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ANALYSIS OF THE EFFECT OF FINANCIAL PERFORMANCE ON STOCK PRICE AT HIMBARA BANKS LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2017-2021 PERIOD

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ABSTRACT

This study aims to analyze the effect of financial performance proxied by the variables Capital Adequacy Ratio (CAR), Return On Equity (ROE), and Loan to Debt Ratio (LDR) on stock prices at Himbara banks listed on the Indonesia Stock Exchange for the 2017-2021 period. The population in this study are himbara banks listed on the Indonesia Stock Exchange for the 2017-2021 period. The samples in this study were 4 banks obtained by sampling technique using the purposive sampling method. Collecting data in this research uses secondary data collection, namely quantitative data. The results of the analysis in this study indicate that the variables Capital Adequacy Ratio (CAR), Return On Equity (ROE), and Loan to Debt Ratio (LDR) partially have no positive and significant effect on stock prices. Capital Adequacy Ratio (CAR), Return On Equity (ROE), and Loan to Deposit Ratio (LDR) simultaneously affect stock prices. The results of the Coefficient of Determination (R2) show that the variables Capital Adequacy Ratio (CAR), Return On Equity (ROE), and Loan to Debt Ratio (LDR) have an effect of 18.5% on stock prices. While the remaining 81.5% is influenced by other factors not discussed in this study.

Keywords: Capital Adequacy Ratio (CAR), Return On Equity (ROE), Loan to Debt Ratio (LDR), and Stock Price

A. INTRODUCTION

The capital market is a meeting between parties who have excess funds and those who need funds by trading securities (Tandelilin, 2010). The capital market can be used as an alternative for companies to obtain more sources of funds to increase company capital. One of the instruments traded in the capital market is stock. Shares are proof of ownership of the assets of the company issuing the shares. An investor who invests by buying shares will get a profit from the investment in the form of dividends and capital gains.

The banking sector is one sector that can support the national economy. Many investors are interested in investing in the banking sector. However, stock prices of banking companies tend to fluctuate up and down, causing doubts from investors. Many factors trigger the rise and fall of stock prices, one of which is financial performance. Financial performance is a formal attempt to evaluate the efficiency and effectiveness of a company in generating profits and certain cash positions (Sari et al., 2018).

Financial analysis is an alternative for testing whether financial information is useful for predicting stock prices (Kesuma, 2019). Investors will take advantage of all information and the company's financial performance on prices in making buying or selling decisions so that stocks can reflect all known information. There are related parties such as investors who issue signals to the financial statements. The report will obtain a rate of return with a level of risk that can be borne by shareholders. Much research has been carried out on financial performance, including research by Diansyah & Hartanto (2018) on the effect of financial performance on the stock prices of national private commercial banks listed on the Indonesia Stock Exchange. In this study, CAR and LDR had a negative and significant effect on stock prices, while ROA had a positive and significant effect on stock prices. Furthermore, BOPO

has a negative and insignificant effect on stock prices, while NPL has a positive and insignificant effect on stock prices.

This study uses leverage ratios, profitability ratios, and liquidity ratios to test the financial performance of Himbara Bank stock prices listed on the Indonesia Stock Exchange during the 2017-2021 period. The financial performance variable is proxied by using the leverage ratio which can be measured by the Capital Adequacy Ratio (CAR), the profitability ratio is measured by Return On Equity, and the liquidity ratio which is measured by the Loan to Deposit Ratio (LDR).

The banking sector was chosen in this study because the banking sector is one of the most important sectors in a country's economy. Almost all economic activities involve the banking sector. The banking sector has a relatively high risk compared to other sectors because the banking sector obtains company capital involving third parties. The researcher chose HIMBARA bank which is a term used to refer to a group of banks that are part of BUMN, because it is part of the banking sector that is well known to the people of Indonesia. In addition, the lack of consistency from the research conducted previously prompted further research with the title "Analysis of the Influence of Financial Performance on Share Prices at Himbara Banks Listed on the Indonesia Stock Exchange for the 2017-2021 Period".

Stock price

According to Jogiyanto (2014:172), stock prices are stock prices that occur on the stock market at certain times determined by market participants and determined by the demand and supply of the shares concerned in the capital market. The stock price is a price that is formed from the interaction of the sellers and buyers of shares which are motivated by expectations for company profits (Partomuan, 2021).

The share price is formed due to the demand or supply of the shares. Demand and supply arise due to various factors, such as company and industry performance: the company is moving. Apart from that, it is due to macro factors, such as the economic situation of a country, the political situation, and several passing issues (Saputra, 2022)

Capital Adequacy Ratio (CAR)

The Capital Adequacy Ratio (CAR) or capital adequacy ratio shows the capital adequacy set by regulatory agencies that specifically apply to industries under government supervision such as banks and insurance. According to Kasmir (2013:44),the Capital Adequacy Ratio is a ratio to measure a bank's ability to maintain sufficient capital and the bank's ability to identify, measure, supervise, and control risks that arise which can affect the amount of bank capital.

