

ANALYSIS OF THE INFLUENCE OF CR, ROE, NPM, EPS AND DER ON STOCK PRICES OF LQ45 INDEX COMPANIES LISTED IN INDONESIA STOCK EXCHANGE FROM 2017-2018

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Abstract: This study aimed to analyze the CR, ROE, NPM, EPS and DER variables on the stock prices of LQ45 index companies listed on the Indonesia Stock Exchange (IDX) from 2017-2018. The population in this study were all LQ45 index companies listed on the IDX. While the samples taken in this study were only 140 companies. Sampling was done by purposive sampling method. Secondary data were obtained from the IDX and *finance.yahoo.com*. The independent variables used were CR, ROE, NPM, EPS and DER. The data analysis technique used was multiple linear analysis using SmartPLS software. The results of this study indicate that the CR, ROE, NPM, EPS and DER variables have no significant effect on stock prices.

Keywords: LQ45 Index, Stock Price, Current Ratio, Return on Equity, Net Profit Margin, Earning Per Share and Debt to Equity Ratio.

1. Introduction

In this modern era, especially in the business world, many companies require additional capital from third parties in developing their business—either by applying for loans to creditors or by issuing securities. Companies that can issue securities in Indonesia are companies that have gone public and have been registered on the Indonesia Stock Exchange (IDX), what is meant by going public is the process of a company to “going public,” meaning that the company promotes itself and accepts participation from the community in its business, both in ownership and in the determination of management policies.

The Indonesia Stock Exchange company has 11 types of stock price indexes which are continuously disseminated through print and electronic media, as a guide for investors to invest in the capital market. This study was focused on the LQ45 Index. The LQ45 index is a group of companies that have good market capitalization and the most liquid stocks. Thus, the shares of companies that are included in the LQ45 index have high transaction values (Egam, Ilat, and Pangerapan 2017).

However, reality shows that there is no guarantee for the most liquid shares on the Indonesia Stock Exchange such as the LQ45 shares. In 2017 the LQ45 Index along with the IDX Composite decreased due to *Capital Outflow* of foreign funds, a condition in which foreign investors tend to shift their funds to the bond market. Although there was a transfer of funds that caused a decrease in the LQ45 index by foreign investors to the bond market, a number of issuers on the Indonesia Stock Exchange were recorded to have a Debt to Equity Ratio of above

100% (Purboyanti and Yogatama 2018). The movement of stock prices on the LQ45 index and the IDX Composite can be seen in the following picture.



Source: www.yahoofinance.com

Figure 1. Stock Prices of LQ45 Index from 2017 – 2018 Period

Based on the picture above, it can be seen that the stock prices of the LQ45 index increased from 2017 to 2018 and decreased from the beginning of 2018 to the middle of the year and rose again in October 2018 to early 2019. One of the internal factors that affect stock prices according to Alwi (2008:87) is the announcement of the company's financial statements, such as earnings forecast—before the end of the fiscal year and after the end of the fiscal year, *Earning Per Share*, *Dividend Per Share*, *Price Earning Ratio*, *Net Profit Margin*, *Return on Assets* and others. Meanwhile, one of the external factors that affect stock prices is the increase in the interest rate of the Central Bank of America which causes *capital outflow* by investors, a condition where investors withdraw their funds from the capital market simultaneously and are more interested in investing their funds in the banking sector because it is considered to be *low risk* and profitable. This condition finally affected the LQ45 Index, which in 2018 experienced a significant decline.



Source: www.idx.com

Figure 2. Composite Stock Price Index Period 2017 – 2019

Based on the picture above, it can be clearly seen that from the beginning of 2017 the stock prices of the IDX Composite experienced an increase and growth—to its peak which occurred in early 2018. Then due to the capital outflow that had an impact on not only the LQ45 Index but also the IDX Composite—the stock price of the Indonesian capital market decreased until the end of 2018, before rising again.

