

The Effect of EPS, DER, and PBV on Stock Price (case study garment and textile which listed at stock exchange)

Humera Asad Ullah khan, Alvin Arifin, Mahmud Yunus

Universitas Bahaudin Mudhary Madura, Sumenep, Indonesia

Email : humeraasadsemm@gmail.com; alfinarivin91@gmail.com; mahmudyunus170693@gmail.com

Abstract. Go Public is a way that can help the company obtain additional capital. But it is not easy to attract investors to be willing to invest in a company. Stock price is often used as a reference in investing. Price of a stock moves up and down to follow the amount of demand or supply on the stock level. Demand is influenced by a variety of information held by the investor. This research purpose to determine the effect of EPS, DER, and PBV to stock price. This research applies certain criteria in determining the sample is often referred to as purposive sampling. This study get 15 corporate issuers engaged in the Garment and Textile registered on the Stock Exchange with the observations in 2015-2018. Linear multiple regression used in this study to answer the research underlying problems. The conclusion of this study is the influence of EPS, DER, PBV simultaneously affect the Stock Price. So the hypothesis is accepted. EPS partially influences the Share Price. So the hypothesis is accepted. DER partially has no effect on stock prices. So the hypothesis is rejected. PBV partially influences the Share Price. So the hypothesis is rejected. In the Garment and Textile companies registered on the Stock Exchange with the observations in 2015-2018. All of independent variables used in this study EPS, DER, and PBV jointly significant for the company's stock price in the field of Garment and Textile is listed on the Stock Exchange with the observation period 2015-2018.

Keywords: EPS, DER, PBV and stock price.

1. Introduction

The financial statements reflect the company's management responsibilities to internal and external parties regarding the company's performance for a period. Based on this financial report, the owners of capital can make an assessment of the company's shares. Information presented in the financial statements has not provided optimal information before further analysis, one of which is in the form of financial ratio analysis. The analysis of financial ratios illustrates an analysis that compares the numbers listed in the company's financial statements. Previously, there have been many studies on stocks, with various variables such as: ROE, ROA, CR, PER, DER, EPS, PBV and many other variables. Research that has been done include : (Indalla, Isni, & Kamilah, 2012)

which concluded that the profitability ratios which include ROE, ROA, EPS and NPM are proven to have a significant influence on the share prices of Cement companies on the IDX. Then the research conducted by (Arviana & Lapoliwa, 2013) shows that EPS, DER, and PBV affect the stock price. In contrast to research conducted by (Zen, 2009) concluded that EPS does not have a significant effect partially on the company's stock prices in the field of property and real estate on the Indonesia Stock Exchange in 2004-2006.

The difference in the results of this study certainly makes the effect of EPS on stock prices interesting to do research. EPS is an indicator that is most often taken into account by investors before making an

investment decision because all the results that can be achieved by the company can have a direct impact on the amount of profits obtained in accordance with the number of shares owned. The level of risk a company has in fulfilling its debt obligations using its own capital is also still often used in considering investment decisions. This level of risk is proxied by a DER ratio which compares the amount of debt held with the total equity of the company. DER has an influence on company performance, the lower the company's DER, the company's performance will improve. This is because the company can use its capital to pay off debt, and the rest is allocated to develop the company's operations.

The more developing and increasing the company's operations, the profits generated by the company will increase. Increased company profits will affect the dividends to be distributed by the company to shareholders. Shareholders will distribute dividends and influence the increase in demand for shares, so that share prices will continue to rise. Based on research conducted by (Itabillah, 2012) and (Ghozali & Faruq, 2012) states that the DER variable also has a significant influence on stock prices. Another financial ratio that has an influence on stock prices is Price to Book Value (PBV), which is a ratio that compares stock prices with book prices. A good PBV value is more than one, which means the price of shares sold on the market is higher than the value issued by the company. The higher the PBV value will cause an increase in stock prices. This is because the selling price of a company's shares continues to increase compared to the book value. If the selling value of a stock in the market continues to increase, many investors will be interested in buying the stock, related to the capital gain that can be obtained when selling the stock.

