

THE INFLUENCE OF CORPORATE AND INVESTOR RETURNS ON BANK STOCK VALUATIONS ON THE INDONESIA STOCK EXCHANGE : A STUDY 2019-2023

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Abstract: The purpose of this research is to find out and analyze the influence of Dividend per Share (DPS), Price to Book Value (PBV), Return on Assets (ROA) and Return on Equity (ROE) on stock prices partially in IDX listed banking companies for the period 2019-2023. The subject of this study includes IDX listed banking companies for the period 2019-2023 with sampling technique using purposive sampling method to obtain a total sample of 12 companies and a total of 60 data. This study uses several data analysis techniques through linear regression using Statistical Package for Social Sciences (IBM SPSS) for Windows version 25. Based on the results of the study, it is shown that the variables Dividend per share (DPS) and Price to book value (PBV) have a positive and significant impact on stock prices. Meanwhile, the variables Return on Assets (ROA) and Return on Equity (ROE) do not affect the stock prices of IDX-listed banking companies in the period 2019-2023. Based on the results of the coefficient of determination test, it has a value of 0,796 meaning the independent variable in this study affects the related variable by 79,6%. While the remaining 20,4% are influenced by other factors that have not been studied in this study.

Keywords: DPS, PBV, ROA, ROE, Stock Price

INTRODUCTION

Currently, companies urgently need more capital to improve operational efficiency. One way for companies to obtain additional capital is to offer ownership of the company to investors through the capital market. The capital market or stock exchange acts as a bridge between investor and company or government bodies by trading long term instrument such as bonds, stocks, and others. Stocks are one of the investment tools that are in great demand by investors who are looking for long-term profits. [1] Stocks are also an investment that is classified as having a very high risk. To minimize this risk, the stock price is one of the factors to consider for investors because it can show the performance of the company that issues shares. The financial performance of a company can be evaluated by analyzing its financial statements. As for analyzing the stock price of a company, you can use fundamental analysis. The fundamental factors discussed in this study are Dividend per Share (DPS), Price to Book Value (PBV), Return on Assets (ROA) and Return on Equity (ROE). According to a press release from PT. The Indonesian Central Securities Depository (KSEI), in 2022 the number of capital market investors has increased to 8.3 million investors. Stocks in the financial sector are the most in-demand stocks with the number of investors reaching 690,250 and followed by the infrastructure sector with 564,770 investors. One of the stock subsectors that investors choose is banking

stocks. The banking subsector shows good performance in terms of fundamentals and liquidity and provides large returns every year [2]. According to [3], Banking has a key role in helping to improve the investment climate and support the growth of Indonesia's capital market. Banking stocks listed on the IDX control 33% of the capital market capitalization in Indonesia. Banking stocks are also dominant among stocks that are liquid and have large market capitalization. This is shown from the market capitalization of the IDX80, LQ45, and IDX30 indices with a portion of banking stocks of more than 45% for the LQ45 and IDX30 indices. Although banking stocks control 33% of the capital market capitalization in Indonesia, there is a phenomenon of stock anomalies detected.

Based on the results of previous research, several research gaps are shown for variables that affect stock prices. According to research conducted by [4] The Dividend Per Share (DPS) variable has a positive and significant influence, but the results of the study are contrary to the results of the study [5]. The Price to Book Value (PBV) variable was declared to have a positive and significant effect by [6], However, the results of the study are contrary to the results of the research [7]. In the research [8] The Return On Assets (ROA) variable was stated to have a significant positive influence but this was very contradictory to the results of the study [9]. According to research conducted by [10] The Return On Equity (ROE) variable have a positive and significant influence and is very contradictory to the results of research conducted by [11].

METHOD

This study is a descriptive quantitative study using the variables Dividend per Share (DPS), Price to Book Value (PBV), Return on Assets (ROA) and Return on Equity (ROE) as independent variables and use stock price as dependent variables. The data used in this study are secondary data taken from annual financial reports. The subject of this study includes IDX listed banking companies for the period 2019-2023 with sampling technique using purposive sampling method to obtain a total sample of 12 companies and a total of 60 data. This study uses data analysis techniques from descriptive statistical tests, classical assumption testing (normality, multicollinearity, heteroskedasticity and autocorrelation), linear regression multiplicity, t-test for hypotheses and coefficient of determination using Statistical Package for Social Sciences (IBM SPSS) for Windows version 25.

