THE EFFECT OF LIQUIDITY RATIO, PROFITABILITY SOLVENCY ON STOCK PRICE IN CONSTRUCTION AND BUILDING COMPANIES LISTED ON INDONESIA STOCK EXCHANGE PERIOD 2014-2018

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Abstract

The development of infrastructure will certainly have a positive impact on share holders, it is reflected by government support by raising funds for infrastructure development. The seopportunities will certainly affect the price of shares in the property sector including financial performance. Financial performance can be seen from several financial ratios: liquidity ratio, profitability, and solvency. Sample in this study asmanyas 8 companies for 5 years so that in 40 samples. The result soft his study simultane ouslyal variable sin this study we reaffect ed by the stock price. Partial liquidity variables (CR) donot affect the stock price, profitability (ROA) and (ROE) donot affect the stock price, solvability (EPS) affects the stock price, while DER does not affect the stock price.

Keywords: Liquidity, Profitability, Solvency, The Stock Price.

I. INTRODUCTION

The development of the stock sector property is currently growing rapidly this is certainly not separated from the support of the Government is concentrating on infrastructure development in Indonesia. The study was followed by an increase in funds given by the Government on infrastructure development. The development will certainly affect the price of the stock. In investing, investors will certainly also see the company's financial performance reflected in the company's financial statements by carrying out financial indicators such as liquidity ratios, profitability, and solvency. The capital market is a platform for investors to invest funds in hopes of profiting from the buying and selling of stocks. The activity of an investor should consider some considerations by analyzing the history of the stock price movement and estimate the price of the stock will occur. Stock prices are an important factor in determining the returns and risks that will occur. The ups and downs of stocks depend on consideration and bidding, the demand for stocks is influenced by the information that investor shave, one of them is the financial statement. Financial statements contain some analysed information that reflects the position of the company's state. Some of theratios that are used in use are liquidity ratios, profitability, and solvency. The purpose of this research is: (1) to prove that there is a link between liquidity to the stock price. (2) Proving that there is profitability related to the stock price. (3) Proving that there is asolvency relationship to the stock price.

II. REVIEW OF INTRODUCE

Signal Theory

The signal theory explains that financial statements are a signal for investors as the basis of investment decision making. The lack of information by the investor makes the stock price go down, this is because investors tend to protect them selves from investment mistakes. Asymmetrical information is because investors only know the financial performance through financial statements presented not from the actual state of the company.

Stock Price

The stock price is the price that is determined by the supply and demand for the same circulating in the capital market. The value of
shares is reflected in the stock price traded, this is because the higher the demand for stocks will increase the stock price of Dalimunthe, (2015). Several factors affect the stock price according to Satria and Adnan (2018). These factors are fluctuations in the level of income and dividend and income level of investment.

Liquidity
Liquidity is an indicator that measures the company’s ability to fulfill its short-term obligations. With increasing, liquidity ratio will reflect the higher the ability of the company to better. The high Current ratio will help investors to buy stocks, if it offers the best demand, then the stock price will increase. This research uses the current ratio to measure the company’s liquidity, the current formula ratio as follows:

\[
\frac{\text{Current Assets}}{\text{Current Debt}} \times 100\% 
\]

Profitability
Profitability is an indicator that measures the company’s ability to generate profit. The company’s main objective is to obtain the maximum profit to meet the welfare of the owner and employees. The profitability ratio is a measure showing the effectiveness of the company's management reflected in the proceeds of the sale of Kashmir, (2008:196). The ratios in the profitability ratio are Return on asset (ROA), Return on equity (ROE), Earning pershare (EPS), Net profit Margin (NPM), Return on Investment (ROI). The study used the Return On Asset (ROA) ratio to measure the effectiveness of the company generating profit from the company’s assets. The rise of ROA will attract investors to buy stocks because the company can make a profit to minimize the risk and increase the profit of the company if the demand is high then the stock price will come up.

Formula to calculate ROA:

\[
\frac{\text{Net Profit}}{\text{Assets}} \times 100\% 
\]

Return on Equity (ROE) to measure the company's progress in managing existing capital. ROE reflects the company's capital management to generate profit. Good management becomes a good indicator for investors so that it will raise the interest of investors to invest their shares, with the increase of interest will certainly increase the demand and the inclusion of the stock so that the price of stocks will increase.

Formula to calculate ROE:

\[
\frac{\text{Net Profit}}{\text{Equity}} \times 100\% 
\]

Earning pershare (EPS) is the ratio to know a substantial profit per share sheet. The higher the EPS value then the more profitable the trainees will influence the decision that will be taken by the investor. High EPS values make bidding on stocks as well as rising to raise the stock price.

