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The Influence of Financial Ratio toward the Stock Share within the Stock Share Business Volume as the Moderator of Property Enterprise and Real Estate as Registered in Indonesia Stock Exchange



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ABSTRACT

The purpose of this study was to analyze the influence of profitability ratios, leverage ratios, liquidity ratios, simultaneously and partially on stock prices of listed companies in Exchange Stock and to this study also to analyze the moderating effect of the volume of stock trading in the moderate the relationship between profitability ratios, leverage ratios, liquidity, and the company's stock price, and the study population were 45 property and real estate companies listed on the Indonesian Stock Exchange (BEI) in the period 2009-2013. Sampling method purposive sampling, and who meet the criteria are 24 companies, bringing the total number of observation samples 120 samples. To test the hypothesis of this study used regression analysis is Multiple Regression analysis (MRA). Simultaneously financial ratios (profitability, liquidity, leverage) with trading volume as moderating variables affect stock prices. Partially profitability and significant positive effect on stock prices. While liquidity and leverage a significant negative effect on stock prices. While the volume of stock trading as moderating variable (Test Residual) are not able to moderate the relationship between profitability ratios, leverage ratios, liquidity ratios on stock prices.

INTRODUCTION

The economy rapid and sharper development in global marketing becomes a challenge and potency for a company to expand his business. The monetary market enterprise in real estate and property in Indonesia increase rapidly. This is indicated by the number frequency of real estate and property enterprise, which is going public in Indonesia (www.idx.com).

The phenomena that happened recently in real estate and property business is interesting to be observed because the financial global crisis on 2007 started from America because of *subprime mortgage* spread out to the world including Indonesia. *The subprime mortgage* is a mortgage terminology which is given to the debtor with the bad history of credit or has no credit history at all, so its classified as the high-risk credit (detikfinace, 17-08-2007).

The global financial crisis started to subside at the end of 2008 supplying the bailout by America governor toward the company asset that has a problem to save the American company from the bank corrupt and start to go up in 2010.

Since the global financial crisis is recovered, the real estate and property stock exchange in this world starts to stable and balance. The stock exchange is stable because of the increase of real estate and property infestation and transaction. (detikfinance,18 02- 2011).

That phenomenon affects the real estate and property becomes the investor's task because there is an unstable stock share recently. The up and down stock share price in the monetary marketing of real estate and property company made the investor tend to analyze the stock share price to choose the best stock share which gives the bests benefit and less risk in the infestation.

The population development causes the needs of shelter, office, shopping center, park, and the needs of property and real estate sector also develop. Moreover, the land cost is not defined by the market, but the owner of the land did.

Nowadays, property and real estate grow rapidly. It proved by there are so many building, apartment, shopping center, office center, and settlement. The number of this constructions proved that there is a great market for property and real estate sector in Indonesia. This becomes good news for the investors, and respond this by expanding their stock share in the property and real estate in monetary marketing.

Monetary marketing is a place for a company which needs any fund and offers legal documents by listing as bank notes in monetary marketing. One of the popular legal in trading in monetary marketing is called as stock share because if it is compared with legal document investment or other security, stock share give is possible for the investor to gain the return or higher benefit in a short period although stock share has the high risk when the stock share price is getting low rapidly.

The investor purpose in investing the stock share is to get the dividend (the profit that earned) and capital gain (the stock share price improvement). Dividend and profit should be more than or the same as the return (the level of return) which becomes the stockholder. This condition will motivate the investors for having the stock share. The number of stock share demand is the marketing strength which affects the market price. If the stock share demand is increased, the company stock share price would be increased too, and also in return.

The price movement in stock share market is difficult to guess, but it is possible for the investor to analyze and decide for the step to invest. By looking at the financial report is one effort to gain the information from an issuer of securities of the company, this financial report is used to assist the investor in infestation decision.

The stock share price is one factor that makes the investors invest their money in the monetary market because it reflects the monetary return level and as the company success indicator where the stock exchange strength showed through the stock share transaction in monetary market.

The stock share price development is influenced by two factors; those are macro and micro economy (Samsul, 2006). The economy macro factor is those factors which come out from outside company such as the level of inflation, the level of monetary interest asset in one country, governor policy or global economic improvement. Meanwhile, the economy micro factor is the factor which comes out from inside the company and showed through the company financial ratio.

