Analysis of Effect on Asset Return, Return on Equity, Earning Per Share, and Net Profit Margin on Share Price on Banking Company

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Abstract. The purpose of this study was to analyze the effect of Return On Assets (ROA), Return On Equity (ROE), Earning Per Share (EPS), and Net Profit Margin (NPM) on stock prices. In this study, there is one dependent variable, namely stock prices, and four independent variables, namely Return On Assets (ROA), Return On Equity (ROE), Earning Per Share (EPS), and Net Profit Margin (NPM). Return on Assets (ROA) is measured by dividing net income by total assets in the company. Return On Equity (ROE) with return on common equity and net return on common equity, which measures the return on investment of ordinary shareholders. Net Profit Margin (NPM) is calculated by dividing the total net profit earned by the company by each sale made. Earning Per Share (EPS) by dividing the number of each ordinary share produced during a specific period by the shares outstanding, measured by dividing the total period income available to shareholders from the company’s common shares by the number of ordinary shares outstanding. The population and sample are 35 companies with banking companies listed on the Indonesia Stock Exchange during 2017 – 2019, so that the research sample is 35 samples, namely 105 companies. The results of this study indicate that Return On Assets (ROA) does not affect stock prices, Return On Equity (ROE) is detrimental to stock prices, Earning Per Share (EPS) has a positive effect on stock prices, and net income. Margin (NPM) does not affect stock prices.

Keywords: return on assets; equity; earnings per share; net profit margin; stock price.
INTRODUCTION

The development of the capital market in Indonesia shows that the capital market has become an alternative investment for investors (Mogonta & Pandowo, 2016). Public knowledge about the capital market is growing, and the number of companies listed on the capital market and supported by the government to invest plays a role in developing the capital market. Its presence is indispensable to carry out its role in the capital market. The movement of funds is growing to maximize the existence of the capital market (Septyanto, 2013). Hermanto (2017) said to understand the importance of investing, recognize stocks as an ideal investment tool and understand the constraints and interests of the public as potential investors to attract investors in the Indonesian capital market. Banking companies are expected to have bright prospects in the future and have a significant contribution to state revenues (Adrianti, 2019).

One measure of profitability with Return on Assets (ROA) where E. F. Brigham & Joel F. Houston (2008) stated Return on Assets (ROA) by calculating the net income ratio to total assets in the company. Gitman (2003), in his research, that Return On Assets (ROA) is a measure of overall management effectiveness in generating profits with available assets. In addition, companies trying to get the Return on Assets (ROA) value they manage get a high value because the higher the Return On Assets (ROA) value, the better the company uses its assets to earn income. Benefits (Efendi et al., 2016).

The researcher shows the Return On Equity (ROE) earnings ratio, which measures the level of shares on the capital they invest in the company (Kabajeh et al., 2012). According to (Brigham & Houston, 2010), the investment level of ordinary stockholders and high Return On Equity (ROE), the company managed to profit from its capital. When Return On Equity (ROE) automatically increased sales of company value can impact the company’s stock price, so that there is a correlation with an increase in stock returns (Almira & Wiagustini, 2020).

According to Gitman, (2003) Earning Per Share (EPS) is calculated by dividing the profits available to common stockholders by the number of outstanding shares. The amount of money generated (return) from each claim, the more excellent Earning Per Share (EPS) value, and the greater the profit or return received by shareholders (Eko Meiningsih Susilowati, 2015). With a high Earning Per Share (EPS), the company will provide significant income opportunities for investors (Talami & Pangemanan, 2015).

State by Pratama & Frawati (2016) that the Net Profit Margin (NPM) by calculating the ratio that describes the amount of net profit earned by the company for each sale made. This ratio represents the company's net profit for each sale because it includes all elements of income and expenses. And capital gains received by shareholders are getting bigger.

The study Application of Criminal Sanctions Against Criminal Acts Humiliation and Defamation Through the Internet where the price of shares with selling or buying price transactions in the securities market is determined by the
forced market depending on the strength of supply or demand for buying and selling or supplying the demand. Aletheari & Jati (2016) state that financial performance assessment measures the company's ability to generate profits from investments made as a profitability ratio. Fundamental analysis is needed that stock price behavior is determined by changes in basic behavior. Company performance variables. Generally, stock prices have a profitability ratio to assess the company's ability to seek profits within a certain period (Kasmir, 2012). Mogonta & Pandowo (2016) stated that the profitability ratio is a ratio that describes the company's ability to earn profits through all existing capabilities and sources such as sales activities, cash, capital, number of employees, number of branches, and so on.

