

### THE INFLUENCE OF RETURN ON ASSET (ROA), PRICE EARNING RATIO (PER), AND EARNING PER SHARE (EPS) ON STOCK PRICES IN PT COMMUNICATION CABLE SYSTEM INDONESIA, TBK

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#### Abstract

*This research aims to determine the effect of ROA, PER and EPS on share prices. This type of research uses a quantitative approach. The population in this research is the Indonesian Communication Cable System company Tbk with the research sample using the balance sheet and profit and loss report of the Indonesian Communication Cable System company for the period 2021-2023. The instrument testing techniques used are multiple linear regression analysis, coefficient of determination test and hypothesis testing. The results of this research show that the Return On Asset (ROA) variable has a significant effect on stock prices, while the Price Earning Ratio (PER) variable has a positive but not significant effect on stock prices and the Earning Per Share (EPS) variable has a significant effect on stock prices. Simultaneously, the variables Return on Assets (ROA), Price Earning Ratio (PER) and Earning Per Share (EPS) together influence stock returns.*

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#### INTRODUCTION

The development of the business world and the economy in the era of globalization in Indonesia is happening today very rapidly. The increasing competition between similar and dissimilar companies that are not similar in their field of business to get an injection of funds or capital, triggering the company's management to strive to improve the company's performance with the aim of attracting attracting investors to invest or invest. One of the companies whose development is good and can be used as a choice of many

companies to invest in is a company of various industrial sectors.

The Miscellaneous industry sector is one of the sectors that includes the manufacture of heavy and light machinery and includes supporting components. The miscellaneous industries sector consists of several sub-sectors, namely machinery and heavy equipment, automotive and its components, textiles and garments, footwear, cables and electronics. In this research study the company used is the company Communication Cable System Indonesia, Tbk. Communication Cable System Indonesia company is a company engaged in the provision of cables and communication equipment.

The condition of the assets, revenues, profits and stock prices in the company, Communication Cable System Indonesia is as follows:

**Table 1. PT. Communication cable system indonesia, Tbk**  
**Data on assets, revenues and net income**  
**Period 2021-2023-2023**  
(Millions Of Rupiah)

Year	Asset	Income	Profit
2021	523,443,664	422,882,541	38,733,792
2022	795.180.378	615,332,096	50,129,821
2023	751,953,677	349,501,044	(22,376,594)

Source: IDX financial statements, (2024)

From the table above, it can be seen that from 2021-2023 the number of assets, revenues and profits of Communication Cabel System Indonesia (CCSI) companies fluctuated. The price of shares in the company Communication Cable System Indonesia, Tbk, namely:

**Table 2. PTCommunication cable system indonesia, Tbk**  
**Stock price data**Period 2021-2023

Year	Stock Price Year
2021	725
2022	695
2023	470

Source: financial statementsIDX financial statements,(2024)

Based on the table above, the share price data of PT Communication Cable System Indonesia, Tbk for the period 2021 to 2023 has decreased. From the data derived from the table above it can be used to calculate the acquisition return on assets (ROA), price earning ratio (PER), and earnings per share (EPS).

According to Watung, (2016) in his journal explains the return on assets (ROA) reflects the company's ability to generate profits from assets in use. If the value ratio of the ratio is greater, the company will have a high opportunity to expand/develop the company, so that it can effectively generate profits. Apart from return on assets (ROA), the next ratio used is the price earning ratio (PER). Price Earning Ratio (PER) is the ratio between the market price of a stock per share and earnings per share. Ristian (2019) in the results of his research on the variable Price Earning Ratio (PER) to stock prices suggested that the Price Earning Ratio (PER) had a significant positive effect on stock

prices. Apart from return on assets (ROA) and . Price Earning Ratio (PER), a ratio that can influence share prices, is earnings per share (EPS). Earnings per share (EPS) is a form of profit given to shareholders or investors from each share owned. According to Paradita, (2019) in her research results, earnings per share (EPS) has a positive effect on stock prices.

Based on the above background, therefore the authors are interested to conduct research under the title “influence *Return On Assets, Price Earning Ratio, and Earning Per Share* against the stock price in the company Communication Cable System Indonesia, Tbk”. The purpose of this study is to determine 1) does the return on assets affect the stock price in the company's Communication Cabel System Indonesia (CCSI)? 2) does the price to Earnings ratio affect the share price of the company Communication Cabel System Indonesia (CCSI) ?3) does earnings per share affect the share price of Communication Cabel System Indonesia (CCSI)?4) Does the return on assets , price to earnings ratio, and earnings per share, influence the share price of the Indonesian Communication Cable System (CCSI) company?

