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Effect of current ratio, return on assets and debt to equity ratio on stock price at PT. Tower Bersama Infrastructure Tbk year 2012-2021

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ABSTRACT

The purpose of this study was to determine the effect of Current Ratio, Return on Assets and Debt to Equity Ratio on Stock Prices at PT. Tower Bersama Infrastructure Tbk 2012-2021. The research method is descriptive with a quantitative approach. The research results based on multiple linear regression analysis found the equation Y = -40.507 + -0.266 X1 + 11.105 X2 + 0.011 X3. The results of the t (partial) test for the Current Ratio and Debt to Equity Ratio variables have no effect and are not significant on stock prices, while Return on Assets has a positive and insignificant effect on stock prices. The results of the F test (simultaneous) Current Ratio, Return on Assets and Debt to Equity Ratio have no effect and are not significant on stock prices, with Fcount 3.321 < Ftable 4.35 with a significance of 0.098. And the coefficient of determination (R2) is 0.624 or 62.4%.

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INTRODUCTION

Every developing country that wants economic growth to increase until it becomes a developed country requires the development and improvement of various economic sectors (Azis, Musdalifah, dkk. 2015). Of the various economic sectors, there is one sector that needs attention in developing and improving the economy, namely the infrastructure sector. Infrastructure is one of the important components that will determine the success of a country's development so that it does not become a cemetery city. The impact of infrastructure development can be used as a driver of economic growth, and conversely economic growth can also be a pressure for infrastructure. Utilities and transportation continue to be run by the government in order to meet the needs that are continuously growing.

According to Mustafa (2017: 3) financial management explains several decisions that must be made, namely investment decisions, decisions on sources or decisions to fulfill funding needs, and dividend policy needs.

According to Kasmir (2015: 6) "Financial reports are reports that show the company's financial condition at this time or in a certain year". In general, financial reports are reports that contain all kinds of transactions involving money, both credit purchases and sales transactions.

Usually this report is made in a certain year. The determination is determined by company policy whether it is made every month or once every year. Sometimes companies also use both.

According to Kasmir (2014: 104) "Financial Ratios are ratios which are activities of comparing figures in one financial report. Comparisons can be made between one component that is among the financial statements. Then, the numbers that compare can be in the form of numbers in years or several years.

Financial ratios are a financial analysis tool used by companies in assessing their company's performance based on comparisons of financial data contained in financial reports, such as balance sheets, cash flow reports and income statements (Darmadji, T, & Fakhruddin, H. 2017).

RESEARCH METHOD

Types of Research

This type of research is quantitative research based on a survey of research objects with a quantitative approach. According to Sugiyono (2017: 14) quantitative research methods can be interpreted as research methods based on the philosophy of positivism, used to examine certain populations or samples, sampling techniques are generally carried out randomly, data collection uses research instruments, data analysis is quantitative, with the aim of testing the hypotheses that have been set. The source of data used in this study is secondary data, namely data from third parties obtained from the Indonesia Stock Exchange (IDX). So the purpose of this study is to determine the effect of Current Ratio, Return on Assets and Debt to Equity Ratio on Stock Prices at PT Tower Bersama Infrastructure Tbk.

Place and Time of Research

The place of this research was conducted at PT. Tower Bersama Infrastructure Tbk which is listed on the Indonesia Stock Exchange (IDX). To obtain data related to the problems to be examined in this study, the authors took data from the financial statements of PT. Tower Bersama Infrastructure Tbk which is listed on the IDX in 2012-2021 and can be downloaded via the linkwww.idx.co.id. The research is estimated to be completed in 1 (one) year.

Population and Sample

Polulation is the whole object of research. If someone wants to examine an element that exists in the research area, then the research is a population study. In this study, the population used is the financial statements at PT. Tower Bersama Infrastructure Tbk which is listed on the Indonesia Stock Exchange in 2012 – 2021.

According to Wiratana Sujarweni (2014: 65) the sample is part of a number of characteristics possessed by the population used for research. A good sample, the conclusion of which can be applied to the population, is a sample that is representative or can describe the characteristics of the population.

Classical Assumption Test

To provide certainty that the regression equation obtained has accuracy in estimation, shows a significant and representative relationship, the model must meet the classical assumptions of regression. The classic assumption tests carried out are the normality test, multicollinearity test, autocorrelation test and Ghozali's heteroscedasticity test (2018: 137).

