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The Effect of Health Banks on Share Returns in Banking Companies Listed on the IDX for the 2019 Period With Political Events (Indonesia Presidential Elections) as Dummy Variables

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Abstract

The capital market as an economic instrument is inseparable from environmental influences, both the economic environment and the non-economic environment. Political events are one of the non-economic risks that can influence investors' decisions to invest in the capital market. The purpose of this study is to determine the effect of political events in Indonesia in 2019 on stock returns during the Campaign Period & Presidential and Vice Presidential Elections along with the election of members of the DPR, DPD, Provincial DPRD, and Regency / City DPRD until their inauguration period on listed banking company stocks. On the Indonesia Stock Exchange. With the research title "The effect of bank health on stock returns in banking companies listed on the IDX for the 2019 period with political events (Indonesian Presidential Election) as a dummy variable. This research shows that the presidential election events in 2019 have no significant effect on the stock returns of banking companies that book IV. The results show that of the six (6) variables only two (2) have a significant positive effect, namely the ROA and CAR variables, the authors conclude that companies with capital capitalization above IDR 30 Trillion (Book IV) are not easily shaken or relatively stable. What investors are often familiar with is the Blue Chip stock, which has implications for stock returns to investors.

Keywords
capital market; stock return; political events

I. Introduction

Bank Indonesia as the central bank and supervisor of banking activities in Indonesia is tasked with maintaining and maintaining a sound banking system. Banking stability is very much needed in an economy. In addition, Bank Indonesia also issued a regulation requiring a bank to provide complete financial information, namely in the Circular Letter of Bank Indonesia No. 6/23/DPNP dated May 31, 2004, concerning the Rating System for Commercial Bank Soundness, in which banks are required to submit information and explanations relating to bank business activities to the public and Bank Indonesia on an annual basis and banks are required to assess the soundness of banks.

There are several empirical works on the hypothesized link. Previous work of Jensen and Johnson (1995) in his research Discount Rate Changes and Security Returns in the US 1962-1991. Journal of Banking and Finance, 19, 79-95. who studied the long-term and quarterly behavior of the impact of monetary policy taken from newly appointed political office holders on stock returns from 1962 to 1991 in the US found that returns stock increased over that period. Furthermore, research from Takarini & Putra (2013) in their research entitled "The impact of health levels on changes in stock prices in banking companies that go public on the IDX, shows good bank health, which is measured using

the ratio of CAR, RORA, NPM, ROA & LDR. significant effect on stock returns. Armanto & Monica (2014) in their research entitled "The Influence of Bank Soundness Levels Based on the RGEC Method on Stock Returns in Go Public Banking Companies in Indonesia Stock Exchange (IDX) in 2011-2012" found that bank soundness levels also had a significant effect on stock returns. Meanwhile, Siti W (2018) in the study "The Influence of Political Events (Presidential Election and Announcement of Cabinet Composition) on Industrial Sector Stocks on the Indonesia Stock Exchange" found that political events did not significantly affect stock return variables.

A brief review of the literature shows some mixed empirical results and is very focused on the case of a single country. In addition, quite a lot of research done to assess how the stock returns are affected by the policies issued by the holders of political office, both in developed and developing countries, in this study analysis will focus on the health of banks or performance of the company itself in influencing return shares on the stock exchange and how political events in a country can indirectly affect the movement of the stock price itself, as in the journal ever written by (Volodymyr Gamaliy et al, 2018) The Influence Of Political And Economic Events. A Fundamental Analysis Approach, Journal of Bank And Bank Systems, an important event occurred in the world's political and economic arena, namely the United States Presidential Election and the victory of Donald Trump in the presidential election, making the Federal Reserve interest rate increase from 0.5% to 0.75% on December 14, 2016, and became 1% on March 15, 2017, the monetary policy taken by the newly inaugurated political official can affect returns Stockton the stock exchange.

II. Research Methods

The type of data used by the author in this study is secondary data and uses quantitative methods in the form of data for all variables, both independent and dependent variables. The independent variables are Non Performing Loans (NPL), Loan To Deposit Ratio (LDR), Good Corporate Governance (GCG), Return On Assets (ROA), and Capital Adequacy Ratio (CAR) and include political events as dummy variables. The author determines the dependent variable is a stock return. Secondary data in the form of financial reports and annual reports and economic data are obtained through Bank Indonesia, the Indonesian Stock Exchange (IDX), and the Website of each company, data taken by companies engaged in banking in Indonesia whose shares are listed on the Indonesia Stock Exchange. With the method of observing shares of banking companies from the period 2018 to the period 2019.

