SHARE PRICE ON EARNING PER SHARE CONSIDERED AND INTEREST RATE
(Survey of Industrial Raw Materials Company Mining Listed in Indonesia Stock Exchange Period 2010-2014)

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ABSTRACT

This research was conducted on the mining sub sector companies listed on the Indonesian stock exchange. The phenomena that occur in the BEI is a stock price decline for two consecutive years. But the decline of stock price this is not accompanied by a Decrease in Earnings Per Share (EPS) and an Increase in interest rates. The purpose of this research is to find out how big the Increase and Decrease of stock price affected by Earning Per Share (EPS) and an Increase in interest rates.

The methods used in this research is descritive and verification methods with quantitative approach. The sample in this research is the 35 samples derived from the financial statements 7 companies with financial reporting period from 2010 to 2014. Sampling using a purposive sampling technique. Engineering analysis using linear regression analysis come double, and Also use application SPSS 16.0 for Windows as a tool of analysis.

The research results Showed that (1) The Earning Per Share (EPS) effect on stock prices, (2) The interest rate effect on stock prices and (3) The Earning Per Share (EPS) and the interest rate effect on stock prices.

Keywords: *Earning Per Share (EPS), Interest Rates, Stock Prices*

I. PRELIMINARY

1.1 Background Research

In the modern economy and the current era of globalization of capital markets in a country is often used as a benchmark for a country's economic progress. The stock market is an effective investment vehicle to accelerate the development of a country. This is possible because the capital market is a vehicle that can raise the long-term deployment of public funds to be channeled into productive subsectors. Capital market is one alternative that can be used to meet the needs of company funds. Capital markets have an important role for the economy of a country as the capital markets serve two functions: first as a means of funding for business or as a means for companies to obtain funds from investors (investors). The funds from the capital market can be used for business development, expansion, increase working capital and others. Second, the stock market became a means for people to invest in financial instruments, such as stocks, bonds, mutual funds, and others.

Thus, people can put the funds provided under the characteristic benefits and risks of each instrument (Martalena and Maya Malinda, 2011: 3) limitations of the information requires caution in considering the concerns expressed in the company. Financial ratios will be taken include liquidity ratio and the ratio of Profatibilitas.

Conversely, if the company's profits derived low, the dividend will be distributed to shareholders will be low so that it will decrease the interest of investors to invest in the company. (Smith and Skousen 2000: 132 have been translated by a team of translators publisher grants).

The table below illustrates changes in stock price as a factor affecting Earning Per Share and Interest Rate as a measuring tool in measuring the performance of the company to increase the share price on the Mining Sector Raw Materials industry. listed on the Stock Exchange Period 2010-2014.

Company	Year	EPS	The interest rate (%)	Stock price
INCO .Tbk	2010	0,044	6:50	4,875
	2011	0,034	6:00	3,200
	2012	0.007	5.75	2,350
	2013	0,004	7:50	2,650
	2014	0,017	7.75	3,625
BUMI.Tbk	2010	64,35	6:50	670
	2011	27.46	⬇ 6:00	⬇ 650
	2012	-1.16	⬇ 5.75	⬇ 550
	2013	-4.74	7:50	199
	2014	-3.49	7.75	315
ATPK Resources Tbk	2010	-38.52	6:50	187
	2011	⬆ -33.25	6:00	⬇ **166**
	2012	⬆ **-18.31**	5.75	⬇ **129**
	2013	2.26	7:50	270
	2014	9.19	7.75	209
ITMG .Tbk	2010	0:18	6:50	50 750
	2011	0:48	6:00	38 650
	2012	0:38	5.75	41 550
	2013	0:20	7:50	28,500
	2014	0:18	7.75	15 375

Source: IDX

Based on table 1.1 above is the development of EPS and stock price on mining company listed on the Indonesia Stock Exchange (BEI). Can be viewed on the Company ATPK Resorces.Tbk declined stock prices in 2011 and 2012 when EPS was obtained increased and of its prior year but this event is not supported by the stock price decline. With the increase in earnings per share should the company experienced an increase in stock prices due to high company earnings led investors interested in buying the company's stock sehinnga stock price is high but from the fact that the company experienced stock price declines from the previous year. Sawidji Widoatmodjo (1996: 96) states that the higher earnings per share more expensive a stock is, and vice versa.