What distinguishes this research is by adding the Net Profit Margin (NPM) variable and the research object on banking companies on the Indonesia Stock Exchange for the period 2017 - 2019. Based on the explanation above, the purpose of this study is to examine the effect of Return On Assets (ROA). Return on Equity (ROE), Earning Per Share (EPS), and Net Profit Margin (NPM) stock prices of banking companies on the Indonesia Stock Exchange for the period 2017 - 2019. This study is expected that general investors can choose stocks with several things you need to know wrong. The other is known from the profitability ratio to the company's financial performance and can provide benefits for related parties.

**Signaling Theory**

Signaling theory was first proposed by Spence (1973) in Scott (2015), explains that the sending party, namely the owner of the information, provides the company or companies in the form of communication that describes a favorable condition for the recipient, namely investors and investors, will balance their behavior against the understanding contained in the signal. Hartono (2016) argues that the information obtained by the company will provide a signal for investors to decide to do so if the announcement is good. The market will react to a positive response when the information is carried out, namely capital. Market participants take action. Purchase of shares of a company to increase the trading volume of shares and the company's share price. Hermanto & Tjahjadi (2021) stated that in conveying financial information to external parties for companies that describe prospects that attract investors to invest in the company, they tend to sell their shares if the opportunity is losing.

**Positive Accounting Theory (PAT)**

According to Watts & Zimmerman (1986) obtained an alternative approach to research in the accounting field known as Positive Accounting Theory (PAT) or positive accounting theory by publishing their research article. Toward a Positive Accounting Theory of Accounting Standard in The Accounting Review in 1978 on positive accounting theory is concerned with predicting actions, such as firms' choice of accounting policies and how firms will respond to proposed new accounting standards. However, Adhikara (2020) explains appropriate accounting with the knowledge and use to explain and predict
accounting practices. Positive Accounting Theory (PAT) is an accounting theory put forward in the literature that can explain accounting practices and anticipate the causes of phenomena that occur now and their effects or impacts in the future (Siallagan, 2020).

Stock Price

Simply put, the stock is defined as a sign of ownership of a person or entity in a company. The stock symbol is a piece of paper explaining that the paper’s owner is the company that issued the document. Buying is interpreted by storing in a different place, namely in the capital market (Muklis, 2016). According to Hartono (2016), the stock price is defined as a stock that occurs in the capital market at a specific time determined by market participants on the demand and supply of related shares in the capital market. The share price is the price of a company’s shares traded on the stock exchange, whose value is determined from the forces of demand and supply (Halimatussakdiah, 2018).

Return on Assets (ROA) is the capital invested in assets needed to generate net income (Sujarweni, 2017). Tampubolon & Saptomo (2020) An increase in Return On Assets (ROA) can also increase the company’s stock price. In this case, it means that Return On Assets (ROA) has a high value in generating profits known to increase the company's stock price.

Where the profit generated by the company increases, the results obtained by the company are high profits, thus attracting investors to conduct stock buying and selling transactions (Watung & Ilat, 2016).

Return on Assets (ROA) measures the overall effectiveness of management in obtaining profits by using available assets. The more assets owned by the company will increase the purchase of shares of investor confidence in the company, increasing the stock price in the market. And has a positive effect on stock prices (Mogonta & Pandowo, 2016).

Based on the description above, the following hypothesis is proposed:

H1: Return on Assets (ROA) has a positive effect on stock prices.

By strengthening the company's performance through efforts to improve financial ratios such as Return On Equity (ROE) and providing more transparent information, investors can use it as a guide in making investment decisions (Wulandari & Badjra, 2019). This is strong because good news can encourage investors to invest in the company.

Increase in Return On Equity (ROE), and shareholders will get high growth so that Return On Equity (ROE) will cause an increase in stock prices so that there is a positive relationship between Return On Equity (ROE) and stock prices (Ani et al., 2019).

According to Ambarwati et al. (2019), Komang et al. (2019), and Wulandari & Badjra (2019) found a positive relationship between an increase in Return On Equity (ROE) which can increase stock prices and the company's stock price.

Based on the description above, the following hypothesis is proposed:

H2: Return on Equity (ROE) has a positive effect on stock prices.

Earning Per Share (EPS) is the amount
during a certain period of each common share outstanding which is calculated by dividing the total period of earnings held by ordinary shareholders by the number of ordinary shares outstanding (Gitman, 2003). According to Alipudin (2016), Earning Per Share (EPS) is income on profits to be obtained by shareholders per each share, and Earning Per Share (EPS) is obtained. It can be used as a signal for investors before investing.

