

Return and Volatility Characteristics of Cosmetic Company Stocks in Indonesia (2022–2024): A Descriptive Analysis

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ABSTRACT

The capital market plays a vital role in economic development by facilitating investment opportunities and enabling efficient capital allocation. Indonesia's cosmetic industry has shown notable growth in recent years, driven by increasing consumer demand and changing lifestyle preferences. Despite this growth, empirical research on return, volatility, and return distribution of cosmetic stocks remains limited, making the sector underexplored. This study analyzes the return, volatility, and distribution patterns of five cosmetic companies listed on the Indonesia Stock Exchange during 2022–2024, namely MBTO, MRAT, VICI, KINO, and UNVR, providing a comprehensive assessment of stock performance and risk exposure. A quantitative descriptive approach was employed using secondary data of daily closing stock prices obtained from IDX. Data were analyzed with SPSS, calculating daily returns, annual averages, standard deviations to measure volatility, and skewness and kurtosis examined return distributions. Descriptive statistics identified performance patterns and assessed risk characteristics across companies, ensuring objective measurement of financial performance and evaluation of risk-return dynamics, findings indicate heterogeneous stock performance. MRAT recorded the highest average return in 2022 but declined in subsequent years, while MBTO and VICI maintained relatively stable yet modest positive returns. KINO and UNVR consistently showed negative trends. MBTO exhibited the highest volatility, reflecting greater exposure to price fluctuations. Most return distributions deviated from normality, as indicated by positive skewness and high kurtosis, implying potential for extreme gains or losses, these results show that Indonesia's cosmetic stock market presents both investment opportunities and substantial risks, highlighting the need for careful risk-return assessment. The study provides practical insights for investors in portfolio management and risk mitigation, and valuable information for policymakers and stakeholders seeking to understand this expanding consumer-driven sector. Moreover, the findings contribute to literature on emerging market stock behavior, showing how internal financial performance and external market conditions shape return and volatility patterns.

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1. Introduction

The capital market serves as a fundamental pillar of economic growth, functioning as a medium that facilitates capital formation and promotes efficient resource allocation between investors and corporations. Through the capital market, companies obtain external financing to support expansion, innovation, and operational sustainability, while investors seek optimal returns aligned with their risk preferences. One of the principal considerations in investment decision-making is the trade-off between return and risk, which is generally assessed through stock returns and volatility. Stock return represents the gain or loss obtained from price movements and dividend distributions, whereas volatility reflects the degree of fluctuation and uncertainty in stock prices (Jogiyanto, 2017). A comprehensive understanding of these two indicators is crucial, as volatility tends to increase in times of market instability and macroeconomic uncertainty, signaling higher levels of investment risk (Chaudhary & Bakhshi, 2020).

In the Indonesian context, a significant body of research has explored the dynamics of return and volatility, primarily within the financial, banking, and manufacturing sectors. These industries are often prioritized due to their substantial contribution to national income, high transaction volume, and large market capitalization. However, relatively limited scholarly attention has been given to the cosmetics and skincare industry, despite its robust expansion driven by the increasing purchasing power of consumers, shifts in lifestyle patterns, and heightened awareness of personal care and appearance. The growth of this industry not only reflects evolving consumer preferences but also underscores the potential of the beauty sector as an emerging contributor to Indonesia's creative economy. Nonetheless, academic literature concerning the behavior of cosmetic-related stocks remains scarce, creating a research gap regarding the characteristics of stock performance and risk profiles within this consumer-driven industry.

The cosmetics and skincare industry is unique in that it combines elements of consumer behavior, lifestyle trends, and corporate financial performance. Hence, fluctuations in stock prices within this sector may not solely arise from company fundamentals but also from external variables such as consumer sentiment, purchasing trends, and macroeconomic indicators. This complexity necessitates empirical examination of the sector's return and volatility behavior to provide a clearer understanding of its market dynamics. Analyzing these factors can offer insights into how investors perceive and respond to the financial performance of cosmetic companies amid changing economic conditions.

