THE INFLUENCE OF SOLVABILITY, PROFITABILITY AND LIQUIDITY RATIO TOWARD THE COMPANY'S SHARE PERFOMANCE IN THE IDX-LISTED PROPERTY SECTOR IN THE PERIOD 2015-2019

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ABSTRACT

This study aims to study the effect of internal aspects of the company on stock performance. Internal aspects in this study use the company's financial ratios such as solvency ratios, profitability ratios and liquidity ratios. As an independent variable, the writer uses Debt to Equity Ratio (DER), Net Profit Margin (NPM) and Current Ratio. Then, for the dependent variable the writer uses Share's Growth. The object of this research is property and real estate subsector companies listed on the Indonesia Stock Exchange. The research period was conducted from 2015-2019. The research method uses multiple regression analysis using panel data. The results showed that Debt to Equity Ratio and Current Ratio had a significant effect on Share's Growth.

Keywords: Financial Ratio, Share's Performance, Property Sector

INTRODUCTION

Indonesia will occupy the third place of 10 emerging markets that will dominate the global economy in 2028. Indonesia's growth is one of the factors that make Indonesia the country in Asia most attractive in the world, because Indonesia has over thousands of islands located in the Hindia Ocean. According to Oxford Economics analysis, Indonesia is predicted to be the global economic locomotive in the coming years. This is strengthened because Indonesia is endowed with abundant natural resources and is

increasingly independent of foreign funding, and seems to be a key player in the future with a growth of 5, 1 percent. (kompas.com).

In addition to abundant natural resources, Indonesia has an initial capital to compete at a global level with a high population growth rate. President of Indonesia Joko Widodo said one of the key success can be achieved by continually increasing the national competitiveness by resting on the quality of human resources. Qualified human resources are the important capital of the country to compete in the world market, with the prediction of demographic bonuses in the coming years, Indonesia should ensure the productive age of the rapidly increasing work will be a leap of progress bonus. (tribunnews.com).

The productive age of work in Indonesia in the year 2019 continues to increase, this will continue to grow large and ensured in the early years 2020 to 2035 Indonesia will enter the demographic bonus phase. The demographic Bonus itself according to the Population and National Planning Agency (BKKBN) is the advantage that a country has enjoyed in this world as a result of the large proportion of the productive population with a range of ages 15 to 64 years in the evolution experienced by the country. BKKBN's opinion is strengthened by the Central Board. Indonesia's statistic, which estimates Indonesia in this bonus phase of the productive age population in the projection is on the highest chart throughout history, reaching 64 percent of the total population of Indonesia of 297 million people. (Republika.co.id).

This bonus phase is a very profitable thing for Indonesia and is an opportunity for Indonesia to boost the economy of the country, according to Employment Minister M Hanif Dhakiri government targets 2 million new jobs per year or 10 million jobs in 2019 government period. In addition to creating jobs, the Government also encourages the emergence of new entrepreneurs by providing entrepreneurship training programmes and providing their own advice. This demographic bonus phase has to be accompanied by the use of digital technology to positively impact the growth of millennials to become a leader in e-commerce, startup and digital economic development in Indonesia. (indopos.co.id).

Property and Real Estate is a sub-sector in Indonesia that has an important role in the economic development of the country. This sector dominates the Indonesian economy because Indonesian people still believe in having an investment in the form of physical assets compared with non-physical assets, Senior Deputy governor of Bank Indonesia Mirza suggests that the property sector dominates the Indonesian economy because the property sector is able to absorb a large amount of manpower. The sector also has a multiplier effect and backward linkage that is large enough in other sectors. Therefore, the property sector has a significant impact on attracting and encouraging other sectors. Other impacts of the property sector also seem to the economy in particular financial products. (aturduit.com).

The development of the real estate industry and the predicted property will always grow rapidly increasing annually along with the increasing growth of Indonesian population, it is because the land has a fixed availability while every year the number of Indonesian population is increasing. Nowadays, Indonesia continues to build facilities and infrastructure to support the economic pace. Moreover, in the reign of President Joko Widodo, Indonesia did many developments in every region in order to

progress Indonesia itself. Improving quality of life, for low-income communities to get home is a top priority for the government. It is in line with the CONSTITUTION 1945 of article 28 (H) namely "Every person is entitled to live. Is born and inward, dwelling, and gaining a good and healthy living environment and entitled to health care. "

Property and real estate in Indonesia is growing from year to year, developer property in every year in building its products that can be sold or rented, the number of development is a good opportunity that developers use. (Hasanah et, al. 2017).

