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Abstract---*This research aimed to determine the effect of market performance and corporate governance on the banking sector listed on the Indonesia Stock Exchange (IDX). The sample used as many as 20 companies during the 2015-2019 period using a purposive sampling technique. The data analysis technique used is linear regression analysis. The results obtained from the research are that Earnings per Share and Price Earnings Ratio influences stock returns in the banking sector and Good Corporate Governance can moderate Earnings per Share and Price Earnings Ratio on stock returns.*
Keywords---*earnings per share, good corporate, good governance, price-earnings ratio, stock return.*

Introduction

Investment activities in the capital market are activities to place funds in one or more assets during a specific period to obtain income or increase funds on the initial investment value, aiming to maximize the expected return. Getting a profit (return) is the main objective of investors' trading activities in the capital market. Stock return is a factor that affects investors' interest in investing in a company with a high rate of return given by the company to investors, indicating that the company has an excellent corporate performance. Hence, investors believe that the company will positively affect shares invested by investors in the capital market (Pratomo, 2001; Hadianto & Wijaya, 2010; Yamato et al., 2017; Sang et al., 2020). The company's performance is good or bad; it can be seen from the financial ratio of Earning per Share (EPS) and Price-earnings Ratio. Earnings per Share is a ratio that shows how much profit (return) investors get for each Share (Rahman & Shamsuddin, 2019; Houmes & Chira, 2015). EPS shows that the greater the profit of each Share for the owner, it will affect its stock return in the capital market. Price Earnings Ratio can provide investors with information about its past performance and prospects in the future. Based on studies, the authors found a research gap in these different results. Farkhan & Ika (2012) indicate this, et al. In their research show that the Debt to Equity Ratio does not have a significant effect on stock returns, while the Price Earnings Ratio has a significant effect on stock returns. Arista & Astohar (2012) found that Price to Book Value has a significant effect on stock returns, while Earnings per Share has no significant effect on stock returns. The previous research results made the author want to do research on the influence of market performance and corporate governance in the

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banking sector listed on the Indonesia Stock Exchange.

Method

Secondary data is obtained indirectly or through intermediaries from various sources and is available in various media. The data source is obtained from the Indonesia Stock Exchange website. This research population is companies in the banking sector listed on the Indonesia Stock Exchange. The samples obtained were 20 companies and used a sampling technique, namely, purposive sampling. Independent variable, the independent variable in this study is the market ratio measured using Earning Per Share and Price-earnings Ratio.

$$EPS = \frac{\textit{net income after interest and taxes}}{\textit{the number of shares outstanding}}$$

$$PER = \frac{\textit{stock price}}{\textit{Profit per Share}}$$

The dependent variable, the dependent variable in this study is stock returns.
This study's moderating variable is that good corporate governance is measured by transparency, accountability, responsibility, independence, and fairness

Data analysis technique

Descriptive statistical analysis provides an overview or description of the data seen from the value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis, and slope of the distribution (weakness). Aronow et al. (2011), explains that descriptive analysis provides an overview of the data presented in the study. Multiple Linear Regression Analysis Multiple regression analysis is performed to analyze the influence of Earnings per Share (EPS) and Price Earnings Ratio (PER), Good Corporate Governance (GCG) on stock returns in the banking sector.

$$Y = \alpha + b1X1 + b2X2 + b3X3 + e$$

Analysis of the Moderator Regression test to test the relationship between the moderating and criterion variables and the predictor with the regression equation. Here is the equation.

$$Yi=\alpha+\beta1X1+\beta2X2+\varepsilon \quad (1)$$

$$Yi=\alpha+\beta1X1+\beta2X2+\beta3Z1+\varepsilon \quad (2)$$

$$Yi=\alpha+\beta1X1+\beta2X2+\beta3Z1+\beta4X1{*}Z1+\beta5X2{*}Z1+\varepsilon \quad (3)$$

Result

Table 1
Descriptive analysis results

	N	Minimum	Maximum	Mean	Std. Deviation
EPS	20	-485.000	1.071.510	164.1721	255.7385
PER	20	-101.9259	822.1584	24.56716	93.99966
GCG	20	17.508	67.701	34.750	229.017
Return Saham	20	67.3168	14057.38	2136.662	3065.551
Valid N (listwise)	20	7			

