The Effect of Earning Per Shere and Exchange for Profitability and its Impact on Return of Food and Beverage Companies Listed on BEI (Indonesia Stock Exchange)

Rina Ani Sapariyah, Achmad Choerudin, Ridwan Wahyudi

Abstract: This study aims to provide empirical evidence of the significance of income per shere and foreign exchange rates on profitability and its effect on the return of shares of food and beverage companies listed on the IDX. The population in this study were 21 Food and Beverage companies listed on the Indonesia Stock Exchange for the period 2015-2017. This population is obtained based on data from www.idx.co.id. Samples were taken using a purposive sampling method. In accordance with the sample selection criteria, it was determined that 13 Food and Beverage companies would publish complete financial statements. This study uses multiple linear regression and path analysis (path analysis) to analyze data with the help of the SPSS program. This research produces results that produce positive and significant profits on Return On Assets and Stock Return. The total value of R squared is 0.608 variable Variable Return Value is related to Per Shere Income, Foreign Exchange with On Return Return as a moderating variable of 60.8% and 39.2%. , valuation, size of company and others. Income per Shere is the most dominant of the Returns of Shares that are generated by having the largest regression coefficient (0.330). More than other lines.

Keywords: Earning per sher, foreign exchange rates, profitability, stock returns, food and beverage companies.

I. INTRODUCTION

Along with the era of globalization and the modern economic era such as the present *food and beverage* companies in Indonesia are affected to try to produce goods at low cost but have good quality in order to be able to compete in the domestic market and in the global market. *Capital market* is a market for a variety of long-term financial instruments that can be traded, both in the form of debt or own capital, both issued by the government, *public authorities* , and private companies (Husnan, 2009).

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Investors who will make the decision to invest are faced with a desire to obtain the maximum *return* on investment value, and the level of risk faced, because investing in the capital market is an activity that is faced with a variety of risks and uncertainties that are difficult to predict. The *return* value of each security varies from one another. Not all securities will provide the same *return* for investors.

The phenomenon of the decline in the company's stock price exceeds the decline in the CSPI , resulting in a decrease in stock returns . The Composite Stock Price Index (CSPI) closed down 0.59% or fell 29.06 points to 4,856.10 due to the decline in the consumer and manufacturing sectors. Based on RTI data, the number of shares traded on the exchange was 6.46 billion or with transactions of Rp 5.36 trillion. A total of 163 shares closed higher but could not save the index's decline. A total of 147 shares closed down and 88 shares remained. There was a *foreign sell* of Rp 2.6 trillion. Then slumped 0.65% or fell 31.71 points to 4,853.45. (Kompas.com).

Another phenomenon occurs in PT Multi Bintang Indonesia Tbk and PT Delta Djakarta whose stock prices have weakened again , as a result Return will be down, because the Ministry of Trade prohibits the sale of alcoholic beverages in retail outlets and retailers. Closing of the market on Thursday (16/4/2016), Multi Bintang shares was down 1.04 percent to Rp 9,500 per share of Rp 9,600 per share. Delta Djakarta's share price has been monitored to weaken 0.18 percent to Rp 279,500 per share, from Rp 280 thousand per share.

This study using *Earning Per Share* for this ratio indicates how much ability per share in profit. *Earning per share* is a ratio that describes the amount of rupiah obtained for each common stock. *Earning per share is* very interesting because it is an indicator of the company's success.

Syarifudin (2013) examines the analysis of the effect of profitability ratios and market ratios on stock *returns* . The variable used in this study is *earnings per share*. The results of this study indicate that *earnings per share* have a significant effect on stock *returns*. Susilowati (2011) examined the signal reaction to profitability ratios and solvency ratios to stock *returns*. The variable used in this study is *earnings per share.* The results of this study indicate that *earnings per share* influence but not significantly to stock returns.