RESULTS AND DISCUSSION

The results of data analysis using the SPSS version 25 application with descriptive statistical data analysis techniques and classical assumption tests with a sample of 12 companies so that data of 60 were obtained. The classical assumption test is a prerequisite test that is carried out before further analysis of the collected data. Classical of assumption testing used includes normality testing, multicollinearity testing, heteroskedasticity testing and autocorrelation testing whose results all meet the classical hypotheses. In addition, there are linear regression analyzes and hypothesis testing using t-test. Based on the data analysis results, the multiple linear regression and t-test results are as follows:

Multiple Linear Regression

Multiple linear regression analysis is a statistical analysis that involves two or more independent variables (X) to dependent variables (Y) [12]. Multiple linear regression analysis in this study examines the influence of DPS, PBV, ROA and ROE variables to stock prices.

Table 1 Multiple Linear Regression Results

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	4.876	.319		15.308	.000
	DPS	.606	.067	.629	9.103	.000
	PBV	.647	.127	.413	5.077	.000
	ROA	-.056	.143	-.060	-.390	.698
	ROE	.044	.085	.075	.518	.607

Source: SPSS 25 secondary data processing results (2024)

From table 1 above, it can be seen the beta values in Unstandardized Coefficients so that the regression equation model obtained is:

$$Y = 4,876 + 0,606X_1 + 0,647X_2 + (-0,056X_3) + 0,044X_4 + et$$

From the above regression equation model, we can conclude:

The value of the constant obtained has a positive value of 4,876 so that it can be interpreted that when the variables DPS, PBV, ROA and ROE are equal to 0 (constant), then the stock price variable (Y) is worth 4,876.

The value of regression coefficient of the X1 variable has a positive value of 0,606 so that it can be interpreted that if the Dividend Per Share (DPS) variable increases, the stock price variable (Y) will also increase by 0,606.

The value of regression coefficient of the X2 variable has a positive value of 0,647 so that it can be interpreted that if the Price to Book Value (PBV) variable increases, the stock price variable (Y) will also increase by 0,647.

The value of regression coefficient of the X3 variable has a negative value of -0,056 so it can be interpreted that if the Return on Assets (ROA) variable increases, the stock price variable (Y) will decrease by 0,056.

The value of regression coefficient of the X4 variable has a positive value of 0,044 so that it can be interpreted that if the Return on Equity (ROE) variable increases, the stock price variable (Y) will also increase by 0,044.

Hypothesis Test

[13] It explains that t-test is used to determine whether each (partial) independent variable has an effect on the dependent variable. In this T test, the criteria used at the level of $\alpha = 0.05$ and $df (n-k) = 56$ then the T of the table is 2,00324. Based on table 1 above, To see whether or not there is an influence of each of the partially independent variable on the dependent variable, This will be explained as follows:

Variable For the T value, the DPS variable is calculated as $9,103 > T$ table 2,00324 with a significance level of $0,000 < 0,05$. This can be said that partially the Dividend Per Share (DPS) variable has a positive and significant impact on the stock price.

Variable for the T value, the PBV variable is calculated as $5,077 > T$ table 2,00324 with a significance level of $0,000 < 0,05$. It can be said that partially the Price to Book Value (PBV) variable has a positive and significant impact on the stock price.

Variable For the T value, the ROA variable is calculated as $-0,390 < T$ table 2,00324 with a significance level of $0,698 > 0,05$. It can be said that partially the Return on Assets (ROA) variable has no significant impact on the stock price.

Variable For the T value, the ROE variable is calculated as $0,518 < T$ table 2,00324 with a significance level of $0,607 > 0,05$. It can be said that partially the Return on Equity (ROE) variable has no significant impact on the stock price.

Coefficient of Determination (R^2)

According to [13] The coefficient of determination (R^2) basically measures how well the research model can explain the variation in the dependent variable. In this study, the value of coefficient of determination (R^2) indicates how strong the percentage relationship is between the variables DPS, PBV, ROA, and ROE with respect to stock price. The higher the value of coefficient of determination (R^2), the stronger the relationship between the independent and dependent variables. The value of coefficient of determination can be seen or determined by checking the Adjusted R-squared value given in the following table:

Table 2 Determination Coefficient Test Results

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.900 ^a	.810	.796	.51667

Source: SPSS 25 secondary data processing results (2024)

Based on Table 2 above, the result of the determination test shows that the determination coefficient value is 0,796. This means that the four independent variables, namely, Dividend per Share (DPS), Price to Book Ratio (PBV), Return on Assets (ROA) and Return on Equity (ROE), affect stock price by 79,6%. In addition to these four independent variables, there are other factors that affect stock price but they have not been investigated in this study (20,4%).

