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The Effects of Return on Asset, Earning Per Share, And Price Earnings Ratio on Stock Return (Empirical Study on Transportation)

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Abstract: *The research objective was to determine the effect of return on asset, earnings per share, and price earnings ratio on stock returns in transportation sub sector companies listed on the Indonesia Stock Exchange. The exploration technique utilizes explanatory research. The population consists of financial report from 12 companies. The sample selection technique uses a purposive sampling technique based on criteria that companies does not have negative ROA for the 2015-2018 period. This obtained a sample of 12 companies with a total of 48 data observations. Data analysis methods use panel data regression, processed with software E-Views 10. The results show that return on assets does not affect stock returns. Earnings per share, price earnings ratio affects stock returns. Simultaneously return on*

Keywords: *ROA, EPS, PER, Stock Return*

I. PRELIMINARY

One of the capital markets instruments that investors are most interested in is stocks because they provide attractive returns. By including capital, the party has a claim on company income, a claim on company assets, and is entitled to attend the General Meeting of Shareholders (www.idx.co.id).

Stock return is one of the variables that propels speculators to contribute and is additionally an award for the fearlessness of financial specialists to manage the danger of their ventures. The reason for financial specialists in contributing is to augment stock returns, without overlooking speculation chance factors that must be tended to. Stock returns are emphatically contrasted with hazard, implying that the more prominent the hazard borne by speculators, the more noteworthy the arrival, and the other way around (Karlina and Widanaputra, 2016). The benefit picked up by financial specialists by purchasing or owning shares is as profits and capital increases. Profits are the circulation of benefits gave by the organization and got from benefits produced by the organization. Profits are given subsequent to accepting endorsement from the investors at the General Meeting of Shareholders. Capital increase is the contrast between the price tag and the selling cost (www.idx.co.id).

The stock price is very important for investors and companies, an increase in a share price will benefit both parties (Hussain et al., 2019). Investors will benefit both from dividends and capital gains received while companies will more easily get capital because of a good image in the eyes of investors from an increase in share prices (Pranajaya and Putra, 2018). Share price is the

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value of each share issued. The stock price used is usually the closing stock price which is the price requested by the buyer or seller at the end of the exchange (Setiyanti, 2015).

Stock return has a very close relationship with stock prices. In making stock investment decisions, investors prefer stocks that provide high returns. Investors can assess the ability of companies that can provide returns based on financial performance reports. If the financial performance is declared good, then the possibility of profits earned by the company increases and also the returns obtained by investors will increase. The high purchasing power of shares indicates the high demand and the impact on rising stock prices. Conversely, if performance is poor, investors tend not to buy shares and are likely to sell shares. By selling shares, the offer will increase which will have an impact on the decline in share prices which will result in stock returns decreasing or negative (Juliana, 2019).

As one of the financial organizations that possess a critical job in supporting the national economy, the Indonesia Stock Exchange tries to improve the capacity of the capital market as a wellspring of financing for business substances and as a method for investing. This is evidenced by the number of companies utilizing the stock issuance funding on the IDX has reached 600 companies as of Friday (09/28/2018) (Business market, 28 September 2018).

One of the sectors on the IDX is infrastructure, utilities, and transportation. The transportation sub-sector as infrastructure and services is a main artery of economic activity which in turn will determine the level of economic competitiveness The availability of adequate and effective facilities and infrastructure, as well as the growth of an efficient and highly competitive service industry in every transportation sector, both land, sea and air, will determine the speed of Indonesia's economic growth in overcoming increasingly fierce and heavier global competition. As a liaison for Indonesia's economic activities, the transportation sub-sector is certainly a concern of the government. More attention is given by the government to the transportation sector in Indonesia because of the need for large costs in its development. The development of the transportation sector today seems as if the road is in place. The number of high-risk assessments from investors when they will invest in companies engaged in transportation (www.sahamok.com).

Financial ratio analysis is used as a tool to analyze financial statements in assessing the company's financial condition. Financial ratios describe a relationship between a certain amount with another amount. With this ratio tool will be able to explain or provide an overview to the analyst about the good or bad financial position of a company and aims to see how far the accuracy of management policies in processing company finances each year. (Fahmi, 2015)

Return on assets according to Putra in Aryanti, Mawardi and Andesta (2016) is a proportion that portrays the measure of benefits in creating net gain. Also, this proportion is applicated to gauge the measure of net benefit produced from every rupiah of assets installed in complete resources. According to Arista in Gunadi and Kesuma (2015) the greater the value of ROA means the better the company is using its assets to make a profit; with the increasing value of ROA the profitability of the company is increasing. This makes investors become interested in buying company shares and has an impact on stock prices that are increasing and followed by a high rate of return on stock returns.