Return on assets is a ratio used to measure effectiveness of the company in generating profits to take advantage of its assets, *return on assets (ROA)* connecting the net income by total assets. While Riyadi (2006: 155), said *Return On Assets* is a comparison between profits before interest costs and taxes (*Earning Before Interest and Taxes)* with all assets or assets of a company.

Investors still use ROA as a level of company performance that is used to predict total stock *returns*, thus the greater ROA will show the company's performance rises so that stock *returns* also go up.

A fluctuating rupiah exchange rate can also affect company performance, this reflects the company experiencing a *foreign exchange exposure* (Pujawati et al., 2015). This study looks at how the impact of changes in the exchange rate can affect receipts and offers which will ultimately change the level of profitability of the company and provide a large influence on stock returns. Return will reflect how a company's performance so that investors who will invest can make stock returns as an investment consideration.

II. LITERATURE REVIEW

A. Investation

Investment, also commonly referred to as investment or capital formation is the second component that determines the level of aggregate expenditure. The term investment can be interpreted as an expenditure or expenditure on investment or a company to buy capital goods and equipment to increase the ability to produce goods and services available in the economy. This increase in the number of capital goods allows the economy to produce more goods and services in the future. Investment is also carried out to replace old capital goods that have been thirsty and need to be depreciated.

The capital market as a means or a place to bring together the sellers and buyers of financial instruments in the context of investment. The capital market as a market for a variety of long-term financial instruments that can be traded, both in debt and own capital, both issued by the government, *public authorities,* and private companies. The capital market has an important role, namely as a place to channel funds from investors (those who are excess funds) to companies (those who lack funds) who have *gone public* . Without a capital market, access to the distribution of funds is less efficient. So companies must bear their own for capital that continues to grow and disrupt the activities of the Indonesian economy.

B. Stock Returns

Return the stock is the result obtained from the investment. *Return* the stock may be *a return* realization has occurred or *return* expectation has not happened yet but is expected to happen in the future. *Return* the realization of the *return of* what has happened. Realized *returns are* calculated using historical data. Realized *returns are* important because they are used as a measurement of performance and the company. *Return* realization or historical is also useful as a basis for determining the *return* expectations and risk in the future. *Return* expectations are *returns* that are expected to be obtained by investors in the future, in contrast to the *return of* relations that have already taken place, expectation *returns* have not occurred.

Stock *return* is the level of profit enjoyed by investors for an investment made. *Return* stock allows an investor to compare the advantages actual or expected benefits provided by the various stock at the desired level of returns. The purpose of investors in investing is to increase the value of wealth by maximizing *returns* without forgetting the risk factors they face. A high stock *return* identifies that the stock is actively traded, so the agent will not keep the stock for long before the stock is traded.

C. Earning Per Share (EPS)

Earnings per share is one of the market ratios, the market ratio basically measures the ability of management in creating market value that exceeds investment spending. This ratio is the most complete measurement of the company's achievements and is directly related to the aim of maximizing the company's value and shareholders' wealth. According to Suryana (2013), states that the level of profits generated per share owned by investors will affect investors' assessment of a company's performance. So, it was concluded that EPS is a ratio that shows the amount of profit obtained from each existing stock. The *Earning Per Share* formula is:

$$Earning\ Per\ Share = \frac{Net\ Profit}{Number\ of\ Outstanding\ Shar}.$$

D. Foreign Exchange Rates

The definition of foreign exchange is the currency of another country. Exchange of a currency with other currencies is called foreign exchange transactions (*foreign exchange/forex*). The price of a currency against other currencies is called the exchange rate or exchange rate. Understanding foreign exchange rates in general can be interpreted as the price of a foreign currency if exchanged with other currencies (domestic currency/other countries' currencies). Research conducted by Kewal in 2009 found that when the rupiah exchange rate strengthened against the dollar, there was an increase in demand for the rupiah so that there was an increase in share prices which in turn would have an effect on increasing stock returns. Javed, Benish and Shehlapada in 2012 also conducted research and found similar results to those found by Kewal that there was a negative relationship between changes in exchange rates with stock prices, which later changes in stock prices will also affect stock returns.

