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# THE INFLUENCE OF RETURN ON ASSETS AND EARNINGS PER SHARE ON SHARE PRICE AT. BANK RAKYAT INDONESIA, TBK

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*Abstract —The purpose of this study was to determine the effect of Return on Assets and Earning per Share on stock prices at PT. Bank Rakyat Indonesia, Tbk for the period 2012 to 2021. This research uses quantitative research methods and the data used is secondary data. The sample in this study is financial report data, namely the income statement at PT. Bank Rakyat Indonesia, Tbk for the period 2012 to 2021. The data analysis method used is descriptive test, classic assumption test (Normality, Multicollinearity, Heteroscedasticity, and Autocorrelation), simple linear regression test, multiple linear regression test, hypothesis testing and coefficient of determination. The analytical tool used is SPSS version 25. The results of this study indicate that Return on Assets partially has a negative and significant effect on stock prices with a significance of 0.035 <0.05 and –t count < -t table (-2.609 < -2.364), so also Earning per Share which partially has a negative and significant effect on Stock Price with a significance value of 0.046 <0.05 and t count < -t table (-2.421 < -2.364). Then the results of this study indicate that simultaneously Return on Assets and Earning per Share have a positive and significant effect on stock prices with a significance value of 0.001 <0.05 and F count > F table (22.306 > 4.74) and a contribution of 86.4% to changes in stock prices while the remaining 13.6% is explained by other variables not included in the regression model.*
***Keywords : Return on Assets, Earning per Share, Stock Price***

## I. INTRODUCTION

Research on the effect of Return On Assets (ROA) and Earning Per Share (EPS) on stock prices at PT. Bank Rakyat Indonesia, Tbk (BRI) is based on the importance of information about the factors that influence a company's stock price. ROA is a ratio that measures a company's efficiency in generating profits from each asset it owns, while EPS is a measure of financial performance that calculates the net profit per share owned by shareholders. These two ratios are considered as important indicators of a company's financial performance and can affect the company's stock price. According to Darmaji and Fakhrudin (2012: 5), shares (stock) are a sign of the participation or ownership of a person or entity in a company or limited liability company. Shares are in the form of a piece of paper which explains that the owner of the paper is the owner of the company that issued the securities.

According to Kasmir (2019: 201) Return on Assets is a ratio that shows the results on the total assets used in the company. According to Sujarweni (2021: 114), Return on Assets is the ratio used to measure the ability of invested capital in all assets to generate net profits. Return on Assets is one of the ratios used to measure the level of profit or company profitability. Return on Assets is used to show the company's ability to utilize its assets to earn profits. Return on assets (ROA) is a ratio that measures a company's efficiency in generating profits from each of its assets. ROA indicates how effective a company is in managing its assets to generate profits.

The higher the company's ROA, the more likely the company's stock price will rise. This is because a high ROA indicates that a company is able to generate high profits from each of its assets, which will attract investors and make them more interested in investing in the company. In addition, a high ROA also indicates good financial performance, which can increase investor confidence and strengthen the company's position in the market.

According to Tandelilin (2017: 376), an important component that must be considered in company analysis is earnings per share. EPS information of a company shows the amount of the company's net profit that is ready to be distributed to all shareholders in the company. According to Hery (2016: 144), Earning Per Share (EPS) is a ratio to measure the success of company management in providing benefits to common shareholders. Earnings per share (EPS) is a measure of financial performance that calculates the net profit per share owned by the company's shareholders. EPS can be an important financial performance indicator for investors in evaluating company profitability.

The higher the company's EPS, the more likely it is that the company's stock price will rise. This is because a high EPS shows that a company is able to generate a large net profit after deducting expenses and operational costs. High EPS also shows that the company has strong financial performance and good business prospects, which will attract investors and make them more interested in investing in the company.

