

Analyze Factors that Impact Stock Price in Indonesia Stock Exchange

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Abstract. This study is aimed to analyse the signification impact of Earnings Per Share, Dividend Per Share, Book Value Per Share, and Return On Assets toward Stock Price of Publicly Listed Firms in Jakarta Islamic Index (JII) Period 2009-2013 not only simultaneously but also partially. This study uses secondary data from Indonesia Stock Exchange (IDX) of the firms, Annual Report of the firms, and financial report of the firms from 2020 to 2022. Population in this study is firms which publicly listed firms in Indonesia Stock Exchange (IDX) in the period 2020-2022. Sample in this study is ten firms which are taken based on purposive sampling method. Data analysis model which is used in this study is Multiple Linear Regression with Panel Data. Hypothesis test which is used in this study are F Test, R^2 Test, and t Test. The result of hypothesis test shows that Earnings Per Share, Dividend Per Share, Return On Equity, and Return On Assets simultaneously have positive significant impact toward Stock Price. The value of R^2 is 94,09 % so 94,09 % of variable Stock Price can be taught by variable Earnings Per Share, Dividend Per Share, Return On Equity, and Return On Assets, while the residue 5,9046 % is taught by the other variables in the outside of this study. Earnings Per Share partially has positive significant impact toward Stock Price. Dividend Per Share partially doesn't have positive significant impact toward Stock Price. Return On Equity partially doesn't have positive significant impact toward Stock Price. Return On Assets partially doesn't have positive not significant impact toward Stock Price.

Keywords: Stock Price; Earnings Per Share; Dividend Per Share; Return On Equity; Return On Assets

INTRODUCTION

Various alternative to do investment in Indonesia had a lot of chooses for investors who had more money to lend their money. Stock investment had an interesting for investors because with do stock investment, investors had a hope to get high share dividend. Investor had a lot of chooses to decide stock investment in Stock Exchange. Signaling theory is a concept in which the provider of information can choose how to interpret and convey the information received. A good company can differentiate itself from a bad one by sending credible signals about its quality to the capital market Spence (1973).

Stock Price Index become the measurement of country economy healthy and as the basic to do statistic analyse of current market Halim (2003). Index is needed as the indicator to look the movement of firm's stock price Hartono (2009). The movement of stock price every second always is learned by the many of day trader Samsul (2006). The decreasing of stock price is caused by the decreasing of firm's financial working. If the firm's financial working is decrease, it will make the ability of assets to produce earnings is also decrease.

The movement of stock price is impacted by the ability of the firm to get profit. If the profit which is gotten by the firm is high, it will be possible that dividend which is paid out also high. If the dividend pay out is high, it will have positive impact toward stock price and the investors more interesting to buy it. It caused the demand of stock become increase and finally, the price will increase also Halim (2003). The stock price is decrease is caused by the

amount of earnings which available to paid dividend is decrease also. If the available earnings to paid dividend is decrease, then dividend wisdom which is accepted by the investors is small also Nurmala (2006).

According to Tandelilin, (2001: 240) describes the extent to which the company's ability to generate profits that can be obtained by shareholders. If the Return On Equity value (ROE) high means the company is successful in generating profits from its capital itself. The growth of Return On Equity (ROE) shows the company's prospects getting better because of the potential for increased profits obtained by the company, so that it will increase investor confidence and will make management easier companies to attract capital in the form of shares. By increasing Return On Equity (ROE), this will increase the value of the company's stock price Zakaria (2021).

If the ability of assets to produce earnings is decrease, then make firm's ROA will decrease because ROA is the ratio of profitability which measure the ability of firm's assets to produce the earnings. With look the level of ROA in doing investment, then the investors will know that firm's financial working Priatinah and Kusuma (2012).