In this research, the researcher applied Debt to Equity Ratio (DER) which is the debt ratio measured by comparing the debt and equity (own fund). The high debt to equity ratio means that the less debt he has. The fewer DER is better for the company and it will increase the stock share point (Fakhruddin dan Hadianto, 2001). Meanwhile, Nirawati (2003) said that

partially DER has a real influence toward the stock share point. Martono and Harjito (2007) state that fund structure is measured through the level of Debt to Equity Ratio (DER) which is the compilation of the company total debt and the own fund (Equity). The Debt to Equity Ratio (DER) decision is to show the money which the owner owes or it comes from the company management from the company creditor. This caused the creditor will check the company own fund or the money that served by the owner or define the secure margin, by finding the fund from the owner debt obtain the benefit defending the company control through infestation limitation, at the end when the company gain a great result than the debt, it means the return result for the owner will increase.

The higher Debt to Equity Ratio (DER) shows the high company financial dependent toward the other party to the company expenditure is getting higher. Of course, this case will decrease the shareowner (in the form of the dividend). Next, the high DER will influence the investor interest toward the company stock share which is not bear too much debt. In another word, DER affects the stock share price.

The company financial achievement and stock share movement, generally go in line, in this case, the financial achievement can be seen from the profitability ratio that is a return on equity. The financial ratio is important input in infestation analysis, mainly to define the fund return which is reflected in the company stock share price. The company which has the good achievement is the company with the ability earning profit to the stock share owner. For the owner, the high profit will profitable because the feedback for the owner is the profit which the company gained for sharing (gained by the stock share owner).

ROA is one of the investor tool usually used to assess one stock share. ROA is a ratio that used to measure the profit level earned by the stock shareholder, in another word the high ROA in one company means that the company has a potency to give a more income for the stock shareholder. The investors will see the level of fund return in that company when the level of the fund return is high, so the investor does not need to worry about they keep there. This is because ROA has three benefits. First is the company ability earning a profit (profitability), second, the company efficiency in managing the assets (assets management). Third, the debt is used in undertaking the business (financial leverage).

Based on research gap on previous research and the business phenomena that happened in 2009-2013, that is why the research discussed the Influence of Financial Ratio toward the

Stock Share with the Stock Share Marketing Volume as The Moderation on Property and Real Estate Company which registered in Indonesia Stock Exchange.

REVIEW OF LITERATURE

1. The profitability influence toward the stock exchange

The stock exchange movement is influenced by many factors; arise from inside or outside the company. This is because the investor has a hope for a number of infestation returns now. That returns of course depicted in the company achievement, if the company earn benefit continually, it means the company gets benefit significantly. Surely, the investor has a good potency for the return that they will get back, if the company has lost, automatically the investor can imagine what they will get from the low potency company. The high company's profitability shows that the company is able to improve the stock exchange and in return, the low company profitability shows that the company has the decrease stock exchange.

2. The influence of leverage ratio toward the stock exchange

Leverage ratio shows that how much the company needs to expand in debt. If the company has no leverage or the leverage ratio is zero, it means the company well operated using their own monetary asset. If the company has no leverage or leverage ratio is zero, it means the company operates using his own money/fund without in debt. From the research result, Pasaribu (2008) is obtained that the leverage effects simultaneously and partially toward the stock exchange. The research result of Pasaribu is in the contrary with Kesuma (2009). According to Kesuma (2009), it obtained that leverage does not significantly affect the stock exchange.

3. The Liquidity Influence toward Stock Exchange

According to Clarensia et al (2011), it obtained the current ratio (CR) significantly affect the stock exchange. The same result with Yusak (2012) by using the path analysis shows that liquidity is significantly affecting the stock exchange for 0,0282. The current ratio shows the company ability in paying his debt for a short period. There is no absolute appointment about how much is the good CR level or the company should defend. Usually, the level of CR depends on the type of each company (Lukman Syamsudin, 2007:39). This research the different company type, therefore the conclusion is taken from the company used as the

research object.

