RETURN ON INVESTMENT, DEBT TO EQUITY RATIO, AND DIVIDEND PER SHARE TO SHARE PRICE

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Abstract

The purpose of this thesis is to study the effect of Return on Investment (ROI), Debt to Equity Ratio (DER) and Dividend Per Share (DPS) on stock price of shares in Aneka industry related companies on the Indonesia Stock Exchange, the samples used in the research of Aneka industrial companies registered on the Indonesia Stock Exchange for the period 2015-2019. In collecting data sources and types of data, sources are taken from Aneka industry's financial statements listed on the Indonesia Stock Exchange and types of data are secondary data from Aneka Industrial's corporate financial statements listed on the Indonesia Stock Exchange. To process and analyze data, the writer uses Descriptive Statistical Analysis, Multiple Regression Analysis, Hypothesis Test, and Classical Assumption Test. Based on research results from various ways obtained ROI, DER, and DPS showed a significant or positive effect on the stock prices of Various Industry companies listed on the Indonesia Stock Exchange in 2015-2019

Keyword: Return on Investment (ROI), Debt to Equity Ratio (DER) Dividend Per Share (DPS), Stock Price

INTRODUCTION

The share price is the benchmark of a company on the Indonesia Stock Exchange as business management for investors in order to benefit from investing in Indonesia through the capital market. The capital market is a long-term financial medium can be traded, whether bonds, stocks, mutual funds, warrants or other media. Market capital is another means for companies to get funding for continuous sustainability for the company.

The importance for companies on the IDX, especially in Aneka companies Industrial economy as a mediation of stock investment to other companies in the term long. Investing in stocks in the capital market also attracts investors because with stock investment has the hope of gaining profit With investors then a company will get additional funds for the company's operational activities so that the survival of the company can survive and be able to compete with the company other.

The level of interest of an investor in investing in stocks is influenced by the quality of the value of the shares in the capital market. According to Djazuli, (2006: 51) the level of stocks on company performance which is reflected in the financial performance of a company. As a tool To obtain information and for consideration, investors need data In order to consider the decision to invest, one of which is using report data corporate finance. According to Djazuli, (2006: 54) valid information about financial performance company, company management, macroeconomic conditions and other relevant information can be used to assess other relevant information can be used to assess stocks accurately. Accurate stock valuation can minimize risk as well as help investors get a fair profit, considering the stock investment in the capital market is a type high-risk investment even though it promises relatively large returns. Invest in the market capital needs to pay attention to two things, namely the expected benefits and possible risks happen. This means that in the form of stocks, it promises to be both a big profit and a risk. By therefore the company tries to develop and show better performance in the eyes investors. The growing development of
company development activities certainly requires large enough funds to meet the needs of these funds.

Fahmi, (2015: 137) states what is meant by the ratio of return on investment (ROI) or return on investment is the extent to which the investment that has been invested is able to provide return of profits as expected. And the investment is actually the same with company assets that are planted or placed. Return on investment shows the company's ability to generate profits from assets used. This increase in profit has a positive effect on the company's financial performance in achieving goals to maximize the value of the company which will be responded positively by investors demand for company shares can increase and can increase the company's share price. Modigliani Miller stated that the value of the company will depend only on the profits it makes production by its assets. Brigham and Huston, (2006: 70).

The solvency ratio can be seen from the DER which is the ratio between total debt with own capital provided to pay debts. Based on signaling theory the higher the DER of a company will provide a negative signal for investors and will be a consideration for investors when investing, so that it will has a negative effect on the company's stock price. There is empirical evidence regarding the effect of DER on share prices. One of them is Hery, (2015: 70) who examines ROA, EPS, NPM, DER, and PBV against stock prices.

Information about devden per share is needed to know how much the profit of each share to be received by the shareholders. If dividends per share received increases it will affect the stock price in the capital market Maryati, (2012: 4) said that what is meant by dividend per share (DPS) is the ratio between dividends to be paid by the company in the number of shares. According to Brigham and Huston, (2006: 76) contains information or signaling contained in dividend announcements will provide signals to investors regarding changes in share prices. Researchers chose various industrial companies, because of these companies has an important role for society. Products and services for various industries today has become a community need. From the description above, the researchers are interested in doing research entitled The Effect of Return on Investment, Debt to Equity Ratio, and Dividend Per Share on Miscellaneous Industry companies against share prices listed on the Indonesian stock exchange.