Normality test

The normality test is intended to test whether the residual values in the regression model have a normal distribution or not. According to Ghozali (2017: 127) there are two ways to predict whether the residuals have a normal distribution or not, namely by graphical analysis and statistical analysis.

Multicollinear Test

This multicollinear test is intended to test whether there is a high or perfect correlation between the independent variables or not in the regression model. To detect a high correlation between independent variables can be done in several ways, one of which is by using the Tolerance and Variance Inflation Factor (VIF). According to Ghazali (2017: 36) tolerance measures the variability of

the selected independent variables that are not explained by other independent variables. So, a low tolerance equals a high VIF value.

Heteroscedasticity Test

According to Ghozali (2013: 139) the heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another. A good regression model is whether it has homoscedasticity or not.

Autocorrelation Test

According to Ghozali (2016: 107) the autocorrelation test aims to determine whether in the linear regression model there is a correlation between the confounding errors in the year and the confounding errors in the t-1 (previous) year. A good regression model is a regression that is free from autocorrelation. The test used to determine the presence of autocorrelation is the Run Test.

RESULTS AND DISCUSSIONS

General Description of the Research Object

Company History

PT Tower Bersama Infrastructure Tbk (TBIG) is a Limited Liability Company with legal domicile in Indonesia. With office address*The Convergence*Indonesia, 11th Floor, Rasuna Epicentrum Area. Jl. HR Rasuna Said, South Jakarta,DKI Jakarta 12940.Telephone / Fax(+62 21) 29248900 / (+62 21) 21572015,e-mailcorporate.secretary@tower-bersama.com Websites:www.tower-bersama.com.PT. Tower Bersama Infrastructure Tbk (TBIG) is engaged in the telecommunications support services business including leasing and maintenance of Base Transceiver Stations (BTS), consulting services and investing or participating in other companies. The Company started its business activities in 2004. Currently, the Company's main activity is investing in subsidiaries.

Research Results

Classical Assumption Test

This classic assumption test was carried out with the aim of producing the best, linear and unbiased regression model or often called BLUE (Best Linear Unbiased Estimator). Testing this assumption consists of four tests, namely the normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

Normality Test Results

This test aims to test whether in a regression model the confounding or residual variables have a normal distribution or not. A good regression model should have normally distributed residuals. Visually, the residual normality test can be detected in the pp plot graph with the test criteria.

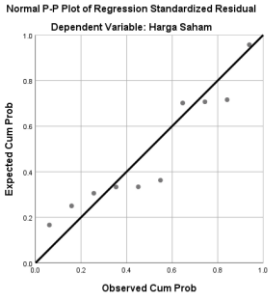

Figure 1. Normality Test Results - Normal Probability Plot

Based on the results of the Normality Test in the figure above, the data spread (dots) follow the direction of the diagonal line which indicates that the data meets the Normality assumption.

Multicollinearity Test Results

This test was conducted with the aim of knowing whether the independent (free) variables in a multiple linear regression model are perfectly correlated with each other with other independent variables. A good multiple linear regression model should be free from multicollinearity problems.

To detect multicollinearity problems, it can be seen from the tolerance value and VIF value. If the tolerance value is > 0.10 and the VIF value is <10.0, it can be concluded that the independent variables in the multiple linear regression model are free from multicollinearity problems. By using SPSS 25 software, the following test results are obtained:

Table 1. Multicollinearity Test Results

Coefficientsa

Model	Collinearity Statistics	
	tolerance	VIF
1 (Constant)		
CR	.423	2,365
ROA	.533	1875
DER	.732	1,366

a. Dependent Variable: Stock Price

Source: SPSS Data Processing v.25, 2022

Based on the results of the multicollinearity test in table 1 above, it shows that the tolerance value is > 0.10 and the Variance Inflation Factor (VIF) value is < 10 for each variable. In the Current Ratio variable, the tolerance value is 0.423 and the VIF value is 2.365. The Return on Assets variable has a tolerance value of 0.533 and a VIF value of 1.875. The Debt to Equity Ratio variable has a tolerance value of 0.732 and a VIF value of 1.366. This shows that the data used in this study is free from multicollinearity and means that there is no correlation between the independent variables, so that the multicollinearity test can be fulfilled.