### RESEARCH METHODS

This type of research uses quantitative research methods. Sugiyono (2021) quantitative research is a scientific research method regarding phenomena that are concrete, objective, rational, measurable and systematic. The type of data used in this study is quantitative data. Quantitative Data is data or information obtained in the form of numbers. The data source used is secondary data. Secondary Data is a source of data that is not directly received by the data collector, can be through other people or through documents.

The population is the whole of the research subject. The population in this study is the company Communication Cable System Indonesia, Tbk. While the sample used in this study, the balance sheet and income statement report of PT. Communication Cable System Indonesia, Tbk Period 2021-2023.

#### Data Collection Techniques

The data collection techniques used in this study are: Field research is a type of research that studies phenomena in their natural environment. The type of field research used in this study, namely in the form of documentation. In this method to obtain research data is done by downloading the financial statements from the official website of the Indonesia Stock Exchange (IDX) in [www.idx.co.id](http://www.idx.co.id)

#### Operational definition of variables and indicators

Sugiyono (2019), the definition of operational variables is everything in the form of anything that is set by the researcher to be studied so that information about it is obtained and then conclusions are drawn.

**Table 3.** Operational definition of variables and indicators

NO	Variable	Operational definition	Indicators	Sources
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1	<i>Return On Assets (ROA)</i>	Roa is a financial ratio that measures the extent to which a company is efficient in using its assets to generate its profits.	1. Profit after tax 2. Total assets	1.Net 2.Total	Syrian (2020)
2	<i>Price Earning Ratio (PER)</i>	Per is a ratio used to measure how expensive or cheap a company's stock is based on the profit generated.	price	1.Share 2.earnings per share	Syrian (2020)
3	<i>Earning Per Share (EPS)</i>	Eps is the profit earned by shareholders.	1.Net Profit after tax 2.Number of shares outstanding	1.Net 2.Number	The Greatest Showman (2016)
4	<i>Share Price</i>	Stock price is the price per share of a company traded on the stock market.	Number of shares		Syrian (2020)

Source:Literature review, 2024

### Data Analysis Techniques

The data analysis techniques used in this study are analytical techniques multiple linear regression, coefficient of determination and hypothesis testing are then processed using SPSS 25.

The data to be used for SPSS processing are as follows:

**Table 4.** PT Communication Cable System Indonesia Tbk  
**Roa, PER, EPS and stock price calculation Data** Monthly Data For The Period 2021-2023

Length(%) (X1)	PER (X) (X2)	EPS (Rp) (X3)	Share Price (Y)
4.34	11	19.6	222
4.34	12	19.6	228
4.34	12	19.6	232
13.2	4.79	60.6	290
13.2	4.59	60.6	278
13.2	8.22	13.2	498
13.2	7.73	60.6	468
10.8	9.63	51.7	498
10.8	11	51.7	585
10.7	12	51.2	605
10.7	13	42.7	580
0.11	17	43.5	725
0.11	18	43.5	770
0.11	19	43.5	820
0.07	24	32.3	770
0.07	22.61	32.5	735
0.03	23	32.5	750

0.07	22	32.5	715
0.06	21	33.2	705
0.06	21	33.2	695
0.06	20	33.2	650
0.06	20.71	33.8	700
0.06	20.71	33.8	700
0.06	21	34	695
0.06	20.71	34	700
0.06	19.68	34	665
6.3	16.04	42	670
6.3	15.68	42	655
5.07	19.96	32	640
5.07	20.12	32	645
5.07	18.56	32	595
3.62	26.44	23	610
3.62	24.49	23	565
3.67	21.67	23	500
0.69	122.57	4.36	535
0.69	107.68	4.36	470

Source: [www.idx.co.id](http://www.idx.co.id)

## RESULTS AND DISCUSSION

### Research results

#### Multiple Linear Regression Test

Multiple linear regression test can be seen from the test results table earnings per share on the share price is shown in the following table:

**Table 5. Multiple linear regression test results**

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	476,408	85,514		5,571	.000
	Length	-26,780	4,998	-.777	-5.358	.000
	PER	.553	1,122	.080	.493	.626
	EPS	6.123	2,018	.519	3,034	.005

a. Dependent Variable: Stock Price

Source: SPSS Output 25 (data processed 2024)

Based on the table above, the multiple linear regression equation model used in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

$$Y = 476.408 + 26.780x_1 + 0.553x_2 + 6.123x_3 + e$$

From the equation above, the results of multiple regression can be concluded that:

1. The multiple linear regression equation above shows a constant value of 476.408 can be interpreted that, if the independent variable (ROA, PER and EPS) is assumed to be 0, then the dependent variable is equal to 476.408.
2. The coefficient of variable ROA (X1) is -26,780, this indicates that if the variable ROA increases by 1%, the stock price will decrease by 26,780 %. Vice versa, if the variable ROA falls by 1% then the stock price will rise by 26.780%.
3. The value of the variable coefficient PER (X2) of 0.553 this shows, if PER is increased by 1% then, the stock price is also increased by 0.553%. Vice versa if the PER falls by 1% then, the stock price will fall by 0.553%.
4. The value of the regression coefficient for the variable EPS (X3) of 6.123 indicates that if the variable EPS increases by 1%, the stock price will increase by 6.123%. Vice versa if the variable EPS falls 1% then, the stock price will fall by 6.123%.

### Coefficient Of Determination(r<sup>2</sup>)

The amount of influence of the independent variable to the dependent variable can be seen from the amount of value coefficient of determination (r<sup>2</sup>). the following table of test results coefficient of determination based on results output SPSS 25:

**Table 6.** Coefficient of determination test results  
**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.699	.488	.440	122,364

a. Predictors: (Constant), EPS, ROA, PER

Sources :SPSS Output 25 (data processed 2024)

From table 4.6 above it can be seen that the value of the coefficient of determination (r<sup>2</sup>) is equal to 0.488 or equivalent to 48.8% influenced by independent variables, namely ROA, PER and EPS against the stock price at PT. Communication Cable System Indonesia, Tbk and the remaining 51.2% were influenced by other variables that were not studied in this study.

### Hypothesis Test

#### a. Partial Test (T Test)

T test is used to test the effect of each independent effect of ROA, PER and EPS on the dependent variable, namely stock price. if the significant value of the Test  $t > 0.05$  then  $H_0$  accepted and  $H_a$  rejected. Vice versa, if the significant value of the Test  $t < 0.05$   $H_0$  is rejected and  $H_a$  accepted.

**Table 7.** Partial test results  
**Coefficientsa**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	476,408	85,514		5,571	.000
	Length	-26,780	4.998	-.777	-5.358	.000

PER	.553	1.122	.080	.493	.626
EPS	6.123	2.018	.519	3,034	.005

1. a. Dependent Variable: Stock Price

Source: SPSS Output 25 (data processed 2024)

- The Influence of Return On Asset (ROA) on the stock price**
- By looking at the test results from the table above, it can be seen that the value of the variable ROA has a negative effect that is -26,780, which means that any increase in the independent variable (ROA) causes a decrease in the dependent variable (stock price) with the value contained in the significance of  $0.000 < 0.05$  it shows that  $H_0$  is rejected and  $H_a$  is accepted. By looking at the test results of the table above, it can be seen that the value of the variable per positive effect is equal to 0.553 and not significant. The number of significance values that is  $0.626 > 0.05$  indicates that  $H_0$  is accepted and  $H_a$  is rejected.
- Effect of earnings Per Share (EPS) on stock price**
- By looking at the test results of the table above, it can be seen that the value of EPS variables has a positive impact with the number of 6.123 and significance. The number of significance values that is  $0.005 < 0.05$  it shows that  $H_0$  rejected and  $H_a$  accepted. b. Simultaneous Test (F Test), Statistical test F is used to determine whether the independent variables contained in the regression equation together affect the value of the dependent variable. To see the simultaneous testing can be seen through the following table:

**Table 8. Simultaneous test results**

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	456543.893	3	152181.298	10.164	.000b
	Residual	479133.662	32	14972.927		
	Total	935677.556	35			

a. Dependent Variable: Stock Price

b. Predictors: (Constant), EPS, ROA, PER

Sources: SPSS version 25 (data processed 2024)

Based on the table above, the value obtained significantly for the independent variables (ROA, PER and EPS) is  $0.000 < 0.05$  so that shows that  $H_a$  is accepted and rejected. Then it can be concluded that all variables X have a significant impact on the variable Y together.