Earnings per share ratio or earnings per share is a ratio to measure the success of management in achieving profits for shareholders. A low value ratio means that management has not succeeded in satisfying shareholders. Conversely, the higher this ratio indicates the welfare of shareholders because the greater the profit provided to shareholders and the possibility of increasing the amount of return received by shareholders (Kasmir, 2017: 207)

In addition to the ROA and EPS ratio, another ratio that is one of the considerations of investors in analyzing stock price movements in order to maximize the expected return is the price earnings ratio. Husnan and Pudjiastuti (2015: 84), said that

PER reflects the company's profit, the higher this ratio, the more the profit growth expected by investors or the high stock returns obtained. That is, PER and stock returns have a positive effect or directly proportional.

This research was conducted to continue the previous research. Research conducted by Aryaningsih, Fathoni, and Harini (2018) states that return on assets affects stock returns. These results are different from research conducted by Purnamasari (2017) stating that return on assets does not affect stock returns.

Sodikin and Wuldani's research (2016) states that EPS growth has no influence on stock returns. In contrast to the results of the research Arief, Wahono, and Salim (2017) stated that EPS growth affects stock returns.

Price Earnings Ratio variable has been inspected by Utari (2017) states that PER negatively affects stock returns. While Andrianto (2017) states that PER has no impact on stock returns.

Although there have been many studies on stock returns, there are differences between the facts and the results of research that have been done, so it is interesting to study. By considering previous studies, the researchers chose the independent variables in this study, namely ROA, EPS, and PER which will be set out in the title:

"The Effect of Return On Assets, Earning Per Share, and Price to Earnings Ratio to Stock Return (Empirical Study on Transportation Sub Sector Companies listed on the Indonesia Stock Exchange Period 2015-2018)"

II. TYPES OF RESEARCH

This category of research is explanatory. Explanatory research will be look into whose design is to get replies about how and why a wonder happens. The motivation behind this examination is to clarify or demonstrate how the connection between inquire about factors (Nuryaman and Christina, 2015: 6).

III. RESEARCH METHODS

Quantitative research is as per its name, where this examination is required to utilize numbers, beginning from information assortment, translation of the information, just as appearance and results. (Arikunto, 2014: 27).

Nazir (2013: 54) explains the notion of descriptive method, is for studies that find facts with the right interpretation which includes studies to describe accurately the properties of some group or individual phenomena and studies to determine the frequency of occurrence of a situation to minimize bias and maximize reliability. This descriptive method is used to answer problems regarding all independent research variables.

Verification method is a research method that aims to determine the quality relationship between variables through a hypothesis test through a statistical calculation so that evidence can be produced that shows the hypothesis is rejected or accepted (Nazir, 2013: 91).

This study uses a quantitative method with a descriptive and verification approach, because of the variables that will be examined in relation to the objective to present a description of the relationship between the variables studied.

IV. TYPES AND SOURCES OF DATA

The classification of information utilized right now auxiliary information that is quantitative. Quantitative comprehension as indicated by Gani and Amalia (2015: 3) is information as numbers or subjective information that is surrounded. In view of the announcement, the information utilized right now optional information as budget reports of transportation sub-segment organizations recorded on the Indonesia Stock Exchange for the period 2015-2018.

V. DATA ANALYSIS TECHNIQUE

Data analysis is to answer the research problems that have been formulated in the previous research step, so that the results of data analysis and interpretation can be used as a basis in making conclusions and recommendations for users (Nuryaman & Christina, 2015: 19)

The analysis used in this study is a regression analysis technique. Regression analysis expects to gauge the quality of the connection between at least two factors, notwithstanding estimating the quality of the connection between the needy variable with the independend factor. The data processing technique used in this study is using unbalanced panel data regression which is a combination of time series data and cross sectional data with the number of cross sectional data units and the number of observations that are not the same.

VI. RESULTS AND DISCUSSION

RESULTS

Dependent Variable: *Return*_Saham

Method: Panel Least Squares

Date: 11/24/19 Time: 21:19

Sample: 2015 2018

Periods included: 4

Cross-sections included: 12

Total panel (balanced) observations: 48

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.040	0.068	-0.590	0.558
ROA	0.328	0.327	**1.005**	**0.000**
EPS	0.005	0.002	**2.433**	**0.019**
PER	-0.011	0.005	**-2.256**	**0.029**

R-squared	**0.787**	Mean dependent var	0.098
Adjusted R-squared	0.772	S.D. dependent var	0.966
S.E. of regression	0.461	Akaike info criterion	1.369
Sum squared resid	9.355	Schwarz criterion	1.525
Log likelihood	-28.862	Hannan-Quinn criter.	1.428
F-statistic	54.056	Durbin-Watson stat	1.862
Prob(F-statistic)	**0.000**		

Source: Output Eviews 10

1. Significant value of the variable return on assets is 0.321, the value is greater rather than 0.05, so ROA has no effect on stock returns.

