

THE EFFECT OF SOLVABILITY (DAR) AND PROFITABILITY (ROA) TOWARD STOCK PRICES

(Empirical Study of Consumer Goods Manufacturing Companies listed on the Indonesia Stock Exchange (IDX) for the period of 2016-2018)

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SUMMARY

This study aims to analyze the effect of DAR and ROA variables on stock prices partially and simultaneously on the manufacturing companies in the consumer goods industry sector. Secondary data in the form of an overview of the financial statements of 16 manufacturing companies in the consumer goods industry sector from 2016 to 2018. The research method uses the classic assumption test and multiple linear regression with SPSS version 20.00. The results of the t-hypothesis test show that the debt to asset ratio variable has no effect on stock prices, while the return on asset variable has a significant effect on stock prices. Hypothesis f-test results indicate that simultaneously these two variables also showed a significant influence on firm value.

The R-square value is 0.159, which means that the debt to asset ratio and return on asset variables are able to explain the company's value variable by 15.9%, while the rest can be influenced by other factors not included in this research model.

Keywords: Debt to Asset Ratio (DAR), Return On Assets (ROA), Stock Prices.

PRELIMINARY

Company value is a measure of management's success in the future operating prospects so that it can create trust for the shareholders of the company, because if the welfare of shareholders has been met, it is certain that the situation reflects the high value of the company as well. One area that is of interest to investors is the consumption manufacturing companies listed on the Indonesia Stock Exchange.

The prospect of the consumption industry remains bright because demand remains high supported by a large population with high purchasing power and supported by the existence of raw materials for the consumption industry relatively easily found in the country (natural resources based). This triggers an output selling price that is affordable by the public as consumers. In an effort to achieve value creation, companies need additional funds (capital) large enough to support operational activities, both internal and external funds.

Companies need to assess their ability to pay long-term liabilities (external funds), using a financial solvency ratio, namely Debt to Asset Ratio (DAR). Financial profitability ratios, namely Return On Assets (ROA) are used to measure the level of the company's ability to generate profits (profits) for a certain time.

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Based on the description above, the authors are interested in conducting research with the title "The Effect of DAR and ROA on Stock Prices on Consumer Goods Manufacturing Companies on the Indonesia Stock Exchange Period 2016-2018).

The problems formulated are: (1) how the influence of Debt to Asset Ratio (DAR) on stock prices, (2) how the influence of Return On Assets (ROA) on stock prices (3) how Debt to Asset Ratio (DAR) and Return On Asset (ROA) to share prices.

Therefore, this study aims to: (1) analyze the effect of Debt to Asset Ratio (DAR) on stock prices, (2) analyze the effect of Return on Assets (ROA) on stock prices, (3) analyze the effect of Debt to Asset Ratio (DAR) and Return On Assets (ROA) to the stock price.

LITERATURE REVIEW

Definition of Stock

The Indonesia Stock Exchange defines shares as a sign of capital participation of a person or party (business entity) in a company or limited liability company. Meanwhile According to Irham Fahmi (2013: 53) the shares are:

- a. Proof of ownership of capital / funds in a company.
- b. Paper that is clearly listed in face value, company name and followed by matters and obligations explained to each holder.
- c. Inventories that are ready to sell

Stock price

Share price is the value of shares in rupiah formed by the action of buying and offering shares on the stock exchange by fellow exchange members (Sri Ratna Hadi, 2013: 179). According to Darmadji and Fakhruhin (2012: 102) stock prices are prices that occur on the stock exchange at a certain time, changing up or down influenced by demand and supply between shares and stock sellers.

Financial statements

Financial reports are the main media for an entity to communicate financial statement information by management to stakeholders (Kartikahadi et al 2016). Financial statements held by companies in practice are not made haphazardly, but must be prepared and arranged in accordance with applicable rules or standards. Financial reports are prepared to provide an overview of progress reports made periodically by the management concerned. Thus, financial statements are historical as well as comprehensive (Munawir, 2014).

