The Influence of Profitability Ratio To Share Price On Telecommunication Company Listed In Indonesia Stock Exchange Period 2013-2015

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Abstract — **Influence is a power that can shape or change something else. So in this study the authors examine about how much power that is or caused by the analysis of Profitability ratios to stock prices. The purpose of this research is to know the profitability ratios of telecommunication companies listed in Indonesia Stock Exchange period 2013-2015, to know the stock price of telecommunication company listed in Indonesia Stock Exchange period 2013-2015, and to know how influence profitability ratio to stock price of telecommunication company . This research is conducted on telecommunication companies listed in Indonesia Stock Exchange period 2013-2015 that is, PT. XL Axiata Tbk, PT. Smartfren Telecom Tbk, PT. Indosat Tbk, PT. Telekomunikasi Indonesia Tbk, PT. Tower Bersama Infrastruktur Tbk, PT. Solusi Tunas Pratama Tbk, PT. Inti Bangun Sejahtera Tbk. The data used are secondary data in the form of financial statements.**

Keywords – *Profitability Ratio, ROA, ROE, Stock Price, Telecommunication.*

1. INTRODUCTION

Talking about the company will not be separated from the financial prepared and presented company. The financial statements are a grade increase report such as a student or student. Whatever activities and results of the company will be reflected in the financial statements and the financial statements are the only documents we can get to understand the company (Bambang Wahyudiono, 2013). One of the important things in the company's achievement is its financial condition. Viewed from interested parties or (stakeholder), Financial Report can be interpreted as the final result of financial accounting. This financial report is the material information for the wearer as one of the materials in the decision-making process (Sofyan Syafri Harahap, 2003: 201). Assessment of the financial condition and development of the company can be seen in the financial statements that are useful for short and long term planning and decision making and is a complex and difficult problem because it involves the problem of effectiveness and capital utilization, efficiency and profitability of the company's activities.

The condition of the Indonesian economy that shows stability makes the level of public welfare is getting better. This is evidenced by the increase in income per capita followed by the level of public purchasing power (Central Bereau of Statistics, 2014). Increasing public welfare affect the pattern of life, including in terms of investment. Currently in Indonesia has many advances, such as in the development of science, information technology, and telecommunications technology. Companies engaged in telecommunications competing to provide the best service with a variety of products offered. In the case of research of a group of companies, the authors choose to conduct research on go public companies engaged in telecommunications, is a company listed on the Indonesia Stock Exchange (IDX) period 2013-2015.

2. FORMULATION OF THE PROBLEM

After examining what is described in the background of the research, the problems in this study can be described as follows :
1. What is the ratio of profitability of Telecommunication companies listed in Indonesia Stock Exchange period 2013-2015.
2. How is the stock price of Telecommunication company listed in

Indonesia Stock Exchange period 2013-2015.

3. How does the profitability ratio affect the stock price of Telecommunication companies listed in Indonesia Stock Exchange period 2013-2015.

3. RESEARCH PURPOSE

The purpose of this research are :

1. To know the profitability ratios of Telecommunications companies listed in Indonesia Stock Exchange period 2013-2015.

2. To find out the price of shares of Telecommunication companies listed in Indonesia Stock Exchange period 2013-2015 period.

3. To find out how the influence of Telecommunication companies listed in Indonesia Stock Exchange period 2013-2015.

4. THEORETICAL BASIS

The financial statements are the main communication tool for the company. In fact, the annual report also contains most of the company's financial statement information. According to Sharpe, Alexander, and Bailey (1997) the announcement of accounting information gives a signal that the company has good prospects in the future so that investors are interested to invest in the stock exchange. One of the information that can be used as a reference by investors is the financial statements. Analysis of financial statements is to describe the outposts of financial statements into more units of information and see the significant relationship or that have meaning between one another both between quantitative and non quantitative data with the aim to know the deeper financial condition is very important in the process of producing the right decision (sofyan safri harahap, 2006 : 190). From the investor's point of view, financial statement analysis is used to predict the future, whereas from the standpoint of financial statement management analysis is used to help anticipate future conditions and, more importantly as a starting point for planning

actions that will affect future events (eguene f. brigham, joel f. Houston, 2001).

a. Analysis Ratio

Financial ratio analysis is designed to help evaluate company performance. Financial ratio is an activity to compare the numbers contained in the financial statements issued by the company by dividing the number one with another figure (cashmere, 2014). According to Agnes Swair (2005 : 6), the analysis of financial ratios is an analysis that links the elements of the balance sheet and the calculation of profit and loss with others so as to provide an overview of the history of the problem and its position assessment at that time.

b. Profitability Ratio

According to Darsono and Ashari (2005 : 56), profitability ratio is the ratio used to measure the effectiveness in obtaining profit. Profitability ratios are also called efficiency ratios. The ratios used are:

a. Return On Assets (ROA) is the Return On Investment (ROI), these two ratios are the same, the ratio indicates how much net profit after tax obtained by the company when the asset value is measured or from the average all the assets owned by the company.

Formula : $ROA = \dfrac{net\,profit\,after\,tax}{total\,asset}$

b. Return On Equity (ROE) is the ratio that shows how far the company manages its own net worth effectively, measuring the rate of return on investment that the owner of the equity or shareholder owns.

