The Effect of *Return On Assets, Return On Equity, Net Profit Margin* and *Current Ratio* on Stock Prices in Oil and Gas Sub-Sector Mining Companies on the Indonesia Stock Exchange for the 2015-2019 Period

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ABSTRACT

This study aims to examine the effect of Return On Assets, Return On Equity, Net Profit Margin and Current Ratio on stock prices in oil and gas sub-sector mining companies listed on the Indonesia Stock Exchange for the 2015-2019 period. This type of research is quantitative research. The sample used in this study was obtained by saturated sampling method with a total sample of 8 companies. The test method used is multiple linear regression analysis, classical assumption test (normality test, multicollinearity test, autocorrelation test, heteroscedasticity test), model feasibility test (F test and analysis of the coefficient of determination (R2)) and hypothesis testing using t test with tools. SPSS (Statistical Product and Service Solutions). The results of this study indicate that testing the hypothesis (t test) the effect of Return On Assets, Return On and Current Ratio partially positive and significant effect on stock prices, while Net Profit Margin has no positive and significant effect on stock prices. F test shows the effect of Return On Assets, Return On Equit, Net Profit Margin and Current Ratio simultaneously have a positive and significant effect on stock prices.

Keywords :   *Return On Assets, Return On Equit, Net Profit Margin* and *Current Ratio* of Stock Prices.

INTRODUCTION

The *capital market* is a market that is managed in an organized manner where long-term securities are traded in the form of debt as well as capital and derivatives issued by various parties. The importance of the role of the capital market is because it carries out its function as a place for business funding from the community (Taunay, 2013). The capital market is a market for various long-term financial instruments that can be sold, either in the form of debt or equity (Hartono, 2014). For example bonds (*bonds*), own capital in the form of common stock (*common stock*) and preference shares (*preferred stock*) and other securities (securities). According to the Capital Market Law No. 8 of 1995, the Capital Market is an activity related to public offerings and securities trading, public companies related to the securities they issue and institutions and professions related to securities (Fahmi, 2014). Companies that need funds and excess funds assume that the capital market is an alternative and potential place to invest (Andansari, 2016).

Investment in the capital market means a distribution of a number of funds made by investors to an entity (business entity) which has the aim of obtaining assets to be able to generate profits in the future. One of the best and most profitable but also high-risk investments is Stock Investment. Shares are proof of ownership participation, namely Share Investment. Shares are proof of ownership of capital or funds in a company (Fahmi, 2014:323). Shares are in the form of a sheet of paper with a clearly stated nominal value, company name and followed by the rights and obligations that are explained to each investor who invests their shares. Stock investment has a high enough risk because stock prices are always up and down so that there are two possibilities

that will be faced by investors, namely they will earn a fairly high profit or will only get a large enough loss. Before investing in the capital market by buying shares, investors will usually consider first by looking at the latest financial statements of the company that will be the target, so that later the stock investment will bring benefits to investors. The company's financial statements can be used as a guide for investors in making decisions when investing, such as selling, buying or investing in shares.

The stock price according to Darmadji & Fakhrudin (2012:102) is the price that occurs on the stock exchange at a certain time. Stock prices can change up and down in a very fast time. Stock prices can change in minutes and can even change faster, in seconds. This may happen depending on the demand and supply between the stock buyer and the stock seller.

Return On Assets can be used by investors as a reference for making decisions in investing or investing in the company. These results are in accordance with research conducted by Irfan and Anny (2019) that *Return On Assets* has a significant effect on stock prices in mining companies listed on the IDX. *Return On Assets* is how efficient the company is in managing its assets to generate profits. If the value of *Return On Assets* is high, it reflects the company's good financial performance and the company is more effective in managing assets to generate profits. This can be used as consideration in investing because of the good rate of return and profit.

The ratio of return on equity (ROE) is the return on equity is a ratio that shows how big the contribution of capital in creating net income. (Kasmir, 2018) Culture The *return on equity* (ROE) ratio is a ratio that examines the extent to which a company uses its resources to be able to provide a return on equity (Fahmi, 2015). The higher this ratio, the better. The higher the ROE level, the higher the profits for the shareholders and the company's shares.