This study aims to analyze the return characteristics, volatility behavior, and return distribution of five cosmetic and skincare issuers listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. The analysis employs descriptive statistical methods, including daily return, standard deviation, skewness, and kurtosis, to identify the patterns and stability of stock performance across issuers. The research also seeks to determine whether the return distributions deviate from normality, thereby revealing asymmetric risk structures in the cosmetic sector. The findings of this research are expected to contribute both theoretically and practically. Theoretically, this study enriches the literature on market behavior in non-traditional sectors by providing empirical evidence from an underexplored industry segment. It extends the application of financial theories related to risk–return relationships within the context of consumer goods industries, particularly cosmetics and skincare. Practically, the results are anticipated to assist investors, portfolio managers, and policymakers in understanding the risk exposure and performance variability of cosmetic company stocks, thereby enhancing investment decision-making and promoting informed participation in the Indonesian capital market. Through this research, a more comprehensive understanding of the market efficiency and return volatility of cosmetic stocks can be developed, contributing to the broader discourse on emerging market investment behavior.

2. Literature Review

Stock Return and Volatility: Theoretical Overview

Stock return represents the profit an investor earns from the difference between buying and selling prices, including dividends, while volatility reflects the fluctuation or risk of stock price movements (Jogiyanto, 2017). Daily returns can be calculated using simple percentage changes or log returns to account for cumulative and symmetric distribution properties (Alexander, 2013). Volatility is commonly measured using the standard deviation of returns, providing insights into market uncertainty and risk (Chaudhary & Bakhshi, 2020). Research in global markets shows that volatility tends to cluster and increase during economic shocks. For instance (Chaudhary & Bakhshi, 2020) observed significant spikes in daily return standard deviations during the COVID-19 pandemic, reflecting heightened market uncertainty. Similarly, (Liu et al., 2024) suggested that analyzing absolute price changes can reveal volatility clustering, supporting the application of stochastic models. (Wulandari et al., 2022) further demonstrated that structural GARCH models effectively capture the leverage-volatility relationship, which is crucial for understanding asymmetric risk in stock returns.

Stock Return and Volatility in Indonesia

In Indonesia, studies on consumer goods and cosmetic stocks remain limited. (Kartini et al., 2022) reported that liquidity ratios significantly affect stock returns in cosmetic companies listed on the Indonesia Stock Exchange (IDX). (Ramadanti et al., 2024) found that consistent returns and lower volatility tend to attract investors in the consumer goods sector. (Amir Paisal et al., 2023) and (Wulandari et al., 2022) emphasized the usefulness of descriptive statistics, skewness, and kurtosis in analyzing stock characteristics. However, most research has focused on the financial, manufacturing, or broader consumer goods sectors, leaving daily stock behavior of cosmetic companies relatively underexplored. International studies suggest that understanding volatility clustering and distribution patterns is essential for portfolio risk management (Liu et al., 2024) which indicates that similar approaches could provide valuable insights for Indonesian cosmetic stocks.

Research Gap and Justification

Although prior studies have examined stock returns and volatility across various sectors, there remains a lack of focused research on the daily return patterns and volatility distribution of Indonesian cosmetic stocks. The cosmetic industry in Indonesia has experienced substantial growth and increasing investor interest, making it important to analyze these stocks from a descriptive perspective. By employing a quantitative descriptive approach using daily stock price data from five listed cosmetic companies (MBTO, MRAT, VICI, KINO, and UNVR) during 2022–2024, this study aims to provide a comprehensive overview of return and volatility characteristics.

This approach allows the identification of patterns and risks that are particularly relevant for investors considering portfolios in the growing consumer-driven sector. The use of descriptive statistics, including daily return calculations, standard deviation, skewness, and kurtosis, enables a clear understanding of stock behavior and highlights irregularities or extreme tendencies in returns. Findings from this analysis are expected to enrich the theoretical understanding of stock performance in emerging markets and offer empirical insights for practical investment decisions in Indonesia's cosmetic sector.

