**EDUCATION ABOUT STOCK PRICES TO THE PUBLIC THROUGH EARNINGS PER SHARE AND CURRENT RATIO INFORMATION ON FOOD AND BEVERAGE COMPANIES ON THE INDONESIA STOCK EXCHANGE**

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**ABSTRACT**

This research aims to find out and analyze the effect of Earning Per Share and Current Ratio both partial and simultaneous on stock prices.

The samples used were food and beverage companies on the Indonesia Stock Exchange and shared the data needed consecutively during the period 2015-2018. A total population of 26 manufacturing companies and after the process of selecting samples by purposive sampling method obtained 13 manufacturing companies. The data collection used is an internet documentation and research technique. The collected data is analyzed with formulas from each financial ratio, then processed using the classical assumption test, multiple linear regression analysis and hypothesis test. This study uses secondary data obtained from the Indonesia Capital Market Directory (ICMD) 2019 in the form of financial statements published on the Indonesia Stock Exchange (IDX). The data analysis method used is multiple linear regression either partially (test t) or simultaneously (test F).

The results of the study for Earnings Per Share showed a test significance value of t less than 0.05 (0.019 < 0.05) which means that the positive effect is significant on the Stock Price. While the Current Ratio shows a test value t with significance of less than 0.05 (0.020 < 0.05) which means it also has a significant positive effect on the Stock Price. From the results of the F test, it was obtained that earnings per share and current ratio have a significant influence on the rising stock price.

**Keywords: Earnings Per Share (EPS), Current Ratio (CR), Stock Price**

**INTRODUCTION**

Currently the development of investment has been so rapid in the financial market in Indonesia which is characterized by the number of corporate transactions going public that continues to grow. In general, financial investment is divided into two parts, namely the capital market (capital market) and the money market (money market). Capital markets are a means to make investments that allow investors to diversify investments, forming portfolios according to the risks they are willing to bear with the expected level of profit. Stocks are investment instruments that many investors choose because they are able to provide attractive levels of profit. (https://www.idx.co.id/ produk/saham/).

Investors are interested in this type of investment due to socialization and easier access if investors want to make transactions. Stocks are considered the easiest way to achieve financial freedom. Stocks can be an additional source of income for investors. Investors should assess the outlook for the performance of the issuer to make investments, because in general almost all investments (especially stocks) contain an element of uncertainty.

Stock price valuation is very important and fundamental for investors in making decisions to make investments because stocks are one type of investment that is promising for investors. It's also a stock ready for sale. (Fahmi, 2015:80).

Sartono (2008:9), It says that stock prices are formed in the capital market and are determined by several factors such as earnings per share or Earnings per Share (EPS), risk-free interest rates as measured from the interest rate of government deposits and the certainty rate of the company's operations. In addition to these factors, the stock price can also be affected by the condition of the company. The better the financial performance of a company will have an impact on the profits earned by the company and profits earned by investors, so it will affect the increase in the stock price..

Some related studies include research conducted by Valintino and Sularto (2013), Rahmadewi and Abundanti (2018)

Based on the description presented in the background above, then the formulation of the problem in this study is:

1. Whether Earnings Per Share /EPS partially affects the stock price on the Indonesia Stock Exchange on food and beverage companies?
2. Whether the Current Ratio /CR partially affects the stock price on the Indonesia Stock Exchange on food and beverage companies?
3. Whether earnings per share and current ratio, simultaneously affect the stock price on the Indonesia Stock Exchange on food and beverage companies?