Based on table 1.1 above is the development of interest rates, and stock price on mining company listed on the Indonesia Stock Exchange (BEI). Can be viewed on the Company PT BUMI Resorces.Tbk declining stock prices in 2011-2012 when the rate of interest that was obtained Down and from the previous year but this event is not supported by the stock price to rise. With lower interest rates should the company increase its share price due to higher corporate earnings led investors interested in buying the company's stock price so that the stock price is high but in fact the company experienced a drop in stock prices from the previous year. The increase in the interest rate itself caused by the decision of Bank Indonesia.

II. LITERATURE, FRAMEWORK FOR THINKING AND HYPOTHESES

2.1 Literature review

2.1.1 Stock price

2.1.1.1 Definition of Stock Price

According Eduardus (2010: 341) meaning the stock price is as follows:

"The share price is a reflection of investors' expectations of the factors of earnings, cash flow and rate of return required by investors, which is the third factor is also greatly influenced by macro-economic conditions of a country as well as global economic conditions".

According Wira (2011: 7) understanding the stock price is as follows:

"The share price is a reflection of a company's value for investors. The better a company manages its business in the gain, the higher the hem of the company in the eyes of investors. The share price will be high enough returns for investors. The share price will be high enough returns to investors in the form of capital gains that will eventually also affect the company's image ".

While the stock price according Darmadji Understanding & Fakhrudin (2012: 102) are:

"Prices are going on in the stock at a particular time. The share price could be turned up or down in a matter so quickly. He can change in a matter of minutes even be changed in seconds. This is possible because it depends on supply and demand among stock buyers with sellers of shares ".

From the above understanding, it can be said that the stock price is the cash flow from investors in order to get a return of investors to change according to demand and supply prices.

2.1.2 Earning Per Share

2.1.2.1 Earning definition Pe Shares

According to Sofyan Syafri Harahap (2010: 306) explains that:

"Earning Per Share is a financial ratio that shows how much the ability to generate earnings per share".

According to Irham Fahmi (2011: 138) explains:

"Earning Per Share is a form of the advantage given to the shareholders of each share owned".

Meanwhile, according Darmadji and Fakhrudin (2006: 195) states that:

"Earning Per Share is a ratio which indicates the share of profit for each share acquired investors".

From the above understanding, it can be said that earnings per share is an advantage obtained by holders of shares acquired**,**

2.1.3 Interest Rate

2.1.3.1 Definition Definition Interest Rate

According Sawaldjo Puspopranoto (2009: 12). "The interest rate is the ratio of interest on the loan amount. The interest rate is the price of borrowing money to use its purchasing power ".

Meanwhile, according to Dahlan Siamat, (2010: 13) states that:

"Bank Indonesia interest rate (BI Rate) is the interest rate with a tenor of one month as announced by Bank Indonesia periodically for a certain period of time that serves as a signal (stance) monetary policy.

From the above definition can be concluded that the rate of interest is the rate of interest on the loan amount announced by Bank Indonesia's monetary policy signals.

2.2 Framework

2.2.1 Effect of Stock Price To Earnings Per Share

According Widoatmodjo (2008: 102): "In stock trading, Earning Per Share greatly affect stock prices. The higher the EPS the more expensive a stock is, and vice versa ".

Kashmir (2012: 207) states that: "the higher the EPS value, the greater the profit to be gained shareholders to influence the stock price".

Stice and Skousen (2005: 647), states that "there is a significant relationship between changes in earnings and stock changes. If the high EPS, investors consider the company has good prospects in the future, because investors believe that the value of shares will depend on the company's ability to generate earnings per share. If the EPS produced in accordance with the expectations of investors, hence the desire of investors to invest is also increasing and will increase the stock price along with the high demand for shares ".

Husnan (2001: 317) states: "The level of profitability will affect the level of stock prices. That is because if the company is able to increase profits for each sheet of shares, investors assume that the company is able to provide dividend per share that great anyway. This will increase the level of investor confidence in the issuer. Investor confidence in the issuer will always be coupled with demand for the issuer's shares. The stock increased demand, resulting in stock price will also increase ".

Nova Ni Putu Eka Yanti and I Ketut Suryanawa (2013) in his research entitled "Effect of Earnings Per Share to the stock price by the dividend per share as a moderating variable" concluded that the Earning Per Share at a price of stocks has a significant impact on stock prices ". The study also in line with research conducted by Dina Aristya Putu Surya Dewi and Igna (2013), Ellen Rusliati

and Galih Prasetyo (2011) which states that: "EPS positive significant effect for the share price".