Solvency Ratio (Debt)

Ratio that illustrates the company's ability to meet all its obligations. Can be used to measure the ratio between total debt to total assets, also to show the company's ability to pay off all liabilities.

Profitability Ratio

Ratio that illustrates the company's ability to generate profits. The return on assets (Return on Assets), is a ratio that shows the results of the use of company assets in creating net profit. This ratio is used to measure how much net income will be generated from each rupiah of funds embedded in total assets.

Framework of thinking

The ability of companies to pay debts is highly considered by investors, because debt is something that can cause bankruptcy of a company. Many companies have to be acquired because of debt that is not paid, and therefore investors want a solvable condition of the company. Solvable company means that the company has sufficient assets or assets to pay all its debts in a timely manner, and has no problems in paying off its debts. Thus the value of a company is considered good by investors so that it will allow many investors to invest in a company and can affect the company's stock price due to the high demand. Debt to Asset Ratio (DAR) is included in the solvency ratio used to measure the level of the company's ability to pay all obligations it has at the time the company was liquidated. Based on the research of Reni Wuryaningrum (2015) if the value of debt to asset ratio is low, the better the company is running and the stock price increases and vice versa if the value of debt to asset ratio is high, the worse the company value and share price decreases.

Profitability shows the level of health of a company. according to Brigham and Houston (2015) profitability is the end result of a number of policies and decisions made by companies, companies with large profits can attract investors to invest. Return On Assets (ROA) is one form of profitability ratios used to measure the level of the company's ability to overall funds invested in activities for company operations with the aim of generating profits (Febriani 2016). ROA is a ratio that looks at the extent to which the investment that has been invested by the company is able to provide the expected

rate of return (Fahmi, 2011: 137). According to Prastowo & Juliaty (2008: 91) quoted by Sufianto (2016) the greater the ROA, the greater the level of profits achieved by the company and will increase the company's stock price. by knowing this ratio we can assess whether the company is efficient in utilizing its assets in the company's operational activities.

If the Debt to Asset Ratio (DAR) and Return On Asset (ROA) are in good condition then the company has a good performance, healthy and able to survive. Investors will also be interested in seeing this condition, so that stock prices will continue to rise because many investors continue to buy shares of the company, with stock prices continue to rise, the company has no problems with debt payments, has funds for business expansion and others. The relationship between variables can be described as follows:

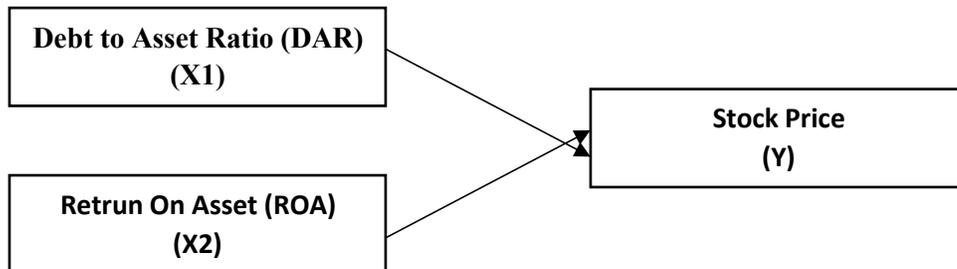


Figure 1.1
Research paradigm

From the research paradigm above, the research hypotheses to be tested are:

- H₁: DAR affects stock prices.
- H₂: ROA affects the stock price.
- H₃: DAR and ROA simultaneously influence stock prices.

RESEARCH METHODS

Object of research

The object of research is characteristics inherent in a research variable (Nuryaman and Christina, 2015: 5). The object of this research is debt to asset ratio (DAR), return on assets (ROA) as a representative of financial performance and stock prices.

Research methods

In this research descriptive method is used to explain the variables to be studied, namely debt to asset ratio, return on assets and stock prices, while the causal method is used to determine the effect of DAR and ROA simultaneously on stock prices.

