

Cirebon Annual Multidisciplinary International Conference (CAMIC 2024)

DISCRIMINANT STOCK PRICE: FINANCIAL RATIO OF PERFORMANCE

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Abstract- Long-Term Debt to Equity Ratio (LTDER) is a capital structure ratio used to determine the proportion of a company's funding sources. Return On Assets (ROA) is a ratio that measures a company's ability to generate net income based on a certain level of assets. This study examines the effect of Long-Term Debt to debt-to-equity ratio (LTDER) and Return on Assets (ROA) on stock prices. The objects of this research are property and real estate sector companies registered on the Indonesia Stock Exchange (IDX) for the 2017-2021 period. This research method uses quantitative research with secondary data. The population in this study was 83 companies. This sample was taken using the purposive sampling method. There are 11 companies as samples. The data analysis technique used is multiple linear regression and hypothesis testing. The results of this study indicate that the Long-Term debt-to-equity ratio (LTDER) has a non-significant negative effect on stock prices. In contrast, Return on Assets (ROA) significantly impacts stock prices. Simultaneously, it shows that the long-term debt-to-equity ratio (LTDER) and return on assets (ROA) substantially affect stock prices.

Keywords: Capital Structure; Long-Term Debt To Equity Ratio; Return On Assets; Stock Price

I. INTRODUCTION

The property and real estate industry is one of Indonesia's favorite industries because it can significantly contribute to the national economy. Property and real estate companies are among the service company sectors listed as public companies in the property, real estate, and construction sectors on the Indonesia Stock Exchange (IDX). The development of the property and real estate industry from year to year is increasing and moving very fast. The capital market can be used to improve the company's capital structure. The success of the company's processing can be seen from many indicators, one of which is the stock price. The ups and downs of stock prices are interesting because they relate to the company's state. Based on Jakarta news, CNBC Indonesia published on April 08, 2022, explained that a row of Property and real estate

companies experienced a decline in share prices. Property sector stocks on the Indonesia Stock Exchange (IDX) are indeed one of the investors' choices when investing their investment funds in the capital market because they have excellent prospects for growth amid Indonesia's housing backlog (shortage). However, IDX data shows that of the many property issuers (around 60 issuers in the property and real estate subsector), eight shares have recorded declining performance. The profitability ratio shows the company's ability to.

II. METHOD

Our quantitative research aims to determine the effect of the independent variables, long-term debt-to-equity ratio (LTDER) and return on asset (ROA), on the dependent variable stock price. We used an associative quantitative type for this study. To ensure the validity and reliability of our findings, we employed computer aids in the form of software with the SPSS program and Microsoft Excel for data processing. The research title, 'Effect of Long Term Debt To Equity Ratio (LTDER) and Return On Asset (ROA) on the Share Price of Property and Real Estate Sector Companies,' clearly outlines our research focus and approach.

Variable Operations

NO	Variable	Indicator	Measurement	Scale
1	Share Price (Y)	The closing price of daily shares averaged in one year	Average Share Price Natural Logarithm (LN)	Ratio
2	Long Term Debt To Equity Ratio (X1)	Long Term Debt Equity	$LTDER = \frac{Long}{Total}$	Ratio
3	Return On Asset (X2)	Net Income Total Asset	$ROA = \frac{Net In}{Total}$	Ratio

The population in this study consisted of all property and real estate sector companies, consisting of 83 companies listed on the Indonesia Stock Exchange (IDX) 2017-2021. In this study, researchers used a purposive sampling technique, which is a sampling technique with specific considerations (Sugiono, 2019, p. 133). Based on the criteria that have been explained, the sample determination can be seen in Table II as follows :

Sample criteria

No	Description	Those that do not meet	Those that meet the criteria
1	Property and real estate sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2018-2021	(0)	83
2	Companies in the property and real estate sector that have conducted IPOs before 2017	(30)	53
3	Property and real estate sector companies that publish complete financial reports during the period 2018-2021	(13)	40
4	Property and real estate sector companies that earned profits during the 2018-2021.	(26)	14
5	Property and real estate companies experienced declining stock prices during 2018-2021.	(3)	11
	Number of research samples	11	
	Number of research observations $11 \times 5 = 55$		

