

CHAPTER I

INTRODUCTION

1.1 Overview of Research Objects

The object of research in this study is PT Unilever Indonesia Tbk. Unilever Indonesia is one of the most liquid companies in Indonesian stocks exchange, based on the phenomena that occur on 2016-2021 period, The stocks price returns of PT Unilever Tbk had a high unusual fluctuation that caused an abnormal action on market, based on that the author made a decision to study and conduct this research. The following is a brief description of the object of research.

December 5, 1933 was the date the company was founded, PT Unilever Indonesia Tbk. has developed as a leading company that produces Home and Personal Care and Foods & Ice Cream in Indonesia. Some of the products from Unilever Indonesia include several well-known brands worldwide, such as Pepsodent, Lux, Lifebuoy, Dove, Sunsilk, Clear, Rexona, Vaseline, Rinso, Molto, Sunlight, Walls, Blue Band, Royco, Bango, and others. So far, the goal of the Unilever Indonesia company is still the same, namely working to build a better future, making consumers feel comfortable, have an attractive appearance, and enjoy life more through brands and services that are useful for themselves and for many people. Motivate people to do something better, do the little things every day and combined to make a big difference to the world.

The first time the shares of the company were offered to the public are on 1981 and listed on the IDX "Indonesian Stock Exchange" on January 11, 1982. At the end of 2011, the company's shares ranked the 6th largest market capitalization on the IDX. PT Unilever Tbk listed 15% of its shares on the Jakarta Stock Exchange as well as the Surabaya Stock Exchange.



Figure 1.1
Unilever Indonesia Stocks Price

The consumer goods sector is one of the pillars of the stock composite index in Indonesia, one of the stock companies that has experienced price fluctuations is Unilever Indonesia, based on the Figure 1.1 Unilever Indonesia shares have experienced a significant increase from 2016 to 2017, with prices as of December 2016 was 7760 and experienced a price increase as of December 2017 was 11180, until during 2017 to 2021 Unilever Indonesia shares experienced a very drastic decline to more than 50 percent, as of December 2017 it was 11180 it had decreased as of December 2018 it was 9080, it has decreased again per December 2019 was 8400, decreased again as of December 2020 was 7350 and finally as of December 2021 was 4110.

Related to the stock price on Figure 1.1, A significant decline in the PT Unilever Indonesia Tbk share price became the center of attention of investors, based on the attention of the investors. PT Unilever Indonesia Tbk conducted a corporate action on stock split with a nominal value of shares with a ratio of 5:1 at the beginning of 2020. With this stock split investors should try to analyze the development of the right share price as a consideration in investment decision making at PT Unilever Indonesia Tbk. The Shareholders hope that the stock split action can support the growth of the Indonesia Stock Exchange due to an increase in PT Unilever Indonesia Tbk stock trading liquidity

1.2 Research background

Currently the growth of the existing capital market in Indonesia is growing very fast and attracting investors to invest their capital, with the hope of getting large profits in the future. To get the maximum profit, an investor needs to carry out a proper financial study based on current developments. In analyzing the level of profit, it can be known through various aspects, one of the most important side is the macroeconomic factor.

From the macroeconomic perspective, the environment influences the company's operations on a daily basis, The skill of investors to understand and predict the future macroeconomic conditions will be very useful in making profitable investment decisions. Macroeconomic indicators that are often linked to the capital market are interest rates, the exchange rate of the rupiah, GDP growth and fluctuations in interest rates Suci (2012). For this reason, an investor needs to take into various macroeconomic indicators that can assist investors in making investment decisions. Based on this explanation, macroeconomic indicators have a significant effect on the formation of stock prices not only in Indonesia, but also throughout the world.

In the IDX itself, when forming the price of shares, it is not only influenced by business conditions, but also by economic conditions in Indonesia as well as in other countries, stock return are very important to get attention because stock return reflect various information that is happening in the capital market. Parameters that provide a comparative picture of changes in stock return that are influenced by various economies are the result of the stock price index contained in the stock exchange, so that it will certainly have an effect on increasing as well as decreasing returns on the IDX.

Therefore, Unilever Indonesia is one of the most liquid companies on the IDX, the controversial return of Unilever Indonesia's shares has become a question for investors, the company's stock return has decreased in the last 6 years, Based on Suci (2012:1-2) an investor invests his money based on maximum profit preference through portfolio investment. From the investor side, Unilever Indonesia is one of the best consumer goods companies in Indonesia with good management and

financial reports, on the other hand, stock returns that have continued to decline in the last 5 years have raised big questions from investors, one of the various factors that can have an impact against the companies in the consumer goods sector is the macroeconomic sector, for example inflation, interest rates, rupiah exchange rates.

According to theory, stock prices and interest rates have a negative correlation Tandelilin (2010) High interest rates will have an effect on the current value of the company's cash flows, so that the existing investment opportunities will no longer be attractive or unattractive. A large interest rate will also optimize the cost of capital to be borne by the company and will also result in an increase in the return signaled by investors from an investment. Another macroeconomic factor is the inflation rate.

Likewise with interest rates, high inflation rates are often associated with the current state of the economy. This means that the state of the economy occurs when product demand exceeds the size of its product supply, so prices are likely to increase. High inflation will also cause the purchasing power of money to decrease. In addition, high inflation has the potential to manage the level of real income that investors get through invested capital, inflation also has a relationship with currency exchange rates in the country.

Currently in Indonesia, the development of the rupiah exchange rate is increasing, showing that it is depreciating, although the rupiah has strengthened very strongly, it is experiencing weakness due to unfavorable conditions. This was due to low market confidence, which stemmed from increased country risk and the change in the motive for the USD/IDR transaction to a speculative one. Rachbini (2001:72) has the opinion that if a country experiencing instability in the monetary system will be reproduced by speculation whose transaction volume is getting higher from time to time. Institutions operating in the foreign exchange, stock and other money markets have a stronger influence than a system in the Indonesian economy.