Formula to calculate EPS:

\[
\frac{\text{Net Profit}}{\text{Number of shares outstanding}} \times 100\% 
\]

Solvency
Solvency is an indicator that measures the ability of the company to pay its long-term obligations. Companies with high solvable levels will reduce the interest of investors to invest their shares due to the high risk of bankruptcy. Some ratios can be used to measure the solvency level of Debt to equity ratio (DER). According to Wild and Subramanyam, (2010:42-47). DER ratios compare all company debts to total company assets. The formula of Debt to equity ratio is:

\[
\frac{\text{Total debt}}{\text{Equity}} \times 100\% 
\]

III. RESEARCH METHODS
The data source on this research is from financial statement through the site www.idx.co.id and population on this research is the construction and building companies listed on Indonesia Stock Exchange period 2014–2018. The technique of sampling is done through the method of purposive sampled so that it can be 40. The data analysis techniques used in this study are as follows:

Descriptive statistic
Descriptive Statistic can be used to dis credit variables in this study.

Multiple Linier Regression Analysis
A double linear regression analysis is a technique through a parameter coefficient to know the magnitude of the influence of variables
independent of the dependent variables.

**Classic Assumption Test**

A double linear regression analysis is a technique through a parameter coefficient to know the magnitude of the influence of variables independent of the dependent variables.

1. **Test Normality**
   The normality test is performed to determine whether in a free variable model has a normal distribution or detects a normal distribution.

2. **Autocorrelation Test**
   Auto correlation is a correlation that occurs among members of a series of observations that are arranged in a series of times.

3. **Multicollinearity Test**
   The multicollinearity test aims to test whether a regression model is found in correlation between independent variables.

4. **Heteroskedastisity Test**
   The heteroskedastisity test aims to test if a regression model occurs a variance inequality from the residual of another observation.

**Test Hypotesis**

Tests carried out include: F Test, T test, coefficient of determination test.

**IV. RESULT AND DISCUSSION**

**Descriptive Statistic**

Descriptive statistics aim to be able to synchronize the characteristics which include the average value, minimum value, maximum and standard deviation.

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>40</td>
<td>100.13</td>
<td>207.09</td>
<td>145.9870</td>
<td>25.5155</td>
</tr>
<tr>
<td>ROA</td>
<td>40</td>
<td>134.885</td>
<td>144.181</td>
<td>134.885</td>
<td>144.181</td>
</tr>
<tr>
<td>ROE</td>
<td>40</td>
<td>1.50</td>
<td>27.96</td>
<td>13.6283</td>
<td>3.10113</td>
</tr>
<tr>
<td>EPS</td>
<td>40</td>
<td>8.10</td>
<td>291.95</td>
<td>125.5828</td>
<td>6.58414</td>
</tr>
<tr>
<td>DER</td>
<td>40</td>
<td>68.85</td>
<td>526.35</td>
<td>222.5757</td>
<td>76.8263</td>
</tr>
<tr>
<td>Harga</td>
<td>40</td>
<td>300</td>
<td>3875</td>
<td>1793.88</td>
<td>1111.33</td>
</tr>
<tr>
<td>Saham</td>
<td>5</td>
<td>300</td>
<td>3875</td>
<td>1793.88</td>
<td>1111.33</td>
</tr>
</tbody>
</table>

According to table 1. above, it can be concluded that the CR variable data has a minimum value of 100.23, maximum value 207.09, mean value 145.9870 and STD. Deviation 25.61553. ROA has a minimum value of 0.24, the maximum value of 15.06, mean value 4.7475 and STD. Deviation of 3.10113. ROE has a minimum value of 1.50, the maximum value of 27.96, mean value 13.6283 and STD. Deviation of 6.58414. EPS has a minimum value of 8.10, the maximum value of 291.95, a mean value 125.5828 and STD. Deviation 76.82838. DER has a minimum value of 68.85, the maximum value of 526.35, mean value 222.5757 and STD. Deviation 119.69320. The stock price has a minimum value of 330, the maximum value of 3875, a mean value of 1793.88 and STD. Deviation 1,111,335.

**Test Result Double Linear Regression Analysis**

Test results double linear aimed at the table below:

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>2156.7</td>
<td>1564.903</td>
</tr>
<tr>
<td>ROA</td>
<td>-6.46</td>
<td>8.712</td>
</tr>
<tr>
<td>ROE</td>
<td>21.29</td>
<td>60.159</td>
</tr>
<tr>
<td>EPS</td>
<td>5.991</td>
<td>2.019</td>
</tr>
<tr>
<td>DER</td>
<td>0.529</td>
<td>2.174</td>
</tr>
</tbody>
</table>

Source: Data processed by Authors

Based on the results of multiple linear regression analysis in table 2. above, it can be concluded that the following regression equations are obtained

\[ Y = 2156.7 \cdot 6.046CR - 34.885ROA + 21.290ROE + 5.991EPS + 0.529DER + e \]