3. Research Methods

This study employs a descriptive quantitative approach to analyze daily returns and volatility of cosmetic company stocks listed on the Indonesia Stock Exchange (IDX) during the

period 2022–2024. This approach was chosen because it allows for numerical measurement of stock price fluctuations and return distributions, in line with the phenomenon of volatility clustering widely discussed in the literature (Jogiyanto, 2017); (Alexander, 2013) The quantitative method was selected to ensure measurable and objective results, while descriptive analysis, skewness, and kurtosis are used to assess the characteristics of stock returns, including skewness and peakness, which are crucial indicators for understanding investment risk (Amir Paisal et al., 2023); (Wulandari et al., 2022), Previous studies have widely employed this approach. For instance, (Ramadanti et al., 2024) examined the effect of returns and volatility on investor interest during periods of economic instability and stated that consistent returns and low volatility are more attractive to investors, Additionally, (Ginting, 2021) showed that trading volume, inflation, and exchange rates significantly affect the price volatility of pharmaceutical sector companies listed on the Indonesia Stock Exchange (IDX).

The research design is observational and quantitative, with the sample selected using purposive sampling. The sampling criteria include cosmetic company stocks that were actively traded on the IDX during 2022–2024 and had complete daily closing price data. The data used consist of daily closing prices obtained from the official IDX website and reliable financial platforms. The data were collected secondarily and verified to ensure accuracy and consistency. Data analysis was conducted using formulas for returns, volatility, skewness, and kurtosis. Daily stock returns are calculated using the following formulas:

$$R_t = \frac{p_t}{P_{t-1}} - 1$$

where:

R_t = stock return at time t

P_t = closing price at time t

P_{t-1} = closing price at time $t-1$

Purpose:

This formula is used to calculate the daily rate of return, which represents the percentage change in a stock's price from one trading day to the next. Stock return reflects the profit or loss experienced by investors due to price movements or dividend distributions. A positive return indicates a gain (*capital gain*), while a negative value implies a loss (*capital loss*). The return serves as a primary indicator of investment performance and forms the basis for measuring market risk and expected profitability.

Stock volatility is measured using the standard deviation of returns:

$$\sigma = \sqrt{\frac{\sum_{t=1}^n (R_t - \bar{R})^2}{n}}$$

where:

σ = stock volatility

$\bar{R}$ = average return

n = number of observations

Purpose:

This formula measures the degree of risk or uncertainty in stock price movements. Volatility reflects how much the stock price fluctuates around its mean return. High volatility implies a greater risk due to frequent and extreme price changes, while low volatility indicates stability. Hence, volatility analysis helps investors evaluate the stability and risk profile of an asset, forming the foundation for portfolio diversification and risk management decisions.

In addition, skewness and kurtosis are used to assess the skewness and peakedness of stock return distributions:

Skewness

$$\frac{n}{(n-1)(n-2)} \sum \left(\frac{R_t - \bar{R}}{\sigma} \right)^3$$

Purpose:

Skewness measures the asymmetry of the return distribution around its mean. A positive skewness indicates a distribution with a longer right tail, suggesting a higher probability of small losses and occasional large gains, whereas a negative skewness reflects a longer left tail, implying frequent small gains but potential large losses. In investment analysis, skewness helps identify the direction of risk bias in a return distribution, enabling investors to anticipate asymmetrical risk exposures and adjust their strategies accordingly.

kurtosis

$$\frac{n(n+1)}{(n-1)(n-2)(n-3)} \sum \left(\frac{R_t - \bar{R}}{\sigma} \right)^4 - \frac{3(n-1)^2}{(n-2)(n-3)}$$

Purpose:

Kurtosis assesses the degree of peakedness or tail thickness of the return distribution compared to a normal distribution. A kurtosis value greater than 3 (leptokurtic) indicates a sharper peak and heavier tails, meaning that extreme fluctuations (outliers) occur more frequently than in a normal market condition. Conversely, a kurtosis value less than 3 (platykurtic) suggests a flatter distribution with fewer extreme events. Analyzing kurtosis is essential to detect potential *tail risks* the likelihood of extreme price movements which are critical for assessing financial stability and investment risk.