Discussion

The Effect of Dividend Per Share (DPS) on Stock Prices

Based on the results of hypothesis test, it can conclude that H1 is accepted and H0 is rejected, this can be said that partially the Dividend Per Share (DPS) variable has a positive and significant effect on the stock price of IDX listed banking companies for the period 2019-2023. Dividend Per Share (DPS) is the distribution of profits generated by the company to shareholders whose amount is proportional to the number of shares owned[14]. Dividend Per Share (DPS) is very important for companies because the announcement of dividend distribution is good news for investors. Investors will be more interested in companies that have a high DPS value. This will make banking stocks more in demand so that the demand for company shares will increase and there will be an increase in the stock price of banking companies. This is because stock market prices are formed through the mechanism of demand and supply in the capital market [15]. The results of this research are accordance with the research conducted by [16]. The results of the study prove that Devidend Per Share (DPS) has an effect on the share price of PT. Unilever Indonesia Tbk. Period 2015-2022. However, the results of this study are contrary to the research conducted by [5] which states that Devidend Per Share (DPS) does not have a significant influence on the stock price of companies in the consumer goods industry sector listed on the Sharia Securities List in 2015-2019.

The Effect of Price to Book Value (PBV) on Stock Prices

Based on the results of hypothesis test, it can conclude that H2 was accepted and H0 was rejected, this can be said that partially the Price to Book Value (PBV) variable has a positive and significant effect on the stock price of IDX listed banking companies for the period 2019-2023. Price to Book Value (PBV) can be defined as an analysis to compare the market price of a stock (Market Value) with the book value of a stock [17]. PBV indicates how much enterprise value a company can create for the amount of capital invested in it. Therefore, the higher the PBV ratio, the more successful a company is at creating value for its shareholders [18]. The increase in Price to Book Value (PBV) also describes the company's stock price getting higher because investors are willing to pay a higher share price than their book value in getting shares. If the stock market price is greater than its book value, it will obtain a higher rate of return on profit. The results of this research are accordance with [19] which explains that Price to Book Value (PBV) has a positive and significant effect on stock prices of LQ-45 Index companies on the IDX for the 2014-2018 period. However, the results of this study are contrary to the results of the study [7] which states that the Price to Book Value (PBV) variable partially does not have a significant effect on the company's stock price.

The Effect of Return on Assets (ROA) on Stock Price

Based on the results of hypothesis test, it can conclude that H0 was accepted and H3 was rejected, this can be said that partially the Return on Assets (ROA) variable does have not a significant effect on the stock price of IDX listed banking companies for the period 2019-2023. ROA describe the extent to which the company's assets can generate profits [20]. Based on the results of this study, the high-value Return on Assets (ROA) only shows that banking companies have a good ability to manage their assets to generate profits but are not able to increase the stock price of banking companies. The ROA value is also considered to be unable to describe the rate of return that investors will receive from the purchase of the company's shares. Investors tend to look at the profit per share generated indicator as well as to predict the price movement of a stock such as the Price to Earning Ratio (PER) [21]. The results of this research are accordance with the research conducted by [20]. The results of the study show that Return on Assets (ROA) has no effect on the company's share price in the Jakarta Islamic Index. However, the results of this study are contrary to the research [8]. The results of the study stated that the Return On Assets (ROA) variable had a significant positive influence on stock prices.

The Effect of Return on Equity (ROE) on Stock Price

Based on the results of hypothesis test, it can conclude that H0 is accepted and H4 is rejected, this can be said that partially the Return on Equity (ROE) variable does have not a significant effect on the stock price of banking companies listed on the IDX for the 2019-2023 period. Return on Equity (ROE) is part of the profitability ratios that measure a company's ability to generate profits for its shareholders on the capital they have invested. According to [22] Return on equity measures a company's ability to generate net profits based on a given amount of capital owned. However, this study notes that a higher ROE value simply indicates a company's better ability to utilize capital to generate profits, and cannot always increase higher share price. The ROE calculation can become deviant when a company decides to buy back its shares (buyback) so it is said that it does not directly affect the stock price. This causes ROE to increase because the ratio between net profit and shareholder equity becomes larger. This will be very detrimental to investors so that investors do not always pay attention to the high and low ROE value in making decisions. The results of this research are

accordance with the research [11] which shows that the Return on Equity (ROE) variable has no effect on the stock price of a large trading company. However, the results of this study are contrary to [10] which states that the Return on Equity (ROE) variable has a positive and significant influence on stock prices.

CONCLUSION

Based on the research results, it can be concluded that only the variables Dividend Per Share (DPS) and Price to Book Value (PBV) have a positive and significant impact on stock prices. Meanwhile, the variables Return on Assets (ROA) and Return on Equity (ROE) have no impact on the stock prices of IDX listed banking companies for the period 2019-2023. This can be interpreted that DPS and PBV are important and need to be considered as indicators in stock price assessment. Investors can consider these variables before making investment decisions. As a further step, it is recommended to add other variables that can affect stock price and replace the research object and period in future research.

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