STOCK SPLIT AND LEVERAGE ON STOCK PRICES MANUFACTURING COMPANIES

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Abstract

This study aims to examine the Stock Split and Leverage of share prices in consumer goods Manufacture industry companies listed on the Indonesia Stock Exchange. The research method used is quantitative descriptive method. The sampling technique was carried out using the purposive sampling method and obtained a sample of 33 consumer goods industry companies listed on the Indonesia Stock Exchange in the 2016-2018 period. Data analysis used in this study was multiple linear regression. The results showed that the stock split variable had a significant effect on the direction of a positive relationship with the company's stock price on the Indonesia Stock Exchange. The leverage variable has a significant effect on the direction of the negative relationship with the company's stock price on the Indonesia Stock Exchange. R square value shows the contribution or contribution of the independent variables (Stock Split and Leverage) included in the regression equation to the fixed variable (Share Price) is 76.5%, while the other 23.5% is influenced by other variables not included into this study.

Keywords: Stock Split, Leverage, Stock Prices

INTRODUCTION

In the current era of globalization, economic activities that are of great interest to the public are investment, which is expected to have benefits in the future, one of which is investment activities or commonly known as investing. This activity is necessary the existence of such a forum can be called the capital market as the development of the capital market investment too institutions have increasingly needed economic and financial functions by the community as an alternative media and gathering of investors who transact on trading floor.

A stock split can be illustrated, for example, the nominal value of one share is divided into two, so that there are two shares, each of which has a nominal value of half of initial nominal. With the stock split, investors will receive an additional amount shares but the proportion of ownership of the company has not changed. The market price of these shares will decrease so that the total value of the shares held remains the same. In the absence changes in share value, in this case the stock split means that it has no value economical. The reason for the company to implement a stock split policy is to protect it its stock is in the optimal trading range and to carry and convey information relating to investment opportunities in the form of an increase profit and cash dividends. Companies can use only good prospects able to bear these costs. On the other hand, companies with poor prospects, but still tries to give invalid signals via Stock Split, then the company will not be able to bear these costs, so the stock split it will only reduce the price of the security.

According to Kasmir (2011: 115) the solvency ratio or more commonly known as the leverage ratio is the ratio used to measure the extent to which the company's assets are financed debt. The use of this ratio provides many benefits both with low yield and high for the company. In fact, among investors there are two assumptions that First, the Stock Split causes the stock price to decline so that it attracts many investors small for investment. Second, a certain price level does not necessarily guarantee a Stock Split was successful. Leverage ratio is the ratio used to measure
the extent of assets company financed with debt. The use of this ratio provides many benefits both with both low and high yields for the company. Investors here are people who buy shares to own the company with the hope of getting dividends and capital gains in long term, while speculators are people who buy shares for immediate sale returns when the exchange rate situation is considered to be the most favorable as it is known that stocks provide two kinds of income, namely dividends and capital gains.

In the results of previous studies, there are results similar to the results obtained in the study. However, there are still inconsistencies in the results of previous studies on influence Stock split and leverage on stock prices relevant research has been conducted by Fortuna (2010) stock split is usually done after a certain share price has increased which is quite significant and is usually followed by a positive reaction from the market after the announcement.

The contradictory research shows that the stock share has no effect on Share prices were carried out by Hendrik Prasetyo (2016) in his study of Stock Split against Prices Shares in Go Public Companies on the Indonesia Stock Exchange show that in stock split has no effect on stock prices. Research on Leverage is also relevant to previous research by Hanie & Saifi (2018) with the research title The Effect of Liquidity Ratios and Leverage Ratios on Stock Prices (Studies on Lq45 Index Companies for the 2014-2016 Period). The results show that There is a partial effect of the liquidity ratio and leverage ratio on stock prices. As for conflicting previous research conducted by Ariyanti (2016) research entitled Effect of Profitability and Leverage on Stock Prices (Chest Study of Construction Companies and Buildings Listed on the Indonesia Stock Exchange for the Period 2011-2014) show results that partially, EPS is a variable that has a positive and significant effect on stock price, meanwhile ROE, DR and DER variables partially have no effect significant to the share price.

METHOD
This type of research is a quantitative descriptive research. This research is a Stock Split variable measured by $HT = \frac{hc}{n}$ and $JSB = JSL \times xn$, variable leverage as measured by the Debt Assets Ratio (DAR) and the variable share price represented by the ratio of Price Book Value (PBV) contained in the Manufacturing company listed on the Indonesia Stock Exchange (IDX). In this study, using secondary data types for which data is collected by data collection agencies and published to the general public data users. This secondary data is in the form of financial statements of manufacturers listed on the Exchange Indonesian Stock Exchange (IDX) which has been published. Sources of data used in this study through IDX (Indonesian Stock Exchange) which is the official website (site) of the Stock Exchange Indonesia (IDX) https://idx.co.id/

The population in this study were all manufacturing companies listed on the Stock Exchange Indonesia (IDX) during the study period, namely 2016-2018. Total population in The study was 60 companies. The sampling technique used in this study namely the purposive sampling method. The purposive sampling method resulted in a sample of 33 companies that meet the sample criteria, so the total observations in this study as many as 99 companies. The data analysis step of this research consists of the Classical Assumption Test, Multiple Linear Regression Model and Hypothesis Testing.

