

Vol. 17 No.4 2023

INFLUENCE EARNINGS PER SHARE , PRICE TO BOOK VALUE, DEBT TO EQUITY RATIO, DIVIDEND PAYOUT RATIO AND CAPITAL WORK TO PRICE SHARES IN PHARMACY COMPANIES

Muhammad Doly Harahap*¹, Yohan Okta Pasaribu², Jhon Lismart Benget. P³, Halomoan Sihombing⁴

¹²³Universitas Prima Indonesia – Indonesia

⁴Universitas HKBP Nommensen

Email : mhddoly760@gmail.com

Submit :

18/09/2023

Accept :

15/12/2023

Publish :

31/12/2023

Abstract

The purpose of this research is to determine and analyze the influence of Earning Per Share (EPS), Price to book value (PBV), Debt to Equity Ratio (DER), Dividend Payout Ratio (DPR) and Working Capital on share prices in manufacturing sector companies. Pharmaceutical Industry on the Indonesian Stock Exchange in the 2017-2022 period. This type of research is quantitative research, namely research oriented towards processing data in the form of numbers contained in financial reports. The population in the research is manufacturing companies in the Pharmaceutical Industry sector on the Indonesian Stock Exchange on period 2017-2022. The sample used in study This as many as 7 Pharmaceutical company. The data analysis technique uses descriptive analysis and multiple linear regression analysis using SPSS version 26 software. Based on the results Partial research shows that Earning Per Share (EPS) has a positive and significant effect on Stock Prices, Price to Book Value (PBV) has a positive but not significant effect on Stock Prices, Dividend Payout Ratio (DPR) has a positive and significant effect on Stock Prices, Capital Work (MK) has a positive and significant effect on share prices, and simultaneously Price to Book Value (PBV), Earnings Per Share (EPS), Debt to Equity Ratio (DER), Dividend Payout Ratio (DPR) and Working Capital (MK) has a significant effect on stock prices in the pharmaceutical sector in Indonesia. Halal labeling has a positive and significant effect on purchase decisions , Simultaneously, the Halal Awareness and Halal Labeling variables have a significant effect on the purchase decisions of customers using the Online Food Delivery service . And based on the coefficient of determination the dependent variable is able to influence the dependent variable by 48.1%.

Keywords: Earnings Per Share (EPS), Price to book value (PBV), Debt to Equity Ratio (DER), Dividends Payouts Ratio (DPR), Capital Work, Price Share, Pharmacy



INTRODUCTION

Pharmaceutical industrial companies are companies that operate in the medicines and health equipment industry needed by the health sector. Pharmaceutical companies are subject to various laws and regulations governing the patenting, testing, safety, efficacy and marketing of such drugs. When Covid-19 entered the country, demand for vitamins, supplements and medicines to increase immunity increased. The increase in investment value in the pharmaceutical industry also shows that industry players are still optimistic about the business prospects in the industry (Kemenperin_RI, 2021). The trade sector continues to record a positive record. The Central Statistics Agency (BPS) reported that Indonesia's trade balance in January 2022 had a surplus of USD930 million. There was a surplus because last month's export volume reached USD19.16 billion, while imports amounted to USD18.23 billion. BPS recorded that the export value in January 2022 decreased by 14.29 percent compared to exports in December 2021 which amounted to USD 22.36 billion. However, when compared with exports in January 2021 which amounted to USD 15.29 billion, there was an increase of 25.31 percent.

The capital market is the party that has advantages and the party that needs funds by buying and selling securities. The capital market can also be interpreted as a market for buying and selling securities generally have ages more than 1 year, such as shares, bonds and mutual funds (Tandelilin, 2017). The share price is the price per share of the company's shares issued in stock exchange, Where price share is factors that quite

important that is must determined in advance by investors who wish to invest their capital in the issuer. (Junaedi, et al., 2021). Investors who want to invest in a company will choose which company will provide profits in the future (Benget, P.: 2020) . A fairly high share price will provide benefits, namely in the form of capital gains and a better image for the company. Below we will present data on the development of share prices of pharmaceutical companies listed on the Indonesian Stock Exchange, as follows:

| COMPANY | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------|------|------|------|------|------|------|
| PYFA | 183 | 189 | 965 | 1010 | 865 | |
| DVLA | 1960 | 1940 | 2250 | 2410 | 2370 | 2750 |
| INAF | 5850 | 6500 | 900 | 4040 | 1010 | 2290 |
| KAEF | 2660 | 2600 | 1270 | 4260 | 1080 | 2440 |
| BRAND | 8500 | 4300 | 2850 | 3270 | 4760 | 3680 |

