Journal of Management and Digital Business, 1(2), 2021, 64-72
Available at: https://journal.nurscienceinstitute.id/index.php/jmdb
EISSN: 2797-9555

The analyze of LQ45 companies stock price in 2018-2020

Almira Santi Samasta[1*], Selvia Puji Lestari[1], Tiara Daffa Arsanda[1]
[1] Universitas Dian Nuswantoro, Semarang, Indonesia

*) Corresponding Author (e-mail: almirasanti@dsn.dinus.ac.id)

Abstract
This study aims to analyze how much Earning Per Share, Debt to Equity Ratio, and Return on Equity to stock prices in companies indexed by the 2018-2020 LQ45 period. The population of this study is the LQ45 companies that are consistently indexed in 2018-2020. The sample of this study uses purposive sampling. The sample in this study was 35 companies. The type of data used is secondary data derived from a summary of financial statement records. The analysis technique uses multiple linear regression analysis. The results of the study found that Earning Per Share had an effect on stock prices, while Debt to Equity Ratio and Return on Equity had no effect on stock prices for LQ45 indexed companies consistently in the 2018-2020 period.

Keywords: Stock Price, Earning Per Share, Debt to Equity Ratio, Return On Equity.

Abstrak
Penelitian ini bertujuan untuk menganalisis seberapa besar *Earning Per Share, Debt to Equity Ratio* dan *Return on Equity* terhadap harga saham pada perusahaan yang terindeks LQ45 periode 2018-2020. Populasi penelitian ini adalah perusahaan LQ45 yang secara konsisten terindeks tahun 2018-2020. Sampel penelitian ini menggunakan purposive sampling. Sampel dalam penelitian ini sebanyak 35 perusahaan. Jenis data yang digunakan adalah data sekunder yang berasal dari ringkasan catatan laporan keuangan. Teknik analisis menggunakan analisis regresi linier berganda. Hasil penelitian menemukan bahwa Earning Per Share berpengaruh terhadap harga saham, sedangkan *Debt to Equity Ratio* dan *Return on Equity* tidak berpengaruh terhadap harga saham untuk perusahaan terindeks LQ45secara konsisten periode 2018-2020.

Kata kunci: Harga Saham, Earning Per Share, Debt to Equity Ratio, Return on Equity.

How to cite: Samasta, A. S., Lestari, S. P. ., & Arsanda, T. D. (2021). The analyze of LQ45 companies stock price in 2018-2020. *Journal of Management and Digital Business*, *1*(2), 64-72. https://doi.org/10.53088/jmdb.v1i2.142

1. Introduction

The development of the business world always creates market changes and increases competition between companies. The increased competition requires companies to sell their shares to the capital market (Capital Market). This situation then becomes the basis for all companies to maximize shareholder profits, although this is not easy to do because stock prices fluctuate every day. Fluctuations are normal for stock prices, not least for company shares indexed by LQ45. An LQ45 index is a group of companies that have good market capitalization and the most liquid stocks. Based on this, the shares of companies incorporated in the LQ45 index have a high transaction value (Mirzaldi et al., 2021). However, reality shows no guarantee for the most liquid stocks on the Indonesia Stock Exchange, such as the LQ45 index shares. The LQ45 index in

2017 decreased due to Capital Outflow of foreign funds, which is a condition where foreign investors tend to shift their funds to the bond market. Although there was a transfer of funds that caused a decrease in the LQ45 index by foreign investors to the bond market, several issuers on the Indonesia Stock Exchange (IDX) were recorded to have a Debt to Equity Ratio of above 100% (Sumani, 2020).