Abraham's research (2008) also strengthens previous research that supports changes in the exchange rate of the rupiah will have a negative effect on stock prices so that in the case of uni Stock Returns it is possible to follow down as well. Research conducted by Puah and Jayarama (2007) refutes previous research studies, Puah found that the exchange rate had a positive effect on its stock price. A strengthening exchange rate increases the stock return.

E. Return on Assets

This ratio shows the ability of the company with all the capital in it to generate profits, using data available on the balance sheet and the calculation of profit and loss in the company. *Return On Assets is* obtained by comparing net income to total assets (total assets). The higher the value of *Return On Assets* , the company's performance is getting better, because the rate of return is greater.

Return On Assets can be formulated as follows:

$$Return\ On\ Assets = \frac{Net\ Profit}{Total\ Assets}$$

Source: Robert Ang (1997: 21)

Fakran and Ika (2013), said *Return On Asset* is a ratio used to measure the effectiveness of a company in generating profits to utilize its assets, *Return On Asset (ROA)* connects net income with total assets. While Riyadi (2006: 155), said *Return On Assets* is a comparison between profits before interest costs and taxes (*Earning Before Interest and Taxes)* with all assets or assets of a company.

III. THE FORMULATION OF HYPOTHESES

Based on the theoretical basis and previous research, the hypotheses in this study are as follows:

1. Influence Earning Per Share Against Return on Assets

Understanding EPS according to Kasmir (2012: 207) is a ratio to measure the success of management in achieving profits for shareholders. The higher the value of EPS is certainly encouraging shareholders because the greater the profit provided to shareholders.

The reason the researcher added the EPS variable was to see how much profit could be made per share (according to the definition above). First, this is because to buy a company needs to buy earnings per share, not buy overall profits (buy the company as a whole). Research conducted by Endang Pitaloka and Sidney Joana in the Widyakala, states that Earning Per Shere has a Significant Impact on Return on Assets. Research conducted by Putri Hermawati & Wahyu Hidayat (2015) states that *Earing Per Share* (EPS) has a positive and significant effect on profitability in this case is *Return On Assets.*

H_1 : *earing Per Share* significant effect on *Return* On Assets

2. Effect of Exchange Rate Currency Against the Return On Asset

Rupiah Exchange Rates Economic relations between countries that cross national borders require a currency that can be used as a general benchmark. This is often referred to as the exchange rate or exchange rate. The exchange rate of a currency can be determined by the government (monetary authority) as in countries that use a *fixed exchange rate* system or determined by a combination of mutual market forces. Rupiah Exchange, Total Sales, interacting (commercial banks - multi national companies - asset management companies - insurance companies - foreign exchange banks) and government policies as in countries that use a *flexible exchange rate* system regime . The exchange rate is the most important thing in the economy. The course can also assess the economy of a country, by comparing the value of one country's currency with another country. In the economy, the exchange rate is a tangible indicator, which can be assessed transparently of what has happened in the country. For example, the Indonesian state has recently been struck by the impact on the exchange of the value of the U\$ Dollar, which resulted in the weakening of the rupiah. This of course has an impact on the economic sector of the country of Indonesia, which resulted in Indonesia's economic market slumping , so it is feared the company will have an impact on the slump , as a result, the company's profit could decrease.

Return On Assets is said by Arka and Ika (2013) is the ratio used to measure the effectiveness of a company in generating profits to utilize its assets. Investors still often use ROA as a level of company performance that is used to predict profits, so that if the rupiah exchange rate against the dollar increases its hopes will be able to increase profits. The results of research conducted by Amalia Nur Hidayati (2014), that the Foreign Exchange Rate has a Significant and Significant Effect on Profitability.

H_2 : *Foreign Exchange Rates* have a significant effect on *Return* On Assets

3. Influence Earning Per Share To Return Shares

Understanding EPS according to Kasmir (2012: 207) is a ratio to measure the success of management in achieving profits for shareholders. The higher the value of EPS is certainly encouraging shareholders because the greater the profit provided to shareholders.

