EFFECT OF RETURN ON EQUITY (ROE) AND CURRENT RATIO (CR) ON STOCK PRICE (Research on Automotive Sub Sector Companies and Components Registered at Indonesia Stock Exchange (IDX) Period 2010 - 2014)

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ABSTRACT

Share price of one of the financial instruments traded in Indonesia capital market. In assessing stock prices, financial ratios can help investors analyze the company's financial potential in the future. To analyze stock prices, investors can use fundamental analysis that focuses on the performance of the company. Return On Equity and Current Ratio is an important indicator in fundamental analysis which is often used by investor in choosing a stock. The purpose of this study is to determine (1) the magnitude of the effect of Return On Equity on Stock Price, and (2) the magnitude of the effect of Current Ratio on Stock Price.

Determination of sample using technique Purposive sampling. The sample used in this research is financial report that is: balance sheet and profit and loss report from 13 companies in Automotive Company and Components listed in Indonesia Stock Exchange 2010-2014 period as many as 35 sample. The method used in this research is descriptive verification method with quantitative approach. The analysis method used is Multiple Linear Regression Analysis.

The results showed, Return On Equity effect on Stock Prices On Sub Sector Company Automotive And Components Listed In Indonesia Stock Exchange, and Current Ratio Influence On Stock Price On Sub Sector Company Automotive And Components Listed In Indonesia Stock Exchange.

Keywords: Return On Equity, Current Ratio, Stock Price

I. Introduction

Profitability ratios are also called efficiency ratios or ratios used to measure the efficient use of company assets, but it is also used to link with successful sales created, there are companies that take relatively high profits and some are relatively low (Bambang Wahyudiono, 2014: 81).Pada umumnya, parameter kelabaan (profitabilitas) dapat dikatakan sebagai parameter yang paling menentukan keputusan investor dalam memilih suatu saham (Dominic, 2009:53).

Return On Equity as one of profitability ratios able to reflect the extent to which investment will be done by investors in a company can provide returns as expected by investors (Hasanah, 2008). The relationship between the stock price should be (intrinsic value) and Return on Equity (ROE) is positive, ie the greater the result of equity, the greater the price of the stock (David & Kurniawan, 2010: 283). Return on Equity (ROE) is an important ratios for owners and shareholders because the ratio shows the company's ability to manage capital from shareholders to earn net profit (Lestari, Lutfi and Syahyunan, 2007: 5). Meanwhile, according to Chrisna (2011: 34) Increase in Return on Equity is usually followed by a rise in stock prices of these companies. The higher ROE means the better the performance of the company in managing its capital to generate keutungan for shareholders.

In addition to ROE, Liquidity is one factor that can drive stock price changes. According to Rusdin (2008), the ratio of liquidity is the ratio used to measure the ability of companies to pay short term debts. Company liquidity can be measured by current ratio. According to Lilis Puspitawati and Fitrya Afianty (2015), debt ratio measures the proportion of total assets financed

by corporate debt. Current ratio shows the ability of the company to repay the current debt using its current assets (Sudana, 2011).

The following is a table of return on equity (ROE) development in one of the Automotive Sub-Sector Companies and the Worst Components of Indonesia Stock Exchange (IDX) Period 2010-2014.

Tabel 1.1
Return On Equity and Share Price of Automotive Subdivision and Component Company at BEI Period 2010 - 2014

Company Code	Year	*Reurn on Equity* (ROE)	Info.	Stock price	Info
GJTL (Gajah Tunggal Tbk)	2010	23,60%	-	-	-
	2011	15,43%	↓	3000	-
	2012	20,67%	↓	2225	↓
	2013	2.10%	↓	1680	↓
	2014	4.51%	↑	1425	↓
	2015	-5,80%	↑	750	↓

In 2014 Gajah Tunggal Tbk (GJTL) shows that the return on equity has increased. Return on Equity (ROE) 2.10 in 2013 to 4.51 in 2014, but not followed by a rise in stock prices in the next year.

While below is the development of current ratio (CR) in some Automotive Sub-Sector Companies and Components of the Indonesia Stock Exchange (BEI) Period 2010-2014.

Tabel 1.2
Current Ratio and Stock Price at Sub Automotive and Infrastructure Sector Companies in BEI Period 2010 - 2014

Company Code	Year	*Current Ratio* (CR)	Info.	Stock price	Info.
GJTL (Gajah Tunggal Tbk)	2010	180,00%	-	-	-
	2011	174,93%	↓	3000	-
	2012	171,99%	↓	2225	↓
	2013	230,88%	↑	1680	↓
	2014	201,63%	↓	1425	↓
	2015	177,80%	↓	750	↓
INDS (Indospring Tbk)	2010	139,50%	-	-	-
	2011	240,4%	↑	3500	-
	2012	233,39%	↓	2473	↓
	2013	385,59%	↑	2140	↓
	2014	291,22%	↓	1600	↓
	2015	223,13%	↓	350	↓

Sumber Data : IDX.CO.ID (data diolah)

Current Ratio (CR) 171.99 in 2012 to 230.88 but stock prices in 2014 decreased. It also happened to Indospring Tbk (INDS) in 2013 that Current Ratio (CR) has increased. Current Ratio (CR) 233.39 in 2012 to 385.59 in 2013 but the stock price in the next year or in 2014 decreased.

