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The Influence of Return on Assets And Return on Equity to Companies' Stock Price in the Telecommunication Sector registered in the Indonesia Stock Exchange a Periode of 2014-2017

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Abstract. The purpose of this research is to know the profitability ratios of telecommunication companies listed in Indonesia Stock Exchange period 2014-2017, particularly the influence of profitability ratio to stock price of telecommunication company. This research is conducted on twelve telecommunication companies listed in Indonesia Stock Exchange period 2014-2017 The data used are secondary data of financial statements. The analytical technique mobilize multiple linear regression with two dependent variables of ROA and ROE and one free variable of stock price, to test the contribution of variable in influencing the stock price of companies. The results of research on Indonesian telecommunications companies show that the movement of stock prices are not significantly influenced by the value of ROE on Indonesian telecommunications companies. This study found that in the telecommunications company in Indonesia the increased or decreased value of ROA have an influence on the value of the company and the stock price of companies.
Keywords: ROE, ROE, stock price and telecommunication.

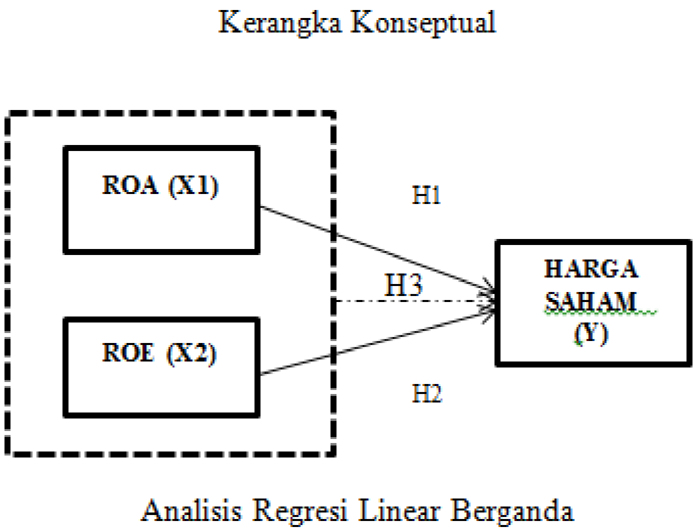
1 INTRODUCTION

The economic conditions of Indonesia and the world at this time are marked by the tight competition. Every company is required to increase its competitiveness. The company's goal is to stay afloat and grow. To achieve these objectives, the company must carry out operational management, marketing, human resources development and financial. One very important aspect is finance. Good financial performance can be seen from investors' trust in investing their shares. Stock prices are an indicator of investor confidence, so stock prices are a very important indicator. Indicators of performance success factors can be shown from financial statements, this management capability is very important in observing stock prices.
One way to obtain information from the company's financial statements is to conduct financial ratio analysis, one type of ratio is the profitability ratio. Eguene F. Brigham and Joel F Houston (2001), states that the Profitability Ratio is a net result of a series of policies and decisions or a group of ratios that show the combined effect of liquidity, asset managers, and debt on operating results. Profitability ratio can be measured in several ways, one of them is Return On Asset and Return On Equity. The higher the value of Return on Asset and Return On Equity of a company, the higher the profit earned.
The development of telecommunications in Indonesia is currently undergoing changes, this can easily be seen by the public knowing and accessing the latest information. The role of telecommunications is very important in the development of the Indonesian economy, considering that every activity related to the economic sector must be carried out quickly and efficiently, so the role of telecommunications must be increased to become more developed. Thus, to achieve an economic growth in Indonesia, all sectors must be developed including the Telecommunications sector.

2 LITERATURE REVIEW

Return on assets (X1), this ratio shows how much net income after tax can be generated from the average total assets or all wealth. Return on equity (X2), This ratio is used to measure how much profit is the right of the owner of his own capital. Stock prices (Y), Brigham and Houston (2010: 167), suggest that stock prices determine shareholders' wealth. Maximizing shareholder wealth is translated into maximizing the company's share price. Stock prices at any given time will depend on cash flows that are expected to be received in the future by the average investor if the investor buys shares.

