The Effect of Stock Prices and Inflation on Stock Returns with Dividend Policy as a Moderating Variable

(Empirical Study of the Consumer Non-Cyclical Sector Listed on the Indonesia Stock Exchange (IDX) for the 2019-2024 Period)

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Article Info	Abstract
	This study aims to analyze the influence of Stock Prices and Inflation on Stock Returns by examining the role of Dividend Policy as a moderating variable. This quantitative study utilizes secondary data in the form of audited annual financial reports sourced from the official website of the Indonesia Stock Exchange (IDX). The population of this study was 132 companies in the Consumer Non-Cyclicals sector listed on the IDX between 2019 and 2024. The sampling technique used was purposive sampling, with nine companies meeting the criteria for sample size over six years of observation. The data analysis technique used panel data regression and moderated regression analysis in Eviews 12. The results indicate that Stock Price partially influences Stock Returns. However, when tested as a moderating variable, Dividend Policy was unable to moderate the effect of Stock Price on Stock Returns. Similarly, Dividend Policy was not shown to moderate the effect of Inflation on Stock Returns. These findings suggest that Dividend Policy did not act as an effective adaptation mechanism in the context of the interaction of market and macroeconomic variables in this sector.
Keywords : *Stock Price; Inflation; Stock Return; Dividend Policy*	

INTRODUCTION

Stock returns reflect the level of profit investors receive from stock ownership over a specific period, either through share price increases or dividend distributions. Returns are a key indicator in investment decision-making because they reflect market and company performance. Nursita, (2021) emphasized that stock returns represent the returns investors expect as compensation for the investment risks they take. In practice, stock returns do not stand alone but are influenced by various internal and external company factors.

Macroeconomic factors, particularly inflation, have a significant influence on stock return fluctuations. High inflation can reduce purchasing power, increase production costs, and alter investor expectations of future returns. International studies show that when inflation exceeds a certain threshold, stock returns tend to decline, including in both developed and emerging markets. Findings from the IMF and World Bank confirm that sustained inflationary pressures often increase stock market volatility and depress equity investment performance.

The relationship between inflation and stock returns is clearly evident in the post-pandemic period, particularly in 2022, when inflation rose sharply due to global supply chain disruptions and rising energy prices. This increase in inflation resulted in a decline in the Jakarta Composite Index (JCI) and depressed stock returns across sectors. Although the Consumer Non-Cyclical sector is known to be relatively defensive, inflation still impacts corporate profitability through rising raw material costs, particularly those reliant on imports (IDX, 2022).

Previous empirical research has shown that stock returns are influenced by a combination of macroeconomic factors and market characteristics. Febriyanto et al. (2024) found that inflation and interest rates significantly influence stock returns through the mechanism of reducing the real value of investor profits. On the other hand, Gery (2023) and Darwin et al. (2020) emphasized that company-specific factors such as stock price, financial performance, and trading volume also play a significant role in shaping stock returns, particularly in the manufacturing and pharmaceutical sectors.

Dividend policy emerges as a strategic factor that can strengthen or weaken the influence of stock prices and inflation on returns. Signaling theory states that dividend distribution reflects a company's financial health and increases investor confidence (Lintner, 1956; Bhattacharya, 1979). In conditions of high inflation, companies with stable dividend policies have been shown to reduce return volatility and maintain investor expectations, particularly in the Consumer Non-Cyclical sector, which emphasizes income stability.

The Capital Asset Pricing Model (CAPM) explains that stock price changes are a key component in determining returns, while efficient market theory emphasizes the role of macroeconomic information in price formation (Sharpe, 1964; Fama, 1970). Rising inflation is often responded to with tight monetary policy, which increases the cost of capital and reduces investor interest in stocks.

In this context, dividends serve as an adaptive mechanism capable of offsetting the negative impact of inflation on stock returns (Bodie et al., 2021).

Based on the complexity of these relationships, this study focuses on the Consumer Non-Cyclical sector listed on the Indonesia Stock Exchange during the 2019–2024 period. This sector was chosen due to its relatively stable nature and significant contribution to the national economy. This study aims to analyze the effect of stock prices and inflation on stock returns, with dividend policy as a moderating variable. The research findings are expected to enrich the academic literature and provide practical implications for investors, company management, and regulators in formulating more adaptive investment strategies and capital market policies.