Increased demand for a company's shares, will cause an increase in the price of these shares. According to research proves that the PBV variable has a significant effect on stock prices. Several research studies on the effect of financial ratios on stock prices have been carried out. (Kusumawardani, 2010) in his research proved that EPS, PER, ROE, DER, ROA have a significant influence on stock prices. While based on research conducted by , it proves that EPS, DER, and PBV have a significant influence on stock prices. Market ratios reflect investors' views of the company's overall outlook. (Husnan & Suad, 2001) writes that with the development of the capital market, especially in Indonesia, resulting in all relevant information can be used as input or basis for consideration in valuing a stock price. Related to the description above, this study was conducted to examine the effect of EPS, DER and PBV on stock prices.

A. Stock

Stock is a sign of ownership or ownership of a person or legal entity in a company or limited liability company. According to (Rahardjo, 2012), shares are the rights of a portion of a company, for example shares that are in a Limited Liability Company (PT), or a proof of capital participation or participation of a company. Shares can be categorized and divided into 2 shares, namely:

[1] Common Stock

Common stock has the following characteristics: a. Dividends are paid as long as the company makes a profit. b. Has voting rights (one share one vote). c. The right to obtain a share of the company's wealth if it goes bankrupt is done after all company obligations have been paid.

[2] Preferred stock

Preferred stock has the following characteristics: a. Having the first right to receive a dividend. b. Do not have voting rights. c. Has influence on company management. d. Have a maximum payment of the face value of the shares in advance after the creditor if the company is liquidated. e. The possibility of obtaining additional from the distribution of company profits in addition to income received regularly.

B. Financial Ratios

Financial Ratios Company analysis can be done using financial ratio analysis (Tandelilin & Eduardus, 2010). Ratio analysis is a number that shows the relationship between elements in the financial statements (Sunariyah, 2006). Financial ratios are divided into five types of categories (Ghozali & Faruq, 2012), namely:

1. Liquidity Ratios

Liquidity ratios are ratios that measure a company's ability to meet short-term debt. The higher availability of short-term assets will affect the company's ability to better fulfill its obligations. According to (Stella, 2009), included in the current ratio liquidity ratio and quick acid ratio.

2. Activity Ratio

Activity ratio is used to measure the speed of various accounts that can be converted as sales or cash in and cash out. The activity ratio consists of Total Asset Turnover, Fixed Asset Turnover, Accounts Receivable Turnover, Inventory Turnover, Average Collection Period (day's sales in account receivable) and day's sales in inventory.

3. Profitability Ratios

This ratio is used to measure the ability of analysts to evaluate a company's profitability with a certain level of sales, a certain level of assets, and investment from the owner. Profitability ratios include operating profit margin, return on assets, earnings per share, gross profit margin, net profit margin, and return on equity.

4. Solvency Ratio

This ratio is used to measure a company's ability to survive for a long period of time (Kieso, 2010). The solvency ratio consists of Debt Ratio, Interest Coverage Ratio, and Fixed Charge Coverage Ratio.

5. Market Ratio

This ratio has a relationship with the market value of a company as measured by the current stock value, or using a certain accounting value. This market ratio consists of: price earning ratio, book value per share, and price to book value..

C. Earning Per Share

Earnings per share (EPS) is the number of earnings per share outstanding from company shares. In the United States, the Financial Accounting Standards Board (FASB) requires the company's income statement to report EPS for each major category of the income statement: continuing operations, discontinued operations, extraordinary items, and net income (Husnan & Suad, 2001).

D. Debt Equity Ratio

Debt Equity Ratio (DER) is a ratio that compares the amount of debt to equity. This ratio is often used by analysts and investors to see how much the company's debt compared to the equity owned by the company or shareholders. The higher the DER number, it is assumed that the company has a higher risk of the company's liquidity (Sunariyah, 2006).

E. Price to Book Value

Price to Book Value is a measure that serves to see whether shares in a company can be held expensive or cheap. Price to Book Value itself is obtained from the division of prices per share of the company by book value or book value (Stella, 2009).