Meanwhile, according to Muhammad Hanif and Zulfiqar Ali Shah (2011) in his research: "Capital Assets Pricing on KSE-Pakistan and Fundamental Values: An Analysis of FCF and EPS claim that Free cash flow discouting models and equity and to document the impact of free cash flows to equity (FCFE) amd earnings per share on the stock price. Earning Per Share (EPS) displayed a strong positive relationship with market price. Which means, earnings per share positive effect on stock prices. "

Based on the above theory, the authors conclude that if the higher EPS then the stock price will rise which will boost share price

2.2.2 Effect of Stock Price Against Interest Rate

According to (Bodie, Kane & Marcus, 2006: 180) says that: "The interest rate is one important input into investment decisions. If interest rates fall eat people will tend to choose to invest in the long term, whereas when the interest rate increases then people will tend to put off making long-term investment. "

According to Sri Mona Octafia (2013) in his study "The Influence of SBI interest rate, exchange rate and the amount of money in circulation on the stock price index property sector and real estate" concluded that the higher the SBI rate will lower the price of shares in mna investors will move her right to the money market funds and by not lasung stock prices also declined.

According Cahyono (2010: 125) the interest rate is an attraction for investors to invest in the form of deposits or SBI so that investments in stocks would be unrivaled. There are two possible explanations why the rise in interest rates could push stock prices down. The first increase in interest rates change the investment map, second, profit growth will cut corporate profits, this happens because the cost of production will increase and prices will be more expensive products.

According to (Mohamad 2006: 201) rising interest rates have a negative impact on any issuer for credit will increase interest expense and lower net income. The decrease in net income will result in earnings per share also declined and eventually will result in the decline in stock prices in the market. On the other hand, rising interest rates will encourage investors to sell stocks and then save the proceeds in deposits.

2.3 hypothesis

According Sugiyono (2014: 64), states that the definition of research hypothesis is as follows: "The hypothesis is a temporary answer to the formula research problem, therefore the formulation of research problems are usually arranged in the form of a question sentence".

Based on the research framework and formulation of the problem described earlier, there is research that can be formulated as follows:

H1. Stock prices are influenced by the Earning Per Share

H2: Market price is influenced by interest rates

III. OBJECT AND METHODS

3.1 Object of research

According Sugiyono (2012: 38) explains that, understanding the object of study is An attribute or the nature or value of people, objects or activities that have a particular variation determined by investigators to be learned and then drawn conclusions. The object of this research is Earning per share as an independent variable / free (X1) and the interest rate as the independent variable / free (X2) and the stock price as a variable dependent / related (Y).

3.2 Research methods

The research method according to Dani Darmawan (2013: 127) is the means used by researchers to obtain data and information on various issues related to the problems examined. The method used in this research is descriptive and verification method. This study aimed to test the hypothesis of each variable using statistical calculations on the effect of earnings per share (X1) and interest rates (X2) on stock prices (Y).

3.3 Operationalization of Research Variables

Umi Narimawati (2010: 61) states that the operationalization of the variables is the decomposition process research variables into sub-variables, dimensions, sub indicator variables and measurement. The conditions of decomposition of the operation performed when the basic concepts and indicators of each variable is clear, if not clear conceptually it is necessary to factor analysis.

1) Variables / Independent (Variable X)

In this case the independent variables to be studied is Earning per share (X1) and interest rates (X2). In the operationalization of all the variables measured by the instrument in the scale ratio.

2) Variables Related / Dependent (variable Y)

In this case the dependent variable to be studied is the stock price (Y). In the operationalization of this variable is measured by a measuring instrument in the scale ratio. Operationalization of variables can be set forth in tabular form as follows:

3.4 Data Sources and Data Collection Techniques

3.4.1 Data source

The data used in this research is secondary data, where data obtained by the author indirectly. According to Dani Darmawan (2013: 13) states that, secondary data is data obtained from documents, publications or research reports from departments or agencies and other data sources that support.

Sources of data in this research is quantitative concerning the annual financial statements have been published on the website of Indonesia Stock Exchange. The data used in this study consisted of financial statements (statement of cash flows and balance sheet), the observation period of four years from 2011-2014. This research was conducted in the Mining sector companies listed on the Indonesian stock exchange.

