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"The Influence of Return On Assets (ROA), Return On Equity (ROE), Net Profit Margin (NPM), on Stock Prices (Case Study of Coal Sub-Sector Mining Companies Listed on the Indonesia Stock Exchange

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ABSTRACT

Fundamental analysis is an approach that is often used in predict stock prices movement, The issue raised in this study is how the influence of the ROA, ROE, and NPM against stock prices of mining companies coal sub sector listed on the stock exchange in 2018-2019. The Population in this study were mining companies coal sub sector listes on the stock exchange in 2018-2019 a many 32 company. Sample in this research 21 company and using proporsionate random sampling and data collection in this research using secondary data were data quantitative which calculate using ratio analysis. Analysis Result on this study showing return on assets (ROA) has positif significantly on stock prices with coefficient 0.929 or 9,29%. Based on the calculate t-table showing that Return of Equity (ROE) Positif not Significantly result on stock stock prices with coefficient 0.054 or 5,4% as well as from the result of this study showing that Net Profir Margin (NPM) has Positive Significantly on stock prices with Coefficient -,0.306 or 30,6%.

Keywords: *Return On Assets (ROA), Return On Equity (ROE), Net Profit Margin (NPM), and Stock Prices*

A. INTRODUCTION

Coal is a fossil fuel formed from organic deposits. Coal is also one of the sources of energy used besides petroleum, the largest use or consumption of coal in the country is used for the needs of electricity generation. As a fuel, coal has a high calorific value. The calorific value of coal varies depending on the ash content, moisture content and type of coal. Each mine produces coal with varying calorific values (Sepfitrah, 2016). This process will produce coal in various levels of organic material maturity ranging from lignite, sub-bituminous, bituminous, semi-anthracite, anthracite, to meta-anthracite. The highest grade of coal is anthracite, while the lower grade of anthracite will contain more hydrogen and oxygen (Muchjidin, 2006).

Many types of coal use also have coal criteria needed to maximize its use. Therefore, to meet these consumer needs, the required coal must meet quality requirements or specifications such as moisture content, ash content, volatile matter, calorific value and sulfur. Consumers want the amount of coal production to meet their needs, but to meet these needs there are still several obstacles, including the ash, sulfur and water content in coal which has experienced changes in quality. So it is necessary to mix the coal to meet consumer needs.

Based on data quoted from the Directorate General of Mineral and Coal, Ministry of Energy and Mineral Resources (ESDM), Monday (18/2/2019), coal production last year reached 548.58 million tons. This amount is 20 million tons higher than the initial record in January 2019 which was 528 million tons. The difference is due to the fact that production reports from Mining Business Permits (IUP) in the regions have not all been submitted in early January 2019.

As is well known, the authority for IUP permits is currently under the governor. Keep in mind, last year's production target was actually 485 million tonnes. However, the government provides additional production facilities of 10% of the approved Work Plan and Budget (RKAB) provided that the 25% Domestic Market Obligation (DMO) has been fulfilled. Meanwhile, there was no change in the DMO record or it remained at 115 million tonnes. Thus, the percentage of DMO last year fell from the initial record of 21.9% to 20.96%.

Based on the phenomenon and description above, the authors are interested in analyzing the variables that affect stock prices in coal sub-sector mining companies listed on the Indonesia Stock Exchange (IDX) for the 2018 and 2019 periods, with the title "Effect of Return On Assets (ROA), Return On Equity (ROE), Net Profit Margin (NPM), Against Share Prices (Case Study of Coal Sub-Sector Mining Companies Listed on the Indonesia Stock Exchange in 2018-2019)".

Theoretical Review

a. Stock Price Valuation

According to Musdalifah Azis (2015: 80), stock prices are defined as follows: "The price is in the real market, and is the easiest price to determine because it is the price of a stock in an ongoing market or if the market is closed, then the market price is the closing price.

In this study, the stock price is taken from the year-end closing price. Because the stock price is an indicator of management success in managing the company. If a company's stock price always increases, investors can judge that the company is successful in managing its business. Stock prices are divided into two models, namely the level model and the return model. In this study, the stock price model used is a level model. The daily share price used is the closing price on the date of publication. "Share prices are formed based on the meeting between the selling offer and the buying demand for shares" (idx.co.id). According to Anoraga (2006:59) and Rusdin (2006: 68), the determination of the stock market price can be seen at the closing price. According to Irham Fahmi (2012: 81) defines that stock is:

1. Evidence of equity/fund ownership participation in a company.
2. Paper clearly stated nominal value, company name and followed by rights and obligations explained to each holder.
3. Inventory ready for sale.

Meanwhile, according to Rusdin (2008: 66): "Share prices are determined according to the law of demand for supply or bargaining power. The more people who want to buy, the stock price tends to rise. Conversely, the more people who want to sell shares, the shares will move down."

b. Return On Asset (ROA)

Return On Assets (ROA) is a ratio that provides information on how efficient a company is in carrying out its business activities, because this ratio indicates how much profit can be obtained for each rupiah of its assets. The greater the ROA, the greater the level of profit achieved by the company and the better the company's position in terms of asset use.