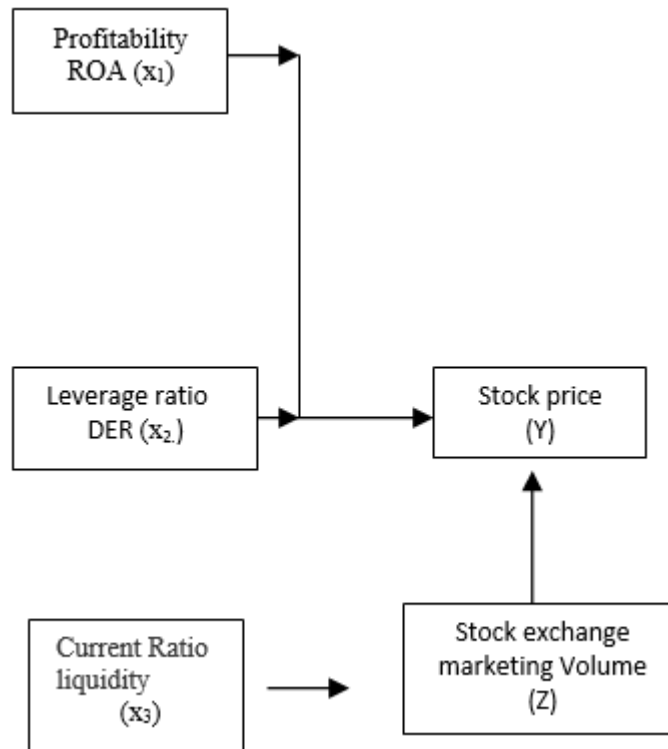


Figure no 1: Conceptual Framework

Hypothesis

1. The profitability ratio, leverage ratio, liquidity ratio, simultaneously and partially affects the company stock exchange as registered in Indonesia Stock Exchange. Volume perdagangan Saham Dapat memoderasi hubungan Antara ratio profitability, rasio leverage, rasio likuiditas, terhadap Harga Saham Perusahaan yang terdaftar di Bursa Efek Indonesia.

MATERIALS AND METHODS

1. Research Type

This is a clausal research. Clausal research is identifying the cause and effect relationships among various variable (Erlina, 2008). This research purpose is to see the influence of profitability, leverage ratio, liquidity, and stock exchange volume partially and simultaneously toward the stock exchange on the property and real estate Company in Indonesian Stock Exchange on 2009-2013 periods.

2. Research place

This research is established in property and real estate Company which is registered on Indonesian Stock Exchange on 2009-2013 on Jenderal Sudirman Street Kav. 52–53 Jakarta.

3. Population and sample

This research took the financial report published by property and Real Estate Company which are registered in Indonesia Stock Exchange since the common offer to the public in period 2009-2013 for 45 companies. The population data is obtained through the internet in the legal site of Indonesian Stock Exchange: www.idx.co.id.

This research applied the purposive sampling method. The sample criteria are as follow:

1. Property and real estate company which are registered in Indonesia Stock Exchange which reports their financial report continually on 2009-2013.
2. The property and real estate company in Stock Exchange which has the profitability in 2009-2013 in research period.

4. Data Type

The technique collecting data applied in this research is collecting the secondary data and qualitative data that is the company annual report of the research sample company. This research applied the data of financial report of property and real estate company which are registered in Indonesia Stock Exchange from 2009-2013. The secondary data is the data taken from statistic office, magazine, information or any publication (Marzuki, 2000).

5. Data Collection Methodology

The data source is taken from Indonesian Stock Exchange (www.idx.co.id) and the company website, which becomes the sample.

RESULTS

1. Research Result

This research test the profitability ratio influence, leverage ratio, stock exchange liquidity and whether the stock shareable to moderate the profitability ratio influence.

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This research population is the whole stock share in the registered company I Indonesia Stock Exchange during 2009-2013. The total sample that obtained based on the criteria is 24 samples during 2009-2013 with 120 units analysis observation number (24 companies times 5years). The total of the population and sample can be seen in appendix 1. The research result is as follow:

2. Research Data Description

The descriptive statistic analysis function is to describe or depict the research object through the sample data or population as well, without doing the analysis and making the conclusion for the general. The variable that applied in this research for the descriptive statistic calculation is profitability, leverage ratio, liquidity ratio, stock share marketing, and share price. Based on the descriptive statistic analysis, obtained the sample image as follow.

Table 1: Research Data Descriptive

| Descriptive Statistics | | | | | |
|------------------------|-----|---------|---------------|-----------------|-------------------|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| profitability | 120 | .01 | .35 | .0746 | .05219 |
| liquidity | 120 | .23 | 2.41 | .9527 | .44472 |
| leverage | 120 | .05 | 5.46 | .7042 | .80848 |
| marketing | 120 | 107.65 | 78004920985.0 | 8689954240.7361 | 15087105628.04675 |
| Share price | 120 | 1.00 | 980.00 | 279.1677 | 255.45582 |
| Valid N (listwise) | 120 | | | | |

Source: SPSS software analysis

Based on table 1, it shows that the number of analysis unit (N) is 120 units, for profitability, liquidity, leverage and share price. Below is the research data descriptive result.