The study on stock prices that was done—was by using fundamental technical analysis, namely by analyzing financial ratios as factors that influence stock price movements. The financial ratios used in this study were the Liquidity Ratio represented by the *Current Ratio*, the Profitability Ratio represented by the *Return on Equity*, *Net Profit Margin* and *Earning Per Share* as well as the Solvency Ratio represented by the *Debt to Equity Ratio*. The reason for using these five ratios in this study was to determine whether there is an influence of the results of the current ratio, investor returns, net profits, earnings per share—and the extent to which the company's capital guarantees all debts on the stock price of LQ45 index companies listed on the Indonesia Stock Exchange (IDX) for 2017-2018 period. The five ratios are also ratios that are often used by investors to assess the performance of a stock. Then there are also differences from the results of previous studies (Research Gap) that have been carried out on the five variables.

Current Ratio is a ratio that measures how capable the current assets owned by the company in paying its short-term debt. If the higher the comparison results, the better—it means that the current assets owned by the company are quite a lot to cover its short-term debt so that the company, in the eyes of stakeholders, will have a plus value. Studies conducted by (Octaviani and Komalasarai, 2017) and (Halimatussakdiah, 2018) found that CR had a significant influence on stock prices, while studies conducted by (Manoppo, Tewal and Jan, 2017) and (Octaviani and Komalasarai, 2017) state that CR has no significant influence on stock prices.

Return on Equity is a ratio that shows the company's ability to generate net income for the return of shareholder equity—as well as a ratio used to measure the level of profitability of equity. The calculation of ROE can be used as a benchmark for the company's financial performance. Studies conducted by (Valentino and Sularto, 2013) and (Rianisari, Husnah and K. Bidin, 2018) found that ROE had a significant influence on stock prices, while studies conducted by (Sutapa, 2018) and (Egam, Ilat and Pangerapan 2017) state that ROE has no significant influence on stock prices.

Net Profit Margin is a ratio that calculates the percentage of the company's net income obtained from each sale. NPM can reflect how effective the company is in minimizing its operating expenses. The NPM level that consistently rises every year will attract investors to provide funds to the company, the increasing number of interested investors will have an impact on the share price of the company concerned. Studies conducted by (Manoppo, Tewal and Jan, 2017) and (Egam, Ilat and Pangerapan, 2017) found that EPS had a significant influence on stock prices, while studies conducted by (Halimatussakdiah, 2018) and (Hutapea, Saerang and Tulung, 2015) state that NPM has no significant influence on stock prices.

Earnings per Share is a ratio that describes the number of dollars/rupiah earned during a certain period for each share outstanding. The greater this ratio, the greater the profit that will be received by investors who invest their shares in the company concerned. Studies conducted by (Sutapa, 2018) and (Irman, Okalesa and Hadi, 2018) found that EPS had significant influence on stock prices, while studies conducted by (Rahmadewi and Abundanti, 2018) and (Khairani, 2016) state that EPS has no significant influence on stock prices.

Debt to Equity Ratio is a ratio that compares the amount of debt to the amount of equity (Sugiyono 2009), DER is often a matter of concern for shareholders—generally, companies in the capital market with a high DER level are considered like mines by investors if they are not attentive, because if the company goes bankrupt suddenly then the capital that has been invested in the company will not come back again. Studies conducted by (Sondakh et al., 2015)

and (Purwanda and Yuniarti, 2014) found that DER had a significant influence on stock prices, while studies conducted by (Irman, Okalesa and Hadi, 2018) and (Aviliankara and Sarumpaet, 2017) state that DER has no influence on stock prices.

2. Literature Review

Agency Theory

Agency theory explains the relationship between the agent and the principal. According to (Jensen and Meckling, 1976) the agent is the management of the company while the principal is the owner (shareholder) where the agent has an obligation and responsibility to maximize the profits of the principal. In agency theory it is explained that if the company's performance is bad, managers can act opportunistically by increasing accounting profits to hide poor performance, on the contrary if the performance is good, managers can act opportunistically by lowering accounting profits to delay performance (Yuliawan 2016). This condition is known as information asymmetry.

