The Influence Of Profitability Ratio, Earning Per Share And Exchange Rate On Stock Price In Companies Including The Jakarta Islamic Index On The Indonesia Stock Exchange 2012-2016

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ABSTRACT

Rapid developments in the capital markets currently are the stock price and the companies invested capital in the form of shares, the shares affected by financial or non-financial factors. The one that investors consider in making decisions is to look at the company's economic performance. This research aims to know the influence of financial and non-financial factors on stock prices. The population of this research is a company belonging to the Jakarta Index Officer listed in Indonesia stock exchange Year 2012-2016 sampling purposive sampling technique was done so that the acquired 16 companies were. Results from the research t-test found that the ratio of Profitability, Earning Per Share, and the exchange rate effect has a positive and significant impact on stock price results of research through F-test it has been found that the ratio of Profitability, Earning Per Share. Exchange rates performance simultaneously had and significant effect on the Stock Prices of the company involved in the Jakarta Islamic Index on the Indonesia stock exchange.

Keywords: *Stock Prices, Profitability Ratios, Earning Per Share, and Exchange rate*

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1. Introduction

The Indonesia Stock Exchange (IDX) is one of the fastest-growing stock exchanges, making it the preferred alternative for companies to raise funds. The development of the stock exchange can be seen not only by the increasing number of exchange members but also by changes in the price of the shares traded. The movement of stock prices is in line with the company's performance. If the company performs better, the profit generated from operations will be more significant. Indonesia has two capital markets: the conventional capital market and the Islamic capital market.

Along with the presence of the Islamic capital market, PT. Indonesia Stock Exchange with PT. Danareksa Investment Management cooperates in forming the Jakarta Islamic Index (JII) stock index to realize investors' wishes to invest in shares in sharia. The growth and development of the Islamic capital market industry have increased very rapidly. Many factors can affect the movement of the JII stock index, such as the exchange rate and the level of company profitability.

A critical indicator for investors in assessing a company's prospects in the future is to look at its level of profitability. Company profitability can reflect the benefits of financial investment, meaning that profitability affects company value because internal sources are increasing. The better the company's profitability growth means that the company's prospects in the future are considered to be better, meaning that the company's value will also be assessed as better for investors.

1.1 Formulation of the problem
The author formulates the problem as follows:
1. Does the Profitability ratio affect the stock price of the Jakarta Islamic Index Company?
2. Does Earning Per Share affect the stock price of the Jakarta Islamic Index Company?
3. Does the Exchange Rate affect the stock price of the Jakarta Islamic Index Company?

4. Does the Profitability ratio, Earning Per Share, and Exchange Rate simultaneously affect the stock price of the Jakarta Islamic Index Company?

1.2 Research purposes

The objectives of this study are as follows:

1. To determine the effect of the profitability ratio on the stock price of the Jakarta Islamic Index company.
2. To determine the effect of earnings per share on stock prices at the Jakarta Islamic Index company.
3. To determine the effect of the exchange rate on stock prices at the Jakarta Islamic Index company.
4. To determine the effect of profitability ratios, earnings per share, and exchange rates simultaneously on stock prices at the Jakarta Islamic Index company.

2. Theoretical Framework, Conceptual Framework and Hypothesis

1. Profitability

   Profitability ratios are often also referred to as profitability ratios (Moeljadi, 2006). Profitability ratios are ratios that attempt to measure a company's ability to generate profits, either by using all existing assets or by using its capital.

2. Net Profit Margin (NPM)

   Net Profit Margin Is the ratio between profit after tax and sales, which measures the net profit generated from every rupiah of sales. Besides that, this ratio is also used to calculate the extent to which a company can generate net profit at a certain level of sales. So the higher the net profit margin, the better the company's operational performance (Sawir, 2005).

3. Earning Per Share (EPS)

   Earnings Per Share is a ratio describing the amount of rupiah earned for each common share. Prospective shareholders are interested in large earnings per share, which indicates a company's success (Syamsuddin, 2011:66).

4. Exchange rate

   Foreign currency exchange rates are entrusted to help investors predict what will happen in the capital market, including in Indonesia. For countries with "less strong" currency values, foreign exchange is an investment alternative for people living in that country. Investors can see fluctuations in foreign currency exchange rates with the indicators of the Bank Indonesia Exchange Rate, the Selling and Buying Rates, and the Bank Indonesia Middle Rate; in this study, the indicator used is the Bank Indonesia Middle Rate (Sukirno, 2012)