II. Literature Review, Framework for Thinking and Hypotheses

Return On Equity (ROE)

According to Cashmere (2016: 204) defines Return On Equity (ROE) as follows:

"Return on Equity or return on equity is the ratio to measure net income after tax with own capital. This ratio shows the efficiency of capital use. The higher the ratio, the better. This means that the position of the owner of the company is getting stronger, and vice versa ".

According to Kashmir, (2016: 204) the formula for finding Return On Equity can be used as follows:

$$\text{Return On Equity} = \frac{\text{Earning After Interest and Tax}}{\text{Equity}}$$

Based on the above statement - statement can be concluded that Return On Equity (ROE) as a measure of investment returns for shareholders. The higher the ratio then the position of the company will be better and vice versa if the ratio of the company is lower then the worse the position of the company.

Current Ratio (CR)

Based on the above statement - statement can be concluded that Return On Equity (ROE) as a measure of investment returns for shareholders. The higher the ratio then the position of the company will be better and vice versa if the ratio of the company is lower then the worse the position of the company.

$$\text{Current Ratio} = \frac{\text{Aktiva Lancar (}\textit{Current Assets}\text{)}}{\text{Utang Lancar (}\textit{Current Liabilities}\text{)}}$$

Based on the above statement, it can be concluded that Current Ratio (CR) or current ratio is ratio used by company to measure company ability to pay short term obligation or compare current assets owned by company with short term debts and show the extent of current liabilities covered by assets.

Stock price

According Sawidji Widoatmodjo (2012: 45), defines that the stock price is the price or value of money willing to be issued to obtain on a stock.

Framework

Influence Return On Equity (ROE) Against Stock Price

In a company that maintains a high and consistent ROE that results in your invesment in the form of shareholders' capital will grow at a high annual growth rate, so that it will lead to a high stock price in the future (Irham Fahmi, 2013: 158) .

Based on the above framework then it can be concluded that the higher Return On Equity of a company then the stock price of the company will also be high and show the better performance of the company in managing its capital to generate profits for shareholders.

Influence of Current Ratio (CR) Against Stock Price

In his research Mohd.Ihsan (2009) concluded that the ratio of liquidity curent ratio gives an influence in determining stock prices, because liquidity is an important factor in determining the amount of dividend in which the dividend payout can raise and lower the stock price if the investor changes expectations of prospects and risks company.

Based on the above framework can be concluded that the higher Current ratio of the company, the higher also the level of investor confidence and indicate the rate of return on increased capital, investors will be interested. So the demand for the company's shares will increase and raise the stock price because the total demand of such shares is greater than the amount of its offer.

To better understand the framework of thinking in this study, it can be described the research paradigm that shows the relationship between variables in this study as follows:

Hypothesis

According Sugiyono (2010: 64) defines the hypothesis as follows: Hypothesis is a temporary answer to the formulation of research problems, where the formulation of research problems have been expressed in the form of a question sentence.
Based on the above framework, the researcher assumes a temporary decision (hypothesis) as follows:

H1: Return on equity (ROE) effect on stock prices.
H2: Current Ratio (CR) effect on

III. Objects and Methods

Object of research

Understanding of the object of research according to Husein Umar in Umi Narimawati (2010: 29) is the object of research explaining about what and or who became the object of research, also where and when research conducted. Can also add other things if deemed necessary. Meanwhile, according to Sugiyono (2014: 13), the object of research is a scientific goal to obtain data with the purpose and specific purpose of something object, valid, and reliable about a thing (certain variables). Similarly, according to Supriati (2012: 38), the object of research is the variable studied by researchers in place of research conducted.

From the above explanation can be concluded that the object of research is a thing or object that needs to be determined by researchers in conducting research so that there is clarity about what will be examined. The object of research to be studied in this research is Return On Eqity (X1), Current Ratio (X2) and Stock Price (Y).

Research methods

Descriptive method according to Sugiyono (2012: 7) is a study conducted to describe independent variables, either on one or more variables (independent variables) without making a comparison and look for the relationship of that variable with other variables. While the method of verification by Sugiyono (2012: 8) is a verifikatif method is defined as research conducted on a particular population or sample with the aim to test the hypothesis that has been established.

