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THE INFLUENCE OF RETURN ON ASSETS AND LIQUIDITY ON STOCK PRICES OF TECHNOLOGY SECTOR COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE PERIOD 2016-2020

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Abstract

Analysis of the Effect of Return on Assets and Liquidity on stock prices of Technology sector companies on the Indonesian Stock Exchange for the 2016-2020 period research objectives (1) To determine the effect of Return on Assets on stock prices of technology sector companies on the Indonesia Stock Exchange for the 2016-2020 period. (2) To determine the effect of liquidity on the stock prices of technology sector companies on the Indonesia Stock Exchange for the 2016-2020 period. (3) To determine the effect of Return on Assets and Liquidity on the stock prices of technology sector companies on the Indonesia Stock Exchange for the 2016-2020 period.

The research method uses multiple regression with a sample size of 7 technology sector companies Research results (1) There is a positive and significant influence between Return on Assets (ROA) on the stock prices of technology sector companies on the Indonesia Stock Exchange for the period 2016 - 2020. (2) There is no influence on Liquidity, on the stock prices of technology sector companies on the Indonesia Stock Exchange for the period 2016 – 2020. (3) 3. There is an influenceReturn On Asset (ROA) and Liquidity together on Technology stock prices on the Indonesia Stock Exchange for the 2016 – 2020 period.

Keywords: Stock price, Return On Assets, Liquidity

1. INTRODUCTION

The existence of the capital market will increase choices in meeting funding needs, especially long-term funding, so that company decisions in spending become more varied and the company's capital structure becomes more optimal.

For investors, the existence of the capital market will increase investment choices so that opportunities to optimize profits are increasingly open. In Indonesia itself there is a capital market known as the Indonesian Stock Exchange (BEI). IDX is a forum where brokers and dealers meet to buy and sell securities (stocks and bonds) with the aim of trading securities between them. Apart from being an indicator of the country's economy, the capital market also plays an important role in helping companies obtain additional sources of funding.

In their efforts to obtain optimal profits, investors who choose to invest in stocks are faced with the choice of maximizing return at various levels of risk or minimizing risk at various levels of return.

Return is the result obtained from an investment.Return stocks are obtained from the increase difference (capital gains) or the difference in decrease (capital loss). Capital gains or capital loss itself is obtained from the difference in the current investment price relative to the price of the previous period. Therefore Return What investors earn will increase when stock prices rise and decrease when stock prices fall.

According to Hery (2016: p. 192) the Return on Assets ratio is a ratio used to measure a company's ability to generate profits from normal business activities. Return on Assets ratios that are often used include:profit margin (Profit Margin On Sales), Return On Investment (ROI), Return On Equity (ROE), Return On Asset (ROA) and profit per stock. In this research, the focus is only on the use of ratiosReturn On Asset (ROA), because the author wants to see the extent of the company's ability to generate profits that stockholders can obtain from the assets owned by the company.

Liquidity ratios are ratios that are included to measure a company's liquidity or the company's ability to fulfill all company obligations at their maturity. The company must have current assets which must be much greater than current liabilities which must be paid immediately. Investors tend to avoid risk, by investing in liquid companies this means an investor has tried to avoid risk.

Research on ROA and Liquidity on stock prices is not yet consistent. Research conducted by Dinda Alfianti A, and Sonja Andarini (2017) Yuliana and Rini Tri Hastuti (2020) Achmad Syaiful Susanto (2021) Tri Wahyuni, Arista Natia Afriany, Anindita Imam Basri (2021) states that ROA has a positive effect on stock prices

Similar to research conducted by Reza Risyaldi, Kania Nurcholisah, Nurhayati (2019), Dwi Fitrianingsih, Yogi Budiansyah (2018) Liquidity has a positive effect on stock prices, in contrast to Dinda Alfianti A, and Sonja Andarini (2021). states that ROA has a negative effect on stock prices

Rinny Meidiyustiani, and Hakam Ali Niazi (2021), Neni Nur'aeni, and Gusganda Suria Manda (2021) Liquidity has a negative effect on stock prices

Based on this background description, this research examines stock prices using Return on Assets and liquidity, aiming to explain "The Influence of Return on Assets and Liquidity on Stock Prices of Technology Sector Companies Listed on the Stock Exchange for the 2016-2020 Period)".

2. IMPLEMENTATION METHOD

Research that aims to determine the relationship between two or more variables. The type of research used in this research is associative research, namely research carried out to determine the relationship between two or more variables. This research was conducted in the corner of the Indonesian Stock Exchange using the website address www.idx.co.id and by accessing the websites of each technology sector company to download annual financial reports. This research was conducted by the author in October 2021.

Population is the totality of all objects or individuals that have certain, clear and complementary characteristics to be studied (research material). Objects or values are called units of analysis or population elements. The units of analysis can be people, companies, production results, households, and agricultural land. The population in this research is all stocks of technology sector companies listed on the Indonesia Stock Exchange during the 2016-2020 period.

