HUMANIS
(Humanities,Management and Science Proceedings)

Vol. 5 • No. 1 • Desember 2024

Pege (*Hal.*) : **71 –77**

ISSN (*online*) : 2746 - 4482
ISSN (*print*) : 2746 - 2250

Special Issue:
ICoMS 2024
The 5th International Confrence on Management and Science

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http://www.openjournal.unpam.ac.id/index.php/SNH

The Effect of Return On Assets (ROA) and Earnings Per Share (EPS) on Share Price at PT. Bank Central Asia (BCA), Tbk for the Period 2014 – 2023

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Abstract

This study aims to determine Return on Assets (ROA) and Earnings Per Share (EPS) on the share price at PT Bank Central Asia, Tbk for the period 2024-2023. The method used is associative with a quantitative approach to determine the relationship between two or more variables. The population in this study is the entire Financial Report of PT Bank Central Asia, Tbk, while the sample used is in the form of an Overview of Important Financial Data and an Overview of Shares and Bonds from PT Bank Central Asia, Tbk for the period 2014 to 2023. The data analysis method uses the E-View 12 application as well as the analysis used in this study, namely Descriptive Analysis, Classical Assumption Test Analysis, Multiple Linear regression analysis, Hypothesis Test, Simultaneous Test, and Coefficient of determination. The results showed that partially Return on Assets (ROA) has a significant negative effect on share prices with a Prob (significance) value of 0.0019. Partially Earnings Per Share (EPS) has a significant positive effect on share prices with a Prob (significance) value of 0.0000. Return On Assets (ROA) and Earnings Per Share (EPS) simultaneously (simultaneously) have a significant positive effect on share prices with a significant value of 0.000.
Keywords : *Return on Assets (ROA); Earnings Per Share (EPS); and Share Price.*

INTRODUCTION

The capital market is one of the important investment instruments in the financial world. The stock market according to Suratna et al (2020,10) Capital Market is a market that operates in an organized manner where there are trading activities of securities such as stocks, equities, debt recognition letters, bonds, and other securities issued by the government and private companies by utilizing the services of intermediaries, commissioners, and underwriters In Indonesia, the Indonesia Stock Exchange (IDX) is a place where company shares are traded, including shares of Bank Central Asia (BCA), which is one of the largest and most influential companies in Indonesia. Investing in the stock market attracts not only individuals, but also large financial institutions, who see the stock market as a means to make profits through share prices movements.

One way to evaluate the performance of a company in the stock market is to analyze financial indicators such as Return on Assets (ROA) and Earnings Per Share (EPS). Return on Assets (ROA) measures the extent to which a company can generate profits from its total Assets. Earnings Per Share (EPS) shows how much profit is generated for each outstanding share. These two indicators are often used by investors to assess a company's performance, as well as future prospects that may influence their investment decisions.

The share price of PT Bank Central Asia Tbk is one of the important indicators in assessing the health of the

company and its attractiveness in the capital market. Fluctuations in the share price of PT Bank Central Asia Tbk can be influenced by various factors, including financial performance reflected in Return on Assets (ROA) and Earnings Per Share (EPS), as well as external factors such as macroeconomic conditions, government policies, and market perceptions of the company's risk and potential.

This study aims to analyze the relationship between Return on Assets (ROA) and Earnings Per Share (EPS) and the share prices of PT Bank Central Asia, Tbk, in the hope of providing deeper insight into the factors that influence the movement of PT Bank Central Asia, Tbk's share prices in the market. With a better understanding of this relationship, investors and market analysts can make smarter decisions in managing their portfolios. So the authors are interested in doing it with the title "The effect of Return on Assets (ROA) and Earnings Per Share (EPS) on share price at PT Bank Central Asia, Tbk for the period 2014 - 2023".

Return on Assets (ROA)

Return on Assets (ROA) measures the company's efficiency in generating profits from its total Assets. The higher the ROA value, the more efficient the company is in using its Assets to generate profits.

$$\text{ROA} = \frac{Profit\ before\ tax}{total\ assets\ (average)}\ x\ 100\%$$

Figure 1 Formula Return on Assets (ROA)

Earnings Per Share (EPS)

Earnings Per Share (EPS) shows how much profit is generated by the company for each outstanding share. The higher the EPS, the more profitable the company is for its shareholders.

$$\text{EPS} = \frac{share\ profit}{Shares\ outstanding}$$

Figure 2 Formula Earings Per Share (EPS)

Share Prices

Share Prices is the value or price set for one share traded on the stock market. According to Zalmi Zubir (Mappadang, 2021: 32), share prices in the market often move together, namely down and up together, although not for all types of shares.