III. RESULTS AND DISCUSSION

Data Analysis

Descriptive Statistical Analysis Results

Descriptive Statistical Analysis is a statistical method for presenting data in tables or graphs to make it easy to understand. According to (Sugiyono, 2021), Descriptive statistics are statistics used to analyze data by describing or describing the data that has been collected as it is without intending to make general conclusions or generalizations. Descriptive statistics functions to describe the object being studied through sample or population data as it is, without carrying out analysis to make conclusions that apply to the general public. Descriptive statistical testing is a data completion process, so what will be used in this research will normally be distributed. The variables used in this study are the Capital Structure proxy LTDER (X1) Return on Assets (X2) as an independent variable and the Share Price

variable (Y) as the dependent variable. Descriptive statistical testing is the process of completing the data so that what will be used in this study is normally distributed. The following are the Descriptive Test results which include mean, standard deviation, maximum, and minimum.

descriptive statistic result

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
X1	55	,00	11,27	,5833	1,52640
X2	55	,00	,20	,0555	,04811
Y	55	4,00	10,28	6,7695	1,70501
Valid (listwise)	N 55				

Source: Spss Data Output (2023)

Based on Table III above, it is known that the amount of data tested is 55 data from the financial statements studied for five periods. Variable Y, or stock price, has a maximum value of 10.28. The minimum value is 4.00, followed by an average value of 6.7695 and a standard deviation of 1.70501. That means the distribution of variable data Y or stock prices indicates a good value because the standard deviation is smaller than the average value - the average.

The first Independent variable, the LongTerm Debt to Equity Ratio (LTDER), has a maximum value of 11.27, a minimum value of 0.00, an average value of 0.5833, and a standard deviation of 1.52640. That means the data distribution of the LongTerm Debt to Equity Ratio (LTDER) variable indicates a poor value because the standard deviation is greater than the average value.

The second independent variable, namely return on asset (ROA), has a maximum value of 0.20, a minimum value of 0.00, and an average value of 0.0555, followed by a deviation value of 0.04811. That means the data distribution of the Return On Asset variable indicates a good value; this is because the standard deviation is smaller than the average value,

CLASSIC ASSUMPTION TEST

Testing classical assumptions in the regression model used in this research aims to show a good relationship. The classical assumption tests used in this research are normality, multicollinearity, autocorrelation, and heteroscedasticity tests. If the regression problems are not found, the regression meets the requirements. Researchers used software tools to analyze the classic assumption test, namely IBM SPSS version 24.

THE NORMALITY TEST

The normality test determines whether confounding or residual variables in the regression model have a normal distribution (Ghozali, 2018). Two ways to detect this are graphic analysis and statistical tests.

Normality test

One-Sample Kolmogorov-Smirnov Test			
		Unstandardized Residual	
N		55	
Normal Parameters ^b	Mean	,0000000	
	Std. Deviation	1,60259975	
	Most Extreme Differences	Absolute	,090
		Positive	,088
		Negative	-,090
Test Statistic		,090	
Asymp. Sig. (2-tailed)		,200 ^{c,d}	
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. This is a lower bound of the true significance.			

Source: SPSS processed data (2023)

Based on Table IV, the results of the Normality test show that the Asymp Sig (2-tailed) value is above 5% or > 0.05 , which is 0.200. Thus, it can be concluded that the data is normally distributed and can be continued with other classic assumption tests.

