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Analysis of the Effect of Eps, Roe, and Quick Ratio on Stock Prices (Empirical Study on Food and Beverage Companies on the Idx

AHMAD MURAD
Fakultas Ekonomi Dan Bisnis, Universitas Gunung Rinjani

Abstract*: The purpose of this study is to analyze the effect of EPS, ROE, and Quick Ratio on stock prices. The sampling technique used was purposive sampling, with a population of 15 companies and a sample of 10 food and beverage companies. The variables used in this study are Earning Per Share (EPS), ROE and Quick Ratio as independent variables, and stock price as the dependent variable. The results of this study indicate that Earning Per Share (EPS) has a significant effect on stock prices. ROE (Return On Equity) has a positive and significant effect on stock prices. Quick Ratio has a significant effect on stock prices.*

Keywords: *Stock Price; Earning Per Share; Return On Equity; Quick Ratio*.

I. Introduction

Information obtained from companies is usually based on the company's performance which is reflected in the financial statements. One of the alternative forms of investment is to generate substantial profits by paying attention to the company's financial statements. Investing activities are activities that are exposed to various kinds of risks and uncertainties that are often difficult to predict by investors. To reduce the possibility of risk and uncertainty that will occur, investors need various kinds of information, both information obtained from company performance and other relevant information such as economic and political conditions in a country.

Along with the rapid growth of stock trading and the high level of stock risk, the need for relevant and adequate information for investors in making investment decisions also increases. This information is needed to determine the variables associated with stock price fluctuations and the relationship between variables. In this study, the variables used are earnings per share (EPS), ROE and Quick Ratio. Earning per share (EPS) is the first important component that must be considered in a company analysis. Information on earnings per share (EPS) of a company shows the amount of the company's net profit that is ready to be distributed to all shareholders of the company. EPS is a ratio that shows how much profit (return) an investor or shareholder gets per share.

Earning Per Share (EPS) can show the level of welfare of the company, so if the earnings per share (EPS) distributed to investors is high, it indicates that the company is able to provide a good level of welfare to shareholders, while earnings per share (EPS) are distributed. low, it indicates that the company has failed to provide the benefits expected by shareholders.

Several researchers have conducted research on financial ratios related to the effect of earnings per share (EPS), profitability ratio (ROE) and liquidity ratio (quick ratio) to stock prices, according to research conducted by Simanjuntak (2011: 11). The results showed that earnings share (EPS) has a significant effect on stock prices. In line with the research conducted by Kurniato (2013) on the analysis of the effect of EPS, ROE, DER and curent ratio (CR) on stock prices and PER as a moderating variable that EPS has a significant positive effect on stock prices, while ROE and DER have a negative and insignificant effect. against the share price.

Research conducted by Kurnianto (2013) shows that profitability (ROE and EPS) does not have a significant effect on stock prices and is inversely proportional to research conducted by Rahmandia (2013) on the factors that affect the share price of companies in the consumer goods industry sector listed in Indonesia. IDX 2007-2011 period. The results of this study indicate that profitability (ROE) has a significant positive effect on stock prices. In addition, Deitiana's research (2011) on the effect of financial ratios, sales growth and dividends on stock prices. The results of this study indicate that profitability (ROE and ROI) affects stock prices, while dividend liquidity (quick ratio) and sales growth have no effect on stock prices. Based on the background description above, there are similarities and differences in the results of the study, therefore the authors are interested in re-conducting research whether the same research results are consistent with different objects and years of research. So that the authors take the formulation of the problem as follows:

Signal Theory (Signaling Theory) explains why companies have the incentive to provide financial reporting information to outsiders. The company (agent) knows more about the company and its future prospects than outsiders (investors, creditors). Lack of outside information about the company causes them to protect themselves by charging the company low prices. Companies can increase firm value by reducing information asymmetry. The relationship between signal theory and this research shows that high profitability indicates a good corporate prospect, so that investors will respond positively to these signals and present accurate information to users of financial statement information.

II. Research Methods

This type of research used in this research is quantitative research. Quantitative research is scientific research that is systematic and emphasizes on objective phenomena and relationships and is studied quantitatively, which means using theories and hypotheses related to natural phenomena. This research is an associative form of causal relationship. According to Sugiyono (2016: 37) a causal relationship is a relationship that is cause and effect.

