The Effect Of NPM, ROA, ROE, EPS And Per Ratio On The Stock Price Of Lq45 Companies Listed On The Indonesian Stock Exchange For The Period 2021-2023

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ABSTRACT

There are many companies listed on the Indonesia Stock Exchange (BEI), but there is a special classification for companies with the best financial performance. One of them is a company included in the LQ45 index group. The purpose of this study was to determine the effect of Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE), Earning Per Share (EPS), and Price Earning Ratio (PER) on stock prices. In this study, the data were analyzed using statistical methods. Data processing using the SPSS statistical program. The statistical test used to analyze the data is multiple linear regression analysis. The results showed that Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE), Earning Per Share (EPS), and Price Earning Ratio (PER) have an effect on stock prices in LQ45 companies for the period 2021-2023

INTRODUCTION

Stock price is one of the most important factors in determining the value of a company, especially for companies listed in leading indexes such as LQ45, which represents the most liquid companies on the Indonesia Stock Exchange (BEI). Investors often use financial indicators to assess a company's financial health and potential future stock price performance. Important financial ratios such as Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE), Earnings Per Share (EPS), and Price Earnings Ratio (PER) are often investors' main references in making decisions.

This research focuses on understanding the influence of these financial ratios on the stock prices of LQ45 companies during the 2021-2023 period, as well as providing insight into the factors that influence stock price fluctuations amidst the post-COVID-19 pandemic market recovery.

LITERATURE REVIEW

Signalling Theory

Signalling Theory explains how companies provide information to outside parties, especially investors, regarding their financial performance. The information provided by the company can be in the form of financial reports, financial ratios and other indicators. According to signal theory, companies with good performance will provide positive signals through financial ratios such as Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE), Earnings Per Share (EPS), and Price Earnings Ratio (PER). This signal will help investors make better investment decisions (Arifin, 2017).

Signalling Theory also emphasizes the importance of accurate and transparent information to reduce information asymmetry between company management and investors. Good financial ratios provide a signal that the company has bright prospects, which in turn can influence the company's stock price in the capital market (Jogiyanto, 2017).

Stock Prices

The stock price is a reflection of the company's value in the eyes of investors. Shares are a sign of ownership of a company, and share price movements are influenced by many factors, both internal and external. Internal factors such as a company's financial performance, which is measured through financial ratios, greatly influence share prices. On the other hand, external factors such as economic conditions, government policies and market trends can also influence share price fluctuations (Halim, 2015).Stock prices are measured through several approaches, including technical analysis and fundamental analysis. Fundamental analysis refers to the company's financial performance and indicators such as NPM, ROA, ROE, EPS, and PER to determine the intrinsic value of shares and estimate future share price movements (Fahmi, 2018).

Net Profit Margin (NPM)

Net Profit Margin (NPM) is a ratio that shows how much net profit a company generates from total sales. A high NPM shows the company's efficiency in converting sales into net profit. This ratio is important for investors because it reflects the company's profitability and its ability to generate profits (Khan & Khokar, 2015).

Return on Assets (ROA)

Return on Assets (ROA) measures a company's ability to use its assets to generate profits. A high ROA shows that company management is efficient in managing the assets it owns. Investors use ROA to assess the extent to which company assets contribute to net income (Jewell & Mankin, 2011).

Return on Equity (ROE)

Return on Equity (ROE) is a ratio that compares net profit with shareholder equity. A high ROE shows that the company is able to generate profits from the capital paid in by shareholders. This ratio is often used by investors to assess management's effectiveness in utilizing equity to generate profits (Kasmir, 2019).

Earnings Per Share (EPS)

Earnings Per Share (EPS) shows how much profit the company earns for each share outstanding. EPS is often considered the main indicator in assessing a company's financial performance and is one of the factors that investors pay most attention to when making investment decisions (Nagendra et al., 2018).

Price Earnings Ratio (PER)

Price Earnings Ratio (PER) is a ratio that compares a company's share price with its EPS. This ratio shows how much investors are willing to pay for each rupiah of company profit. A high PER indicates that investors have high expectations of profit growth in the future (Kumar, 2015

METHODS

This research uses a quantitative approach, focusing on 45 companies listed in the LQ45 index during the 2021-2023 period. Secondary data was collected from the BEI and Yahoo Finance websites. The dependent variable in this research is share price, while the independent variables include NPM, ROA, ROE, EPS, and PER. The sample consists of companies that are consistently included in the LQ45 index throughout the research period.Multiple linear regression analysis was used to analyze the data, with additional statistical tests such as normality, multicollinearity and heteroscedasticity tests to ensure model reliability