MULTICOLLINEARITY TEST

The Multicollinearity Test tests whether the regression model finds a correlation between independent variables (Independent). A good regression model should not correlate with independent variables. If the tolerance value is > 0.1 or the same as the VIF value < 10 , then multicollinearity does not occur (Ghozali, 2018). The following is the multicollinearity test table:

Coefficients		
Collinearity Statistics		
Model		
		Tolerance
		VIF
1	X1	,924
	X2	,924

a. Dependent Variable: Y

Source: Data processed (2023)

Based on Table V, it is known that the Variance Inflation Factor (VIF) Long Term Debt To Equity Ratio (X1) is 1.082, and Return On Asset (X2) 1.082 has a value less than 10. The Tolerance value of Long Term debt-to-equity ratio (X1) is 0.924, and the Return On Asset is 0.924. So, from this explanation, there is no multicollinearity between the independent variables.

The Heteroscedasticity Test aims to test whether, in the regression model, there has been an inequality of variance from the residuals of one observation to another observation. A good regression model is one where heteroscedasticity does not occur. In this research, we used the Park test. As for how to use the Scatterplot graph: Source: SPSS 24 Output Data processed (2023).

park test results

Coefficients					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	-,398	,378		-1,052
	X1	-,073	,153	-,067	-,479
	X2	8,517	4,854	,244	1,755

a. Dependent Variable: LnRes_2

Source: Data Processed 2023

Based on Table VI, namely the heteroscedasticity test using the Park test method, a significant value is obtained between the independent variable and the absolute residual of 0.634 and 0.085, which means that the significant value is greater than 0.05, it can be concluded that there is no heteroscedasticity problem.

AUTOCORRELATION

Autocorrelation test to test whether there is a correlation between confounding errors in period t and period $t-1$ in the regression model (Ghozali, 2018). The following are the results of the autocorrelation test:

Autocorrelation test results

Model Summary					
Model	R	R Square	Adjusted Square	Std. Error of the Estimate	Durbin-Watson
1	,541 ^a	,293	,265	,86130	1,829

a. Predictors: (Constant), LAG X2, LAG X1

b. Dependent Variable: LAG Y

Source: SPSS Processed Data (2023)

Based on Table VII above, it is known that the Durbin-Watson value is 1.829 with the number (n) 55 and the number of independent variables two then ($K = 2$). Then, the DW table will get a dU value of 1.6106; it can be concluded that $1.6106 < 1.829 < 2.389$ ($dU < d < 4 - dU$) can be concluded that there is no positive or negative autocorrelation.

Multiple Regression Analysis

The following table uses multiple regression analysis to determine the effect of the independent variables of Capital Structure (LTDER) and Return On Asset (ROA) on Stock Price.

regression analysis results

Coefficients					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	

I	(Constant)	,862	,120		7,204	,000
	LAG X1	-,018	,059	-,036	-,306	,761
	LAG X2	12,919	2,844	,537	4,542	,000

a. Dependent Variable: LAG_Y

Source: Data Processed (2023)

Based on Table VIII above, it can be seen that the regression analysis produces the following regression model:

$$\text{Stock Price} = 0.862 - 0.018X_1 + 12.919X_2 + e$$

The constant has a value of 0.862, which means that if there is no change in value (X_1 and X_2 are 0) in the Long Term Debt to Equity Ratio (X_1) and Return On Asset (X_2) variables, then the share price value (Y) in the Property and Real Estate sector is 0.862. The coefficient value on the Long Term Debt to Equity Ratio (LTDER) variable is -0.018, which means that the Long Term Debt to Equity Ratio (LTDER) variable shows a negative correlation with stock prices. If the other independent variables are constant and the Long Term Debt to Equity Ratio (LTDER) increases by 1%, the stock price will remain at -0.018 or 0.18%.

The regression coefficient value on the Return On Asset (X_2) variable has a value of 12.919, which means that if the Return On Asset (X_2) increases by 1%, the stock price (Y) will increase by 129.19% units at the constant level. The Return On Asset (X_2) coefficient is positive, which means that there is a positive relationship between Return On Asset (X_2) and stock price (Y). This shows that the more the Return On Asset (X_2) increases, the more the stock price (Y) increases.

