**THE EFFECT OF CURRENT RATIO, DEBT TO EQUITY RATIO, RETURN ON ASSETS AND EARNING PER SHARE ON STOCK PRICE OF CONVENTIONAL TAXI AND BUS COMPANIES LISTED IN INDONESIA STOCK EXCHANGE PERIOD OF 2013-2017**

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***Abstract*** – *This study aims to examine and analyze the effect of current ratio, debt to equity ratio, return on assets and earning per share on stock price. The object of this study is conventional taxi and bus companies listed in Indonesia Stock Exchange on 2013-2017. The sample selection is using purposive sampling and got six companies that match with the criteria. The method used is panel data regression analysis and found that the appropriate model to use is common effect. From the result of this study obtained the variable of earning per share has a positive and significant effect on stock price.*

***Keywords***: *current ratio; debt to equity ratio; return on assets; earning per share; stock price*

**Introduction**

Transportation has a strategic role of national economy, on the other hand, transportation is also business area as other sector. The development of transportation sector can be seen from the contribution of each type of transportation to the Gross Domestic Product (GDP). As the news published in ekonomi.bisnis.com on data reported by BPS that Indonesia’s economic growth reached 5.07% throughout 2017. By sector, transportation and warehousing are among the most auspicious sector. Data shows that transportation and warehouse scored annual growth of 8.49% or the second-highest growth after the information and communication sector which raised 9.81%. (economy.bisnis.com/2018).

In 2015 was a phenomenal period for the development of online transportation services in Indonesia. Transportation on demand or commonly called online transportation. In Indonesia, there are three major transportation services companies, namely Go-Jek, Grab, and Uber. Online transportation is well welcomed at the beginning of appearance considering become innovative and useful that certainly attracts people to use it.

Along the skyrocketing in growth and development of online transportation has not followed by the development of non-online (conventional) transportation services as well. Conventional transportation, in this study mentioned as taxi and bus who previously existed and used experiences the declining in company performance, most caused by the decline of passengers to use the service. According to data by Organda Jakarta, in 2015, a decreasing of passengers in almost all kind of transportation mode, taxis dropped to 30% as well as buses which has dropped to 30%, and bajaj dropped to 40%. If averaged, the decline in number of passengers of conventional transportation reach to 33% - 34%.

The decreasing number of passengers not only being one of the factors that conventional transportation companies received from the impact of online transportation presence. The stock price of conventional transport companies get the impact as well, most directly affected. The average of stock price itself tends to decrease from year to year. The companies, namely PT Blue Bird Tbk, PT Express Trasindo Utama Tbk, PT Ekasari Lorena Transport Tbk, PT Steady Safe Tbk, PT Weha Transportasi Indonesia, PT Zebra Nusantara Tbk.

Some of the things that become news related to the declining of conventional transportation company’s stock price are; first, the inclusion of Uber Taxi which started on August 2014. Second, Ojek Online, competition for taxi companies increasingly fierce with the rise of conventional taxi. Third, the online tax rate applied. Fourth, lower rates of online taxi canceled. Fifth, company’s performances.

There are many research who associated and support with the variables in this research. Some of the research result as follows: Research conducted by Sari (2013) shows that DER, CR, ROA, EPS did not significantly influence the stock price. Adipalguna (2016) shows that CR, DER, ROA has not significant effect on stock price, while EPS has significant and positive effect to stock price.

**Literature Review and Hypothesis**

Financial mnagement is concerned with the acquisition, financing, and management of assets with some overall goal (Horne, 2012). According to Keown et al (2010), financial management is concerned with the maintenance and creation of economic value or wealth. The goal of financial management in a for-profit business is to make decision that will increase the value of stock, generally, increase the market value of equity (Ross et al, 2016).

 According to Brigham and Houston (2012) financial statement describes how are ratios are used to analyze the financial statement to identify the weaknesses that needed to maximize the stock price. Financial statement consists of several types, namely; balance sheet; income statement; statement of cash flow; statement of stockholders equity.

Stock price is the current market value the stock at a given time determined by the demand and supply of shares concerned the capital market (Jogiyanto, 2008). Stock price occur on the stock exchange at certain times. Stock price can go up or down in a fast period. Stock price can change in a minutes or even seconds (Darmadji and Fakhruddin, 2012). According to Tandelilin (2010), stock price are reflection of investor expectation of earnings factors, cash flow and level of return required by investors, which highly influenced by macroeconomics performance.

**Hypothesis**

Based on the framework then researcher formulates the hypothesis as follows:

H1 : There are an effect of current ratio to stock price.

H2 : There are an effect of debt to equity ratio to stock price.

H3 : There are an effect of return on asset to stock price.

H4 : There are an effect of earning per share to stock price.

**Research Method**

1. **Data Collection Technique**

In this research, type of data used is secondary data. Secondary data is data that has been processed, obtained based on annual report that audited and published. Data of this annual report obtained by researcher from the official website of Indonesia Stock Exchange (IDX).

1. **Data Analysis Method**

The analytical method used in this research is panel data regression analysis with assist of software *Eviews 9*. *Eviews* is a computer program used to process statistical data and econometric data. According to Gujarati and Porter (2012) panel data is a special form of pooled data (accumulating time series observations with individuals), combinations of time and individual time data.