Tabel 1. 1 Commercial Average property demand

Year	2015	2016	2017	2018
Property Demand	124,4825	127,3175	129,0525	132,05

From table 1.1 can be concluded that every time the demand for commercial property in Indonesia is always increasing. In 2016 it was increased from 2015 due to the high demand of apartment and hotel segments. In the year 2017 increase occurred due to the demand of the apartment segment sell and office segments, further in the year 2018 increase occurred due to rising demand for convention matters especially in the city of Palembang because of the event/event of Asean Games 2018 held in Indonesia. (PPKom Bank Indonesia 2016-2018). The demand for property that year after year is higher, not directly proportional to the sale of property in Indonesia. Whereas property in Indonesia is a choice of many people to invest. This is similar to the Giffen case (income effect negative) when there is a rising price, rising demand, but income. (Asfia 2016:40).

The property sub-sector in Indonesia has experienced over the past 5 years decrease in sales. This is caused by external factors and internal companies registered in this sub sector, factors externally affecting it, among others, rising property prices rapid and not proportional to the increase in population income per capita Indonesia, while internal factors include asset management, resources human resources that will be more fully explained in this study.

Table1. 2 Sales Average Property

Year	Sales Average
2014	Rp 1.686.288.058.550
2015	Rp 1.639.093.856.898
2016	Rp 1.603.450.206.338
2017	Rp 1.760.415.013.551
2018	Rp 1.618.164.690.487

From the table 1.2 can be concluded that the sale of property almost every year has decreased, and a drastic increase in the year 2017, but again there is a very drastic decline in the year 2018. These volatile sales mean that the property companies have bad images in the eyes of investors, and are judged to be less healthy by investors. The decline of property and real estate sales in Indonesia is caused by 2 factors, namely external and internal factors of the company.

In this research researchers will discuss how the internal factors, the company reached its efficiency in achieving the target company itself. Internal factors in this study raised how the impact of the company's liquidity calculated from the current ratio (asset smoothly divided debt smoothly), company solvency calculated from debt to asset ratio (total assets divided by total debt) and the profitability through the value of Net Profit Margin toward the share performance of property and real estate companies listed on the Indonesia Stock Exchange period 2015-2019.

LITERATURE REVIEW

In this study, researchers will discuss how internal factors, companies achieve efficiency in achieving the company's own targets. Internal factors in this study raise how the influence of company liquidity calculated from the current ratio (current assets divided by current debt) and company solvency calculated from the debt to asset ratio (total assets divided by total debt) affect its profitability through the acquisition of the company's Net Profit Margin in the sector property and real estate listed on the Indonesia Stock Exchange in the 2015-2019 period.

Liquidity itself is the ability of a company to meet short-term obligations that must be met. If the company is able to pay all of its obligations, the company is in a liquid state (Fahmi 2011: 121 in Fatahurrazak and Sofia 2015). Liquidity itself can be measured using several methods. In general, there are five types of dominant liquidity ratios used in research, namely the current ratio (quick ratio), quick ratio (quick ratio), cash ratio (cash ratio), cash turnover ratio, and inventory net working capital (Kasmir, 2015: 134 in Fadli 2018). In this study I used the current ratio, the current ratio itself illustrates how companies cover all their current debts with available current assets.

Solvency is a ratio that measures the extent to which a company's assets are financed with debt. That is, how much debt burden borne by the company compared to its assets (Kasmir, 2015: 151 in Fadli 2018). In this study the solvency of a company is measured through a Debt to Asset ratio, this ratio illustrates how a company can close all its debts with all of its assets.

While profitability itself is a ratio to assess a company's ability to seek profits. This ratio also provides a measure of the effectiveness and efficiency of a company's management. Types of profitability ratios: (1) Gross profit margin, (2) Net Profit Margin (NPM), (3) Operating Profit Margin, Return on Assets (ROA), Return on Equity (ROE). (Kasmir (2012: 196) in Maulita and Tania 2018). In this study the profitability ratio used is the Net Profit Margin, this ratio is a description of how the company's sales can generate optimal net profit after tax, the greater the acquisition of this ratio, the company is considered more efficient in generating or getting net profit after tax.

2.1 Hypothesis

Based on the Theory and Research Framework, along with the Empirical Study, the hypothesis of this research is that:

H1: Current Ratio affects the share's growth on Property and Real Estate Companies listed on the Stock Exchange Indonesia for the 2015-2019 period.
H2: Debt to Asset Ratio affects the share's growth on Property and Real Estate Companies listed on the Stock Exchange Indonesia for the 2015-2019 period.
H3: Net Profit Margin affects the share's growth on Property and Real Estate Companies listed on the Stock Exchange Indonesia for the 2015-2019 period.