**LIBRARY REVIEW**

***Earning Per Share (EPS)***

According to Fahmi (2014: 138), "Earnings Per Share or earnings per share is a form of granting profits given to shareholders of each share owned". Indicators used:

***Current Ratio (CR)***

According to Cashmere (2016: 134), "current ratio is a ratio to measure a company's ability to pay short-term liabilities or debts that are immediately due at the time of overall billing". The indicator used is:

**Stock Price**

According to Azis (2015:80), "the stock price is the price on the real market, and is the most easily determined price because it is the price of a stock in an ongoing market or if the market closes, then the market price is its closing price". Stock price indicator using stock closing price*.*

**Frame of mind**

*Earning Per Share* (X1)

Indicator :

H1

*Stock Price* (Y)

Indicator :

Close price

*Current Ratio* (X2)

Indicator :

H2

H3

Figure 1 Hypothetical Model

**Hypothesis**

H1 : *Earning per share* partially affect the stock price;

H2 : *Current Ratio* partially affect the stock price;

H3 : E*arning Per Share* and *Current Ratio*, simultaneously affect the stock price.

**RESEARCH METHODS**

The type of research conducted is causal associative quantitative research. Independent variables in the study were Earning Per Share (EPS) and Current Ratio (CR) to be tested and analyzed for their effect on stock prices (Y) as dependent variables in the study..

This research was conducted on food and beverage companies obtained indirectly on the Indoensia Stock Exchange (IDX) in 2015 to 2018 by browsing on the site www.idx.co.id and from Indonesian Capital Market Directory (ICMD). As for data on the stock price can be seen and downloaded from the site www.finance.yahoo.com dan www.saham.us.

**Population and Sample**

The population used in this study were all food and beverage companies listed on the Indonesia Stock Exchange from 2015 to 2018. The population in the study was 26 companies..

In this study not all members of the population were taken, but only part of the population due to the limitations of researchers in conducting research both in terms of time, energy, and a very large population. Therefore, the sample taken must be really representative (really representing) that there are 13 companies with sampling techniques used, namely nonprobability sampling with purposive sampling techniques.

In this study, the sample was a company that met certain criteria. The criteria used as a sample of research are:

1. Food and beverage sub-sector manufacturing companies listed on the IDX in a row during the period 2015-2018
2. Food and beverage sub-sector manufacturing companies that provide sustainability reports and annual reports consecutively during the period 2015-2018.
3. Manufacturing companies that provide data related to research variables.
4. Manufacturing companies that did not suffer losses during the period 2015-2018.

**Data Collection Techniques And Instruments**

Data collection techniques used in data collection include:

1. *Library Research*

Researchers strive to obtain as much information as possible to serve as the basis of theory and reference in processing data, by reading, studying, studying and reviewing literature in the form of books, journals, papers, and previous studies related to the problems studied..

1. *Online Research*

Researchers seek to obtain a variety of additional data and information from sites related to earnings per share and current ratio by accessing the site of annual report data obtained from the site www.idx.co.id.

**Operational Definition Of Variables**

Research variables can be divided into two:

* 1. Independent Variable

Here are the independent variables in the study:

1. *Earning Per Share (EPS)*
2. *Current Ratio (CR)*
   1. Dependent Variable

In this study, what is used as a dependent variable is the stock price. (Y).

Here is the operational definition of variables:

Table 1 The Operational Definition of Variables

| **Variable** | **Definition** | **Measurement** | **Scale** |
| --- | --- | --- | --- |
| *Earning per share* (X1) | The form of giving profits given to shareholders of each share owned |  | *Rasio* |
| *Current Ratio*  (X2) | The company's ability to pay short-term liabilities or debts that are immediately due at the time of overall billing |  | *Rasio* |
| Stock Price (Y) | The price on the real market, and is the most easily determined price because it is the price of a stock in an ongoing market or if the market is closed | *Close price* | Nominal |

Source: Data processed by researchers, 2021

**DISCUSSION AND RESEARCH RESULTS**

**Multiple Linear Regression Test Results**

Table 2

Multiple Linear Regression Test Results

| **Coefficientsa** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant)  LN\_EPS  LN\_CR | 3.391 | 1.115 |  | 3.042 | .004 |
| .279 | .114 | .316 | 2.438 | .019 |
| .196 | .210 | .093 | 1.935 | .335 |
| a. Dependent Variable: LN\_HS | | | | | | |