The sample is part of the number and characteristics of the population (Sugiyono, 2016: 81). This study used purposive sampling. According to Sugiyono (2016: 85) purposive sampling is a technique of determining samples with certain considerations. This purposive sampling technique

Table 1 List of Food and Beverage Companies which are the Research Samples

No	Code	Issuer Name
1	CEKA	Cahaya Kalbar Tbk
2	DLTA	Delta Djakarta Tbk
3	ICBP	Indofood CBP Sukses Makmur Tbk
4	INDF	Indofood Sukses Makmur Tbk
5	MLBI	Multi Bintang Indonesia Tbk
6	MYOR	Mayora Indah Tbk
7	ROTI	Nippon Indosari Corporindo Tbk
8	SKLT	Sekar Laut Tbk
9	STTP	Siantar Top Tbk

Source: Secondary Data Processed, 2020

The analysis in this study uses multiple linear regression analysis, in this analysis to determine the effect of two or more independent variables on the dependent variable. The population used in this study is the food and beverage companies on the IDX. While the sample in this study all populations were sampled.

$Y = \alpha + \beta 1X1 + \beta 2X2 + \beta 3X3 + e$
Where :
Y = share price
α = Constant (fixed)
$\beta 1$- $\beta 5$ = independent variable coefficient

III. Results And Discussion

The data in this study were directly processed into descriptive statistics to see the lowest, highest, average and standard deviation values.

Table 2 Descriptive Research Data

	N	Minimum	Maximum	Mean	Std. Deviation
Stock Price	50	1,87	2,56	2,1054	,15868
EPS	50	1,41	2,28	1,7808	,15137
ROE	50	,05	1,44	1,2704	,29644
QR	50	,19	6,27	1,4886	,96464
Valid N (listwise)	50				

Source: Secondary Data Processed, 2020

The share price has a minimum value of 1.87 while a maximum value of 2.56. The average value (mean) is 2.1054 with a standard deviation value of 0.15868. Because the standard deviation value is smaller than the average, the data on the stock price variable has a data distribution that is not so large that the data used is good data. The EPS value which has a minimum value is 1.41 while the maximum value is 2.28. The average value (mean) is 1.7808 with a standard deviation value of 0.15137.Because the standard deviation value is smaller than the average, the data on the EPS variable has a data distribution that is not so large that the data used is good data. . The ROE value which has a minimum value is 0.05 while the maximum value is 1.44. The average value (mean) was 1.2704 with a standard deviation value. amounting to 0.29644. Because the standard deviation value is smaller than the average, the data on the ROE variable has a data distribution that is not so large that the data used is good data. The QR value which has a minimum value is 0.19 while the maximum value is 6.27. The average value (mean) was 1.4886 with a standard deviation value of 0.96464. Because the standard deviation value is smaller than the average, the data on the QR variable has a data distribution that is not so large that the data used is good data.

Table 3. Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
1(Constant)	1,308	,217		6,013	,000
EP	,378	,125	,361	3,025	,004
ROE	,205	,065	,383	3,161	,003
QR	,046	,020	,282	2,365	,022

Source: Secondary Data Processed, 2020

From the results of the analysis in Table 3, the regression equation can be drawn up as follows:
Y = 1.308 + 0.378X1 + 0.205X2 + 0.046X3

The constant value obtained is 1.308. This means that if the independent variable (EPS, ROE, QR) does not exist or is zero, there will be an increase in the share price of the constant value obtained by 1.308. The EPS regression coefficient (B1) has a regression coefficient with a positive direction of 0.378. If it is assumed that other independent variables are constant, this means that every 1 percent increase in the company's EPS will increase the company's share price by 0.378%, assuming the value of the other independent variables is constant. The regression coefficient of Profitability (ROE) (B2) has a regression coefficient with a positive direction of 0.205. If it is assumed that other independent variables are constant, this means that every 1 percent increase in the company's profitability (ROE) will increase the company's stock price by 0.205% assuming the value of the other independent variables is constant. The liquidity regression coefficient (QR) (B3) has a regression coefficient with a positive direction of 0.046. If it is assumed that other independent variables are constant, this means that every 1 percent increase in the liquidity (QR) of the company will increase the company's stock price by 0.046% assuming the value of the other independent variables is constant.

Table 4 Hypothesis Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	1,308	,217		6,013	,000
EPS	,378	,125	,361	3,025	,004
ROE	,205	,065	,383	3,161	,003
QR	,046	,020	,282	2,365	,022

Source: Secondary Data Processed, 2020

Based on table 4, it is obtained that the t value in the EPS variable is 3.025, this value is greater than the t table value of 2.012 and the sig value of 0.000 is less than 0.05, meaning that the EPS variable has a significant and significant effect on stock prices, for the ROE variable has a t value. the count of 3.161 is greater than the t table value of 2.012 and the sig value of 0.003 is smaller than 0.05, which means that the ROE variable has a significant and significant effect on stock prices. And for the QR variable, the t value of 2.365 is greater than the t-table value of 2.012 and the sig value of 0.022 is less than 0.05, which means that the QR variable has a significant and significant effect on stock prices.