RESULTS

Multiple Linear Regression Test

Research analysis was carried out using a multiple linear regression model using the SPSS version 21 program. The results of the multiple linear regression are as shown in table 1 below:

Tabel 1Multiple Linear Regression Test Results

	Coefficient Regression	t-coult	Sig.
(Constant)	3,275	1,329	0,188
Net Profit Margin (NPM)	56,58	1,010	0,016
Return On Assets (ROA)	580,2	4,366	0,000
Return On Equity (ROE)	119,2	2,903	0,005
Earning Per Share (EPS)	0,987	0,364	0,017
Price Earning Ratio (PER)	0,438	0,544	0,028
	R : 0.545a		
	Adjusted R square : 0.247		
	F-hitung : 5,846		
	Sig. : 0.000b		
	N : 75		
	Variabel Dependen: Stock Price		
* Probabilitas 90% dan Asymp. Sig. (2-tailed) 5% (p-value≤0.05)			

Source: data is processed, 2024

Coefficient Of Determination Test (R^2)

In Table 1, it is known that the R value is the magnitude of the correlation value or relationship between the independent variables (Net Profit Margin (NPM), Return On Assets (ROA), Return On Equity (ROE), Earning Per Share (EPS), Price Earning Ratio (PER) and the dependent variable (stock price) is 0.545. Table 4.6 also shows that the coefficient of determination (adjusted R^2) in this research model is 0.247, which means that 24.7% of the variation in stock price variables can be explained by variations in the five independent variables, namely Net Profit Margin (NPM), Return On Assets (ROA), Return On Equity (ROE), Earning Per

Share (EPS), Price Earning Ratio (PER). Meanwhile, the remaining 75.3% is explained by other causes outside this model.

F test

Based on the results of the regression test analysis, the F-count value was 5.846 with a significance value of 0.000. Because the significance value (p-value) is smaller than 0.05, this means that the regression model can be used to test the research hypothesis, namely the influence of each independent variable on the dependent variable. Apart from that, it can be said that the variables Net Profit Margin (NPM), Return On Assets (ROA), Return On Equity (ROE), Earning Per Share (EPS), Price Earning Ratio (PER) have an effect simultaneously (together). on stock price variables. So the research hypothesis (H6) is accepted.

T test

Based on the results of the regression test analysis, the Net Profit Margin (NPM) variable has a positive coefficient value of 56.58, a t-count value of 1.010 and a significance value of 0.016. Because the significance value is smaller than the Asymp value. Sig (2-tailed) where the p-value < 0.05, then the research hypothesis (H1) is accepted, which means that the Net Profit Margin (NPM) variable directly has a positive effect on the stock price variable.

Based on the results of the regression test analysis, the Return On Assets (ROA) variable has a positive coefficient value of 580.17, a t-count value of 4.366 and a significance value of 0.000. Because the significance value is smaller than the Asymp value. Sig (2-tailed) where the p-value <0.05, then the research hypothesis (H2) is accepted, meaning that the Return On Assets (ROA) variable directly influences the stock price variable. Based on the results of the regression test analysis, the Return On Equity (ROE) variable has a negative coefficient value of 119.192, a t-count value of 2.903 and a significance value of 0.005. Because the significance value is smaller than the Asymp value. Sig (2-tailed) where the p-value <0.05, then the research hypothesis (H3) is accepted, which means that the Return On Equity (ROE) variable directly influences the stock price variable. Based on the results of the regression test analysis, the Earning Per Share (EPS) variable has a positive coefficient value of 0.987, a t-count value of 0.364 and a significance value of 0.017. Because the significance value is smaller than the Asymp value. Sig (2-tailed) where the p-value < 0.05, then the research hypothesis (H4) is accepted, which means that the Earning Per Share (EPS) variable directly has a positive effect on the stock price variable.

Based on the results of the regression test analysis, the Price Earning Ratio (PER) variable has a positive coefficient value of 0.438, a t-count value of 0.544 and a significance value of 0.028. Because the significance value is smaller than the Asymp value. Sig (2-tailed) where p-value < 0.05, then the research hypothesis (H5) is accepted, which means that the Price Earning Ratio (PER) variable has a positive effect on the stock price variable.