**Classic Assumption Test Result**

1. **Test Normality**
   Test results normality aimed at the table below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sig.</th>
<th>Std.</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unstandardized</td>
<td>0.248</td>
<td>0.05</td>
<td>Data Berdistribusi Normal</td>
</tr>
<tr>
<td>Residual</td>
<td>0.05</td>
<td>0.05</td>
<td>Data Berdistribusi Normal</td>
</tr>
</tbody>
</table>

Source: Data processed by Authors
Based on the table 3. above shows that the significant value of Kolmogrov-Smirnov is obtained from 0.248. The value of Asym. Sig is far above 0.05 or 5%. This indicates that the data is normal distribution.

2. Multicolinearity Test
Multicolinearity test results can be shown in the table below:

Tabel 4. Multicolinearity test

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Tolerance</th>
<th>Std VIF</th>
<th>Std Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>0.442</td>
<td>&gt;0.10</td>
<td>2.177 &lt;10</td>
</tr>
<tr>
<td>ROA</td>
<td>0.11</td>
<td>&gt;0.10</td>
<td>2.847 &lt;10</td>
</tr>
<tr>
<td>ROE</td>
<td>0.14</td>
<td>&gt;0.10</td>
<td>1.248 &lt;10</td>
</tr>
<tr>
<td>EPS</td>
<td>0.916</td>
<td>&gt;0.10</td>
<td>1.991 &lt;10</td>
</tr>
<tr>
<td>DER</td>
<td>0.325</td>
<td>&gt;0.10</td>
<td>3.075 &lt;10</td>
</tr>
</tbody>
</table>

Source: Data processed by Authors

Based on table 4. above, the value tolerance all variables are above 0.1 and the VIF value is less than 10, so it can be inferred there is no multicolinearity between variables.

3. Heterokedastisitas Test
The results of Heterokedastisitas test can be shown the table in this bellow:

Tabel 5. Heterokedastisitas test

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Sig.</th>
<th>Std Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>0.951</td>
<td>&gt;0.05</td>
</tr>
<tr>
<td>ROA</td>
<td>0.178</td>
<td>&gt;0.05</td>
</tr>
<tr>
<td>ROE</td>
<td>0.134</td>
<td>&gt;0.05</td>
</tr>
<tr>
<td>EPS</td>
<td>0.113</td>
<td>&gt;0.05</td>
</tr>
<tr>
<td>DER</td>
<td>0.402</td>
<td>&gt;0.05</td>
</tr>
</tbody>
</table>

Source: Data processed by Authors

Based on table 5. above it can be concluded that a statistically significant CR, ROA, ROE, EPS, and DER variables affect the dependent variable/ stock price. It can be seen from its significant probability above 0.05. So inconclusive regression model does not occur heteroskedastisity symptoms.

4. Autocorrelasi Test
The auto correlation test results can be seen in the table below:

Tabel 6. Autocorrelasi test

<table>
<thead>
<tr>
<th>Variabel</th>
<th>Sig.</th>
<th>Std Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>0.423</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Source: Data processed by Authors

Based on the results of the autocorelation test in table 6. above done with the run test, it can be concluded that the value of ASYM. GIS of the output obtained 0.423 is greater than 0.05 which means in a regression equation does not occur autocorrelation. Thus the data is worth to be researched and carried out the next test.

Results of Feasibility Test Model Regression
The results of due diligence model regression can be seen in the following table:

Tabel 7. Result of feasibility test model regression

<table>
<thead>
<tr>
<th>F hitung</th>
<th>Sig.</th>
<th>F tabel</th>
<th>Kesimpulan</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.417</td>
<td>0.003</td>
<td>2.65</td>
<td>Diterima</td>
</tr>
</tbody>
</table>

Source: Data processed by Authors

Based on the table obtained that the value F count 4.417 with a significant rate of 0.03. Based on significance values can be seen that the value significances < 0.05 (0.03 < 0.05). Can be concluded that the linear equations of double regression in the study deserve to be researched and carried out subsequent testing.