The reason the researcher added the EPS variable was to see how much profit could be made per share (according to the definition above). First, this is because to buy a company needs to buy earnings per share, not buy overall profits (buy the company as a whole). Research conducted by Putri Hermawati & Wahyu Hidayat (2015) states that *Earing Per Share* (EPS) has a positive and significant effect on stock *returns* .

H_3 : *earing Per Share* significant effect on *Return* stocks.

4. Effect of Foreign Exchange Rates on Stock Returns

Company performance, can be affected by, among other things one of which is the exchange rate changes, this change reflects the company experienced a *foreign exchange exposure* (*exposure* rate). It is this unpredictable exchange rate change that forms the background of this research. This study looks at how the impact of changes in exchange rates can affect receipts and offers, which in turn will change the level of profitability of the company and have a major influence on stock returns. Stock *return* will reflect the performance of a company so that investors who will invest can make stock returns as one of the investment considerations that investors will make. With the change in the rupiah exchange rate, company revenue in the form of rupiah will also experience a change. Some research have been conducted, including the finding that changes in exchange rates will have a positive influence for stock returns. This means that with the strengthening of the exchange rate, the acceptance of company returns will also increase. Some researchers who found this positive influence include research from Kilic, et al (1998), Utama & Yulianto (1998). In addition to positive effects, several studies have found a negative effect on exchange rates on stock returns. Some of them are research conducted by Kewal (2009) finding that the strengthening of the rupiah against the dollar will reduce corporate profits, this will impact on decreasing stock returns.

H_4 : *Foreign Exchange Rates* have a significant effect on *Stock Returns* .

5. Effect of Return On Assets on stock returns

Fakran and Ika (2013), said *Return On Asset* is a ratio used to measure the effectiveness of a company in generating profits to utilize its assets, *Return On Asset (ROA)* connects net income with total assets. While Riyadi (2006: 155), said *Return On Assets* is a comparison between profits before interest costs and taxes (*Earning Before Interest and Taxes)* with all assets or company assets.

From the two theories described above this study uses a measurement or proxy of *Return on Assets (ROA)*) from Farkhan and Ika (2013), which compares net income with total company *assets. Return on Assets* serves to measure management expertise and efficiency in using company assets to generate profits or profit and report the total return or return obtained for all capital providers.

Investors still use ROA as a level of company performance that is used to predict total stock *returns* , thus the greater ROA will show the company's performance rises so that stock *returns* also go up. Research conducted by Safitri (2012) shows that return on assets has a positive but not significant effect.

H_5 : *ReturnOn Asset* has a significant effect on returns .
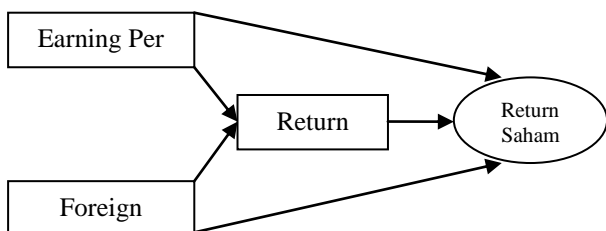
IV. FRAMEWORK

Figure 1: (Source: Endang Pitaloka, Joana Sidney (2017), Danang Adi Nugroho (2016), Pujawati et al (2015)

V. RESEARCH METHOD

The population in this study were 21 *Food and Beverages* companies listed on the Indonesia Stock Exchange in the 2015-2017 period. This population was obtained based on data from www. idx.co.id . The sample is part of the population, the sample consists of a number of members selected from the population. The sampling uses the *Purposive Sampling* method , namely the selection of samples based on certain criteria. These criteria are:

a. *Food and Beverages* Companies which publish audited financial statements in a row in 2015-2017

b. The required financial statement data is available and complete every year

Based on the above sample determination criteria, there are 13 *Food and Beverage* companies that publish complete financial statements.