Based on explaining in background of the study, the problem in this study is there are many of different about factors which influencing stock price from the past study. Still little the past studies which explained stock price, in the other side share index in Indonesia Stock Exchange is fluctuative continuously, so need more studies about stock price in Indonesia Stock Exchange. For solving that problem, so appear research questions, are as follows:

1. How are the impact of Earnings Per Share (EPS), Dividend Per Share (DPS), Return On Equity (ROE), and Return On Assets (ROA) simultaneously toward Stock Price of publicly listed firms in Indonesia Stock Exchange period 2020-2022?
2. How is the impact of Earnings Per Share (EPS) partially toward Stock Price of publicly listed firms in Indonesia Stock Exchange period 2020-2022?
3. How is the impact of Dividend Per Share (DPS) partially toward Stock Price of publicly listed firms in Indonesia Stock Exchange period 2020-2022?
4. How is the impact of Return On Equity (ROE) partially toward Stock Price of publicly listed firms in Indonesia Stock Exchange period 2020-2022?
5. How is the impact of Return On Assets (ROA) partially toward Stock Price of publicly listed firms in Indonesia Stock Exchange period 2020-2022?

Hypothesis

H₁ : Earnings Per Share (EPS), Dividend Per Share (DPS), Return On Equity (ROE), and Return On Assets (ROA) have positive and significant impact toward Stock Price.

According to Tjiptono and Hendy (2001), higher Earnings Per Share (EPS) of course brings happiness for the shareholders because more benefits which is provided to the shareholders. Earnings content some significant informations because the good news surprise (the earning is higher than the prediction before) makes the stock price is increase sharply and the bad news surprise (the earning is lower than the prediction before) makes the stock price is decrease sharply (Ball and Brown, 1968) in (Arifin, 2005: 153). According to Priatinah and Kusuma (2012) in share trading, EPS is very influenced toward stock price. Based on some theories and past studies, so this study will be proven that

H₂ : Earnings Per Share (EPS) has positive and significant impact toward Stock Price.

The investors buy firm's shares to get dividend. The investors looking for stable firms to get a lot of dividends. If the firms give enough dividend and guaranteed dividend every

year, it will make the expectation of investors have fulfilled, then it will make stock price of the firms is increase (Sartono, 2009). Malhotra and Tandon (2013), the remaining variables namely dividend cover and dividend per share are not significantly impacting movement of stock prices listed on NSE 100.

H₃ : Dividend Per Share (DPS) has positive and significant impact toward Stock Price.

Return On Equity (ROE) in their study had a positive and significant effect on stock prices. This indicates that the higher the ROE, the better the position of the company's owners and the higher the ability of the equity capital to generate profits for shareholders, thereby increasing stock prices. A good Return On Equity will lead to a company's success, which results in high stock prices. This research result is in line with the study conducted by (Anggraini 2020), which concluded that Return On Equity (ROE) influences stock prices. Additionally, other research states that Return On Equity (ROE) affects stock prices (Sujatmiko 2019).

H₄ : Return On Equity (ROE) has positive and significant impact toward Stock Price.

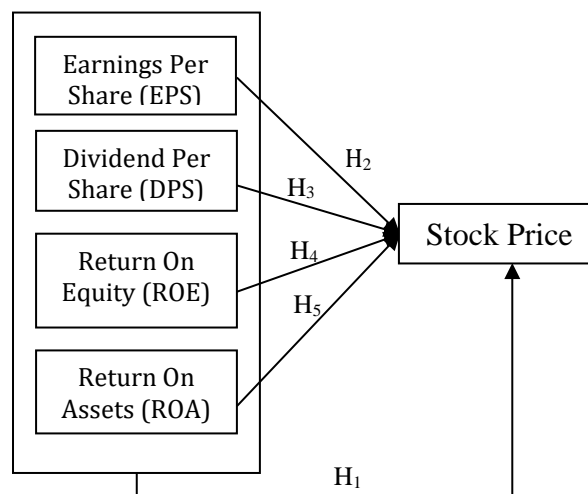
The measurement of firm's working is Return On Assets (ROA). ROA shows capability of capital which is invested in assets to produce benefits. ROA gives information how far the efficiency of the firm to do their trading. Number which is produced shows what is done by the firm with their own capable. More and more high ROA, more and more high too the capability of the firm to produce benefits. Higher the benefits which is produced by the firm, investor will interest with share value (Agustina and Noviri, 2013).