Operational Variables

According Sugiyono (2017: 38), defines that "Research variable is an attribute or the nature or value of people, objects or activities that have certain variations set by researchers to be studied and then drawn conclusions.
In accordance with the title of this research proposal, "Return On Equity (ROE) and Current Ratio (CR) Against Stock Price On Sub Automotive Sector Companies And Components Listed In Indonesia Stock Exchange (BEI) Period 2010 - 2014", then the variables related in this research are as follows:
1. Variable Free or Independent Variable
According to Sugiyono (2013: 39), independent variables are defined as follows: "The independent variable is the variable that affects or which causes the change or the incidence of the dependent variable (bound)."
2. Related Variables / Dependent (Y)
Definition of Variable Bounded by Sugiyono (2010: 39) is as follows:
"The dependent variable is an influenced variable or a result, because of the independent variables".
Dependent variable or dependent variable (Y) in this research is Stock Price. According Jogiyanto, (2011: 143):

"Share price is the price that occurs in the stock market at a certain moment and the stock price is determined by market participants. The high of this stock price.

Data Sources and Data Collection Techniques

Data source

According Sugiyono (2012: 193), secondary data sources are sources that do not directly provide data to data collectors, for example through others or through documents. Secondary data may be evidence, notes or documents that have been neatly arranged in the published archives.

Sources of data used in this study is secondary data, ie data obtained indirectly by studying the literature or documents related to the financial statements of the studied companies. The study uses secondary data because researchers collect information from data that has been processed by other parties.

Data collection technique

To support the purposes of analyzing this research data, the authors require a large amount of supporting data from within and outside the company. Data collection methods according to Sugiyono (2012: 62), defined as follows: "Data collection methods is the most strategic step in the study, because the main purpose of this study is to obtain data."

Data collection methods used in this study are as follows:

1. Field Research (Field Research)

At this stage, the authors use secondary data in the form of documents in the form of financial statements of banking companies for the period 2010-2014 listed in Indonesia Stock Exchange (IDX) obtained through the representative office of Indonesia Stock Exchange (IDX). Methods of data collection related to issues to be researched from documents owned by the company. Based on this research is expected to get data on Return on Equity (ROE), Current Ratio (CR) and stock price and other information needed in the research.

2. Library Research (Library Research)

This library research is collecting data by studying various literatures, books, similar research results and other media that have links with the issues to be in carefully. In this case the author uses books related to research methodology, and so on. In addition, the authors also use the Internet as a media search information on the theory and data research conducted.

3. Internet Research (Online Research)

Data collection comes from sites related to various information needed in research that is www.idx.co.id.

Population, Sample and Place As Well As Time Research

Population

In general in a study researchers need what is called a population. According Sugiyono (2013: 119) population is "Population is a generalization region consisting of: objects or subjects that have certain qualities and characteristics set by the researchers to be studied and then drawn conclusions.

The population used is the annual financial statements of the Automotive Sub-Sector Companies and Components Registered at the Indonesia Stock Exchange (BEI) Period 2010 - 2014, which is 65 financial statements consisting of 13 companies so the population or N = 13 x 5 (report year financial) = 65 financial reports

Sample

The sample according to Sugiyono (2013: 120) is part of the number and characteristics possessed by the population. Determination of the number of samples to be processed from the population, it must be done with the appropriate sampling technique. The sampling technique used in this study is purposive sampling.

The sample uses the financial statements of 13 companies that are consistently listed on the Indonesia Stock Exchange (BEI) hence taken the sample used in this study is the financial statements namely: balance sheet and profit and loss statements provided from 13 companies consistent belonging to the Company Automotive and Components listed on BEI in accordance with the criteria. Years of observation used in this research for 5 consecutive years, ie from 2010-2014 for balance sheet and income statement, because it has been considered respresentative (representing) to do research test to determine the effect of Return on Assets and Capital with Debt

to growth profit, so the samples used in this research are 35 financial reports of companies (7 x 5) in the form of balance sheet and profit and loss statement, because it is considered to be representative for the research test.

Data analysis method

Data analysis is data processing obtained by using the formula or with the rules that exist in accordance with research approach (Suharsimi Arikunto, 2006: 239). In this study, researchers conducted an analysis of data that has been described by using the method:

Classical Assumption Testing

Testing of whether or not there is a violation of the classical assumptions that are fundamental in multiple linear regression models. This is done before testing of the hypothesis. Classic assumption tests include:

1. Residual Data Normality Test

The normality test is useful to know whether the independent or dependent variable or both are normally distributed, close to normal, or not. If the data is normally distributed then the regression model can be used. To detect whether the data is normally distributed or can not be known by describing the spread of data through a graph. If the data spreads around the diagonal line and follows the direction of the diagonal line, the regression model used meets the asusmsi normality.

Basic decision-making can be done by looking at the probability numbers, namely:

a. If the probability is> 0.05 then the distribution of the population is normal.

b. If the probability <0.05 then the distribution of the population is not normal.

2. Multicollinearity test

According Husein Umar (2011: 177) defines multicollinearity test as follows: "Multicolinearity is to know whether the regression model found a correlation between independent variables".