METHOD

Types of research The type of research used in this study is a research method quantitative. Quantitative research is a type of research that basically uses deductive-inductive approach. This approach departs from a theoretical framework, the ideas of experts, as well as the understanding of researchers based on their experiences, then developed into problems and their solutions are proposed to obtain justification or assessments in the form of support for empirical data in the field. According to Paramitha and Rizal, (2018) quantitative research methods are a form the research method used to research on a specific population or sample, collection data using research instruments, data analysis is quantitative / statistical, with the aim to test the predetermined hypotheses of the company's financial statements over the period during the last 5 years, after the data has been collected, what the researcher will do is assess, verify, relate the relationships between variables before establishing the outcome of researchers.

The object in this study is the effect of ROI (X1), DER (X2), and DPS (X3) on Share Prices (Y) in Miscellaneous Industry companies in the 2015-2019 period. The data used by this research is external data, because it is not obtained directly of the company concerned, but researchers get the required data through idx.co.id the official pages of the Indonesia Stock Exchange, rti.co.id, and edusaham.com. The data used by researchers is secondary data. Because the data researchers obtain not from the original source directly but through intermediary media. Who becomes the media The research intermediary is idx.co.id, the official website of the Indonesia Stock Exchange that researchers use for looking for financial reports that researchers will use to find the results of ROI, DER, and DPS, so that researchers can relate these variables to share prices in Miscellaneous Industries on the Indonesia Stock Exchange.
The population in this study were various industries listed on the Stock Exchange Indonesia in the 2015-2019 period. The population in various industrial companies is 45 company. Sampling using purposive sampling with the following criteria: (1) Various industrial companies listed on the Indonesia Stock Exchange. (2) Companies that own earnings data. (3) Miscellaneous Industry Companies that have complete data.

Descriptive statistics are statistics that are used to analyze data in a way describe or describe the data that has been collected as is without intends to make conclusions that apply to generalities or generalizations. Sugiono, (2013). Classic Assumption Test, consist of (1) Normality, according to Ghozali, (2006), "The normality test aims to test whether it is in a model Linear regression of the dependent variable and the independent variable both have a normal distribution or not". A good regression model is one that has a normal or close data distribution normal, to detect the normality of the data tested by the Kolmogorov-Smirnov test. (2) Multicollinearity Test, the multicollinearity approach can be done by looking at the Variance Inflating Factor (VIF) from the results of the regression analysis. If the VIF value> 10 then there are symptoms of multicollinearity. The result is said to be good if there is no high correlation between the independent variables. (3) Auto Correlation Test, the basis for making decisions whether there is authorization or not are as follows: (1) If the DW value lies between the boundary or upperbound (du) and (4-du), then the coefficient autocorrelation = 0, meaning there is no autocorrelation. (2) If the DW value is lower than the lower bound (dl), the coefficient is autocorrelation> 0, means positive autocorrelation. (3) If the DW value is greater than (4-dl), the autocorrelation coefficient means there is autocoleration negative. (4) If the DW value lies between du and dl or DW lies between (4-du) and (4-dl), then the results are inconclusive. Then the last is heteroscedasticity test, this Heteroscedasticity test aims to test whether there is a regression the inequality of variance and residuals observed from the first observed to subsequent observations remains or not. According to Sanusi, (2011), this symptom is tested by arranging regressions between absolute values residual (|= 0.05), then in the regression model there are no symptoms of heteroscedasticity.

This multiple linear analysis technique is used with the aim of examining the effect of the relationship independent variables, namely X1 Return On Investment (ROI), X2 Debt To Equity Ratio (DER), X3 Dividend Per Share (DPS) on the dependent variable, namely Share Price (Y). Testing against hypothesis whether partially done after the regression model used is free from violations. This classical assumption is intended so that the results obtained can be interpreted properly by researchers.

