FACTORS AFFECTING STOCK PRICES IN INSURANCE COMPANIES LISTED ON BEI

Rizki Arumsari[1], Riana R Dewi[2], Purnama Siddi[3]
Islam Batik University of Surakarta
[1]rizkyarumsari99@gmail.com, [2]riana_rd40@yahoo.co.id, [3]purnama.siddi@yahoo.com

Abstract   : *This study aims to analyze the effect of profitability, leverage and company size on stock prices. The data source is obtained from the financial statements of insurance companies listed on the IDX in 2014-2018. This type of research is quantitative. Population and sample using purposive sampling technique of 9 companies. The analysis method used is multiple linear regression, F test and T test. The results of the study show that the variables of profitability, leverage and firm size simultaneously influence stock prices. While the partial analysis shows that the profitability variable has no and no effect on stock prices, the leverage variable also shows that there is a negative and significant effect on stock prices, the firm size variable has a positive and significant effect on stock prices. With the Determination Coefficient (Adjusted R2) the influence of the variable profitability, financial leverage, and company size is 26.6%. while 73.4% is influenced by other variables. The benefit of this study is to provide additional information for researchers who will develop knowledge in the field of financial accounting.*

1   INTRODUCTION

The development of investment is currently getting more advanced, one of which is investing in the capital market. Many investors are active in developing investments at this time, by looking at the company's internal progress through financial performance. Investors will choose good stocks to invest in so that they will generate maximum profits. By measuring the performance of the company, it focuses on earning from the company's operating activities that utilize its assets because this shows that the company's profitability increases so that the stock price also increases.

The stock price is the first step that investors will take before making an investment decision, so that investors do not suffer losses. Therefore, investors must be able to understand the condition of the company's financial statements so that their investment returns provide high returns.

Profitability has an important meaning for the company in maintaining long-term survival. In Dewi's (2019) study, it was explained that profitability had an effect on stock prices, while research by Darmawan (2018) revealed that profitability had no effect on stock prices.

Leverage reveals that a company that has a debt that is greater than its own capital means that the company has a higher level of leverage. In Sari's research, Jariyah and Hidayat (2019) revealed that leverage has an effect on stock prices, while research by Saprudin (2019) found that leverage has no effect on stock prices.

Company size describes the size of a company which will be measured by the log of total assets. There are several studies that still show inconsistencies in results, including research by Wijaya (2017) that company size has a significant and significant effect on stock prices, but the results are different from research conducted by Nurlita, Yunita, Robiyanto (2018) which shows company size has no effect on price. stock.

Based on the background of the problem described above, the researcher intends to examine "the factors that influence share prices in insurance companies listed on the IDX". This observation is limited to the factors that control the stock price, namely profitability, leverage and company size. The formulation of the problems and objectives in this study are whether there is an effect of profitability, leverage, company size on stock prices and a reference for investors to invest in one of the insurance companies on the IDX during the 2014-2018 period.

.

2   LITERATURE REVIEW

Signaling Theory

Signaling Theory is a company executive who has information about a company that will encourage to convey information to investors whether or not to invest in the company concerned and about the price or volume of shares regarding taking proof of share taking (Suwardjono, 2005).

Stock Price

The share price is the share value that is regulated by the market mechanism with the power of the buying and selling of certain shares and the selling price from one investor to another. The share price is calculated from the closing price (closing price) at the end of the transaction year (Jogiyanto, 2008). The stock price will continue to be monitored by investors and potential investors, because the stock price has a huge influence on the benefits that will be obtained. The higher the stock price of a company, the higher the value of the company.

Profitability

Profitability is a ratio that describes the company's ability to earn profits (Kodrat and Indonanjaya, 2010: 239). This ratio can be measured by the rate of return on investment that has been made by the company by using all the funds (assets) it owns. According to Darmawan (2018) calculating return on assets (ROA) is:

$$ROA = \frac{Net\ Profit\ After\ Tax}{Total\ Assets}$$

Leverage

According to Zaki, Islahuddin and Shabri (2017) leverage is a description of being able to use assets to have fixed expenses that will use assets to increase the level of income for company owners. This ratio is used to assess the coverage of capital to pay debts. This ratio is important for investors and potential investors to assess the company's ability to pay debts with the capital owned by the company. Leverage is measured using a debt to equity ratio (DER). The Debt to Equity Ratio according to Arison (2019) is calculated using the following formula:

$$DER = \frac{Total\ Debt}{Total\ Equity}$$

Company Size

The size of the company is a balance of the size of the company which is obtained by varying things, including the overall sales, overall assets and the average sales stage of the company. According to Hutabarat (2019) Company size can be calculated using the following formula:

$$Firm\ Size = (Ln)\ Total\ Assets$$

Framework

Profitability

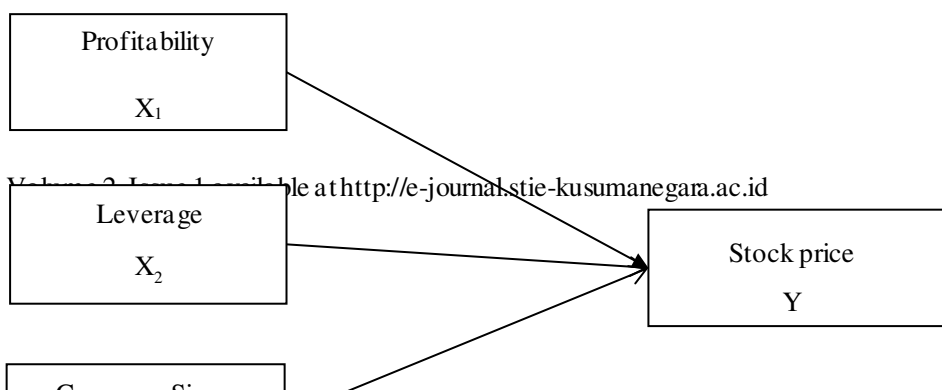X_1

Leverage

X_2

Stock price

Y

Figure 1. Framework

Research Hypothesis

Based on previous research and theoretical review, it can be concluded that the hypothesis in this study are:
1. Effect of profitability on stock prices
   This research was conducted by Dewi (2019) that profitability has an effect on stock prices. Which shows that the profitability to measure the effectiveness of the company so as to generate profits
   H1: Profitability affects stock prices
2. Effect of leverage on stock prices
   Research shows that financial leverage often uses a larger proportion of debt which can affect stock prices and vice versa if debt decreases it will increase share prices. This research was conducted by Sari, Jariyah and Hidayat (2019) showing the results that leverage has an effect on stock prices.
   H2: Leverage has an effect on stock prices
3. The influence of company size on stock prices
   This research shows that company size is often used as a benchmark because it has a very good performance so that many investors buy shares with a relatively stable market share. In the research of Hutabarat et al (2019), the results show that company size affects stock prices.
   H3: Firm size has an effect on stock prices.

3   METHODOLOGY

This study is a quantitative study that uses data analysis with statistical characteristics in order to test the specified hypothesis. The assessment is in the form of associative, which is an assessment used to determine the relationship between independent and dependent variables. This study uses secondary data quoted from the financial statements of insurance companies listed on the IDX during the 2014-2018 period.

In this study, the study selected the population of insurance companies listed on the IDX during the 2014-2018 period. The purposive sampling method is used to take the sample to be carried out, namely the population taken from this sample is a population that includes the sample criteria to be tested on researchers according to the reasons for the estimate. The criteria that acted as samples in this study were as follows:
1. An insurance company listed on the IDX that has delivered a complete annual report for a period of five years in line with the required study time, namely 2014-2018.
2. An insurance company listed on the IDX during the 2014-2018 period which generated profits for a period of five years.

Research instrument in the form of documentation. Annual report of insurance companies listed on the IDX during the period 2014-2018. In checking the hypothesis, multiple linear analysis is performed with the aim of understanding the significance of the relationship between the independent variable and the dependent variable being tested.

Multiple Linear Regression Analysis Test

$$Y = \alpha + \beta ROA\,(X1) + \beta DER\,(X2) + \beta SIZE\,(X3) + e$$

Information:

Y = Stock Price (Closing Price)
a = Constant
b1-b3 = Regression Coefficient
X1 = Profitability
X2 = Leverage
X3 = Company Size
b1b2b3 = Regression Coefficient
e = Disturbing variable

After that, test the hypothesis using 3 (three) test tools, namely the coefficient of determination (R2) which is used to assess how much the independent variable played in this study can describe its impact on the dependent variable. The F statistical test explains in order to find out whether there is a joint independent variable tested in the assessment of the dependent variable. The t statistical test is used to assess the relationship between each independent variable and the dependent variable Ghozali (2016).

4 FINDINGS AND DISCUSSION

From table 3 the sig value is stated at 0.086, it can be concluded that the data is normally distributed.

From table 4 it is known that all independent variables have a tolerance value > 0.1 and VIF < 10, so the variables in this study meet the multicollinearity requirements.

Based on the results of the autocorrelation test in Table 5 above, it can be concluded that the unstandardized residual variable does not have autocorrelation symptoms, because the residual unstandardized variable has a sig > 0.05.

The heteroscedasticity test above can be concluded that the profitability, leverage and company size used in this study as independent variables do not occur heteroscedasticity symptoms, because all independent variables have a significance value > 0.05.