Source : Output SPSS, 2021

Based on the results of the calculation of linear regression variables Current Ratio (LN\_CR), return on equity (LN\_ROE), and earnings per share (LN\_EPS) to the stock price (HS) as seen in table 2 above, the regression equation is obtained as follows:

y = 3,391+ 0,279LN\_EPS + 0,196LN\_CR + ε

The above equation can be explained in detail as follows.:

1. Constant (a) has a regression coefficient of 3,391. This means that if the variable earnings per share (LN\_EPS) and current ratio (LN\_CR) are constant, then there is an increase in the stock price (LN\_HS) of 3,391.
2. Earnings per share (LN\_EPS) have a regression coefficient of 0.279. This means that every increase in the variable earnings per share (LN\_EPS) by 1, while the Current Ratio variable (LN\_CR) is constant, there will be an increase in the stock price (LN\_HS) of 0.279. Conversely, if the variable earnings per share (LN\_EPS) decreases by 1, while the Current Ratio (LN\_CR) variable is constant, then there will be a decrease in the stock price (LN\_HS) of 0.279.
3. The current ratio (LN\_CR) has a regression coefficient of 0.196. This means that every increase in the Current Ratio (LN\_CR) variable by 1, while the variable earnings per share (LN\_EPS) is constant, there will be an increase in the stock price (LN\_HS) of 0.196. Conversely, if the Current Ratio variable (LN\_CR) decreases by 1, while the variable earnings per share (LN\_EPS) is constant, then there will be a decrease in the stock price (LN\_HS) of 0.196..
4. Standard error (e) indicates the error rate.

In accordance with the results of the regression equation above, it can be known from the results of the regression coefficient of each variable that the variable earnings per share (LN\_EPS) is a free variable that has a dominant influence on stock prices (LN\_HS) when compared to other free variables in this study, namely the Current Ratio (LN\_CR).

**Partial Hypothesis Testing (Statistical Test t)**

Table 3

Partial Hypothesis Test Results (Statistics t)

| **Coefficientsa** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant)  LN\_EPS  LN\_CR | 3.391 | 1.115 |  | 3.042 | .004 |
| .279 | .114 | .316 | 2.438 | .019 |
| .196 | .210 | .093 | 2,857 | .020 |
| a. Dependent Variable: LN\_HS | | | | | | |

Source : Output SPSS, 2021

Based on table 3 static test results t in the table above is known the value of t calculate and the significance of each variable as below:

* 1. Variable earnings per share (LN\_EPS) calculated value of 2.438 with significance of 0.019. Based on the hypothesis decision-making criteria that the value of t calculated greater than t table (2,438 > 1,676) with a significance level less than 0.05 (0.019 < 0.05) means earnings per share have a partial effect on the stock price is acceptable..
  2. Variable Current Ratio (LN\_CR) value t calculates 0.935 with significance of 0.335. Based on the hypothesis decision-making criteria that the value of t calculated less than t table (2,857 > 1,676) with a significance level of more than 0.05 (0.020 < 0.05) means that the Current Ratio has a partial effect on the stock price, so that the first hypothesis that states the Current Ratio has an effect on the stock price is acceptable..

**Simultaneous Hypothesis Testing (Statistical Test F)**

Table 4

Simultaneous Hypothesis Testing Results (Statistical Test F)

| **ANOVAb** | | | | | | |
| --- | --- | --- | --- | --- | --- | --- |
| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 50.054 | 2 | 16.685 | 20.346 | .000a |
| Residual | 39.363 | 48 | .820 |  |  |
| Total | 89.418 | 51 |  |  |  |
| a. Predictors: (Constant), LN\_EPS, LN\_CR | | | | | | |
| b. Dependent Variable: LN\_HS | | | | | | |

Source : data processed by researchers, 2021

In table 4, Anovab can be known the value of F calculated at 20.346 with a significance value of 0.000. As per the hypothesis criteria the results of the test can show F the calculation is greater than the F table (20,346 > 2.80) with a significance of less than 0.05 (0.005 < 0.05), then the results of the calculation can be concluded that earnings per share and Current Ratio affect simultaneously on the stock price can be accepted.