RESEARCH METHODOLOGY

The research conducted is a quantitative research. Quantitative research is a method for testing certain theories with how to examine the relationship between variables. These variables are measured so data consisting of numbers can be analyzed according to procedure statistics (Sugiyono in Anggriani and Hasanah 2017). Variable in this research is liquidity, leverage, profitability and share's growth. This research conducted to determine the effect of variable liquidity, leverage and profitability toward company's share performance in registered Property and Real Estate Sub Sector Companies on the Indonesia Stock Exchange for the 2015-2019 Period. The data used in this research is secondary data. According to Sugiyono (2015), secondary data is data that is published or used by organizations that are not processors. Secondary data is data obtained indirectly through intermediary media in the form of historical data published monthly. The data source used in this study is a source can be trusted and published. According to the needs and goals research, the authors get information about Sub Sector Property and Real Estate in the 2015-2019 period through the official website of the Stock Exchange Indonesia, namely www.idx.co.id in the form of financial statements that have been audited, and the company's annual report. Other information obtained by the author obtained from books, the internet, papers, financial journals which concerns the object studied by the author.

The unit of analysis in this study is the financial statements in the property and real estate sub-sector companies listed on the Indonesia Stock Exchange from 2015 to 2019. Of the 54 companies of the property and real estate sub-sector companies listed on the Indonesia Stock Exchange successively from the year 2016 to 2019, 35 companies were chosen as the research samples.

Result and Discussion

By using multiple regression analysis, the result of the data processed is shown below:

Table 4.1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.260460	0.094038	2.769737	0.0064
X1	-0.001971	0.000623	-3.163949	0.0019
X2	0.007749	0.017868	0.433682	0.6652
X3	-0.059245	0.027950	-2.119649	0.0359
Root MSE	0.433045	R-squared		0.079949
Mean dependent var	-0.018571	Adjusted R-squared		0.059654
S.D. dependent var	0.453089	S.E. of regression		0.439367
Akaike info criterion	1.221194	Sum squared resid		26.25394
Schwarz criterion	1.305240	Log likelihood		-81.48355
Hannan-Quinn criter.	1.255348	F-statistic		3.939307
Durbin-Watson stat	2.307095	Prob(F-statistic)		0.009868

Effect of Debt to Equity Ratio to Share's Growth

Based on the results of the study stated that the Debt to Equity Ratio (DER) there is significant influence on Share's Growth. Debt regression coefficient to Asset Ratio (DAR) has a negative sign which means it shows opposite direction relationship. This means that the moreDebt to Equity Ratio (DER) then Share's Growth value will decrease further. High DERresulting in companies having a high level of risk because of this has long-term debt that is of high value and must be paid in full when due.

Though the use of long-term debt will be good making companies more efficient in reducing their tax costs. This matter in accordance with the trade-off theory which states that long-term debt can help companies reduce their tax costs so that profits cleaner produced even better (maximum results).

Effect of Net Profit Margin to Share's Growth
Based on the results of the study stated that the Net Profit Margin (NPMthere is no influence on Share's Growth. Regression coefficient Current Asset Ratio (CR) has a negative sign which means it shows opposite direction relationship. This means that the Current Asset Ratio (CR) is increasing the Share's Growth will decrease. The influence of which significant between Current Asset Ratio (CR) to Share's Growth shows that the CR ratio has a bad role for Share's Growth because can cause the Share's Growthto fall.

Effect ofCurrent Ratio to Share's Growth
Based on the results of the study stated that the Current Asset Ratio (CR) there is an influence on Share's Growth. Regression coefficient Current Asset Ratio (CR) has a negative sign which means it shows opposite direction relationship. This means that the Current Asset Ratio (CR) is increasing the Share's Growth will decrease. The influence of which significant between Current Asset Ratio (CR) to Share's Growth shows that the CR ratio has a bad role for Share's Growth because can cause the Share's Growthto fall.

CONCLUSION
From the results of this study the following conclusions can be drawn:

1. Debt to Equity Ratio (DER) variable partially has a significant negative effect against Share's Growth. Increased value of Debt to Equity Ratio causes the value of the Share's Growth to decrease.

2. Net Profit Margin (NPM) does not have a significant effect toward share's growth. This result is against the findings of several research in the past which stated that profitability has an impact toward share's growth.

3. Current Ratio has a significant negative effect towards Share's Growth. Increased value of Current Ratio causes the value of the Share's Growth to decrease. This finding is different from other result which stated that

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