These formulas are used to calculate daily returns, measure volatility, and understand return distribution patterns, supporting the analysis of clustering phenomena as discussed in the Literature Review. This analysis is relevant for assessing risk and investment profiles of Indonesian cosmetic stocks, in accordance with state of the art practices in capital market research.

This study used daily closing price data of cosmetic company stocks listed on the Indonesia Stock Exchange (IDX) from January 2022 to December 2024. The secondary data were analyzed using SPSS to calculate daily returns, annual averages, standard deviations, skewness, and kurtosis, allowing a comprehensive assessment of stock performance and volatility.

4. Results

The following table presents the initial data as an example of the overall research sample. The data shown represent one of the five companies in the skincare and cosmetics sector that are the focus of this study, with the observation period limited to the first month of the research timeframe, namely from 2022 to 2024. This data is used to illustrate the structure of the information analyzed in the study, as well as to serve as the basis for statistical calculations, including the computation of standard deviation, in order to assess the risk characteristics and performance of the respective company's stock.

Table 2 presents the daily returns and standard deviations of the stocks of five cosmetic companies included in this study. Daily returns indicate the percentage change in stock prices from one day to the next, where positive values reflect potential gains for investors, while negative values indicate potential losses. Standard deviation is used to measure the volatility or fluctuation of stock prices, meaning that the higher the standard deviation, the greater the investment risk associated with the stock. This table is designed to allow readers to observe the

characteristics of each company's stock movements comprehensively, including the stability of returns and the varying levels of risk among companies. The information presented in this table serves as the basis for further analysis, such as assessing stock efficiency and testing the distribution of returns, providing an initial insight into market behavior in the cosmetic sector on the Indonesia Stock Exchange.

Table 2. Descriptive Statistics Table of Standard Deviation for the First Month of 2022 Cosmetic Stocks

Period	Company Name															
	January 2022	MBTO	Daily Return	Standard Deviation	MRAT	Daily Return	Standard Deviation	VICI	Daily Return	Standard Deviation	KINO	Daily Return	Standard Deviation	UNVR	Daily Return	Standard Deviation
1/13/2022	Rp 140		2%	0.0251	Rp 260	-3%	0.0464	Rp 498	-1%	2%	Rp 2.060	-3%	0.0354	Rp 4.270	-1%	0.0685
1/12/2022	Rp 137	Rp 140	-2%	0.0251	Rp 268	-1%	0.0463	Rp 505	0%	2%	Rp 2.120	1%	0.0354	Rp 4.330	4%	0.0684
1/11/2022	Rp 140	Rp 139	1%	0.0251	Rp 270	2%	0.0462	Rp 505	0%	2%	Rp 2.090	-5%	0.0354	Rp 4.180	-2%	0.0683
1/10/2022	Rp 139	Rp 138	1%	0.0250	Rp 264	2%	0.0461	Rp 505	-1%	2%	Rp 2.200	-1%	0.0354	Rp 4.250	1%	0.0682
1/7/2022	Rp 138	Rp 142	-3%	0.0250	Rp 260	-1%	0.0462	Rp 510	-1%	2%	Rp 2.220	2%	0.0353	Rp 4.220	0%	0.0680
1/6/2022	Rp 142	Rp 152	-7%	0.0253	Rp 262	1%	0.0461	Rp 515	2%	2%	Rp 2.170	7%	0.0356	Rp 4.230	0%	0.0679
1/5/2022	Rp 152	Rp 142	7%	0.0257	Rp 260	-4%	0.0461	Rp 505	-2%	2%	Rp 2.020	0%	0.0355	Rp 4.210	-1%	0.0678
1/4/2022	Rp 142		1%	0.0256	Rp 272	0%		Rp 515	0%	2%	Rp 2.020	0%	0.0354	Rp 4.250	0%	0.0224
1/3/2022	Rp 141				Rp 272			Rp 515			Rp 2.020			Rp 4.230		