From the table above, the multiple linear regression equation is:
Y = -5299,663 + 17068,117 X1 -207,098 X2 + 274,273 X3 + e
Information :
Y = Stock Price (Closing Price)
a = Constant
b1-b3 = Regression Coefficient
X1 = Profitability
X2 = Leverage
X3 = Company Size
b1b2b3 = Regression Coefficient
e = Disturbing variable

From the regression equation model, it can be concluded that if kotansta is -5299.663 it can be concluded that if all the independent variables have a value of 0, then the stock price is 5299.663. the profitability regression coefficient is negative at 17068,117. It can be concluded that if the profitability variable increases by 1% with the assumption that the other variables are constant, it will be followed by a decrease in stock prices of 17068.117. The leverage regression coefficient is negative at -207.098. It can be concluded that if the leverage variable increases by 1% with the assumption that the other variables are constant, it will be followed by a decline in stock prices of 207.098. the regression coefficient of firm size is positive at 274,273. It can be concluded that if the

variable company size increases by 1% with the assumption that the other variables are constant, it will be followed by an increase in stock prices of 274,273.

Based on table 8, it can be seen that the number of Fcount> Ftable and the amount of significance <0.05, which means that the model is suitable for use in testing the impact of the independent variable on the dependent variable.

Based on table 9, the partial test above shows that profitability and leverage have no effect on stock prices. And company size has an effect on stock prices.

The value of Adjusted R Square means that the three independent variables only affect the stock price of 26.6%. However, the 73.4% lag was caused by variables other than in this study.

Tests that have been conducted show that the independent variables profitability, leverage and company size have an impact simultaneously on stock prices.

The first hypothesis testing is stated if the profitability variable has no effect on stock prices. This means that an increase in profitability is not always followed by an increase in stock prices. Concurrent matter with Darmawan's (2018) study reveals that profitability has no effect on stock prices.

The second hypothesis testing is stated if leverage has a negative impact on stock prices. Which means that a high level of liability will make it more difficult for the company to predict the company's future path. The greater the debt the company has, the tighter the supervision will be exercised by creditors. The findings of this study are consistent with the study of Sari et al. (2019), which suggests that if the leverage variable affects stock prices and explains that a high level of liability will be more difficult in predicting the company's future course of action. The greater the debt the company has, the tighter the supervision will be exercised by creditors.

The third hypothesis assessment is obtained if company size has a positive impact on stock prices. The results of this study indicate that a large company size is a guarantee for the company that will provide income to investors. The increase in assets followed by an increase in operating results will further increase the confidence of outsiders in the company. With the increasing trust of outsiders in the company. So that the greater the size of the company, the more it will increase the stock price. The resulting assessment is in accordance with the study conducted by Wijaya (2017) that company size has a significant and significant effect on stock prices. The larger the company size which can be seen from the total assets, the higher the company's stock price, whereas if the company size is getting smaller, the company's stock price will be lower.

5   CONCLUSION

The purpose of this study is to find the impact of profitability, leverage and company size on stock prices. By using data from 9 companies within 5 years of calculation and reduction of outlier data, as many as 40 data were obtained. Based on the regression analysis, the results show that the profitability variable has no effect on stock prices. Leverage and company size have an effect on stock prices.

The sample companies used in this study are only insurance companies listed on the Indonesia Stock Exchange, therefore the results of this study cannot be generalized to other companies.

In this study, the percentage of the Adjusted R Square test was only 26.6%, so 73.4% was a factor other than these variables that were not observed in this study.

The next researcher should expand the population in insurance companies listed on the IDX so that the research results can be generalized to other sectors.

The next researcher should add or develop research variables related to stock prices such as profitability, leverage and company size.

REFERENCES

Arison, Nainggolan. 2019. EPS, ROE, NPM, DER, PER terhadap harga saham pada perusahaan perbankan yang terdaftar di bursa efek indonesia periode 2014-2017. Jurnal Management Vol. 5 No. 1.

Darmawan, Ari 2018. Analisis Pengaruh Profitabilitas, Likuiditas dan Pertumbuhan Penjualan Perusahaan terhadap Harga Saham dengan Struktur Modal sebagai Variabel Intervening pada Perusahaan Manufaktur di Bursa Efek Indonesia. Jurnal Ilmu Manajemen. Vol.4 No.2.

Dewi, Linda Kania. 2019. Pengaruh Profitabilitas, Leverage dan Likuiditas terhadap Harga Saham pada Perusahaan Industri Makanan dan Minuman di Bursa Efek Indonesia. E-Juornal Katalogis. Vol. 3 No. 8.