T test is intended to determine the level of significance of each effect independent variable on the dependent variable assuming the other independent variables do not change. According to Sugiono, (2013: 250), using the formula:

\[ t = \frac{r \sqrt{n}}{\sqrt{1-r^2}} \]

Information:
- \( t \): t test value
- \( r \): Person correlation coefficient
- \( r^2 \): coefficient of determination
- \( n \): Number of samples

RESULTS AND DISCUSSION
Based on Table 1, it is concluded: (1) During the study period, the stock price (Y) in various industrial sector companies listed on the IDX the samples ranged from the average value of stock prices of 10 Miscellaneous Industry companies in the 2015 study period up to 2019 amounted to 3,839 while the standard deviation was 11203,776. (2) Average ROI value amounted to 6,890 the size of the spread of the ROI variable was 0.12168 during the 2015 period up to 2019 out of 10 companies studied. This shows that based on value On average it can be concluded that the companies sampled in this study able to generate profits with the assets owned by the company. (3) The average DER value is amounting to 7,3992 the size of the spread of the DER variable is 3,10071 during the period 2015 to
with 2019 of the 10 companies studied. This shows that based on the average value In average, it can be concluded that DER has an effect on stock prices. (4) The average DPS value amounted to 6,298 the size of the spread of the ROI variable was 0.11429 during the 2015 period up to 2019 out of 10 companies studied. This shows that based on value On average it can be concluded that the companies sampled in this study able to generate profits with the assets owned by the company.

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Source: Processed SPSS Output Data

Classic Assumption Test. (a) Normality test, this normality test is carried out in order to test whether it is in a model regression of the dependent variable and the independent variable has a normal distribution or not. Regression model the distribution is normal or near normal. Based on the results, it can be seen that the residual value for stock price data, ROI, DER, and DPS of 0.197, which means > 0.05 significance so that all variables are distributed normal. (b) Multicollinearitiy Test, The VIF value for variable (X1) ROI 1.029 <5 and the tolerance number close to 1, then the variable. ROI can be stated that there are no symptoms of multicollinearity. The VIF value for the variable (X2) DER is 1.027 <5 and the tolerance number approaches 1, then DER variable can be stated that there is no multicollinearity symptom. The VIF value for the variable (X3) DPS 1.002 <5 and the tolerance number close to 1, then the variable DPS can be stated that there are no symptoms of multicollinearity. So, it can be concluded that there is no multicollinearity between the independent variables in regression.

(c) Autocorrelation Test, the detection of autocorrelation can be seen from the Durbin Watson magnitude. In the Model Summary, you can see that the DW number is + 1.741. This means that there is no regression model, (d) autocorrelation, from the scatterplot chart above, you can see the dots spread out randomly, not forming a certain clear pattern, scattered both above and below the 0 on the Y axis. This means that there is no heteroscedasticity in the regression model.

This regression coefficient shows that if there are no variables X1, X2, and X3 then The share price decreased by 494. In the sense that the price was 494 before or without the variables X1, X2, and X3. The ROI regression coefficient (X1) of 0.196 indicates that each variable is added X1 is 1 unit, then the share price will increase by 0.196. The DER regression coefficient (X3) of 0.18 indicates that each addition of DER 1 unit, it will increase the share price by 0.18. The DPS regression coefficient (X2) of 0.399 indicates that each addition of ROE of 1 unit, it will increase the share price by 0.399.

Based on the table above, it is concluded as follows: (1) Based on the results of the t test, value t count of 3.305 with a significance value of 0.002. The value of t arithmetic positive indicates that X 1 has a unidirectional relationship with Y. So it can be concluded that ROI has an effect significant to the share price. (2) Based on the results of the t test, t arithmetic amounted to 1.793 with a significance value of 0.118. The value of t arithmetic negative indicates that X 2 does not have a relationship which is in the same direction as Y. So it can be concluded that DER has a significant effect on price stock. (3) Based on the results of the t test, t count 2.739 to 0.001 signifikasi value. The value of t count A positive one indicates that X 3 has a direct relationship with Y. So it can It is concluded that DPS has a significant effect on stock prices.