Vice versa, if the ROA is small, the level of profit achieved by the company will be small and the company's position will be unfavorable. According to Irham Fahmi (2012: 98): "Return On Assets is often also referred to as Return On Investment, because ROA looks at the extent to which investment which has been invested is able to provide returns as expected and the investment is actually the same as the company's assets invested or placed.

c. Return On Equity (ROE)

Return On Equity (ROE) is a ratio for measuring net profit after tax with own capital (Kasmir, 2016: 204). This ratio shows the efficient use of own capital. The higher

the ROE, the better. This means that the position of the owner of the company is getting stronger. Conversely, if the ROE is low, the worse. This means that the position of the owner of the company is getting weaker. The definition of ROE according to Wachowicz and Van Horne (2014: 183), ROE is comparing net profit after tax (less common stock dividends) with equity that has been invested by shareholders in the company. This ratio indicates the power to generate a return on investment based on the book value of shareholders and is often used in comparing two or more companies in the same industry. According to Fahmi (2016: 82) return on equity is also known as return on equity or total asset turnover.

This ratio examines the extent to which a company uses the resources owned by the company to be able to provide a return on equity. According to Mamduh Hanafi (2008:42), states that ROE measures a company's ability to generate net profit based on a certain capital. This ratio is a measure of profitability from the point of view of shareholders. According to Irham Fahmi (2012: 99): "Generally a company that has an ROE of 12% is considered a reasonable investment. Companies that can consistently generate ROE of more than 15% are extraordinary and considered a reasonable investment."

d. ***Net Profit Margin (NPM)***

Net Profit Margin measures the ratio of net profit to net sales. This ratio measures the company's ability to generate profits from each net sale, namely the percentage of net profit earned by the company from each net sale. According to Gitman (2009:67): "The net profit margin measures the percentage of each sales dollar remaining after all costs and expenses, including interest, taxes, and preferred stock dividends, have been deducted. The higher the firm's net profit margin, the better."

According to Bastian and Suhardjono (2006:299) The definition of Net Profit Margin is: "the ratio between net profit and sales. The greater the NPM, the more productive the company's performance will be, thereby increasing investor confidence to invest in the company. This ratio shows how much percentage of net profit is obtained from each sale. The greater this ratio, the better the company's ability to earn high profits.

Based on the above understanding, it can be concluded that Net Profit Margin is a comparison between net income and sales. Net Profit Margin can also be referred to as a measure of profit by comparing profit after interest and taxes compared to sales. This ratio shows the company's net income from sales and can also be interpreted as the company's ability to reduce costs (a measure of efficiency) in the company in a certain period.

B. RESEARCH METHODS

1. Time and Place of Research

Research conducted by the author on coal mining sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2018-2019 totaling 21 companies with a total of 32 published (audited) Financial Statements.

2. Research design

The research category in writing this thesis uses a descriptive approach. That is a study by making a description of the data taken from the information on the financial statements of the Indonesia Stock Exchange (IDX) that have been published (audited). With this research approach, the author tries to formulate the truth of the theory or study of data obtained from various reference books, articles from special media magazines issued by the Indonesia Stock Exchange per month and the results of previous research by applying them in this study.

3. Data Collection Methods

The data needed in this research is secondary data in the form of quantitative data which is

calculated using ratios. The secondary data was obtained from the Indonesia Stock Exchange (IDX) where there were 32 mining companies listed as of December 2019.

4. Methods of Data Analysis

The data collection technique used in this study was a documentation study, while the data analysis technique used in this study was the classical assumption, multiple linear regression, hypothesis testing and the coefficient of determination which in this study used SPSS 20.00. Data analysis techniques in this study used correlation and multiple regression analysis with the help of the Statistical Package for the Social Sciences (SPSS) version 20.00 program. This analysis is a descriptive technique that provides information about the data that is owned and does not intend to test the hypothesis.

C. RESEARCH RESULTS AND DISCUSSION

In the following, the results of research and discussion will be described regarding the effect of Return On Equity, Return On Assets, Net Profit Margin on share prices of coal mining companies on the Indonesia Stock Exchange for the 2019-2020 period. the results of data analysis of the variables Return On Assets (ROA), Return On Equity (ROE), and Net Profit Margin (NPM) and Stock Prices shown in table 1 are as follows:

Table 1 Descriptive Statistics

Descriptive Statistics

	Mean	Std. Deviation	N
HS	1831.3333	3683.50908	21
ROA	.1448	.14239	21
ROE	.1839	.22336	21
NPM	-.1304	.83754	21

In Table 1 above it can be seen that with N 21, the mean value of ROA (Return ON Asset) is 0.1448 in 2018-2019. The mean value of ROE (Return On Equity) is 0.1839 in 2018-2019. The mean value of NPM (Net Profit Margin) is -0.1304 in 2018-2019. The mean share price is 1,831.3333 in 2018-2019.

