Effect of Financial Performance on Share Price on Listed Companies In Indonesia Stock Exchange

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Abstract: This study aimed to determine the effect of market value, profitability, solvency, activity and liquidity to the stock price on the company's consumer goods manufacturing industry sectors listed on the Indonesia Stock Exchange. The independent variable in this study is the Price Earning Ratio (PER), Return on Equity (ROE), Debt to Equity Ratio (DER), Total Assets Turnover (TATO), the Current Ratio (CR) and Return on Assets (ROA). While the dependent variable in this study is the stock price. Sampling was done by using purposive sampling method. The sample used in this study is a company manufacturing consumer goods industry sector listed in Indonesia Stock Exchange in the period 2014-2016, with a total of 23 companies. The results of this study concluded that the variable return on equity and total asset turnover affect the stock prices of companies manufacturing consumer goods industry sector, while the variable Price Earning Ratio, Debt to Equity Ratio, Current Ratio, and return on assets does not affect the stock prices of companies manufacturing consumer goods industry sector.

Keywords: Financial Performance, Stock Price

1. INTRODUCTION

1.1 Background

The companies actively seek sources of financing which can provide funds with a larger amount to expand its business activities or purposes and other purposes by issuing ownership by selling it to the general public through the capital market due to the growth of business activity in the economy today. This is evidenced by the increasing number of companies are doing deals and holdings of securities in the form of shares in the Indonesian Stock Exchange. The capital market in general is an organized financial system, including the commercial banks and all financial intermediaries, as well as the overall securities outstanding (Sunariah, 2011).

Investors need to have enough knowledge and experience in investing in the capital market. The experience can be a way of analyzing the company's financial statements to the stock price. An investor should consider brapatingkat returns that will be obtained and risks to be faced in making investments. Although capital market investments promising higher returns, but there yng should be noted that the greater the rate of return on the level of risk will also increase. Therefore as a rational investor must Noting how an investment can generate optimal returns at minimal risk level.

To generate returns and minimizing risks, investors are advised to diversify by combining a wide selection of stocks in investment (forming the optimal stock portfolio). Investors can maximize the expected benefits of investment with a certain risk level or to minimize the risk in order to achieve a certain profit level through this portfolio.

In this study, the main topic of financial performance. Both the poor financial condition of a company can be reported in the form of financial statements are also used to determine the development of the company periodically. According to Kashmir (2015: 7) in the case of financial statements, it is a duty of each company to create and the company's financial reporting in a given period.

To perform the analysis of the financial performance can use fundamental analysis. According Husnann (2009: 307) predicts a fundamental analysis of stock prices in the future by way of estimating the fundamental factors that affect stock prices in the future and connect the variables that determine stock price estimates. Variables used include the Price Earning Ratio (PER) which is the ratio between the share price to earnings per share, return on equity (ROE), which is the ratio to determine to what extent the results obtained from the investment company, ti Debt Equity ratio (DER), which is the ratio of debt to equity, total asset turnover (TATO) which is a ratio used to determine the effectiveness of the use of the operating assets of the company in generating sales, cuurent ratio (CR) which is the ratio comparing current assets to current liabilities, and return on assets (ROA) which is the ratio between net profit and total assets.

1.2 Research purposes

a. To determine the effect of price earning ratio of the price of shares in the company manufacturing consumer goods industry sector listed on the Indonesia Stock Exchange 2014-2016 period.
b. To determine the effect of Return on Equity on the price of shares in the company manufacturing consumer goods industry sector listed on the Indonesia Stock Exchange 2014-2016 period.
c. To determine the effect of Debt to Equity Ratio on the price of shares in the company manufacturing consumer goods industry sector listed on the Indonesia Stock Exchange 2014-2016 period.
d. To determine the effect of Total Assets Turnover on the price of shares in the company manufacturing consumer goods industry sector listed on the Indonesia Stock Exchange 2014-2016 period.
e. Current Ratio To determine the effect on stock prices in companies manufacturing consumer goods industry sector listed on the Indonesia Stock Exchange 2014-2016 period.
f. To determine the effect of Return on Assets on the price of shares in the company manufacturing consumer goods industry sector listed on the Indonesia Stock Exchange 2014-2016 period.