Earning Per Share is a ratio widely considered by potential investors because Earning Per Share information is considered the most basic and can describe the company's future earning prospects. Company management, common shareholders, and prospective shareholders are generally interested in Earning Per Share because this describes the amount of rupiah earned for each share of common stock (Gunarto & Sembel, 2019). Research conducted by (Angela & Masjud, 2018) found that companies that are members of LQ45 for the 2014-2018 period have Earning Per Share which affects stock prices. Meanwhile, research conducted Tamuunu & Rumokoy (2015) on the stock prices of companies incorporated in LQ45 for the 2012-2015 period found that Earning Per Share has an effect on stock prices. The Debt-to-Equity Ratio figure shows that the capital structure prioritizes debt over its capital. The implication of the Debt-to-Equity Ratio is that shareholders can maintain control over the company with limited investment, the risk of the company mainly lies with creditors, and the return on the owner's capital is getting smaller. Based on Table 1, 25 companies indexed to LQ45 have a declining Debt to Equity Ratio during the 2018-2020 period. The decrease in Debt to Equity Ratio shows that stock returns increase because the company's ability to earn profits is inversely proportional to stock returns (Nasarudin & Anggraini, 2019). This is supported by Inezwari (2019) and Nuroniyah et al. (2018) finding that the Debt to Equity Ratio has an effect on stock prices, but opposite with Basarda et al. (2018) states the Debt to Equity Ratio does not affect stock prices. They are arranged based on the results of previous studies to conclude that the second hypothesis of this study is that the Debt-to-Equity Ratio affects stock prices.

Table 1. Debt to Equity Ratio, Earning Per Share, Return on Equity

No	Code	*Debt to Equity Ratio*			*Earning Per Share*			*Return On Equity*		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
1	ADHI	2.25	2.69	3.40	130.59	88.49	57.69	9.01	5.79	3.70
2	ADRO	0.78	0.72	0.67	65.74	140.56	204.71	4.50	9.00	13.11
3	AKRA	1.09	0.96	0.95	262.36	253.22	254.40	14.53	12.97	12.83
4	ANTM	0.66	0.63	0.70	(59.96)	2.70	(13.79)	(7.87)	0.35	(1.84)
5	ASII	0.94	0.87	0.89	357.31	374.37	466.39	12.34	13.08	14.82
6	BBCA	5.60	4.97	4.77	730.83	835.76	683.09	20.12	18.30	13.21
7	BBNI	5.26	5.52	5.79	486.18	608.02	730.16	11.65	12.78	13.65
8	BBRI	6.76	5.84	5.73	1029.53	1061.88	235.08	22.46	17.86	17.36
9	BBTN	11.40	10.20	11.06	174.91	247.30	285.88	13.35	13.69	13.98
10	BMRI	6.16	5.38	5.22	871.50	591.71	442.28	17.70	9.55	12.61
11	BSDE	0.63	0.57	0.57	122.17	105.86	268.45	10.64	8.37	17.70
12	HMSP	0.19	0.24	0.50	2227.36	215.40	0	32.37	37.34	30.17
13	ICBP	0.62	0.56	0.56	514.62	308.73	260.82	17.84	19.63	15.34
14	INCO	0.25	0.21	0.20	74.49	2.58	(20.82)	2.75	0.10	(0.84)

No	Code	Debt to Equity Ratio			Earning Per Share			Return On Equity		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
15	INDF	1.13	0.87	0.92	338.02	472.02	373.29	8.60	11.99	9.39
16	INTP	0.16	0.15	0.14	1183.48	1051.37	382.07	18.25	14.81	5.83
17	JSMR	1.97	2.27	3.31	213.14	243.97	273.91	10.67	11.04	11.40
18	KLBF	0.25	0.22	0.22	42.76	49.06	37.96	18.81	18.86	13.66
19	LPKR	1.18	1.07	1.00	44.38	53.18	37.45	5.41	5.56	3.29
20	LPPF	2.52	1.62	1.33	610.31	692.17	653.57	160.99	108.86	81.92
21	MNCN	0.51	0.50	0.50	83.05	95.87	78.58	13.35	15.63	12.44
22	MYRX	0.31	0.40	0.43	0.91	0.85	0.46	0.23	1.13	0.53
23	PGAS	1.15	1.16	0.97	242.58	168.67	80.00	13.32	9.73	4.64
24	PTBA	0.82	0.76	0.51	883.59	870.69	1139.62	21.93	19.18	20.64
25	PTPP	2.74	1.89	1.83	174.62	185.72	180.39	16.52	10.67	8.95
26	PWON	0.99	0.88	0.83	29.08	36.97	32.03	14.81	16.16	12.51
27	SCMA	0.34	0.30	0.21	104.20	102.65	74.80	44.57	40.78	23.54
28	SMGR	0.39	0.45	0.57	762.28	762.30	246.09	16.49	14.83	4.88
29	SRIL	1.83	1.86	1.78	43.88	42.90	34.28	20.11	17.93	12.67
30	SSMS	1.30	1.07	1.23	(2.75)	62.12	25.10	19.35	17.13	6.50
31	TLKM	0.78	0.70	0.72	153.66	171.93	177.80	24.96	27.64	23.53
32	UNTR	0.57	0.50	0.73	1033.07	1341.03	1984.64	7.11	11.98	16.14
33	UNVR	2.26	2.56	2.65	766.95	837.57	918.03	121.22	135.85	135.40
34	WIKA	2.60	1.46	2.12	114.32	135.01	151.18	12.93	9.51	9.27
35	WSKT	2.12	2.66	3.30	77.18	133.58	309.54	10.80	10.81	18.46