METHODS

This research uses a quantitative approach, a method that focuses on hypothesis testing through the analysis of numerical data obtained from a specific sample or population using a measured research instrument (Sugiyono, 2023). The data used is secondary, obtained from company annual reports published on the official website of the Indonesia Stock Exchange (www.idx.co.id).

Table 1. Definition of Operational Variables

No.	Variabel	Indikator	Skala
1.	*Return* Saham (Y) (Wulandari et al. (2021)	$Return\ Saham\ (Rt) = \dfrac{Pt - Pt - 1}{Pt - 1}$ (Sumber: Adiwibowo, (2018)	Rasio
2.	Harga Saham (X1) (Hamidah et al. (2017)	$Stock\ Price = Closing\ Price$ (Sumber: Siregar, 2021:22)	Rasio
3.	Inflasi (X2) (Lintang et al. (2019)	$Inflasi\ (Rib) = \dfrac{Jib\ (MoM)}{Jb}$ (Sumber: (Nugroho et al. (2020)	Rasio
4.	Kebijakan Dividen (Z) (Novitasari et al. (2015)	$DPR = \dfrac{Dividen\ Per\ Saham\ (DPS)}{Earning\ Per\ Share\ (EPS)}$ (Sumber: Fuadi, 2022)	Rasio

Population and Sample

According to (Sugiyono, 2023), a population is the entirety of objects or

subjects with specific characteristics selected by the researcher for study in order to draw conclusions. Based on this definition, this study identified all companies in the Consumer Non-Cyclicals sector, using the annual reports and financial statements of these companies published on the Indonesia Stock Exchange during the 2019–2024 period as the primary data source.

According to (Sugiyono, 2023), a sample is a subset of a population with specific characteristics selected to represent the entire population in the study. This study used probability sampling, a method that provides an equal opportunity for each member of the population to be selected. Sample selection was based on specific criteria established by the researcher to ensure the data obtained was relevant and accurately reflected the population's condition.

Data collection technique

The data collection technique in this study was conducted through documentation studies and literature reviews, including books, scientific articles, journals, and relevant previous research to deepen understanding of the research topic. In addition, primary data was obtained from financial reports and annual reports of companies included in the Consumer Non-Cylicals sector, published on the official website of the Indonesia Stock Exchange (www.idx.co.id).

Data Analysis Techniques

Descriptive Statistical Tests

According to (Sugiyono, 2023), descriptive statistics is an analytical method that aims to describe data as it is without generalizing to a wider population. In this study, descriptive statistics are used to present information regarding the minimum, maximum, average (mean), and standard deviation values as an initial overview of the data characteristics. The mean is used to observe the trend of the sample's average value, while the minimum and maximum indicate the range of values in the data. The standard deviation is used to assess the level of variation or dispersion of the data from its average value. Presenting descriptive statistics is important to provide a comprehensive understanding of the sample data before further analysis.

Panel Data Regression Analysis

Panel data regression analysis is a method that combines the characteristics of cross-sectional and time-series data, allowing researchers to observe the behavior of multiple units of analysis over a specific time period.

According to (Sugiyono, 2023), panel data consists of a number of individuals or companies observed repeatedly over the same time period, thus providing more complete and varied information than using cross-sectional or time-series data separately. By utilizing this combination, panel data regression analysis can produce more accurate estimates because it can control for heterogeneity between individuals. In this study, the processing and estimation of the panel regression model were performed using EViews 12 software.