If there is a strong correlation, then there is a multicollinearity problem that must be addressed. A good regression model is that there is no multicolinearity or no correlation between independent variables. The multicoloniearity test can be seen from the following things:

a. The tolerance value and the opponent

b. Variance Inflation Factor

If the tolerance value is greater than 0.1 or the variance inflation factor value is less than 10, it can be said that the data does not have multicolinearity.

3. Autocorrelation Test

The purpose of the autocorrelation test is to test whether in the linear regression model there is a correlation between the confounding error in period t with the intruder error in period t-1 (previous). Autocorrelation problems are often found in time series data. A good regression model is free of autocorrelation (Imam Ghozali, 2013: 110). This study will use Run Test in detecting the presence or absence of autocorrelation. It is said that the regression model does not have autocorrelation if the significance of Run Test is not significant (greater than 0.05).

The basis of decision-making whether or not autocorrelation is as the objective of the autocorrelation test is to test whether in the linear regression model there is a correlation between the confounding error in period t with the intruder error in period t-1 (previous). Autocorrelation problems are often found in time series data. This study will use Run Test in detecting the presence or absence of autocorrelation. It is said that the regression model does not have autocorrelation if the significance of Run Test is not significant (greater than 0.05).

4. Heteroscedasticity Test

Heteroskedasticity test was conducted to find out whether in a regression model, there was an inequality of variance from the residual of a observation to another observation. If the variance of the residula of an observation to another observation remains, it is called homoscedasticity, whereas if it is different it is called heteroscedasticity. A good regression model is a heteroscedasticity model. To see whether or not heteroscedasticity can see the plot plot between the predicted value of the bound variable (ZPRED) and its residue (SDRESID).

Multiple Linear Regression Analysis

According to Berenson et al. in Yuliawati Tan et al. (2008: 211), multiple regression allows a researcher to understand a phenomenon that affects the condition of the dependent variable (Y), since almost all conditions affect a factor, caused by more than one factor independent variable (X). Duwi Priyatno (2012: 217) defines multiple linear regression analysis as follows:

"Multiple linear regression analysis is an analysis to measure the magnitude of the effect between two or more independent variables on one dependent variable and predict the dependent variable using independent variables."

Multiple linear regression analysis that researchers use has a purpose to explain how much influence Return On Equity and Current Ratio to stock prices. The multiple linear regression equation in general in this study are as follows:

$$Y=\alpha+\beta 1X1+\beta 2X2$$

(Husein Umar, 2011:213)

Information :

Y = Stock Price
X1 = Return On Equity
X2 = Current Ratio
A = The constant is the bound value which in this case is Y when the variable variable is 0 (X1 and X2 = 0)
β1 = Multiple regression coefficients between independent variables X1 to dependent variable Y, if other independent variables are considered constant.
β 2 = Multiple regression coefficients between independent variables X2 on the dependent variable Y, if other independent variables are considered constant.

Correlation Analysis

According to Andi Supangat (2007: 339), correlation analysis is the level of relationship between two or more variables. Correlation analysis aims to measure the power of association (relationship) linear between two variables. Correlation also does not show functional relationship. In other words, correlation analysis does not distinguish between the dependent variable and the independent variable. In the regression analysis, the correlation analysis used also shows the direction of the relationship between the dependent variable and the independent variable in addition to measuring the strength of the association (relationship). The general correlation analysis using the following formula:

$$r = \frac{n\left(\sum XiYi\right) - \left(\sum Xi \sum Y\right)}{\sqrt{\{n(\sum X1^2) - (\sum X1)^2\}\{n(\sum Y1^2) - (\sum Y1)^2\}}}$$

Umi Narimawati (2010:50)

Information :

r = Correlation Coefficient
n = Number of Sample
X = Independent Variable
Y = Dependent Variable
The magnitude of the correlation coefficient is -1 <r <1:

a. If - there is a negative relationship
b. If + means there is a positive relationship

Interpretation of correlation coefficient values are:

a. If r = -1 or close to -1, then the relationship between the two variables is strong and has the opposite relationship (if X goes up then Y goes down or vice versa).
b. If r = +1 or close to +1, then the relationship is strong between the variables X and Y and the unidirectional relationship.

Tabel 3.6
Kriteria Koefisien Korelasi

Magnitude of Influence	*Form of Relationship*
0.00 - .019	*Very low*
0.20 – 0.399	*Low*
0.40 – 0.599	*Medium*
0.60 – 0.7999	*Strong*
0.80 – 1.000	*Very strong*

Sugiyono (2009:250)

Coefficient of Determination Analysis

According to Imam Ghozali, (2011: 98) the purpose of Coefficient of Determination (r2) is as follows:

"To measure how far the model's ability to explain variations of independent variables. The value of the coefficient of determination is between zero and one, the small value of r2 means the ability of the independent variables in explaining the variation of the dependent variable is very limited. "

The general correlation analysis using the following formula:

$$Kd = (r)^2 \times 100\%$$

(Umi Narimawati, 2007:89)