Return on Equity measures the company's ability to generate net income based on a specific capital. The increase in this ratio means an increase in the net profit of the company concerned. So, investors can use the Return on Equity indicator as a consideration in choosing shares or investing their capital because this ratio shows that with improved management performance, the company can manage sources of operational financing funds effectively to generate net income so that the company's shares are in great demand by investors. Imansyah & H. Mustafa (2021) found that Return on Equity only affects stock prices specifically for the banking sector with small capitalization values, while banks with large capitalization values have no effect. Takaful et al. (2021) found that Return on Equity had no effect on stock prices in the mining sector. Then, Anjaswati et al. (2021) found that Return On Equity affected the stock price of the manufacturing industry. Finally, Purboyanti & Yogatama (2018) found no effect of Return On Equity on stock prices. They are arranged based on the results of previous studies to conclude that the third hypothesis of this research is that Return on Equity affects stock prices. The purpose of this research is to determine the effect of Earning Per Share, Debt to Equity Ratio, and Return on Equity to Stock Prices.

Figure 1. LQ45 Stock Price 2018-2020

3. Research Method

This research has a conceptual framework that can be seen in Figure 2.

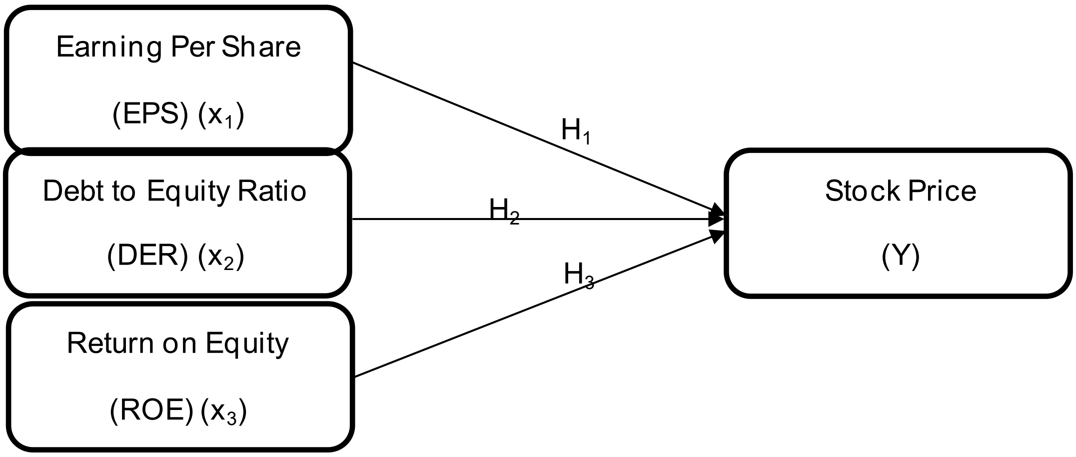

Figure 2. Conceptual Framework

This study has three hypotheses, namely the First Hypothesis (H1) Earning Per Share (EPS) has an effect on stock prices; Second Hypothesis (H2) Debt to Equity Ratio (DER) has an effect on stock prices; Third Hypothesis (H3) Return on Equity has an effect on stock prices. This study uses secondary data as a source of research data. Methods of data collection in this study using the method of documentation and literature study method. The population in this study are companies listed in the LQ45 index on the IDX for the period February to July 2018 and have complete and consistent DER, EPS and ROE reporting in 2017 which are listed in the summary financial statements.