Framework

The framework is the rationale used to write scientific or non-scientific papers. In order for the research to be directed and easy to understand, a thinking model is made in this research process. The framework is as follows :

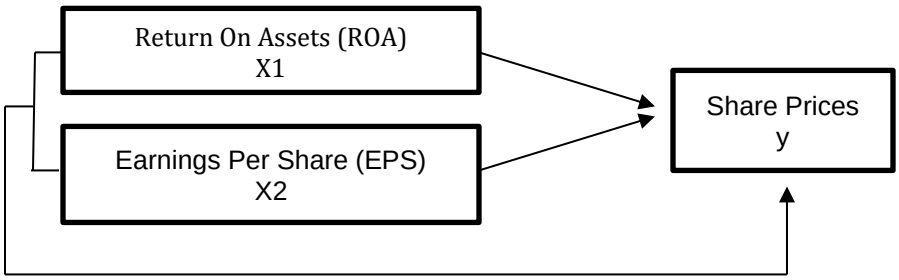


Figure 3 Framework

Development of Hypothesis

Ho1 : Return On Assets (ROA) has no effect on share prices
Ha1 : Return On Assets (ROA) has effect on share prices
Ho2 : Earnings Per Share (EPS) has no effect on share prices
Ha2 : Earnings Per Share (EPS) has effect on share prices
Ho3 : Return On Assets (ROA) dan Earnings Per Share (EPS) has no effect on share prices
Ha3 : Return On Assets (ROA) dan Earnings Per Share (EPS) has effect on share prices

RESEARCH METHODS

This type of research is quantitative associative research, which means that this research aims to determine the relationship between two or more variables. In this study looking for the relationship between the independent variables, namely X1 (Return On Assets) and X2 (Earnings Per Share) on the dependent variable Y (share prices).

The population in this study were all financial statements from PT Bank Central Asia, Tbk. However, in this study sample data was taken, namely in the form of Important Financial Data Highlights and Highlights of Shares and Bonds from PT Bank Central Asia, Tbk for the period 2014 to 2023.

Data analysis methods using the E-View 12 application as well as the analysis used in this study are Descriptive Analysis, Classical Assumption Test Analysis, Multiple Linear regression analysis, Hypothesis Test,

Simultaneous Test, and Coefficient of determination. Multiple Linear regression analysis test to determine the effect of Return On Assets and Earnings Per Share on Share Prices.

DISCUSSION

Research Results

1. Descriptive Analysis

The data used in this research is Time Series Data (time series data), which is data consisting of a set of times that can be daily, weekly, monthly, quarterly, semi-annual, annual, and so on on one object.

Table 1 ROA, EPS, and Share Price Data of PT Bank Central Asia Tbk
Period 2014-2023

Years	ROA(x1)	EPS(x2)	Share Prices (y)
2014	3.90	669.00	13,125
2015	3.80	731.00	13,300
2016	4.00	836.00	15,500
2017	3.90	945.00	21,900
2018	4.00	1049.00	26,000
2019	3.20	1159.00	33,425
2020	2.70	1100.00	33,850
2021	2.80	1275.00	36,500
2022	3.20	1650.00	42,750
2023	3.60	1975.00	47,000

	X1	Y	X2
Mean	3.510000	28335.00	1138.900
Median	3.700000	29712.50	1074.500
Maximum	4.000000	47000.00	1975.000
Minimum	2.700000	13125.00	669.0000
Std. Dev.	0.497661	12239.09	408.9747
Skewness	-0.541525	0.065851	0.878406
Kurtosis	1.754590	1.673096	2.840209
Jarque-Bera	1.135018	0.740842	1.296634
Probability	0.566936	0.690444	0.522925
Sum	35.10000	283350.0	11389.00
Sum Sq. Dev.	2.229000	1.35E+09	1505343.
Observations	10	10	10

Source: E View Output Results

The results of the descriptive analysis of the data above show that the maximum, minimum, mean, and median values for each independent and dependent variable. Independent Variable X1, namely Return on Assets (ROA), the minimum value is 2.7, the maximum value is 4.0, the mean or average value is 3.51, and the media value or middle value is 3.7. Independent variable X2, namely Earnings Per Share (EPS), the minimum value is 669, the maximum value is 1.975, the mean or average value is 1138,9, and the median or middle value is 1.074,5. The dependent variable Y, namely the Share Price, has a minimum value of 13.125, a maximum value of 47.000, a mean or average value of 28.335, and a median or middle value of 29.712,5.