2. Metodology

The data used in this research is secondary data. Secondary data used in the form of financial statements published from www.idx.co.id. processing data using SPSS 22 software. Textile & Garment companies listed on the Indonesia Stock Exchange 2015-2018, totaling 18 companies, became the population in the study. The use of research samples is determined by purposive sampling use 2 criteria as follows: (1) Textile & Garment Companies listed on the Indonesia Stock Exchange 2015-2018, (2) Textile & Garment Companies have issued annual financial reports for the period 2015-2018. In accordance with the above criteria, 18 companies were obtained.

A. Research Scope

In this study there are three independent variables namely Earning Per Share, Debt Equity Ratio, Price to Book Value,

B. Population and Sampling Techniques

Population is a generalization area consisting of objects / subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions (Indalla et al., 2012). The population in this study are all textile and darment companies listed on the Indonesia stock exchange.

According to Sugiono (2009), the sample is a portion of the total number and characteristics that exist in the population. Because the sample is part of the population, then the sample taken in the study must really be able to represent the characteristics of the population (representative) (Husnan & Suad, 2009).

C. Types and Sources of Data

1. The types of data in the preparation of this study are:

Secondary data, the data the authors get during the study in the form of library research.

Sources OF Data

1. The data of this study uses secondary data which obtained data indirectly and get data from other sources one of them financial statements.

D. Data Collection Tecghniques

Data Needed In This Study Was Collected From [Www.Idx.Co.Id](http://www.idx.co.id) Then Processed Using The Spss Program.

E. Definisi Operasional Variabel

According to (Nurfadillah, 2011), Operational variables need to be done to determine the type, indicator, and measurement scale of the related variables in the study. Everything in the form of what is determined by researchers to be studied in order to obtain information about it, then conclusions drawn. The variables in this study use the independent variable and the dependent variable, where the Independent variables analyzed in this study are EPS (X1), DER (X2), PBV (X3), while the Dependent variable used is the Share Price (Y) .

F. Analisis Data

Alat yang dipakai untuk menghimpun data dalam penelitian ini adalah laporan yang di publikasikan. Data yang diharapkan untuk penelitian ini bersumber dari www.idx.co.id Metode yang digunakan dalam penelitian ini adalah *Purposive Sampling*. Purposive sampling is a non-random sampling technique where the researcher determines sampling by determining specific characteristics that are appropriate to the purpose of the study so that it is expected to answer the research problem.

Multiple Regression Analysis Aims To Find The Relationship Between The Dependent Variable With Several Independent Variables That Are Formulated With The Following Equation:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \varepsilon$$

Symbol Note:

Y : Stock Price

A : Constant

b(1,2,3,4..6): Regression Coefficient

X1 : EPS

X2 : DER

X3 : PBV

ε : Erorr

3. Discussion And Analysis Result

This study is a study to determine the effect of EPS, DER, PBV on the Stock Price of garment and textile companies. There are 72 samples. Based on this statetment dijelaskan bahwa penyebaran kuisioner dilakukan secara langsung jumlah kuisionir yang disebarkan adalah 120 (100%) kuisionir dengan pengembalian 60 (50%).

A. Normality Test

Multicollinearity test aims to test whether the regression model found correlation between independent variables (independent). A good regression model should not occur correlation between independent variables. If the independent variables are correlated with each other, then these variables are not orthogonal. Orthogonal variables are independent variables whose correlation value between independent variables is equal to zero. One method used to detect the presence or absence of multicollinearity symptoms is to see the value of tolerance and its opponents as well as the value of VIF (Variant Inflation Factor). If the tolerance value is greater than 0.10 and the VIF value is smaller than 10, then there is no multicollinearity. Multicollinearity test results for each variable, namely:

Table 1 Multicollinearity Test Results

Model	Colinearity Statistics Tolerance	VIF
EPS	,956	1,046
DER	,502	1,992
PBV	,507	1,972

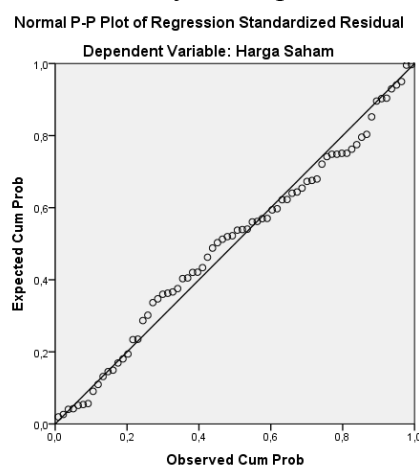
a Dependent Variable: Stock Price

The results of the multicollinearity test show that the tolerance value of each independent variable is above 0.10 and the variance inflation factor (VIF) value of the independent variable is smaller than 10, so it can be concluded that there is no multicollinearity between the independent variables in the regression model