Return on Equity (ROE)

According to Kasmir (2014:202), Return On Equity (ROE) is a comparison between net income and company capital (core capital). This ratio shows that the percentage level that can generate ROE is very important for shareholders and potential investors because a high ROE will cause an increase in shares. ROE is a company's ability to generate profit from the capital owned by the company.

Loans to Deposits Ratio (LDR)

Loan Deposit Ratio (LDR) is a ratio that describes banking liquidity. This ratio is used to see how much third-party funding sources, which are generally short-term, are used to finance illiquid assets such as credit. According to Kasmir (2014:225), the Loan Deposit Ratio (LDR) is the ratio used to measure the composition of the amount of credit provided compared to the number of public funds and own capital used.

B. RESEARCH METHOD

Time and Place of Research

This research was conducted on Himbara Banks listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period.

Population and Sampling

The sampling technique used in this research is the purposive sampling method. Purposive sampling is data collection based on certain criteria (Sugiyono, 2017). The sample selection criteria in this study are as follows:

1. Himbara Bank which went public and was listed on the IDX during the 2017-2021 period.
2. Himbara Bank which publishes financial and annual reports on the IDX for the 2017-2021 period.
3. Himbara Bank which has the financial ratios needed in the research.
4. Himbara Bank has stock price data (closing price) for 2017-2021.

Data Collection Techniques

To obtain the data needed in this study, secondary data collection was used in the form of Himbara Bank financial reports as the research sample. To obtain and collect data on company financial statements to be used in this study, a data search was carried out by searching the IDX website www.idx.co.id.

Data Analysis Techniques

The data analysis technique in this study used multiple linear regression analysis. However, beforehand, classical tests were carried out, including the normality test, heteroscedasticity test, multicollinearity test, and autocorrelation test using the statistical tool IBM SPSS Statistics 20.

C. RESEARCH RESULTS AND DISCUSSION

Data Description

Table 1. Description of Research Data

	N	Minimum	Maximum	Mean	Std. Deviation
CAR (X_1)	80	15,83	25,28	19,5229	1,89529
ROE (X_2)	80	1,00	21,15	14,3590	4,06847
LDR (X_3)	80	79,71	114,24	92,8275	9,01665
Stock Price (Y)	80	840	12750	4960,59	2566,397

Source: Processed data, 2022

Based on Table 1, it is known that the lowest value of the Capital Adequacy Ratio (CAR) variable for five years (2017-2021) is 15.83, the maximum value is 25.28, and an average value is 19.5229, with a standard deviation value of 1.89529. It is known that the Return On Equity (ROE) variable has the lowest value for five years (2017-2021) of 1.00, the maximum value is 21.15, and the average value is 14.3590, with a standard deviation value of 4.06847. The lowest value for the Loan Deposit Ratio (LDR) for five years (2017-2021) is 79.71, the maximum value is 114.24, and the average value is 92.8275, with a standard deviation value of 9.01665. The results of data processing show that the lowest value of the stock price for five years (2017-2021) is 840, the maximum value is 12750, and the average value is 4960.59, with a standard deviation value of 2566.397.

Classic Assumption Test

Normality Test

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Table 2. Normality Test Results

Variable	Kolmogrov-Smirnov	ρ-value	Information
Unstandardized Residual	0,930	0,353	Normal data distribution

Source: Processed data, 2022

Based on the results of the normality test in the table above using the Kolmogorov-Smirnov (K-S) shows that the significance value for the regression model is greater than 0.05. This shows that the regression equation for the model in this study has a normal data distribution.

Multicollinearity Test

Table 3. Multicollinearity Test Results

Variable	Tolerance	VIF	Conclusion
CAR (X_1)	0,741	1,349	Multicollinearity Free
ROE (X_2)	0,801	1,248	Multicollinearity Free
LDR (X_3)	0,898	1,114	Multicollinearity Free

Source: Processed data, 2022

The table above on the CAR, ROE, and LDR variables shows the VIF value does not exceed 10 or around one, as well as the Tolerance value does not exceed one. So it can be said that the regression model does not have multicollinearity.

Autocorrelation Test

Table 4. Autocorrelation Test Results

Model	Std. Error	Durbin-Watson
Unstandardzed Ressidual	1430,79249	1,786

Source: Processed data, 2022

Based on the table above, the Durbin-Watson value is 1.786. The dU and dL values can be obtained from the Durbin-Watson statistical tables. Using a significance level of 0.05 at n = 80 and k = 3, a dL value of 1.5600 and a dU of 1.7153 is obtained. Because the test results show that dU < dW < 4 – dU = 1.7153 < 1.786 < 2.2847, it can be concluded that there is no autocorrelation problem.