H₅ : Return On Assets (ROA) has positive and significant impact toward Stock Price.

Framework of Thinking

Based on the literature view and the result of previous study then it is developed a theoretical model of thinking that underlines this study. This study is investigate the impact of Earnings Per Share (EPS), Dividend Per Share (DPS), Return On Equity (ROE), and Return On Assets (ROA) toward stock price of publicly listed firms in Indonesia Stock Exchange (IDX) period 2020-2022. Framework of theoritical thinking of this study can be seen in Figure 1

Figure 1
 Framework of Thinking

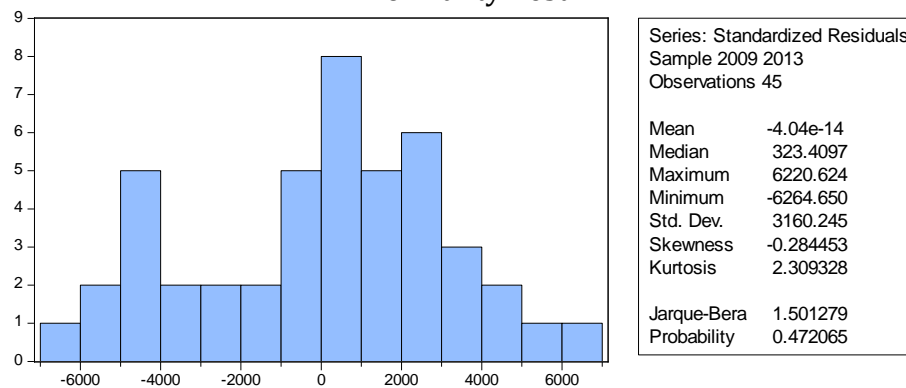


METHOD

The kind of data which uses in this study is secondary data, it is firm's data such as Earnings Per Share (EPS), Dividend Per Share (DPS), Return On Equity (ROE), Return On Assets (ROA), and Stock Price. Those data are taken from publication financial report of publicly listed firms in Indonesia Stock Exchange period 2020-2022. Population in this study is 30 (thirty) publicly listed firms in Indonesia Stock Exchange period 2020-2022. The chosen sample in this study uses purposive sampling method. Data Analysis Model which used in this study is Multiple Linear Regression with Panel Data. From the three approaches of panel data method, two approaches which often is used to estimate regression model with panel data are Fixed Effect approach and Random Effect approach.

RESULTS AND DISCUSSION

Figure 2
Normality Test



Source: secondary data which have been processed.

The p-value is 0,472 > 5 %, so the data of all variables have normal distribution.

Table 2
The Result of F Test Independent Variables

	Weighted Statistics		
R-squared	0.982194	Mean dependent var	21705.48
Adjusted R-squared	0.975516	S.D. dependent var	19813.94
S.E. of regression	3705.715	Sum squared resid	4.39E+08
F-statistic	147.0923	Durbin-Watson stat	1.674715
Prob(F-statistic)	0.000000		

Source: secondary data which have been processed.

F statistic is 147,0923 > 2,61 (F table). The p-value of F statistic is 0,000000 < 0,05. It means that H_0 is rejected and H_a is accepted. Earnings Per Share (EPS), Dividend Per Share (DPS), Return On Equity (ROE), and Return On Assets (ROA) simultaneously have significant impact toward Stock Price. And then, hypothesis 1 which states that Alleged as Earnings Per Share (EPS), Dividend Per Share (DPS), Return On Equity (ROE), and Return On Assets (ROA) simultaneously have significant impact toward Stock Price of publicly listed firms in

Indonesia Stock Exchange period 2020-2022, is accepted. The value of adjusted R-squared is 0,975516 or 97,5516 %. It means that the impact contribution of Earnings Per Share (EPS), Dividend Per Share (DPS), Return On Equity (ROE), and Return On Assets (ROA) toward Stock Price of publicly listed firms in Indonesia Stock Exchange period 2020-2022 variables are 97,5516 % and the residu are 2,4484 % are impacted by the other factors which do not teach in this study.