1/31/2022	1/28/2022	1/27/2022	1/26/2022	1/25/2022	1/24/2022	1/21/2022	1/20/2022	1/19/2022	1/18/2022	1/17/2022	1/14/2022
Rp 137	Rp 134	Rp 137	Rp 137	Rp 136	Rp 139	Rp 142	Rp 136	Rp 138	Rp 138	Rp 139	Rp 140
2%	-2%	0%	1%	-2%	-2%	4%	-1%	0%	-1%	-1%	0%
0.0254	0.0254	0.0253	0.0253	0.0253	0.0253	0.0254	0.0253	0.0253	0.0252	0.0252	0.0251
Rp 274	Rp 280	Rp 266	Rp 278	Rp 284	Rp 284	Rp 288	Rp 280	Rp 276	Rp 282	Rp 274	Rp 274
-2%	5%	-4%	-2%	0%	-1%	3%	1%	-2%	3%	0%	5%
0.0473	0.0472	0.0471	0.0470	0.0470	0.0469	0.0468	0.0467	0.0466	0.0466	0.0466	0.0465
Rp 500	Rp 500	Rp 498	Rp 496	Rp 498	Rp 496	Rp 496	Rp 480	Rp 490	Rp 490	Rp 492	Rp 496
0%	0%	0%	0%	0%	0%	3%	-2%	0%	0%	-1%	0%
2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Rp 2.670	Rp 2.640	Rp 2.510	Rp 2.410	Rp 2.300	Rp 2.280	Rp 2.280	Rp 2.310	Rp 2.260	Rp 2.170	Rp 2.100	Rp 2.110
1%	5%	4%	5%	1%	0%	-1%	2%	4%	3%	0%	2%
0.0356	0.0357	0.0357	0.0358	0.0357	0.0357	0.0356	0.0355	0.0356	0.0356	0.0355	0.0355
Rp 4.030	Rp 4.050	Rp 4.060	Rp 4.130	Rp 4.060	Rp 4.080	Rp 4.150	Rp 4.100	Rp 4.100	Rp 4.110	Rp 4.150	Rp 4.220
0%	0%	-2%	2%	0%	-2%	1%	0%	0%	-1%	-2%	-1%
0.0703	0.0701	0.0700	0.0698	0.0697	0.0696	0.0694	0.0693	0.0691	0.0690	0.0688	0.0687

After calculating the annual returns, the data were analyzed using descriptive statistics to determine the characteristics of each company's stock. The components calculated include:

1. Average return: Measures the general tendency of the stock price to rise or fall.
2. Standard deviation: Represents the level of fluctuation or volatility of the stock.

3. Maximum return: The highest return observed during the study period.
4. Minimum return: The lowest return observed (largest loss) during the study period.
5. Skewness: Indicates the symmetry or asymmetry of the return distribution.
6. Kurtosis: Describes the peak shape of the return distribution, whether flat or sharp.

To provide a general overview of the annual return behavior of cosmetic company stocks, the following Descriptive Statistics Table presents the average return, standard deviation, minimum and maximum return, as well as skewness and kurtosis values for each stock during 2022. This table aims to assist in analyzing the level of profitability, risk, and characteristics of the return distribution for each stock included in the study.

Table 3. Annual Descriptive Statistics of Cosmetic Stocks 2022

Stock Code	Average Return	Standard Deviation	Minimum Return	Maximum Return	Skewness	Kurtosis
MBTO	-0.0001	0.02562	-0.07	0.11	0.574	2.539
MRAT	0.0053	0.04618	-0.07	0.24	2.376	8.974
VICI	0.0002	0.01775	-0.07	0.08	0.112	2.478
KINO	0	0.0352	-0.07	0.19	0.876	4.222
UNVR	0.0007	0.02249	-0.07	0.11	1.297	5.521