Table 1. Development Price Share Company Pharmacy 2017-2022 (In Rupiah)

Based on the table above, it can be seen that share prices in companies do not increase from year to year, share prices in pharmaceutical companies tend to fluctuate from 2017-2022, such as at Kimia Farma Company, where since 2017-2018 the share price has been IDR. 2,600 but in 2019 it decreased to Rp. 1,270 per share, likewise for the Indo Farma company in 2018 the price per share was Rp. 6,500, but in 2019 it decreased become Rp. 900 per the sheet, and it happens enhancement return on year 2020





amounted to Rp. 4,260 per share, and there will be a decrease in 2021 to Rp. 2,440 per share, so that through the data that researchers have observed, it was found that the share prices of pharmaceutical companies experienced fluctuations in their share prices.

Share price movements are influenced by Earning Per Share (EPS). Earnings Per Share (EPS) is a ratio that measures how much dividend per share will be distributed to investors after deducting dividends. If the company's EPS is high, it will increase Lots investors who want to buy share the so that cause price share will be high. The higher the EPS value, the greater the profit that will be provided to shareholders. (Badruzaman 2017). Then the next factor is Price to Book Value. Price to book value (PBV), PBV is the ratio between the stock market price and its book value. This ratio shows how far a company is able to create company value relative to the amount of capital invested (Sugiarto, 2012). A high price to book value will make investors confident on the company's future prospects. Price to book value is the relationship between share price and book value per share. The more tall PBV value shows the company value is getting better and funding, And policy dividend to the value of the company.

According to Kasmir (2015: 157), " Debt to Equity Ratio (DER) is a ratio used to assess debt with equity". This ratio functions to find out every rupiah of own capital used as collateral for debt. The greater this ratio, the more unprofitable it will be because the greater the risk of failure that may occur in the company.

According to Darmadji and Fakhruddin (2012:159) Dividend Payout Ratio (DPR) is a ratio that measures comparison dividend to profit company. DPR Which reduce can reflect

company profits are decreasing. This condition will cause a very strong preference for dividends. Parica (2013) states that a higher DPR will benefit investors, but for the company it will weaken internal finances because it reduces retained earnings. However, on the other hand, a smaller DPR will be detrimental to investors but the company's internal finances will be stronger. Working capital is a ratio used to estimate the effectiveness of the company's working capital in generating sales (Kasmir, 2016). Working capital is needed by every company to finance its daily operational activities, where working capital is it is hoped that it will return to the company in a short time through the proceeds from the sale of its production. Good working capital management can be seen from the provisions on its use, usually used for purchasing fixed assets, paying debts, paying dividends, and paying expenses or costs.

RESEARCH METHODS

The type of research used in this research is quantitative research, namely research oriented towards data processing in the form of numbers contained in financial reports, used to examine certain populations or samples, sampling techniques and generally carried out randomly, data collection using analytical research instruments that data quantitative





or statistical in nature with the aim of testing hypotheses has implemented (Sugiyono, 2017).

The research population is all the elements or components that will be observed or researched. The population in this research is all manufacturing companies Pharmaceutical Industry sector listed on the Indonesia Stock Exchange (BEI) in 2017-2022, totaling 9 companies. The sample for this research was determined using a saturated sample, namely taking the entire number population as a research sample. (Sugiyono, 2019). The aim of using saturated sampling is to obtain a sample that matches the predetermined population size. The samples studied were manufacturing companies The Pharmaceutical Industry sector is as follows:

| No | Code Share | Name Company |
|----|------------|---|
| 1 | Pyridam | PT. Pyridam Pharma Tbk |
| 2 | DVLA | PT. Daria Miscellany Laboratories Tbk |
| 3 | INAF | PT. Indofarma Tbk |
| 4 | KAEF | Chemistry Farma Tbk |
| 5 | BRAND | PT. Merck Tbk |
| 6 | SIDO | PT. Industry Jamu And Pharmacy Sidomuncul Tbk |
| 7 | SOHO | SOHO Global Health |
| 8 | TSPC | PT. Tempo Scans Pacific Tbk |
| 9 | PEHA | PT. Phapros Tbk |