Heteroscedasticity Test Results

According to Ghozali (2015: 139) explains that "the heteroscedasticity test aims to test whether in the regression there is an inequality of variance from the residual of one observation to another observation". This test is calculated using SPSS 25.

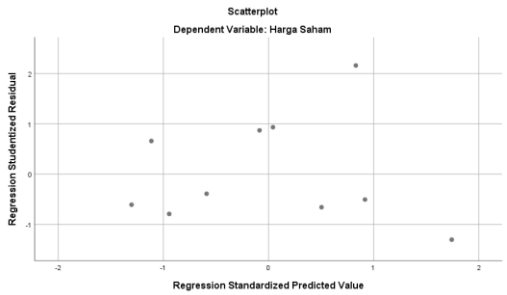

Figure 2. Heteroscedasticity Test Results – Scatterplot

From the results of the SPSS 25 output above for the heteroscedasticity test, it shows that the points spread randomly above and below the number 0 (zero) on the Y axis and do not form a specific pattern, so it can be concluded that there is no heteroscedasticity.

Autocorrelation Test Results

According to Ghozali (2016: 107) the autocorrelation test aims to determine whether in the linear regression model there is a correlation between the confounding errors in the year and the confounding errors in the t-1 (previous) year. A good regression model is a regression that is free from autocorrelation. The test used to determine the presence of autocorrelation is the Run Test. The run test is used to see whether the residual data occurs randomly or not (systematically). The decision making of whether there is autocorrelation is as follows:

Table 2. Autocorrelation Test

Run Test

	Unstandardized Residuals
Value test	-739.50644
Cases < Test Value	5
Cases >= Test Value	5
Total Cases	10
Number of Runs	7
Z	.335
asymp. Sig. (2-tailed)	.737

a. Median

Source: SPSS Data Processing v.25, 2022

Based on table 2 it is known that the value of Asymp.Sig. (2-tailed) of 0.737 greater than 0.05, it can be concluded that there are no symptoms of autocorrelation or autocorrelation problems.

Hypothesis Testing

t test (Partial Test)

The t test is used to show how far the effect of the Current Ratio, Return on Assets and Debt to Equity Ratio has on stock prices partially (individually).

Table 3. Partial Test Results (t test)

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	-40,507	1776566		-.023	.983
	CR	-.266	.259	-.395	-1,025	.345
	ROA	11.105	3,902	.975	2,846	.029
	DER	011	.018	.182	.623	.556

a. Dependent Variable: Stock Price

Source: SPSS Data Processing v.25, 2022

Simultaneous F Test

The t test is used to show how far the influence of Current Ratio, Return on Assets and Debt to Equity Ratio on Stock Prices simultaneously (together).

Table 4. Simultaneous Test Results (Test F)

ANOVAa

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	35764126624	3	11921375541	3,321	.098b
	residual	21539613.376	6	3589935.563		
	Total	57303740000	9			

a. Dependent Variable: Stock Price

b. Predictors: (Constant), DER, ROA, CR

Source: SPSS Data Processing v.25, 2022

Current Ratio t test resultsto stock prices in shows a t value of -1.025 which indicates tcount < ttable (-1.025 <2.446) and a significance value of 0.345 which indicates sig. > 0.05 (0.345 > 0.05) thus it can be concluded that partially Current Ratio has no effect and is not significant on stock prices.

This is in line with research conducted by Siti Dini and Farida Pasaribu (2021) stating that the Current Ratio has a positive and significant effect on stock prices. So that the hypothesis decision is drawn, namely: Ho1: Accepted, Current Ratio has no effect and is not significant on the stock price at PT. Tower Bersama Infrastructure Tbk.

The results of the Return on Assets t test on stock prices show a t value of 2.846 which indicates tcount > ttable 2.846 > 2.446) and a significance value of 0.029 which indicates sig. > 0.05 (0.029 > 0.05) thus it can be concluded that partially Return on Assets has a positive and insignificant effect on stock prices.

Meanwhile, research conducted by Shelby Virby and Gigis Al Wani (2022) states that Return on Assets has no effect and is not significant on stock prices. So that the hypothesis decision

is drawn, namely: Ha2: Accepted, Return on Assets has a positive and insignificant effect on stock prices at PT. Tower Bersama Infrastructure Tbk.