VI. RESULTS AND DISCUSSION

1. Descriptive Statistical Analysis

Table 1: Descriptive Statistics Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Earning Per Share	39	,00	,00	,0002	,00027
Kurs Valas	39	13436,00	13795,00	13593,00	151,93610
Return on Assets	39	-,10	,53	,0716	,12631
Return Saham	39	-,99	1,00	-,0361	,46067
Valid N (listwise)	39				

Source: Primary data processed, 2019

The results of the descriptive analysis above, we can see that the amount of data observed in this study (N) is 39 . The *return of shares* owned by the company has a minimum value of -0.99 , a maximum value of 1.00 , and a *mean* of -0.0361 and a standard deviation of 0.46067 . In the *Earning Per Shere* variable the minimum value is 0,00, the maximum value is 0,00 and the *mean is* 0,002 and the standard deviation is 0,00027. At variable rates of exchange of foreign currency minimum value of 13436, the maximum value of 13795 and *a mean* of 13593 and a standard deviation of 151,93610 . The variable *return on assets* a minimum of -0,1 , maximum values of 0,53 and *a mean* of 0,0716 and a standard deviation of 0,12631 .

2. Linearity Test

Table 2: Linearity test results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,016ᵃ	,000	-,085	,43049441

a. Predictors: (Constant), Return on Assets, Kurs Valas, Earning Per Share

Source: Primary data processed, 2019

From the linearity test results show the value of R^2 for 0,00 with the number of 39 observations, the value of c^2 count = 39 x 0, 00 = 0 while the value of c^2 tables at 26.51. The value of c^2 count $< c^2$ table so it can be concluded that the correct model is a linear model.

3. Hypothesis testing

a. Path Regression Analysis

Table 3: Results of Analysis of the First Equation Pathway

Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,739	1,672		,442	,661
	Earning Per Share	222,514	69,390	,475	3,207	,003
	Kurs Valas	-5,221	,000	-,063	-,424	,674

a. Dependent Variable: Return on Assets

Source: Primary data processed, 2019

1). First Equation Results

From the above table the first equation can be made as follows:

$$Y_1 = -0,026\, X_1 + 0,484\, X_2 + \varepsilon_1$$
$$\text{Sig} \quad (0,718) \quad (0,000)\,**$$

Explanation of the first equation of path regression analysis:

a. $\beta_1 = 0.475$ with a significance value of $0,003 > \alpha = 0,05$ indicates that the variable *Earning Per Shere* influence positively for *Return On Asset* . This means that when *Eraning Per Shere* is increasing, the *Return On Assets of* a company is increasing , assuming that the variable *Foreign Exchange Rates* and *Return On Aseet are* constant.

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b. $\beta_1 = -0.063$ with a significance value of $0,674 > \alpha = 0,05$ indicates that the variable *exchange rates Currency* negatively affect for *Return On Asset* . This means that when the *foreign exchange rate* rises, the level of *Return On Assets* actually decreases assuming the variable Earning per shere and *Return On Aseet are* considered constant.

2). Second Equation Results

Table 4: Results of Analysis of the Second Equation Path

Coefficients^a

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	13,666	6,306		2,167	,037
	Earning Per Share	602,826	295,993	,353	2,037	,049
	Kurs Valas	-,001	,000	-,335	-2,188	,035
	Return on Assets	-,162	,627	-,044	-,258	,798

a. Dependent Variable: Return Saham

Source: Primary data processed, 2019

From the table the second equation can be made as follows:

$$Y_2 = 0,062 \, X_1 + (-0,060) \, X_2 + 0,563 \, X_3 + \varepsilon_2$$
$$\text{Sig} \quad (0,371) \quad (0,452) \quad (0,000) \, **$$