Table 2. Sample Study

RESULT

The data analysis technique in this research is multiple linear regression. Linear Regression Multiple is the regression connecting more than one independent variable. Analysis using regression is useful for finding out how

much influence the independent variable has on the dependent variable (Ghozali 2018). The data analysis technique in this research uses the help of the Statistical Product and Service Solution (SPSS) for Windows version 22 program using multiple linear regression to determine the coefficient of determination of each variable. Model analysis regression linear multiple role as technique analysis, but moreover formerly must passes the classical assumption test, because a good regression model is a regression model whose data is normally distributed, does not have multicollinearity, heteroscedasticity and autocorrelation problems. The statistical analysis stage carried out included the classical assumption test, T test, F test and formulation of multiple analysis models. The multiple linear regression equation in this research is:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

Information :

- Y = Price Share
- α = Constant
- $\beta_1, \beta_2,$ = Regression coefficient
- X 1 = Earnings Per Share (EPS)
- X 2 = Price Book Value (PBV)
- X 3 = Debt to Equity Ratio (DER)
- X 4 = Dividends Payouts Ratio (DPR)
- X 5 = Working capital
- e = Error term

The research object used was the Pharmaceutical Sector Manufacturing Company on the Indonesia Stock





Exchange during the 2017-2022 period (6 years). There are 10 companies listed in the entire Pharmaceutical Sector Manufacturing Company on the Indonesian Stock Exchange. Then those who meet the sample criteria from the total population are 7 Pharmaceutical Sector Manufacturing Companies listed on the Indonesian Stock Exchange.

| | N | Minimum | Maximum | Mean | Std. Deviation |
|--------------------|----|---------|---------|-----------|----------------|
| EPS | 42 | - 30.62 | 433.00 | 93.1014 | 116.31033 |
| PBV | 42 | - 15.95 | 8.66 | 2.7126 | 3.59653 |
| DER | 42 | .10 | 16.77 | 1.3140 | 2.55529 |
| DPR | 42 | - 1.00 | 98.78 | 4.5828 | 19.35939 |
| MK | 42 | - 19.99 | 34.19 | 4.3426 | 8.85949 |
| STOCK PRICE | 42 | 183.00 | 8500.00 | 2729.7619 | 2019,24709 |
| Valid N (listwise) | 42 | | | | |

Table 3. Analysis Statistics Descriptive

Based on Table 3.1, it is known that Earning Per Share (EPS) has a minimum value of -30.62 and a maximum value of 433.00. The average value is 93.101 while the standard deviation value is 116.310. The Price to Book Value (PBV) variable has a minimum value of -15.95 and a maximum value of 8.66. The average value is 2.7126 while the standard deviation value is 3.596. The Debt to Equity Ratio (DER) variable has a minimum value of 0.10 and a maximum value of 16.77. The average value is 1.3140 while the standard deviation value is 2.555. The Dividend Payout Ratio (DPR) variable has a minimum value of -1.00 And mark maximum 98.78. Mark average amounted to 4,582 whereas

standard deviation value amounting to 19.35939. The Working Capital (MK) variable has a minimum value of -19.99 And mark maximum 34.19. Mark average amounting to 4.3426 whereas mark standard deviation of 8.85949. The Stock Price variable has a minimum value of 183 and a maximum value of 8500, the average value is 2729.76 while the standard deviation value is 2019.247.