Earning Per Share (EPS) is obtained from comparing net income after tax with the number of shares outstanding. An increase in Earning Per Share (EPS) will increase the stock price so that the company's performance is said to be in good condition (Ani et al., 2019). In the study of Efendi et al. (2016), Watung & Ilat (2016), Alipudin (2016), and Al Umar & Nur Savitri (2020) found a positive relationship between Earnings Per Share (EPS) and stock prices. Al Umar & Nur Savitri (2020) stated Earning Per Share (EPS) could increase the company's stock price.

Based on the description above, the following hypothesis is proposed: H3: Earning Per Share (EPS) has a positive effect on stock prices.

According to Kasmir (2012), the Net Profit Margin (NPM) ratio is used to measure the company's ability to obtain net profit from main operational activities. This ratio is considered adequate because it assesses the company's primary operations as a whole so that many investors believe the balance before deciding to invest in a company. It can be said that the increase in Net Profit Margin (NPM) will affect the level of company performance so that it will improve and can increase stock prices, and with that will lead to investor confidence to invest in the company (Watung & Ilat, 2016).

The higher the Net Profit Margin (NPM) value, the more efficient the company is to get profits from sales. The higher the Net Profit Margin also shows that the company can reduce costs well. Therefore, (Wulandari & Badjra, 2019) states the Net Profit Margin (NPM), where the increase can positively affect the company's stock price.

Based on the description above, the following hypothesis is proposed: H4: Net profit margin (NPM) has a positive effect on stock prices.

Return on Assets (ROA) is an overall management measure in obtaining adequate profits by using available assets. Also, the more support the company owns will increase the purchase of shares of investor confidence in the company making the stock price in the market increase (Mogonta & Pandowo, 2016).

By strengthening the company's performance through efforts to improve financial ratios such as Return On Equity (ROE) and providing more transparent information, investors can use it as a guide in making investments (Wulandari & Badjra, 2019).

According to Alipudin (2016), Dominated that the level of fluctuations (up and down) Earning Per Share (EPS) will affect stock prices. Earning Per Share (EPS) is income on profits that shareholders per share will obtain. Earning Per Share Per Share (EPS) is made and can be used to signal investors before investing. The higher the Net Profit Margin (NPM), will affect the level of company performance. It
Will be better and can lead to an increase in stock prices and with that will lead to investor confidence to invest in the company (Watung & Ilat, 2016). This means that if the Return On Assets (ROA), Return On Equity (ROE), Earning Per Share (EPS), and Net Profit Margin (NPM) variables increase or decrease, it will have an impact on increasing and decreasing share. Price in the company (Purwanti, 2020).

Based on the description above, the following hypothesis is proposed:

H5: Return On Assets (ROA), Return On Equity (ROE), Earning Per Share (EPS), Net Profit Margin (NPM) have a positive effect on stock prices.

METHODS

In this study, there is one dependent variable on stock prices and four independent variables, namely Return On Assets (ROA), Return On Equity (ROE), Earning Per Share (EPS), and Net Profit Margin (NPM). Return On Assets (ROA) is measured by dividing net income by total assets in the company. E. F. Brigham & Joel F. Houston, (2008). Return On Equity (ROE) with ordinary equity and net income on common equity measures the level of ownership of common stockholders E. F. Brigham & Joel F. Houston, (2008). Net Profit Margin (NPM) is calculated by dividing the total net profit earned by the company by each sale made (Pratama & Erawati, 2016). Earnings Per Share (EPS) by dividing the number of ordinary shares produced during a specific period by the number of shares outstanding distributed by dividing the total income available to ordinary shareholders by the number of ordinary shares outstanding (Gitman, 2003).

The research design used is causal research. In the causal analysis using a quantitative approach because this research is about the effect of Return On Assets (ROA), Return On Equity (ROE), Earning Per Share (EPS), and Net Profit Margin (NPM) on stock prices in the capital market by proving the significant influence of the independent variable on the dependent variable (Mogonta & Pandowo, 2016)

The population in this study are companies in the banking sector listed on the Indonesia Stock Exchange. This study uses secondary data in the form of the company's annual financial statements sourced from the official website of the Indonesia Stock Exchange (https://www.idx.co.id). For the period 2017 - 2019. The sample in this study was selected as many as 35 companies for three years, namely 2017 – 2019. The number of financial statements that were sampled in the study was 105 financial statements. Sampling is a sampling technique used by purposive sampling using only certain considerations to obtain a representative sample that is adjusted to the criteria, namely researchers from conventional banking companies that have consecutive positive profits in the annual financial statements.
These multiple linear regression analysis techniques are needed in various decision-making in both policy and management and use SPSS software (Statistical Package for Social Science) version 26. The multiple linear regression equation models in this study are as follows:

Regression of linear equations regression

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where:
- \( Y \): the price of Shares
- \( \alpha \): Constants
- \( \beta_1 \): regression coefficient Return on Assets
- \( \beta_2 \): regression coefficient Return On Equity
- \( \beta_3 \): regression coefficient Earning Per Share
- \( \beta_4 \): The regression coefficient Profit Margin
- \( X_1 \): Values Return On Assets
- \( X_2 \): Value of Return On Equity
- \( X_3 \): Value of Earning Per Share
- \( X_4 \): Value of Net Profit Margin
- \( \epsilon \): Error

RESULTS AND DISCUSSION

In this study, the research object was 35 companies with three years of observation, namely 2017 to 2019. In the normality test of data and classical assumptions, it was proven that each variable had a significance level above 0.05, which means the distribution of standard data and classical assumptions. Normality test in one variable is not always needed in the analysis, but statistical tests' results will be better if all variables are normally distributed. It deserves further testing.
Descriptive statistical analysis provides an overview of the data consisting of minimum, maximum, average (mean), and standard deviation. Statistical analysis tests show that N or the amount of data for each valid variable obtained 78 of 105 price sample data, the minimum value is 73.00, the maximum value is 29100.00 from the 2017-2019 period, the average value is 3081.203081, 20, and the standard deviation value is 4993.12.

Table 2. Test Results Analysis Descriptive Statistics

<table>
<thead>
<tr>
<th>Descriptive statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock price</td>
<td>78</td>
<td>73.00</td>
<td>29100.00</td>
<td>3081.203081</td>
<td>4993.12</td>
</tr>
<tr>
<td>ROA</td>
<td>78</td>
<td>.09</td>
<td>69.0</td>
<td>3.4382</td>
<td>10,6</td>
</tr>
<tr>
<td>ROE</td>
<td>78</td>
<td>.14</td>
<td>20.4</td>
<td>4</td>
<td>8446</td>
</tr>
<tr>
<td>EPS</td>
<td>78</td>
<td>.43</td>
<td>1159</td>
<td>272.272</td>
<td></td>
</tr>
<tr>
<td>NPM</td>
<td>78</td>
<td>2.0</td>
<td>11.6</td>
<td>5.3764</td>
<td>1.72</td>
</tr>
</tbody>
</table>

Valid N (listwise)

Source: Data processed by SPSS 26

An normality test is used to determine whether the data is taken from a normally distributed population or not. Testing for normality using the Kolmogorov Smirnov test shows that the data used in this study is generally distributed asymp sig0.200 level. the number is greater than the significance of 0.05, and the data can be used in testing the regression model.

Table 3. Normality Test Results

<table>
<thead>
<tr>
<th>One-sample kolmogov-smirnov test</th>
<th>Unstandardized residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>77</td>
</tr>
<tr>
<td>Normal parameters¹</td>
<td>Mean .0000000</td>
</tr>
<tr>
<td>Std. deviation</td>
<td>.55401723</td>
</tr>
<tr>
<td>Most extreme differences</td>
<td>Absolute .078</td>
</tr>
<tr>
<td>Test statistic</td>
<td>0.78</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.200c</td>
</tr>
</tbody>
</table>

a. Test distribution is normal
b. It is calculated from data.
c. Lilliefors significance correction
d. Lower bound of the true significance.

Source: Data processed by SPSS 26

Multicollinearity test was used to test whether the regression model found a correlation between independent variables. This multicollinearity test uses the tolerance value. The Variance Inflation Factor test results from the multicollinearity (VIF) of each variable indicate that the Variance Inflation Factor (VIF) value has a research value not more than ten and when viewed from the value tolerance. Has a value of less than 0.1. So, each independent variable in this study is free from multicollinearity in the regression model.

Table 4. Test Results Multicollinearity

<table>
<thead>
<tr>
<th>Coefficients²</th>
<th>Model</th>
<th>collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tolerance</td>
<td>VIF</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data processed by SPSS 26
Test heteroscedasticity was conducted to examine whether the regression model of variance is not the same from one observation to another observation. Based on the scatterplot image, it is known that the points spread in a pattern so that the assumption of no heteroscedasticity can be fulfilled. The heteroscedasticity test in this study shows that the probability (sig) in each regression model used is more significant than 0.05 or 5%, so that it can be stated that there are no symptoms of heteroscedasticity.