Explanation of the second equation of path regression analysis:

a) $\beta_1 = 0,353$ with a significance value of $0,049 < \alpha = 0,05$ indicates that the variable *Earning Per Shere* influence positively for value *Stock Return* . This means that when the *Earning Per Shere* is increasing, the Value of *Stock Return* also increases, assuming variables, *Earning Per Shere* and *Return On Aseet are considered* constant .

b) $\beta_2 = -0,335$ with a significance value of $0,035 > \alpha = 0.05$ indicates that the variable *exchange rates FX* impact negatively for *Stock Return* . This means that *if the foreign exchange rate rises the Stock Return decreases assuming the Earning per shere variable and return on aseet is considered constant*

c) $\beta_3 = -0,044$ with a significance value of $0,798 > \alpha = 0.05$ indicates that the *Return On Asset* variable has a negative effect on *the* company's *Stock Return.* This means that if the *Return on Assets* increased then *Return Shares of the company will shortly,* assuming the variable *Earning Per Shere* and *Exchange Currency* , constant.

4. F test

1) Test F of the First Equation

The F test in the first equation produces the following data:

Table 5: Test Results F First Equation

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,135	2	,067	5,142	,011^a
	Residual	,472	36	,013		
	Total	,606	38			

a. Predictors: (Constant), Kurs Valas, Earning Per Share

b. Dependent Variable: Return on Assets

Source: Primary data processed, 2019

The first F equation test results show that *Earning Per Shere and Foreign Exchange Rates* have a significance value of $0,011 < 0,05$ so that simultaneously *Earning per Shere* variables, *Foreign Exchange Rates* have a positive and *significant effect* on *Return On Assets* .

2) Test F of Second Equation

The F test in the second equation produces the following *printout* data :

Table 6: F Test Results for Second Equation

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1,576	3	,525	2,835	,052^a
	Residual	6,488	35	,185		
	Total	8,064	38			

a. Predictors: (Constant), Return on Assets, Kurs Valas, Earning Per Share

b. Dependent Variable: Return Saham

ource: Primary data processed, 2019

The second F test results show

The Return On Assets, Foreign Exchange Rates, Earning per shere has a significance value of $0,052 > 0,05$ but $0,052 < 0,10$ so that the simultaneous *Return On Aseet*, *Foreign Exchange* and *Earning Per Shere* variables are influential positive and *significant* at the 10% level of *stock returns* .

5. T test

1) Test the first equation t

T test results in the first equation are as follows:

Table 7: Test t First Equation

Coefficients^a

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	,739	1,672		,442	,661
	Earning Per Share	222,514	69,390	,475	3,207	,003
	Kurs Valas	-5,221	,000	-,063	-,424	,674

a. Dependent Variable: Return on Assets

Source: Primary data processed, 2019

From the above table it can be concluded:

1) From the results of the first equation the *significant* value of *Earning Per Shere* of $0,003 < \alpha = 0,05$, means that *Earning Per Shere* has a significant effect on *Return On Assets* , the hypothesis that *Earning Per Shere* has a *significant* effect on Return On Assets , is **proven** .

2) From the first equation yields significant value *Exchange Currency* amounted to $0,674 > \alpha = 0,05$, meaning that *Exchange Currency* effect is not *significant* to the *Return On Asset* then the hypothesis *Exchange Currency* impact *significantly* on the *return on assets* , **not proven** .

2) Test the second equation t

T test results in the second equation are as follows:

Table 8: Second Equation t Test

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	13,666	6,306		2,167	,037
	Earning Per Share	602,826	295,993	,353	2,037	,049
	Kurs Valas	-,001	,000	-,335	-2,188	,035
	Return on Assets	-,162	,627	-,044	-,258	,798

a. Dependent Variable: Return Saham

Source: Primary data processed, 2019

From the above table it can be concluded:

a. From the second equation yields a value significantly *Earning Per Shere* of $0,049 < \alpha = 0,05$, meaning that the *Return On Asset* impact *significantly* on *Stock Return* , then the hypothesis *Earning Per Shere* impact *significantly* on Stock Return , **proven** .

b. From the results of the second equation the significant value of *Foreign Exchange Rates* of 0,035 > α = 0.05, meaning that the *Foreign Exchange Rate* has a *significant* effect on *Stock Return,* the hypothesis that the *Foreign Exchange Rate* has a *significant* effect on stock Return , is **proven** .

c. From the results of the second equation the *significant* value *of Return On Assets* 0,798 > α = 0,05, means that *Return On Assets* has no significant effect on the value of *Stock Return,* the hypothesis that *Return On*

Assets has a significant effect on *Stock Return* , is **not proven** .