Table 2. Research Sample

No	Code	Name
1	ADHI	Adhi Karya
2	ADRO	Adaro Energy
3	AKRA	AKR Corporindo
4	ANTM	Various Mines
5	ASII	Astra International
6	BBCA	Bank BCA
7	BBNI	Bank BNI
8	BBRI	Bank BRI
9	BBTN	Bank BTN
10	BMRI	Mandiri Bank
11	BSDE	Peaceful Serpong Earth
12	HMSP	HM Sampoerna
13	ICBP	Indofood ICBP Prosperous Success
14	INCO	Indonesian Vale
15	INDF	Indofood Success Makmur
16	INTP	Indocement Tunggal Mighty
17	JSMR	Jasa Marga
18	KLBF	Kalbe Farma
19	LPKR	Lippo Karawaci
20	LPPF	Matahari Department Store
21	MNCN	Media Nusantara Citra
22	MYRX	Hanson International
23	PGAS	National gas Company
24	PTBA	Bukit Asam Coal Mine
25	PTPP	PP Persero
26	PWON	Pakuwon Jati
27	SCMA	Surya Citra Media
28	SMGR	Indonesian Cement
29	SRIL	Sri Fortune Isman
30	SSMS	Sumbermas Sarana Palm Oil
31	TLKM	Indonesian Telecommunications
32	UNTR	United Tractor
33	UNVR	Unilever Indonesia
34	WIKA	Wijaya Karya
35	WSKT	Waskita Karya

This research uses the purposive sampling technique. In this study, there are 35 companies indexed to LQ45, all of which have met the criteria, namely all companies have data on Earning Per Share, Debt to Equity Ratio and Return on Equity and consistently indexed LQ45 from 2015 to 2017. This study uses four variables that consist of three independent variables and one dependent variable. The independent variables consist of Debt-to-Equity Ratio (DER), Earning Per Share (EPS), and Return on Equity (ROE). The dependent variable in this study is the stock price. Earning Per Share (EPS) is a ratio used to determine how much the rate of return on capital for every single share purchased by investors in the capital market. Earning Per Share is calculated using the Earning After-Tax formula divided by the number of outstanding shares. Return on Equity (ROE) is a ratio used to measure the company's ability to obtain profits available to the company's shareholders. Return On Equity is calculated using the Earning After-Tax formula divided by Shareholders' Equity.

Debt to Equity Ratio (DER) is a ratio used to determine the company's risk by comparing earnings after tax and shareholders' Equity. The lower the DER the company owns, the greater its ability to guarantee its debts with its equity-debt to Equity Ratio is calculated using the formula for total liabilities divided by total shareholders equity. Share Price is the price of the stock at closing or referred to as the closing price. The closing price is formed based on transactions between buyers and sellers on the Indonesia Stock Exchange. This study uses multiple linear regression analysis. Before performing multiple linear regression analysis, the variables in this study were first tested for classical assumptions consisting of normality, multicollinearity, heteroscedasticity, and autocorrelation.

4. Results and Discussion

4.1. Results

The object of research used in this study is the LQ45 indexed company for 2018-2020. The first classic assumption test is the data normality test using the one-sample Kolmogorov Smirnov test with a significance value of 0.832. This value is more significant than 0.05, so the data in this study is usually distributed. The second classical assumption test is the multicollinearity test to see whether there is a relationship between the independent variables used in this study. The multicollinearity test results show that Earning Per Share has a tolerance value of 0.360 with a VIF of 2.6, then the Debt-to-Equity Ratio has a tolerance value of 0.280 with a VIF value of 4.357, and Return on Equity has a tolerance value of 0.305 with a VIF value of 4.650, so that the variables in this study do not occur multicollinearity.

The third classic assumption test is the heteroscedasticity test using the glacier test. Based on the Glejser test, it is known that Earning Per Share has a significance value of 0.335, Debt to Equity Ratio has a significance value of 0, 227 and Return on Equity has a significance value of 0.350 where all variables have a significance value greater than 0.05 so that the variables in the study do not occur heteroscedasticity. The fourth classic assumption test is the autocorrelation test, where the autocorrelation test in this study uses the Runs Test. The results of the autocorrelation test showed a significance value of 0.827 which was more significant than 0.05, so that the variables used in the study did not occur autocorrelation.