Macroeconomic factors have caused economic shocks, which had an impact on the economy of individuals, households, micro, small, medium and large enterprises, and also had an impact on the country's economics on a local, national,

or international scale. This may affect also the stock returns of PT Unilever Indonesia Tbk.

According to the explanation of the background that has been discussed, the author is interested in carrying out a research on another period of time which is during the 2016-2021 period, entitled **“THE EFFECT OF MACROECONOMIC FACTORS ON STOCKS RETURNS OF PT UNILEVER INDONESIA TBK”**

1.3 The Problem Statement

The Growth of economics is one of the indicators used to measure the success of a country. The measurement tools of economic growth can be measured using Gross Domestic Product (GDP). In the last six periods 2016-2021, GDP in Indonesia fluctuated. However, in 2020, the entire world economy is experiencing a downturn due to the COVID-19 pandemic. This COVID-19 affects almost all sectors of life, such as the industrial sector, services to education. One of the consumer goods sector stock prices that experienced high and not normal fluctuations of returns in the midst of this pandemic was PT. Unilever Indonesia Tbk. According to Utama and Puryandani (2020), macroeconomic developments in Indonesia are influenced by several factors, including interest rates, inflation and exchange rates. The changing macroeconomy can also affect stock prices, which can also indirectly affect the return of a stock.”

The variables used in this study are inflation, interest rates and exchange rates because according to Afiyati & Topowijono (2018) these variables are considered to have the most influence on economic conditions and stock returns investment. Investment according to Halim (2005:4) is in fact the placement of a number of funds in the present with the desire to make a profit in the future. An investor needs to be very selective in determining which company to invest in by analyzing the company's internal and external threats that cannot be predicted and controlled by the company. used as a leading indicator of a country's economy. However, Unilever Indonesia's stock price return may fluctuate as it is influenced by global

macroeconomic conditions.

Based on the problem statements, the research will be carried out entitled “The Effect of Macroeconomic Factor on Stock Return of PT Unilever Indonesia Tbk” Based on the problem identification So that in this study there are several underlying research questions, including the following:

1. How does the inflation partially affect the stock return of PT. Unilever Indonesia Tbk 2016-2021 Period?
2. How does the interest rate partially affect the stock return of PT. Unilever Indonesia Tbk 2016-2021 Period?
3. How does the exchange rate partially affect the stock return of PT. Unilever Indonesia Tbk 2016-2021 Period?
4. How does the Inflation, Interest Rate and Exchange Rate simultaneously affect the stock return of PT. Unilever Indonesia Tbk 2016-2021 period?

1.4 Research purposes

1. To analyze the effect of inflation on Unilever Indonesia stock price returns
2. To analyze the effect of interest rates on Unilever Indonesia stock price returns
3. To analyze the effect of rupiah exchange rates on Unilever Indonesia stock price returns
4. To analyze the effect of inflation, interest rate, exchange rate on Unilever Indonesia stock price returns

1.5 Benefits of research

Based on the research questions above, the research objectives can be taken as follows:

1. This research is expected to exploring and investigating the effect of macroeconomic on stocks returns.
2. This research is expected to give the information to investors and prospective investors what they want to invest, so they can pay attention to various factors that can have an impact on the stock price returns.

3. This research is expected so that economic activities can run smoothly, given the input of thoughts in making decisions to economic actors, especially companies related to the macroeconomic variables of exchange rates, inflation, and interest rates

1.5.1 Academic Benefits

The results of this research are expected to be a source of information and knowledge for readers as well as Indonesian Stock Exchange (IDX) companies regarding the effect of macroeconomic indicators on PT Unilever Indonesia stock returns for the period (2016-2021)

1.5.2 Practical Benefits

The practical benefit of research is that it can be a place to apply theories that occur in the field and be considered for future researchers. Become a source of information and knowledge for readers about the impact of macroeconomic indicators and economic news on PT Unilever Indonesia Tbk stock returns for the period (2016-2021)

1.6 Scope of research

This research was carried out in May 2022 until it was completed, with the object of research being PT. Stock Return of Unilever Indonesia Tbk. Purposive sampling is a sampling technique used in this research, This study focuses on the effect of macroeconomic indicators on PT Unilever Indonesia Tbk stock returns in Indonesia for the period (2016-2021).

1.7 Writing System

Chapter I Introduction

This introductory chapter contains the background which is a description of the author's main idea or the reason why the author took the theme, then there is the formulation of the problem, namely the research design that will be studied from the background and topics that have been discussed. selected, and there are research

objectives and benefits that serve as guidelines to be realized, and finally the systematics of research writing are described.

Chapter II Literature Review

In the literature review chapter there is a theoretical basis from previous research which is used as a guide in writing this research. From the theoretical basis, it is used as a reference for making a framework of thought and hypotheses that will be tested.

Chapter III Research Methods

Chapter 3 contains descriptions of operational definitions and variables used in research, types of research, place and time of research, research objects, sources and research, data analysis techniques and checking data validity.

Chapter IV Results and Discussion

This chapter contains research data by describing the results of data analysis from research that has been carried out and discussing the results of the analysis. Interpretation results are obtained from research that has been carried out by researchers.

Chapter V Closing

The closing chapter contains conclusions, implications and suggestions given by researchers to various parties involved in this research. This chapter also contains the limitations of this research so that future research can be done better and more completely

HALAMAN INI SENGAJA DIKOSONGKAN