The autocorrelation test determines the correlation between disturbance variables so that the estimator is no longer efficient in both small models and large samples. One way to test autocorrelation is the Durbin-Watson experiment. The linear regression model in this study has a positive autocorrelation. Because the data has positive autocorrelation, the authors apply the Cochrane Orcutt transformation. Based on the table, it is known that the Durbin-Watson value of 1.810 is greater than the upper limit (dUL) 1.7407 and smaller than 4-dU (4-1.7407 = 2.2593). The accepted H0 states that there is no positive correlation or negative according to the decision table dU < d < 4-dU or 1.7407 < 1.810 < 2.2593. So it can be said that the linear regression model in this study is free from autocorrelation.

Table 6. Test Results Autocorrelation

<table>
<thead>
<tr>
<th>Model</th>
<th>R Squared</th>
<th>Adjusted R Squared</th>
<th>Std. Error Of The Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>857A</td>
<td>734, 720, 1,81</td>
<td>56,920</td>
<td>0</td>
</tr>
<tr>
<td>Predictors:</td>
<td>(Constant), Lag_Ln_NPM, Lag_Ln_ROE, Lag_Ln_ROA, Lag_Ln_EPS</td>
<td>Dependent Variable: Lag_Ln_Harga Chart</td>
<td>Source: Data processed by SPSS 26</td>
<td></td>
</tr>
</tbody>
</table>

Test Coefficient of Determination Table shows that the correlation R shows the result is 0.857. This indicates that the correlation between ROA (X1), ROE (X2), EPS (X3), and NPM (X4) on the market share price (Y) has a strong relationship.

Table 7. Determination Coefficient Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>R Squared</th>
<th>Adjusted R Squared</th>
<th>Std. Error Of The Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>734, 720, 0, 56,920</td>
<td>857A</td>
<td></td>
</tr>
</tbody>
</table>
The results of the multiple linear regression analysis models based on equality between the independent variables on variables are as follows:

\[ Y = 2.259 + 0.037 \text{ROA} - 0.666 \text{ROE} + 0.820 \text{EPS} + 0.476 \text{NPM} + e \]

The equation can be interpreted: The value (constant) is 2.259. This explains that all independent variables are equal to zero. The predicted price is 2.259. ROA affects stock prices with a regression coefficient of 0.037, which means that the ROA variable has a positive effect on the stock price variable. Under conditions where other variables are constant, if one unit of ROA increases, the price is predicted to increase by 0.037. ROE on stock prices has a regression coefficient of -0.666, which means that the ROE variable is detrimental to the stock price variable. Under conditions where other variables are constant, if one unit decreases ROE, the price is predicted to fall by 0.666. EPS affects stock prices with a regression coefficient of 0.820, which means that the EPS variable has a positive effect on the price variable. Under conditions where other variables are constant, if one unit of EPS increases, the price is predicted to increase by 0.820. NPM affects stock prices with a regression coefficient of 0.476, which means that the NPM variable has a positive effect on the price variable. Under conditions where other variables are constant, if one unit of NPM increases, the price is predicted to increase by 0.476.

The F test is that decision-making on the hypothesis can be done by comparing the calculated F significance value with a research significance level of 0.05. If the significance value of calculated F < 0.05, then this affects the effect between variables as a whole on the statistically significant effect variable. However, if the significance value of F arithmetic > 0.05, the overall impact between variables on the affected variables is not statistically significant. Based on the table, the calculated F significance value is 0.000. Because the significance value of calculated F is less than 0.05, it can be said that the variables simultaneously have a statistically significant effect on the variables. Then it is stated H5 (Hypothesis 5) that ROA, ROE, EPS, and NPM have a simultaneous impact on the stock price of banking companies on the Indonesia Stock Exchange for the 2017 – 2019 period, which are accepted.