Table 3. Multiple Linear Regression Analysis

Variable	B	Std. Error	t	Sig.
	1,473	0.708	1.563	0.120
Earning Per Share	0.731	0.210	3.817	0.000
Debt to Equity Ratio	-0.370	0.510	-0.822	0.254
Return On Equity	0.244	0.231	1.051	0.203

Based on Table 4, the regression equation model is obtained as follows:

$$Y = 1.473 + 0.731X_1 - 0.370X_2 + 0.244X_3$$

Based on the regression equation, it can be concluded that a constant value of 1.473 means that if all independent variables are constant, then the stock price is 1.473. The Earning Per Share regression coefficient of 0.731 means that the stock price will increase if Earning Per Share has increased by 1% increased by 73%. Debt to Equity Ratio regression coefficient of -0.370 means that if the Debt-to-Equity Ratio increases by 1%, the stock price will decrease by 37%. The Return on Equity regression coefficient of 0.244 means that if the Return on Equity increases by 1%, the stock price will increase by 24%.

Earning Per Share has a significance value of 0.000 <0.05 so that Earning Per Share affects stock prices. Based on the results of hypothesis testing, it is known that the first hypothesis of this study which mentions that Earning Per Share affects stock prices is accepted. Then, the Debt-to-Equity Ratio has a significance value of 0.254 > 0.05 so that the Debt-to-Equity Ratio does not affect stock prices. Based on the results of hypothesis testing, it is known that the second hypothesis is that the Debt-to-Equity Ratio affects the stock price is rejected. The last is Return on Equity which has a significance value of 0.203 > 0.05 so that Return on Equity does not affect stock prices. Based on the results of hypothesis testing, it is known that the third hypothesis is that Return on Equity affects stock prices is rejected. Adjusted R Square value of 0.670 means that the variables used in this study, namely Earning Per Share, Debt to Equity Ratio, and Return on Equity can explain the stock price of 67% where the remaining 33% is explained by other variables studied.

4.2. Discussion

The results of hypothesis testing indicate that Earning Per Share affects stock prices. This influence means that in investing in stocks, Earning Per Share becomes the primary indicator of investors. When there is an increase in Earning Per Share, the share price will also experience a change in an increase. This data shows that LQ45 indexed companies are the best choice for investors to invest funds because Earning Per Share shows the level of investor interest in the company's stock price. The results of this study support research conducted by Suherman (2017), Ginsu et al., (2017), Hasanah et al., (2017), and Saryadi (2016) who found that Earning Per Share has an effect on stock prices. The results of hypothesis testing indicate that the Debt-to-Equity Ratio does not affect stock prices. This effect does not mean that the Debt-to-Equity Ratio is not the primary indicator for investors to invest in shares of LQ45 indexed companies. Another meaning is, when there is a change in the Debt-to-Equity Ratio, it will not cause the stock price to change, either decrease or increase. This result also shows that investors are more focused on the company's results or income than how the company manages so that it earns income. The results of this study support research conducted by Utomo et al., (2016) and Mogonta & Pandowo (2016) who found that the Debt to Equity Ratio did not affect stock prices.

The results of hypothesis testing indicate that Return on Equity does not affect stock prices. This effect does not mean that when there is a change in Return on Equity, it will not cause a change in stock prices, either in the form of an increase or decrease. This result indicates that investors have a positive perspective on LQ45 companies even though the source of capital used for company operations comes from debt, it will not affect investors' interest in investing funds in LQ45 companies, especially since these companies have high Earning Per Share. The results of this study support research conducted by Pernamasari (2020) and Egam et al., (2017), Aisah & Mandala (2016) which found that Return On Equity did not affect stock prices.

5. Conclusion

Based on the results, this study concludes that Earning Per Share is the primary indicator for investors to invest their funds in LQ45 indexed companies, while the Debt-to-Equity Ratio and Return on Equity does not cause investor interest changes investing their funds in LQ45 indexed companies. Suppose the LQ45 indexed company wants to increase investor interest in investing their funds in LQ45 companies. What must be done is to consistently increase the company's Earning Per Share, wherein the process the LQ45 company must increase the amount of debt and the company's ability to repay the debt is low, it will not reduce the interest or interest of investors to invest their funds in LQ45 indexed companies. Suggestions for further researchers include adding other variables such as Return on Assets, Book Value, and Dividend.