Net Profit Margin (NPM) is a ratio used to measure the percentage of net profit on net sales (Kasmir, 2018). *Net profit margin* (NPM) is a ratio calculated by dividing profit by shareholder capital. This ratio is used to measure the level of company profitability (Halim, 2016). The higher the NPM, the better the company's operations, and vice versa if the lower the NPM, the company's operations are not good.

Current Ratio is a ratio that measures the company's ability to pay short-term obligations or debts that are due immediately when they are billed in their entirety (Kasmir, 2016:134). In other words, how much current assets are available to cover short-term obligations that are due soon. The higher this ratio, the company is considered to be more able to pay off its short-term obligations so that it will attract investors to buy the company's shares and will increase the share price.

In this study, the companies used are mining companies, especially the oil and gas mining sub-sector which are listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 period. Researchers chose to research oil and gas mining companies listed on the Indonesia Stock Exchange because through the Indonesia Stock Exchange researchers can obtain financial reports and data on oil and gas mining companies needed for research. especially those that are the object of complete research. In addition, the reason for choosing a sample of mining companies listed on the BEI is because the mining sector is a sector that has a large capitalization value compared to other sectors, making this mining sector a strong sector and attracts investors today.

LITERATURE REVIEW
Stock price
The stock price according to Darmadji & Fakhrudin (2012:102) is the price that occurs on the stock exchange at a certain time. Stock prices can change up and down in a very fast time. Stock prices can change in minutes and can even change faster, in seconds. This may happen depending on the demand and supply between the stock buyer and the stock seller.

Return On Assets (ROA)
Return On Assets is the ratio used to measure the ability of the capital invested in the overall assets to generate net profits. (Sujarweni, 2017) *Return on Assets* (ROA) is this ratio to see the extent to which the investment that has been invested is able to provide a return as expected (Fahmi, 2015). The increase in the attractiveness of the company makes the company more attractive to investors, because the rate of return will be even greater. This will also have an impact that the share price of the company in the Capital Market will also increase because the demand for shares in the market exceeds the supply. The decision that must be taken by the owner of the company is that the owner of the company must increase profits by utilizing assets as much as possible so that ROA increases.

Return On Equity (ROE)
The ratio of return on equity (ROE) is the return on equity is a ratio that shows how big the contribution of capital in creating net income. (Kasmir, 2018) Culture The *return on equity* (ROE) ratio is a ratio that examines the extent to which a company uses its resources to be able to provide a return on equity (Fahmi, 2015). For investors, the *Return On Equity ratio* can be used as a reference for making decisions in investing because the *Return On Equity value* has an effect on the ups and downs of stock prices. *Return On Equity* is the company's ability to obtain a return on the capital owned. If the value of *Return On Equity* is high, the profit earned from capital will also be high. So with a high *Return On Equity* value, investors believe that the company is able to earn high profits and the rate of return will also be good.

Net Profit Margin (NPM)
Net Profit Margin (NPM) is a ratio used to measure the percentage of net profit on net sales (Kasmir, 2018). *Net profit margin* (NPM) is a ratio calculated by dividing profit by shareholder capital. This ratio is used to measure the level of company profitability (Halim, 2016). The higher the NPM, the better the company's operations, and vice versa if the lower the NPM, the company's operations are not good.

Current Ratio (CR)
Current Ratio is a ratio that measures the company's ability to pay short-term obligations or debts that are due immediately when they are billed in their entirety (Kasmir, 2016:134). In other words, how much current assets are available to cover short-term obligations that are due soon. A high *Current Ratio* value indicates the company has high liquidity, which means the company is able to meet its short-term obligations . On the other hand, if the *current ratio* is low, it means that the company is unable to fulfill its short-term obligations. So for creditors the value

of the *Current Ratio* is very important to consider as a consideration for providing loans to companies, but for investors the value of the *Current Ratio* cannot be taken into consideration for investing because the value of the *Current Ratio* has no effect on stock prices.

