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The Effect of Market Capitalization and Company Size on Stock Returns at PT Sariguna Primatirta Tbk 2017–2025

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Abstract : *This study examines the relationship of Market Capitalization and Company Size with Stock Returns at PT Sariguna Primatirta Tbk during 2017–2025. A quantitative approach was employed using secondary data from annual financial reports and historical stock prices. The data comprised nine annual observations and were analyzed using multiple linear regression with IBM SPSS Statistics 25. The results indicate that neither Market Capitalization nor Company Size is a statistically significant predictor of Stock Returns individually or jointly within the research model. The (R^2) value of 0.008 indicates that the model explains 0.8% of the variation in Stock Returns. These findings should be interpreted cautiously because the study is limited to nine annual observations from a single company, which restricts the generalizability of the results. Future research could include more companies, longer observation periods, and additional variables.*

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Introduction

The stock market is a popular investment alternative due to its potential for profit, both through dividends and capital gains (Tandelilin, 2017). However, stock investment still carries risks because stock prices can fluctuate depending on market conditions (Bodie, Kane, & Marcus, 2018). Stock returns, the level of profit or loss an investor receives from their investment, are a key measure of investment success (Jogiyanto, 2017). Fluctuations in stock returns can be influenced by both internal company conditions and general economic conditions (Hartono, 2021). In addition to external factors such as inflation, interest rates, and exchange rates (Tandelilin, 2017), internal factors such as company size and market capitalization are also thought to influence stock returns. Market capitalization reflects a company's market value based on its share price and number of outstanding shares (Gitman & Zutter, 2020), while company size is generally determined by the company's total assets (Brigham & Houston, 2019). Larger companies are generally considered to have a more stable business environment, which can increase investor confidence (Bodie, Kane, & Marcus, 2018), although this condition is not always followed by an increase in stock returns.

PT Sariguna Primatirta Tbk (CLEO), a bottled drinking water company listed on the Indonesia Stock Exchange since May 5, 2017, was chosen as the object of research because it shows an interesting

phenomenon during the period 2017–2025. The company's total assets increased consistently from IDR 660.9 billion in 2017 to IDR 3.02 trillion in 2025, while the stock price fluctuated from IDR 76 in 2017, reaching a peak of IDR 788 in 2024, then decreased to IDR 466 in 2025. This condition shows that the increase in Market Capitalization and Company Size is not always followed by a consistent increase in Stock Returns, making it interesting to be studied further.

Previous research on the effect of Market Capitalization on Stock Returns has shown inconsistent results. Mulyani et al. (2020) and Nessa and Amaroh (2023) [PLEASE NOTE: This source's bibliography only lists Nessa (2023) without Amaroh as the second author] found that Market Capitalization had an effect on Stock Returns, while Rahmanissa and Isynuwardhana (2022) found the opposite. Similar differences were also found for the Firm Size variable, where Elvina, Sunardi, and Holiawati (2022) found a significant effect, while Wahyudi (2022) found an insignificant result. These differences in research findings indicate a research gap that underlies the need for further testing with different research objects and periods.

This study uses Signaling Theory as its main foundation, which explains that information regarding a company's condition, including Market Capitalization and Company Size, is a signal used by investors to assess the company's prospects before making investment decisions (Brigham & Houston, 2019). Based on this description, this study aims to analyze the effect of Market Capitalization and Company Size on Stock Returns at PT Sariguna Primatirta Tbk for the period 2017–2025, both partially and simultaneously.

Research Methods

This study uses a quantitative approach with descriptive and verification methods (Sugiyono, 2017), which are then analyzed using multiple linear regression to test the effect of independent variables on the dependent variable. The object of the study is PT Sariguna Primatirta Tbk, a company engaged in the bottled drinking water industry and listed on the Indonesia Stock Exchange with the stock code CLEO. The data used are secondary data in the form of the company's annual financial reports for the period 2017–2025 obtained from the official website of the Indonesia Stock Exchange (idx.co.id) and the company's official website (tanobel.com), as well as historical stock price data obtained from Investing.com.

The research population is all annual financial report data and stock prices of PT Sariguna Primatirta Tbk for the period 2017–2025. Because this research is a case study on one company with time series data, the sampling technique used is saturated sampling (total sampling), so the research sample consists of nine (9) annual data.

The research variables consist of two independent variables and one dependent variable. Market Capitalization (X_1) is calculated by multiplying the stock price by the number of outstanding shares (Gitman & Zutter, 2020). Company Size (X_2) is measured using the natural logarithm of the company's total assets or Ln (Total Assets) (Brigham & Houston, 2019). Stock Return (Y) is calculated by dividing the difference between the current and previous stock prices by the previous stock price (Jogiyanto, 2017).

The data analysis techniques used include descriptive statistical analysis, classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation tests), multiple linear regression analysis with the equation $Y = \alpha + \beta_1X_1 + \beta_2X_2 + e$, correlation coefficient and determination coefficient (R^2) analysis, and hypothesis testing consisting of partial tests (t-test) and simultaneous tests (F-test) at a significance level of 5% (Ghozali, 2018). All data processing was carried out with the help of the IBM SPSS Statistics Version 25 program.

Results and Discussion

Market Capitalization of PT Sariguna Primatirta Tbk for the period 2017–2025 fluctuates with an upward trend, from IDR 167.2 billion in 2017 to IDR 11,184 billion in 2025, although it declined in 2020–2021. Company Size as measured by Ln Total Assets shows a consistent increase from 27,217 in 2017 to 28,736 in 2025, in line with the growth of the company's total assets from IDR 660.9 billion to

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IDR 3.02 trillion. Meanwhile, Stock Return fluctuates sharply, from -33.9% in 2017 to reach a high of 121.9% in 2024, then decreases to -40.9% in 2025.