Information :
Kd = How far the change of variable Y is used by variable X
r2 = Squares of Correlation Coefficient

Data Testing Method

Partial Test Hypothesis (Test Statistic t)

Hypothesis testing is used to test the truth of a statement statistically and draw the conclusion of whether to accept or reject the statement. As for Imam Ghozali (2013: 98), the statistical test t basically shows how far the influence of one independent variable individually in explaining the variation of the dependent variable. While Sunyoto (2013: 50) states that partial testing is performed to determine the significant or not significant each regression coefficient value (β1 and β2) individually to the dependent variable (Y). Test t can be searched with the following formula:

$$t = r\frac{\sqrt{n-2}}{\sqrt{1-r^2}}$$

Information :
t = Thitung value
r = Correlation Coefficient Value
n = Number of Samples
The steps for performing the Test t are as follows:
a. Determining the hypothesis:
Ho; β1 = 0, There is no significant effect of Return On Equity on Stock Price.
Ha; β1 ≠ 0, There is a significant influence on Return On Equit Value of Stock.
Ho; β2 = 0, There is no significant effect of Current Ratio significant to Stock Price.
Ha; β2 ≠ 0, There is significant influence of Current Ratio to Stock Price.

a. Level of significance:

The significance level used is 0.05 (α = 5%), as it is considered sufficient to represent the relationship of the variables studied and the level of significance used in the study.

- *If significance t count> 0,05, meaning Ho accepted or Ha rejected*
- *If significance t count <0.05, Ho means rejected or Ha accepted*

b. Determining t arithmetic

c. Specify t table

The distribution table t is sought at α = 5%: 2 = 2.5% (2-sided test), with degrees of freedom (df) = n - k - 1

d. Comparing thitung with ttable with criteria:

- *Reject Ho if thitung> ttable at alpha 5% for positive coefficient.*
- *Reject Ho if t count <ttabel at alpha 5% for negative coefficient..*

Kesimpulan Hipotesis



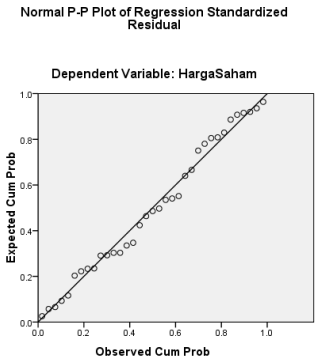
The shaded area is the opposite of rejection. If thitung falls in the area of rejection (acceptance), then Ho is rejected (accepted) and Ha accepted (rejected). This means that the regression coefficient is significant (not significant). In conclusion, Return On Equity and Current Ratio have an effect (no effect) on Stock Price. The level of significance is 5% (α = 0.05), meaning that if Ho is rejected (accepted) with 95% confidence level, then it is likely that the result of the conclusion is 95% true and this indicates the presence (absence) significant effect.

IV. Research Results and Discussion

Classic assumption test is intended to obtain more accurate results in multiple regression analysis then tested the classical assumption so that the results obtained is a regression equation that has properties Best Linear Unbiased Estimator (BLUE).

1. Normality test

It is known that the data distribution is normal if Asymp.Sig value is above 0.05. There is also a result of the normality test seen in graphical form, that is as follows:



2. Multicolinearity Test

Multicollinearity test is a condition where the regression model found a perfect or near perfect correlation between independent variables. In a good regression model there should be no perfect or near perfect correlation between the independent variables (correlation 1 or near 1). To know a free regression model of multicolinearity, that is by looking at the VIF (Variance Inflation Factor) number should be <10 and tolerance> 0.1.

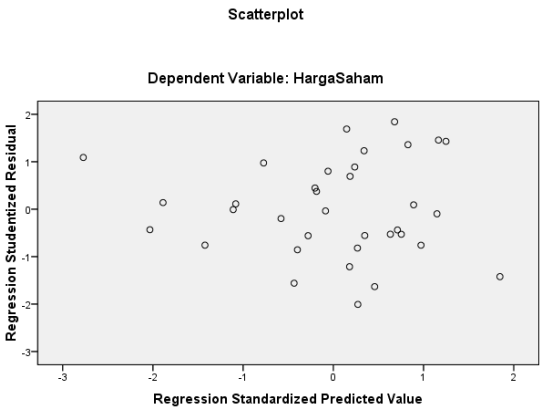
Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	ROE	.982	1.018
	CR	.982	1.018

a. Dependent Variable: HargaSaham

3. Heteroscedasticity Test

In multiple regression equations need to be tested about the same or not variant of the residual from one observation with another observation. The analysis of heteroscedasticity assay result of SPSS output through scatterplot graph between Z prediction (ZPRED) which is independent variable (X = Y axis predicted result) and its residual value (SRESID) is dependent variable (Y = Y axis Y real prediction). Homoscedasticity occurs when the scatterplot of data processing points between ZPRED and SRESID spreads below or above the origin point (number 0) on the Y axis and does not have a regular pattern. Heteroskedastisitas occur when the scatterplot dots have a regular pattern either narrowed, widened, or waves (Danang Sunyoto, 2013: 90).



4. Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t with the intruder error in period t-1 (previous). If there is a correlation, then there is called an autocorrelation problem. In the autocorrelation test used Durbin-Watson test to determine the presence or absence of autocorrelation in the regression model and Durbin-Watson value obtained through the regression model estimation results.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.592[a]	.350	.310	1716.758	.922

a. Predictors: (Constant), CR, ROE

b. Dependent Variable: HargaSaham

After doing some testing in this research, then there are some things that will be discussed in this section about the test results for the variable Return On Equity and Current Ratio of Stock Price.

Influence Analysis of Return on Equity Against Stock Price in Automotive Sub-Sector Companies and Components in the BEI Period 2010 - 2014 Period

1. Correlation Return on Equity with Stock Price

To know the closeness of the relationship between Return on Equity on the Stock Price used Pearson correlation analysis. By using SPSS 17.0 program, obtained the results of the correlation between Return on Equity with Share Price can be seen in the following table:

Table 4.11
Result of Return Correlation Coefficient on Equity with Stock Price

Correlations

		ROE	HargaSaham
ROE	Pearson Correlation	1	.470**
	Sig. (2-tailed)		.004
	N	35	35
HargaSaham	Pearson Correlation	.470**	1
	Sig. (2-tailed)	.004	
	N	35	35

**. Correlation is significant at the 0.01 level (2-tailed).

Based on table 4:11 above, obtained information that the correlation value obtained between Return on Equity with Stock Price is sebsar 0.470. Correlation value marked positive indicating that the relationship that happened between the two is unidirectional. Based on the interpretation of the correlation coefficient, a value of 0.470 is included in the moderate category of relations, within the interval class of 0.41 - 0.599.

2. Coefficient of Determination Return on Equity Against Stock Price

coefficient of determination. The magnitude of the coefficient of determination is calculated by using the following formula:

$$Kd = r^2 \times 100\%$$

(Umi Narimawati, 2010:50)

Information :
Kd = Coefficient of Determination
r2 = Correlation Coefficient

Based on table 4:11 then obtained the value of partial determination coefficient of the variable Return on Equity on the Stock Price as follows:

Kd = (0.470) 2 x 100%
= 22.09%

Based on the above calculation, it can be seen that the effect of Return on Equity on the Stock Price is 17,7%, while the rest equal to 77,91% is influence given by other factors not examined in this research like Return On Asset, Return On Equity, Earning Per Share, Net Profit Margin and earnings per share and others.

3. Hypothesis Test (t test) Return on Equity Against Stock Price

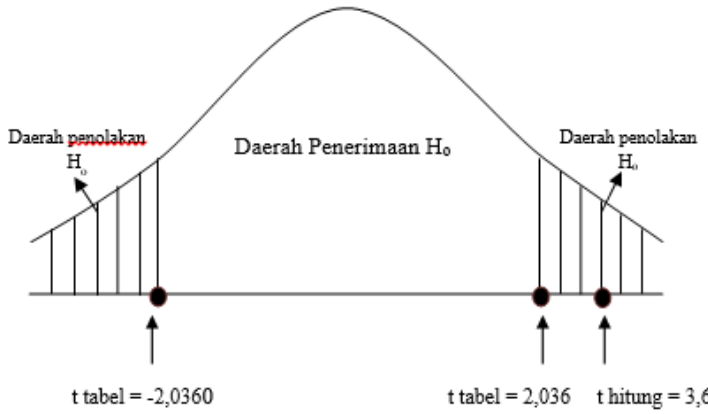
By using SPSS 17.0 program, the output of partial hypothesis test result (t test) is as follows:

Table 4.12
Hypothesis Test Results Return on Equity Against Stock Price
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3556.079	915.399		3.885	.000
	ROE	100.907	27.975	.519	3.607	.001
	CR	11.109	4.407	.362	2.521	.017

a. Dependent Variable: HargaSaham

From outputSPSS above obtained tcount value for Return on Equity (X1) equal to 100,907. This value will be compared with the ttable value in the t distribution table. With a significant level of α = 0.05 (5%), df = n-k-1 = 35-2-1 = 32, obtained ttable value of2.036. It is known that thitung for X1 is 3.607> ttable2.036, then H0 is rejected and H1 is accepted. This result is also shown by the significant value to the Share Price. If illustrated, the t-arithmetic and t-table values for the Partial Return on Equity test appear as follows:



Gambar 4.6
Regional Acceptance and Rejection of Ho on the Influence Test Return on Equity Against Stock Price

The results show that the Return on Equity has a relationship with the stock price in the positive direction and included in the category of being. The value of positive correlation indicates that the relationship between them is unidirectional, meaning the greater the Return Equity, the greater the Share Price.

