001
Agriculture and Livestock	-0.000572** -3.090817	0.002558 0.117726	0.000244 0.104732	-0.000942** -2.126831	-0.002301 -0.931729	-1.02E-06 -0.005014	0.579380** * 3.237339
Mining	-2.36E-05 -0.210232	0.03271*** 3.418757	-0.002763* -2.240077	-0.002417* -2.014631	0.001345** * 2.741658	-0.000141 0.5109	2.014650 4.539366** *
Basic and Chemical Industry	-0.000237*** -2.753079	0.012444 0.963234	-0.000818 -0.667013	0.000707 1.423695	7.90E-05 0.646163	-0.000598 -0.819684	1.228784** * 5.777060
Various Industry	-0.000337*** -3.650096	0.014340 1.378061	-0.000498 -0.689202	-0.002631 -1.568701	-4.76E-05 1.264364	1.208809 -0.236042	1.228784** *

							5.777060
Consumer Goods Industry	-0.000983*** -3.588349	0.025474 1.211736	-0.000689 -0.592978	0.001329 0.450318	-0.001708 -0.709750	0.000228 0.1912	1.473357 4.570733** *
Property, Real Estat, and Building Construction	-0.000316*** -2.931811	0.021148** 2.329487	-0.000184 -0.717220	-0.001610 -1.563066	2.48E-05 0.056563	-5.93E-05 -0.759218	0.928850** * 5.889802
Infrastructure, Utility, dan Transportation	-0.000637*** -4.249653	0.012491** 2.281506	0.001664 1.383141	-0.000790** -2.045637	-0.005415* -1.945199	-0.000180 -0.838023	1.510327** * 4.679381
Finance	5.82E-05 0.584978	0.038829** * 7.332618	-0.00443*** -6.964086	- 0.005558** * -5.423909	0.000204 1.066774	0.000213* * 2.706966	0.803913** * 7.781323
Trade, Services, and Investment	-0.000257** -2.510079	0.022533** * 3.594092	-0.000669* -1.835286	-0.000309 -0.781079	0.000457 1.053693	1.15E-05 0.162363	0.569675** * 5.804015

* is significant on $\alpha = 10\%$; **is significant on $\alpha = 5\%$; *** is significant on $\alpha = 1\%$

Source: data processed

Conclusion

The regression result of book-to-market ratio has a coefficient of 0.00260 and significance level of 0.0000. It means that book-to-market ratio has a negative significant effect to stock return predictability. According to Fama and French (1995) and Lakonishok et al. (1994), stock with high book-to-market ratio tends to have low income, while stock with low book-to-market ratio tends to belong to a strong firm (currently at growth stage) with high income. Lakonishok et al. (1994) and Haugen (1995) argues that market undervalue distressed stock and overvalue stock at growth stage. The regression result for dividend-payout ratio is not in accordance with the hypothesis, which appears to have insignificant effect to return predictability. This result is supported by Modigliani Miller theory that argues dividend policy theory of Gordon and Lintner. As for earning-to-price ratio, the regression result shows that this ratio have a negative significant effect to stock return predictability. This result is supported by the economy cycle theory that suffers recession after the booming cycle. Trading volume is proven to not affecting stock return predictability. This result is in accordance to Campbell et al. (1993), Wang (1994), and Llorente et al. (2002) stating that volume can not individually affecting stock price and requires another variables.

References

- Bannigidmath, D. dan Narayan, P.K., 2016. Stock Return Predictability and Determinants of Predictability and Profits, *Emerging Market Review*, Elsevier.
- Cakici, N., Chatterjee, S., Topyan K., 2015. Decomposition of Book-to-Market and The Cross-Section of Returns for Chinese Shares, *Pacific-Basin Finance Journal*, Elsevier.
- Choi, Y., Jacewitz, S., Park, J.Y., 2016. A Reexamination of Stock Return Predictability, *Journal of Econometrics*, Elsevier.
- Cornell, B., 2012. Dividend-Price Ratios and Stock Returns: Another Look at the History, *Working Paper*, California Institute of Technology.
- Darusman, D., 2012. Analisis Pengaruh Firm Size, Book-to-Market Ratio, Price Earning Ratio, dan Momentum terhadap Return Portofolio Saham, Skripsi, Universitas Diponegoro.
- Fama, E.F. dan French, K.R., 1995. Size and Book-to-Market Factors in Earnings and Returns, *The Journal of Finance*, Vol. L, No.1.

- Fama, E.F. dan French, K.R., 1998. Value versus Growth: The International Evidence, *The Journal of Finance*, Vol. LIII, Columbia Business School.
- Gujarati, Damodar N., dan Porter, Dawn, 2012, *Dasar-dasar Ekonometrika, Buku 2*, Jakarta: Salemba Empat.
- Gupta, M., 2011. South Africa Stock Return Predictability in the Context Data Mining: The Role of Financial Variables and International Stock Returns, *Economic Modelling*, Elsevier.
- Lamont, 1998. Earnings and Expected Return, *Journal of Finance*, Vol. 53, no. 5:1563-87
- Lewellen, J., 2004. Predicting Returns with Financial Ratios. *Journal of Financial Economics*. Elsevier.
- Margaretha, F. dan Damayanti, I., 2008. Pengaruh Price Earning Ratio, Dividend Yield, dan Market to Book Ratio terhadap Stock Return di Bursa Efek Indonesia, *Jurnal Bisnis dan Akuntansi*, Vol. 10: 149-160.
- Narayan, P.K. dan Bannigidadmath D., 2015. Are Indian Stock Returns Predictable?, *Journal of Banking & Finance*. Elsevier.
- Park, C., 2007. When Does the Dividend-Price Ratio Predict Stock Returns?, *Working Paper, National University of Singapore*.
- Phan, D.H.B., Sharma, S.S., dan Narayan, P.K., 2015. Stock Return Forecasting: Some New Evidence, *International Review of Financial Analysis*. Elsevier.
- Puspitasari, A. dan Purnamasari, L., 2013. Pengaruh Perubahan *Dividend Payout Ratio* Dan *Dividend Yield* Terhadap *Return Saham* (Studi Pada Perusahaan Manufaktur di Bursa Efek Indonesia), *Journal of Business and Banking*, Vol. 3:213-222.
- Wohar, E. M. dan Gebka, B., 2012. Causality between trading volume and and returns: Evidence from quantile regressions, *International Review of Economics and Finance*, Elsevier.
- <http://finance.yahoo.co.id> (accessed on 30 March 2016)
- <http://icamel.co.id>. (accessed on 20 March 2016)
- <http://britama.com> (accessed on 02 September 2016)
- <http://www.duniainvestasi.com/bei/> (accessed on 02 September 2016)
- <http://wernermurhadi.wordpress.com> (accessed on 13 November 2016)
- https://en.wikipedia.org/wiki/Dow_theory (accessed on 14 December 2016)
- <https://scholar.google.com> (accessed on 09 December 2016)
- <http://digilib.ubaya.ac.id/> (accessed on 23 March 2016)
- <http://sciencedirect.com/pustaka.ubaya.ac.id/> (accessed on 23 March 2016)
- <https://www.researchgate.net> (accessed on 07 December 2016)
- <http://kurshariini.web.id/> (accessed on 17 November 2016)

**Department of Management
Faculty of Business and Economics
Universitas Surabaya**

EC Building 1st Floor
Jl. Raya Kalirungkut, Surabaya, 60293
Ph: +62 31 2981139 Fax: +62 31 2981231
email: ubayainsyma@gmail.com

ISBN 978-602-73852-1-4