BRI was chosen as the research object because BRI is one of the largest banks in Indonesia and has a considerable influence on financial markets in Indonesia. In addition, BRI also has a good reputation in terms of financial performance and business growth. Like other companies, the share price of PT Bank Rakyat Indonesia, Tbk. (BRI) also experienced fluctuations influenced by various factors. Several factors can affect fluctuations in BRI's share price, including market conditions, i.e. fluctuations in BRI's share price can be affected by stock market conditions as a whole. If the market is sluggish or the volatility is high, BRI's share price may also fall, BRI's financial condition can affect its share price. If BRI experiences an increase in net profit or good business growth, then its share price tends to rise, macroeconomic conditions, such as inflation rates, interest rates, and economic growth can affect BRI's share price. If economic conditions improve, BRI's share price tends to rise. News or issues related to BRI, such as changes in management, restructuring, or government policies, can also affect BRI's share price. BRI's share price fluctuations can also be influenced by the performance of competitors in the banking sector. If its competitors obtain better results, BRI's share price may decrease.

Research on the effect of ROA and EPS on stock prices at BRI can provide useful insights for investors and financial analysts in understanding the factors that influence BRI share price. By understanding the relationship between ROA, EPS and stock prices, investors can make smarter investment decisions and optimize their investment portfolios.

## II. RESEARCH METHOD

The method in this study is the Quantitative Method, it is said to be quantitative because the data processing is in the form of numbers. The data in this study were obtained by literature study, namely by collecting financial report information obtained from the IDX, namely www.idx.co.id and the official website of Bank Rakyat Indonesia www.bri.co.id. The source of data in this research is secondary data, namely data obtained from company documents related to research.

This research was conducted at PT Bank Rakyat Indonesia Tbk. with input data for the period 2012-2021. The data used in this study were accessed through the websites www.idx.co.id and www.bri.co.id.

Sugiyono (2013: 80) states that the population is a generalization area consisting of: objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn. The population in this study is the financial statements of PT. Bank Rakyat Indonesia Tbk. on the Indonesia Stock Exchange (IDX) where it can be obtained from secondary data sources.

According to Sugiyono (2013: 81), the sample is part of the number and characteristics possessed by the population. If the population is large, and it is impossible for the researcher to study everything in the population, then the researcher can use samples taken from that population. The sample used in this study is the data contained in the financial statements in the form of profit and loss statements at PT. Bank Rakyat Indonesia Tbk. period 2012-2021. The collected data were analyzed using multiple linear regression.

## III. RESULT AND DISCUSSION

### A. Classic Assumption Test

### 1. Normality test

**Table 1. Normality Test**

| One-Sample Kolmogorov-Smirnov Test | | |
|---|---|---|
| | | Unstandardized Residual |
| N | | 10 |
| Normal Parameters[a,b] | Mean | ,0000000 |
| | Std. Deviation | 421,6530298 |
| Most Extreme Differences | Absolute | ,167 |
| | Positive | ,147 |
| | Negative | -,167 |
| Test Statistic | | ,167 |
| Asymp. Sig. (2-tailed) | | ,200[c,d] |
| a. Test distribution is Normal. | | |
| b. Calculated from data. | | |
| c. Lilliefors Significance Correction. | | |
| d. This is a lower bound of the true significance. | | |

**Source: SPSS Output Results 25.**

One Sample Kolmogorov-Smirnov test is used to further ascertain whether the residual data is normally distributed or not. The test results above show that the data is normally distributed with a significance value of 0.200 (p > 0.05).

**2. Multicollinearity Test**

The multicollinearity test aims to test whether a regression model has a correlation between independent (independent) variables. A good regression model should not have a correlation between independent variables. The cutoff values that are commonly used to indicate that there is multicollinearity are tolerance values ⩽ 0.01 and VIF values ⩾ 10.

**Table 2. Multicollinearity Test Results With Collinearity Statistics**

Coefficients[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 6256,045 | 746,879 | | 8,376 | 0,000 | | |
| | ROA | -731,602 | 280,434 | -0,521 | -2,609 | 0,035 | 0,487 | 2,055 |
| | EPS | -1,429 | 0,590 | -0,483 | -2,421 | 0,046 | 0,487 | 2,055 |
| a. Dependent Variable: Stock Prices | | | | | | | | |

Source: Results of data processing, By the author (2023)

The results above show that there is no multicollinearity between the independent variables in the regression. This conclusion was drawn based on the tolerance value for the ROA and EPS variables of 0.487 (> 0.10) and the VIF value of 2.055 (<10).