Common Effect Model (CEM)

This estimation approach to panel data combines all cross-sectional and time-series observations into a single data set and then estimates them using the OLS method. By assuming that the intercept and slope are homogeneous across individuals and over time, this model simplifies the data structure, resulting in more efficient estimates than regressions that use only cross-sectional or time-series data. This approach is suitable when there are no significant differences in characteristics between units or between periods, allowing for uniform treatment of variations in the data.

$$Y_{it} = \alpha i + \beta_1 X_{1\ it} + \beta_2 X_{2\ it} + \beta_3 X_{3\ it} + \mathcal{E}_{it}$$

Description:

α: Constant

i: Cross-section unit (Company)

t: Time series unit (year)

β: Regression coefficient

X1 it: Debt Policy 1, Year 1

X2 it: Investment Decision 1, Year 1

X3 it: Dividend Policy 1, Year 1

$\mathcal{E}$: Standard Error

Fixed Effect Model (FEM)

The fixed effect model is a panel data estimation technique that uses dummy variables to capture differences in intercepts. The definition of fixed effects is based on differences in intercepts between companies, but the intercepts are time invariant. Furthermore, this model assumes that the regression coefficient (slope) remains constant across companies and over time. This model uses the least squares dummy variable (LSDV) approach, as follows:

$$Y_{it} = \alpha i + \beta_1 X_{1\ it} + \beta_2 X_{2\ it} + \beta_3 X_{3\ it} + \mathcal{E}_{it}$$

Random Effect Model (REM)

The random effects model is a technique for estimating panel data in which disturbance variables are interrelated over time and between individuals. These differences are related through errors. Due to the correlation between the disturbance variables, the OLS method cannot be used, so the random effects model uses the generalized least squares (GLS) method. The equation is as follows:

$Yit = \alpha i + \beta 1 X 1 \ it + \beta 2 X 2 \ it + \beta 3 X 3 \ it + \varepsilon it$

Model Test

Chow Test

According to (Ghozali, 2018), the Chow test is a tool for testing for equality or coefficient similarity. The Chow test is used to select the best fixed effect or common effect model for estimating panel data. The decision-making requirements are as follows:

H_0: Common Effect Model (CEM)

H_1: Fixed Effect Model (FEM)

If the cross-section chi-square P-value is <0.05, then the Fixed Effect Model is selected.

If the cross-section chi-square P-value is >0.05, then the Random Effect Model is selected.

Hausman test

The Hausman test is used to determine whether the most appropriate model is a fixed effect or random effect model for estimating panel data. The decision-making process is as follows:

H_0: Random Effect Model

H_1: Fixed Effect Model

If the cross-section chi-square P-value is <0.05, the Fixed Effect Model is selected.

If the cross-section chi-square P-value is >0.05, the Random Effect Model is selected.

Lagrange Multiplier Test (LM test)

The Lagrange multiplier test is performed to determine the most appropriate model between the common effects model and the random effects model for estimating panel data. To determine whether the model to use is the

common effects model or the random effects model, the following hypotheses are formulated:

H_0: Common Effect Model (CEM)

H_1: Random Effect Model (REM)

If the Lagrange Multiplier (LM) value indicates a cross-section-Breush-Pagan value of <0.05, then the Random Effect Model is selected.

If the Lagrange Multiplier (LM) value indicates a cross-section-Breush-Pagan value of >0.05, then the Common Effect Model is selected.

Classical Assumption Test

Normality Test

The normality test is used to assess whether the residuals in a regression model follow a normal distribution, as good regression requires normally distributed residuals for more valid parameter estimates. One commonly used method is the Jarque-Bera (JB) test, which checks the suitability of the residual distribution based on skewness and kurtosis values. The test decision is made by comparing the significance value (p-value) with a threshold of 0.05: if the p-value > 0.05, the residuals are considered normally distributed, while a p-value < 0.05 indicates that the residuals are not normally distributed. Thus, the JB test helps ensure that the classical assumption of normality in regression analysis is met.

Multicollinearity Test

Multicollinearity is a linear relationship between independent variables. (Ghozali, 2018) states that the multicollinearity test aims to determine whether there is a high or perfect correlation between independent variables in a regression model.

Heteroscedasticity Test

The heteroscedasticity test aims to determine whether there is a difference in variance between residuals from one observation to another, which is called homoscedasticity. Conversely, if the variances differ, it is called heteroscedasticity. A good regression model is one that results in heteroscedasticity (Ghozali, 2018).

