ANALYSIS OF THE EFFECT OF RETURN ON EQUITY AND EARNING PER SHARE ON THE SHARE PRICE OF PT KALBE FARMA, TBK WITH THE RUPIAH EXCHANGE RATE AS A MODERATION VARIABLE.
(CASE STUDY ON INDONESIA STOCK EXCHANGE, PERIOD OF JANUARY 2016 – JUNE 2019)
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Abstract:
This research aims to determine the influence of Return on Equity and Earning per share against the price of shares with the Rupiah exchange rate as a moderation variable. Some previous researches on stock prices showed different results. Therefore, another study needs to be done to retest the theory of the stock price. The population of this research company manufactures the pharmaceutical sector of PT Kalbe Farma. The sampling method used is the Time Series method, so that 42 months of observation (January 2016 to June 2019). The research Data is obtained from the companies downloaded from the Indonesia Stock Exchange website. The data analysis techniques used the analysis of the moderation regression and regression analysis. The process of data analysis were descriptive statistic, classic assumption test, regression analysis then testing the hypothesis. The results of this study partially show that only Earning per Share affects significantly the price of the stock, whereas Return on Equity, less influential on the stock price. The results of this research simultaneously Return on Equity, Earning per share affect on the price of shares. Results of moderation test with Moderated Regression Analysis and pure moderated, significant rupiah exchange rate in moderating the relationship between Return on equity against stock price, also significant exchange rate in moderating the relationship between Earning per Share against stock prices.

Keywords: ROE, EPS exchange rate Rupiah and stock price

I. BACKGROUND

Every investor in investing in an investment activity in one or more assets for a certain period surely wants to obtain income or an increase in the value of the initial investment which aims to maximize the expected results within acceptable risk limits (Jogiyanto, 2009). Many financial decisions, both personal and business, involve considering the time value of money. In analyzing the time value of money, information are needed about the rupiah exchange rate against a particular country's currency, while the rupiah exchange rate used in the analysis depends on investors' assumptions about the level of return on investment or the opportunity cost. Because
this concept is one of the bases for calculating the price movement of the currently invested stock, a comparative analysis is then carried out in calculating the expected interest or profit level during the investment period. The investment desire that investors will make is affected by fluctuations in the rupiah exchange rate against foreign currencies (if there is a change in the rupiah exchange rate weakening, securities fall and vice versa), the rupiah exchange rate can also affect activities and market values for the local market, in order to balance of domestic trade transactions, the rupiah exchange rate can affect trade reports and investment capital. So that the low exchange rate of the rupiah againsts the dollar will encourage increased exports and by itself imports of goods will decrease, so that the purchasing power of society as a whole will also decrease by itself investors are less interested in investing.

The capital market in Indonesia from year to year shows a positive trend where the increasing number of companies seeking capital in the capital market in developing their business. It is marked that there are 10 pharmaceutical companies that have registered themselves by selling shares in the capital market in order to meet their funding needs so that they can play a role in reform in the health sector. Currently, there are 206 national pharmaceutical companies and foreign pharmaceutical companies in Indonesia, of which 33 pharmaceutical companies are foreign investors (PMA) and the rest are national pharmaceutical companies (PMDN). Companies in the pharmaceutical industry sector are developing their business to face increasingly fierce competition. In its development these companies experienced various obstacles. One of them is PT Kalbe Farma, as one of the largest pharmaceutical companies and market leaders in the pharmaceutical industry sector, which has entered the age of 27, which is listed as a pharmaceutical company listed on the Indonesian stock exchange, has also felt the impact of the JKN program. In
order to maintain and even increase investor confidence in buying shares of PT Kalbe Farma, the management of PT Kalbe Farma has carried out several strategies, which will spur performance through several strategies. One of them is increasing the sales volume of prescription drugs to the National Health Insurance (JKN) program and targeting the private hospital market. The situation faced by the company is the fluctuating (rising/decreasing) ability of its own capital to provide funds for creditors coupled with the current world economic situation by showing the weakening of the rupiah which continued until the end of June 2019, reaching an average of IDR 14,250 for 1 dollar America which caused turmoil in the stock market, so investors are seriously consider investing their capital. Therefore the company must maintain its cash flow to be able to cover its expenses.

Return on Equity (ROE) is a ratio that shows a company's ability to generate net income using its own capital and generate net income available to owners or investors. ROE is very dependent on the size of the company, for example for small companies of course they have relatively small capital, so the ROE generated is small, and vice versa for large companies. According to Tandelilin (2010: 269), ROE explains how much the company will achieve returns on funds invested by shareholders either directly or with retained earnings. Investors always expect a return on their investment, therefore the company's ROE growth ratio is also something that investors pay attention to. According to Sudana (2011: 22) ROE shows the company's ability to generate profit after tax by using the company's own capital. ROE is a measurement of income (income) on capital invested in the company (Syamsuddin, 2011: 64). According to Kasmir (2008; 24) ROE is the ratio for measuring net profit after tax with own capital, this ratio also shows the efficient use of own capital.
Understanding Earning per Share (EPS) an important component that must be considered in company analysis is earnings per share or better known as EPS, because EPS information of a company shows the amount of company net profit that is ready to be given to all company shareholders. Meanwhile, according to Simamora, H (2002: 530) EPS is the net profit per common share outstanding during one period, this earnings per share ratio measures profitability from the point of view of ordinary shareholders. From the definition above, earnings per share (EPS) shows the company's ability to generate income for shareholders who have participated in the company. The higher the company's ability to distribute income to shareholders, this shows the greater the success of the business run by the company.