The population is the subject and object that is included in the generalization area because it has the same quality and characteristics so that it is determined by researchers to be studied, analyzed, and drawn conclusions. The population used in this study were all banking companies listed on the Indonesia Stock Exchange.

The sample is part of the population under study which consists of a smaller set or group that is part of the population. The sampling technique in this study used a purposive sampling method. The purposive sampling method is taking samples from the population-based on certain criteria. This method is used with adjustments to the research objectives.

III. Results and Discussion

3.1 Results

a. Descriptive Statistics

The following will be explained, namely descriptive data from all variables that will be included in the research method.

Table 1. Results of Calculation of Mean and Standard Deviation of Research Variables Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
NPL	14	1.30	3.11	2.4657	.59277
LDR	14	80.50	115.26	94.2043	8.91965
GCG	14	1	2	1.43	.514
ROA	14	1.85	4.00	2.9021	.74381
CAR	14	18.73	24.73	22.5436	1.70255
Political Event	14	0	1	.50	.519
Stock Return	14	-55.39	33.16	.0471	23.36187
Valid N (listwise)	14				

Source: Output Spss

1. During the study period, Stock Return (Y) in banking companies listed on the Indonesia Stock Exchange for the 2018-2019 period had an average Stock Return of 1,016.21 while the standard deviation of 3,372,629 means that the spread of the Stock Return variable is 3,372,629 during the period. 2018-2019. This shows the results of the description of the variables studied, to indicate empirical testing. The results of this standard deviation can be used to support concluding.
2. The average NPL is 2.4657% the size of the spread of the NPL variable is 0.59277% during the 2018-2019 period, this shows that based on the average value it can be concluded that the company can manage non-performing loans under 5% of its loan portfolio well, according to Regulation Bank Indonesia.
3. The average LDR is 94,2043% the size of the spread of the LDR variable is 8.91965% during the 2018-2019 period, this shows that based on the average value it can be concluded that the company disburses credit is greater than using its capital, a high LDR means bank liquidity Semangkin is low, but for investors, a high LDR gives a signal that the banking company can channel its credit to the maximum, but the NPL ratio must also be seen.
4. The average GCG is 1.43% the size of the spread of the GCG variable is 0.514% during the 2018-2019 period, this shows that based on the average value it can be concluded that the company has a PK value of 2 (Healthy) which is an assessment categorized by Bank Indonesia through aspects contained in Good Corporate Governance.
5. The average ROA is 2.9021%. The size of the spread of the ROA variable is 0.74381% during the 2018-2019 period. This shows that based on the average value, it can be concluded that the companies sampled in this study can generate profits with the assets owned by the company.
6. The average CAR is 22,5436% the size of the spread of the CAR variable is 1.70255% during the 2018-2019 period, this shows that based on the average value it can be concluded that the companies sampled in this study have sufficient capital in running their business so that it will increase profit earned. Basically, the higher the CAR, the more solvable the bank.

b. Normality Test

This normality test is carried out with the aim of testing whether in a regression model the dependent variable and the independent variable have a normal distribution or not. A good regression model is a normal distribution or close to normal. The results of the normality test with a normal PP Plot with regression can be shown in Figure 1.

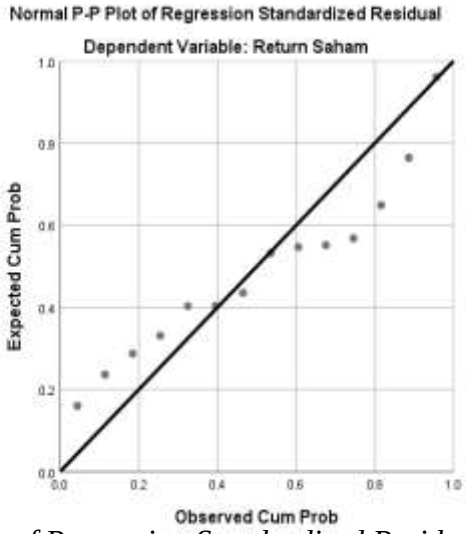

Figure 1. *Normal PP Plot of Regression Standardized Residual (Dependent Variable: Stock Return (Y)*
Source: Output SPSS

- If the data spread around the diagonal line and follows the direction of the diagonal line, then the regression model meets the assumption of normality.
- If the data spreads far from the diagonal line and/or does not follow the direction of the diagonal line, then the regression model does not meet the assumption of normality.