Autocorrelation Test

The autocorrelation test is used to determine the correlation between confounding errors over a time series. Autocorrelation aims to test whether there is a correlation between the confounding errors in period t and period t-1

(previous). A good regression model is one that is free from autocorrelation. The presence of autocorrelation in a regression model can be determined using the Durbin Watson test (DW test). The decision-making criteria are as follows:

0 < d < dl = No positive autocorrelation

dl < d < du = No positive autocorrelation

4 – dl < d < 4 = No negative correlation

4 – du < d < 4 – dl = No negative correlation

du < d < 4 – du = No autocorrelation, positive or negative

Coefficient of Determination Test

The coefficient of determination (R2) essentially measures the extent to which independent variables explain a variable. The coefficient of determination is between zero and one. An R2 value close to zero indicates that the independent variables' ability to explain the dependent variable is very limited. Conversely, an R2 value close to one indicates that the independent variables' ability to provide maximum explanation of information for the dependent variable. An adjusted R-squared value close to 1 indicates that the independent variables' ability to provide almost all the information needed to predict the dependent variables.

Partial T Test

Hypothesis testing for each variable, company size, auditor turnover, and audit committee gender, individually, on audit delay, used a partial regression test (t-test). Partial regression testing is a test conducted on the dependent variable (Ghozali, 2018). The hypotheses used in this study are formulated as follows:

1. If the probability is <0.05 or the calculated t-value is > the table t-value, then variable X individually (partially) has a significant effect on variable Y.

2. If the probability is >0.05 or the calculated t-value is < the table t-value, then variable X individually (partially) does not have a significant effect on variable Y.

Moderating Regression Analysis (MRA) Test

According to (Ghozali, 2018), Moderated Regression Analysis (MRA) is a specific application of multiple linear regression, where the regression equation contains an interaction element, namely the multiplication of two or more independent variables. The use of MRA is because this study uses a moderator variable, so the panel data regression equation for the moderator variable is by using the MRA equation.

RESULTS AND DISCUSSION

Sample Description

This study utilizes secondary data sourced from company financial reports and stock trading data, with a population consisting of all Consumer Non-Cyclicals sector companies listed on the Indonesia Stock Exchange during the period 2019–2024. This sector was chosen because its products are characterized by daily necessities, such as food, beverages, and tobacco products, whose demand is relatively stable and tends not to be significantly affected by fluctuations in the economic cycle, thus being considered appropriate for studying the dynamics of stock returns in changing economic conditions.

The main focus of this research is to analyze the effect of stock prices and inflation on stock returns, with dividend policy as a moderating variable. The observation period covers six years, from 2019 to 2024, using purposive sampling based on specific criteria relevant to the research objectives. This selection process yielded 54 observations in the form of panel data, which were then used to describe the relationships between variables more comprehensively and accurately.

Table 2. Descriptive Statistics Results

	Y	X1	X2	Z
Mean	-0,037653	3847,056	0,026644	0,178625
Median	-0,053850	1640,000	0,024163	0,044502
Maximum	0,500000	11375,00	0,042058	0,728101
Minimum	-0,466006	615,0000	0,015600	0,000271
Std. Dev	0,187628	3390,897	0,009076	0,238740
Observations	54	54	54	54

Source: Data Processed Using E-Voews ver. 12 (2025)

Based on descriptive statistics, stock returns (Y) in Consumer Non-Cyclical sector companies during the 2019–2024 period had an average value of -0.0376 (-3.76%) with a median of -0.0539 (-5.39%), indicating that most stocks experienced negative returns. The wide range of return values, from -46.60% to 50%, and a standard deviation of 0.1876, reflect high return volatility. This condition indicates that although the Consumer Non-Cyclical sector is defensive, its stock performance remains vulnerable to market pressures and macroeconomic factors. The stock price variable (X1) showed an average of 3,847 with a median of 1,640, a maximum value of 11,375, a minimum value of 615, and a standard deviation of 3,390, indicating a significant difference in valuation between

companies, in line with stock valuation theory which states that stock prices reflect market expectations of a company's performance and prospects.