Table 2.1
List of Technology Sector Companies on the IDX

No	Code	Company name	Recording Date
1.	ATIC	Anabatic Technologies Tbk.	08/07/2015
2.	CASH	Cashlez Worldwide Indonesia Tbk.	04/05/2020
3.	DIVA	Nusantara Tbk Voucher Distribution.	27/11/2018
4.	DMMX	Digital Mediatama Maxima Tbk.	21/10/2019
5.	EMTK	Eagle Mahkota Teknologi Tbk.	12/01/2010
6.	ENVY	Envy Technologies Indonesia Tbk.	08/07/2019
7.	GLAVE	Galva Technologies Tbk.	23/12/2019
8.	HDIT	Hensel Davest Indonesia Tbk.	12/07/2019
9.	STALL	Kioson Commercial Indonesia Tbk.	05/10/2017
10.	CRANE	Kresna Graha Investama Tbk.	28/06/2002
11.	LMAS	Limas Indonesia Makmur Tbk.	28/12/2001
12.	LUCK	Sentral Mitra Informatika Tbk.	28/11/2018
13.	MCAS	M Cash Integration Tbk.	01/11/2017
14.	MLPT	Multipolar Technology Tbk.	08/07/2013
15.	MTDL	Metrodata Electronics Tbk.	09/04/1990
16.	NFCX	NFC Indonesia Tbk.	12/07/2018
17.	PGJO	Tourindo Guide Indonesia Tbk	08/01/2020
18.	PTSD	Sat Nusapersada Tbk.	08/11/2007
19.	SKYB	Nortchliff Citranusa Indonesia Tbk.	07/07/2010
20.	TECH	Indosterling Technomedia Tbk.	04/06/2020
21	TFAS	Telefast Indonesia Tbk.	17/09/2019

Source :www.idx.co.id

A sample is a part of a population taken through certain methods which also has certain, clear, complete characteristics, which are considered to represent the population. Sample selection in this research was carried out randomly Purposive Sampling.

Table 2.2
Sample Criteria

Sample Criteria	Number of Companies

Technology Sector Companies Listed on the IDX based on 2016	21
Companies that have not conducted an IPO in the last 5 years	(13)
Companies that remain on the IDX during the 2016 - 2020 period	(1)
Sample companies	7

Source :www.idx.co.id

Based on the criteria above, the technology sector companies in 2016-2020 that will be used as samples in this research are as follows:

Table 2.3
Research Sample Companies

No	Company name	Company Code
1.	Anabatic Technologies Tbk.	ATIC
2.	Eagle Mahkota Teknologi Tbk.	EMTK
3.	Kresna Graha Investama Tbk.	CRANE
4.	Limas Indonesia Makmur Tbk.	LMAS
5.	Multipolar Technology Tbk.	MLPT
6.	Metrodata Electronics Tbk.	MTDL
7.	Sat Nusapersada Tbk.	PTSD

Source :www.idx.co.id

The data used in this research is secondary data in the form of annual financial reports of technology sector companies listed on the Indonesia Stock Exchange during the observation period 2016 - 2020. This secondary data was collected using the documentation method. Data was obtained via internet access www.idx.co.id and the company website. From this data, quantitative data is obtained in the form of annual financial report data that has been published by the company on the Indonesian Stock Exchange.

This research uses secondary data for all variables, namely the components that form Return on Assets and liquidity which consists of Return On Asset and Liquidity. The data analysis technique used in this research is calculating liquidity, return on assets and stock returns, then

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carrying out the classic assumption test. Multiple linear regression analysis then carries out Hypothesis Testing, namely Partial Test (T test) and Simultaneous Test (F Test) and then looks for the Coefficient of Determination.

3. RESULTS AND DISCUSSION

3.1 Influence Return on Asset to the Stock Price.

X1 (Return on Asset) (t count > t table = 2,565 > 1.6923) with a significance of 0.015 < 0.05 (5%). This means that variable X1 (ROA) has a partial effect on the stock price (Y) of technology sector companies on the IDX.

3.2 Influence Liquidity to the Stock Price.

X2(Liquidity) (t count > t table = -0.1780 > 1.6923) with a significance of 0.085 > 0.05 (5%). This means it is variable Liquidity has no effect on the stock prices of technology sector companies on the IDX.

3.3 Influence Return on Asset, Liquidity to the Stock Price.

The F test is carried out by comparing the calculated F value with the F table. The F table with a significance of 5% obtained by the formula df (n-k-1) = df (32) is a sig value of 0.27 which is smaller than 0.05. There is an influence of Return On Asset and Liquidity simultaneously on the stock prices of technology sector companies on the IDX.

4. CONCLUSION

1. There is a positive and significant influence between Return on Assets on the stock prices of technology sector companies on the Indonesia Stock Exchange for the 2016 - 2020 period.
2. There is no influence of Liquidity on the stock prices of technology sector companies on the Indonesia Stock Exchange for the 2016 – 2020 period.
3. There is an influence of Return On Asset and Liquidity simultaneously on the stock prices of technology sector companies on the IDX.

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