Table 1. Results of Descriptive Statistical Analysis

Variables	N	Minimum	Maximum	Mean	Standard Deviation
Market Capitalization (X_1)	9	1.67200E+11	1.11840E+13	4.32924E+12	3.60892E+12
Company Size (X_2)	9	27.21689527	28.73587575	28.03497199	0.5117830468
Stock Return (Y)	9	-0.408629442	1,219718310	0.2789076732	0.5644386903

Source: SPSS 25 Processing Results

Based on Table 1, the number of data (N) used in this study is 9 data. The average value of Market Capitalization is 4.32924E+12 with a standard deviation of 3.60892E+12. The average value of Company Size is 28.03497199 with a standard deviation of 0.5117830468. The average value of Stock Return is 0.2789076732 with a standard deviation of 0.5644386903, which shows a fairly large variation in Stock Returns during the study period.

The results of the normality test using the One-Sample Kolmogorov-Smirnov test showed an Asymp. Sig. (2-tailed) value of 0.200, greater than 0.05, so the research data was declared normally distributed. The results of the multicollinearity test showed a Tolerance value of 0.211 (> 0.10) and a VIF value of 4.729 (<10), so the regression model did not experience symptoms of multicollinearity. The results of the heteroscedasticity test through the scatterplot graph showed that the data points were randomly distributed without forming a certain pattern, so the regression model did not experience heteroscedasticity. The results of the Durbin-Watson autocorrelation test showed a DW value of 2.216, between the dU value (1.6993) and 4−dU (2.3007), so the regression model was declared not to experience symptoms of autocorrelation (Ghozali, 2018).

The results of the multiple linear regression analysis produce the equation $Y = 0.041 + 1.338E\text{-}14X_1 + 0.006X_2$. The constant value of 0.041 indicates that if Market Capitalization and Company Size are constant, then Stock Return is 0.041. The Market Capitalization regression coefficient of 1.338E-14 and the Company Size regression coefficient of 0.006 indicate a positive direction of influence on Stock Return, although the magnitude is relatively small.

The correlation coefficient (R) value of 0.091 is in the interval of 0.00–0.199, which indicates that the relationship between Market Capitalization and Company Size with Stock Returns is very low. The Adjusted R Square value of -0.322 indicates that the regression model is not able to explain the variation in Stock Returns well. The R Square value of 0.008 indicates that Market Capitalization and Company Size are only able to explain the variation in Stock Returns by 0.8%, while the remaining 99.2% is influenced by other factors outside the research model.

Table 2. Hypothesis Test Results (t-Test and F-Test)

Variables	t count / F count	t table / F table	Sig.	Information
Market Capitalization (X_1)	0.097	2,447	0.926	Not significant
Company Size (X_2)	0.007	2,447	0.995	Not significant
Simultaneous (F Test)	0.025	5.14	0.975	Not significant

Source: SPSS 25 Processing Results

The t-test results indicate that Market Capitalization partially has no significant effect on Stock Returns (t count 0.097 < t table 2.447; Sig. 0.926 > 0.05), so H_{01} is accepted and Ha_1 is rejected. This finding indicates that the size of market capitalization does not necessarily affect the Stock Returns received by investors, because investors are thought to also consider the company's financial condition, business prospects, and overall market conditions. This result is in line with the findings of Rahmanissa and Isynuwardhana (2022) and Nessa and Amaroh (2023), but contradicts the findings of Mulyani et al. (2020), Tahmat et al. (2021), and Adrian and Ratnasari (2025) who found a significant effect.

The t-test results for Company Size also showed no significant effect on Stock Returns (t-test 0.007 < t-table 2.447; Sig. 0.995 > 0.05), so H_{02} was accepted and Ha_2 was rejected. This indicates that the size of a company's total assets is not the only consideration for investors in making investment decisions. This finding is in line with Wahyudi (2022), but differs from the findings of Rahmalia and Suwarno (2022), Adiwibowo (2018), and Elvina, Sunardi, and Holiawati (2022), who found a significant effect of Company Size on Stock Returns.

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Simultaneously, the F test results show that Market Capitalization and Company Size do not have a significant effect on Stock Returns (F count 0.025 < F table 5.14; Sig. 0.975 > 0.05), so H_{03} is accepted and H_{a3} is rejected. The R Square value of 0.008 indicates that both variables are only able to explain variations in Stock Returns by 0.8%, while the remaining 99.2% is influenced by other factors outside the research model, such as macroeconomic conditions, inflation rates, interest rates, exchange rates, and market sentiment. This finding confirms that in making investment decisions on PT Sariguna Primatirta Tbk shares, investors need to consider other factors outside of Market Capitalization and Company Size.

Conclusion and Recommendation

Based on the research results, it can be concluded that: (1) Market Capitalization partially does not have a significant effect on Stock Returns at PT Sariguna Primatirta Tbk for the 2017–2025 period (t count 0.097 < t table 2.447; Sig. 0.926 > 0.05); (2) Company Size partially does not have a significant effect on Stock Returns (t count 0.007 < t table 2.447; Sig. 0.995 > 0.05); and (3) Market Capitalization and Company Size simultaneously do not have a significant effect on Stock Returns (F count 0.025 < F table 5.14; Sig. 0.975 > 0.05), with the ability to explain variations in Stock Returns of only 0.8%.

Companies are advised to continuously improve financial performance and maintain stable business growth to boost investor confidence. Investors are advised to consider not only market capitalization and company size when making investment decisions, but also other factors such as profitability, liquidity, leverage, and macroeconomic conditions. Future researchers are advised to use more than one company as research subjects, extend the research period, and add other variables suspected of influencing stock returns to achieve more comprehensive research results.

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