The inflation variable (X2) has an average value of 2.66% with a median of 2.41%, and relatively moderate fluctuations with a minimum value of 1.56%, a maximum of 4.20%, and a standard deviation of 0.90%. Theoretically, inflation has the potential to depress stock returns due to increased production costs and decreased purchasing power. The dividend policy variable (Z) shows an average payout of 17.86%, but a median of only 4.45%, with a maximum value of 72.81% and a standard deviation of 23.87%, indicating significant differences in dividend policies between companies. These findings support the dividend theory which states that companies with stable cash flows tend to use dividends as a positive signal to investors, while also potentially moderating the influence of stock prices and inflation on stock returns.

Table 3. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2,678694	(8.42)	0,0179
Cross-section Chi-square	22,262057	8	0,0045

Source: Data Processed Using E-Voews ver. 12 (2025)

Based on table 3. The results of the Chow test, the Cross-section Chi-square probability value was recorded at 0.0045 < 0.05, so the Fixed Effect Model was selected.

Table 4. Results of the Hasuman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. D.f.	Prob.
Cross-section random	7,936075	2	0,0189

Source: Data Processed Using E-Voews ver. 12 (2025)

Based on table 4. The results of the Hausman test, the random cross-section probability value is 0.0189 < 0.05, so the Fixed Effect Model is selected.

Classical Assumption Test Results

Figure 1. Normality Test Results
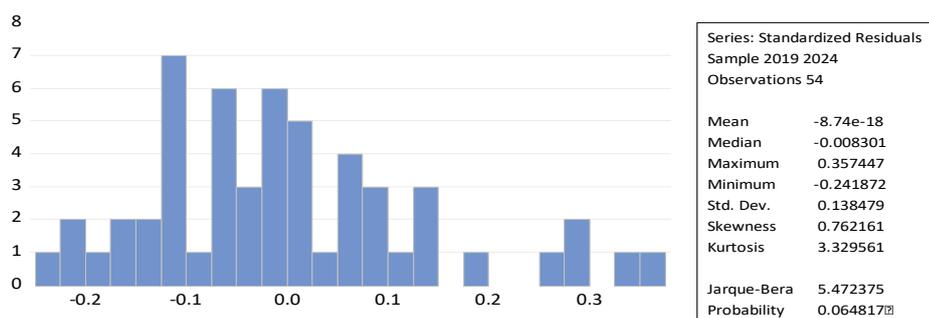
Source: Data Processed Using E-Voews ver. 12 (2025)

Based on Figure 1. The results of the normality test of the Jarque-Bera statistical value obtained are 5.472375, with a probability value of 0.064817 > 0.05, it can be concluded that the data is normally distributed.

Table 6. Multicollinearity Test Results

	Y	X1	X2	Z
Y	1	0,252022	0,181496	0,251073
X1	0,252022	1	0,001862	-0,144194
X2	0,181496	0,001862	1	0,031390
Z	0,251073	-0,144194	0,003191	1

Source: Data Processed Using E-Voews ver. 12 (2025)

Based on Table 6, the results of the multicollinearity test indicate that all correlation coefficients between independent variables are below the threshold of 0.90. This confirms that there are no significant multicollinearity issues between the variables in the model used.

Table 7. Heteroscedasticity Test Results

Variabel	Coeffcient	Std. Error	t-Statistic	Prob.
C	0,115895	0,059518	1,947215	0,0582
X1	-0,000009	0,000012	-0,757807	0,4528
X2	1,265899	1,207997	1,047932	0,3007
Z	-0,056201	0,098547	-0,570302	0,5715

Source: Data Processed Using E-Voews ver. 12 (2025)

Based on the results of the heteroscedasticity test presented in Table 7, the test was conducted for each independent variable. The prob values for each variable are as follows: stock price (X1) 0.4528, inflation (X2) 0.3007, and dividend policy (Z) 0.5715. Since all values are greater than 0.05, it can be concluded that the regression model is free from heteroscedasticity problems and the assumptions are met.