It can be seen from the Normal PP Plot Of Regression Standardized Residual graph from the graph above, it can be seen that the dots spread around the diagonal line, and the spread follows the direction of the diagonal line. Then the regression model meets the assumption of normality and is feasible to use.

c. Multicollinearity Test

A test is needed to determine whether there are independent variables that have similarities with other independent variables in one model. Multicollinearity detection can be seen from

- If the Variant Inflation Factor (VIF) value is not more than 10 and the Tolerance value is not less than 0.1, then the model can be said to be free from multicollinearity.
- If the correlation coefficient between each variable is less than 0.70 then there is no multicollinearity.
- If the value of the determinant coefficient, both seen from R2 and R-Square is above 0.60 but there is no independent variable that affects the dependent variable, then it is suspected to be affected by multicollinearity.

Multicollinearity test results can be seen in Table 2 below:

Table 2. Multicollinearity Test with VIF

Coefficients							
	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-14513.017	9415.868		-1.541	.174		
NPL	-644.106	1194.540	-.113	-.539	.609	.249	4.017
LDR	-53.354	86.985	-.141	-.613	.562	.207	4.823
GCG	-1431.835	930.786	-.218	-1.538	.175	.546	1.831
ROA	22715.045	6713.939	5.010	3.383	.015	.005	1.998
CAR	790.492	285.790	.399	2.766	.033	.527	1.897
Political events	874.738	691.750	.135	1.265	.253	.969	1.032

a. Dependent Variable: Stock returns

a. The VIF value for the NPL variable (X1) is 4.017 < 10 and the tolerance number is close to 1, then the NPL variable can be stated that there are no symptoms of multicollinearity.
b. The VIF value for the LDR variable (X2) is 4.823 < 10 and the tolerance number is close to 1, then the LDR variable can be stated that there are no symptoms of multicollinearity.
c. The VIF value for the GCG Variable (X3) is 1.831 < 10 and the tolerance number is close to 1, then the GCG variable can be stated that there are no symptoms of multicollinearity.
d. The VIF value for the variable (X4) ROA is 1.998 < 10 and the tolerance number is close to 1, then the ROA variable can be stated that there are no symptoms of multicollinearity.
e. The VIF value for the CAR variable (X5) is 1.897 < 10 and the tolerance number is close to 1, then the CAR variable can be stated that there are no symptoms of multicollinearity.
f. The VIF value for the Variable (X6) Political Events is 1.032 < 10 and the tolerance number is close to 1, then the CAR variable can be stated that there are no symptoms of multicollinearity.

d. Autocorrelation Test

Aims to determine whether there is a correlation between the nuisance error in period t and the error at t-1 (previous). To detect the data or not autocorrelation is then carried out testing. Durbin-Watson (DW) with the following conditions:

- D-W number below -2 means there is a positive autocorrelation.
- D-W number between -2 to +2 means that there is no autocorrelation.
- D-W numbers above +2 mean that there is a negative autocorrelation.

Table 3. Classification of D

Values D	Description
< -2	There is a positive autocorrelation
-2 -- +2	There is no autocorrelation
> 2	There is a negative autocorrelation

Source: Durbin Watson Table

Table 4. Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.967[a]	.934	.857	1273.779
a. Predictors: (Constant), ROA, Political Events, GCG, CAR, NPL, LDR				
b. Dependent Variable: Stock Return				

Source: Output SPSS

Table 5. Autocorrelation Test with Durbin Watson

D-W		
-2	1.581	+2

Detection of autocorrelation can be seen from the amount of DURBIN WATSON. In the MODEL SUMMARY section, the DW figure is + 1,581. This means that the regression model does not have autocorrelation.

e. Heteroscedasticity Test

Assumptions Heteroscedasticity is an assumption in a regression where the variance of the residuals is not the same for one observation to another. How to predict the presence or absence of heteroscedasticity can be seen from the pattern of the Scatterplot image of the model. The analysis on the scatterplot states that there is no heteroscedasticity in the multiple linear regression model if:

- The data points spread above and below or around the number 0.
- The spread of data points should not form a wavy pattern that widens then narrows and widens again.
- The spread of data points is otherwise not patterned.