2. RESEARCH METHODOLOGY

The population in this study were 23 companies manufacturing consumer goods industry sector listed in Indonesia Stock Exchange with the criteria of the issuing company's financial statements are complete and a listed company (listing) in Indonesia Stock Exchange during the period 2014

2.1 Dependent Variable (Y)

The dependent variable or dependent variable is the variable that is affected or which become due to the independent variable (Sugiyono, 2013: 61). The dependent variable used in this study is a manufacturing company's stock price consumer goods industry sector denoted by Y.

2.2 Independent Variables (X)

The independent variable or variables are variables that affect or be cause changes or the emergence of the dependent variable (Sugiyono, 2013: 61). The independent variable in this study is

a. Price Earning Ratio (PER) This ratio is the ratio of market value which saw the share price relative to earningnya. As can be calculated using the formula:

$$PER = \frac{harga\ saham}{EPS\ (Earning\ Per\ Share\ )}$$

b. Retun on equity (ROE) is a profitability ratio to measure a company's ability. ROE can be calculated using the formula:

$$ROE = \frac{laba\ bersih}{modal\ saham}$$

c. Debt to Equity Ratio (DER) is a ratio used to assess the debt for equity. DER can be calculated using the formula:

$$DER = \frac{Total\ Utang}{Modal} \times 100\%$$

d. Total Asset Turnover (TATO) is the ratio between the amount of assets used by the number of sales earned during the period tetentu. TATO can be calculated using the formula:

$$TATO = \frac{Penjualan}{Modal\ \ Aktiva} \times 100\%$$

e. Current Ratio (CR) is a ratio that compares the current assets by current liabilities. CR can be calculated using the formula:

$$CR = \frac{Aktiva\ Lancar}{Utang\ Lancar}$$

f. Return on Assets (ROA) is a ratio which indicates the company's ability to generate profits by utilizing all its assets. ROA can be calculated using the formula:

$$ROA = \frac{L\ /R\ Tahun\ Berjalan}{Total\ Aktiva}$$

2.3 Data Analysis Methods

The data used in this research is secondary data obtained from the financial statements of the BEI. Source of data obtained indirectly through the media peranyara (obtained and recorded the other party), and the data used in this research is quantitative data is data expressed in numerical terms.

3. RESULTS AND DISCUSSION

3.1 Types of research

Regression analysis model used in this study because it is designed to examine the factors that influence the independent variable on the

dependent variable, where the independent variables used in this study is more than one model of linear regression equation as beikut:

$$Y = a + b1x1 + b2X2 + b3X3 + b4X4 + b5X5 + b6X6 + e$$

Based on the sampling technique used purposive sampling, obtained a sample of 23 companies manufacturing consumer goods industry sectors listed on the Stock Exchange to be used as a hypothesis, descriptive statistics obtained as follows:

Ket	Min	Max	mean	Std. deviation
HS	1:00	970.00	109.9829	251.28190
PER	3.72	127.16	25.3045	18.30566
ROE	.03	1:43	.2542	.32153
DER	.19	3:56	.9214	.66607
TATTO OS	.48	2.88	1.2938	.56101
ROA	.01	2.61	.1800	.33691
CR	.51	7:12	2.5086	1.52012

3.2 Classic assumption test

Test normality of the data used to determine whether the data were normally distributed or not. Normality test used is the One-Sample Kolmogorov test Smirov. Normality test results showed that the variables PER, ROE, DER, TATO, CR, and ROA have significant value> 0.05 then it can be concluded that the data are normally distributed.