METHODS

Methods of Analysis In this study, the type of research used is descriptive quantitative using Return On Assets (ROA), Return On Equity (ROE), Net Profit Margin (NPM) and Current Ratio (CR) to determine stock prices. In this study, the researcher used the type of quantitative research. The population in this study were oil and gas companies that reported reports listed on the Indonesia Stock Exchange in 2015-2019, as many as 10 oil and gas mining companies listed on the Indonesia Stock Exchange (Apexindo Pratama Duta Tbk, Ratu Prabu Energi Tbk, Astrindo Nusntara Infrastruktur, Elnusa Tbk, Energi Mega Persada Tbk, Medco Energi International Tbk, Capital Investment Tbk, Perdana Karya Perkasa Tbk, Radiant Utama Interinsco Tbk, Super Energy Tbk). The sample used in this study was 8 companies because the 2 companies did not meet the sample criteria in the study. The sampling technique in this study is the saturated sample method. Saturated sampling technique is a sampling technique when all members of the population are used as samples (Sugiyono, 2014: 118).

RESULTS AND DISCUSSION
Results
Multiple Linear Regression Analysis

Multiple linear regression analysis, namely the regression analysis used to measure the strength of the relationship between two or more variables also shows the direction of the relationship between the dependent and independent variables. The independent variables in this study are *Return On Assets, Return On Equity* , *Net Profit Margin* and *Current Ratio* , while the dependent variable is stock prices. The results of the multiple linear regression test are as follows:

Table 1. Multiple Liner Regression Analysis

Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	194.758	43,838	
	ROA	.186	.193	.342
	ROE	.135	.015	.382
	NPM	.112	.032	.056
	CR	.773	.007	-.048

a. Dependent Variable: Stock Price

From the data obtained the results of the regression equation as follows:

$$HS = 194.758 + 0.186ROA + 0.135\ ROE + 0.112NPM + 0.773CR + e$$

From the regression equation can be described as follows:

1. Constant (α) The value of the constant (α) is 194,758, indicating that if the variables consisting of *Return On Assets, Return On Equity* , *Net Profit Margin* and *Current Ratio* = 0, then the variable Stock Price is 194,758.

2. *Return On Assets* Regression Coefficient The value of *Return On Assets* is 0.186 indicating the direction of a positive (unidirectional) relationship between *Return On Assets* and stock prices. These results identify that if the *Return On Assets variable* increases it will be followed by an increase in stock prices and vice versa, if the *Return On Assets* decreases, the stock price also decreases assuming the other variables are constant.

3. *Return On Equity* Regression Coefficient The value of *Return On Equity* is 0.135 indicating a positive direction (unidirectional) between *Return On Equity* and stock prices. These results identify that if the *Return On Equity variable* increases it will be followed by an increase in stock prices and vice versa, if the *Return On Equity* decreases then the stock price also decreases assuming the other variables are constant.

4. Regression Coefficient of *Net Profit Margin* The value of *Net Profit Margin* is 0.112, indicating a positive direction (unidirectional) between *Return On Equity* and stock prices. These results identify that if the *Net Profit Margin variable* increases it will be followed by an increase in stock prices and vice versa, if the *Net Profit Margin* decreases, the stock price also decreases assuming the other variables are constant.

5. Regression Coefficient of *Current Ratio* The value of the *Current Ratio* is 0.773 indicating the direction of the positive relationship (opposite direction) between the *Current Ratio* and stock prices. These results identify that if the *Current Ratio variable* increases it will result in a decrease in stock prices and vice versa, if the *Current Ratio* decreases, the stock price will increase assuming the other variables are constant.

Hypothesis Test (t Test)

Hypothesis testing (t test) basically shows how far the influence of one independent variable individually in explaining the dependent variable. The independent variables in this study are *Return On Assets, Return On Equity, Net Profit Margin* and *Current Ratio* with the dependent variable being stock prices. The assessment criteria used to test the hypothesis are by looking at the level of significance, namely = 0.05. The following are the results of the t-test obtained from the SPSS output:

Table 5. Hypothesis Test (t Test)
Coefficients ^{a}

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	194.758	43,838		4.443	.000
	ROA	.186	.193	.342	1.349	.008
	ROE	.135	.015	.382	1,530	.007
	NPM	.112	.032	.056	.333	.093
	CR	.773	.007	-.048	-.290	.000

a. Dependent Variable: Stock Price

a. H1: *Return on Assets* has a significant effect on stock prices in oil and gas sub-sector mining companies listed on the IDX. Based on the test table, it shows that the *Return On Assets value has a* $_{significant}$ t value of 0.008, meaning that the t value is $_{significant}$ <