The results of Heteroscedasticity can be seen in the Scatter Plot graph in Figure 2

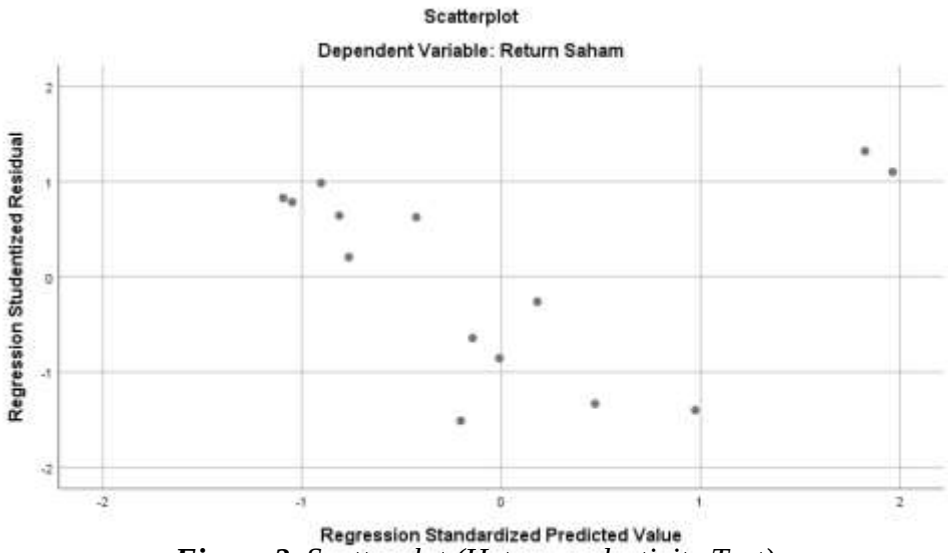

Figure 2. *Scatterplot (Heteroscedasticity Test)*
Source: Output SPSS

- If there is a certain pattern, then there has been heteroscedasticity.
- If there is no clear pattern, and the points spread above and below the number 0 on the Y axis, then there is no heteroscedasticity.

From the scatter plot graph above, it can be seen that the points spread randomly, do not form a certain clear pattern, and are spread both above and below the number 0 on the Y-axis. This means that there is no heteroscedasticity in the regression model.

f. Multiple Linear Regression Test Using Dummy Variables

After all the regression assumptions have been met, then a useful regression analysis is performed to obtain the effect of the independent variables (X1, X2, X3, X4, X5, and X6) on the Y variable (Stock Returns).

In processing data using multiple linear regression analysis, several steps were carried out to find the relationship between the independent and dependent variables. Based on the results of data processing using SPSS 25 software, a summary is obtained as follows:

Table 6. Summary of Multiple Linear Regression Test Using DummyVariables

Coefficients						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-14513.017	9415.868		-1.541	.174
	NPL	-644.106	1194.540	-.113	-.539	.609
	LDR	-53.354	86.985	-.141	-.613	.562
	GCG	-1431.835	930.786	-.218	-1.538	.175
	ROA	22715.045	6713.939	5.010	3.383	.015
	CAR	790.492	285.790	.399	2.766	.033
	Political events	874.738	691.750	.135	1.265	.253

a. Dependent Variable: Stock Return

Source: Output SPSS

From table 6 above, the calculation of multiple linear regression is obtained in the table above, it can be seen the relationship between the independent variable and the dependent variable which can be explained as follows:

Y = (14.513,017) – (644,106) x1 + (53.354) x2 + (1.431,835) x3 + 22.715,045x4 + 790.492 x5 + 874.738 x6

The interpretation of the regression model is as follows:

1. This regression coefficient shows that if there are no variables X1, X2, X3, X4, X5, X6 then the stock price has decreased by -14,513,017. In the sense that the price is -14,513,017 before or without the variables X1, X2, X3, X4, X5, and X6.
2. The NPL regression coefficient (X1) is -644.106, indicating that for each edition of the X1 variable by 1 unit, the stock return will decrease by -644.106
3. The LDR regression coefficient (X2) is -53.354 indicating that each addition of the X2 variable by 1 unit, will increase stock returns by -53.354
4. The GCG regression coefficient (X3) is -1,431,835, indicating that each addition of the X3 variable by 1 unit, will increase the stock return by 1,431,835.
5. The ROA regression coefficient (X4) of 22,715,045 indicates that each addition of the X4 variable by 1 unit, will increase the stock return by 22,715,045
6. The CAR regression coefficient (X5) of 790,492 indicates that for each additional X2 variable of 1 unit, the stock return will decrease by 790,492