Table 3 indicates that cosmetic stocks in 2022 had relatively low annual average returns. For instance, MBTO (-0.0001) recorded a negative return, while KINO (0.0000) and VICI (0.0002) showed almost zero returns. The highest return was obtained by MRAT (0.0053), followed by UNVR (0.0007), suggesting that overall profitability in this sector was limited. In terms of risk, measured by standard deviation, MRAT (0.04618) exhibited the highest volatility, indicating greater price fluctuations. Conversely, VICI (0.01775) had the lowest risk, implying more stable price movements compared to other stocks. The skewness values of all stocks were positive, such as MRAT (2.376) and UNVR (1.297), indicating that the distributions of returns tended to be right-skewed, with a potential for extreme positive outcomes. However, the kurtosis values, especially MRAT (8.974) and UNVR (5.521), suggest leptokurtic distributions, meaning that returns were prone to extreme variations and unstable behavior. Overall, cosmetic stocks in 2022 were characterized by low profitability with varying levels of volatility. MRAT stood out as the stock with the highest return, but it also carried high risk. These statistical findings highlight the importance of balancing potential returns against associated risks when making investment decisions.

Table 4. Annual Descriptive Statistics of Cosmetic Stocks 2023

Stock Code	Average Return	Standard Deviation	Minimum Return	Maximum Return	Skewness	Kurtosis
MBTO	2.0004	0.04815	1.87	2.35	4.5	31.344
MRAT	-0.0013	0.04457	-0.25	0.25	1.725	15.322
VICI	0.0013	0.01459	-0.04	0.09	1.042	6.209
KINO	-0.0008	0.01367	-0.06	0.04	-0.032	1.795
UNVR	-0.001	0.01645	-0.07	0.07	0.134	3.153

Table 4 presents the annual descriptive statistics of cosmetic stocks in 2023. The results indicate that MBTO achieved the highest average return of 2.0004, with a standard deviation of 0.04815, a minimum of 1.87, and a maximum of 2.35. This suggests that MBTO provided relatively high profitability accompanied by considerable volatility. In contrast, several stocks

recorded low or negative average returns, including MRAT (-0.0013), KINO (-0.0008), and UNVR (-0.0010). Meanwhile, VICI (0.0013) was the only stock with a positive return, although the value remained relatively small. Regarding risk, MRAT (0.04457) exhibited the highest volatility after MBTO, followed by UNVR (0.01645) and VICI (0.01459). On the other hand, KINO (0.01367) appeared relatively more stable due to its lowest standard deviation. The return distribution mostly displayed positive skewness, as seen in MRAT (1.725), VICI (1.042), and UNVR (0.134), which reflects the potential for extreme gains. Conversely, KINO (-0.032) had a slightly negative skewness.

The high kurtosis values observed in MBTO (31.344) and MRAT (15.322) indicate leptokurtic distributions, suggesting a higher sensitivity to extreme price movements. In contrast, KINO (1.795) showed a distribution closer to normal. Overall, cosmetic stocks in 2023 exhibited diverse levels of return and risk, with MBTO recording the highest profitability, while other stocks remained relatively low with varying degrees of stability.

Tabel 5. Annual Descriptive Statistics of Cosmetic Stocks 2024

Stock Code	Annual Average Return	Standard Deviation	Minimum Return	Maximum Return	Skewness	Kurtosis
MBTO	0.0001	0.6161	-0.1519	0.3467	4.421	41.0149
MRAT	-0.0007	0.3412	-0.0642	0.0885	0.0534	1.7898
VICI	0.0001	0.1378	-0.0231	0.0397	-0.3849	3.2841
KINO	-0.0003	0.2495	-0.0364	0.1659	5.2154	53.2788
UNVR	-0.0024	0.3941	-0.107	0.1046	0.1179	3.5556