1. The profitability ratio shows that the minimum score is 0.01, the maximum score is 0.35, the average score is 0.0746 and the reciprocal intersection is 0.05219. From the table above, the lowest profitability is 0.01 that is Pakuwon Jati and the highest score is 0.35 that is Bakrieland Development Company.
2. The liquidity ratio shows that the minimum score is 0.23, and the highest score is 2.41,

the average score is 0.9527 and the reciprocal intersection is 0.44472. From the table above it shows that the lowest liquidity is 0.23 that is Intiland Development and the highest score is 2.41 that is Intiland Development Company.

3. The leverage ratio shows that the minimum score is 0.05, the maximum score is 5.46, the average score is 0.7042 and the reciprocal intersection is 0.80848. From the table above, it shows that the lowest leverage is 0.05 that is Ciputra Surya Company and the highest score is 5.46 that is Sentul City Company.

4. The marketing share volume shows the minimum score is 107.65, the maximum score is 78004920985.0, the average score is 8689954240.73 and the reciprocal intersection is 15087105628.04675. From the table, it shows that the lowest marketing volume is 107.65 that is Pakuwon Jati Company and the highest score is 78004920985.0 that is Bakrieland Development Company.

5. The share price shows that the minimum score is 1.00, the maximum score is 980.00, the average score is 279.1677 and the reciprocal intersection is 255.45582

3. Classic Assumption Test

The Classic assumption test that applied in this research includes the normality test, multicollinearity test, autocorrelations test and heteroskedasticity test. The Classic Assumption Test applied in this research includes the normality test, multicollinearity test, autocorrelation test and heteroskedasticity test.

4. The Regression Model Hypothesis Test

From the classic assumption, test concludes that the regression model that implemented in this research already fills the estimation model which *Best Linear Unbiased Estimator* (BLUE) and suitable to do the regression analysis. The hypothesis in this research used the multiple regression analysis.

4.1. Simultaneously Test (F test)

The simultaneous test usually called as a simultaneous test or F test applied to test whether the whole independent variable simultaneously affects the dependent variable. The decision criterion is taken by comparing the Sig-F with $\alpha = 0.05$:

- If Sig-F < 0.05: significant regression coefficient,
- If Sig-F \geq 0.05: the regression coefficient is not significant.

Below is the simultaneous test result using F test:

Table 2: The Simultaneous Regressive Test Result

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|-------|-------------------|
| 1 | Regression | 52903.744 | 3 | 17634.581 | 5.857 | .004 ^b |
| | Residual | 4151387.438 | 106 | 39164.032 | | |
| | Total | 4204291.182 | 109 | | | |

a. Dependent Variable: ln_HargaSaham

b. Predictors: (Constant), ln_leverage, ln_likuid, ln_profit

Source: SPSS software analysis

From table 2, it concludes that the profitability ratio, leverage ratio, liquidity ratio has the simultaneous influence toward the stock share with the significant level 5%. The decision making toward the hypothesis can be done by comparing the profitability score p with the significant level is α . If the profitability score (column Sig.) $p \geq$ the significant level is (5%) it conclude that the independent variable does not influence the dependent variable simultaneously. If the profitability score (column Sig.) $p <$ Significant level (5%) it concludes that the independent variable affects the dependent variable simultaneously.

4.2. Partial Test (Partial Test)

The t-test is applied to test the influence of independent variable toward the dependent variable partially. The t-test is applied to know the regressive coefficient significance. The decision criterion is taken to compare the Sig-t with $\alpha = 0.05$:

- If the Sig-t < 0.05: the regression coefficient is significant,
- If Sig-t \geq 0.05: the regression coefficient does not significant.