0.05 so that *Return On Assets* has a significant effect on stock prices, then H0 is rejected and H1 is accepted.

b. H2: *Return on Equity* has a significant effect on stock prices in oil and gas sub-sector mining companies listed on the IDX. Based on the test table, it shows that the *Return On Equity results* have a significant t value of 0.007 meaning the t value is $_{significant}$ < 0.05 so that *Return On Equity* has a significant effect on stock prices, then H0 is rejected and H2 is accepted.

c. H3 : *Net Profit Margin* has no significant effect on share prices in oil and gas sub-sector mining companies listed on the IDX. Based on the test table, it shows that the results of the *Net Profit Margin* have a significant value of 0.093 which means that the t value is $_{significant}$ > 0.05 so that the *Net Profit Margin* has no significant effect on stock prices, then H0 is accepted and H3 is rejected.

d. H4: Based on the test table, it shows that the results of the *Current Ratio* have a $_{significant\ t\ value}$ of 0.000 which means that the t value is $_{significant}$ <0.05 so that the *Current Ratio* has a significant effect on stock prices, then H0 is rejected and H3 is accepted.

F test

The F test is used to determine whether the model used in this study is feasible or not. the criteria for testing the feasibility of the model with a significant level of = 0.05. Based on the results of the feasibility test or F test using SPSS, the following results are obtained:

Table 6. F test

ANOVA ^{a}

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2267487,179	4	566871.795	641.363	.003 ^{b}
	Residual	14557967221	35	415941.921		
	Total	16825454,400	39			

a. Dependent Variable: Stock Price
b. Predictors: (Constant), CR, ROA, NPM, ROE

Based on the table above, the test results obtained F $_{count}$ of 8.891 with a significant value of 0.003 ^{b} which indicates 0.003 <0.05. So it can be concluded that the model is feasible to use to explain the effect of *Return On Assets, Return On Equity, Net Profit Margin* and *Current Ratio* so that the data is feasible to study.

Coefficient Test

Determination The coefficient of determination (R^2) is used to measure how much influence the independent variables, namely *Return On Assets, Return On Equity* , *Net Profit Margin* and *Current Ratio , have* on the dependent variable, namely Stock Price. Based on the coefficient of determination using SPSS, the output results are as follows:

Table 7. Coefficient of Determination
Model Summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.364 [a]	.470	-.037	198.23645	.952

a. Predictors: (Constant), CR, NPM, ROE, ROA
b. Dependent Variable: Stock Price

Based on the results of the table above, the summary model can be concluded that the coefficient of determination R square (R2 $^{)}$ shows that the value of R2 is $^{0.470}$ or 47.0%, which means the contribution of the independent variables, namely *Return On Assets, Return On Equity, Net Profit Margin* and *Current Ratio* to stock price is 47.0% while the rest (100% - 47.0% = 53%) is contributed by other variables that are not included in this regression model. This shows that there are other variables outside of the *Return On Assets, Return On Equity, Net Profit Margin* and *Current Ratio variables* that affect stock price.

Discussion
The Effect of *Return On Assets* on Stock Prices

Based on the test results that *Return On Assets* has a significant effect on stock prices, which is indicated by a $_{\text{significant t value}}$ of 0.008 which means it is smaller than 0.05. This means that *Return On Assets* can be used by investors as a reference for making decisions in investing or investing in the company. These results are in accordance with research conducted by Irfan and Anny (2019) that *Return On Assets* has a significant effect on stock prices in mining companies listed on the IDX.

Return On Assets is how efficient the company is in managing its assets to generate profits. If the value of *Return On Assets* is high, it reflects the company's good financial performance and the company is more effective in managing assets to generate profits. This can be used as consideration in investing because of the good rate of return and profit.