Source: The Primary Data Processed, 2020

Based on the results of the descriptive statistical test with a sample (N) = 20 banking sub-sectors listed on the IDX, the EPS variable shows that from 20 banks, the minimum EPS value is - 485,000, the maximum value is 1,071,510, the average value is 164.1721, and the standard deviation of 255.7385. The smaller the standard deviation that is owned, the higher the observational data distribution and has high variability. The PER variable shows that of the 20 banks, the minimum value is -101.9259, the maximum value is 822.1584, the average value is 24.56716, and the standard deviation is 93.99966. The smaller the standard deviation that is owned, the higher the observational data distribution and has high variability. The GCG variable shows that of the 20 banks, the minimum value is 17,508, the maximum value is 67,701, the average value is 34,750, and the standard deviation is 229,017. The smaller the standard deviation that is owned, the higher the observational data distribution and has high variability. The stock return variable shows that from 20 banks, the minimum value is 67.31687, the maximum value is 14057.38, the average value is 2136,662, and the standard deviation is 3065.551. The smaller the standard deviation that is owned, the higher the distribution of observation data and high variability.

Multiple Linear Regression Analysis Test Results

Table 2
Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta
1	(Constant)	.085	.065	
	Earning Per Share (EPS)	.720	.099	.694
	Price Earning Ratio (PER)	.229	.104	.211

Dependent Variable: stock return

$$Y = 0.085 + 0.720X1 + 0.299X2 + e$$

Constant (a) of 0.085, this figure means that without an increase (Earning Per Share and Price Earning Ratio 0 units), the Stock Return will remain at 0.085. This equation also shows the regression coefficient (b1), which results obtained of 0.720 this figure means that if Earning Per Share increases by 1 unit, then the Stock Return will increase to 0.720. Furthermore, the regression coefficient value (b2) is obtained; the result is 0.299. This figure means that if the Price Earning Ratio increases by 1 unit, the Stock Return will increase to 0.299. Therefore it can be said that the Advertising and Personal Selling variables have an influence and are in the same direction as the positive sign on Stock Return. It means that if Earning Per Share and Price Earning Ratio are increased, the Stock Return will increase and vice versa.

Moderation test

The independent variable used as a moderator will strengthen or weaken the relationship between the independent and dependent variables. The test uses the Moderated regression Analysis interaction test.

1) Good Corporate Governance (GCG) can moderate the effect of Earning Per Share (EPS) on Stock returns. Determination Coefficient Test (Adjusted R2).

Table 3
Result of Determination Coefficient Test (Adjusted R^2)
Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.299[a]	.089	.074	.67381

a. Predictors: (Constant), Interaction 1, EPS
b. Dependent variable: stock return

The adjusted R square value of 0.074 shows that 7.4% of the variable Stock Return (Y) can be explained by the variable Earning Per Share (X1), the interaction of the variable Earning Per Share (EPS) and Good Corporate Governance (GCG) (X1Z) or interaction 1. While other variables outside this research model explain the remaining 92.6%.

Significance Test (F Statistical Test)

Table 4
Simultaneous Significance Test Results (F)
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.938	2	6.469	71.833	.007a
	Residual	3.652	17	.038		
	Total	16.590	19			

c. Dependent variable: stock return
d. Preditors: (Constanta) Interaction 1, EPS

This shows that the calculated F value is above 2.87, which is equal to 71,833 with a significance level smaller than 0.05, which is 0.007. The regression model was used to predict the relationship between Earning Per Share (EPS) on Stock Returns with Good Corporate Governance (GCG) as a moderating variable (Rodriguez-Fernandez, 2016; Fauver & Fuerst, 2006).

Significance Test of Individual Parameters (t Statistical Test)

Table 5
Simultaneous Significance Test Results (F)
Coefficients

	Model	T	Sig.
1	Constant	20.194	.000
	Earnings Per Share	-.572	.568
	Interaksi 1	2.177	.031

a. Dependent Variable: *stock return*

It shows that Earning Per Share, Stock Return, and moderation, namely Good Corporate Governance (GCG) have a significant level of 0.031 (<0.05). So it can be said that individually Good Corporate Governance (GCG) can be a moderating variable between Earning Per Share and Stock Return.

