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The Effect of Leverage, Earnings Per Share on Stock Prices with Dividend Policy as a Moderating Variable (Study on Banking and Financial Services Companies Listed on the Indonesia Stock Exchange)

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Abstract *—Investors will conduct various analyzes to obtain information on whether the company is able to provide compensation for the investments they have invested. One of them is with fundamental analysis. This study aims to determine the effect of bag and leverage, Earning Per Share (EPS) on stock prices with Dividend policy as a Moderation variable. In this study, the ratio used to assess company performance is leverage, earnings per share (EPS), for dividend policy is the dividend payout ratio (DPR). The object of this research is the Banking and Financial Services Companies listed on the Indonesia Stock Exchange (IDX). The research method in this study is a qualitative research method with a quantitative approach. The population used was 58 companies, then the determination of the sample was determined through a purposive sampling technique. Based on the established criteria, a sample of 21 companies was obtained. The results showed that there was no significant partial effect of the Debt to Equity Ratio variable on stock prices. Partially, Earning Per Share is a variable that has a partial and significant effect on stock prices. There is a significant partial effect of the variable Divident payout ratio on stock prices. There is an interaction of Debt to equity ratio and Earning per share variables with this dividend payout ratio, identifying that investors need to calculate the size of the Earning Per Share value, because the size of the Earning Per Share affects changes in stock prices in the capital market. This shows that the company must maintain the value of the Earning Per Share variable.*

Keywords : Leverage, EPS, DER, DPR, Share Prices

I. INTRODUCTION

The capital market plays a very significant role in the economy of a nation, Indonesia is no exception. This is because the existence of the capital market can open up new business opportunities, both for issuers and other capital market supporting financial institutions. The development of the capital market in Indonesia in recent years in a press release, the Financial Services Authority (OJK) shows an increasing indicator. The following is a chart of the Composite Stock Price Index (IHSG) Capital Market Capitalization.

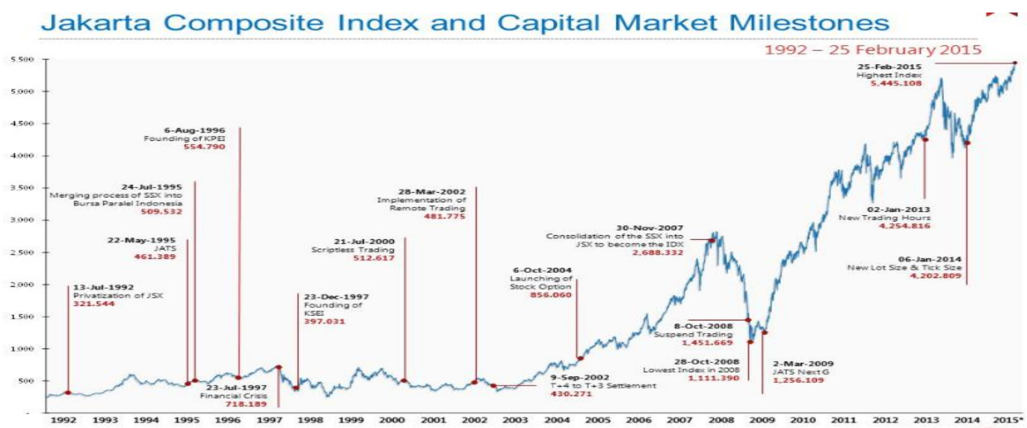


Figure 1. Stock Market Performance in Indonesia

Based on the graph above, it can be seen that there is an increase in the Composite Stock Price Index (JCI) from year to year, as well as the value of Market Capitalization which continues to increase from year to year. Stock price movements that occur in the capital market are an interesting phenomenon for investors to analyze. Investors must be able to pay attention to the factors that affect stock prices. The price of a stock can be influenced by the law of supply and demand. The more people who buy shares of a stock, the price tends to move up. Likewise, the more people sell company shares, the stock price tends to move down (Arifin, 2004: 116).