Signal Theory

Signal theory is one of the pillar theories in understanding financial management. Signal is defined as a sign made by the company to investors (Fauziah, 2017). A good company can differentiate itself from a bad company by sending a credible signal about its quality to the capital market (Spence, 1973). (Modigliani and Miller, 1958) consider that an increase in dividends is usually a signal to investors that the company's management predicts a good income in the future. Conversely, a decrease in dividends or an increase in dividends below the normal increase (usually) is believed by investors as a signal that the company will face difficult times in the future.

Valuation Theory

One of the theories that are most needed when investors make investments is valuation theory. This theory discusses the valuation (economic value) of the assets invested, which can be in the form of real assets and financial assets (Fauziah, 2017). Investors or analysts who conduct valuation must first collect written information—which is generally about the company's past. This information can be obtained from the company, namely through financial statements that have been audited by a public accounting firm. This information is very important because it is a view and projection of the company in the future, if this action is not taken then the valuation with the first and subsequent approaches will have no meaning (Manurung 2012).

Stakeholder Theory

Stakeholder theory explains that companies in doing business need—to pay attention to all items related to the condition of the company and provide benefits to stakeholders, thus the existence of a company is strongly influenced by the support provided by stakeholders to the company (Gray, Kouhy and Lavers, 1995). Based on stakeholder theory, the company is not an entity that operates only for its own sake, but must also provide benefits to its stakeholders (shareholders, creditors, consumers, suppliers, government, society, analysts and other parties).

Framework

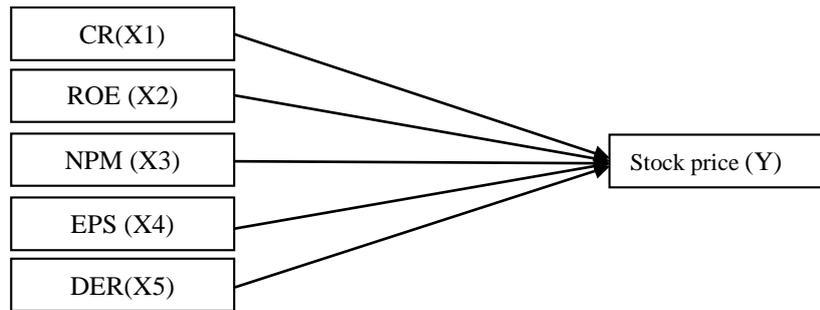


Figure 3. Thinking Framework

3. Method

Place and time of research

This study was carried out on the LQ45 issuers by taking data through the website *www.idx.co.id*. This study was started from August 2019 to January 2020.

Population and Sample

Population

Population is all elements or members of an area that is the target of research—or is the whole of the object of research (Noor, 2011). The population used in this study was all LQ45 companies listed on the Indonesia Stock Exchange (IDX) for 2017-2018 period obtained from *www.idx.co.id* totaling 180 companies.

Sample

Sample is a sufficient number of elements from the population used for research (Noor 2011). The sampling technique applied in this study is purposive sampling technique. Purposive sampling technique is a sampling technique with certain considerations (Sugiyono 2014)—meaning that sampling is done by setting criteria or characteristics of the population and the population that meets these criteria will be used as a sample. A sample of 140 LQ45 companies listed on the Indonesia Stock Exchange (IDX) for 2017-2018 period that meet the criteria for determining the research sample in this study have been obtained. The criteria that have been set to determine the sample were as follows: (1) Companies listed in the LQ45 Index for 2017-2018 period; (2) Companies that are consecutively not listed on the LQ45 index for 2017-2018 period and do not publish an annual report that provides information on the share prices, the number of shares outstanding from 2017-2018.

Data Types and Sources

The data used were secondary data types, namely research data sources obtained indirectly through intermediary media. According to (Sugiyono, 2014), secondary data are data sources that indirectly provide data to data collectors, for example through other people or documents. The secondary data used in this study were the financial statements of the LQ45 index companies for 2017-2018 period—which were obtained from the Indonesia Stock Exchange (IDX) website, namely *www.idx.co.id*.