Population

Population according to Sekaran and Bougie (2017: 53) is all the characteristics / properties possessed by the subject or object. The population in this study were 56 consumer goods industry manufacturing companies on the Indonesia Stock Exchange, 2016 - 2018.

Research Samples

Judgment Sampling technique used in this study. According to Sekaran and Bougie (2017: 59) judgment sampling is a sampling determination technique with certain considerations, namely manufacturing companies in the consumer goods industry sector that have complete financial data and selected as many as 20 companies. The amount of data tested was 20 x 3 years = 60 annual financial report data from 2016-2018.

Table 1.1
Sample Name of Manufacturing Company Consumption in the Indonesia Stock Exchange

No	Kode Perusahaan	Nama Perusahaan	No	Kode Perusahaan	Nama Perusahaan
1	ALTO	Tri Banyan Tirta Tbk.	9	IIKP	Inti Agri Resources Tbk
2	BTEK	Bumi Teknokultura Unggul Tbk	10	INDF	Indofood Sukses Makmur Tbk.

3	CEKA	Wilmar Cahaya Indonesia Tbk.
4	CINT	Chitose Internasional Tbk.
5	DLTA	Delta Djakarta Tbk.
6	DVLA	Darya-Varia Laboratoria Tbk.
7	HMSP	H.M. Sampoerna Tbk.
8	ICBP	Indofood Sukses Makmur Tbk

11	KAEF	Kimia Farma (Persero) Tbk.
12	KICI	Kedaung Indah Can Tbk
13	KINO	Kino Indonesia Tbk.
14	KLBF	Kalbe Farma Tbk.
15	LMPI	Langgeng Makmur Indsutri Tbk.
16	MERK	Merck Tbk.

Method of collecting data

Secondary data used in this study with the data collection method used is secondary data analysis. According to Sugiyono (2014: 308) data collection methods are the main step in research to get data.

The author conducts research by studying the annual report of manufacturing companies in the consumer goods industry sector on the Indonesia Stock Exchange for the period of 2016-2018, which is published through the official website of the IDX, <http://www.idx.co.id>.

Operational Research Variables

Operationalization of variables is the establishment of rules in order to conduct research through the determination of indicators or measures of an abstract concept and then these indicators are used in measuring facts, realities that can be observed empirically (Nuryaman & Christina, 2015).

Independent Variable (X)

The independent variable or the independent variable is a variable that can affect the dependent variable, changes in the value of the independent variable can cause changes in the dependent variable (Nuryaman & Christina, 2015). The independent variables in this study are DAR (X1) and ROA (X2).

Dependent Variable (Y)

The dependent variable according to Sugiyono (2004: 3) is a variable that is affected or that is due, because of the independent variables. The dependent variable in this study is the Stock Price.

Data analysis technique

Data analysis is a way to process the collected data then can provide interpretation. The aim is to answer the research problem that was 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, for decision making (Nuryaman and Christina, 2015: 115).

Multiple Regression Analysis

Regression using panel data (panel data regression) means that this procedure is used to analyze combination data between two time series and cross section data (Sarwono, 2017: 29), with 20 companies and a period of 3 years.

The equation model of panel data regression analysis is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Information:

Y: Stock Price

A: Constants

β_1, β_2 : Coefficients of the independent variables

X1: DAR (Debt to Asset Ratio)

X2: ROA (Return On Asset)

e: Error

Classic assumption test

The classic assumption test aims to analyze whether the regression model used in the study is the best model, meaning that the results of the regression analysis are worthy of being used as recommendations for knowledge or for the purpose of solving practical problems (Juliandi, 2014). Tests conducted in the classical assumption test, namely: normality test, heteroscedastity test, autocorrelation test and multicollinearity test.