2. Classical Assumption Test Analysis

The classic assumption test is a pre-requisite test in analyzing regression tests. A good regression test model must pass the classic assumption test.

a. Multicollinearity Test

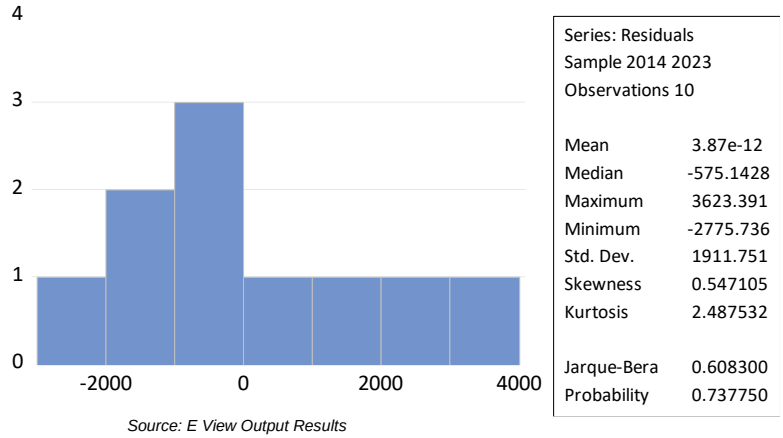
Variance Inflation Factors
Date: 11/21/24 Time: 20:56
Sample: 2014 2023
Included observations: 10

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	45663408	97.17645	NA
X1	2498672.	66.69656	1.185256
X2	3.699848	11.39813	1.185256

Source: E View Output Results

If the VIF value of the independent variable is less than the value of 10, there is no multicollinearity problem. From the data above, the X1 value and X2 value each have a VIF value of 1,185256 (<10), it can be concluded that the multicollinearity test assumptions have been met or passed the multicollinearity test.

b. Normality Test



Source: E View Output Results

Data is said to be the norm if the probabillity value exceeds the alpha value (0.05). The data above shows that the Jarque-Bera Probability value of 0,737750 is more than 0.05, so the data is concluded that the data is normally distributed or the data normality test assumptions have been met (passing the normality test).

c. Heteroscedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey
Null hypothesis: Homoskedasticity

F-statistic	1.061803	Prob. F(2,7)	0.3956
Obs*R-squared	2.327594	Prob. Chi-Square(2)	0.3123
Scaled explained SS	0.848281	Prob. Chi-Square(2)	0.6543

Source: E View Output Results

From the data above, it shows that the Probability Obs * R-squared is 0,3123 which is greater than 0.05, it can be concluded that the heteroscedasticity test assumption has been met or the data has passed the heteroscedasticity test.

d. Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test:
Null hypothesis: No serial correlation at up to 2 lags

F-statistic	8.787238	Prob. F(2,5)	0.0231
Obs*R-squared	7.785109	Prob. Chi-Square(2)	0.0204

Source: E View Output Results

The Probability Obs*R-squared value of 0.0204 is smaller than the value of 0.05, so it can be concluded that the autocorrelation test assumption is not met or the data does not pass the autocorrelation test. Data must pass the autocorrelation test to be able to proceed to linear regression analysis so that a healing method can be carried out using the first difference data transformation method.

Breusch-Godfrey Serial Correlation LM Test:
Null hypothesis: No serial correlation at up to 2 lags

F-statistic	1.320766	Prob. F(2,4)	0.3627
Obs*R-squared	3.579563	Prob. Chi-Square(2)	0.1670

Source: E View Output Results

After transforming the first difference data, the Probability Obs * R-squared value is 0.1670 which is greater than the value of 0.05, so it is concluded that the autocorrelation test has been fulfilled or has passed the autocorrelation test.

3. Multiple Linear regression analysis

Dependent Variable: Y
Method: Least Squares
Date: 11/21/24 Time: 20:36
Sample: 2014 2023
Included observations: 10

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	27120.55	6757.471	4.013418	0.0051
X1	-7642.807	1580.719	-4.835020	0.0019
X2	24.62086	1.923499	12.80004	0.0000

R-squared	0.975601	Mean dependent var	28335.00
Adjusted R-squared	0.968630	S.D. dependent var	12239.09
S.E. of regression	2167.722	Akaike info criterion	18.44407
Sum squared resid	32893139	Schwarz criterion	18.53484
Log likelihood	-89.22033	Hannan-Quinn criter.	18.34449
F-statistic	139.9511	Durbin-Watson stat	0.815513
Prob(F-statistic)	0.000002		

Source: E View Output Results

Equations

$$Y = 27120.55 - 7642.807X1 + 24.62086X2$$

1. The constant value obtained is 27120.55, it means that if the independent variables are considered constant and have no value, the share price is 27,120.55.
2. The regression coefficient value of variable X1 (Return On Assets - ROA) is negative (-), meaning that there is a negative influence between Return On Assets - ROA and share prices. The more the Return On Assets - ROA value increases, the lower the share prices will be. If the value of Return On Assets - ROA increases by 1%, the share prices will decrease by -7,642,807 and vice versa if Return On Assets - ROA decreases by 1%, the share prices will increase by 7,642,807.
3. The regression coefficient value of variable X2 (Earnings Per Share -EPS) is positive (+), meaning that there is a positive influence between Earnings Per Share -EPS and share prices. The more the Earnings Per Share -EPS value increases, the share prices will increase. If the value of Earnings Per Share -EPS increases by 1%, the share prices will increase by 24.62086, and vice versa if Earnings Per Share -EPS decreases by 1%, the share prices will decrease by 24.62086.