Ghozali, Imam. 2016. Aplikasi Analisis Multivariete dengan Program IBM SPSS 23 (Edisi 8). Cetakan ke VIII. Semarang : Badan Penerbit Universitas Diponegoro.

Hutabarat, Ledifraoneva. 2019. Analisis Rasio Keuangan dan Ukuran Perusahaan terhadap Harga Saham Perusahaan Infrastruktur dan Utilitas dan Transportasi di Indonesia. Jurnal Ekonomi dan Ekonomi Syariah. Vol. 2 No. 2.

Jogiyanto, H. 2008. Teori Portfolio dan Analisis Investasi (Book). Yogyakrta : BPFE.

Kodrat, David Sukardi & Kurniawan Indonanjaya. 2010. Manajemen Investasi: Pendekatan Teknikal dan Fundamental untuk Analisis Saham (Book). Yogyakarta: Graha Ilmu.

Nurlita, Yunita dan Robiyanto. 2018. Pengaruh current ratio, DER, NPM dan ukuran perusahaan yang terdaftar di Jakarta Islamic Indeks . Prosidin SENDI_U.

Saprudin. 2019. Pengaruh kepemilikan manajerial, leverage dan profitabilitas terhadap harga saham perusahaan manufaktur. Journal of information system, applied, management, accounting, and research Vol. 3 No.3.

Sari Desi k, Jariyah A dan Hidayat Z. 2019. Determinan Harga Saham pada Perusahaan LQ 45 di Bursa Efek Indonesia. Vol 2.

Suwarjono. (2005). Akutansi Pengantar, Proses Penciptaan Data, Pendekatan Sistem (Book). Jakarta: PT Gunung Agung.

Wijaya. 2017. Kinerja Keuangan dan Ukuran Perusahaan terhadap Harga Saham dengan Kebijakan Deviden sebagai Variabel Intervening. Jurnal Keuangan dan Perbankan. Vol. 21 No. 3.

Zaki, Islahuddin dan Shabri M. 2017. Pengaruh Profitabilitas, Leverage Keuangan dan Ukuran Perusahaan terhadap Harga Saham (Studi pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia Periode 2005 -2014). Jurnal Megister Akutansi. Vol. 6 No. 2

www.idx.com

TABLE

Table 1. Sample Selection

No	Information	Jumlah
1.	Insurance sector companies listed on the Indonesia Stock Exchange in 2014-2018.	16
2.	Insurance sector companies do not publish reports Financial or incomplete data for 5 consecutive years.	(6)
3.	Insurance sector companies that do not receive Profit in 2014-2018.	(1)
	Total sample of companies	9
	Total Observation (5 years x 9)	45
	Outlier	5
Total data were processed		40

Table 2. Descriptive Statistical Test

Information	N	Minimum	Maximum	Mean	Std. Deviation
Y	40	157,00	7250,00	1890,3000	2048,14407
Profitabilitas (X1)	40	0,01	0,09	0,0517	0,02141
Leverage (X2)	40	0,17	14,41	2,0890	2,88876
Ukuran perusahaan (X3)	40	16,93	28,86	24,5763	4,14147
Valid N (listwise)	40				

Table 3. Normality Test Results

Variable	Sig.	Std	Information
Unstandardized Residual	0,086	>0,05	Normal

Table 4. Multicollinearity Test Results

Variable		Tolerance	VIF	Information
Profitabilitas	(X1)	0,997	1,003	Multicollierity does not occur
Leverage	(X2)	0,914	1,094	Multicollierity does not occur
Company Size	(X3)	0,915	1,093	Multicollierity does not occur

Table 5. Runs Test Autocorrelation Test Results

Information	Sig.	Std	Conclusion
Unstandardized Residual	0.149	> 0,05	There is no autocorrelation

Table 6. Heteroscedasticity Test Results

Information	Sig	Std	Conclusion
Profitability	0,841	> 0,05	There is no heteroscedasticity
Leverage	0,584	> 0,05	There is no heteroscedasticity
Company Size	0,076	> 0.05	There is no heteroscedasticity

Table 7. Results of Multiple Linear Regression Analysis

Model	Information	Regression Coefficient (b)
1	Constant	-5299,663
	Profitability	17068,117
	Leverage	-207,098
	Company size	274,273

Table 8. F Test Results

Model	F_{count}	F_{table}	Sig	Std	Information
1	5,720	3,259	0,003	<0,05	Eligible Regression Model

Table 9. t test results

Information	sig	Conclusion
Profitability (X1)	0,202	No effect
Leverage (X2)	0,049	Take effect
Company size (X3)	0,000	Take effect

Table 10. The coefficient of determination (R2)

Model	*Adjusted r square*	Conclusion
1	0,266	Independent variables can be affect the dependent variable