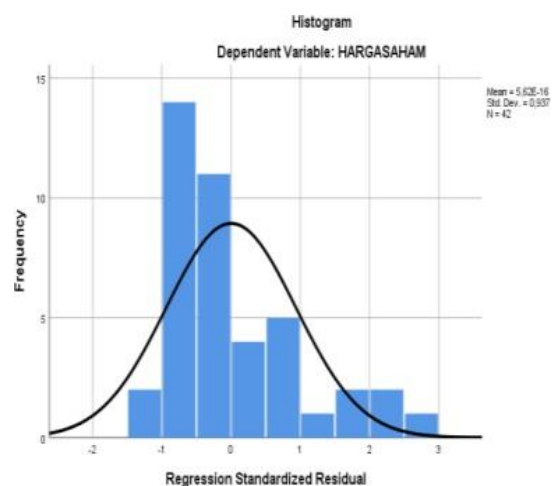


Figure 1. Test Normality

The histogram graph in Figure above shows a normal distribution pattern because the graph does not slant to the left or slant to the right.

| Model | Unstandardized Coefficients | | Standardized Coefficients | | t | Sig. |
|-------|-----------------------------|------------|---------------------------|-------|---------|------|
| | B | Std. Error | Beta | | | |
| 1 | (Constant) | 945,410 | 354,494 | | 2,667 | ,011 |
| | EPS | - 1,596 | 1,209 | -,219 | - 1,320 | ,195 |
| | PBV | 56,276 | 63,516 | ,239 | ,886 | ,381 |
| | DER | 86,426 | 91,010 | ,261 | ,950 | ,349 |
| | DPR | - 3,166 | 7,032 | -,072 | - | ,655 |
| | MK | 14,744 | 15,162 | ,154 | ,972 | ,337 |

Table 4. Test Heteroscedasticity





| Model | Unstandardized Coefficients | | Standardized Coefficients Beta | t | Sig. | Collinearity Statistics | |
|--------------|-----------------------------|------------|--------------------------------|-------|------|-------------------------|-------|
| | B | Std. Error | | | | Tolerance | VIF |
| 1 (Constant) | 438,134 | 626,933 | | ,699 | ,489 | | |
| EPS | 10,542 | 2,138 | ,607 | 4,932 | ,000 | ,881 | 1,135 |
| PBV | 177,957 | 112,330 | ,317 | 1,584 | ,122 | ,334 | 2,996 |
| DER | 311,475 | 160,953 | ,394 | 1,935 | ,061 | ,322 | 3,105 |
| DPR | 30,086 | 12,436 | ,288 | 2,419 | ,021 | ,940 | 1,064 |
| MK | 64,532 | 26,814 | ,283 | 2,407 | ,021 | ,965 | 1,036 |

Table 5. Analisis Regresi Linear

Based on results regression in the table 3.5 then it is obtained equality as following:

$$Y : 438,134 + 10,542 X_1 + 177,957 X_2 + 311,475 X_3 + 30,086 (X_4) + 64,532 (X_5)$$

Based on the results of the research model regression analysis, the above equation can be interpreted as following:

1. The constant value of 438.134 states that the independent variables are Price to Book Value (PBV), Earning Per Share (EPS), Debt to Equity Ratio (DER), Dividend Payout Ratio (DPR) and Capital Work (MK) is considered constant, then will raise Share price is 438,134.
2. Coefficient regression as big as 177,957 state that every addition one by one Earnings Per Share (EPS) so will improve Price Share as big as 177,957.
3. Regression coefficient amounting to 10,542 states that Each additional unit of Price to Book Value (PBV) will increase the share price by 10,542.

4. The regression coefficient of 311.475 states that every additional unit of Debt to Equity Ratio (DER) will increase the share price by 311,475.

5. The regression coefficient of 30.086 states that for every one-unit addition to the Dividend Payout Ratio (DPR) then it will increase the Share Price by 30,086.

6. The regression coefficient of 64.532 states that every additional unit of Working Capital (MK) will increase the share price by 64.532.