Based on the various descriptions above, the authors describe a research model to facilitate understanding of the main issues that will be analyzed in this study, namely as follows:
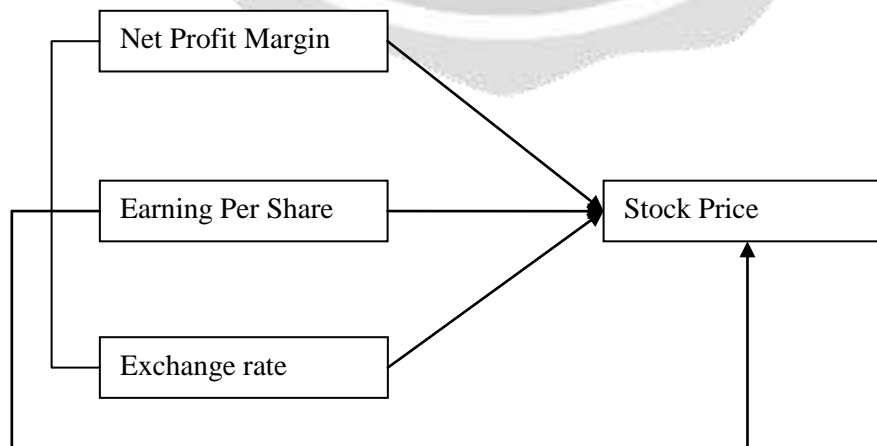
Fig-2: Research Model

The hypothesis put forward in this problem is:

H1   : Profitability ratios have a positive effect on stock prices in companies included in the Jakarta Islamic Index (JII) on the Indonesia Stock Exchange for the 2012-2016 period.

H2   : Earning Per share has a positive effect on stock prices in companies included in the Jakarta Islamic Index (JII) on the Indonesia Stock Exchange for the 2012-2016 period.

H3   : The exchange rate has a positive effect on the stock price of companies included in the Jakarta Islamic Index (JII) on the Indonesia Stock Exchange for the 2012-2016 period.

H4   : Profitability Ratios, Earning Per Share, and Exchange Rates simultaneously influence stock prices in companies included in the Jakarta Islamic Index (JII) on the Indonesia Stock Exchange for the 2012-2016 period.

3. Research Methodology

The research method that will be used in this study is a method with quantitative analysis. Quantitative research emphasizes theory testing by measuring research variables with numbers and analyzing data using statistical procedures

literature study of report data from companies included in the Jakarta Islamic Index listed on the IDX. To obtain this data, researchers took available data from books, websites, literature, articles, journals, reports, and examples of previous studies related to this research.

The population referred to in this study are companies belonging to the Jakarta Islamic Index group listed on the Indonesia Stock Exchange, totaling 30 companies. In this study, the sample was determined by purposive sampling and registered on the Jakarta Islamic Index (JII). The method used in this research is the descriptive analysis method which aims to get an overview of the problem by describing it based on variables. The writer will use the correlation and regression tests to process the data. A correlation test is used to discuss the relationship between profitability ratios, earnings per share, and exchange rates. At the same time, the regression test is used to predict stock prices with profitability ratios, earnings per share, and exchange rates.

4. Research Results

a. Descriptive Statistics

Based on the descriptive statistical analysis, the sample description is obtained as follows:

Table 1. Descriptive Statistical Test Results

Descriptive Statistics

	N	Range	Minimum	Maximum	Mean	Std. Deviation
NPM	80	46.95	2.76	49.71	15.8072	8.60873
EPS	80	1564.43	25.97	1590.40	479.6075	455.53662
NILAI TUKAR	80	4011.58	9380.39	13391.97	11681.8820	1585.77537
HARGA SAHAM	80	42416.00	413.17	42829.17	9622.1544	9861.76599
Valid N (listwise)	80					

Based on table 1 above, the descriptive statistical calculations show that the Profitability Ratio (NPM) of 16 companies for five years during the study obtained an average value of 15.8072 with a minimum value of 2.76 and a maximum value of 49.71 while the standard deviation is 8.60873. The Earning Per Share ratio gets an average weight of 479.6075 with a minimum value of 25.97 and a maximum value of 1590.40 while the standard deviation is 455.53662. Exchange Rates get an average value of 11681.8820 with a minimum value of 4011.58 and a maximum value of 13391.97 while the standard deviation is 1585.77537. and Share Prices get an average value of 9622.1544 with a minimum value of 413.17 and a maximum value of 42629.17 with a standard deviation of 9861.76599

b. Multiple Linear Regression Analysis

Table 2. Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-24178.494	3576.615		-6.760	.000		
	NPM	189.081	77.697	.190	2.434	.017	.993	1.007
	EPS	4271.501	532.905	.637	8.015	.000	.961	1.041
	NILAI TUKAR	.437	.190	.183	2.303	.024	.959	1.042

a. Dependent Variable: HARGA SAHAM

From table 2 above it can be seen the constant value a, the regression coefficient of the variable Net Profit Margin (b1), Earning Per Share (b2), Exchange Rate (b3), which are as follows:

$$Y = -24178.494 + 189.081 b_1 + 4271.501 b_2 + 0{,}437 b_3$$

c.   t-test (Partial Test)

