The International Journal of Social Sciences and Humanities Invention 5(12): 5096-5098, 2018
DOI: 10.18535/ijsshi/v5i12.01 ICV 2015: 45.28
ISSN: 2349-2031

Research Article

Profitability toward Return Stock Influencing to The life of company

[1]Hani Krisnawati, [2]Dwi Astutik, [3]Heru Yulianto

High School Of Economic Aka Semarang 2018

ABSTRACT: The purpose of the research is to explain profitability toward return stock, influencing toward the life of company. The population and the sample are manufacturing companies in Semarang. The type of the research is descriptive with secondary data in the form of financial report from 2013 until 2017. The findings show profitability influences return stock and the life of company.

Keywords*: Profitability, return stock, and the life of company*

Background

Companies calculate their profits until unlimited time period. It means each company has its own thought to gain more profit. Profitability of a company is an ability to collect profits from various sources. Harahap, SofyanSyafri (2008) argued that profitability is a description and ability of company to earn profits through any capability of the existed source by selling, having capital, having financial back up, having certain numbers of employees, having branches. Munawir also explains profitability as ability of company to earn profits with certain period of time. Brigham & Houston (2006) explained the net outcome from a set of policy and also decision can be as one of funding collectors or profit earnings.

As the profit increases it has final decision by increasing investment or return stock. Return stock can be called as stock earning or the changing valuation of stockvaluation. According to Halim &Hanafi (2005) explained that period of stock price, t with t-1, is frequently changing. Jogiyanto (2009) explains return stock is an earning from investment. The intended investment is from company or individual whom and which invest their funds to buy the stock. It can be called as benefits in certain percentage.

The life of a company is also determined by the amount of investment used by the company from in certain time. According to Machfoedz (1994), the life of a company is the scale in which can be classified whether a company is big or small from various asset, the amount of selling, market capital. Hartanto (2000) explained the differences of a company's size in which can trigger business risk significantly. In other word, the life of company has important role, especially to increase return stock. The purpose of the research is to analyze return stock and the influences toward the life of a company.

Literature Review

Profitability

Profitability, according to Munawir (2014) is an ability of company in earning profits from certain periods. Meanwhile, rentability is a measurement in which a company's success. The success is ability to use appropriate activa so the comparison between earned profit in certain period with the sum of active or the capital of the company. AgusSartno (2010) also explains profitability as an ability of company to earn profits in a certain period, in which it correlates to sale, total of active, and owned capital. From the definition, profitability is an ability to earn profits in certain period of time by using capital or activa of the company.

High or low profit of a company is important factor so the amount of the profit can be seen through financial report analysis by using profitability ratio. Profitability ratio, according to Sudana (2011), it is measuring the ability of company by using all active to earn profits and using all sources owned by the company. James C. Van Home & John M. Wachowicz, Jr (2012) defined profitability ratio is a correlated ratio to profits and selling and the investments. IrhamFahmi, (2015) explained that ratio is able to measure whole management effectiveness, proposed by financial amount.

It is therefore it can be known that profitability ratio is ratio to show the success of company to earn profit and can be used to evaluate investment.

Return stock

Return is the result of investment. Meanwhile stock is the evidence of belongings, in the form of incorporated company. Investment can be long or short period of time. Each investment has main objective to get profit or *return.*

Return stock, according to Bringham& Houston (2006) has positive risk that is the greater the risk faced by the stakeholders, then the profits will be higher. Rika Verawati (2014) explained that it is profit paid by the company in certain period of time. According to Jogiyanto (2010), there are some types of return stock, they are the realized and expected return stock. Meanwhile, the factors affecting return stock are external and internal factors.

Life of the company

Life of the company is an important variable for the journey of a company. It is caused by the life of company reflecting how big the company is. The size of company can be described from the life of company, the matureness level, and the defensive strength in competing.

A company which has been existing for longer time will gain more attention from society and consumers. It is caused because the images of the company can be seen from how far the company can defend. According to Latifah, et al., (2011), it is explained that the measurement of the company can be calculated since the company is founded until the completeness of the data (*annual report*). Besides that, company can be categorized through the types of company based on various things related to society and the environment of the company, indirectly.

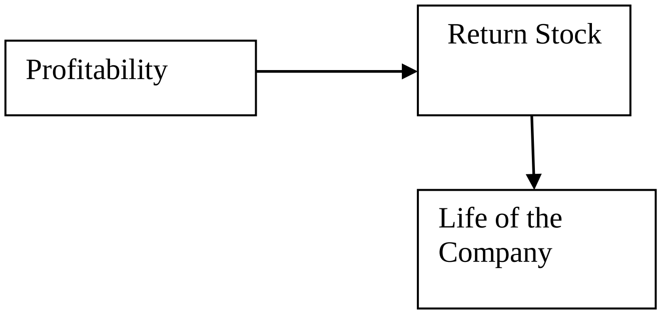
This type of industry can be grouped into two: high profile and low profile. Robert (1992) explained the company categorized into industry is a company with high sensitivity for the environment. Besides that, it has more employees with high productivity level.