**3. Heteroscedasticity Test**

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from one residual observation to another. If the dots in the image do not spread out to form a certain pattern, then heteroscedasticity does not occur. The test results can be seen in the following figure:

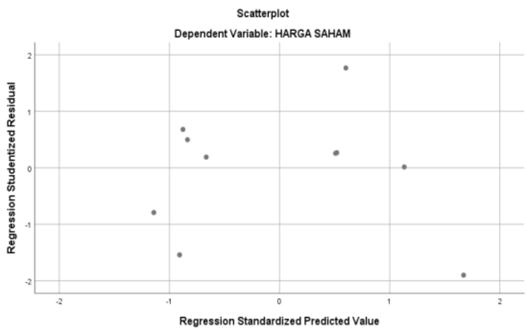


**Figure 1. Heteroscedasticity Test**

Based on the test results on the image shows that there is no specific pattern. This condition can be seen from the point distribution that occurs randomly so that it can be concluded that the regression model is declared good and feasible to use, because there is no heteroscedasticity.

**4. Autocorrelation Test**

The autocorrelation test aims to test whether in the regression model there is a correlation between the confounding errors in period t and the confounding errors in the t-1 (previous) period. To detect autocorrelation can be seen in the magnitude of the Durbin Watson (DW Test). With the following decision-making criteria:

**Table 3. Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | ,930[a] | 0,864 | 0,826 | 478,110 | 1,895 |
| a. Predictors: (Constant), EPS, ROA | | | | | |

| |
|---|
| b. Dependent Variable: Stock Prices |

Source: SPSS Output Results 25.

The results of the Durbin Watson Autocorrelation Test show the number 1.895 with a sample (n) = 10 and the independent variable (k) = 2 at a significant level of 0.05, so the dU value is 1.6413 and 4-dU = 2.358. Then dU < d < 4-dU. Based on these results, the test is said to have no positive and negative autocorrelation.

**D. Multiple Regression Testing**

**Table 4. Multiple Regression Testing**
**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 6256,045 | 746,879 | | 8,376 | 0,000 |
| | ROA | -731,602 | 280,434 | -0,521 | -2,609 | 0,035 |
| | EPS | -1,429 | 0,590 | -0,483 | -2,421 | 0,046 |
| a. Predictors: (Constant), EPS, ROA | | | | | | |
| b. Dependent Variable: Stock Prices | | | | | | |

Source: SPSS Output Results 25.

Based on the results of the calculation analysis regression in the table above, it can be obtained the regression equation

$$Y = 6256{,}045 - 731{,}602X_1 - 1{,}429X_2$$

Partial test (t test) is used to test the effect of each ROA and EPS variable on stock prices. For the 2-sided test, the value used is ½ of the tolerance value of 0.05, which is 0.025. Then the t table value in this study is 2.36462 or -2.36462, this value is obtained from the statistical table (sig. value 0.05/2 = 0.025) with df = n-k-1 or df = 10-2-1 = 7.

Based on the results of the study, it was found that Return on Assets has a t value < -t table (-2.609 < -2.364) with a sig. 0.035 (<0.05) in other words the hypothesis in this study Ho1 was rejected and Ha1 was accepted. So it can be concluded that partially Return on Assets has a negative and significant effect on stock prices at PT. Bank Rakyat Indonesia, Tbk period 2012-2021. The more the Return on Assets increases, the lower the stock price will be. This is in line with research conducted by Juliani, et al (2021) which shows that Return on Assets has a negative and significant effect on stock prices. However, in contrast to the research conducted by Nurhandayani & Nurismalatri (2022), Anjasari et al. (2022), Suraya (2020), Kusjono & Aryanti (2021), Takhaful et al. (2021) who argue that Return on Assets has no significant effect on stock prices.