**Discussion**

The results of the study using data from consumer goods companies listed on the Indonesia Stock Exchange from 2015 to 2018 showed that partially and simultaneously the three free variables, namely earnings per share (EPS) and Current Ratio (CR), had a significant influence on the stock price.

* + - * 1. Effect of Earnings Per Share with Stock Prices

The results of this study show that Earnings Per Share (LN\_EPS) has a calculated t value greater than t table (2,438 > 1,676) with a significance level of less than 0.05 (0.019 < 0.05) which means the third hypothesis which states that partially Earnings Per Share (EPS) has an effect on the stock price received. This value indicates that Earnings Per Share (EPS) has a significant effect on the Stock Price. Earnings Per Share (EPS) has a very important role in terms of profits provided to investors.

Earnings Per Share (EPS) shows the profits given to shareholders of each share owned. A large Earnings Per Share (EPS) value will demonstrate the company's ability to earn large profits and demonstrate high corporate well-being. This is the opposite if the small Earning Per Share (EPS) value will show the company's ability to earn a small profit and show low well-being. This condition causes investors to feel guaranteed to make investments in the company. Investors who feel guaranteed can affect market demand. Large market demand will result in the value of the company's stock price rising. This shows that companies that have a large Earning Per Share (EPS) will increase the value of the company's Share Price. The higher the value of Earnings Per Share (EPS) will increase the value of a company's stock price.

* + - * 1. The results of this study support research from Pratama and Nurlaily (2019) and Valintino and Sularto (2013) which states that it can be partially concluded that there is a significant influence between Earnings Per Share on the stock price in the company. While the results of this study depart from the results of research conducted by Rahmadewi and Abundanti (2018) which stated that partially Earning Per Share negatively affects the stock price this shows that investors do not consider Earnings Per Share as a decision to buy shares.
        2. Effect of Current Ratio with Stock Price

The results of this study show that the Current Ratio (LN\_CR) has a calculated value of less than t table (2,857 > 1,676) with a significance level of more than 0.05 (0.020 < 0.05) which means this first hypothesis states that partially the Current Ratio has a significant effect on the Stock Price. Current Ratio (CR) is a comparison between current assets with current debt. This shows that if the company has a good Current Ratio value, it can be said that the company in the short term has a guarantee of current assets to meet current obligations that are due at any time.

The results in this study show that the effect of the Current Ratio on Stock Prices is significant. This can be interpreted that the Current Ratio (CR) can be used as a basis to determine the small value of the company's Stock Price on the Indonesia Stock Exchange.

The results of this study support research conducted by Valintino and Sularto (2013) which concluded that there is a significant influence between current ratios on stock prices in manufacturing companies in the consumer goods industry sector. While the results of this study depart from the results of pratama and Nurlaily (2019) and Rahmadewi and Abundanti (2018) research that stated that the current ratio (CR) significantly to the stock price had no effect.

**CONCLUSION**

Based on research that has been conducted on education about stock prices to the public through earnings per share and current ratio in food and beverage companies on the Indonesia Stock Exchange can be concluded as follows:

1. Earnings per share partially affect the stock price on the Indonesia Stock Exchange on food and beverage companies. This is evidenced by a calculated t value greater than a table t with a significance of less than 0.05.
2. The current ratio partially affects the stock price on the Indonesia Stock Exchange on food and beverage companies. This is evidenced by a calculated t value greater than a table t with a significance of less than 0.05.
3. Earnings per share and Current Ratio have a simultaneous effect on the stock price on the Indonesia Stock Exchange on food and beverage companies. This is evidenced by the value F calculates greater than the F table with significance less than 0.05.

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