2) Good Corporate Governance (GCG) can moderate the effect of Price Earnings Ratio (PER) on Stock Returns

Determination Coefficient Test (Adjusted R^2)

Table 6
Results of Determination Coefficient Test (Adjusted R^2)
Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.311a	.097	.081	.67098

a. Predictors: (Constant), Interaction 2, PER
b. Dependent variable: stock return

The adjusted R square value of 0.081 shows that 8.1% of the Stock Return (Y) variable can be explained by the Price Earnings Ratio (PER) (X2) variable, the interaction of the Price Earnings Ratio (PER) and Good Corporate Governance (GCG) (X2Z) variables or interaction 2. While other variables outside this research model explain the remaining 91.9%.

Significance Test (Test Statistic F)

Table 7
Simultaneous Significance Test Results (F)
ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.644	2	4.219	32.267	.003a
	Residual	13.876	17	.450		
	Total	19.320	19			

a. Dependent variable: stock return

b. Preditors: (Constanta) Interaksi2, PER

This shows that the calculated F value is above 2.87, which is equal to 32,267 with a significance level smaller than 0.05, which is equal to 0.003. The regression model was used to predict the relationship between Price Earnings Ratio (PER) on Stock Returns with Good Corporate Governance (GCG) as a moderating variable. Significance Test of Individual Parameters (t Statistical Test).

Table 8
Simultaneous Significance Test Results (F)
Coefficients

Model		t	Sig.
1	Constant	11.527	.000
	Price Earning Ratio	- 3.261	.001
	Interaksi 1	2.943	.004

a. Dependent Variable: *stock return*

It shows that Price Earnings Ratio (PER), Stock Return, and moderation, namely Good Corporate Governance (GCG) have a significance level of 0.004 (<0.05). So it can be said that individually Good Corporate Governance (GCG) can be a moderating variable between Price Earnings Ratio (PER) and Stock Returns.

Discussion

Based on these results, it can be concluded that the Earning per Share variable shows that the Earning per Share variable, both partially and simultaneously, has a positive effect on Stock Returns. This study's results align with Hartati & Gusaptono (2010) theory, which states that Earnings per Share describes the company's profitability as reflected on each Share. The increase in EPS indicates that the company has succeeded in increasing investors' level of prosperity; this can increase the demand for shares and stock prices, thereby increasing stock returns (Grey et al., 2013; Pennington & Tuttle, 2009). The study results are in line with the results of research conducted by Mufti (2015), which states that EPS affects stock returns. Price Earnings Ratio (PER) reflects the company's profit growth. The test results on the Price Earnings Ratio (PER) variable show that the Stock Return variable, both partially and simultaneously, has a positive effect on Stock Returns. This study's results are reinforced by Mahmud and Halim's theory, which states that the Price Earnings Ratio (PER) is an expectation of stock value in the future so that a stock of a company with favorable performance and business prospects will have a high PER value. The results are in line with Putri & Sujana (2018). It shows that profitability, leverage, and PER have a positive and significant effect simultaneously on Stock returns t as well as the research results of Choiruddin (2015); Lestari

(2014), which show that Current Ratio, Return On Equity, Debt To Equity Ratio and Price Earnings Ratio have a significant effect on stock returns.

Good Corporate Governance (GCG) can be a moderating variable between Earning Per Share and Stock Return. The research results are in line with Hartati & Gusaptono (2010), which states that companies that have good EPS and implement GCG will be able to increase investor confidence in issuers and will always be accompanied by a demand for shares of issuers. If the demand for shares increases, the stock price will also increase, then the stock return will increase. This study's results are in line with Mufti's (2015) research, which states that GCG can moderate EPS and profitability on stock returns. From the explanation above, the authors assume that the better corporate governance, the higher the level of investor confidence so that more investors are interested in company shares.

Good Corporate Governance (GCG) can be a moderating variable between Price Earnings Ratio (PER) and Stock Return. The study results are in line with Prihadi (2019) which states that if a company has a low PER and does not implement GCG, it will reduce investors' interest in investing in the company. The demand for shares falls, and the stock price falls, then the stock return will decrease. The results differ from the research results by Choiruddin (2015), which states that GCG does not moderate CR, ROE, and PER on stock returns. GCG is only able to moderate the effect of GCG on stock returns. The same thing is found from the results of Purnamaningsih & Wirawati (2014) research, which shows that the moderation regression analysis results show that GCG is not a moderating variable for the effect of PER on stock returns.

Conclusion

Based on the conclusions and discussion results, it can be concluded that Earnings Per Share and Price Earnings Ratio have an influence on stock returns in the banking sector, and Good Corporate Governance can moderate Earnings Per Share and Price Earnings Ratio on stock returns.

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