7. The regression coefficient of Political Events as Dummy Variables (X6) is 874.738, indicating that for each additional X2 variable of 1 unit, the stock return will decrease by 874.738

The coefficient of determination (R2) measures how far the ability of the independent variable to influence stock prices is. The value of the coefficient of determination is between 0 and 1. The value of R2 which is close to one means that the independent variable of the study provides almost all the information needed to predict the variation of the stock price variable. The results of the coefficient of determination can be seen in the table as follows:

Table 7. Results of the determination Coefficient

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.967[a]	.934	.857	1273.779
a. Predictors: (Constant), ROA, Political Events, GCG, CAR, NPL,LDR,				
b. Dependent Variable: Stock Return				

a. Predictors: (Constant), ROA, Political Events, GCG, CAR, NPL, LDR,
b. Dependent Variable: Stock Return
Source: Output SPSS

By looking at the coefficient of determination adjusted R square = 0.934, it shows that the independent variable affects the dependent variable.

3.2 Discussion

a. Effect of Non-Performing Loans (NPLs) on Stock Returns

Non-Performing Loans or non-performing loans are a condition where the customer is unable to pay part or all of his obligations to the bank as agreed. Non-performing loans according to Bank Indonesia are loans classified into Substandard, Doubtful, and Bad collectibility. Credit risk is a form of the inability of a company, institution, institution, or individual to complete its obligations promptly both at maturity and after maturity and that is all following the applicable rules and agreements. Non-Performing Loan (NPL) is one of the ratios used to measure credit risk given by banks to debtors. According to (Kasmir, 2007) that "The higher this ratio, the worse the quality of bank credit which causes the number of non-performing loans to increase, and therefore banks must bear losses in their operational activities so that it affects the decrease in profit (ROA) obtained by banks".

According to Bank Indonesia Regulation No.15/2/2013 concerning the status determination and follow-up supervision of Conventional Commercial Banks, Banks are considered to have potential difficulties that endanger their business continuity if the ratio of non-performing loans (Non-Performing Loans) on a net basis is more than 5% (Five Percent). of the total credit.

The Non-Performing Loans (NPL) of each banking company during the 2018-2019 period which were taken as samples for the related variables in this study are explained as follows:

Table 9. Ratio Non-Performing Loan (NPL) Related Variable

No	Company Name	Rasio *Non-Performing Loan* (NPL)	
		2018	2019
1	PT Bank Rakyat Indonesia (Persero) Tbk	2.16 %	2.62 %
2	PT Bank Central Asia Tbk	1.3 %	1.4 %
3	PT Bank Mandiri (Persero) Tbk	2.39 %	2.79 %
4	PT Bank Negara Indonesia (Persero) Tbk	2.3 %	1.9 %
5	PT Bank Panin Tbk	3.02 %	3.04 %
6	PT Bank CIMB Niaga Tbk	2.79 %	3.11 %
7	PT Bank Danamon Indonesia Tbk	3.0 %	2.7 %

Source: Secondary Data processed

The average value of the ratio of Non-Performing Loans for all sample companies during 2018 was 2.4% while in 2019 it was 2.5%, the sample company that had Non-Performing Loans with the smallest percentage in 2018 & 2019 was PT Bank Central Asia Tbk.

b. Effect of Loan To Deposit Ratio (LDR) on Return Stock

LDR is the ratio between credit and third-party funds. The higher this ratio, the lower the liquidity capacity of the bank concerned will be. This is because the amount of funds needed to finance credit is getting bigger. The Bank Indonesia regulation regarding the maximum LDR is 110%.

According to (Dasari et al., 2013) Loan to Deposit Ratio (LDR) is the ratio between the total volume of loans disbursed by banks and the number of funds received from various sources. Loan to Deposit Ratio (LDR) is used to assess the liquidity of a bank by dividing the amount of credit extended by the bank to third-party funds. This ratio is to determine the bank's ability to repay obligations to customers who have invested funds with credits that have been given to their debtors.