The Effect of *Return On Equity* on Stock Prices

Based on the test results in the study, the effect of *Return On Equity* on stock prices is the $_{\text{significant t value}}$ of 0.007 which means it is smaller than 0.05. This shows that *Return on Equity* has a significant effect on stock prices. So for investors the *Return On Equity ratio* can be used as a reference for making decisions in investing because the *Return On Equity value* has an effect on the ups and downs of stock prices. *Return On Equity* is the company's ability to obtain a return on the capital owned. If the value of *Return On Equity* is high, the profit earned from capital will also be high. So with a high *Return On Equity* value, investors believe that the company is able to earn high profits and the rate of return will also be good.

This research is in line with research conducted by Januardin Manullang Hanson Sainan Phillip Winson Halim (2018) which states that *Return on Equity* (ROE) has a positive and significant effect on stock prices.

Effect of *Net Profit Margin* on Stock Price

Based on the test results in the study, the effect of *Net Profit Margin* on stock prices is a significant t value of 0.093 which means it is greater than 0.05. This shows that *Net Profit Margin* has no significant effect on stock prices. The *Net Profit Margin* (NPM) variable in this study has no significant effect, indicating that NPM in company performance is decreasing and unproductive, so it will not increase investor confidence to invest their capital. And also the percentage of net profit generated in each sale, the lower the company's ability to earn high profits and NPM only describes the company's ability to generate profits, but does not describe the development and prospects of the company so that investors do not take NPM into account as investment considerations.

The results of this study are in line with the research of Muhammad Reza Handayansyah and Dina Lestari [24], Dewi Paramita Ika Oktaviani [26], which stated that Net Profit Margin (NPM) had no significant effect on stock prices.

Effect of Current Ratio on Stock Price

Based on the test results in the study, that the effect of the *Current Ratio* on stock prices obtained a significant t value of 0.089, which means it is greater than 0.05. This shows that the *Current Ratio* has no significant effect on stock prices. In theory, a high *Current Ratio* value indicates the company has high liquidity, which means the company is able to meet its short-term obligations. On the other hand, if the *current ratio* is low, it means that the company is unable to fulfill its short-term obligations. So for creditors the value of the *Current Ratio* is very important to consider as a consideration for providing loans to companies, but for investors the value of the *Current Ratio* cannot be taken into consideration for investing because the value of the *Current Ratio* has no effect on stock prices.

This research is in line with research conducted by Aditya Stella Levina and Elizabeth Sugiarto Dermawan (2017), it is known that there is a significant positive effect between the *Current Ratio* and stock prices. However, this study is not in line with research conducted by Ruli Faisal Amri (2017) which states that the liquidity ratio measured using CR does not have a positive effect on stock prices. This research is also not in line with research conducted by Fanesha harali puteri (2017) which states that the Liquidity Ratio (*Current Ratio*) has no significant effect on the stock price of LQ 45.

CONCLUSION

From the results of the research " *The Effect of Return On Assets, Return On Equity* , *Net Profit Margin* and *Current Ratio* on stock prices of mining companies in the oil and gas sub-sector listed on the IDX" it can be concluded as follows:

1. *Return on Assets* has a positive and significant effect on stock prices in mining companies in the oil and gas sub-sector listed on the IDX. This proves that the high and low level of *Return On Assets* has an effect on the ups and downs of stock prices, then the company should be able to continue to maintain the ROA value and financial performance well so that potential investors are interested in investing in the company.
2. *Return on Equity* has a positive and significant effect on stock prices in oil and gas sub-sector mining companies listed on the IDX. This proves that the level of *Return On Equity*

has an effect on the rise and fall of stock prices because investors view the company in generating profits based on the investment funds that have been invested by investors. So, if the Return on Equity is high, it will become an interest for investors to invest their funds in the company and will affect the increase in stock prices.

3. *Net Profit Margin*) does not have a positive and significant effect on stock prices. This is because NPM only describes the company's ability to generate profits, but does not describe the development and prospects of the company so that investors do not really take NPM into account as their investment considerations.

4. *Current Ratio* has a positive and significant effect on stock prices in mining companies in the oil and gas sub-sector listed on the IDX. The greater the *Current Ratio* (CR), the higher the stock price. The higher the current ratio, the greater the company's ability to pay short-term obligations. The excess in current assets should be used to pay dividends, pay long-term debt, or for investments that can generate higher returns and will eventually attract more investors to invest in the company, thereby increasing the company's stock price.

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