Conceptual Framework



Hypothesis

Based on the theoretical basis and the framework of thinking that has been described above, the hypothesis of this study are:

H1 : Partially Return On Asset has a significant influence on the company's Stock Price in the Telecommunications sector and is listed on the Indonesia Stock Exchange for the period 2014-2017.

H2 : Partially Return On Equity has a significant influence on the company's Stock Price in the Telecommunications sector and is listed on the Indonesia Stock Exchange for the period 2014-2017.

H3 : Return On Asset and Return On Equity simultaneously have a significant influence on Stock Prices in Telecommunications companies listed on the Indonesia Stock Exchange for the period 2014-2017.

3 RESEARCH METHOD

This type of research uses a quantitative approach, namely research that emphasizes the testing of hypotheses, the data used must be measured, and the conclusions generated are generalizations and processing of data for the purpose of describing or giving an overview of the object under study through sample data or population. The variables used are independent variables, namely return on assets and return on equity. While the dependent variable is the stock price. The population in this study are all companies in the telecommunications sector that are listed on the Indonesian stock exchange during the 2014-2017 period with the following characteristics are:

1. Publish financial statements annually during 2014-2017 and have gone through an audit process.
2. Never been delisted from the Indonesia stock exchange during the 2014-2017 period.
3. Having complete data related to the variables used in this study.
4. Is a telecommunications company that provides and provides services in the form of services and products that support the implementation of telecommunications.

The sample used in this study was 12 telecommunications companies from 2014-2017 to obtain 48 data. The data used in the form of financial statements are return on assets, return on equity and stock prices at

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closing. Data processing is carried out with the help of the SPS 22 program. The collected data will then be processed using descriptive analysis, hypothesis testing and test coefficient of determination.

No	Code	Name of Companies
1	BALI	PT. Bali Towerindo Sentra. Tbk
2	BTEL	Bakrie Telecom. Tbk
3	EMTK	Elang Mahkota Teknologi. Tbk
4	EXCL	PT. Xl Axiata. Tbk
5	FREN	Smartfren Telecom. Tbk
6	IBST	Inti Bangun Sejahtera. Tbk
7	ISAT	PT. Indosat. Tbk
8	SUPR	Solusi Tunas Pratama. Tbk
9	TBIG	PT. Tower Bersama Infrastruktur. Tbk
10	TLKM	PT. Teleomunikasi Indonesia (Persero). Tbk
11	CENT	PT Centratama Telekomunikasi Indonesia. Tbk
12	GOLD	PT. Visi Telekomunikasi Infrastruktur. Tbk

4 RESULT AND DISCUSSION

T Statistic Test

The t test is conducted to determine the effect of each independent variable individually on the dependent variable in one model, in this study there are two hypotheses, namely the effect of return on assets on stock prices and the effect of return on equity on stock prices.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3449.099	487.731		7.072	.000
	ROA	29.069	12.892	.314	2.255	.029
	ROE	21.310	17.553	.169	1.214	.231

a. Dependent Variable: HARGA_SAHAM

Based on the table above shows that T-count > T-table is 2.255 > 2.014 and has a significance level of 0.029 which is smaller than 0.05, then Ho is rejected and H1 is accepted, then Return On Asset (X1) has a significant effect on Price Stock (Y).

Whereas, T-count < T-table is 1,214 < 2,014 and has a significance level of 0.231 which is greater than 0.05, then Ho is accepted and H2 is rejected, thus Return On Equity (X2) does not have a significant effect on stock prices (Y). This is because the Return On Equity has decreased due to a lack of net income from own capital and a lack of business sales profits.

