SHARE PRICE IMPACT OF TOTAL ASSETS TURNOVER, DEBT TO EQUITY RATIO, INFLATION AND SBI INTEREST RATE

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ABSTRACT

The purpose of this study was to determine the effect of Total Asset Turn Over, Debt to Equity Ratio, Inflation and SBI Interest Rates on Stock Prices. The method used in this research is quantitative descriptive method by testing panel data, model F test and t test. The population of this study is the Property and Real Estate sector companies listed on the Indonesia Stock Exchange for the period 2014-2018, using purposive sampling technique in sampling. To process, analyze data, and make conclusions, using the help of panel data statistics and multiple regression equations, model testing at a significance level of 5%, and hypothesis testing using the t test. The results showed that inflation has a significant effect on stock prices. Total Asset Turn Over, Debt to Equity Ratio, and SBI Interest Rates do not have a significant effect on share prices in property and real estate sector companies for the period 2014-2018.

I. INTRODUCTION

Investment is an activity by setting aside a portion of income after consumption which is allocated to the financial and non-financial sectors to then expect a profit in the future. There are several forms of investment that can be made, but at this time there is one investment movement that is being made, namely saving shares in the capital market. Capital Market can be defined as a market for long-term financial instruments or securities that can be traded, either in the form of debt or equity, whether issued by the government, public authorities, or private companies (Husnan, 2015: 3). This is where investment players, both individuals and business entities, invest by buying securities issued by registered issuers. Darmadji and Fakhrudin (2012: 270), state that shares are proof of ownership of capital / funds in a company. Shares are in the form of a sheet of paper which states that the owner of the paper is the owner of the company that issued the securities. Stocks as one of the investment instruments have the highest risk, because stocks can provide a high level of return but have the highest risk. For this reason, investors are expected to know information about the share price of a company to invest in. Jogiyanto (2010) states that the stock price that occurs in the capital market at a certain time is determined by market players and is determined by the demand and supply of shares in question in the capital market. Every company that has entered the capital market will compete to increase its share price. The stock price is a benchmark for investors on the condition of the company's operating performance. According to Novasari (2013) investors will observe the company's performance in increasing company profits and investor welfare. These observations are made by looking at the company's financial statements published by the related companies. According to Brigham and Houston (2010; 150) high share prices are a reflection of the level of prosperity for shareholders. If the shareholder's prosperity is high, the level of investor confidence in the company will also be high, the stock price in the capital market can fluctuate depending on the demand and supply mechanisms of market participants. Therefore, a company that issues shares must pay attention to its share price because the share price reflects the value of the company. The development of the property and real estate sub-sector will of course attract investors because the increase in land and building prices tends to increase from time to time, the land supply is constant because the more investment there will be less land available to build again while demand will always be, increases in size along with the increase in population and the increase in human needs for housing, offices, shopping centers, and others. In developed and developing countries, property and real estate development and business are experiencing rapid growth, this is also the case in Indonesia. In 2018 the property and real estate sector contributed around 13% of Indonesia's GDP.

Development of Share Prices in Property and Real Estate Companies from 2014 to 2018.

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Graph 1 shows that the stock prices of property and real estate companies from year to year continue to fluctuate and have a downward trend. This is inversely proportional to Soelaeman Soemawinata's statement, namely when the property and real estate sub-sector was believed to be able to sustain Indonesia's economic growth but the value of the sub-sector tended to decline. This is certainly not good for the company. For this reason, it is necessary to know the factors that influence share prices. The factors that can affect the stock price are internal factors and external factors. Tandelilin (2010: 365) states that internal factors are factors that are within the company and are directly related to company performance. Good or bad company performance can be seen from the financial ratios contained in the financial statements issued by the company. Through financial reports, investors can find out the development and performance of the company. Indicators of internal factors used in this study are the activity ratio, namely Total Asset Turn Over and the solvency ratio, namely the Debt to Equity Ratio. External factors of the company are factors that are outside the company and are directly or indirectly related to company performance, and cannot be controlled by the company (Tandelilin, 2010). External factors are also referred to as macroeconomic conditions. Several indicators of external factors used in this study are inflation and the SBI interest rate. Murni (2013: 202) states that inflation is an event that shows an increase in the price of goods in general and continues continuously. Inflation can increase costs and company revenues. If the increase in company costs is greater than revenue, it will result in a decrease in the level of profitability. The decline in profitability resulted in investors investing their capital funds so that they could lower stock prices. Bank Indonesia Certificate interest rate is the interest rate issued by the central bank to control the circulation of money in the community (www.wikipedia.org). High interest rates will result in high public interest in saving their funds in banks, especially in the form of deposits rather than investing their funds in the production or industrial sector. From this explanation, if the SBI interest rate is high, it will have an impact on the decline in share prices.
HYPOTHESIS