Table 5 presents the annual descriptive statistics of cosmetic stocks in 2024. The results indicate that most stocks recorded relatively low annual average returns, with some showing negative values such as MRAT (-0.0007), KINO (-0.0003), and UNVR (-0.0024). Only MBTO (0.0001) and VICI (0.0001) reported positive returns, although the values were marginal. In terms of risk, as measured by standard deviation, considerable variation was observed. MBTO (0.6161), UNVR (0.3941), and KINO (0.2495) exhibited higher price fluctuations compared to MRAT (0.3412) and VICI (0.1378). This suggests that MBTO and UNVR are riskier, while VICI appears relatively more stable. The return distributions also varied in skewness. Positive skewness was observed in MBTO (4.421), KINO (5.2154), and UNVR (0.1179), reflecting the potential for extreme gains. Conversely, VICI (-0.3849) displayed negative skewness, indicating the possibility of extreme losses, although relatively limited. Regarding kurtosis, the extremely high values in MBTO (41.0149) and KINO (53.2788) indicate leptokurtic distributions, suggesting greater sensitivity to extreme price movements. In contrast, MRAT (1.7898) and UNVR (3.5556) exhibited lower kurtosis, closer to a normal distribution. Overall, the findings suggest that the cosmetic stock market in 2024 was characterized by generally low returns with varying levels of volatility. MBTO and KINO showed high-risk profiles with sharp return distributions, while VICI demonstrated greater stability and lower risk.

5. Discussion

The findings from the 2022 to 2024 data indicate that cosmetic companies' stocks in Indonesia exhibit diverse performance characteristics in terms of both returns and volatility. Over this three-year period, return movements revealed persistent uncertainty, with some stocks such as KINO and UNVR consistently showing negative trends, while MBTO and VICI appeared more stable despite offering relatively low returns. This phenomenon emphasizes that the cosmetic

sector is not homogeneous, and differences in stock performance are influenced by a combination of internal company factors and broader market conditions, in line with (Ferdinand & Ciptono, 2022), who highlighted the importance of competitiveness and critical success factors in affecting financial performance and market stability. Similarly, (Rajindra et al., 2021) found that liquidity, solvency, and profitability ratios simultaneously and partially affect stock returns in cosmetics and household goods companies, reinforcing that financial fundamentals are crucial in explaining performance diversity.

The annual average returns of most stocks were very low, and in several cases negative, reflecting the limited ability of the cosmetic sector to generate significant profits for investors. This condition not only reflects internal financial performance but is also influenced by external factors, such as declining consumer purchasing power, intense competition, and post-pandemic changes in consumer preferences. This aligns with (Ferdinand & Ciptono, 2022), who emphasized that external challenges can suppress financial performance despite substantial market potential. Consistently, (Hudaya Abdullah & Widhi Kurniawan, 2020) noted that the financial performance of cosmetic firms varied across liquidity, solvency, activity, and profitability ratios during the Covid-19 period, demonstrating that not all companies were able to adapt equally to market challenges. (Yoseva et al., 2021) highlighted that profitability indicators such as EPS and ROA, as well as debt ratios, play significant roles in shaping stock returns, while (Leki et al., 2024) pointed out that digital marketing strategies, including Instagram content formats, influence consumer engagement and brand image, which in turn may affect stock returns.

When viewed across years, the overall trend shows a decline in average returns, particularly for MRAT, which recorded the highest return in 2022 but dropped significantly afterward. Meanwhile, KINO and UNVR consistently exhibited negative returns, while MBTO and VICI maintained relatively stable, though modest, positive returns. This indicates that the sector faced prolonged challenges, with minimal recovery over the three-year period, suggesting that investors need to consider long-term dynamics rather than only annual performance. From a volatility perspective, fluctuations remained high, especially for MBTO and MRAT, which recorded the highest standard deviation values each year, signaling elevated risk exposure. This pattern demonstrates that volatility in the cosmetic sector is not solely driven by internal factors but also by market shocks and macroeconomic conditions, as highlighted by (Toe & Ouedraogo, 2022) and (Mursid et al., 2024), emphasizing the importance of risk profiling in investment strategies.