The Loan To Deposit Ratio (LDR) of each banking company during the 2018-2019 period which was taken as a sample for the related variables in this study is explained as follows:

Table 10. Ratios Loan To Deposit Ratio (LDR) Related Variables

No	Company Name	Rasio *Loan To Deposit Ratio* (LDR)	
		2018	2019
1	PT Bank Rakyat Indonesia (Persero) Tbk	88.96 %	88.64 %
2	PT Bank Central Asia Tbk	80.5 %	81.6 %
3	PT Bank Mandiri (Persero) Tbk	96.69 %	93.93 %
4	PT Bank Negara Indonesia (Persero) Tbk	88.8 %	91.5 %
5	PT Bank Panin Tbk	104.15 %	115.26 %
6	PT Bank CIMB Niaga Tbk	97.18 %	97.75 %
7	PT Bank Danamon Indonesia Tbk	95 %	98.9 %

Source: Secondary Data processed

c. Effect of Return On Assets (ROA) on Return Stock

The average Return On Assets (ROA) ratio of all sample companies during 2018 was 2.9% while in 2019 it was 2.8%, the sample company that had Return On Assets (ROA) with the highest percentage in 2018 & 2019 was PT Bank Central Asia Tbk.

Table 11. The ratio of Return On Assets (ROA) Related Variables

No	Company Name	Rasio *Return On Asset* (ROA)	
		2018	**2019**
1	PT Bank Rakyat Indonesia (Persero) Tbk	3.68 %	3.5 %
2	PT Bank Central Asia Tbk	4 %	4 %
3	PT Bank Mandiri (Persero) Tbk	3.17 %	3.03 %
4	PT Bank Negara Indonesia (Persero) Tbk	2.8 %	2.4 %
5	PT Bank Panin Tbk	2.16 %	2.08 %
6	PT Bank CIMB Niaga Tbk	1.85 %	1.86 %
7	PT Bank Danamon Indonesia Tbk	3.1 %	3.0 %

Source: Secondary Data Processed

d. Effect of Capital Adequacy Ratio (CAR) on Stock Returns

Capital Adequacy Ratio (CAR) is the main proxy for banking company capital. Banks with high capital are considered relatively safer than banks with low capital, this is because banks with high capital usually have lower needs than external funding. Bank Indonesia sets the CAR ratio at a minimum of 8%. According to SE BI Number 13/24/DPNP dated October 25, 2011.

The Return On Assets (ROA) of each banking company during the 2018-2019 period which was taken as a sample for the related variables in this study is explained as follows:

Table 12. Ratio Capital Adequacy Ratio (CAR) Related Variables

No	Company Name	Ratio *Capital Adequacy Ratio* (*CAR*)	
		2018	**2019**
1	PT Bank Rakyat Indonesia (Persero) Tbk	21.21 %	22.55 %
2	PT Bank Central Asia Tbk	23.4 %	23.8 %
3	PT Bank Mandiri (Persero) Tbk	22.09 %	22.62 %
4	PT Bank Negara Indonesia (Persero) Tbk	24.6 %	22.0 %
5	PT Bank Panin Tbk	24.73 %	23.38 %
6	PT Bank CIMB Niaga Tbk	20.10 %	18.73 %
7	PT Bank Danamon Indonesia Tbk	22.2 %	24.2 %

Source: Secondary Data Processed

The average value of the Capital Adequacy Ratio (CAR) of all sample companies during 2018 was 22.61% while in 2019 it was 22.46%, the sample company that had the Capital Adequacy Ratio (CAR) with the highest percentage in 2018 was PT Bank Panin Tbk while in 2019 is PT Bank Danamon Indonesia Tbk. The increase in the CAR value indicates that management has experienced improvements in corporate governance. Improved governance will be more attractive to investors because the potential returns on their investments will be higher which will have an impact on increasing share prices.

e. The Effect of Good Corporate Governance (GCG) on Stock Returns.

The corporate governance system not only improves the relationship between various parties in the company, be it, shareholders, managers, and investors, but also ensures the proper use of resources for users of information data to compete. The corporate governance index is a combined evaluation of various corporate governance practices followed by companies to assess and embed corporate governance in the company's structural framework so that the company can be developed properly by banking companies in Indonesia. Corporate Governance is closely related to trust in both the companies that implement it and the business climate in a country.