1. Normality Test

Normality test is done to determine whether the data collected is normal or not. Therefore, to provide certainty whether the data is normal or not, a normality test is performed. Testing data normality using the SPSS program. by making a hypothesis:

- a. H_0 : Residual data are normally distributed, if sig. 2-tailed $> \alpha = 0.05$
- b. H_a : Residual data are not normally distributed, if sig. 2-tailed $< \alpha = 0.05$

2. Heteroscedasticity Test

Heteroscedasticity test is done to test whether there is a difference in variance from the residuals of one observation to another in the regression model. A good regression equation is homoscedasticity, meaning that the residual is fixed. To test heteroscedasticity with scatterplot graphs on SPSS output.

3. Autocorrelation Test

Autocorrelation test aims to test whether in the linear regression model there is a correlation between the error of the intruder in the period t with the error of the intruder in the period $t-1$ (previous). The regression model in this study requires an autocorrelation test using the SPSS program.

4. Multicollinearity Test

Multicollinearity test aims to test whether there is a correlation or not between independent variables in the regression model. To detect this, look at the amount of Variance Inflation Factor (VIF) and Tolerance. VIF limit is 10, if a regression has a VIF value below 10, then there is no symptom of multicollinearity. The formula used to obtain VIF values is:

$$\text{VIF} = 1/\text{Tolerance}$$

Hypothesis test

1. Coefficient of Determination.

The coefficient of determination R^2 basically measures how far the model's ability to explain the dependent variables (Ghozali, 2016: 95). A small value of R^2 means that the ability of independent variables in explaining the variation of the dependent variable is very limited. In general, the coefficient of determination for cross data (cross section) is relatively low because of the large variations between each observation, while the time series data usually has a high coefficient of determination (Ghozali, 2013: 97).

2. Partial Test (t test)

T test shows the effect of individual independent variables on the dependent variable (Ghozali, 2016: 99). The steps of t-test testing are as follows:

Set a significant level of 95% or $\alpha =$ error of 5% (0.05). If a significant value > 0.05 exceeds the error, then testing cannot be done.

Set a significant level of 95% or $\alpha =$ error of 5% (0.05). If the significant value < 0.05 exceeds the error, then testing can be done.

Statistical t test with a significant condition of 0.05 with the provision of 1-tailed (1-tailed). The t test is a partial hypothesis test by comparing:

T arithmetic < 1 table H_0 is accepted and H_a is rejected.

T arithmetic > 1 table H_0 is rejected and H_a is accepted.

Partial Hypothesis:

$H_{1\beta}$: Debt to Asset Ratio (DAR) has no effect on stock prices.

$H_{1\beta}$: Debt to Asset Ratio (DAR) affects the Stock Price.

$H_{2\beta}$: Return On Assets (ROA) has no effect on stock prices.

$H_{2\beta}$: Return On Assets (ROA) affect the Stock Price.

3. Simultaneous Test (F-test)

F statistical test aims to determine whether all independent variables simultaneously affect the dependent variable (Ghozali, 2016: 96). Proving theoretical hypotheses using statistical hypotheses with the following conditions:

a. Establish a significant 95% or $\alpha =$ error of 5% (0.05), if the probability is greater than 0.05 exceeds the set error then the F test does not indicate an associative relationship.

b. Statistical F value with a significant condition less than 0.05 hypothesis is accepted or rejected by comparing:

1) F arithmetic $< F$ table H_0 is accepted and H_a is rejected.

2) F arithmetic > F table H_0 is rejected and H_a is accepted.

Simultaneous hypothesis:

H_0 1, 2 β : Debt to Asset Ratio (DAR) and Return On Assets (ROA) have no significant effect on stock prices.

H_1 1, 2 = β : Debt to Asset Ratio (DAR) and Return On Assets (ROA) significantly influence stock prices.

RESULTS AND DISCUSSION

Research result

Debt to Asset Ratio (DAR) Manufacturing Companies in the Consumer Goods Industry Sector on the Indonesia Stock Exchange in the period 2016-2018.

