The Effect of Return on Equity, Earnings Per Share, Net Profit Margin and Exchange Rate (Exchange) On Stock Prices of Family Companies in The Property and Real Estate Sector

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Abstrak

Tujuan dari penelitian ini adalah untuk menganalisis pengaruh ROE, EPS, NPM dan nilai tukar terhadap harga saham. Penelitian ini dilakukan pada perusahaan keluarga di sektor properti dan real estate yang terdaftar di Bursa Efek Indonesia (BEI) periode 2016-2021. Jumlah sampel dalam penelitian ini adalah 25 perusahaan. Analisis yang digunakan dalam penelitian ini adalah analisis regresi linier berganda. Berdasarkan hasil analisis dapat diketahui bahwa ROE, EPS, NPM dan nilai tukar secara bersama-sama berpengaruh signifikan terhadap harga saham. Hasil penelitian secara parsial menunjukkan bahwa NPM berpengaruh positif signifikan terhadap harga saham, sedangkan ROE, EPS dan nilai tukar tidak berpengaruh terhadap harga saham.

Kata Kunci: *Harga Saham, Return on Equity (ROE), Earning Per Share (EPS), Net Profit Magin (NPM), Nilai Tukar*

Abstract

The purpose of this study was to analyze the effect of ROE, EPS, NPM, and exchange rates on stock prices. This research was conducted on family companies in the property and real estate sector listed on the Indonesia Stock Exchange (IDX) for the 2016-2021 period. The number of samples in this study was 25 companies. The analysis used in this study is multiple linear regression analysis. Based on the results of the analysis, it can be seen that ROE, EPS, NPM, and the exchange rate together have a significant effect on stock prices. Partial research results show that NPM has a significant positive effect on stock prices, while ROE, EPS, and exchange rates do not affect stock prices.

Keywords: Stock Price, Return on Equity (ROE), Earning Per Share (EPS), Net Profit Magin (NPM), Exchange Rate

Introduction

The stock prices listed on the stock exchange have a variable or variable nature, but there are always increases and decreases in stock prices or commonly referred to as stock price fluctuations. The uncertainty of stock prices makes investors cautious in investing their capital. Accurate information is needed to determine the extent of the relationship between the factors that cause the stock price of the company to be purchased to fluctuate (Putri, 2021). The company's internal or external factors can affect the occurrence of stock price fluctuations (Raju, 2017). In predicting stock prices, investors can use fundamental analysis and technical analysis (Wulandari Suarka & Wiagustini, 2019).

The fundamental analysis method is carried out in a top-down manner which is composed of several stages, which include company analysis and macroeconomic analysis. Company analysis is usually done by observing the company's financial performance. Company analysis can be calculated by analyzing the financial statements. A financial report is made in to display company financial news that can be used by company stakeholders in making a decision (Husain, 2021). Financial reports contain some basic information such as financial ratios, cash flows, and also other information that has a relationship to stock prices (Herawati & Putra, 2018). Investors usually use financial ratios to predict stock prices.

Not only internal factors are related to stock prices,but there are factors from external companies that are also considered to influence stock prices (Tony Irawan, 2020). Investors must analyze macroeconomic developments in the country such as exchange rates, inflation rates, and interest rates, before investing in a company. This is done because the conditions of a country can also affect the condition of the company (Noermaidah & Siskawati, 2020). In understanding the country's future economic conditions, investors' ability will influence investment decision-making (Kewal Suci, 2012). The macroeconomic factor that is often associated with the capital market is the exchange rate (Amriyani & Choiriyah, 2018).

Price Waterhouse Coopers (2014) found in the 2014 Family Business Survey that companies can be determined by looking at the owner of the business rights in the hands of the founder or the person/family who runs the business. Company management or control includes at least one family representative. In a public company (Tbk), the founder or heir of the company (or his family) owns 25% of the shares and has at least one family member in the management of the company (board).
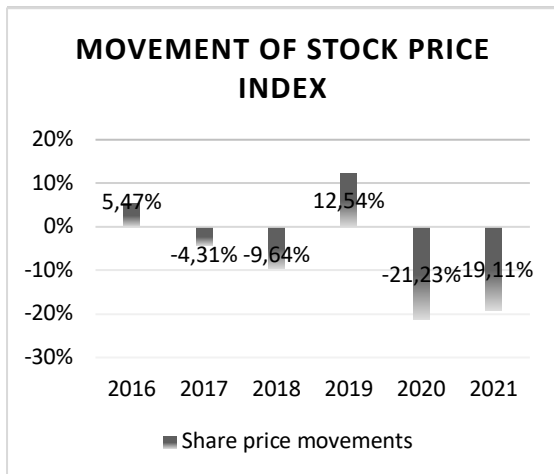
Picture 1
Chart of Share Price Movement in the year 2016 until 2021