Data collection technique

The data collection technique used in this study was a literature study. The literature study is a study on theories, references and other scientific literature related to culture, values and norms

that develop in the social situation under study (Sugiyono, 2012). Sources of literature study can be in the form of research journals, books or other scientific sources.

Multiple Linear Regression Analysis

According to Sugiyono (2014), multiple linear regression analysis intends to predict how the state (up and down) of the *dependent* (criterion) variable, if two or more independent variables as predator factors are manipulated (increase in value). So, multiple regression analysis will be carried out if the number of independent variables is at least 2. It can be said that multiple regression analysis is an analytical technique used to determine whether there is an overall influence of variable X on variable Y. The regression equation is stated as follows:

Hypothesis Test (t Test or Partial Test)

The t test is used to see the significance of the influence of individual independent variable on the dependent variable by assuming the other independent variables are constant (Ghozali, 2016). The t test is carried out by comparing t count against t table with the following conditions: (1) If $t \text{ count} > t \text{ table}$, H_a is accepted and H_o is rejected, meaning that there is a significant influence of each independent variable on the dependent variable partially. (2) If $t \text{ count} < t \text{ table}$, H_o is accepted and H_a is rejected, meaning that there is no significant influence of each independent variable on the dependent variable partially.

4. Results And Discussion

Dependent Variable (Y)

The dependent variable studied in this study was the stock price. The highest average value of the stock price variable studied was Rp. 9,949.06 in the first period of 2018. And the lowest average value of the stock price variable studied was Rp. 8,442.91 in the first period of 2017. Then, the highest share price value was in the first period of 2018 of Rp. 81,050,- namely PT Gudang Garam Tbk (GGRM) and the lowest share price value was in the first period of 2017 of Rp. 232,- namely PT Sri Rejeki Isman Tbk (SRIL). When viewed from the overall data, it can be concluded that the share price value increased from the first period of 2017 to the first period of 2018 and—again decreased in the second period of 2018.

Independent Variable (X)

The independent variables studied in this study were:

Current Ratio (CR)

The highest average CR value studied was 217.58 in the first period of 2018. And the lowest average CR value studied was 202.26 in the second period of 2017. Then, the highest CR value was in the second period of 2018 at 547.23, namely PT Sawit Sumbermas Sarana Tbk (SSMS) and the lowest CR value was also in the second period of 2018 at 38.61, namely PT XL Axiata Tbk (EXCL). When viewed from the overall data, it can be concluded that the Current Ratio value decreased in the second period of 2017, increased in the first period of 2018 and decreased again in the second period of 2018. In other words, the ability of LQ45 index issuers' current assets to pay their current liabilities has always experienced a fluctuation from 2017-2018.

Return on Equity (ROE)

The highest average ROE value studied was 18.97 in the first period of 2017. And the lowest average ROE value studied was 10.62 in the second period of 2018. Then, the highest ROE value was in the second period of 2017 at 247.92, namely PT Adaro Energy Tbk (ADRO) and the lowest ROE value was in the first period of 2018 at -1.84, namely PT Aneka Tambang

(Persero) Tbk (ANTM). When viewed from the overall data, it can be concluded that the ROE value decreased from the first period of 2017 to the second period of 2018. In other words, the rate of return obtained by business owners (shareholders) from the issued capital decreased from 2017-2018.

Net Profit Margin (NPM)

The highest average NPM value studied was 15.58 in the first second period of 2017 and the lowest average NPM value studied was 14.63 in the second period of 2018. Then, the highest NPM value was in the second period of 2017 at 50.48 namely PT Bumi Serpong Damai Tbk (BSDE) and the lowest NPM value was in the second period of 2017 at -7.36, namely PT Vale Indonesia Tbk (INCO). When viewed from the overall data, it can be concluded that the NPM value increased from the first period of 2017 to the second period of 2017 and again decreased in 2018. In other words, the ability of LQ45 index companies to generate net profits from their sales decreased from 2017-2018.