Table 1.2

Debt to Asset Ratio (DAR) Value in Manufacturing Companies in the Industrial Sector

No.	Kode Perusahaan	DAR		
		2016	2017	2018
1	ALTO	0.587	0.622	0.651
2	BTEK	0.710	0.625	0.562
3	CEKA	0.377	0.352	0.165
4	CINT	0.183	0.198	0.209
5	DLTA	0.155	0.146	0.157
6	DVLA	0.295	0.320	0.287
7	HMSP	0.196	0.209	0.241
8	ICBP	0.360	0.357	0.339
9	IIKP	0.232	0.080	0.080
10	INDF	0.465	0.468	0.483
11	KAEF	0.508	0.578	0.645
12	KICI	0.363	0.388	0.386
13	KINO	0.406	0.365	0.391
14	KLBF	0.181	0.164	0.157
15	LMPI	0.496	0.549	0.580
16	MERK	0.217	0.273	0.590
Maximum		0.710	0.625	0.651
Minimum		0.155	0.080	0.080
Average		0.379	0.381	0.395

Based on table 1.2 above, it can be sorted out the development of solvency of consumer goods manufacturing companies on the Stock Exchange in the 2016-2018 period as follows:

1. In 2016, the highest solvency of manufacturing companies in the consumer goods industry sector was obtained with a DAR of 0.71 owned by BTEK, meaning that BTEK used more debt in its operational financing and the smallest DAR was owned by CEKA with a DAR of 0.155, which means CEKA use more private capital.
2. For 2017 the highest solvency of manufacturing companies in the consumer goods industry sector is obtained with a DAR of 0.625 owned by BTEK, meaning that BTEK uses more debt in its operational financing and the smallest DAR is owned by IIKP with a DAR of 0.08 which means IIKP is more use a lot of private capital in financing the company's operations.
3. In 2018, the highest solvency of manufacturing companies in the consumer goods industry sector was obtained with a DAR of 0.651 owned by ALTO, meaning that ALTO used more debt in its operational financing and the

smallest DAR was owned by IIKP (Inti Agri Resources Tbk) with a DAR of 0.08 which means that IIKP uses more private capital in financing the company's operations.

Return On Assets (ROA) in Consumer Goods Manufacturing Companies on the Stock Exchange for the 2016-2018 period.

Table 1.3
Value of Return On Assets (ROA) of Consumer Goods Manufacturing Companies on the Indonesia Stock Exchange for the period of 2016-2018

No.	Kode Perusahaan	ROA		
		2016	2017	2018
1	ALTO	-0.023	-0.057	-0.030
2	BTEK	-0.019	-0.008	0.015
3	CEKA	0.175	0.077	0.079
4	CINT	0.052	0.062	0.028
5	DLTA	0.212	0.209	0.222
6	DVLA	0.099	0.099	0.119
7	HMSP	0.300	0.294	0.291
8	ICBP	0.126	0.112	0.136
9	IIKP	-0.076	-0.041	-0.051
10	INDF	0.064	0.059	0.051
11	KAEF	0.059	0.054	0.042
12	KICI	0.003	0.005	-0.006
13	KINO	0.055	0.034	0.042
14	KLBF	0.154	0.148	0.138
15	LMPI	0.009	-0.037	-0.059
16	MERK	0.207	0.171	0.921
Maksimum		0.300	0.294	0.921
Minimum		-0.076	-0.057	-0.176
Rata-rata		0.080	0.066	0.097

Sumber : Data Penelitian (Data Diolah)

Based on ROA data in table 1.3 above, it can be described the development of profitability of consumer goods manufacturing companies on the Indonesia Stock Exchange (BEI) for the period 2016-2018 as follows:

1. In 2016 the highest profitability with ROA of 0.3 is owned by HMSP, meaning that HMSP can return total assets better because it is above the average value of 0.09 and the smallest profitability is owned by IIKP with ROA of -0.076 meaning that IIKP is less good at returning total assets.
2. In 2017 the highest profitability with ROA of 0.294 is owned by HMSP, meaning that HMSP returns total assets less well because it is below the average value of 0.09 and the smallest profitability is owned by ALTO (Tri Banyan Tirta Tbk) with ROA of -0.057 meaning the rate of return of total assets is not good.
3. In 2018 the highest profitability with ROA of 0.92 is owned by MERK (Merck Tbk), meaning that MERK can return total assets better because it is above the average value of 0.10 and the smallest profitability is owned by MBTO (Martina Berto Tbk) with ROA of -0.176 means that MBTO is not good in returning total assets.

Share Prices of Consumer Goods Manufacturing Companies on the Indonesia Stock Exchange (IDX) for the 2016-2018 period.

Table 1.4
Share Prices of Manufacturing Companies in the Consumer Goods Industry Sector

on the Indonesia Stock Exchange for the period of 2016-2018

No.	Kode Perusahaan	Harga Saham		
		2016	2017	2018
1	ALTO	Rp 330	Rp 388	Rp 400
2	BTEK	Rp 154	Rp 140	Rp 150
3	CEKA	Rp 1,350	Rp 1,290	Rp 1,375
4	CINT	Rp 316	Rp 334	Rp 284
5	DLTA	Rp 5,000	Rp 4,590	Rp 5,500
6	DVLA	Rp 1,755	Rp 1,960	Rp 1,940
7	HMSP	Rp 3,830	Rp 4,730	Rp 3,710
8	ICBP	Rp 8,575	Rp 8,900	Rp 10,450
9	IHKP	Rp 251	Rp 330	Rp 240
10	INDF	Rp 7,925	Rp 7,625	Rp 7,450
11	KAEF	Rp 2,750	Rp 2,700	Rp 2,600
12	KICI	Rp 120	Rp 171	Rp 284
13	KINO	Rp 3,030	Rp 2,120	Rp 2,800
14	KLBF	Rp 1,515	Rp 1,690	Rp 1,520
15	LMPI	Rp 135	Rp 167	Rp 144
16	MERK	Rp 9,200	Rp 8,500	Rp 4,300

Sumber : Data Penelitian (Data Diolah).

Based on the data in table 1.4 above, it can be explained as follows:

1. In 2016 the highest share price of 9,200 is owned by MERK and the smallest is owned by KICI at 120.
2. In 2017 the highest share price of 8,900 is owned by ICBP and the smallest is owned by BTEK by 140.
3. In 2018 the highest share price of 10,450 is owned by ICBP and the smallest is owned by LMPI at 144.

Classic assumption test

Normality test

Ghozali & Ratmono (2011: 161) states that the regression method is said to have a normal contribution, if the plotting data (points) that describe the data actually follow a diagonal line. Data normality test results can be seen in Figure 1.2 below:

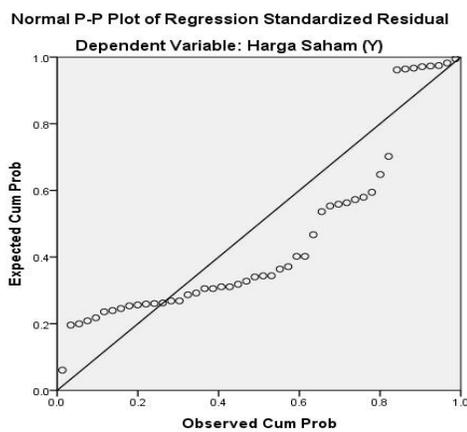


Figure 1.2
Normality test

Multicollinearity test

Coefficients^a

Model	Unstandardized Coefficients	Standardized	t	Sig.	Collinearity Statistics
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				Coefficients				Tolerance	VIF
		B	Std. Error	Beta					
1	(Constant)	2532.161	1030.162		2.458	.018			
	DAR (X1)	-1180.539	2405.747	-.068	-.491	.626	.974	1.027	
	ROA (X2)	7439.583	2701.652	.382	2.754	.008	.974	1.027	

a. Variable Dependent: Price (Y)

Based on table 1.5 above, it can be seen that the Tolerance value > 0.10 for DAR and ROA variables, and the obtained VIF value of each variable < 10. So that it can be concluded that in this model there are no symptoms of multicollinearity.