1) The results of the partial test (t-test) between profitability using net profit margin and stock prices show a t-count value of 2,434 with a significant deal of 0.017 which is smaller than 0.05 (<0.05), so that the profitability ratio has a positive and significant effect on stock prices so that H1 is accepted.
2) The results of the partial test (t test) between the ratio of Earning Per Share and stock prices show a calculated t value of 2,303 with a significant deal of 0,000 which is smaller than 0.05 (<0.05) than the Earning Per Share ratio has a positive and significant effect on stock prices so that H2 is accepted.
3) The results of the partial test (t test) between the exchange rate ratio and stock prices show a calculated t value of 8.015 with a significant value of 0.024 which is smaller than 0.05 (<0.05) than the exchange rate ratio has a positive and significant effect on stock prices so that H3 is accepted.

d.   F-test (Simultanous Test)

Table 3. Simultanous Test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2681269282	3	893756427.5	29.640	.000[b]
	Residual	2291644893	76	30153222.28		
	Total	4972914176	79			

a. Dependent Variable: HARGA SAHAM

b. Predictors: (Constant), NILAI TUKAR, NPM, EPS

From the results of table 3, it can be seen that the calculated F value is 29,640 profitability and a significant value of 0,000. Because profitability is less than 0.05 (0.00> 0.5), it can be concluded that together the variables of profitability ratios (NPM), Earning Per Share, and Exchange Rates on stock prices in companies included in the Jakarta Islamic Index (JII) have a significant effect by therefore H4 is accepted.

e.   Determination test (R^2)

Table 4. Determination Coefficient Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.734[a]	.539	.521	5491.19498

a. Predictors: (Constant), NILAI TUKAR, NPM, EPS

b. Dependent Variable: HARGA SAHAM

The results of the multiple linear regression analysis can be seen from the R-Square of 0.539, which indicates that the stock price is influenced by three variables, namely NPM, EPS, Exchange Rate of 53.9%, the remaining 46.1% (100% - 53.9%) stock prices are influenced by other variables or variables that have not been studied and are not included in the regression model in this study.

5. Discussion

a. Effect of Profitability on Stock Prices

Based on the results of research that has been carried out statistically using the SPSS 22 program, it is found that the partial test (t test) shows that the profitability ratio (NPM) affects stock prices. This can be seen from the t-value of 2,434 with a significant value of 0.017 which is less than 0.05 (<0.05). The profitability ratio has a positive and significant effect on stock prices. Thus the profitability ratio (net profit margin) affects stock prices because the high and low net profit margins will affect profit growth. If the NPM decreases, it will have an impact on the decline in stock prices. A decrease in NPM will show that the company cannot generate profit margins, causing investors not to be interested in investing in the company. This research is in line with the study conducted by Seto Agus Nugroho (2017) in his research Analysis of the Effect of Net Profit Margin (NPM), Return On Assets (ROA), and Current Ratio (CR) on Stock Prices in Manufacturing Companies listed on the Indonesia Stock Exchange (IDX) for the 2011-2014 period which stated that Net Profit Margin had a significant positive effect on stock prices.

Based on the results of research that has been carried out statistically using the SPSS 22 program, it is found in the partial test (t test) that the t count is 2,303 with a significant value of 0,000 which is smaller than 0.05 (<0.05), the Earning Per Share ratio has an effect positive and significant to stock prices. EPS shows the profit a shareholder is entitled to get for one share he owns so that EPS gives an idea of how much potential gain can be earned for each share he owns. The higher the EPS, the higher the stock price; this happens because the higher EPS causes the company's value in the eyes of investors to be higher so that more and more investors are interested in the company's shares. This research is in line with the study conducted by Sany Noviri (2014) in his research. The effect of Return On Assets, Earning Per Share, and SBI Interest Rates on stock prices in LQ45 companies states that the EPS variable has a significant positive effect on stock prices.

Based on the results of research that has been carried out statistically using the SPSS 22 program, it is found in the partial test (t test) that the t count is 8.015 with a significant value of 0.024 which is smaller than 0.05 (<0.05), the exchange rate ratio has a positive effect and significant to stock prices. Thus the exchange rate affects stock prices because the rupiah exchange rate against other countries' currencies affects profits as companies that use production materials from abroad, it will cause an increase in the value of debt if the rupiah value against foreign currencies decreases or depreciates and if the rupiah exchange rate The decline will have several impacts that will affect the economy such as reduced domestic income which is a source of funds for developing countries thereby reducing the desire of entrepreneurs to play in the capital market. This research is in line with Puji Witriana's study (2013) in his, research The Effect of Interest Rates and Rupiah Exchange Rates on Changes in Banking Stock Prices which are incorporated in the 2008 LQ45 Index that Exchange Rates have a positive and significant effect on stock prices.

Simultaneously the Independent variable that uses Profitability Ratios, earnings per share, and the exchange rate has a significant effect on the stock price or the dependent variable. This can be seen from the significant value of 0.000 <0.05. so it can be concluded that the independent variable has a significant effect simultaneously on the dependent variable. The results of the multiple linear regression analysis can be seen from the R-Square of 0.539, which indicates that the stock price is influenced by three variables, namely NPM, EPS, Exchange Rate of 53.9%, the remaining 46.1% (100% - 53.9%) stock prices are influenced by other variables or variables that have not been studied and are not included in the regression model in this study.

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