Shares are proof of company ownership by means of a company selling its ownership rights in the form of shares. The financiers are categorized as investors and speculators. Investors here are people who buy shares to own companies in the hope of getting dividends and capital gains in the long term, while speculators are people who buy shares to be resold immediately if the exchange rate situation is considered the most profitable as it is known that stocks provide two kinds of income, namely dividends and capital gains. There are various definitions of shares that have been put forward by experts and various text books, among others, shares are the purest and simplest form of corporate ownership. (Gitman 2000: 7). Meanwhile, according to Bambang Riyanto (2001: 240) argues that, shares are proof of returning a part or participant in a limited liability company, for those concerned, received from the sale of their shares but embedded in the company for the rest of their lives, even though the shareholders themselves are not. This is a permanent role, because at any time the shareholders can sell their shares. Stock is a security that has a claim on the income and assets of a company.
II. METHOD

The sample in this study is part of the population that meets the sample criteria. The population of this study are pharmaceutical companies listed on the IDX in the 2016-2019 period. The data analysis method is divided into two, namely the quantitative analysis method and the qualitative analysis method (Silalahi, 2006; 34). Quantitative analysis uses statistical data and can be done quickly, while qualitative analysis is used for qualitative data where the data used is in the form of records which usually tend to be large and accumulate so that it takes quite a long time to be able to analyze carefully (Silalahi, 2006: 305). Before doing the analysis, the data needs to be tested first. Testing the data in this study used a multivariate analysis application with the IBM SPSS version 23 program.

III. DISCUSSION

The partial effect of Return On Equity (ROE) on stock prices at PT. Kalbe Farma, Tbk. Partially Return On Equity contributes $0.436 = 43.6\%$ to the stock price, while the remaining $0.564 = 56.4\%$ is influenced by other variables outside those examined in this study. It is also known that Return On Equity partially has no effect on stock prices, with a significance number obtained at 0.001 less than 0.05 (0.001 < 0.05) and the $T_{\text{count}}$ value obtained is 4.868 greater than the $T_{\text{table}}$ value of 2.0195 ($4.868 > 2.0195$), then Return On Equity has a less significant effect on the share price of PT Kalbe Farma.

The partial effect of Earning per Share (EPS) on stock prices at PT. Kalbe Farma, Tbk. Partially Earning per Share contributes $0.593 = 59.3\%$ to the stock price, while the remaining $0.407 = 40.7\%$ is influenced by other variables outside those
examined in this study. It is also known that Earning Per Share partially affects stock prices, with a significance number obtained of 0.000 less than 0.05 (0.000 < 0.05) and the Tcount value obtained is 7.37 greater than the Ttable value of 2.0195 (7.37 > 2.0195). So Earning per Share has a significant influence on the share price of PT Kalbe Farma.

The influence of the Rupiah exchange rate moderates Return On Equity (ROE) on stock prices at PT Kalbe Farma, Tbk from the results of the moderation test with the Moderated Regression Analysis (MRA) and Pure moderation test approaches, the regression coefficient of the stock price is positively significant (Sig. 0.000 < 0.05 significant). This means that the exchange rate variable is significant in moderating the relationship between ROE and stock prices. Where there is an increase in Adjusted R square, where partially the ROE variable affects stock prices with a difference of 0.331-0.099 = 0.232 also simultaneously ROE and exchange rates affect the difference in Adjusted R Square with the same value Adjusted R Square 0.331-0.293 = 0.038 then ROE is moderated in value exchange rates affect stock prices.

The influence of the Rupiah exchange rate moderates Earning Per Share (EPS) on stock prices at PT Kalbe Farma, from the results of the moderation test with the Moderated Regression Analysis (MRA) and Pure moderation approaches, the regression coefficient of the stock price is positive although significant (Sig. 0.000 < 0.05 significant). This means that the exchange rate variable is significant in moderating the relationship between EPS and stock prices. Partially the EPS variable affects stock prices with a difference in Adjusted R Square of 0.593-0.041 = 0.551, also simultaneously EPS and exchange rates affect it with a difference in Adjusted R Square with the same value of 0.593.
IV. CONCLUSION

Based on the results of the analysis and discussion in the previous chapter, several conclusions were obtained;

1. Partially, Return on Equity does not affect the share price of PT Kalbe Farma. So that the hypothesis proposed is not accepted.

2. Earning per Share partially has a significant effect on PT Kalbe Farma's stock price. So the proposed hypothesis is accepted.

3. The Rupiah exchange rate is able to moderate the ROE on PT Kalbe Farma's share price so that the proposed hypothesis is accepted.

4. The Rupiah exchange rate is able to moderate EPS on PT Kalbe Farma's share price so that the proposed hypothesis is accepted.

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