The Good Corporate Governance (GCG) of each banking company during the 2018-2019 period using Bank Indonesia assessment indicators issued through SE BI No.13/24/DPNP/2011 as a sample for the related variables in this study is explained as follows:

Table 13. Good Corporate Governance (GCG) Related Variables

No	Company Name	*Peringkat Good Corporate Governance* (*GCG*)	
		2018	**2019**
1	PT Bank Rakyat Indonesia (Persero) Tbk	PK 2	PK 2
2	PT Bank Central Asia Tbk	PK 2	PK 2
3	PT Bank Mandiri (Persero) Tbk	PK 1	PK 1
4	PT Bank Negara Indonesia (Persero) Tbk	PK 2	PK 2
5	PT Bank Panin Tbk	PK 2	PK 2
6	PT Bank CIMB Niaga Tbk	PK 2	PK 2
7	PT Bank Danamon Indonesia Tbk	PK 2	PK 2

Source: Secondary Data Processed

A description of the conclusions on the Bank's GCG performance by considering the GCG assessment factors in a comprehensive and structured manner, including both the structure, process, and results (outcomes) of GCG. In this case, the bank has a subsidiary company that must be consolidated, the bank takes into account the impact of the company's GCG on the Bank's GCG performance by considering the significance and materiality of the subsidiary company or the significance of the subsidiary's GCG weakness, where PK 1 (Rank 1) is defined as "Very Healthy" and PK 2 (Rank 5) is defined as “Unhealthy”.

f. The Effect of Stock Returns on Political Events in the 2019 Presidential Election

Stock returns are the expectations of investors from funds invested through stocks, where the results are in the form of yields and capital gains (losses) (Jogiyanto, 2010). (Ang & Bekaert, 2007) argues that return is the level of profit enjoyed by investors on their investments. The difference in the current investment price which is higher than the previous period will result in a capital gain, otherwise, there will be a capital loss (Halim, 2005). According to (Halim, 2005) current income and capital gains are elements of stock returns. Current income is a periodic profit such as dividends (Widodo, 2007).

The capital market is an instrument that is closely related to the economic condition of a country. Microeconomic developments are the foundation for economic growth in Indonesia. This show is small and medium industries have good prospects to be developed and have competitiveness and competitive advantage well and contribute to employment safety. One form of microeconomics that can combine large amounts of labor with small

capital is small and medium micro enterprises (Ulfha, 2019). The capital market cannot be separated from the influence of an event that occurs in its environment, both the economic and non-economic environment (Alrhafynza & Siswanto, 2018). The non-economic environment covers various issues concerning environmental concerns, human rights, and political events which are often the main factors causing stock price fluctuations on stock exchanges around the world. If the position of the stock market in economic activities is increasingly important, then the stock exchange will be more sensitive to various events that are happening around it, both events that are related or not directly related to economic issues (Diniar, 2015). One of the non-economic environmental factors that influence developments in the capital market is the implementation of elections. In a country, the implementation of elections is one of the political events that can influence investors' decisions to invest in the capital market (Katti, 2018).

IV. Conclusion

Based on the research described above, it can be concluded that the results of the research on fundamental variables, namely Non Performing Loans, Loan To Deposit Ratios, GCG, Return On Assets, Capital Adequacy Ratios, & Political Events together do not have a strong relationship. with stock returns.

1. From the results of the regression analysis, it was found that the NPL value harmed stock returns. The results of the regression analysis showed that the NPL had a significant negative effect on stock returns with the results of 0.609 > 0.05, so it can be concluded that NPL has no significant effect on stock returns.
2. From the results of the regression analysis, it was found that the LDR value harmed stock returns. The results of the regression analysis showed that the LDR had a significant negative effect on stock returns with the results of 0.562 > 0.05, so it can be concluded that LDR had no significant effect on stock returns.
3. From the results of the regression analysis, it was found that the value of GCG harms stock returns. The results of the regression analysis show that GCG has a significant negative effect on stock returns with the results of 0.175 > 0.05, so it can be concluded that GCG has no significant effect on stock returns.
4. From the results of the regression analysis, it was found that the ROA value harmed stock returns. The results of the regression analysis showed that ROA had a significant negative effect on stock returns with the result of 0.01 > 0.05, so it can be concluded that ROA had a significant positive effect on stock returns.
5. From the results of the regression analysis, it was found that the CAR value harmed stock returns. The results of the regression analysis showed that the CAR had a significant negative effect on stock returns with the result 0.03 > 0.05, so it can be concluded that CAR has a significant positive effect on stock returns.

From the results of the regression analysis, the value of the dummy variable of political events harms stock returns. The results of the regression analysis show that political events have a significant negative effect on stock returns with the result of 0.253 > 0.05, so it can be concluded that LDR has no significant effect on stock returns.

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