Table 2 coefficient of determination on R Square

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.835[a]	.696	.643	2201.30558	.696	13.000	3	17	.000	1.150

a. Predictors: (Constant), NPM, ROE, ROA

b. Dependent Variable: HS

The R Square number is also called the Coefficient of Determination or the squared correlation number. The magnitude of the Coefficient of Determination in the calculation is 0.643 or 64.3% meaning that the share price variability that occurs can be explained using the

variables ROA, ROE, NPM. In other words, the magnitude of the influence of the ROA, ROE, NPM variables on stock prices is 64.3%, while the remaining 35.7% is explained by other variables outside this regression model.

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In connection with the test to be carried out in the regression test which is carried out simultaneously, the alternative hypothesis (Ha) used in the multiple linear regression test is as follows:

1. Ha is accepted if F-count > F-table, or the p-value in the sig column < level of significant (α).

2. Ho is rejected if F-count <F-table, or p-value in the sig column > level of significance (α).

To test whether the regression model is correct or feasible to do testing using the F test and significance test. The magnitude of the F-count and the significance level of the SPSS output results

Table 3: Autocorrelation Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	188987096.7	3	62995698.90	13.000	.000[b]
	Residual	82377686.47	17	4845746.263		
	Total	271364783.2	20			

a. Dependent Variable: HS

b. Predictors: (Constant), NPM, ROE, ROA

The magnitude of the F-table with the number of n forming the regression is 21, then df1 = k-1 = 4-1 = 3, while df2 = n-k = 21-4 = 17. Testing with α = 5%, then the magnitude of F- table = 3.59 See df1 = 4-1 = 3 and df2 = 21-4 = 17 in the F-Table. The F-count is 13,000 > F-Table 3.59 means that the regression model is correct and feasible. Likewise, the significance value of 0.000 <0.05 is the specified level of significance, which means that this regression model is also correct and feasible.

Table 4 Results of Multiple Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	-1985.489	812.398		-2.453	.025					
	ROA	24044.414	4417.474	.929	5.443	.000	.794	.797	.727	.812	1.820
	ROE	896.249	2483.198	.054	.364	.720	.332	.088	.049	.800	1.249
	NPM	-1344.237	747.008	-.306	-1.799	.090	.164	-.400	-.240	.819	1.816

a. Dependent Variable: HS

The findings in this study indicate that Return On Assets (ROA) has a positive and significant effect on stock prices of 0.929 or 92.9%. It is shown that the t-count value is 5.443 > from t-table 1.729 which means it is significant, and the p-value is 0.000 <0.05 which means it is also significant. Thus Ho is rejected and Ha is accepted, meaning that ROA has a positive and significant effect on stock prices proven to be true.

The findings in this study indicate that Return On Equity has no positive and significant effect on stock prices of 0.054 or 5.4%. It is shown that the t-count value is 0.364 < from t-table 1.729 which means it is not significant, and the p-value is 0.727> 0.05 which means it is also not significant. Thus Ho is accepted and Ha is rejected, meaning that ROE has no positive and insignificant effect on stock prices, it is proven true.

From the findings in this study indicate that the Net Profit Margin has a positive and significant effect on the stock price of -0.306 or 30.6%. It is shown that the t-count value is 1.799 > from t-table 1.729 which means it is significant, and the p-value is 0.090 > 0.05 which means it is also not significant. Thus Ho is rejected and Ha is accepted, meaning that the NPM has a positive and insignificant effect on stock prices.

D. CONCLUSION

1. From the results of simultaneous data analysis that all independent variables namely ROA, ROE, NPM have a significant effect on stock prices. This is indicated by the results of the calculated F test, which is 0.643 or 64.3%. The effect is significant, both seen from the F test and the significance test. This means that seen from the F test, the magnitude of the F-count is 13,000 > F-table 3.71. Likewise, seen from the significant test, it shows a p-value of 0.002 <0.05, which means it is significant.
2. From the results of partial data analysis, it can be obtained that the ROA variable has a significant effect on stock prices. This is indicated by the results of the research t count, which is 5.443 which states that Return On Assets has a positive and significant effect on stock prices.
3. From the results of simultaneous data analysis it was found that the variables Return On Assets (ROA), Net Profit Margin (NPM), in this study it was concluded that these independent variables jointly affect the dependent variable, namely the company's stock price. This is based on the calculated t value that is greater than t-table > 1.729.
4. For further research Adding other variables outside of this research variable such as Debt Equity Ratio, Total Assets, Dividend Per Share, Turn Over Ratio, Earning Per Share related to stock prices to find out more about what factors have an influence on stock price.

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