Table 8. Autocorrelation Test Results

R-squared	0,415414	Mean dependent var	-0,029781
Adjusted R-squared	0,220552	S.D. Dependent var	0,198505
S.E. Of regression	0,175253	Akaike info criterion	-0,421999
Sum squared resid	1,013544	Schwarz criterion	0,059777
Log likelihood	21,49498	Hannan-Quinn criter	-0,242398
F-statistic	2,131835	Durbin-Watson stat	2,277315
Prob(F-statistic)	0,045974		

Source: Data Processed Using E-Voews ver. 12 (2025)

Based on the results presented in Table 8, the Durbin-Watson statistical value is 2.277315. To determine the conclusion, DW is compared with the Durbing Watson table value at a significant level of 5%, the number of observation data is 54 and the number of independent variables is 3. From the table, the DL value is 1.4464 and DU is 1.6800. Because the DW value of

2.27735 circulates between DU and 4-DU (1.6800 < 2.2773 < 2.3200), then H0 is accepted and H1 is rejected. It is concluded that the regression model is free from autocorrelation problems.

Table 9. Simultaneous F Test Results (Fixed Effect Model)

F-statistic	2,131835
Prob(F-statistic)	0,045974

Source: Data Processed Using E-Voews ver. 12 (2025)

Based on table 9, the value of the simultaneous test results f (fixed effects model) Prob(F-statistic) 0.045974 < 0.05, so it can be concluded that the stock price and inflation rate variables have a simultaneous influence on stock returns.

Table 10. Partial T-Test Results (Fixed Effect Model)

Variabel	Coeffcient	Std. Error	t-Statistic	Prob.
C	-0,162033	0,087416	-1,853577	0,0728
D(X1)	0,000131	0,000038	3,422350	0,0017
X2	5,056504	2,800268	1,805722	0,0801
Z	0,118103	0,24271	0,486600	0,6298

Source: Data Processed Using E-Voews ver. 12 (2025)

In the t-test, if the probability value obtained from the analysis using E-Views 12 is less than the 0.05 significance level, then the independent variable is declared to have a significant effect on the dependent variable. The following is an explanation of the t-test results for the random effects model based on the E-Views 12 output obtained:

1. The constant coefficient value (C) is -0.162033 and has a negative value, which means that if the stock price (X1), inflation (X2) and dividend policy (Z) are assumed to be constant (0) for other variables, then the value of the stock return is -0.162033 units.

2. The coefficient of the stock price variable (X1) is 0.000131 and has a positive value, which means that this shows that every increase in the stock price of one unit and other variables are considered constant, will cause an increase in the stock return value (Y) of 0.000131 units.

3. The coefficient of the inflation variable (X2) is 5.056504 and has a positive value, which means that every increase in inflation of one unit and other variables are considered constant, will cause an increase in the stock return value (Y) of 5.056504 units.

4. The coefficient of the dividend policy variable (Z) is 0.118103 and has a positive value, which means that every increase in the dividend policy by one

unit and other variables are considered constant, will cause an increase in the stock return value (Y) by 0.118103 units.

Table 11. Results of the Determination Coefficient (R2) Test

R-squared	0,415414
Adjusted R-squared	0,220552

Source: Data Processed Using E-Voews ver. 12 (2025)

The adjusted R-squared value obtained was 0.220552, equivalent to 22.05%. This indicates that all variables stock price, inflation, and dividend policy as moderating variables have an influence on the Y value (stock return). The remaining 77.95% is influenced by other variables outside the research model, such as company fundamentals (financial ratios), market value, exchange rates, interest rates, and trading volume.

Table 12. Moderated Regression Analysis (MRA) Test Results of Dividend Policy Moderates Stock Prices Against Stock Returns

Variabel	Coeffcient	Std. Error	t-Statistic	Prob.
C	0,100748	0,118799	0,848052	0,4025
X1	0,000141	0,000039	3710713	0,0008
Z	0,498573	0,358692	1,389974	0,1738
X1_Z	-0,000327	0,000258	-1,265254	0,2146

Source: Data Processed Using E-Voews ver. 12 (2025)

Based on table 12, the results show that the interaction term between stock prices and dividend policy (X1_Z) has a t-statistic value of -1.265254 and a probability value of 0.2146 which is greater than the significance level of 0.05 (0.2146 > 0.05), so it can be concluded that dividend policy is not able to significantly moderate the effect of stock prices on stock returns so that the H_4 hypothesis is rejected.