Table 2
 The Result of t Test Independent Variables

Variables	Coefficient	t-Statistic	Probability
Earnings Per Share (EPS)	20,32917	5,580615	0,0000
Dividend Per Share (DPS)	-1,267777	-0,374894	0,7102
Return On Equity (ROE)	-0,853306	-0,798671	0,4304
Return On Assets (ROA)	-139,7390	-1,591493	0,1213

Source: secondary data which have been processed.

The value of probability or p-value of Earnings Per Share (EPS) variable is $0,0000 < 5\%$. t statistic of Earnings Per Share (EPS) variable is $5,580615 > 2,021$ (t table). It means that Earnings Per Share (EPS) variable has significant impact toward Stock Price. The significant relationship between Earnings Per Share (EPS) and Stock Price is Earnings Per Share shows the return or the earnings which is provided for the investors (Darmadji, 2001). The study from Ball and Brown (1968), earnings have significant informations for the investors actually. The significant informations are as follows, the most investors in Indonesia feel that the earnings show all of firm's financial working. The other informations, the earnings show that the ability of firms to operate their resources well. Next, the earnings have information about the increasing or the decreasing of stock price which happen in the next time Setyowati (2014).

The value of probability or p-value of Dividend Per Share (DPS) variable is $0,7102 > 5\%$. t statistic of Dividend Per Share (DPS) variable is $0,374894 < 2,021$ (t table). It means that Dividend Per Share (DPS) variable does not have significant impact toward Stock Price. There is not significant relationship between Dividend Per Share (DPS) and Stock Price is Dividend Per Share (DPS) just shows the portion of the profit after tax, which is distributed to the shareholders for their investment bearing risk in the company Malhotra and Tandon (2013). Based on the purpose of investment, the investors just want to get much dividends and guarantee dividend every years. The investors think that their want to get much dividends is more important than their want to get the increasing of Stock Price Sartono (2009).

The value of probability or p-value of Return On Equity (ROE) variable is $0,4304 > 5\%$. t statistic of Return On Equity (ROE) variable is $0,798671 < 2,021$ (t table). It means that Return On Equity (ROE) variable does not have significant impact toward Stock Price.

The value of probability or p-value of Return On Assets (ROA) variable is $0,1213 > 5\%$. t statistic of Return On Assets (ROA) variable is $1,591493 < 2,021$ (t table). It means that Return On Assets (ROA) variable does not have positive significant impact toward Stock Price. There is not significant relationship between Return On Assets (ROA) and Stock Price because Return On Assets (ROA) is used to measure the effectivity of the firms in produce earnings with manage their assets. The investors who hope Return On Assets (ROA) is good, it means that they want to get the big return Ang (1997). If the investors look the component of Return On Assets in income statement, they not predict the Stock Price of firms in the

future but also they predict the ability of firms in pay back the return of investment in stock Sartono (2009: 193).

CONCLUSION

This study tests what are Earnings Per Share (EPS), Dividend Per Share (DPS), Return On Equity (ROE), and Return On Assets (ROA) partially or simultaneously have positive significant impact toward Stock Price of publicly listed firms in Jakarta Islamic Index period 2020-2022. Based on hypothesis testing and the discussion, is gotten the conclusion are as follows:

1. Earnings Per Share (EPS), Dividend Per Share (DPS), Return On Equity (ROE), and Return On Assets (ROA) simultaneously have significant impact toward Stock Price of publicly listed firms in Jakarta Islamic Index period 2020-2022.
2. Earnings Per Share (EPS) partially has positive significant impact toward Stock Price of publicly listed firms in Jakarta Islamic Index period 2020-2022.
3. Dividend Per Share (DPS) partially does not have positive significant impact toward Stock Price of publicly listed firms in Jakarta Islamic Index period 2020-2022.
4. Return On Equity (ROE) partially does not have positive significant impact toward Stock Price of publicly listed firms in Jakarta Islamic Index period 2020-2022.
5. Return On Assets (ROA) partially does not have positive significant impact toward Stock Price of publicly listed firms in Jakarta Islamic Index period 2020-2022.

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