Formula : $ROE = \dfrac{net\,profit\,after\,tax}{total\,equity}$

c. Shares

Shares are proof of ownership of a company. This proof of ownership exists

in two forms: the shares issued on behalf of the owner are called shares on behalf of and the shares which do not include the owner's name are called stocks of point (asril sitompul, 2000 : 164).

5. RESEARCH METHODS

The research method used is analytical descriptive method, that is data collection method according to actual situation. The research technique is survey and the type of research used in this research is case study. According Flyvbjerg (2006) case study research is one method of research in social science by performing a longitudinal examination of a situation or event by using systematic ways of doing observation, data collection, information analysis, and reporting the results.

Conceptual Framework
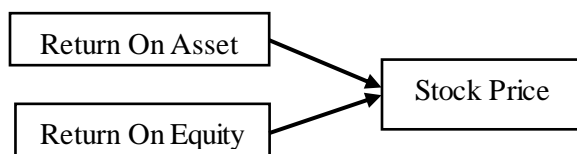
Hypothesis

Based on the theoretical framework and framework of thinking as has been described previously it can be prepared research hypothesis as follows:
(1) H1: There is influence between return on asset and stock price.
(2) H2: There is influence between return on equity and stock price.
(3) H3: There is influence between return on asset and return on equity together with stock price.

6. RESULT AND DISCUSSION

The results obtained from collecting quantitative data sourced from secondary data. Sources of data used are secondary data sources obtained by taking data published by the Indonesia Stock Exchange from the official website, the financial statements.

Basic decision-making :

A. Test T

1. If the value of Sig < 0.05 or t count > t table then there is influence of variable X to variable Y.
2. If the value of Sig > 0.05 or t arithmetic < t table then there is no influence of variable X to variable Y.
T table = t (α/2 ; n-k-1) = t (0.025 ; (7-2-1)) = 0.025;4 = **2.7765.**

B. Test F

1. If the value of Sig < 0.05 or F Count > F table then there is influence of variable X simultant to veriabel Y.
2. If the value of Sig > 0.05 or F arithmetic < F table then there is no influence of variable X simultaneously to variable Y.
F table = F (k; n-k) = F (2; 7-2) = F (3; 5) = **5.41**.

The Effect of Return On Assets (ROA) and Return On Equity (ROE) To Stock Price Partially

Table 1. Regression Analysis Result Influence Return On Asset (ROA) and Return On Equity (ROE) To Share Price Of Indonesian Telecommunication Company

Coefficients[a]

Model		t	Sig.
1	(Constant)	4,651	0,010
	ROA	-1,474	0,214
	ROE	2,037	0,111

a. Dependent Variable : STOCK PRICE

Based on the above table it can be seen how the influence of each variable to stock prices, namely:

1. Return On Asset (X1)

The test results show that the value of t arithmetic -1,474 <t table 2.7765 with the significance number of 0.214> 0.05, so it can be concluded that H1 rejected which means the variable Return On Asset has no significant effect on Stock Price.

2. Return On Equity (X2)

In table 1 shows t arithmetic 2.037 < t table 2.7765 with the signification number of 0.111 > 0.05, so it can be concluded that H2 is rejected which means the variable Return On Equity has no significant effect on Stock Price. Based on the above data it can be concluded one hypothesis that is partially Return On Asset (X1) and Return On Equity (X2) has no significant effect on Stock Price.

The Effect of Return On Assets (ROA) and Return On Equity (ROE) To Stock Price Simultaneously

Table 2. F Test Result Influence Return On Assets (ROA) and Return On Equity (ROE) Against Stock Price Of Indonesian Telecommunications Company

ANOVA[b]

Model		F	Sig.
1	Regression	2,117	,236[a]
	Residual		
	Total		

a. Predictors : (Constant), ROA, ROE

b. Dependent Variable : STOCK PRICE

Based on the results of F test in table 2 above can calculate F value 2.117 < F table 5.41 then seen with the result of significant probability value 0.236 > 0.05, it can be concluded that H3 is rejected, which means simultaneously no effect return on asset and return on equity to share price at Telecommunication company listed on the Indonesia Stock Exchange period 2013-2015.

Table 3. Results of Determination Coefficient (R-Square) Influence Return On Assets (ROA) and Return On Equity (ROE) Against Stock Price On Telecommunication Company

Model Summary

Model	R Squre
1	0,514

Based on the results of coefficient of determination test in the table above, the value of adjusted R Square in the regression model obtained for 0,514. This means that the contribution provided by Return On Assets (ROA) and Return On Equity (ROE) together to Share Price in Telecommunication Company listed in Indonesia Stock Exchange 2013-2015 period is 0,514 or equal to 51,4%.

7. CLOSE

Conclusion

Based on the results of the discussion, the following conclusions can be drawn:
1. Return on Assets has no effect on the stock price of telecommunication companies listed on the Indonesia Stock Exchange. The implication of Return on Asset has no effect on stock price fluctuation.
2. Return on Equity has no effect on the stock price of telecommunication companies listed on the Indonesia Stock Exchange. The implication of Return on Equity does not affect the fluctuation of stock prices.
3. Return On Assets (ROA) and Return On Equity (ROE) jointly affect the Share Price of Telecommunication companies listed on the Indonesia Stock Exchange.

Suggestion

Based on the results of the discussion, the researcher gives advice as follows:

For the next researcher, can examine the other fundamental factors as well as technical factors to stock prices. In addition it can also conduct stock price research on other companies, considering each company has its own characteristics.

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