**Result and Discussion**

1. **Stationary Test**

**Table 4.2**

**Stationary Test Result**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| No | Variable | Unit Root Test in | ADF Test Statistic | Prob. | Critical Value 5% | Information |
| 1 | SP | 1st difference | -5.638883 | 0.0001 | -2.971853 | Stationary |
| 2 | CR | 1st difference | -6.983088 | 0.0000 | -2.971853 | Stationary |
| 3 | DER | 1st difference | -9.765319 | 0.0000 | -2.971853 | Stationary |
| 4 | ROA | 1st difference | -8.534361 | 0.0000 | -2.971853 | Stationary |
| 5 | EPS | 1st difference | -5.682094 | 0.0001 | -2.971853 | Stationary |

Source: Output Eviews 9

From the result table above, the probability value obtained that all variables is stationary on the degree of level integration.

1. **Panel Data Regression Analysis Model**

**Table 4.3**

**Common Effect Model Test Result**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
| C | 1314.994 | 409.2307 | 3.213331 | 0.0036 |
| CR | -178.9829 | 357.4978 | -0.500655 | 0.6210 |
| DER | 91.99073 | 70.91404 | 1.297214 | 0.2064 |
| ROA | -801.1673 | 391.9680 | -2.043961 | 0.0516 |
| EPS | 14.24790 | 1.926955 | 7.393997 | 0.0000 |
| R-Squared | 0.686728 | Mean dependent var  |  | 1222.767 |
| Adjusted R-squared | 0.636604 | S.D. dependent var |  | 2449.318 |
| S.E. of regression  | 1476.506 | Akaike info criterion |  | 17.58376 |
| Sum squared resid | 54501728 | Schwarz criterion |  | 17.81729 |
| Log likelihood | -258.7563 | Hannan-Quinn criter  |  | 17.65847 |
| F-statistic | 13.70069 | Durbin-Watson stat |  | 1.178582 |
| Prob(F-statistic) | 0.000005 |  |  |  |

Source: Output Eviews 9

Common Effect Model or Ordinary Least Square is approach to estimating panel data model parameters by combining cross section and time series data as a whole and without regard to time and individual differences.

From the result, it can be seen that the value Adjusted R-Square is 0.636604 or 64% which interpreted that the independent variables in this research can explained by the dependent variable.

**Model Selection Test of Panel Data**

**Table 4.4**

**Lagrange Multiplier Test Result**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Test Hypothesis Cross-section | Time | Both |
| Breusch-Pagan | 2.111223 | 1.863251 | 3.974474 |
|  | (0.1462) | (0.1723) | (0.0462) |

Source: Output Eviews 9

Lagrange Multiplier Test aims to determine whether random effect model or common effect model is appropriate to use in panel data regression model. The significance test was developed by Breusch-Pagan. The Breusch-Pagan method is significance test is based on the residual value of OLS (Ordinary Least Square). In this test done by the following hypothesis :

H0: Common Effect Model (CEM)

Ha: Random Effect Model (REM)

From the result above, the probability value of Breusch-Pagan is 0.0462 >0.05. Then H0 is accepted and Ha is rejected means common effect model is appropriate to use in this research.

**Result Discussion**

From the result output in common effect model, the regression equation model as follow:

Y = a + bx1 + bx2 + bx3 + bx4

SP = 1314.994 – 178.9829 CR + 91.99073 DER – 801.1673 ROA + 14.24790 EPS

Analysis of coefficient panel data regression:

Ha : model is true

H0 : model is not true

Criteria probability is less than 0.05

1. The effect of current ratio on stock price obtained from probability value is 0.06210 greater than the level of significance 0.05 means H0 is accepted and Ha is rejected. This interpreted that current ratio does not effect to stock price of conventional taxi and bus companies in period 2013-2017.
2. The effect of debt to equity ratio on stock price obtained from probability value is 0.2064 greater than the level of significance 0.05 means H0 is accepted and Ha is rejected. This interpreted that debt to equity ratio does not effect to stock price of conventional taxi and bus companies in period 2013-2017.
3. The effect of return on asset on stock price obtained from probability value is 0.0516 greater than the level of significance 0.05 means H0 is accepted and Ha is rejected. This interpreted of return on asset does not effect to stock price of conventional taxi and bus companies in period 2013-2017.
4. The effect of earning per share on stock price obtained from probability value is 0.0000 smaller than the level of significance 0.05 means H0 is rejected and Ha is accepted. This interpreted that earning per share does effect to stock price of conventional taxi and bus companies in period 2013-2017.

**Conclusion**

Based on the analysis of current ratio; debt to equity ratio; return on asset; earning per share on stock price of conventional taxi and bus companies listed in Indonesia Stock Exchange (IDX) in period 2013-2017 can be conclude as follows: 1) current ratio does not effect to stock price of conventional taxi and bus companies in period 2013-2017; 2) debt to equity ratio does not effect to stock price of conventional taxi and bus companies in period 2013-2017; 3) return on asset does not effect to stock price of conventional taxi and bus companies in period 2013-2017; 4) earning per share does effect to stock price of conventional taxi and bus companies in period 2013-2017.

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