Shares of property and real estate companies fell to -21.23% at their closing prices in 2020 (Indonesian Stock Exchange). This decline caused the 2020 Composite Stock Index (IHSG) to weaken. The combined stock price down to 5.09% and the biggest contributors to the decline were the property

and real estate sectors. The decline in the stock price index was due to the spread of Covid-19 in Indonesia which continued to increase. This makes the government quickly take action to prevent the spread of the virus by activity restrictions in public.

Theory
Stock Price
The share price is defined by Ilmiyono (2019) as the value of shares in the capital market. Market participants and the level of demand or supply can determine the price of a company's shares in the capital market at a certain point in time in connection with the occurrence of buying and selling activities. In this study, the stock price is modeled by the closing price.

Return On Equity
Kasmir (2016) defines return on equity as a measure of net income minus taxes and expenses divided by the regime, this shows the extent to which a company is can use capital. Return on equity can explain whether a company can make a profit by maximizing its investment funds. In this study, return on equity is used to compare net income with total equity in the formula:

$$ROE = \frac{\text{Net Profit}}{\text{Total Equity}}$$

Earning Per Share
Earning per share is considered a sufficient ratio for investors to see before investing in a particular company because it is considered basic information that can represent a portion of the company's income. Husaini, (2012) explained that earnings per share are often considered by investors to make decisions in investing in certain companies, this is because this ratio is considered basic information in the company that can explain the company's profits in the future. The formula used to calculate earnings per share:

$$EPS = \frac{\text{Net Profit}}{\text{Number of equity share}}$$

Net Profit Margin
Choiriyah et al. (2021), explain net profit margin (NPM) as a ratio that can calculate the percentage of each income to profit after

deducting all costs. Net profit margin is a measure of the size of a company's profit level in a certain period obtained by comparing net income after deducting taxes and other expenses with the company's sales. Net profit margin is a ratio used to compare net income with sales with the formula:

$$NPM = \frac{Net\ Profit}{Income}$$

Exchange Rates

The exchange rate is defined by Tony Irawan (2020) as a comparison between the value of the domestic currency and the value of other countries currencies. The exchange rate can be said to be the price/value of one country's currency against another country's currency. An increase in the exchange rate of a currency is called appreciation and a decrease in a currency is called depreciation. In Indonesia, since 1977, the exchange rate system has depended on existing market mechanisms. The exchange rate can be calculated by finding the middle value with the formula:

$$Exchange\ Rate = \frac{Selling\ Rate + Buying\ Rate}{2}$$

Hypothesis
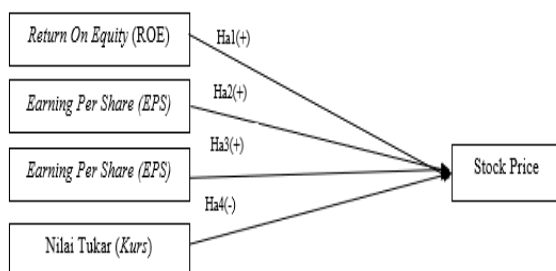
Picture 2
Hypothesis Model

The hypothesis in this study can be seen in the picture above and will be explained as follows:

Ha^1: Return on equity has a positive effect on stock prices.

Ha^2: Earning per share has a positive effect on stock prices.

Ha^3: Net profit margin has a positive effect on stock prices.

Ha^4: Exchange rate has a negative effect on stock prices

Research Method
Types and Sources of Data

The data used in this study is a type of quantitative data. Quantitative data is data in the form of numbers and has been formulated into accurate information in research. In an effort to support research, the data used are secondary data. The data used in this study is secondary, ie data obtained not directly from the object in the study (Arista, 2021).

Data Collection Method

The process of collecting data is carried out using documentation and observation methods. The method of documentation is to record the existing information used in this study and the annual report of the family company. Observation is a way to review and evaluate reviews of previous research.

Population and Sample

The number of companies used the population in this study is 25 companies which are family companies in the property and real estate sector and are listed on the Indonesia Stock Exchange. The sample can be determined through certain criteria to achieve the research objectives, which is called purposive sampling (Dera Astuti, 2018). Based on the decision-making in determining the number of samples, there are 25 companies that meet the criteria.