DISCUSSION

The Effect Of Net Profit Margin (NPM) On Stock Prices

Based on the research results, it shows that Net Profit Margin (NPM) has a positive effect on share prices in LQ45 companies for the 2021-2023 period. Net Profit Margin is needed by investors to measure the company's ability to generate net profits from its sales. Net Profit Margin (NPM) shows the comparison between net income and net sales. The greater this ratio means the better the company's performance in generating profits. Companies that have a large Net Profit Margin (NPM) are also considered to operate more efficiently and profitably compared to other companies that have a small Net Profit Margin (NPM). This will increase trust and attractiveness for investors to buy shares in the company concerned, so that the company's share price will tend to be high. Net Profit Margin (NPM) can reflect the company's effectiveness in minimizing its operational expenses. This is because the size of the net profit obtained from

sales is greatly influenced by the company's ability to reduce the cost of goods sold, operational expenses, general expenses and other expenses. Companies that have a high level of Net Profit Margin (NPM) or tend to increase can attract investors' attention and interest in investing in that company. This shows that investors value the company's ability to earn net profits more so that the returns obtained by investors can be known. The results of this research are also in line with Alfiana's (2014) research on the Influence of Several Financial Performance Variables of Food and Beverage Companies on Stock Prices on the IDX where the NPM ratio has a significant influence on company stock prices.

The Effect Of Return On Assets (ROA) On Stock Prices

Based on the research results, it shows that Return On Assets (ROA) has a positive effect on share prices in LQ45 companies for the 2021-2023 period. Return On Assets (ROA) is a ratio to see the extent to which the investment that has been made is able to provide returns as expected and the investment is actually the same as the company assets invested or placed. Return On Assets (ROA) describes the extent to which the company's assets can generate profits. Return On Assets (ROA) shows how much assets contribute to creating net profit. The greater the Return On Assets (ROA), meaning the more efficient the use of company assets or in other words, from the same amount of assets, greater profits can be generated.

Return On Assets (ROA) shows the comparison between net profit after tax and total assets which is used as a measure of company asset productivity. This reflects that the higher the Return On Assets (ROA), the higher the company's ability to generate profits from the assets it owns, so the more effective the company's performance. This will create a higher attraction for investors to buy shares in the company. As a result, the share price in question will tend to be higher. The results of this research are in line with research conducted by Natasha and Agus (2022) regarding the Influence of ROA, ROE, EPS and DER on Share Prices in LQ45 Companies listed on the Indonesia Stock Exchange in 2016-2020 which states that Return On Assets (ROA) has an effect negative effect on stock prices and also research conducted by Bahri (2018) which states that Return On Assets has a positive effect on stock prices.

The Effect Of Return On Equity (ROE) On Stock Prices

Based on the research results, it shows that Return On Equity (ROE) has an effect on share prices in LQ45 companies for the 2021-2023 period. Investors use fundamental analysis to make stock investment decisions. The Return On Equity (ROE) ratio has income used to pay operational and non-operational costs as well as the percentage of dividend payments to shareholders or an indicator by the management team to show the company's level of effectiveness in generating profits from funds invested by shareholders.

Based on the beta coefficient value which is negative, it shows that companies that have a Return On Equity value can reduce share prices. This means that the company cannot utilize its own capital and generate maximum profits. Companies must be more careful in using their capital, so that the rate of return on capital from the company's performance in generating profits will increase as expected by the company. The higher the Return On Equity value a company has, the lower the company's share price.

The results of this research are in line with research conducted by Romadhan and Satrio (2019) which states that Return On Equity has a negative effect on stock prices and research conducted by Natasha and Agus (2022) regarding the Influence of ROA, ROE, EPS and DER on Stock Prices in LQ45 company listed on the Indonesian Stock Exchange 2016-2020 which also states that Return On Equity has a negative effect on share prices.

The Effect Of Earning Per Share (EPS) On Stock Prices

Based on the research results, it shows that Earning Per Share (EPS) has a positive effect on share prices in LQ45 companies for the 2021-2023 period. Earning Per Share (EPS) is a

comparison between the income generated (net profit) and the number of ordinary shares outstanding. Earning Per Share (EPS) describes the company's profitability as reflected in each share. The figures shown from Earning Per Share (EPS) are often published regarding the performance of companies that go public because investors and potential investors are of the view that Earning Per Share (EPS) contains important information for making predictions regarding the amount of dividends per share and the level of share prices. at a later time. Earning Per Share (EPS) describes the company's profitability which is reflected directly on each share. The higher the Earning Per Share (EPS), it will affect the level of company performance, so that it will make the company better and can cause share prices to increase, this can increase investors' confidence in investing their capital in the company. If the Earning Per Share (EPS) value is high, it means that the company's ability to earn profits and distribute the company's profits to shareholders is getting better, and if the Earning Per Share (EPS) value is low, the company's profits to shareholders are not good.