Heteroscedasticity Test

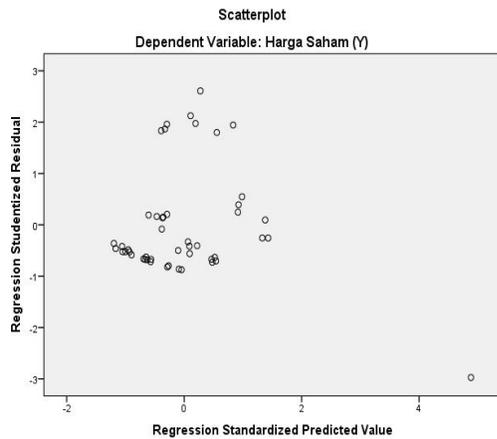


Figure 1.6

Heteroscedasticity Test

The picture above shows that the points spread and do not make a pattern and the distribution is above and below the 0 point on the Y axis, so it can be concluded in this model there are no symptoms of heteroscedasticity.

Autocorrelation Test

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.398 ^a	.159	.121	2832.074	1.018

a. Predictors: (Constant), ROA (X2), DAR (X1)

b. Dependent Variable: Harga Saham (Y)

Table 1.7

Autocorrelation Test

Table 1.7 above shows the Durbin-Watson number of 1.018, while the Du table value with n = 48, the independent variable (k) = 2 and the significance level of 0.05 is dl = 1.6231. Therefore the DW value = 1.018 below the value du = 1.6231 but below the value (4-du) = 2.3769, i.e. (1.018 < 1.018). Autocorrelation conclusions can be drawn.

Hypothesis test

Partial Hypothesis Testing (t Test)

According to V. Wiratna Sujarweni (2014: 155), if the value of $t > t$ table, then the independent variable (X) partially affects the dependent variable (Y).

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2532.161	1030.162		2.458	.018		

DAR (X1)	-1180.539	2405.747	-.068	-.491	.626	.974	1.027
ROA (X2)	7439.583	2701.652	.382	2.754	.008	.974	1.027

a. Dependent Variable: Harga Saham (Y)

Table 1.8
Partial Test (T test)

Table 1.8 above, shows the results of partial hypothesis testing as follows:

1. The significance value of the DAR variable is $0.626 > 0.05$ (significance level) and according to the comparison between t_{count} and t_{table} which shows the t_{count} is -0.0491 while the t_{table} is 2.014 , it can be concluded that H_1 is rejected, meaning that partially the DAR variable is not effect on stock price variables.
2. The significance value of the ROA variable is $0.008 < 0.05$ (significance level) and according to the comparison between t_{count} and t_{table} which shows the t_{count} value is 2.754 while t_{table} is 2.014 , it can be concluded that H_2 is accepted, meaning that partially the ROA variable influences the price variable stock.

Simultaneous hypothesis testing (F test)

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	68028113.097	2	34014056.549	4.241	.021 ^b
Residual	360928956.153	45	8020643.470		
Total	428957069.250	47			

a. Dependent Variable: Harga Saham (Y)

b. Predictors: (Constant), ROA (X2), DAR (X1)

Table 1.9
Simultaneous test results

Table 1.9 above shows the results of the f test (simultaneous) of 0.021 , this value is smaller than the significance level of 0.05 (5%), which is $0.021 < 0.050$. F_{count} is obtained $4,241$ and F_{table} is $3,20$, the comparison is $4,241 > 3,20$. So it can be concluded that H_3 is accepted, meaning that together the DAR and ROA variables affect the stock price variable.