3.4.2 Data collection technique

Data collection techniques used in this study are as follows:

1) Library Studies

Data were obtained from the data that is relevant to the issues to be examined through the literature such as books, journals, articles, previous researchers.

2) Documentation

Data collection was conducted by examining the company's financial statements of each company, the authors obtained data from the official website of Indonesia Stock Exchange.

3.5 Population and Sample Research

3.5.1 Population

According to Deni Darmawan (2013: 137) states that the population is a source of data in particular research that has a large number and wide. Based on a study author Representative Office Indonesia Stock Exchange and observational data on the Indonesia Stock Exchange website, Population data mining company listed on the Indonesia Stock Exchange there are 41 companies, so that the number of population during the four-year period of 2011-2014 are as many as 164 financial statements of the company is cash flow statement and balance sheet.

3.5.2 sampling

According to Andi Supangat, (2010: 4) states that it is a sample of part of a population sample to be used as study material in the hope of examples drawn from the population can represent (representative) of the population. The sampling technique used in this research is purposive sampling. The samples studied by researchers as much as 36 financial statements consist of statements of financial position and cash flows of the Company's Annual Financial Statements Sub Sector Coal Mining listed on the Indonesia Stock Exchange (BEI) for a period of 4 years with the period 2011-2014.

3.5.3 Place and time of research

3.5.3.1 Research Sites

The location study was conducted at the Indonesian Stock Exchange Representative Office Jl. PH. H. Mustafa No. 33, Bandung to obtain secondary data.

3.5.3.2 Research time

As for the timing of the study began in February 2017 until completed. In this study, researchers made a study plan that starts with a preparatory phase to the final stage is reporting research results.

3.6 Data Testing Methods

3.6.1 Analysis method

In this study, data analysis techniques using quantitative or statistical analysis methods. The steps of statistical analysis used in this study are as follows:

1. Regression analysis (Multiple Regression)

In this study, multiple linear analysis is used to prove the extent to which relations firm size and leverage effect on profitability. This analysis is used to involve two or more independent variables, the dependent variable (Y) and the independent variables (X1 and X2).

2. Classic assumption test

To obtain more accurate results in a multiple linear regression it is necessary to test classic assumptions. In this research, classic assumption test consisting of normality test, multicoloniarity, heteroscedasticity test and autocorrelation test.

3. Analysis Correlation Coefficient

Correlation analysis is used to measure the presence or absence of a linear relationship between the independent variable (X) and the associated variable (Y). The correlation analysis used also shows directions between the dependent variable and independent variables in addition to measuring the strength of the relationship.

4. coefficient of Determination

Analysis of the coefficient of determination (KD) is used to see how much the independent variables (X1 and X2) having an impact on the dependent variable (Y) which is expressed in a percentage. The magnitude of the coefficient of determination calculated using the following formula:

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

Information:

Kd : Coefficient of Determination
r : Correlation coefficient

3.6.2 Hypothesis testing

Partial Hypothesis Testing (t test)

According to Dani Darmawan (2013: 120)The hypothesis is a temporary answer to the formulation of the problem penelitian.rumusan disususn research problems usually in the form of a question sentence. Is said to be temporary because new answers given based on the relevant theory, not based on empirical facts obtained through the collection of data, so the hypothesis can be stated as a theoretical answer to the formulation of research problems and hypotheses to be tested is called a working hypothesis.

IV. RESULTS AND DISCUSSION

4.1 Discussion

4.2.1 Influence Earning Per Share (EPS) Share Price

The test results reject the hypothesis H_0 which means Earning Per Share (EPS) impact on stock price. The coefficient of determination shows that the Earning Per Share (EPS) considerable influence on Net Income amounted to 17.05% and the remaining 82.5% is influenced by variables not examined in this study such as ROI, ROE and PER. Results of testing the correlation coefficient included in a low interval between earning per share and stock price and the results tested positive coefficient, which means unidirectional. In other words, it can be said that the earning per share is directly in line with the stock price. Where if Operating Costs Net Profit increases, will increase.

If the Earning Per Share up then the stock price will eventually rise (Said, 2015: 144). So magnitude Earning Per Share affect the acquisition of the company's stock price. The prediction results for the year following the year of these studies show Earning Per Share (EPS) increased but the share price has decreased, it is answered phenomenon that has been noted previously as happened in PT. ATPK Resource.Tbk where stock prices several years has decreased while earnings per share were distributed is greater than the previous year, with these results show that other factors affecting the stock price more than the Earning Per Share (EPS), To overcome this, the company reduced costs by shifting the burden on the company's assets in order to tax borne not too big.