The results of this research are also in line with Alfiana's (2014) research on the Influence of Several Financial Performance Variables of Food and Beverage Companies on Share Prices on the IDX where the EPS ratio has a positive influence on company share prices and research conducted by Natasha and Agus (2022) on the Effect of ROA , ROE, EPS and DER on share prices in LQ45 companies listed on the Indonesia Stock Exchange 2016-2020 which also states that the EPS ratio has a positive influence on share prices

The Effect Of Price Earning Ratio (PER) On Stock Prices

Based on the research results, it shows that the Price Earning Ratio (PER) has a positive effect on share prices in LQ45 companies for the 2021-2023 period. Price Earning Ratio (PER) is the share price compared to earnings per share. Price Earning Ratio (PER) has a big role in a company. Price Earning Ratio (PER) is a ratio used to measure a company's effectiveness in using the assets it owns to generate profits and can increase the company's share price. The greater the Price Earning Ratio (PER), the better it will be because it indicates that the company can utilize the capital it has efficiently and effectively so that it can generate large profits. Price Earning Ratio (PER) reflects the rate of return on investors' share investments and shows the level of investor confidence in the company. The results of this research show that investors pay attention to the Price Earning Ratio (PER) when deciding to invest. Investors hope that, as the Price Earning Ratio (PER) increases, the company's profit growth will also increase. Companies that are able to show company growth will attract investors, resulting in an increase in demand for shares which results in an increase in share prices.The results of this research are also in line with Alfiana's (2014) research on the Influence of Several Financial Performance Variables of Food and Beverage Companies on Share Prices on the IDX where the PER ratio has a significant positive influence on company share prices.

The Effect Of Profit Margin (NPM), Return On Assets (ROA), Return On Equity (ROE), Earning Per Share (EPS), Price Earning Ratio (PER) And Price Earning Ratio (PER) Simultaneously On Stock Prices

Based on the research results, it shows that Net Profit Margin (NPM), Return On Assets (ROA), Return On Equity (ROE), Earning Per Share (EPS), Price Earning Ratio (PER) have an effect simultaneously (together) on the stock price variable in company LQ45 for the 2021-2023 period, this means that the regression model can be used to test the research hypothesis on the influence of each independent variable on the dependent variable and so this method is suitable for making investment decisions.

The better the profitability ratio attracts the interest of many investors, the higher investor interest causes share prices in the capital market to rise. The profitability ratio is the company's ratio in generating profits, profit is the main goal of investors in investing. The company's ability

to generate good profits makes investors increasingly confident in investing in shares in companies that have good profitability values.

CONCLUSION

This research was conducted to test and analyze the influence of the Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE), Earning Per Share (EPS) and Price Earning Ratio (PER) on the LQ45 Company's stock price. listed on the Indonesian Stock Exchange (BEI) for the 2021-2023 period, several things can be concluded, including:

1. Net Profit Margin (NPM) has a positive effect on stock prices in LQ45 companies for the 2021-2023 period.
2. Return On Assets (ROA) has a positive effect on stock prices in LQ45 companies for the 2021-2023 period.
3. Return On Equity (ROE) has a positive effect on stock prices in LQ45 companies for the 2021-2023 period.
4. Earning Per Share (EPS) has a positive effect on stock prices in LQ45 companies for the 2021-2023 period.
5. Price Earning Ratio (PER) has a positive effect on stock prices in LQ45 companies for the 2021-2023 period.
6. Net Profit Margin (NPM), Return On Assets (ROA), Return On Equity (ROE), Earning Per Share (EPS), Price Earning Ratio (PER) simultaneously (together) influence the stock price variable in the company LQ45 for the 2021-2023 period.

LIMITATION

1. For future researchers, they can examine other fundamental factors on stock prices. Apart from that, you can also conduct stock price research in other sectors and sub-sectors, remembering that each sector or sub-sector has its own characteristics
2. For companies, they can pay more attention to fundamental factors that investors can use in predicting share prices, especially Net Profit Margin, Return On Assets, Return On Equity, Earning Price Ratio and Price Earning ratio.
3. For potential investors, you can pay attention to the Net Profit Margin, Return On Asset, Return On Equity, Earning Price Ratio and Price Earning ratio as a basis for making investment decisions because these five ratios can be used to predict stock prices, especially for companies that have high liquidity. as well as large market capitalization in this case companies listed on LQ45.

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