Table 13. Moderated Regression Analysis (MRA) Test Results of Dividend Policy Moderating Inflation on Stock Returns

Variabel	Coeffcient	Std. Error	t-Statistic	Prob.
C	-0,268220	0,114245	-2,347757	0,0250
X2	9,0,65449	4,003564	2,264345	0,0302
Z	0,144135	0,418372	0,344514	0,7326
X2_Z	-5,566869	13,16528	-0,422845	0,6752

Source: Data Processed Using E-Voews ver. 12 (2025)

Based on table 13, The results show that the interaction term between inflation and dividend policy (X2_Z) has a t-statistic value of -0.422845 and a probability value of 0.6752 which is greater than the significance level of 0.05

(0.6752 > 0.05), so it can be concluded that dividend policy is not able to moderate the effect of inflation on stock returns significantly so that hypothesis H_5 is rejected.

Discussion

The Effect of Share Prices on Stock Returns

Based on the partial test results (t-test), it was confirmed that the stock price variable (X1) has a positive and significant effect on stock returns (Y). This finding is supported by a t-statistic value of 3.422350 and a probability value (p-value) of 0.0017. Thus, the p-value is much smaller than 0.05 ($0.0017 < 0.005$), so the first research hypothesis (H_1) which states that stock prices have a positive effect on stock returns is accepted.

This positive relationship aligns with signaling theory and agency theory, which explain that stock prices serve as positive signals to the market regarding a company's excellent performance and bright future prospects. Based on agency theory, rising stock prices reflect effective corporate governance that successfully mitigates conflicts of interest between managers and shareholders.

Stock prices serve as a primary indicator of investor perceptions of a company's value. Rising stock prices signal market optimism, which directly contributes to positive returns through capital gains. Declining stock prices indicate increased risk perception, which in turn lowers returns. Therefore, in the non-cyclical consumer sector, stock prices are an accurate predictor of stock returns because market efficiency enables every fundamental information to translate into beneficial changes in value for shareholders.

The results of this study are supported by research conducted by A'iniyah et al. (2021) and Ratnasari et al. (2022), which revealed that stock prices have a positive influence on stock returns. Research conducted by Gery (2023) revealed a very strong relationship between stock price movements and stock returns in the Indonesian capital market.

The Effect of Inflation on Stock Returns

Based on the results of the partial analysis test (t-test), this study confirms that the inflation variable (X2) has no effect on stock returns (Y) in Consumer non-Cylicals companies. This finding is supported by a t-statistic value of 1.805722 and a probability value (p-value) of 0.0801. Thus, the statistical result value of the p-value is greater than 0.05 ($0.0801 > 0.05$), so the second hypothesis

(H_2) proposed in this study is rejected.

The insignificant relationship between inflation and stock return responses is understood through signaling theory and agency theory. While inflation reflects economic uncertainty, management's ability to control rising costs can actually be a positive signal of a company's competence. Based on agency theory, inflationary pressures have the potential to exacerbate conflicts of interest between managers and investors, particularly regarding cost risk management. When management is able to maintain performance and align interests with shareholders, investor confidence is maintained.

The insignificant effect of inflation on stock returns reflects the strong resilience of the non-cyclical consumer sector to macroeconomic pressures. As providers of basic necessities, companies in this sector have the flexibility to adjust their cost structures and implement risk protection strategies, resulting in relatively stable performance when inflation rises. Investors also view stocks in this sector as instruments capable of offsetting inflation, so changes in inflation are no longer perceived as new information that impacts return expectations. Therefore, theoretically, inflation is not a major systematic risk because it has been anticipated and internalized in the stock pricing mechanism.

The findings of this study are supported by the consistency of the results of previous relevant studies, such as those by Febriyanto et al. (2024), Permaysinta et al. (2021), and A'iniyah et al. (2021), which also stated that inflation has no effect on stock returns.