The results of the research are varied and inconsistent, especially those that face fluctuating stock prices in their operating activities, giving rise to forecasting of stock prices. Some gaps in research results regarding each component that affects stock prices. Based on the background of the previous descriptions, it can be concluded how the formulation of the problem is as follows:

1. How does leverage affect stock prices in banking and financial services companies listed on the Indonesia Stock Exchange in 2014 – 2017?
2. How does Earning per Share (EPS) affect stock prices in banking and financial services companies listed on the IDX in 2014 – 2017?.
3. How leverage affects stock prices with dividend policy as moderator variable?
4. How does Earning Per Share (EPS) affect stock prices with Dividend Policy as Moderator?
5. How Stock Policy Affects stock prices with dividend policy as a Moderator?

II. LITERATURE REVIEW

A. Signaling Theory

Signaling theory shows the existence of information asymmetry between managers and shareholders. According to Brighmam and Houston (2001:36), a signal is an action taken by the company to provide instructions for investors about how management views the company's prospects. This signal is in the form of information about what has been done by management to realize the owner's wishes.

B. Agency Theory

According to Jansen and Tackling (1976) in Destriana (2016) agency relationship is defined as a contract between one or more people as the owner (principal) which involves another person as rigid as management (agent) to do some work on behalf of the owner.

C. Definition of stock

Stocks are one of the most sought after capital market instruments by investors because they provide the most attractive level of profit. Shares can be interpreted as a sign of a person's capital participation or business cause in a company or limited liability company. With this capital participation, the party owns the company's income.

D. Stock price

Stock price is one indicator of company management. Success in generating profits will provide satisfaction for rational investors. A fairly high stock price will provide benefits, namely in the form of capital gains and a better image for the company, making it easier for management to get funds from outside the company.

E. Leverage

The use of corporate financing sources, both short-term sources of financing and long-term financing sources, will cause an effect commonly referred to as leverage.

F. Debt to Equity Rasio

Debt to Equity Ratio (DER) is a group in the Leverage ratio. This ratio shows the composition or capital structure of the total loan (debt) to the total capital owned by the company in fulfilling its long-term obligations. Debt to Equity Ratio (DER) is the ratio between total debt and total capital. Debt to Equity Ratio (DER) is used to measure the level of use of debt to the total shareholder's Debt to Equity Ratio (DER) Debt to Equity Ratio (DER) is a group in the Leverage ratio. This ratio shows the composition or capital structure of the total loan (debt) to the total capital owned by the company in fulfilling its long-term obligations. Debt to Equity Ratio (DER) is the ratio between total debt and total capital. Debt to Equity Ratio (DER) is used to measure the level of use of debt to total shareholder's

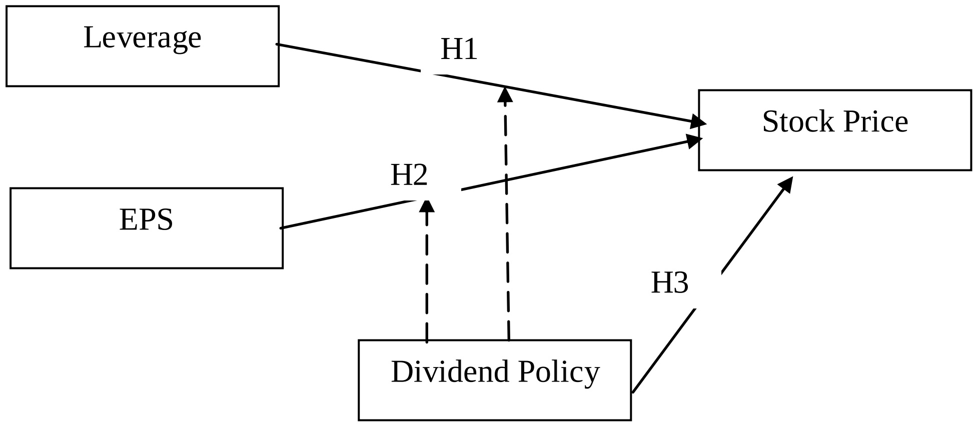
G. Earning Per Share

Earnings per share is a ratio that shows how much profit the investor or shareholder gets per share. EPS is equal to the common stock dividend divided by the number of common shares.

H. Dividend Policy

Dividend policy is a decision regarding the profit to be distributed to shareholders or to be retained for future investment and if distributed to shareholders how much value will be distributed to shareholders.