H1: Total Asset Turn Over, Debt to Equity Ratio, Inflation and SBI Interest Rates affect Stock Prices

H2: Total Asset Turn Over has an effect on the Stock Price

H3: Debt to Equity Ratio affects Stock Prices

H4: Inflation has an effect on Stock Prices

H5: SBI interest rates affect Stock Prices

Sample Selection

Sample Selection

<table>
<thead>
<tr>
<th>Purposive Sampling</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and Real Estate Companies listed on the Indonesia Stock Exchange for the period 2014-2018</td>
<td>65</td>
</tr>
<tr>
<td>Companies that went into IPO after 2014</td>
<td>(22)</td>
</tr>
<tr>
<td>Companies that do not consistently issue financial statements routine</td>
<td>(2)</td>
</tr>
<tr>
<td>The number of companies selected to be sample</td>
<td>41</td>
</tr>
</tbody>
</table>

II. RESEARCH RESULTS AND DISCUSSION

Results of Random Effect Model Estimation (Cross-Section)

Dependent Variable: HARGA_SAHAM

Method: Panel EGLS (Cross-section random effects) Date: 05/31/20 Time: 09:33

Sample: 20142018
Research Regression Model:

\[ Y = 2.490713 + 0.066521 X_1 + 0.047735 X_2 + 0.333337 X_3 + 0.059409 X_4 \]

1. A constant value of 2.490713 shows the value of TATO, DER, Inflation and SBI Interest Rates in the Property and Real Estate Sector listed on the IDX equal to zero, so the share price increases by 2.490713.
2. The TATO coefficient value is 0.066521 which indicates that if TATO increases by one unit, then the share price in the Property and Real Estate Sector listed on the IDX will increase by 0.066521.
3. The DER coefficient value is 0.047735, indicating that if the DER increases by one unit, then the share price in the Property and Real Estate Sector listed on the IDX will increase by 0.047735.
4. The value of the inflation coefficient is 0.333337 which shows if inflation increases by one unit, then the share price in the Property and Real Estate Sector listed on the IDX will increase by 0.333337.
5. The coefficient value of the SBI Interest Rate is 0.059409 which indicates that if the SBI Interest Rate increases by one unit, the share price in the Property and Real Estate Sector listed on the IDX will increase by 0.059409.

**III. RESEARCH DISCUSSION**

The Effect of Total Asset Turn Over, Debt to Equity Ratio, Inflation and SBI Interest Rates on Stock Prices

Based on the results of the F test, the variable Total Asset Turn Over, Debt to Equity Ratio, Inflation and SBI Interest Rates simultaneously have a significant influence on the variable Share Prices in the property and real estate sectors. This is evidenced by the results which show that the probability F statistic is 0.002249 < \( \alpha \) (0.05).
The Effect of Total Asset Turn Over on Stock Prices

Total Asset Turn Over variable does not have a significant effect on stock prices in property and real estate sector companies. The asset ratio used as an indicator is Total Asset Turn Over, which is a ratio that measures the company's ability to generate sales based on the assets owned by the company. The high and low value of Total Asset Turn Over shows that investors do not consider the company's ability to generate sales volume based on the company's assets less important, because there are other factors that can influence investors to invest in a company. It is concluded that the ratio of activities as measured by Total Assets Turn Over does not have a significant effect on stock prices because the value of assets used by the company to support sales activities is unstable. High activity ratios can be caused by the assets owned by the company in the long term, getting older, and experiencing depreciation. Investors know this, so do not use Total Asset Turn Over as the main basis for making decisions. The results of this study are supported by research conducted by Wardani & Andarini (2016), Asmiranto & Somantri (2017) and Gultom et al (2019) which state that Total Asset Turn Over has no significant effect on stock prices. However, the results of this study contradict research conducted by Hidayat (2020) which states that Total Asset Turn Over has a significant effect on stock prices.