## DISCUSSION

According to the results of multiple linear regression test shows that  $Y = 476,408 - 26,780$  This means that the independent variable influences the dependent variable by 48.8% and the rest is influenced by other variables that are not studied in this study. Discussion of hypothesis test results in this study are as follows:

### 1. Influence of ROA on stock price

By looking at the results of the hypothesis test conducted in partial form, the ROA variable on the stock price shows that the value of ROA has a negative influence, with the value contained in the significance of  $0.000 < 0.05$  it shows that  $H_0$  rejected and  $H_a$  accepted. (Cashmere, 2018) Return on assets is a ratio that shows how much the contribution of assets in creating net income. In other words, this ratio is used to measure how much the amount of net profit generated from each rupiah of funds embedded in total assets. The higher the ROA value, the more profit the company makes. If the value of ROA tends to decrease, the company will suffer losses. The greater the ROA, the performance in the company will be better because the rate of Return is greater so that investors are interested in buying shares that will affect the stock price. The results in this study indicate that ROA has a negative and significant effect on stock prices. Based on these results, this study is not in accordance with research conducted by Malintan (2013) which said that ROA has a positive and significant effect on stock prices. However, this study is in accordance with research conducted by Nur Zakia (2022) who in her research concluded that the ROA variable had a negative and significant effect on stock prices.

### 2. Effect of PER on stock price

From the results of statistical analysis of SPSS version 25, namely the results of the t-test, showed that PER has a positive and insignificant effect on stock prices. This can be seen from the significance value of  $0.626 > 0.05$ . this means that  $H_0$  is accepted and  $H_a$  is rejected. mPER is a ratio for measuring risk and determining the stock price of a company. The higher the PER, the greater the share price. That is, the more good the performance of each share of the company. The results of this study showed that PER had a positive but not significant effect. This is not in line with Ristiani's (2019) Research in the results of his research on the variable PER on the stock price which suggests that PER has a positive and significant effect on stock prices. However, this study is in line with research conducted by Nur Zakia (2022) which concluded that the per variable had a positive but not significant effect on stock prices.

### 3. Effect of EPS on stock price

Looking at the results of a partial hypothesis test, EPS has a positive and significant impact. The significance value is  $0.005 < 0.05$  which shows that  $H_0$  is rejected and  $H_a$  is accepted. Based on the test results it can be concluded that EPS in terms of partial review has a significant effect on the stock price at the company PT. Communication Cable System Indonesia Tbk. It also shows that if the EPS continues to rise, the company will also experience the development of stock prices in the coming years. The results of the study showed that EPS has a positive and significant effect on stock prices. This study is in line with research conducted by Rosalina & Mastidok (2018) which states that EPS partially has a positive and significant effect on stock prices. And this research is also proven in a study conducted by Indra Sputra (2019) which concluded that EPS has a significant positive effect on stock prices.

### 4. Effect of ROA, PER and EPS on stock price

From the results of the hypothesis test conducted simultaneously (simultaneous) can be seen through the results of the F test which shows that there is a significant



influence between ROA, PER and EPS on each stock price , obtained a significant value of  $0.000 < 0.05$  which indicates that  $H_a$  accepted and  $H_0$  rejected. Based on these results, it can be concluded that all variables  $x$  simultaneously have a significant effect on the variable  $Y$  . Then this also shows that if the ROA and EPS are increasing, the stock price in front of investors will look good. While in PER shows that the higher the value of PER then investors have good expectations about the development of the company. Based on the results of the above research, this study is in line with previous research conducted by Saputra, & Mayangsari (2018), which suggests that simultaneously/together the rate of Return on assets (ROA), earnings per share (EPS) and Valuation ratio (PER) has a significant effect on stock prices, the results are known through Test F.

### CONCLUSION

Based on the results of research and discussions conducted can be drawn some conclusions are as follows:

1. Partially, the ROA variable has a negative and significant effect on the share price of the company PT Communication Cable System Indonesia Tbk, which is listed on the Indonesian securities exchange for the period 2021-2023.
2. Partially, the Price Earning Ratio (PER) has a positive but insignificant effect on the share price of PT Communication Cable System Indonesia Tbk, which is listed on the Indonesia Securities Exchange for the period 2021-2023.
3. Partially the EPS variable has a positive and significant effect on the share price of PT Communication Cable System Indonesia Tbk, which is listed on the Indonesia securities exchange for the period 2021-2023.
4. From the results of the F test, it is known that simultaneously the ROA, PER and EPS variables have a positive and significant effect on the share price variable at PT Communication Cable System Indonesia Tbk, which is listed on the Indonesia securities exchange for the period 2021-2023.
5. From the results of research and conclusions above, the suggestions of researchers in the study are:
6. Based on the test results on the variables ROA, PER and EPS above which shows the value of these variables to 3 effect, then the company in good condition needs to maintain and improve ROA, PER and EPS to achieve maximum results.
7. For investors, before buying shares, you should first pay attention to ROA, PER and EPS as well as learn in advance about information about the company and re-analyze the financial statements that have been published on the IDX.
8. For further research who wants to research in connection with this research in order to add other related independent variables, in order to be better able to explain the dependent variable and add samples in the next study.

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