Bellow is the regression test results partially as served on the table:

Table 3: Regressive Test Result Partially

| Coefficients | | | | | | |
|---------------------------------------|-------------|-----------------------------|------------|---------------------------|--------|------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 234.011 | 59.274 | | 3.948 | .000 |
| | ln_Profit | 164.392 | 366.984 | -.251 | -3.084 | .002 |
| | ln_likuid | -1.600 | 43.419 | -.004 | -2.918 | .004 |
| | ln_leverage | -25.401 | 24.283 | -.101 | -2.777 | .006 |
| a. Dependent Variable: ln Harga Saham | | | | | | |

Source: SPSS software analysis

The decision making is done to take a look the Sig. column score that is the profitability is 0.002 and liquidity are 0.004 and the leverage is 0.006 in which the model called significantly or the independent variable affects the dependent variable partially if the significant score less than the significant level decided.

In this research the significant level is 5% so based on table 3, it concludes that profitability, liquidity, and leverage affect the share price partially.

4.3. Determination Coefficient Test (R²)

Determination Coefficient (R²) is to measure how far the model ability in explaining the dependent variable variation is. The determination coefficient score is between 0 and 1. The minimum R² is the independent variable ability in explaining the limited dependent variable variation. The close score to 1 means that the independent variable gives almost the whole information that needed to predict the dependent variable variation (Ghozali, 2013: 97).

Table 4: The Determination Coefficient Test Result (R^2)

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|--|-------------------|----------|-------------------|----------------------------|
| 1 | .277 ^a | .077 | .064 | .23159 |
| a. Predictors: (Constant), ln_leverage, ln_liquid, ln_profit | | | | |
| b. Dependent Variable: ln_HargaSaham | | | | |

Source: SPSS software analysis

Based on table 4, the determination coefficient scores R^2 written on R-Square column. The R^2 determination coefficient score is $R^2 = 0.064$. It means that the profitability, liquid, and leverage shows the stock share price variable is 6,4%, the rest is 93,6% influenced by another factor.

4.4. Moderate Variable Test (Uji Residue Test)

The moderating variable with the residual test used to overcome the tendency of the high multikolinierity between the independent variable (Ghozali, 2012). The residual test is to test the deviation influence of one regression model by considering the *Lack of Fitas* seen on residue score. The steps in decision making to residual test are as below:

$H_a: \beta \neq 0$, means that the stock share marketing volume is able to moderate the relation of profitability, liquidity, leverage stock share price on the property and real estate company which registered in Indonesian Stock Exchange.

The residual test criterion is *P-Value* (Sig) < 0.05 and the parameter coefficient score is negative, therefore it can moderate. However, if the *P-Value* (Sig) > 0.05 and the parameter coefficient score is positive, it cannot moderate. In this research, the level of significance used is 5%. Below is the moderate regression test result.

Table 5: Moderacy Regression Test Result

| Coefficients ^a | | | | | | |
|--|---------------|-----------------------------|----------------|---------------------------|-------|------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -333961332.916 | 2164788258.345 | | -.154 | .878 |
| | ln_HargaSaham | 1484881.654 | 7293553.752 | .020 | .204 | .839 |
| a. Dependent Variable: Unstandardized Residual | | | | | | |

Source: SPSS

Based on table 5. it obtains sig-t is 0,839. It means that the stock share marketing cannot moderate the relation of profitability, liquidity, leverage toward stock share because of the sig-t = 0,839 > 0,05.

CONCLUSION AND SUGGESTIONS

After doing this research, it can conclude that:

1. Simultaneously, profitability, liquidity, and leverage affect the stock share price of the property and Real Estate Company in 2009-2013.
2. Partially, profitability, liquidity, and leverage significantly affect the stock share price in property and Real Estate Company in 2009-2013. This result along with Kesuma (2009), Mulyana (2011) and Pasaribu (2008) and it is in the contrary with Rahayu (2003), Rusli (2011), Ali Kesuma (2009) research result.
3. Stock share marketing volume variable cannot moderate the relation of profitability, liquidity, and leverage with the stock share price of the property and Real Estate Company in 2009-2013.
4. Based on the determination coefficient, profitability ratio, liquidity ratio, and leverage ratio explain less stock share variable.

Research Limitation

The researcher limits this research into:

The independent variable that applied in this research explains the less influence of stock share price of the property and Real Estate Company in 2009-2013 through caters paribus

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assumption. Therefore, there still many another variable which affects the price of the stock share of property and Real Estate enterprise. The arrange time for this research only in a short period that is five years only 2009-2013.

SUGGESTIONS

Based on the research limitation, the researcher suggests for the further research to analyze:

1. Add more research variables, such as company development variable, stock share beta, and stock share structure.
2. Add more periods to do the research.

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