The Effect of Debt to Equity Ratio on Stock Prices

Debt to Equity Ratio variable does not have a significant effect on stock prices. Debt to Equity Ratio is a ratio that shows the ratio between total debt and equity. The greater the Debt to Equity Ratio, it shows that the level of debt received by the company is getting bigger. Funds obtained from debt are usually used by companies to carry out company activities and expand in the hope of generating high profits. If the profit is high, the company's stock price will be high. The results of this study indicate that investors do not see the importance of using debt or returning interest and principal debt, so that in the end it does not affect investors' perceptions of future profits. Investors want short-term profits in the form of capital gains so that in considering the purchase of shares, they do not consider the company's Debt to Equity Ratio, but instead follow trends in the market. This is because most of the investor orientation is capital gain oriented not dividend oriented. The good growth of the Indonesian economy and a good prediction of growth in the property business will also make investors put aside the risks that will be faced and focus more on the profitability of a company for profit. The results of this study are supported by research by Junaeni (2017), Asmirantho & Somantri (2017), Indriyanti & Nurfauziah (2017) and Herawati & Putra (2018) which state that the Debt to Equity Ratio has no significant effect on stock prices. However, the results of this study contradict research conducted by Wardani & Andarini (2016), Hidayat (2020) which states that the Debt to Equity Ratio has a significant effect on stock prices.

The Influence of Inflation on Stock Prices

Inflation variable has a significant effect on stock prices. When inflation falls, it causes raw material costs and production costs to decrease, thereby increasing people's purchasing power and company operating profit. A good prediction of property business growth makes investors put aside the risks they will face and focus more on profitability to gain profits, causing investors to be more interested in investing directly in their products rather than investing in their companies. The decline in investor interest in investing in property and real estate sector companies has decreased company value and has an impact on lower share prices. The results of this study are supported by research by Qamri et al (2015) which states that inflation has a significant effect on stock prices. However, the results of this study are contrary to the research conducted Wardani & Andarini (2016) found that inflation has no significant effect on stock prices.

Effect of SBI Interest Rates on Stock Prices

The SBI Interest Rate variable has a significant effect on stock prices. Interest rates are an important input in investment decisions. If interest rates fall, potential investors will tend to invest in long-term investments, whereas when interest rates increase, potential investors will delay making long-term investments. The increase in interest rates will increase the issuer's interest expense, so that its profits will be cut. In addition, when interest rates are high, production costs will increase and product prices will be higher so that company profits will decrease and cause investors to save their funds in banks so that it will suppress share prices. In this study, interest rates have decreased but have no effect on stock prices. SBI interest rates do not affect share prices because companies that pay dividends that are high enough for their shareholders are also one of the stimuli for investors to invest in securities in the capital market. The results of this study are supported by research by Wardani & Andarini (2016) which shows that interest rates do not have a significant effect on stock prices. However, the results of this study contradict the research of Kumuda et al. (2016) which found that interest rates have a significant effect on stock prices.
IV. CONCLUSION

1. Total Asset Turn Over, Debt to Equity Ratio, Inflation, and SBI Interest Rates have a significant effect on stock prices in the property and real estate subsector.

2. Total Asset Turn Over does not have a significant effect on the stock price index of the property and real estate subsector.

3. Debt to Equity Ratio has no significant effect on the stock price index of the property and real estate subsector.

4. Inflation has a significant effect on the subsector stock price index property and real estate.

5. SBI interest rates have a significant effect on stock prices in the subsector property and real estate.

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