**Table 8. Test Results Simultaneous F (Statistic F)**

| Model | Sum of Squares | DF | Mean Square | F | Sig.
|-------|----------------|----|-------------|---|-----
| 1     | Regression     | 64,460 | 4  | 16,1 | 49,7 | 0,00  
|       | Residual       | 23,3 | 72 | 324  |      | 0,00  
| Total | 87,7 | 76 | 87 |      |      |      

a. Dependent Variable: Lag_Ln_Harga Stock  

b. Predictors: (Constant),  
Lag_Ln_NPM Lag_Ln_ROE,  
Lag_Ln_ROA, Lag_Ln_EPS
Analysis of Effect on Asset Return, Return on Equity, Earning Per Share, and Net Profit Margin on Share Price on Banking Company

Source: Data processed by SPSS 26

T-Test to determine whether the regression equation model formed partially by independent variables (X1, X2, X3, and X4) significantly affect the inhibition variable (Y). The t-test shows that ROA partly does not affect stock prices because the results of t count (0.337) < t table (1.996) and the significance level is more significant than 0.05, which is 0.737. ROE is partially detrimental to stock prices because t count (-4.115) > t table (-1.996) and the level is significantly less than 0.05, which is 0.000. EPS partially has a positive effect on stock prices because t count (10.392) > t table (-1.996) and the significant level is 0.05, which is 0.000. NPM partially does not affect stock prices because NPM t count (1.401) < t table (1.996) and the significance level is more significant than 0.05, which is 0.166.

Table 9. Hypothesis T-Test Results (Statistics T)

<table>
<thead>
<tr>
<th>Model Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>2.259, 7.271</td>
<td>311,000,</td>
<td></td>
</tr>
<tr>
<td>Lag_Ln_ROA</td>
<td>037,111</td>
<td>0.36, 337,737</td>
<td></td>
</tr>
<tr>
<td>Lag_Ln_ROE</td>
<td>-538</td>
<td>-4.115,000,</td>
<td></td>
</tr>
<tr>
<td>Lag_Ln_EPS</td>
<td>820,079</td>
<td>1.165, 10.392,000,</td>
<td></td>
</tr>
<tr>
<td>Lag_Ln_NPM</td>
<td>476,340,</td>
<td>1.401, 166</td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent variable: Lag_In_stock price

Source: Data processed with SPSS 26

This study is based on hypothesis 1, where ROA does not affect stock prices is rejected. The results of this study are the same as the research conducted by (Wulandari & Badjra, 2019), which proves that ROA reflects how efficiently the company uses its assets to generate profits. Different from (Egam et al., 2017) that ROA is also caused by investors who only see the ability from within the company to generate profits, but also see risks from outside the company such as tariff increases, politics, inflation, natural disasters, and changes in economic policies so that there is no investor interest in investing.

Based on hypothesis 2, namely, ROE has a negative and significant effect on stock prices, and the results are rejected. The results of this study are the same or consistent with the results of research conducted by (Mogonta & Pandowo, 2016), which means that equity in the company affects a decrease usually follows the market share price of banking companies, an increase in ROE in stock prices because ROE is related to the company’s ability to earn profits clean (Purwanti, 2020). This can happen because investors assess ROE which can lower stock prices. After all, equity has not been used as an investor in determining stock prices.

Hypothesis 3 EPS partially positive and significant effect on the stock price received. The results of this study are the same or consistent with the results of research conducted by Almira & Wiagustini (2020). The higher the EPS, the more...
attractive investors will be to invest so that the stock price rises. EPS represents income on profits obtained by shareholders per share and EPS obtained and can be used as a signal for investors before investing. This is corroborated by empirical evidence conducted by (Alipudin 2016).

Hypothesis 4 when NPM does not affect stock prices, the results are rejected. The results of this study are the same or consistent with Husaini (2012) that the effect of NPM does not indicate that investors in investing do not take into account the NPM variable to predict prices. This happens because the company has not been able to manage NPM properly. It does not measure investors to assess stock prices and interest income which small banks can do because they follow Bank Indonesia interest rates. It is less attractive for investors to use NPM as an indicator in assessing prices share.

CONCLUSION

The research data is 35 companies with banking companies as objects listed on the Indonesia Stock Exchange during 2017 - 2019, so that the research sample is 35 samples, namely 105 companies. This study has partial regression results, which show that ROA does not affect stock prices, ROE does not affect stock prices, EPS has a positive effect on stock prices, and NPM does not affect stock prices. In this study, the author has limitations in using research data samples for three years, namely from 2017 - 2019, and only a few banking companies have complete research variables. For further researchers, it is recommended to increase the research period of 5 years to produce better research and use other variables to overcome profitability in financial statements by adding the variable operating costs to operating income (BOPO). The BOPO ratio measures operational activities in the company if the BOPO value is low. If the company management is inadequate, then the company management successfully carries out its operational activities, thus causing a higher level of profitability, which can affect better financial performance and encourage investors to continue investing their funds to increase the share price.

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