I. Framework



J. Hypothesis

Based on the explanation of the literature and related research above, the formulation of the hypothesis in this study is:

H1 : Leverage has a positive effect on stock prices
H1a : Leverage has a positive effect on stock prices when the dividend policy is moderating
H2 : Earning Per Share (EPS) has a positive effect on stock prices
H2a : Earning Per Share (EPS) has a positive effect on stock prices when the Dividend Policy is moderating
H3 : Dividend Policy has a positive effect on stock prices

III.METHOD

The type of data used in this study is secondary data for all variables, namely Leverage, Earning Pershare, on stock prices with Dividend Policy as the moderator variable for studies in banking and financial services companies, which were sampled in this study during 2014 to 2017.

Population is defined as a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by the researcher to be studied and then draw conclusions. The population in this study are all companies that are listed in the banking and financial services companies listed on the Indonesia Stock Exchange (IDX) from 2014 - 2017 with 58 companies on the site and 21 companies that meet the criteria. Data taken from www.idx.co.id.

Sampling using purposive sampling i.e. the sample taken is a sample that has certain criteria. The sample taken must meet certain criteria. The criteria that must be met are as follows:

1. Banking and financial services companies listed on the Indonesia Stock Exchange during the period 2014 to 2017.
2. Banking and financial service companies listed on the Indonesia Stock Exchange that have complete financial reports and have been published on the Indonesia Stock Exchange from 2014 to 2017.
3. Banking and financial services companies listed on the Indonesia Stock Exchange that did not suffer losses from 2014 to 2017
4. Banking and financial service companies listed on the Indonesia Stock Exchange that distribute dividends from 2014 to 2017.

IV.RESULT AND DISCUSSION

The results of data processing using Moderated Regression Analysis with SPSS version 20 can be seen in the following table:

Table 1. Moderated Regresi Analysis

Variable	B	Beta	t_{count}	sig	Information
DER	409.922	0.266	1.592	0.115	Not Significant
EPS	10.852	1.444	6.008	0.000	Significant
DPR	12991.79	0.625	3.659	0.000	Significant
DER*DPR	-1651.263	-0.52	-2.47	0.016	Significant
EPS*DPR	-10.665	-1.02	-4.108	0.000	Significant

1. **Effect of Leverage / Debt to Equity Ratio on Stock Prices from the results of data processing for testing**

From the results of data processing for testing the H1 hypothesis, it shows that the Debt to Equity Ratio has no effect on the Market Price. The debt to equity ratio variable has a t value of 1.592 and a significance of 0.115 so that the significance value is greater than 0.05, so that there is no significant partial effect of the debt to equity ratio variable on stock prices. / is greater than equity. The greater the liability of a company, the impact will lower the stock price.

2. **Effect of Earnings Per Share on Stock Prices**

Based on the test results, (H2); shows that the results are significant/reject H0 which means that partially Earning Per Share has an effect on stock prices. The earning per share variable has a t-count value of 6.008 and a significance of 0.000 so that the significance value is less than 0.05, so there is a partially significant effect of the earnings per share variable on stock prices. The regression coefficient of 10.852 can be interpreted as a positive influence, meaning that the higher the value of earnings per share, the higher the stock price. This value can also mean that the share price will increase by 10,852 units for every one-unit increase in earnings per share. Earning Per Share has a positive and significant effect on stock prices. Earning Per Share has a positive and significant effect on stock prices, this shows that if Earning Per Share is high, the stock price will also rise.

3. **The Effect of Dividend Policy on Market Prices**

From the results of data processing for the H3 test, it shows that for the t test, it is declared significant/rejects H0 which means that partially Divident Payout Ratio has an effect on Stock Prices. so that there is a significant partial effect of the dividend payout ratio variable on stock prices. The regression coefficient of 12991.785 can be interpreted as having a positive effect, meaning that the higher the dividend payout ratio, the higher the stock price. This value also means that the stock price will decrease by 12991.785 units for every one-unit increase in the dividend payout ratio.

4. **The Effect of Leverage on Stock Prices When Dividend Policy is Moderate**

Based on the test results (H1a) it shows that from the results of data processing for the X1 * M interaction test, it is declared significant / rejects H0 which means that partially moderated Debt to Equity Ratio Divident Payout Ratio has an effect on stock prices. The variable debt to equity ratio with dividend payout ratio has a t value of -2.470 and a significance of 0.016 so that the significance value is less than 0.05, so there is an interaction between the debt to equity ratio and the dividend payout ratio on stock prices. This means that the dividend payout ratio variable can moderate the effect of the debt to equity ratio on stock prices. In the first and second models, the debt to equity ratio variable has no effect on stock prices, and in the third model, it is obtained that there is an interaction between the debt to equity ratio and the dividend payout ratio so that the moderation formed is pure moderator.