The analysis of return distributions through skewness and kurtosis provides critical insights into the characteristics of cosmetic stocks. Positive skewness in MBTO (4.42 in 2024) indicates the potential for extreme positive returns, which may attract speculative investors. Meanwhile, kurtosis values greater than 3 in most stocks suggest heavy-tailed distributions, indicating that extreme price fluctuations are more likely than under a normal distribution. (Bagheffar & Cheikh, 2023) found that investor sentiment influences stock returns and market volatility, and non-normal return distributions increase the likelihood of extreme risk. These findings highlight that high potential returns in this sector come with substantial risk, requiring careful consideration by investors.

Theoretically, these results enrich the understanding of stock return behavior in the cosmetic sector, especially in emerging markets such as Indonesia. (Endri et al., 2024) demonstrated that the integration of the Indonesian stock market with major trading partners can influence domestic stock volatility and returns, emphasizing the importance of international market linkages in understanding cosmetic stock dynamics. (Chandra, 2024) also emphasized that profitability (ROA) and leverage (DER) significantly determine valuation ratios such as Price-to-Book (P/B), providing further evidence that financial indicators remain central in assessing market value. Practically, these results guide investors in developing appropriate investment strategies based on each stock's risk profile and highlight the relevance of portfolio diversification and risk management, as emphasized by (Fitriyah & Mukminatin, 2025). (Desshyfa & Saputra, 2025) also pointed out that financial ratios such as ROA and DER can serve as additional indicators for evaluating potential returns and risks. From a social and policy perspective, this research provides valuable information for policymakers and the public in understanding the dynamics of the cosmetic sector as part of consumer-driven economic growth. Overall, the combination of internal and external factors shapes the characteristics of returns and risks in cosmetic stocks,

offering important insights for investors, academics, and policymakers to understand and anticipate complex market behavior.

6. Conclusion

Based on the analysis of daily stock price data, this study found that cosmetic companies' stocks in Indonesia during the 2022–2024 period exhibited diverse characteristics in terms of returns and volatility. Some companies, such as KINO and UNVR, consistently recorded negative average returns, whereas MBTO and VICI maintained relative stability despite low profitability. Annual comparisons indicated limited improvement over the three years, reflecting challenges in generating substantial investor returns due to factors such as declining purchasing power, intense competition, and post-pandemic shifts in consumer preferences.

From a risk perspective, MBTO and MRAT consistently showed high volatility, highlighting their susceptibility to market fluctuations even when occasional opportunities for significant returns arose. Analysis of skewness and kurtosis revealed that returns were not normally distributed: positive skewness suggested the presence of extreme gains, while high kurtosis indicated a heavy-tail distribution and a greater likelihood of unpredictable fluctuations. These results emphasize the necessity of assessing both return potential and risk exposure when making investment decisions.

Theoretically, these findings contribute to the literature on stock behavior in emerging markets, particularly in the cosmetic sector, by demonstrating the interaction between internal financial performance such as profitability, leverage, and liquidity, and external market conditions, including consumer sentiment and international market integration. Practically, the results provide guidance for investors on portfolio management, emphasizing the importance of diversification and risk control when investing in high-risk sectors. Furthermore, the study offers valuable insights for policymakers and industry stakeholders to understand the dynamics of the cosmetic industry and to support strategies that enhance resilience and competitiveness within the sector.

Suggestions

This research recommends that investors carefully evaluate both the potential returns and volatility risks before investing in cosmetic stocks, giving priority to diversified portfolios to reduce exposure to extreme fluctuations. Cosmetic companies are advised to enhance their competitiveness by improving financial transparency, innovating in product development, and leveraging digital marketing strategies to adapt to changing consumer preferences.

This study has several limitations, including the relatively short three-year observation period and its exclusive focus on cosmetic companies listed on the Indonesia Stock Exchange, which limits the generalizability of the findings. Future research should extend the study period, include other industry sectors for comparative analysis, and consider moderating factors such as macroeconomic indicators, investor sentiment, and global market integration to provide a more comprehensive understanding of stock performance dynamics in emerging markets.

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