By looking at the coefficient of determination adjusted R square = 36.8% shows that Fundamental variables, namely ROI, DER, and DPS have the ability to explain patterns stock price movements of 36.8% while the remaining 63.2% is explained by other independent variables.
The Influence of Variable Return On Investment on Stock Prices, based on the research that has been described in the researcher's Retrun On Investment obtained an opinion that Retrun On Investment has an effect on stock prices. With enough, the Return on investment hypothesis is quite acceptable that Return On Investment affects stock prices. The effect is based on the findings of researchers on the Return On Investment variable effect on stock prices can be seen from the observation of Return On Investment It was found that 17 companies (34%) experienced an increase in financial reports increase. Other findings also include other things such as rising stock prices but Return On Investment down because stock movements are influenced by other variables.

Fahmi, (2015: 137) what is meant by the ratio of return on investment (ROI) or return on investment is the extent to which the investment that has been invested is able to provide return of profits as expected. And the investment is actually the same with invested or placed company assets. Some support research conducted by Aminah (2016) who states that ROI partially has a significant effect on stock prices. Amalia (2010) which states that ROI also affects stock prices. Sajiyah (2016) has a result which states that ROI has a significant effect on stock prices. However there is research that does not support that which has been done by Jayanti (2015) which states that ROI has no effect on stock prices. The Influence of Variable Debt to Equity Ratio on Stock Prices Based on the research described in the Debt to Equity Ratio researchers obtained an opinion that the Debt to Equity Ratio has no effect on prices stock. With enough, the Debt to Equity Ratio hypothesis cannot be accepted, then variable Debt to Equity Ratio has no impact on stock prices. The effect is based on the findings of researchers on the variable Debt to Equity Ratio no effect on stock prices can be seen from the observation of the Debt to Equity Ratio .It was found that 22 companies (44%) experienced an increase in financial reports increase. Other findings also include other things, such as rising stock prices but Debt to Equity Ratio down because stock movements are influenced by other variables.

Huston (2006) Debt to Equity Ratio (DER) is a comparison of development efforts companies with intermediate capital loans or debts. DER is also used to measure the company's ability to cover part or all of its long-term debts as well as in the short term where funds come from total capital compared to the amount of debt. The results of research that support this study were conducted by Amalia (2010) who states that DER has no effect on stock prices. However, there are studies that do not supporting what has been done by Kusuma (2012) which states that DER has an effect against the share price. Another contradictory result was also carried out by Sajiyah (2016) who states that DER has an effect on share prices.

The Influence of Dividend Per Share Variable on Stock Prices, based on the research that has been described on the Dividend Per Share variable. The researcher obtained the opinion that Dividend Per Share has an effect on prices stock. With enough, the Dividend Per Share hypothesis is sufficient it is accepted that Dividend Per Share has an effect on share prices. The effect is based on the researcher's findings on the dividend per share variable effect on stock prices can be seen from the observation of dividends per shareIt was found that 23 companies (46%) experienced an increase in financial reports increase. Other findings also have other things such as rising stock prices but Dividend Per Share down because stock movements are influenced by other variables.Dividend Per Share is the total of all cash dividends distributed to shareholders compared to the number of shares outstanding. Dividend Per Share is used to measure how many rupiahs are given to shareholders from the company's net income for each share. One of the reasons investors buy stocks is to earn dividend Gibson, (2003: 816). The results of this study support the research conducted by Kusuma (2012) who states that DPS partially has a significant effect on stock prices. Aminah (2016) which states that DPS also affects stock prices. Darmyanti (2014) which states that DPS also has a partial effect on stock prices. However there is research that does not support that which has been done by Pratama (2015) which states that DPS has no effect on share prices.
CONCLUSION

Based on the results of the discussion of data analysis through proving the hypothesis of issues raised regarding the factors that affect share prices on textile companies listed on the IDX in 2009-2011 which have been described in Chapter IV, then conclusions can be drawn from this research as follows: (1) Partially ROI variable affects stock prices at Aneka companies Industries listed on the IDX 2015-2019. (2) In this research, the DER variable does not affect the company's stock price Various Industries listed on the IDX in 2015-2019. (3) Partially the DPS variable has an effect on stock prices at Aneka's company Industries listed on the IDX 2015-2019.

REFERENCES