Earnings per Share (EPS)

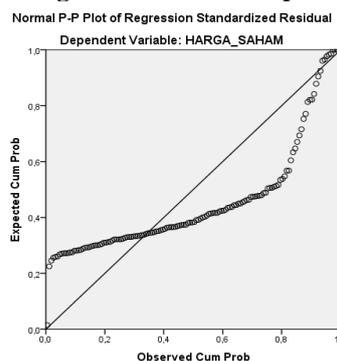
The highest average EPS value studied was Rp. 2,169.88 in the first period of 2017. And the lowest average EPS value studied was Rp. 238.58 in the second period of 2018. Then, the highest EPS value was in the first period of 2018 of Rp. 2,815.85- namely PT Gudang Garam Tbk (GGRM) and the lowest NPM value was in the first period of 2017 of Rp. -28.79, namely PT Vale Indonesia Tbk (INCO). When viewed from the overall data, it can be concluded that the value of EPS increased from the first period of 2017 to the first period of 2018 and again decreased in the second period of 2018. In other words, the earnings per share distributed by LQ45 index issuers have always experienced a fluctuation every year.

Debt to Equity Ratio (DER)

The highest average DER value studied was 2.69 in the first and second periods of 2017. And the lowest average DER value studied was 1.83 in the first period of 2017. Then, the highest DER value was in the second period of 2017 at 27.33, namely PT Telekomunikasi Indonesia (Persero) Tbk (TLKM) and the lowest DER value was in the first period of 2017 at 0.13 namely PT Indocement Tunggak Prakarsa Tbk (INTP). When viewed from the overall data, it can be concluded that the DER value increased from the first period of 2017 to the second period of 2017, again decreased in the first period of 2018 and again increased in the second period of 2018. In other words, the comparison of the amount of debt with the total equity of LQ45 index issuers changes every period.

**Classic assumption test
 Normality test**

Figure 4. PP-Plot Graph



Source: SPSS Processed Data, 2019

Based on the normality test of the data that has been carried out using SPSS and seen from the pp-plot graph, as shown in Figure 4.1 above, the data are not normally distributed because the points are away from the diagonal line. Due to abnormal data, the study would be further continued by using Partial Least Square 3.0.

Multicollinearity Test

Table 1. Multicollinearity Test Results

No	Variable	VIF	Conclusion
1	CR	1.180	Multicollinearity does not occur
2	ROE	1.059	Multicollinearity does not occur
3	NPM	1.096	Multicollinearity does not occur
4	EPS	1.056	Multicollinearity does not occur
5	DER	1,284	Multicollinearity does not occur

Source: PLS Processed Data, 2019

From the table of multicollinearity test results above, the independent variable VIF number is < 10 , so it can be concluded that there is no multicollinearity in all X variables and the study can be continued.

Model Feasibility Test

Coefficient of Determination Test (R^2)

Table 2. Results of the Coefficient of Determination

No	Variable	R Square	Conclusion
1	Stock price	0.091	Inappropriate Model

Source: PLS Processed Data, 2019

From the results of the tests that have been carried out, the R^2 value of the CR, ROE, NPM, EPS and DER variables on the stock price is 0.091 or 9.1%. While the remaining value of 90.9% ($100\% - 9.1\%$) is explained by other variables that are not disclosed in this study.

Path Analysis and Multiple Linear Regression Analysis

Table 3. Path Analysis

Variable	Original Sample (O)	Sample Mean (M)	Standard Error (STERR)	T Statistics (O/STERR)	P Values	Conclusion
X1->Y	-0.197	-0.119	0.103	1.914	0.056	Significant*
X2->Y	0.205	0.198	0.122	1,677	0.094	Significant*
X3->Y	0.006	-0.041	0.075	0.073	0.942	Not significant
X4->Y	0.038	0.314	0.369	0.102	0.919	Not significant
X5->Y	-0.117	-0.082	0.082	1,795	0.073	Significant*

Source: PLS Processed Data, 2019

Based on the significance test that have been carried out using Smart PLS, the independent variables (CR and ROE) have a significant influence while the independent variables (NPM, EPS, and DER) do not have a significant influence on the dependent variable (stock price).