Multicolinearity test is used to determine whether there is a linear relationship between the independent variables in the regression model. From the test results multikolienaritas that variable PER, ROE, DER, TATO, CR, and ROA variance inflation factor (VIF) of less than 10 (VIF <10) or the value tolerancenya more than 0.1 so that it can be concluded that there is no multikolienaritas in this study.

Heteroskidastity test aims to test whether the regression model occurred discontinuity of the residual variance of the observations to other observations. The test results showed that all the variables have a significance probability values above the 5% confidence level. So we can conclude heteroskesdastisitas regression model did not happen.

Autokolerasi test was used to test whether the regression model diremukan the correlation between bullies error in period t-1 (previous). Based on testing that has been done shows that the value of the Durbin-Watson = 2.290 means is between 1:55 to 2:46 it can be concluded that the absence of autokolerasi.

3.3 Discussion

From the multiple linear regression analysis, the results obtained are as follows:

PER variable coefficient indicates the value of 0128 -2198 with a significant level of this coefficient showed no influence of variables PER to stock prices. Any increase in PER 1 unit share price fell by 2,198 units. T test results show the value of t <t table (1.544 <1.999) with a significant probability level (0.128> 0.05) then H1 Ho rejected and then accepted thus PER variable has no effect on stock prices.

ROE shows coefficient values with a significant level of 0.000 Any increase in ROE 1 unit share price fell by 160 617 units. T test results showed t count> t table (3,718> 1,999) with a significant probability level (0.000 <0.05), then H2 Ho accepted and rejected as such the ROE affect stock prices.

DER variable coefficient indicates the value of 133 190 by 0056 a significant level of this coefficient shown no effect between DER variables on stock prices. Each increase of 1 unit DER share price rose 133 190 units. T test results show the value of t <t table (1,946 <1.999) with a significant probability level (0.056> 0.05), the H3 is rejected and Ho received thus DER variable has no effect on stock prices.

TATO variable coefficient indicates the value of 195 257 with a significant level 0.000koefisien this indicates TATO ppengaruh between variables on stock prices. Each increase of 1 unit TATO share price rose 195 257 units. The test results demonstrate the value of t> t table (4,715> 1,999) with a significant probability level (0.000 <0.05), then Ho rejected H4 condoned and thus TATO variable effect on stock prices.

ROA variable coefficient indicates a significant level of 0.880 - 12.525dengan value of this coefficient shown no effect between ROA on stock prices. Any increase in ROA 1 unit share price fell by 12 525 units. T test results show the value of t <t table (

CR variable coefficient indicates the value of 8828 with a significant level of 0747 this coefficient showed no influence of variables CR on stock prices. Any increase in CR 1 unit share price rose by 8 828 units. T test results show the value of t <t table (0325 <1.999) with a significant probability (0747> 0.05) thus the ROA has no effect on stock prices.

In the feasibility test regression model showed results significant values> 0.05 (0.000 <0.05), so it can be concluded that the model meets the eligibility test. From the results of calculations performed by the statistical analysis with a value of R square (R2) that the model used independent variables make a positive contribution in the amount of 30.1% of the dependent variables. 69.9 while the rest is explained by other causes.

4. CONCLUSION

The purpose of this study was to examine and analyze financial ratios on stock prices of companies manufacturing consumer goods industry sector listed in Indonesia Stock Exchange 2014-2016 period. The sampling technique is done with the purpose of sampling, obtained by 23 companies manufacturing consumer goods industry sector over a period of three years.

The results of this study concluded that the variable Return On Equity (ROE) and the variable Total Asset Turnover (TATO) have an influence on the share price, while the variable Price Earning Ratio (PER), Debt to Equity Ratio (DER), the Current Ratio (CR) and Return on Assets (ROA) has no effect on stock prices. Adjusted R2 is 0.301, which means the value of the company was affected variable Price Earning Ratio (PER), Return on Equity (ROE), Debt to Equity Ratio (DER), Total Asset Turnover (TATO), the Current Ratio (CR), and Return On Asset (ROA) of 30.1%, while the remaining 69.9% is influenced by other variables outside the model.

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