Analysis of F Test Results (Simultaneous)

The basis for decision making for the F Test is:

1. If Fcount < Ftable then H0 is accepted and Ha is rejected
2. If Fcount > Ftable, then H0 is rejected and Ha is accepted.

Or you can use the significance value:

1. If the probability value < 0.05 then H0 is rejected and Ha is accepted
2. If the probability value > 0.05 then H0 is accepted and Ha is rejected

F Table
dF1 = k-1 = 3-1 = 2
df2 = n-k = 10-3 = 7
then f table 4,737

It is known that the F-statistic value is 139,9511 with a Prob (F-Statistic) value of 0,000002 less than 0.05.
Fcount > Ftable = 139.951 > 4.737 then H03 is rejected and Ha3 is accepted.
The siginifakn value is 0.000 < 0.05, so it has a significant impact on the share prices.
Ha3 is accepted Return On Assets (ROA) and Earnings Per Share (EPS) simultaneously have a significant

positive effect on share prices.

Analysis of the Test Results of the Coefficient of Determination

It is known that the Adjusted R Square value is 0.968630, it concludes that the contribution of the influence of the independent variables ((Return On Assets-ROA and Earnings Per Share-EPS) on the dependent variable (Share Price) simultaneously is 96.8630%. While the remaining 3.1370% is influenced by other variables outside the study.

Analysis of T Test Results (Hypothesis Test)

Test t (Partial Test)

1. If tcount < ttable, then H0 is accepted and Ha is rejected
2. If tcount> ttable, then H0 is rejected and Ha is accepted.

Or you can use the significance value:

3. If sig < 0.05 then H0 is rejected and Ha is accepted (significant)
4. If sig > 0.05 then H0 is accepted and Ha is rejected (not significant)

dF = n-k = 10-3 = 7

then t table = 2.365

1. Variable X1 (Return on Assets - ROA) has a t-Statistic of - 4.835020 with a Prob (significance) value of 0.0019 less than 0.05
   tcount < ttable -4.835 > 2.365 then H0 is rejected and Ha is accepted
   significant value of 0.000 <0.05, so it has a significant effect on share prices
   Ha1 is accepted Return On Assets (ROA) partially has a significant effect on share prices
2. The X2 variable (Earnings Per Share - EPS) has a t-Statistic of 12.80004 with a Prob (significance) value of 0.0000 less than 0.05.
   tcount > ttable = 12.800> 2.365 then H0 is rejected and Ha is accepted
   significant value of 0.000 <0.05, so it has a significant effect on share prices
   Ha2 accepted Earnings Per Share (EPS) partially has a significant effect on share prices

CONCLUSION

1. The t test results (partial) Return on Assets (ROA) has a t count of - 4.835020 with a Prob (significance) value of 0.0019, meaning that partially Return on Assets (ROA) has a significant negative effect on the share price of PT Bank Central Asia Tbk with the period 2014 to 2023.
   Ha1 is accepted Return on Assets (ROA) partially has a significant effect on share prices.
2. The t test results (partial) Earnings Per Share (EPS) has a t count of 12.80004 with a Prob (significance) value of 0.0000, meaning that partially Earnings Per Share (EPS) has a significant positive effect on the share prices of PT Bank Central Asia Tbk with the period 2014 to 2023.
   Ha2 accepted Earnings Per Share (EPS) partially has a significant effect on share prices
3. The results of the F test (simultaneous) Return on Assets (ROA) and Earnings Per Share (EPS) have a t count of 139,951 with a Prob (significance) value of 0.000, meaning that simultaneously Return on Assets (ROA) and Earnings Per Share (EPS) have a significant effect on the share price of PT Bank Central Asia Tbk with the period 2014 to 2023.
   Ha3 is accepted Return on Assets (ROA) and Earnings Per Share (EPS) stimultaneously (simultaneously) have a significant positive effect on share prices

ADVICE

1. Increasing the Return On Assets (ROA) value, the company must be able to streamline the use of Assets to generate higher profits.
2. Earnings Per Share (EPS) value which has a positive effect on share prices so that to increase the company's share prices the company must be able to increase net income and streamline costs.
3. Companies to be able to actively communicate with investors on business strategies and transparency regarding financial reports so that they can improve company performance, one of which is with Return On Assets (ROA) and Earnings Per Share (EPS) so that it can increase the company's share price.

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