Multiple Linear Regression Analysis

Table 4. Multiple Linear Regression Analysis

No	Variable	Regression Coefficient	Conclusion
1	CR	-0.197	Negative
2	ROE	0.205	Positive
3	NPM	0.006	Positive
4	EPS	0.038	Positive
5	DER	-0.117	Negative

Source: PLS Processed Data, 2019

Based on the results of the tests in the table above, a linear regression model was compiled as follows:

$$Y = -0.197X_1 + 0.205X_2 + 0.006X_3 + 0.038X_4 - 0.117X_5$$

Based on the results of the regression model above, it shows the interpretation results as follows: (1) The regression coefficient of the CR variable is -0.197. This means that if the CR increases by one unit, it will affect the stock price by a decrease of 0.197 and vice versa. (2) The regression coefficient of the ROE variable is 0.205. This means that if the ROE increases by one unit, it will affect the stock price by an increase of 0.205 and vice versa. (3) The regression coefficient of the NPM variable is 0.006. This means that if the NPM increases by one unit, it will affect the stock price by an increase of 0.006 and vice versa. (4) The regression coefficient of the EPS variable is 0.038. This means that if EPS increases by one unit, it will affect the stock price by an increase of 0.038 and vice versa. (5) The regression coefficient of the DER variable is -0.117. This means that if the DER increases by one unit, it will affect the stock price by a decrease of 0.117 and vice versa.

The Influence of Current Ratio on Stock Price

Based on the results of testing the first hypothesis, it shows that the Current Ratio variable has an influence on stock prices. The influence of the Current Ratio on stock prices can be caused by the efficiency of the company in managing its current assets which results in an optimal value—because many companies have the Current Ratio level above 100%. This causes investors to see this ratio as a consideration in assessing the stock price of a company.

The results of this study indicate that CR has a significant influence on stock prices so that it can be interpreted that the increase and decrease of CR have an impact on stock price movements. Studies conducted by (Octaviani and Komalasarai, 2017) and (Halimatussakhidiah, 2018) found that CR had a significant influence on stock prices, while studies conducted by (Manoppo, Tewal and Jan, 2017) and (Octaviani and Komalasarai, 2017) state that CR has no significant influence on stock prices.

The Influence of Return on Equity on Stock Price

Based on the results of testing the second hypothesis, it shows that the Return on Equity variable has an influence on stock prices. The influence of Return on Equity on stock prices can be caused by the efficiency of the company in managing its own capital, so as to produce optimal profits. The calculation of ROE can be used as a benchmark for the company's financial performance. ROE is very dependent on the size of the company—for example for small companies, which is of course, having relatively small capital, thus the resulting ROE is also small and vice versa. ROE is very attractive to shareholders and potential shareholders as well as to management because this ratio is an important measure or indicator of Shareholder Value Creation, so investors usually pay closer attention to the company's ROE level before investing.

The results of the study indicate that ROE has no significant influence on stock prices, so it can be interpreted that the increase and decrease of ROE has no impact on stock price movements. Studies conducted by (Valentino and Sularto, 2013) and (Rianisari, Husnah and K. Bidin, 2018) found that ROE had a significant influence on stock prices, while studies conducted by (Sutapa, 2018) and (Egam, Ilat and Pangerapan 2017) state that ROE has no significant influence on stock prices.

The Influence of Net Profit Margin on Stock Price

Based on the results of testing the third hypothesis, it shows that the Net Profit Margin variable has no influence on stock prices. The ineffectiveness of Net Profit Margin on stock prices can be caused by the company's lack of efficiency and effectiveness in managing its net profits, so that it is less able to convince investors to invest their capital. Investors will be more interested in the NPM Level that consistently increases every year than the one that fluctuates. This causes investors not to see this ratio as a consideration in assessing the stock price of a company.