2. Significant value of earning per share variable is 0.019, which is less than 0.05. The conclusion is that H01 is rejected and Ha1 is accepted, meaning that the earning per share variable has a significant effect on stock returns. The t-statistic value of EPS has a positive value of 2,433, this means that earnings per share is directly proportional to stock returns. If EPS experiences an increase, stock returns will also increase, and vice versa.

3. Significant value of the variable price earnings ratio of 0.029 which is less than 0.05. The conclusion is that H03 is rejected and Ha3 is accepted, meaning that the price earning ratio variable has a significant effect on stock returns. The t-

statistic value of the PER variable shows a negative value that is equal to -2.256, this means the price earning ratio is inversely proportional to stock returns. If the price earnings ratio increases, stock returns will decrease, and vice versa.

4. The significance value is simultaneously 0.000, this value indicates <significance level that is 0.05 (5%) which means 0.000 <0.05. The conclusion is that H04 is rejected and Ha4 is accepted, meaning that ROA, EPS, and PER have an influence on stock returns.

5. R-Squared estimation of 0.7865 which implies that the changeability of the dependend variable (Y) that is stock returns can be impacted by the independend factor (X) that is the variable variable return on assets, earnings per share, and price earnings ratio proportion to 78.65%, while the staying 21.35% is affected by different factors outside the examination model ROA, EPS, and PER have an effect on stock returns

VII. DISCUSSION

1.Effect of Return On Assets on Stock Return

The aftereffects of this investigation are bolstered by Purnamasari (2017), this proportion is utilized to gauge the capacity of the board to get net advantages from the utilization of assets. This implies the board can't utilize all out assets appropriately and at last can't build stock returns.

2. Effects of Earning Per Share on Stock Returns

The results of this study are supported by the theory of Dharmastuti in Aisah (2016) that the EPS information of a company shows the size of the company's net profit that is ready to be shared for all shareholders of the company. If the company's earnings per share are high, more investors will want to buy the stock, causing the stock price to be high which causes stock returns to rise. The aftereffects of this examination are reliable with past research led by Ariesta et al (2016) and Andrianto (2019) which expresses that earnings per share significantly affect stock returns.

3. Effect of Price Earning Ratio on Stock Returns

According to Annisa in Utari (2017) the price earning ratio is a ratio that compares the price of shares obtained from the capital market and earnings per share obtained by company owners presented in the financial statements. The higher price earning ratio will indicate that the company's performance is also getting better, but conversely, if the PER is too high it can also indicate that the stock price is already very high or irrational. Usually, investors tend to be cautious when buying shares with a high PER. Therefore, when the price earning ratio is high, investors tend not to invest their shares in the company, so stock returns tend to decrease. The aftereffects of this examination are steady with Dewi's exploration (2017) which expresses that the price earning ratio has a negative and huge impact on stock returns.

4. Effect of Return on Assets, Earning Per Share, and Price Earning Ratio on Stock Returns

Return on assets, earnings per share, and price earning ratio influence stock returns. Stock return can be affected by autonomous factors, in particular the variable, return on assets, earnings per share, and price earning ratio to 78.65%, while the staying 21.35% is impacted by different factors outside the examination model.

VIII. CONCLUSION

Based on the results of the analysis and discussion presented in the previous chapter, the authors draw the following conclusions:

1. Return on assets does not affect stock returns
2. Earnings per share affects the stock return.
3. Price earnings ratio affects stock returns.
4. Simultaneously ROA, EPR, and PER affect stock returns.

IX. SUGGESTION

The suggestions that the authors propose for several interested parties include the following, namely for:

1. Company

Companies need to focus on these variables and can draw in financial specialists to contribute their capital with the goal that interest for offers will be high which makes stock returns increment.

2. Investors

Investors who want to invest capital should see and analyze first in choosing a company, especially in considering ROA, EPS, and PER, because in this study has an influence on stock returns.

3. Next Researcher

This research was conducted only in a period of four years. Further research should use a longer period of time or period. In addition, it is recommended to add or replace other variables outside the variables that have been studied, such as working capital turnover.

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