Determination Coefficient Test (R²) or Godness of Fit Model Testing

The coefficient of determination test is used to measure how far the ability of the model in explaining the variation of independent variables on the dependent variable. The coefficient of determination shown by the R^2 value of the regression model is used to determine the magnitude of the variability of the dependent variable that can be explained by the independent variables. Below is presented the results of the coefficient of determination test, namely:

Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	.398 ^a	.159	.121		2832.074	1.018

a. Predictors: (Constant), ROA (X2), DAR (X1)

b. Dependent Variable: Harga Saham (Y)

Table 1.10
The coefficient of simultaneous determination

Table 1.10 above, shows that the R^2 value of 0.159 , which means that stock price variability can be explained by independent variables namely DAR and ROA of 15.9% , while the remaining 84.1% is explained by other variables outside the research model.

Discussion

Effect of Debt Asset to Ratio (DAR) on Stock Prices

Based on the results of the partial hypothesis test, DAR has no effect on stock prices, meaning that there is no effect of solvency (DAR) on firm value with the statistical hypothesis as follows:

$H_0: \beta = 0$: Solvency (DAR) has no effect on stock prices.

The possibility of the company not being able to return its obligations or not making a profit of the company and when the company is liquidated it is most likely that the company is unable to return the loan capital, it will make the company's value worse and the stock price will decrease.

Effect of Return on Assets on Share Prices

Partial ROA test on stock prices, shows that there is an effect of profitability variables on stock prices, which also means that:

$H_2 \beta_1 \neq 0$: Profitability (ROA) affect stock prices.

The greater the ROA, the greater the level of profits achieved by the company and will increase the company's stock price. If this ratio is high, then we can see the possibility that the company uses assets in tapat in its operations. This will result in investors becoming interested in investing and will have an impact on the company's value as well as the company's stock price will also go up.

Effect of DAR and Return on Assets on Stock Prices

Simultaneous test of Debt to Asset Ratio (DAR) and Return On Asset (ROA), showed a significant effect on stock prices. In good condition, the company has a good performance, healthy and able to survive (Saudi, 2018). Investors will also be interested in seeing this condition, so that stock prices will continue to rise because many investors continue to buy shares of the company, with stock prices continue to rise, the company has no problems with debt payments, has funds for business expansion and others.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on research and discussion, the author can draw the following conclusions:

1. DAR has no effect on stock prices. Several companies examined in this study have various debt ratios. This will cause the share price to decrease. It is possible that the company wants to avoid big risks, such as not being able to pay off or fulfill its obligations, causing the company to be liquidated.
2. ROA has an influence on stock prices. Some of the companies studied in this study have high profitability ratios, this indicates the company is operating appropriately in the use of its assets and is expected to also cause investors to become interested in investing and cause the value of the company to rise and the company's stock price will also go up.
3. Based on the results of the F test that the independent variable consisting of DAR and ROA simultaneously influences the independent variable, namely the company's share price in the manufacturing companies in the consumer goods industry sector on the Indonesia Stock Exchange period 2016-2018.

Suggestion

1. For companies
The company is expected to always pay attention and conduct further analysis, to find out how the company's current condition, compare it with the period of last year, predict and make better achievement targets in the next period. Not only limited to company performance, but also can monitor stock price developments. Thus, the company will focus on fixing weaknesses and increasing the company's strengths.
2. For Investors
Investors who will invest in stocks, especially in manufacturing companies in the consumer goods industry certainly expect a high return value, so investors should consider the value of the debt ratio (DAR) and profitability (ROA) to assess the company's performance, because the results of this study indicate that the ratio DAR and ROA can affect stock prices.
3. For further researchers
For future researchers with similar topics, it is recommended to conduct further studies by including other independent variables, such as Return On Equity, Earnings Per Share or Price to Book Value.

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