RESULTS AND DISCUSSION
Classical Assumption Test Results
Normality test, based on the output results obtained from the graphical normality test, it shows that the dots is near the horizontal line. It can be concluded that the regression model is normally distributed, so normality requirements have been met. Besides using the Normal PP Plot method, to test the bias normality test also uses the Kolmogorov-Smirnov method. The condition of this test is if sig value is greater than 5%, it can be concluded that the residual spread is normal and if sig less than 5%, it can be concluded that the residual spread is not normal. The Asym value.
Sig. (2-tailed) of 0.116, which means that the residuals spread normal because the sig value is more than 0.05.

Tolerance value of Stock variable Split by 0.989; Leverage variable is 0.999. From the results of each Tolerance value it shows that the Tolerance value is more than 0.10 which means that it does not happen multicollinearity. Meanwhile, the VIF value of the Stock Split variable was 1.201; Leverage variable amounting to 1.001. Each VIF value is less than 10, thus indicating that it is not there are symptoms of multicollineiteritas.

The results of the autocorrelation test above can be seen that the DW number is 2.155, whereas from the DW table with significance and amount of data (n) = 99, k = 2 (k is the number independent variable) obtained dL value of 1.6317 and dU of 1.7140, obtained value d U <d <4- d U or 1.7140 <2.155 <2.286, so the result is no autocorrelation problem. From the scatterplot results in Figure 1. above, you can see the dots are randomly scattered (without a pattern) either above or below the number 0 on the Y axis, which means that assumption heteroscedasticity is met (homogeneous residual variety).

Multiple Linear Regression Coefficient for this study is \( Y = -12.248 + 0.939SS - (22.673) LEV + e \). The equation above shows that the stock split variable has a coefficient in a positive direction and the leverage variable has a coefficient in a negative direction. Description of linear equations multiplied above are: 1) Constant (a), if all independent variables change, then the Share Price negative. 2) Stock Split has a value of 0.939, meaning that any increase in Stock Split will occur experienced an increase in the share price. 3) Leverage has a value of -22.673, meaning that every increase in leverage will decrease Stock price.

The coefficient of determination ( R square ) is 0.765. These results explain the contribution or contribution of the independent variables ( Stock Split and Leverage ) which are included in the regression equation for the fixed variable (Price Shares) amounted to 76.5%, while the other 23.5% were influenced by other variables not included in this study.

The results of the t test for each variable are as follows: 1) Stock Split has a sig value of 0.000 <0.05; where there is a partial conclusion Stock Split has a positive and significant effect on stock prices . 2) Leverage has a sig value of 0.039 <0.05; where it can be concluded that Leverage has a negative and significant effect on stock prices.

Effect Of Stock Split On Stock Prices. Based on the results of the stock split test, it has a positive and significant effect on stock prices. The results of this study indicate that there is a signaling theory effect which states that stock split announcement is considered a positive signal for the company (Hartono, 2014). In line with the statement (Taendelilin, 2015) which states that the stock split event can increase the stock price because the stock split event shows a signal of optimism future management of the company. Shareholders can pick up on positive signals regarding company performance. The results are consistent with the Trading Range Theory that stated that the stock split was carried out because there was a motivation from the practitioner who believed it that the stock price has an optimal value. Liquidity Theory also states that stock the split will cause the share price to be more affordable and attractive to investors, so that the stock becomes more liquid. Stocks that are easier to trade on the stock market and through the market mechanism will cause the share price to increase. Result This study is not in line with research conducted by Fortuna (2010).

The Effect of Leverage on Stock Prices. Based on the test results, leverage has a negative and significant effect on prices stock. The projected leverage of the Debt to Asset Ratio has a negative effect on stock price. Debt to Assets Ratio is a measure used in analyzing reports finance to show the amount of collateral available to creditors. According to Sartono (2010: 121) the higher the Debt Ratio , the greater the risk faced, and investors will ask for a higher profit rate. A high ratio indicates proportion low own capital to finance assets, this will be responded negatively by the investors in the capital market. This means that the higher the DR of a company, the share price The company will be lower, because the cost of debt is getting bigger reduce the profitability.
of the company. The decline in company profits will cause investor demand for these shares also diminishes, which then will causing stock prices to decline.

CONCLUSION
Based on the results of data analysis, hypothesis testing and the discussion described in the previous chapter, it can be concluded that the results of hypothesis testing are concluded with the t-test (partial) which shows that the purpose of this study is to find out the effect of Stock Split and Leverage on Stock Prices. Based on research results and discussion, it can be concluded that the research results show that the Stock Split and Leverage has a significant simultaneous effect on stock prices. Based on the results In testing, the sig value of Cash Turnover on the coefficients table is 0.000 (sig smaller than alpha (α) = 0.05) so that the H1 result is accepted, which means that partially, there is a positive and significant effect between Stock Split and Stock Price. Based on the test results, the sig Cash Turnover value in the coefficients table is the result amounting to 0.039 (the sig value is smaller than alpha (α) = 0.05) so that the H1 result is accepted which means that partially there is a negative and significant influence between Leverage to Share Price

REFERENCES