Heteroscedasticity Test

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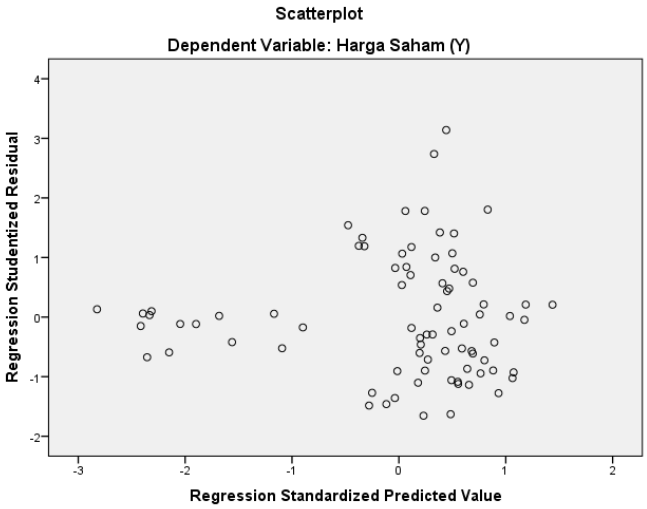

Figure 1. Heteroscedasticity Test Results

The figure above shows that the data points spread above and below zero and the distribution of data points does not have a specific pattern. Based on the observations of the scatter plot graph above, it can be concluded that there is no heteroscedasticity in the regression model.

Multiple Linear Regression Test

Table 5. Multiple Linear Regression Test Results

Variable	Unstandardized Coefficients	t	Sig.
Constant	15010,573	3,195	0,002
CAR	-2,456	-0,015	0,988
ROE	54,079	0,741	0,461
LDR	-116,114	-3,733	0,000

Source: Processed data, 2022

Based on the test results above, the regression equation is obtained as follows:

$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$

$Y = 15010,573 – 2,456X_1 + 54,079X_2 – 116,114X_3 + e$

Information:

Y = Stock Price
X_1 = Capital Adequacy Ratio (CAR)
X_2 = Return On Equity (ROE)
X_3 = Loan to Deposit Ratio (LDR)

Hypothesis Test

Determination Coefficient Test (R^2)

Table 6. Test Results for the Coeffcient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,430[a]	0,185	0,153	2362,166

Source: Processed data, 2022

Based on Table 6, the Adjust R square value of 0.185 is obtained so that it can be interpreted that the ability of the independent variables (CAR, ROE, and LDR) to explain their effect on the dependent variable (stock price) is 18.5%. While the remaining 81.5% is influenced by variables other than the variables studied above.

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T test

Table 7. t Test Results

Model	T	Sig.
CAR	-0,015	0,988
ROE	0,741	0,461
LDR	-3,733	0,000

Source: Processed data, 2022

Based on the table above, it is obtained that the CAR (X1) has a t-count value of -0.015 with a significance level of 0.988, the t-count value is less than t-table or -0.015 <1.995 where the sig value is 0.988 > 0.05 which means that Ho is accepted and Ha is rejected, meaning that the CAR variable has no partial effect on stock prices. ROE (X2) has a t value of 0.741 with a significance level of 0.461, the calculated t value is smaller than the t table or 0.741 <1.995 where sig 0.461 > 0.05 so that Ho is accepted and Ha is rejected, meaning that the ROE variable does not partially affect stock prices. LDR (X3) with a t value of -3.733 (absolute value) with a significance level of 0.000, the calculated t value is less than t table or -3.733 (absolute value) > 1.995 where sig 0.000 <0.05 which means that Ho is rejected and Ha is accepted, meaning that the LDR variable has a partial effect on stock prices.

F test

Table 8. F Test Results

Model	Sum of Squares	f	Mean Square	F	Sig.
1	Regression		32086016,166	,750	0,001[b]
	Residual	6	5579827,880		
	Total	9			

Source: Processed data, 2022

Based on the F test in Table 8, the calculated F results are 5.750 with a significance level of 0.001. Because F count > F table or 5.750 > 2.72 it means that Ho is rejected. Based on the significance value below 0.05, it can be concluded that the CAR, ROE, and LDR variables simultaneously affect stock prices.

D. CONCLUSION

1. The results of the analysis of the coefficient of determination test (R2) show an Adjust R square of 0.185 explaining that the CAR, ROE, and LDR variables affect stock price fluctuations of 18.5%. While the remaining 81.5% (100% - 18.5%) is explained by other variables not included in this research model.
2. The results of the t-test analysis show that the CAR variable has no positive or significant effect on stock prices. This can be seen from the t value less than the t table or -0.015 <1.995 and the significance value of the CAR variable 0.988 > 0.05, so partially the CAR variable has no positive and significant effect on stock prices.
3. The results of the t-test analysis show that the ROE variable has no positive and significant effect on stock prices. This can be seen from the t count less than t table or 0.741 <1.995 and the significance value of the ROE variable 0.461 > 0.05, so partially the ROE variable has no positive and significant effect on stock prices.
4. The results of the t-test analysis show that the LDR variable has a positive and significant effect on stock prices. This can be seen from the calculated t value that is greater than the t table or -3.733 (absolute value) > 1.995 and the significance value of the LDR variable 0.000 <0.05, so partially the LDR variable has a positive and significant effect on stock prices.
5. The results of the F test analysis obtained the calculated F value > F table or 5.750 > 2.72 with a significance level of 0.001 <0.05. So it can be concluded that the variables

Capital Adequacy Ratio (CAR), Return On Equity (ROE), and Loan to Deposit Ratio (LDR) simultaneously affect stock prices.

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