F Test Statistic

The proof of the hypothesis in this study is done by using the f test to find out whether the independent variables simultaneously or simultaneously have a significant effect or not on the dependent variable. Based on the f test in accordance with the test results can be seen in the following table:

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ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	66513135.52	2	33256567.76	3.406	.042[b]
	Residual	439406864.5	45	9764596.988		
	Total	505920000.0	47			

a. Dependent Variable: HARGA_SAHAM

b. Predictors: (Constant), ROE, ROA

From the regression results above, it can be seen that simultaneously or simultaneously the independent variable (X) has a significant influence on the dependent variable (Y), namely the stock price. This can be proven from the value of F-count > F-table which is 3.406 > 3.204 and has a significance level of 0.042 which is smaller than 0.05, then Ho is rejected and H3 is accepted. Thus it can be concluded that the third hypothesis which states that the effect of Return On Asset and Return On Equity simultaneously or simultaneously has a positive and significant effect on Stock Prices.

Determination Coefficient Test (R^2)

This test is used to determine the level of accuracy of estimates in regression analysis. The coefficient of determination (R^2) basically measures how far the ability of the model to explain the independent variable. To find out the magnitude of the influence of independent variables simultaneously or jointly influence the dependent variable can be seen from the magnitude of the coefficient of determination (R^2) which can be seen in the following table:

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.363[a]	.131	.093	3124.83551

a. Predictors: (Constant), ROE, ROA

b. Dependent Variable: HARGA_SAHAM

Based on the table above, the calculation shows that the magnitude of the influence of independent variables on the dependent variable that can be proven by this equation is 0.131 or 13% and the remaining 86.9% is influenced by other variables not included in this study.

Discussion

Effect of Return On Assets on Stock Prices

Based on the value of t calculated return on assets is 2.255 with a significance level of 0.029. Because the significance level is less than 0.05, it can be concluded that "The effect of Return On Asset has a significant influence on the Company's Stock Price in the Telecommunications Sector Registered on the Indonesia Stock Exchange" (Ho is rejected and H1 is accepted). So that the first hypothesis is proven to be true.

Effect of Return On Assets on Stock Prices

Based on the value of t the return on equity result is 1,214 with a significance level of 0.231. Because the level of significance is greater than 0.05, it can be concluded that "The Effect of Return On Equity does not have a significant effect on the Price of Company Shares in the Telecommunications Sector Listed on the Indonesia Stock Exchange for the 2014-2017 Period" (Ho is accepted and H2 is rejected).

Effect of Return On Assets and Return On Equity on Stock Prices

Based on the value of f the return on assets and return on equity is 3.406 with a significance level of 0.042. Because the significance level is less than 0.05, it can be concluded that "The Effect of Return On Assets and Return On Equity has a significant and positive influence on the Price of Company Stocks in the Telecommunications Sector Listed on the Indonesia Stock Exchange for the Period 2014-2017" (Ho rejected and H3 accepted) so that the third hypothesis is proven correct. The existence of these results shows that return on assets and return on equity are very important in increasing stock prices in companies.

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5 CONCLUSION AND RECOMMENDATION

Conclusion

Based on the analysis and discussion that has been done, the conclusions that can be taken are:

1. Partially the independent variable namely Return On Asset (X1) has a significant influence on the Share Price (Y) of the company in the Telecommunications sector which is listed on the Indonesia Stock Exchange.
2. Partially the independent variable, namely Return On Equity (X2) does not have a significant effect on the Company's Stock Price (Y) in the Telecommunications sector which is listed on the Indonesia Stock Exchange.
3. Simultaneously the independent variables namely Return On Asset and Return On Equity have a significant influence on the Stock Price (Y) of companies in the Telecommunications sector which are listed on the Indonesia Stock Exchange.

Recommendation

Suggestions that can be given by researchers based on the results of this study are expected for companies to continue to improve better performance so that investors can be more attractive in investing in the company, because high stocks indicate that the value of the company has increased. Increased investor demand for the company will cause the share price of the company concerned to increase.

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