Research conducted by research conducted by Yuyun Yuliani and Yoyon Supriadi (2014), EPS has a strong influence on the stock price and when the EPS increases, stock prices also increased so too should. EPS increase signifies that the company managed to improve the prosperity of the investor, and it is encouraging investors to increase the amount of capital invested. Increasing the amount of demand for the company's shares push stock prices rise, whereas when profit declines, the stock price also decreased. by Hartono (2013) states that the Earning Per Share (EPS) and Price Earning Ratio (PER) has a positive impact on stock prices.

4.2.2 Influence of Interest Rate on Stock Price

The test results reject the hypothesis H_0 which means the rate of interest effect on Net Income. The coefficient of determination shows that the rate of interest is weak effect on Net Income amounted to -22.56% and the remaining 77.44% influenced by variables not examined in this study as the BI Rate. Results of testing the correlation coefficient included in the weak interval between interest rates and stock price and the result declared negative coefficient, which means not unidirectional. In other words, it can be said that the rate of interest is directly opposite to the stock price. Wherein if the rate of interest increases, the stock price will decline. To overcome this problem, namely by the regulator in order to clearly and quickly established a policy on a very large interest rate affect the stock price.

The high interest rates are a negative signal to the stock price (Tandelilin 2010: 343). So the magnitude of interest rates affect the performance of a company, the performance seen from how much the company's ability to obtain the Net Income.It challenges the previously mentioned

phenomenon that occurs in PT BUMI Resorces.Tbk where the company experienced a decline in Stock pricewhen interest rates decline. With this result indicates that other factors further influence the level ofInterest rate,

Research conducted by (Mohamad 2006: 201) rising interest rates have a negative impact on any issuer for credit will increase interest expense and lower net income. The decrease in net income will result in earnings per share also declined and eventually will result in the decline in stock prices in the market. On the other hand, rising interest rates will encourage investors to sell stocks and then save the proceeds in deposits. This is in line with the research done by the Sri Mona According Octafia (2013) in his study "The Influence of SBI interest rate,

5.1 Conclusion

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

1) *Earning Per Share* (EPS) have a significant effect on stock prices in the mining sector manufacturing companies listed in Indonesia Stock Exchange 2010-2014 period, with each increase in the earning per share will increase the number of the company stock price. Likewise with the otherwise lower the Earning Per Share Stock Price generated will further decline. Things that affect the stock price is influenced demand and supply performance for larger enterprises. Revenue Earning Per Share is Profit After Tax and Total Shares Outstanding.
2) Interest rates have a significant effect on stock price on mining sector manufacturing companies listed in Indonesia Stock Exchange in 2010-2014, where any reduction in interest rates will increase the number of Shares Price. Likewise with the otherwise higher rate of interest then the resulting stock price will decrease. Stock prices are influenced stock prices opener, closing stock prices and exchange rate changes. While interest rates are influenced by the economic situation.

5.2 Suggestions

After the author provides conclusions from the results of research on stock price judged on Earning Per Share and Interest Rate. So I give a few suggestions that can be used by mining companies listed on Indonesia Stock Exchange:

5.2.1 Benefits

a) For the Company:

For companies that still have an average value lower stock price each year or suffer a capital loss should immediately tried to raise the price of its stock by increasing earnings per share equity. So as much as possible the company should be able to generate a net profit higher than the number of shares outstanding and taking into account interest rates to boost the company's performance because when earnings per share were distributed high to make the investors interested in buying shares of the company and the division of earnings per share which is great will increase the interest of investors to buy stocks and stock prices rise

b) for Investor

Investors can use the Earning Per Share and Interest Rate as a reference in making investment. But investors should also perform the analysis on other indicators because there are many other indicators that could affect the stock price, although in this study Earning Per Share (EPS) and the Interest Rate on stock price, so that investors can be more precise in selecting investment decisions.

5.2.2 Academic advice

1. Developer for Science

This study is expected to provide additional knowledge, as a source of information and as contributions to the developing discipline of financial accounting, as well as contribute to the development of research, especially regarding the Earning Per Share (EPS), interest rates and stock price as well as input and additional references for readers, especially in economics.

2. For Further Research

It is advisable in future studies to do research with the same method but with variables, units of different analysts and samples in order to obtain conclusions that support the theories and concepts generally accepted