The results of the t test Debt to Equity Ratio to Stock Prices shows a t value of 0.623 which indicates tcount < ttable (0.623 <2.446) and a significance value of 0.556 which indicates sig. > 0.05 (0.556 > 0.05) thus it can be concluded that partially the Debt to Equity Ratio has no effect and is not significant on the stock price.

This is in line with research conducted byby Annisa Humairo and Sairin (2021) which states that the Debt to Equity Ratio has no significant effect on stock prices. So that the hypothesis decision is drawn, namely: Ho3: Accepted, the Debt to Equity Ratio has no effect and is not significant on the share price at PT. Tower Bersama Infrastructure Tbk.

The results of the f Current Ratio, Return on Assets and Debt to Equity Ratio to Stock Prices test results show an f value of 3.321 which indicates fcount <ftable (3.321 <4.35) and a significance value of 0.098 which indicates sig. > 0.05 (0.098 > 0.05) thus it can be concluded that simultaneously Current Ratio, Return on Assets and Debt to Equity Ratio have no effect and are not significant on stock prices.

In contrast to the research conducted by Evi Nurhandayani and Nurismalatri (2022) stated that simultaneously Current Ratio, Debt to Equity Ratio and Return On Assets have a significant effect on stock prices. So that the hypothesis decision is drawn, namely:

Ho4: Accepted, Current Ratio, Return on Assets and Debt to Equity Ratio have no effect and are not significant on the stock price at PT. Tower Bersama Infrastructure Tbk.

CONCLUSION

Based on the results of the research and discussion in the previous chapter, several conclusions are drawn as follows: *Current Ratio*has no effect and is not significant to the stock price of PT. Tower Bersama Infrastructure Tbk which is listed on the IDX for the period 2012 – 2021. Based on the test above, it is known that the variable X1 to Y is 0.345 < 0.05 and the t count is -1.345 < t table 2.466. This means the use of capital that is not effective for the company's operations, so that it contributes less to the company; *Return on Assets* influentialpositive and not significant to the share price of PT. Tower Bersama Infrastructure Tbk which is listed on the IDX for the period 2012 – 2021. Based on the test above, it is known that the variable X2 to Y is 0.029 > 0.05 and the t count is 2.846 > t table 2.466. This shows that the company is getting better at managing its assets in generating profits so that it can attract investors to conduct stock transactions; *Debt to Equity Ratio*has no effect and is not significant to the stock price of PT. Tower Bersama Infrastructure Tbk which is listed on the IDX for the period 2012 – 2021. Based on the test above, it is known that the variable X3 to Y is 0.556 > 0.05 and the t count value is 0.623 <t table 2.446. This shows that the greater the proportion of debt used for the capital structure of a company, the greater the probability of the level of profit obtained. Debt is allowed as long as the rate of profit earned exceeds the cost of the debt; Simultaneously, it has no effect on the variables Current Ratio, Return on Assets and Debt to Equity Ratio on Stock Prices. It can be proven from the simultaneous calculation results of Current Ratio, Return on Assets and Debt to Equity Ratio of 0.098 > 0.05 and the calculated f value is 3.321 <f table 4.35. The coefficient of determination is 62.4% and the remaining 37.6% is influenced by variables outside this study.

The author realizes that the results of this study still have some shortcomings and weaknesses caused by several factors, namely: The limitations of the authors to manage the data obtained from the sample, so there is a possibility of errors in data processing; As a result of the limitations of the various factors above, this research still has many shortcomings, for that the author is happy to accept constructive criticism and suggestions for the perfection of this research; There is a limited time spent by the author in carrying out this guideline, so it is necessary to make improvements so that the results of this study are much better.

Based on the results of the analysis and conclusions above obtained from this study, suggestions that can be submitted relating to this research are as follows: It is recommended to use

a longer research period method and add to the independent variables that affect stock prices that are not included in this study; It is recommended to do an analysis of the company's financial statements first before making an investment. This is intended to reduce the risk of loss, and investors must be able to find out how the company's financial performance is; The company is advised to be able to improve its financial performance further so that its share price continues to increase with the aim that potential investors will invest their shares in the company.

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