Return on Equity gives effect to stock price that is equal to 17,7%, while the rest equal to 77,91% is influence given by other factors not examined in this research like Return On Asset, Return On Equity, Earning Per Share, Net Profit Margin and earnings per share and others.

This study is in accordance with the theory put forward by According Chrisna (2011: 34) Increase in Return on Equity is usually followed by the increase in the price of these companies. High ROE means that the better the company's performance in its investment is to generate profit for shareholders. It can be said that the company can use capital from shareholders effectively and efficiently to earn profits. With an increase in net income, the value of ROE will also increase so that investors are interested to buy the shares which ultimately the company's share price has increased.

Based on the results of the study answered the phenomenon that has been raised in the previous chapter as in GJTL where at the time of Return on Equity increase but the stock price decreased. The phenomenon is not in accordance with the theory put forward the experts who claim that the higher Return on Equit ymaka the higher the company's stock price. This GJTL decreased Net Profit Margin as a result of the decrease in operating revenues, and the decrease of Current Ratio due to the increase in short-term debt increased which caused the fall in stock price in 2014.

Further test results hypothesis t test obtained that H0 is rejected due to the test results thitunglebih compared with ttable. Therefore it can be said that the Return on Equity has a significant influence on Stock Price on Automotive Sub-Sector Companies and Components in the BEI Period 2010-2014 period. This study supports previous research that has been done by Achmad Husaini states that the Return on Equity significantly influence against stock prices. Another study conducted Rescyana Putri Hutami which states that the Return on Equity positive and significant influence on Stock Prices

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Influence Analysis of Current Ratio Against Stock Price on Automotive Sub-Sector Companies and Components in the BEI Period 2010 – 2014

1. Correlation of Current Ratio with Stock Price

To know closeness of relationship between Current Ratio to Stock Price used correlation analysis of pearson. By using the program SPSS 17.0, obtained the correlation between Current Ratio with Stock Price can be seen in the following table:

Table 4.13
Results of Correlation Coefficient Current Ratio with Stock Price
Correlations

		CR	HargaSaham
CR	Pearson Correlation	1	.293
	Sig. (2-tailed)		.087
	N	35	35
HargaSaham	Pearson Correlation	.293	1
	Sig. (2-tailed)	.087	
	N	35	35

Based on table 4:12 above, obtained information that the correlation value obtained between Current Ratio and Stock Price is sebsar 0.293. Correlation value marked positive indicating that the relationship that happened between the two is unidirectional. Based on the interpretation of the correlation coefficient, a value of 0.293 belonging to the low category of relations, is in the interval class between 0.20 - 0.399.

2. Coefficient of Determination Current Ratio Against Stock Price

To know the influence of Current Ratio to Stock Price can be seen through coefficient of determination. The magnitude of the coefficient of determination is calculated by using the following formula:

$$Kd = r^2 \times 100\%$$

(Umi Narimawati, 2010:50)

Information :
Kd = Coefficient of Determination
r2 = Correlation Coefficient

Based on Table 4:11 then obtained the value of partial determination coefficient of the variable Current Ratioterhadap Saham Price as follows:

Kd = (0.293) 2 x 100%
= 8.58%

Based on the above calculation, it can be seen that the effect of Current Ratios on Stock Price variables is 8.58%, while the rest of 91.42% is the influence given by other factors not examined in this research such as Return On Asset, Return On Equity, Earning Per Share, Net Profit Margin and earnings per share and others.

2. Hypothesis Test (t test) Current Ratio Against Stock Price

By using SPSS 17.0 program, the output of partial hypothesis test result (t test) is as follows:

Table 4.14
Hypothesis Test Results Current Ratio Against Stock Price
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3556.079	915.399		3.885	.000
	ROE	100.907	27.975	.519	3.607	.001
	CR	11.109	4.407	.362	2.521	.017

a. Dependent Variable: HargaSaham

From the aboveSPSS output obtained tcount value for Return on Equity (X1) of 11.109. This value will be compared with the ttable value in the t distribution table. With a significant level of α = 0.05 (5%), df = n-k-1 = 35-2-1 = 32, obtained ttable value of2.036. It is known that thitung for X1 is 2,521> value ttable2,036, then H0 is rejected and H1 accepted. This result is also shown by the significant value to the Share Price. If illustrated, the t-arithmetic and t-table values for the Partial Return on Equity test appear as follows:

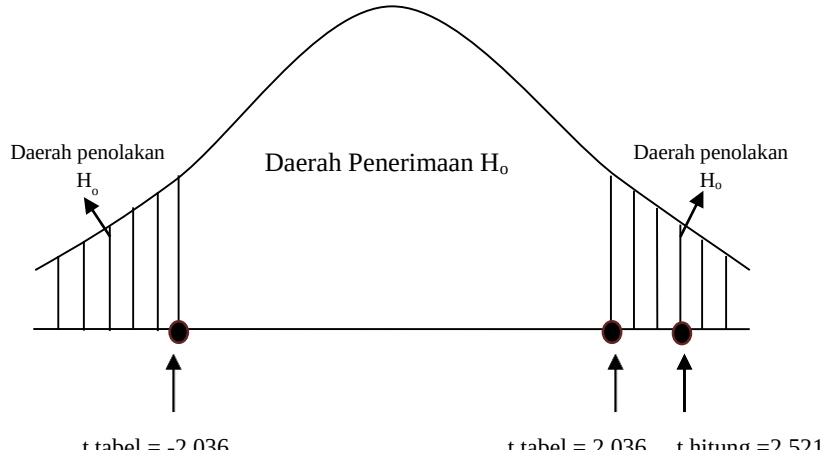


Figure 4.7
Regional Acceptance and Rejection of Ho at the Current Influence Ratio Tests on Stock Prices

The results show that the Current Ratio has a relationship with the stock price in the positive direction and included in the category of being. The value of positive correlation indicates that the relationship that occurs between the two is unidirectional, meaning that the greater the Current Ratio, the greater the Share Price.

Current Ratios on Stock Price is 8.58%, while the rest of 91.42% is the influence given by other factors not examined in this research such as Return On Asset, Return On Equity, Earning Per Share, Net Profit Margin and earnings per stocks and others.

This study is in accordance with the theory put forward by According Brigham (2012: 150), Company performance can be reflected from operating profit, earnings per share and financial ratios that describe the ability of management in managing the company. Financial ratios that can be used to measure company performance include the liquidity ratio, asset management ratio, leverage ratio and profitability ratio. if the value of the above four ratios looks good and runs continuously stably then the Share Price is likely to be high. Each example of the above four ratios are Current Ratio, Inventory Turnover, Time Interest Earned and Return On Equity.

Based on the results of the study answered the phenomenon that has been stated in the previous chapter as in GJTL and INDS where at the moment Current Ratio has increased but the stock price has decreased. The phenomenon is not in accordance with the theory put forward the experts who stated that the higher Current Ratio the higher the company's stock price. This is because the decline in factors outside the Return on Equity and Current Ratio, such as the decline in Earning per Share and Return on Asset resulting in GJTL Stock Price decline in 2014. Similarly, what happens on INDS decline in company performance, especially on Return on Assets , Net Profit Margin, and Earning per Share which resulted in decreasing INDS stock price in 2014.

Further test results hypothesis t test obtained that H0 is rejected due to the test results thitunglebih compared with ttable. Therefore it can be said that the Current Ratio has a significant influence on Stock Price on Automotive Sub-Sector Companies and Components in the BEI Period 2010-2014 period. This research supports previous research that has been done by Reynard Valintino and Lana Sularto stating that the Current Ratio significant partially to stock prices.

V. Research Results and Discussion

Conclusion

Based on the results of data analysis and discussion that has been done in the previous chapter, the researchers took some conclusions as follows:

1. *Return on Equity has a positive and significant influence on Stock Price in the automotive sub-sector and components in the Indonesia Stock Exchange period 2010 - 2014 with the amount of influence in the category of being. This means the greater the Return Equity, the greater the Share Price.*

2. *Current Ratio has a significant positive effect on Stock Price in the automotive sub-sector and components in the Indonesia Stock Exchange period 2010 - 2014 with the amount of influence in the low category. This means that the greater the Current Ratio, the greater the Share Price.*

Suggestion

Operational Suggestions

Based on the conclusions that have been mentioned above, the researcher gives suggestions that can be used as input to parties - parties automotive sub sector and components as follows:

1. *For the Company*

   a. Therefore, the Company with the acquisition of Return On Equity that has not been maximized, is expected to optimize performance by increasing revenue and efficiency in the operational expenses of the company so that the net profit earned will also increase.

   b. Companies are expected to keep the Current Ratio stable by reducing the use of short-term debt and increasing current assets or cash and cash equivalents by increasing sales.

2. *For investors*

   Return On Equity and Current Ratio can indeed be used as an assessment of investors in choosing a stock. However, it would be better if investors not only judge from these two factors. Because there are many other factors that influence the performance of a company. Therefore, investors are expected to conduct an appropriate analysis in assessing the performance of a company, so that it can minimize the risk that will be obtained by investors in taking decisions will be a stock investment in a company.

Academic Suggestions

1. *For Science Development*

   This research is expected to increase knowledge, as a contribution of additional thoughts and references in the development of capital market accounting discipline, and contribute in the development of research, especially on Return On Equity, Current Ratio and share price, as well as input and additional references for readers.

2. *For Further Researchers*

   For further research, it is advisable to identify other factors that cause changes in the variable Return On Equity and Current Ratio that can be seen from the characteristics of the research object and the possible variables related. In addition it is expected to conduct research with other variables not examined in this study, and with different units of analysis in order to obtain conclusions that support the accepted theories and concepts in general.

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