The Effect of Dividend Policy on Stock Returns

Based on the partial t-test, the dividend policy variable (Z) has a probability value of $0.6298 > 0.05$, which means H_3 is rejected. The insignificance of this finding indicates that the application of Signaling Theory and Agency Theory has limitations in the research context. Based on Signaling Theory, dividend policy is no longer perceived as new information that influences investor decisions because the amount of dividends has been anticipated based on the stability of profits of consumer goods companies. Based on Agency Theory, dividends have not effectively acted as a mechanism for controlling conflicts between management and shareholders. This condition indicates that investors do not consider dividend payments as a primary indicator of governance quality or reducing agency risk in the company.

The insignificant effect indicates that investors in the non-cyclical consumer sector are more oriented towards potential long-term capital gains than short-term dividend income. The sector's defensive nature means dividend policy is perceived as routine information already reflected in stock prices, thus not eliciting a significant market reaction. During the 2019–2024 period, investment decisions were primarily determined by operational resilience and the company's fundamental strength in responding to economic changes. Therefore, theoretically, dividend policy serves only as a supporting factor and does not significantly influence stock returns.

The results of this study reinforce previous research that found no correlation between dividend policy and stock returns. This finding aligns with the conclusions of studies by A'iniyah et al. (2021), Sinaga et al. (2022), and Amri et al. (2020), which stated that dividend size does not significantly influence yield fluctuations in the capital market.

The Effect of Dividend Policy in Moderating Stock Prices on Stock Returns

Based on the results of the MRA analysis, dividend policy does not play a significant role in moderating the relationship between stock prices and stock returns. Because the significance value is greater than 0.05 (0.2146 > 0.05), H_4 is rejected.

The inability of dividend policy to moderate the effect of stock prices on stock returns. Based on Signaling Theory, dividends are no longer perceived as informative signals that reinforce the meaning of stock price changes because information regarding company performance and prospects is already reflected in efficient market prices. Variations in dividend policy do not add new information content that can change the relationship between price and stock returns. Based on Agency Theory, dividends have not functioned effectively as a control mechanism to mitigate conflicts of interest between managers and shareholders, thus not increasing investor confidence in stock price movements. Thus, theoretically, dividend policy does not have a significant moderating role because both information signals and agency control functions have been internalized in market mechanisms.

The results of this study show consistency with a number of previous empirical studies, such as Wiyono et al. (2022) and Kurniawan et al. (2017), which also concluded that dividend policy often does not have a strong

moderating effect on the capital market.

The Effect of Dividend Policy in Moderating Inflation on Stock Returns

Based on the results of the MRA analysis, dividend policy does not play a significant role in moderating the relationship between inflation and stock returns. Because the significance value is greater than 0.05 (0.6752 > 0.05), H_5 is rejected.

The insignificant role of dividend policy in moderating the effect of inflation on stock returns. Based on Signaling Theory, dividend distribution is not seen as a signal capable of changing investors' perceptions of inflation risk because inflationary pressures more closely reflect macroeconomic conditions beyond the company's control. Investors tend to assess a company's ability to cope with inflation through operational performance and cost efficiency, rather than through a relatively stable and anticipated dividend policy. Based on Agency Theory, dividend policy has not functioned as an effective mechanism to mitigate potential conflicts of interest arising from inflationary pressures, particularly in cost and cash flow management. Theoretically, dividend policy cannot strengthen or weaken the relationship between inflation and stock returns because both inflation risk and managerial responses are reflected in market expectations.

The results of this study are consistent with several empirical studies in Indonesia, such as those by Sihombing, (2021) and Lumopa et al. (2023), which concluded that dividend policy is not always effective as a strong moderating variable.

CONCLUSION

The objective of this study is to analyze the effect of stock prices and inflation on stock returns, with dividend policy as a moderating variable. The analysis was conducted on non-cyclical consumer companies from 2019 to 2024 using a partial approach and MRA. Based on these findings, the following conclusions can be drawn:

1. Simultaneously, the variables of stock price, inflation and dividend policy have an effect on stock returns.
2. Partially, the stock price variable has an effect on stock returns.
3. Partially, the inflation variable has no effect on stock returns.
4. Partially, the dividend policy variable has no effect on stock returns.
5. Dividend policy has no effect in moderating stock prices on stock returns

6. Dividend policy has no effect in moderating inflation on stock returns

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