Research Design

The purpose of the research is to be able to explain the relationship between the variables. These variables are independent and dependent or affected variables. In this study, the dependent variable uses stock prices and the independent variables are the return on equity, earnings per share, net profit margin, and exchange rate.

Results Of Research Analysis
Table 1

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	836,7725	519,4559		1,6109	0,1109
	ROE	-20,5494	207,8337	-0,0161	-0,0989	0,9215
1	EPS	0,3020	0,5821	0,0887	0,5189	0,6052
	NPM	120,1292	33,6856	0,4903	3,5662	0,0006
	Exchange rate	-0,0397	0,0372	-0,0972	-1,0674	0,2888

Coefficientsª

a. Dependent Variable: Stock Price

Multiple linear regression analysis was carried out with the aim of identifying the relationship between the independent variables and the dependent variable and indicating the direction of the relationship between variables. The results of multiple linear regression analysis can be formulated with the following formula:

$$Y = 836{,}7725 - 20{,}5494X_1 + 0{,}3020X_2 + 120{,}1292X_3 - 0{,}0397X_4.$$

Table 2

Model Summaryᵇ

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change
1	0.571ª	0,3260	0,2943	125,8193	0,3260

a. Predictors: (Constant), Exchange Rate, NPM, ROE, EPS

b. Dependent Variable: Stock Price

Analysis of the Coefficient of Determination is used to see how much the independent variable (X) influences the dependent variable (Y) stated in percentage B (Firmansyah, 2019). If R^2 has a smaller value, the possibility of the dependent variable being explained rather than the independent variable is also getting smaller or limited. From the regression results using SPSS 25, the data obtained by Adjusted R square (R^2) of 0.2943 shows that return on equity, earnings per share, net profit margin, and exchange rates affect stock prices by 29.43% and the remaining 70, 57% is explained by other variables.

Table 3

ANOVAª

	Model	Sum of Squares	df	Mean Square	F	Sig.
	Regression	650.784,1295	4	162.696	10	0.000ᵇ
1	Residual	1.345.592,8594	85	15.831		
	Total	1.996.376,9889	89			

a. Dependent Variable: Stock Price

b. Predictors: (Constant), Exchange Rate, NPM, ROE, EPS

Table 3, based on the results of the f-test, obtained a p-value equal to 0.000, which means that it has a value less than 0.05, it can be concluded that at the same time, the variables of return on equity, earnings per share, net profit margin and exchange rates have a significant effect on stock prices.

In this study, the significant value of the return on equity (ROE) table is 0.9215 > 0.05, thus rejecting Ha and accepting H0. The earning per share variable in this study has a significance value of 0.6052 > 0.05 so Ha is rejected and H0 is accepted. In this study, the significance value of the net profit margin variable is 0.0006 <0.05, so Ha is accepted, and H0 is rejected. The significance value of the exchange rate variable in this study is 0.2888 > 0.05, which means it is greater than the p-value, so Ha is rejected, and H0 is accepted.

Conclusion

Based on the theoretical description and research results on the effect of return on equity, earnings per share, net profit margin, and exchange rate on the share price of family companies in the property and real estate sectors listed on the Indonesia Stock Exchange (IDX) for 2016-2021, the conclusions are as follows: The results of research on family companies in the property and real estate sectors listed on the Indonesia Stock Exchange (IDX) for the 2016-2020 period, it can be concluded that the variables of return on equity, earnings per share, and exchange rates do not have a partial effect on share prices in family companies. property and real estate sector listed on the Indonesia Stock Exchange (IDX)

Based on research conducted with the object of family companies in the property and real estate sectors listed on the Indonesia Stock Exchange (IDX) during the 2016-2020 period, it was concluded that net profit margins had a partial and significant positive effect on stock prices. in family companies in the property and real estate sector. listed on the Indonesia Stock Exchange (IDX).

Simultaneously all the independent variables studied (return on equity, earnings per share, net profit margin, and exchange rate) affect stock prices.

Research Limitations
a. This study only took a sample of 25 family companies in the property and real estate sector for the 2016-2021 period so if the number of samples was increased or the sample criteria were changed, the results would be different.
b. This study only uses the variables ROE, EPS, NPM, and exchange rates while there are other factors that affect the share price of family companies in the property and real estate sectors.

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