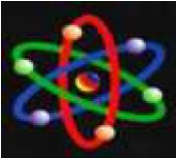
Based on the F-statistics testing table detailed can be outlined mark F_{count} obtained is 7,769 while the F_{table} value in this study it was 2.477. It can be concluded that $F_{count} > F_{table}$ and the significant value obtained is $0.000 < 0.05$, this means it is variable independent namely *Earnings Per Share (EPS)*, *Price to Book Value (PBV)*, *Debt to Equity Ratio (DER)*, *Dividend Payouts Ratio (DPR)* and *Capital Work (MK)* according to simultaneously has a significant effect on stock prices in the pharmaceutical sector in Indonesia.

| Model | Unstandardized Coefficients | | Standardized Coefficients Beta | t | Sig. | |
|-------|-----------------------------|------------|--------------------------------|------|-------|------|
| | B | Std. Error | | | | |
| 1 | (Constant)438,134 | 626,933 | | ,699 | ,489 | |
| | EPS | 10,542 | 2,138 | ,607 | 4,932 | ,000 |
| | PBV | 177,957 | 112,330 | ,317 | 1,584 | ,122 |
| | DER | 311,475 | 160,953 | ,394 | 1,935 | ,061 |
| | DPR | 30,086 | 12,436 | ,288 | 2,419 | ,021 |
| | MK | 64,532 | 26,814 | ,283 | 2,407 | ,021 |

Table 6. Test Partial (Test t)

Based on table testing t-statistics in a way detailed can outlined as following:





1. Variable Earnings Per Share (EPS) own mark t count amounting to 4,932 whereas mark t table amounting to 2,028. It can be concluded that $t_{count} 4.932 > t_{table}$ and value significant obtained

$0.000 < 0.05$, then Earning Per Share (EPS) has a positive and significant effect on share prices in the pharmaceutical sector in Indonesia.

2. The Price to Book Value (PBV) variable has a calculated t value is 1.584 while the t table value amounting to 2,028. It can be concluded that $t_{count} 1,584 < t_{table}$ and the significant value obtained is $0.122 > 0.05$, so Price to Book Value (PBV) does not have a significant effect on stock prices in the pharmaceutical sector in Indonesia.

3. The Debt to Equity Ratio (DER) variable has a calculated t value is 1.935 while the t table value amounting to 2,028. Can concluded that $t_{count} 1,935 < t_{table}$ 2,028 And mark The significant result is $0.061 > 0.05$, so the Debt to Equity Ratio (DER) does not have a significant effect on stock prices in the pharmaceutical sector in Indonesia.

4. Variable Dividend Payout Ratio (DPR) own mark t count as big as 2,419 while the t value table amounting to 2,028. It can be concluded that $t_{count} 2.419 > t_{table}$ and the significant value obtained is $0.021 < 0.05$, so the Dividend Payout Ratio (DPR) has a positive and significant effect on stock prices in the pharmaceutical sector in Indonesia.

5. Variable Capital Work (MK) own mark t count as big as 2,407 whiler mark t table as big as 2,028. Can concluded that $t_{count} 2,407 > t_{table}$ And significant values were obtained

$0.021 < 0.05$ then Capital Work (MK) has an influence positive and significant on share prices in the pharmaceutical sector in Indonesia.

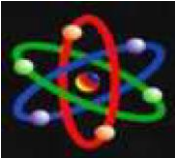
CONCLUSION

The partial test results for the Earning Per Share (EPS) variable have a calculated t value is 4.932 while the t table value amounting to 2,028. It can be concluded that $t_{count} 4.932 > t_{table}$ And mark significant obtained $0.000 < 0.05$ then Earnings Per Share (EPS) has a positive and significant effect on stock prices in the pharmaceutical sector in Indonesia. The partial test results for the *Price to Book Value* (PBV) variable have a calculated t value is 1.584 while the t table value amounting to 2,028. It can be concluded that $t_{count} 1,584 < t_{table}$ and the significant value obtained is $0.122 > 0.05$, so *Price to Book Value* (PBV) does not have a significant effect on stock prices in the pharmaceutical sector in Indonesia. 3. The partial test results for the Debt to Equity Ratio (DER) variable have a calculated t value is 1.935 while the t table value amounting to 2,028. It can be concluded that $t_{count} 1.935 < t_{table}$ 2.028 and the significant value obtained is $0.061 > 0.05$, so the Debt to Equity Ratio (DER).

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