IV. DISCUSSION

This study aims to determine the effect of EPS, ROE and QR on stock prices in food and beverage companies listed on the Indonesia Stock Exchange. The explanation of the results of testing the hypothesis is as follows: From the results of statistical tests through SPSS, the regression coefficient for the EPS variable was 0.378. The value of t count is 3.025. The t table is sought at a significance of 0.05 / 2 = 0.025 (2-tailed test) with degrees of freedom df = n-k-1 or 50-3-1 = 46. The results obtained for the t table are 2.01290. Because t count> t table (3.025> 2.01290) then Ho1 is rejected, Ha1 is accepted. So it can be concluded that EPS has an effect on stock prices in food and beverage companies listed on the Indonesia Stock Exchange. This shows that in food and beverage companies listed on the IDX, the level of EPS or Earnings Per Share is stable, meaning that on average the company is able to provide benefits to investors in the form of dividends. The higher the EPS, the higher the interest of investors to invest (shares). With so many investors who are interested, of course this can also increase the stock price.

In line with research conducted by Kurniato (2013) entitled "Analysis of the effect of EPS, ROE, DER and C u r e n t r a t i o (CR) on stock prices with PER as the moderating variable". The results of this study indicate that EPS has a significant positive effect on stock prices. The regression coefficient value of the Profitability variable was 0.205. The value of t count is 3.161. The t table is sought at significance 0.05 / 2 = 0.025 (2-tailed test) with degrees of freedom df = n-k-1 or 50-3-1 = 46. The results obtained for the t table are 2.01290. Because t count> t table (3.161> 2.01290) then Ho2 is rejected, Ha2 is accepted. So it can be concluded that ROE partially affects stock prices in food and beverage companies listed on the Indonesia Stock Exchange. The results of this study indicate that companies that have a good ROE level will have a good influence on the company, especially on stock prices. In this study, the ROE rate was very stable even though it experienced fluctuations or changes. If the ROE level of the company is good, of course the investor's interest in investing will certainly be higher, the higher the investor interest will certainly affect the stock price, in this case the share price will increase.

In line with research conducted by Suciyati (2011) with the title "The effect of ROA, ROE, NPM, EPS and EVA on share prices of mining sector companies listed on the IDX for the period 2008-2010". Profitability (ROE) has a significant positive effect on stock prices. The relationship between signal theory and this study shows that high profitability indicates a good corporate prospect, so investors will respond positively to these signals and present accurate information to users of financial statement information.

The Quick Ratio variable obtained a regression coefficient value of 0.46. The t value is 2.365. The t table is sought at a significance of 0.05 / 2 = 0.025 (2-tailed test) with degrees of freedom df = n-k-1 or 50-3-1 = 46. The results obtained for the t table are 2.01290. Because t count> t table (2.365> 2.01290) then Ho3 is rejected, Ha3 is accepted. The level of significance is 0.022. Because the level of significance <0.05 (0.022 <0.05) then Ho3 is rejected, Ha accepted. So it can be concluded that liquidity affects stock prices in food and beverage companies listed on the Indonesia Stock Exchange. The results of this study indicate that liquidity can affect stock prices. Liquidity is the company's ability to meet its short-term financial obligations. The higher the level of liquidity, the higher the investor's interest in investing, which directly affects the stock price. This research is in line with research conducted by Anbiya and Saryadi (2017) who conducted a study entitled The Effect of ROE, EPS, CR and DER on Stock Prices in Coal Mining Sub-Sector Companies Listed on the Indonesia Stock Exchange in 2013-2016. Research result. It shows that ROE, CR and DER do not have a significant effect on stock prices. In line with research conducted by Deitiana (2011) entitled "The effect of financial ratios, sales growth and dividends on stock prices". The results of this study indicate that profitability (ROE and ROI) affects stock prices, while liquidity (quick ratio), dividends and sales growth have no effect on stock prices.

V. CONCLUSION

Based on the results of the analysis and discussion that have been described earlier, in this study it can be concluded as follows:

EPS has an effect on stock prices in food and beverage companies listed on the Indonesia Stock Exchange. ROE affects stock prices in food and beverage companies listed on the Indonesia Stock Exchange. Quick Ratio affects stock prices in food and beverage companies listed on the Indonesia Stock Exchange. The results of this study still have some limitations, this study only uses 10 food and beverage companies as samples, while the companies listed on the Indonesia Stock Exchange in 2019 are 15 companies. There are only 3 independent variables used in this study, while there are many other factors that are related to stock prices with other proxies or ratios. Some suggestions that researchers can convey based on the results of the analysis that have been carried out regarding the stock price are that for further research it is better to use 10 periods. So that it can reflect the condition of the company in the long term, further research is better to use all food and beverage companies listed on the Indonesia Stock Exchange, further research is better to use more independent variables that are in accordance with proxies or ratios related to stock prices.

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