Based on the results of the study, it was found that Earning per Share has a t value < -t table (-2.421 < -2.364) with a sig. 0.046 (<0.05) in other words the hypothesis in this study Ho1 was rejected and Ha1 was accepted. So it can be concluded that partially Earning per Share has a negative and significant effect on the stock price at PT. Bank Rakyat Indonesia, Tbk period 2012-2021. The more Earning per Share increases, the lower the stock price will be. This is in line with research conducted by Kurnia, et al (2020) which shows that Earning per Share has a negative and significant effect on stock prices. However, it is different from the research conducted by Suraya (2020), Takhaful, et al (2021) who argue that Earning per Share has no significant effect on stock prices.

**Table 5. Simultaneous Hypothesis Testing (F Test)**
**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 10197738,50 | 2 | 5098869,251 | 22,306 | ,001[b] |
| | Residual | 1600121,498 | 7 | 228588,785 | | |
| | Total | 11797860,00 | 9 | | | |
| a. Dependent Variable: Stock Prices | | | | | | |
| b. Predictors: (Constant), EPS, ROA | | | | | | |

Source: SPSS Output Results 25.

The F test is used to determine whether all the independent variables simultaneously have an influence on the dependent variable. The simultaneous decision of variables that have a significant effect or cannot be seen from the significance value in the ANOVA table. If the sig. <0.05 then Ho is accepted. Besides that, decision making in the f test also uses a comparison of the value of f table. If f count > f table then Ho is rejected and Ha is accepted, which means that the independent variables simultaneously have an influence on the dependent variable.

Based on the research results, it was found that Return on Assets and Earning per Share had a calculated F value > F table (22.306 > 4.74) with a significance value of 0.001 (<0.05) in other words, the research hypothesis Ho3 was rejected and Ha3 was accepted. So it can be concluded that simultaneously Return on Assets and Earning per Share simultaneously have a significant effect on the stock price at PT. Bank Rakyat Indonesia, Tbk period 2012-2021. The more Return on Assets and Earning Per Share increases, the stock price will also increase

This is in line with research conducted by Anjasari et al. (2022), Kusjono & Aryanti (2021), Sari (2021) which shows that Return on Assets and Earning per Share have a significant effect on stock prices. However, it is different from research conducted by Suraya (2020) which argues that Return on Assets and Earning per Share do not have a significant effect on stock prices.

## IV. CONCLUSION

Based on the results of testing the effect of Return on Assets and Return on Equity on Stock Prices at PT. Bank Rakyat Indonesia, Tbk for the 2012-2021 period, the following conclusions can be drawn:

1. Return on Assets (X1) partially has a negative and significant effect on stock prices (Y) at PT. Bank Rakyat Indonesia, Tbk period 2012-2021. This is evidenced by the value of t count < -t table (-2.609 < -2.364) with a sig. 0.035 (<0.05).
2. Earning per Share (X2) partially has a negative and significant effect on the Share Price (Y) at PT. Bank Rakyat Indonesia, Tbk period 2012-2021. This is evidenced by the value of t count < -t table (-2.421 < -2.364) and the sig. 0.046 (<0.05).
3. Return on Assets (X1) and Earning per Share (X2) simultaneously have a significant positive effect on stock prices (Y) at PT. Bank Rakyat Indonesia, Tbk period 2012-2021. This is evidenced by the F count > F table (22.306 > 4.74) and a significance value of 0.001 (<0.05).

## V. SUGESSTION

Based on the conclusions that have been made, it can be suggested by researchers as follows:

1. Researchers hope that the company maintains performance related to its financial ratios, especially Return on Assets and Earning per Share, it can be seen based on the results of the study that it simultaneously has a significant effect on stock prices. In addition, it is hoped that in the long term profits will also increase and increase the company's Return on Assets and Earning per Share ratio so that its share price will also increase.
2. Potential investors are expected to be able to consider other variables because the Return on Assets and Earning per Share variables cannot be used as a basis for making investment decisions in buying shares of PT. Bank Rakyat Indonesia, Tbk.
3. Future researchers can use and utilize this research as a reference for research, especially research on banking companies, then they can innovate by replacing or adding other variables so that the scope of research can be wider, such as capital adequacy ratios, changes in exchange rates and others. In addition to variables, it is possible to expand the research object not only to one company and to add to the period of the year studied. This is so that further research can be more varied and more research development.

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