Previous Studies

Umisolikhah, 2015 explained that profitability is measured by ROA, ROE with the influences toward return stock.

Devi Andrayani, 2016, explains that ROA is a type of frequently used measurement by company.

Theoretical Frameworks



Source: previous study

Research Methodology

The approach in this research is descriptive based on positivism philosophy.

Operational Variable

Return onAsset (ROA) is a ration between profits after tax toward the asset. ROA is a profitability indicator of company (Fahmi 2014).

Return stock is one of interesting factors for the investors. Besides that, it also becomes a reward upon bravery to take risk.

The life of company is how long the company exists, listing and operating until having report

Population and Sample

The population and sample of this study are manufacturing companies in Semarang. The used sample technique is purposive sampling with criteria: the company publishes annual report in 2013 until 2017. The companies becoming the samples are customer good and have website.

The Analysis of the Data

The data analysis has purpose to explain and limit the findings until become well-arranged data.

Finding

Profitability Influences Return Stock

Profitability ratio measured by ROA influences return stock. The ability of company to recognize profit from the incomes related to asset and equity by using certain measurement. Company has basic ability to find out, so the higher the profitability is, then the return stock will increase. This finding is also supported by UmiSolikhah (2015) explaining that profitability has influences toward return stock.

Return Stock Influences Life of the Company

Return stock influences toward the life of company. It is one of the factors to motivate investors. Besides that, it is a reward for the investors to invest. Return Stock, *CapitalGain*, or even *CapitalLost*, earned by investing from a certain period of time.

Conclusion

Profitability influences toward return stock so the higher the profitability, the return stock will be higher. Return stock will influence the life of the company.

Suggestion

For the researchers to develop sample to create better findings.

References

[1] Agus, R Sartono. 2010. ManajemenKeuanganTeoridanAplikasi. EdisiKeempat. Yogyakarta. BPFE.

[2] Umisolikhah, 2015 Pengaruh Ratio ProfitabilitasTerhadap*Return* Stock Di Bursa Efek Indonesia. Program studiakuntansiFakultasekonomidanbisnisUniversitasmuhammadiyahsurakarta. (Skripsidipublikasi).

[3] Devi andrayani, 2016 Pengaruhprofitabilitas, umurperusahaandanukuranperusahaanterhadap*corporate social responsibility* (csr) *disclosure*. SekolahTinggiIlmuEkonomiPerbanas Surabaya2016

[4] Brigham, Eugene F dan Houston. 2006. *Fundamental of FinancialManagement: Dasar-DasarManajemenKeuangan*. Edisi 10. Jakarta: SalembaEmpat.

[5] Fahmi, Irham, 2015 PengantarManajemenKeuanganTeoridanSoalJawab. Bandung; ALfabeta.

[6] Harahap, SofyanSyafri. 2008. AnalisisKritisAtasLaporanKeuangan. Raja GrafindoPersada, Jakarta.

[7] Hanafi, Mamduh M dan Abdul Halim, 2005, AnalisisLaporanKeuangan, EdisiKedua, Yogyakarta : STIE YKPN.

[8] Hanafi, Mamduh M dan Abdul Halim, 2007, AnalisisLaporanKeuangan, EdisiKetiga, Yogyakarta : STIE YKPN.

[9] Hanafi, Mamduh M dan Abdul Halim, 2009, AnalisisLaporanKeuangan, EdisiKeempat, Yogyakarta : STIE YKPN.

[10] Horne, James C. Van & John M Wachowic, Jr, 2012. Prinsip-prinsipManajemenKeuangan (edisi 13) Jakarta; SalembaEmpat.

[11] I Made Sudana, 2011. ManajemenKeuangan Perusahaan. Erlangga, Jakarta.
[12] Jogiyanto, 2009. *SistemInformasiManajemen.* Yogyakarta: PenerbitAndi.
[13] Jogiyanto, 2010. *AnalisisdanDesainSistemInformasi*, Edisi IV, Andi Offset, Yogyakarta.
[14] Latifah, S.W, Prasetyo, Adi, danRahardian, R.F. 2011. *Pengaruhkarakteristikperusahaanterhadapkinerjasosialb erdasar ISO 26000 padaperusahaan yang termasukdalamindeks LQ- 45*. JurnalReviuAkuntansidanKeuangan, vol. 1, No. 1, 73-84.
[15] Machfoedz, 1994 PengaruhRasioKeuanganterhadapPerubahanLaba, JurnalRisetAkuntansi Indonesia.
[16] Munawir, 2014. AnalisisLaporanKeuangan. Yogyakarta. Liberty.
[17] Verawati, Rika,"Faktorfaktorpenentu yang mempengaruhi*return* stockperusahaanmanufaktur yang terdaftar di bursa efekindonesia (BEI) periode 2008-2013", *Skripsi,* FakultasEkonomiUniversitasNegeri Yogyakarta.
[18] Bogdan, Robert dan Steven Taylor. 1992. *PengantarMetodeKualitatif.* Surabaya: Usaha Nasional.