HYPOTHESIS TEST

T-TEST (PARTIAL TEST)

This partial test (t test) is conducted to determine whether or not the effect of Capital Structure (LTDER) (X_1) and Return On Asset (ROA) (X_2) on Stock Price (Y) is significant. The following is a table of significant test results with the t-test.

the t-test results

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
I	(Constant)	,862	,120		7,204	,000
	LAG X1	-,018	,059	-,036	-,306	,761
	LAG X2	12,919	2,844	,537	4,542	,000

a. Dependent Variable: LAG_Y

Source: Data processed 2023

Testing the effect of Long Term Debt to Equity Ratio (LTDER) on Stock Price

Based on Table IX, the Long Term Debt to Equity Ratio (LTDER) variable has a significant value of 0.761 > 0.05. Meanwhile, for tcount < table of -0.306 < 1.67303, it can be

concluded that there is an insignificant negative influence between long-term Debt to Equity Ratio (LTDER) and Stock Price. Then H_0 is accepted, and H_a is rejected.

Testing the Effect of Return On Asset (ROA) on Stock Price Based on Table 3.7, the Return On Asset (ROA) variable has a significant value of 0.000 < 0.05. For tcount > table of 4.542 > 1.67303, it can be concluded that there is a significant influence between Return On Asset (ROA) and Stock Price. Then H_0 is rejected, and H_a is accepted.

F-TEST

F (ANOVA) test to determine whether all independent variables, Long Term Debt to Equity Ratio (LTDER) (X_1) and Return On Asset (ROA) (X_2), have a joint influence on Stock Price (Y).

the f-test results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
I	Regression	15,648	2	7,824	10,547	,000 ^b
	Residual	37,834	51	,742		
	Total	53,482	53			

a. Dependent Variable: LAG_Y

b. Predictors: (Constant), LAG_X2, LAG_X1

Sumber : Data Diolah (2023)

Based on Table X above, it can be seen that the Long Term Debt to Equity Ratio (X_1) and Return On Asset (X_2) have a significant value of 0.000 which means 0.000 < 0.05, and obtained an F count value of 10.547 and an F table of 3.16 which means Fcount 10.547 > 3.16 Ftable. So the independent variables Long Term Debt to Equity Ratio (X_1) and Return On Asset (X_2) simultaneously or together significantly affect the dependent variable, namely the stock price, so H_0 is rejected, and H_a is accepted.

IV. CONCLUSIONS

IMPLICATIONS

Based on the results of the conclusion, the implications of this research are as follows:

Based on the conclusion, it proves that the Long Term Debt To Equity Ratio (LTDER) variable has a negative and insignificant effect on stock prices. This shows that if the Long Term Debt To Equity Ratio (LTDER) value increases, it will not affect the decline in stock prices. Long Term Debt To Equity Ratio (LTDER) is the ratio between total long-term debt and total equity or own capital; the more significant this ratio means that the company's long-term debt finances, the more significant the company's operational activities. The company must be able to manage long-term debt by paying debts on time so that the interest expense does not increase.

The t-test results show that partially the Return On Asset (ROA) variable has a significant effect on stock prices. This shows that if the Return On Asset (ROA) value increases, the stock price will increase or increase. Return On asset is a profitability ratio used to measure the company's ability to profit from specific assets. The company must be able to generate profits by optimizing the company's asset assets. Based on the research results, long-term debt-to-equity ratio (LTDER) and return on assets (ROA) simultaneously significantly affect stock prices. A low Return On Asset (ROA) reflects the company's performance.

LIMITATIONS AND SUGGESTIONS

This research has been conducted and implemented following scientific procedures. The limitations of this study are as follows:

The samples used in this study were only 11 companies in the Property and Real Estate sector.

The independent variables used in this study are Capital Structure Proxy Long Term Debt to Equity Ratio (LTDER) and Profitability Ratio Proxy Return On Asset (ROA).

SUGGESTION

Based on the limitations of the research, the suggestions put forward are as follows:

It is hoped that future researchers will increase the number of company samples to serve as research objects.

It is hoped that further researchers will add other variables influencing stock prices, such as Debt to Equity Ratio (DER).

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