The results of the study indicate that NPM has no significant influence on stock prices, so it can be interpreted that the increase and decrease of NPM has no impact on stock price movements. Studies conducted by (Manoppo, Tewal and Jan, 2017) and (Egam, Ilat and Pangerapan, 2017) found that EPS had a significant influence on stock prices, while studies conducted by (Halimatussakdiah, 2018) and (Hutapea, Saerang and Tulung, 2015) state that NPM has no significant influence on stock prices.

The Influence of Earning Per Share on Stock Price

Based on the results of the study, it shows that EPS has no significant influence on stock prices, so it can be interpreted that the increase and decrease of EPS has no impact on stock price movements. The ineffectiveness of EPS on stock prices can be caused by companies that do not manage their EPS values properly, so investors think they cannot see EPS as a reference in investing.

Studies conducted by (Sutapa, 2018) and (Irman, Okalesa and Hadi, 2018) found that EPS had significant influence on stock prices, while studies conducted by (Rahmadewi and Abundanti, 2018) and (Khairani, 2016) state that EPS has no significant influence on stock prices.

The Influence of Debt to Equity Ratio on Stock Price

Based on the results of the study, it shows that DER has a significant influence on stock prices, so it can be interpreted that the increase and decrease of DER have an impact on stock price movements. This can be caused by the DER level of the company can be used as a reference. The results of this study are in accordance with the theory and belief—that indeed investors need to pay attention and analyze properly the DER level of the company they want to invest in. Because a DER that is too high is illustrated like a house with a weak foundation, it is feared that one day the company could be liquidated.

Studies conducted by (Sondakh et al., 2015) and (Purwanda and Yuniarti, 2014) found that DER had a significant influence on stock prices, while studies conducted by (Irman, Okalesa and Hadi, 2018) and (Aviliankara and Sarumpaet, 2017) state that DER has no influence on stock prices.

5. Conclusion

Based on the data analysis that has been carried out and the discussion that has been described, it can be concluded that: (1) The CR variable has a significant influence on stock prices on the LQ45 index companies listed on the IDX. Thus, H_a is accepted and H_o is rejected. (2) The ROE variable has a significant influence on stock prices on the LQ45 index companies listed

on the IDX. Thus, H_a is accepted and H_o is rejected. (3) The NPM variable has no significant influence on stock prices on the LQ45 index companies listed on the IDX. Thus, H_o is accepted and H_a is rejected. (4) The EPS variable has no significant influence on stock prices on the LQ45 index companies listed on the IDX. Thus, H_o is accepted and H_a is rejected. (5) The DER variable has a significant influence on stock prices on the LQ45 index companies listed on the IDX. Thus, H_a is accepted and H_o is rejected.

Based on the study that has been done on the Analysis of the Influence of CR, ROE, NPM, EPS and DER on Stock Prices of LQ45 Index Companies Listed in the IDX from 2017-2018 and from the conclusions that have been described, several suggestions are expected to be useful for further studies, namely: (1) For companies, it is expected that companies can maximize the value of their ratios such as, a. Current Ratio, can reach a comparison of 1 time so that investors can be more confident in companies' ability to pay their short-term obligations. b. Return on Equity, can increase the level of ROE so that investors are increasingly interested in investing their capital in companies. Because based on this study, investors are attracted by a high level of ROE. c. Net Profit Margin, according to results of this study—the high and low NPM does not affect investors' decisions to invest their funds. Because investors are now more interested in trading, even so, companies NPM level must also be increased because not all investors want profits from capital gains. d. Earnings Per Share, similar to NPM, according to results of this study—the EPS level has no influence on the increase and decrease of stock prices, but that doesn't mean companies don't consider EPS important, because investors who don't pay attention to EPS are investors who trade stocks. e. Debt to Equity Ratio, the level of DER really determines the condition of companies in the eyes of investors, therefore it would be nice for companies to maintain the DER level in a good position so as not to make investors back off to invest their funds. (2) For investors, it is expected that investors are careful in analyzing the performance of LQ45 index companies to predict the profits that can be obtained before finally deciding to invest their capital in the company concerned. (3) For academics, it is hoped that they can examine other independent variables that are not included in this study and also increase the period of studies carried out.

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