B. Normalitas Test

The normality test aims to test whether in the regression model the dependent and independent variables both have normal distributions or not. A good regression model is one that has a normal / near-normal distribution using the Normal P-P plot graph by looking at the spread the data. If on the graph the data distribution follows a straight line pattern, then the data is normal. Normality test results using normal probability plot graphs, namely:

The SPSS output results, the normal probability plot graph shows that the data (points) spread around the diagonal line and follow the direction of the diagonal line, so it can be concluded that the regression model meets the normality assumption.

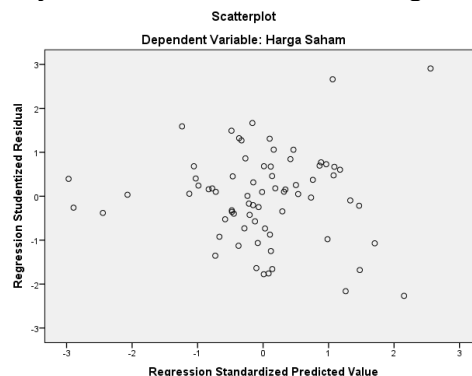


C. Multikolinearitas Test

The results of the multicollinearity test show that the tolerance value of each independent variable is above 0.10 and the variance inflation factor (VIF) value of the independent variable is smaller than 10, so it can be concluded that there is no multicollinearity between the independent variables in the regression model

D. Heteroskedastisitas Test

in this study can be seen from the presence or absence of certain patterns on the Scatter Plot line. Heteroskedastisitas test in this study can be seen from the following Scatter Plot image:



From the Scatter plot graph above it can be seen that the point (data) is spread and does not form a specific pattern, so it can be concluded that this regression model does not occur heteroskedasticity.

T test results can also be explained that a significant level of 0,000 (compensation), 0,001 (independence), 0,000 (auditor experience). This can be explained that partially the competence, independence and auditor experience variables have a significant effect on audit quality.

for the EPS variable (X1) the level of sig is obtained. 0,001 (smaller than the significant level of 0.05). DER variable (X2) with sig. 0.190 (greater than the significant level of 0.05). PBV variable (X3) with sig. 0.064 (greater than the 0.05 significant level). this shows that only EPS has a significant effect on stock prices.

The results of the first hypothesis states that EPS affects the Stock Price. From the research that has been done, the results show that EPS has a positive influence on stock prices. For the EPS variable (X1) has a sig value. 0,000 (smaller than $\alpha = 0.05$), which means EPS partially affects the Stock Price. This study supports empirical research (Ghozali & Faruq, 2012) in (Stella, 2009) where EPS affects audit quality.

The results of the second hypothesis states that independence influences audit quality, for the DER variable (X2) has a sig value. 0.004 (less than $\alpha = 0.05$), which means that independence partially influences the stock price. The results of this study support the empirical research of Schroder (Indalla et al., 2012), (Stella, 2009) where DER also influences stock prices..

The third hypothesis states that PBV affects the Stock Price. From the research that has been done, the results show that PBV has a positive influence on stock prices. For PBV (X3) has a sig value. 0.001 (smaller than $\alpha = 0.05$), which PBV partially has a positive effect on stock prices. This argument is supported by the results of the study of (Zebua, 2015).

4. Acknowledgment

This study aims to determine the effect of EPS, DER, PBV on Stock Prices. The research sample consisted of 18 Garment and textile companies. Data processing was performed using SPSS version 22 (Statistical Package for Social Science).

Based on the results of the study, the following conclusions can be drawn:

1. EPS, DER, PBV simultaneously affect the Stock Price. So the hypothesis is accepted.
2. EPS partially influences the Share Price. So the hypothesis is accepted.
3. DER partially has no effect on stock prices. So the hypothesis is rejected.
4. PBV partially influences the Share Price. So the hypothesis is rejected.

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