5. **Effect of Earning Per Share on Stock Prices When Dividend Policy is Moderate**

Based on the test results (H2a) shows that from the results of data processing for the X2 * M interaction test, it is declared significant / rejects H0 which means that partially moderated Earning Per Share Divident Payout Ratio has an effect on stock prices. The earning per share variable with dividend payout ratio has a t value of 4.108 and a significance of 0.000 so that the significance value is less than 0.05, so there is an interaction of earnings per share with the dividend payout ratio on stock prices. That is, the dividend payout ratio variable can moderate the effect of earnings per share on stock prices. In the first and second models, the earning per share variable has an effect on stock prices, and in the third model, it is obtained that there is an interaction between earnings per share and dividend payout ratio so that the moderation formed is quasi moderator.

V. CONCLUSION

Based on the results of this study, it can be concluded that:

1. Sales Promotion and Price Perception have a positive and significant effect on purchasing decisions during the covid-19 pandemic at PT Aneka Rasa Citra Sejati, Jakarta with a correlation value of 0.732 with a strong category.
2. Sales Promotion and Price Perception have a significant effect on consumer purchasing decisions at PT Aneka Rasa Citra Sejati, Jakarta. Based on the results of the F test, H0 is rejected, H3 is accepted, it means that promotion and price together have a significant effect on the decision to buy bear brand milk at PT Aneka Rasa Citra Sejati, Jakarta.
3. Promotional testing found that the value of tcount > ttable (3.994 > 1.9835) and the significance value (sig) t < 0.005 (0.000 < 0.05). Based on these results, H0 is rejected and H1 is accepted, which means the promotion variable has a significant influence on purchasing decisions.
4. Price testing found that the value of tcount > ttable (4.060 > 1.9835) and the significance value (sig) t < 0.005 (0.000 < 0.05). Based on these results, H0 is rejected and H2 is accepted, which means that the price variable has a significant influence on purchasing decisions.

VI. CONCLUSION

Based on the testing and discussion presented in previous chapters, it can be concluded several findings related to the research hypothesis, including:

1. There is no significant partial effect of the debt to equity ratio variable on stock prices. If the debt to equity ratio is high, the stock price does not necessarily increase and if the debt to equity ratio is high, there is a possibility that the stock price will be low because if the company earns a profit, the company will tend to pay off debt rather than pay dividends.
2. There is a partially significant effect of the earning per share variable on stock prices. There is a positive influence, meaning that the higher the value of earnings per share, the higher the stock price.
3. 3, There is a partially significant effect of the dividend payout ratio variable on stock prices, which means that there is a positive influence, meaning that the higher the dividend payout ratio, the higher the stock price. The results obtained where this variable is significant means that the dividend payout ratio variable can be a moderating variable.
4. There is an interaction between the variable debt to equity ratio and the dividend payout ratio, where the moderating of the debt to equity ratio with the dividend payout ratio formed is pure moderator. This shows that the policy to pay dividends is in line with the company's debt to equity ratio.
5. 5 There is an interaction between the earning per share variable and the dividend payout ratio where the moderating of the debt to equity ratio and the dividend payout ratio formed is a quasi moderator.

VII. SUGGESTION

This research was conducted on banking services and financial services companies listed on the Indonesia Stock Exchange. This research has not been able to fully provide complete answers that arise related to issues related to leverage, earnings per share on stock prices with dividend policy as a moderating variable, because Therefore, this research still has limitations that can be used as opportunities for further research. The limitations of this study include research data, namely the number of samples for banking and financial services companies that are not yet complete from observations of financial statements for the period 2014 - 2017. The next limitation in stock price research used per year is that the data is incomplete because stock price developments can daily, weekly, monthly.

For further researchers who are interested in conducting research on banking and financial service companies, it is recommended to examine other factors or variables that also affect stock prices, so that they can provide comprehensive contributions and inputs for companies, investors and the government in this case regulators in the sector. banking and financial services.

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