Hasil Uji Hipotesis
The hypothesis test results can be seen in the following table:

Tabel 8. Result of Hypothesis test

<table>
<thead>
<tr>
<th>Variabel</th>
<th>t hitung</th>
<th>t tabel</th>
<th>Sig.</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>-0.594</td>
<td>2.032</td>
<td>.492</td>
<td>H1 Rejected</td>
</tr>
<tr>
<td>ROA</td>
<td>-0.396</td>
<td>2.032</td>
<td>.356</td>
<td>H2 Rejected</td>
</tr>
<tr>
<td>ROE</td>
<td>0.354</td>
<td>2.032</td>
<td>.726</td>
<td>H3 Rejected</td>
</tr>
<tr>
<td>EPS</td>
<td>2.965</td>
<td>2.032</td>
<td>.005</td>
<td>H4 Accepted</td>
</tr>
<tr>
<td>DER</td>
<td>0.243</td>
<td>2.032</td>
<td>.809</td>
<td>H5 Rejected</td>
</tr>
</tbody>
</table>

Source: Data processed by Authors

The results of this study indicate: 1) Liquidity rejected due to T-count value-0.694 less than T-table 2.032 and sig 0.492 value greater than 0.05 so
hypothesized rejected; 2) Profitability (ROA) rejected due to T-count value 0.936 less than T-table 2.032 and sig 0.356 value greater than 0.05 so hypothesized rejected; 3) Profitability (ROE) is rejected due to the T-count value of 0.354 less than T-table 2.032 and SIG 0.726 value greater than 0.05 so that the hypothesis is rejected; 4) Profitability (EPS) received due to T-count value of 2.969 less than T-table 2.032 and sig 0.005 value smaller than 0.05 so hypothesized accepted; and 5) Solvency (DER) is rejected due to the T-count value of 0.243less than T-table 2.032 and sig 0.809 value greater than 0.05 so that the hypothesis is rejected.

Coefficient Test Result Determination

The coefficient of determination test results can be seen in the table below:

<table>
<thead>
<tr>
<th>Model</th>
<th>Adjusted R Square</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR, ROA, ROE, EPS dan DER</td>
<td>0.305</td>
<td>Independent variables can affect dependent variables</td>
</tr>
</tbody>
</table>

Source: Data processed by Authors

Based on the coefficient of determination in table 9, it can be concluded that the linear equation in this study was 0.305. This means that the research 30.5% of stock prices are influenced by the Current ratio, Return on Asset, Return on equity, Earning pershare and Debt to equity ratio. As of 69.5% of the stock price is influenced by other variables not incorporated into the study.

V. CONCLUSION

This research aim stok now the company's liquidity measured with the current ratio, the company's profitability measured by return on asset, return on equity and earning pershare, as well as the company's solvency measured by debt to equity ratio to the stock price of the construction company and registered building on IDX period 2014 – 2018. There are 16 construction companies and buildings listed on the IDX. of the 16 companies listed in IDX only 8 companies are used assamples and meet there quirements of research.

After the classical assumption test is known that data is normal distribution, data does not occur Autokolerasi, data does not occur multicollinarity and does not occur heteroskededastisity. Based on partial test (Test T) it is known that the current ratio has a greater significance value compared to the level of significant of 0.492>0.05 and the calculated T value of 0.694 is smaller than that of the table T value of 1.690. This means individual shows the CR variable has no influence on the price of the stock and has an egative relationship to the stock price. The result soft his study were not in line with research conducted by Muhammad et.al (2015) and Fitrianiingsih et.al (2018) stating that the Current Ratio (CR) affects the stock price. And Return on asset (ROA) is known that partial has a greater significance value compared to the level of significant of 0356<0.05 and the calculated T value of 0936 is smaller than that of the table T value of 1.690.

This means that individually indicating a variable ROA has no influence on the price of the stock and has a negative relationship to the stock price. The result soft his study were not in line with the research conducted by Octaviani et.al (2017) and Cahyaningrum et.al (2017) stating that Return on Asset (ROA) hasan effect on the stock price. Return on equity (ROE) is known that partial has a greater significance value compared to the level of significant of 0726<0.05 and the calculated T value of 0.354 is less than that of the table T value of 1.690. This means that individually indicating the ROE variable has no influence on the price of the stock and has a positive relationship to the price. The results of the study were not in line with the research done by Mudlofar et.al (2016) and Vireyto & Sulastmiyati (2017) stating that Return On Equiry (ROE) has an effect on the stock price. Earning per share (EPS) is known to be that partial has a greater significance value compared to the level of significant of 0.05 <0.05 and the calculated T value of 2.969 is greater than that of the table T value of 1.690. This means that individual shows variable EPS affect the price ofthe stock and have a positive relationship to the stock price. The result soft his study supported the research of Ginsu et.al (2017) and Efrizon (2019) stating that Earning PerShare had significant effect on the share price. Mean while, Debt to Equity ratio (DER) is known that it has a partial significance value compared to the level of significant, namely 0809>0.05 and the calculated T value of 0.243 is smaller than the table T value of 1.690. This means individually indicating the DER variable has no influence on the stock price and has a positive relationship to the stock price. The results of the study were not in line with the research conducted by Munira et.al (2018).
and Nainggolan (2019) stating DER has an effect on the stock price.

REFERENCES