Acknowledgements

The author thanks all participants involved for helping to compile, provide various data and information so that this research can be completed and for the consistent support.

References

Angela, N. K., & Masjud, Y. I. (2018). The Analysis of Stock Price in Tourism Industry Listed in Indonesia Stock Exchange 2014-2018. *JAAF (Journal of Applied Accounting and Finance)*, *2*(2), 153–162.

Anjaswati, T., Salim, M. A., & Wahono, B. (2021). Pengaruh Earning Per Share (EPS), Return On Equity (ROE) dan Net Profit Margin (NPM) terhadap Harga Saham (Studi pada Perusahaan LQ-45 di Bursa Efek Indonesia Periode 2016-2019). *E-Jurnal Riset Manajemen Prodi Manajemen*, *10*(1), 29–38.

Basarda, R. F., Moeljadi, M., & Indrawati, N. K. (2018). Macro and Micro Determinants of Stock Return Companies in LQ-45 Index. *Jurnal Keuangan Dan Perbankan*, *22*(2), 310–320.

Gunarto, A. G., & Sembel, H. M. R. (2019). The Effect Of Macroeconomy On Stock Performance Of LQ45 Companies At IDX. *International Journal of Business, Economics and Law*, *19*(1), 22–29.

Imansyah, S., & H. Mustafa, M. (2021). the Analysis of Financial Ratios Effect on the Stock Price of Consumer Goods Sector Companies Listed in Kompas100 Index. *Dinasti International Journal of Digital Business Management*, *2*(2), 371–384. https://doi.org/10.31933/dijdbm.v2i2.779

Inezwari, D. K. (2019). Relative Valuation Model Analysis Of IDX LQ45 Stocks. *Journal of Applied Finance and Accounting*, *6*(1), 67–96.

Mirzaldi, M. F., Sadalia, I., Irawati, N., & Price, S. (2021). Analysis of Earning Per Share on Stock Prices with Dividend Yield as an Intervening Variable in LQ45 Companies in Indonesia Stock Exchange. *International Journal of Research and Review*, *8*(1), 235–242.

Mogonta, K., & Pandowo, M. (2016). Analyzing the Effect of Return on Assets, Return on Equity and Earnings Per Share on Market Share Price: a Study of Lq-45 Mining Companies Listed on Indonesia Stock Exchange. *Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, *4*(2), 703–713.

Nasarudin, I. Y., & Anggraini, L. F. (2019). The Determinant of Stock Prices : Evidence on Food and Beverage Companies in Indonesia. *Etikonomi*, *18*(1), 143–154.

Nuroniyah, R., Ady, S. U., & Sugiyanto. (2018). Market Anomalies of LQ 45 Companies Stock Return Listed On the Indonesia Stock Exchange. *Ekspektra: Jurnal Bisnis Dan Manajemen*, *2*(2), 103–120.

Pernamasari, R. (2020). Analysis of performance company: Based on Value Added and Financial Statement. *Jurnal ASET (Akuntansi Riset)*, *12*(2), 416–429. https://ejournal.upi.edu/index.php/aset/article/view/28340

Purboyanti, R. T., & Yogatama, A. N. (2018). Pengaruh Earning Per Share, Debt To Equity Ratio Dan Return On Equity Terhadap Saham LQ45. *Jurnal Ilmiah Bisnis Dan Ekonomi Asia*, *12*(2), 66–75. https://doi.org/10.32812/jibeka.v12i2.9

Sumani. (2020). Fundamental Factor Analysis on Stock Returns Based on the Panel Data of LQ'45 Index. *Hasanuddin Economics and Business Review*, *3*(3), 132–139.

Takaful, B., Rinofah, R., & Mujino. (2021). Pengaruh Return on Asset, Return on Equity, Net Profit Margin, Dan Earning Per Share Terhadap Harga Saham Pada Perusahaan Lq45 Yang Terdaftar Di Bursa Efek Indonesia Periode 2014-2018. *Jurnal Ekobis Dewantara*, *4*(1), 11–19. https://doi.org/10.26460/ed_en.v4i1.1766

Tamuunu, S. C., & Rumokoy, F. (2015). The Influence Of Fundamental Factors On Stock Return. *Jurnal EMBA*, *3*(4), 628–636.