6. Test of determination (variant)
1) First Equation Determination Coefficient
The results of the coefficient of determination of the first equation in the study can be seen in the table below:

Table 9: Results of the First Equation Determination Coefficient

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,471^a	,222	,179	,11445

a. Predictors: (Constant), Kurs Valas, Earning Per Share

Source: Primary data processed, 2019

By looking at the *Determination* Test table in equation 1, Determination of determination in the path analysis is carried out in seeing the magnitude of the variance denoted by ε☐, the magnitude of ε_1 is calculated by $\sqrt{1-R^2}$, it can be concluded: Variant for ε_1 (the magnitude of the value of the arrow going to X_3 / Y_1) by looking at the Test table for the *determination of* equation 1, are: $\varepsilon☐_1 = \sqrt{1 - R^2} = \sqrt{1 - 0,222} = 0,778$ or 77.8 % .

2) Second Equation Determination Coefficient
The results of the coefficient of determination of the second equation in the study can be seen in the table below:

Table 10: Results of the Second Equation Determination Coefficient

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,442^a	,195	,127	,43055

a. Predictors: (Constant), Return on Assets, Kurs Valas, Earning Per Share

Source: Primary data processed, 2019

By looking at the *Determination Test* table in equation 2, Determination of determination in the path analysis is done in seeing the magnitude of the variance denoted by ε☐, the magnitude of ε_1 is calculated by $\sqrt{1-R^2}$, it can be concluded: Variant for ε_2 (the magnitude of the value of the arrow going to Y_2) by looking at the Test table for the *determination of* equation 2, are: $\varepsilon_2 = \sqrt{1 - R^2} = \sqrt{1 - 0,195} = 0,805$ or 8 0,5 % .

3) Total Determination Coefficient
The coefficient of total determination in this study was obtained through =

e_1 persamaan 1:
e_2 persamaan 2:

$$e_1 = \sqrt{1 - R_1{}^2} \qquad e_2 = \sqrt{1 - R_2{}^2}$$

$e_1 = $ 1-0,222 $\qquad e_2 = $ 1-0,195

$e_1 = 0,778 \qquad e_2 = 0,805$

Then the coefficient of determination (R^2) =
$R^2 = 1 - (e_1{}^2 \times e_2{}^2)$
$R^2 = 1 - ((0,874)^2 \times (0,851)^2)$
$= 1 - (0,605 \times 0,648)$
$= 1 - 0,392$
$= 0, 608 = 60, 8 \%$

Rated R square total of 0,608 meaning that the variable value Stock Return is explained by the dimensions Earning Per Shere, Exchange currency with a return on assets as variables moderating amounted to 60, 8 % and the balance of 39, 2 % explained other factors outside the research model , for example, dividend policy, *inflation,* company size and others.

7. Correlation Coefficient Analysis
The results of the analysis of the coefficients between variables are presented in the table:

Table 11: Results of coefficient analysis

Correlations

		Earning Per Share	Kurs Valas	Return on Assets	Return Saham
Earning Per Share	Pearson Correlation	1	,120	,467**	,292
	Sig. (2-tailed)		,469	,003	,071
	N	39	39	39	39
Kurs Valas	Pearson Correlation	,120	1	-,006	-,293
	Sig. (2-tailed)	,469		,971	,071
	N	39	39	39	39
Return on Assets	Pearson Correlation	,467**	-,006	1	,122
	Sig. (2-tailed)	,003	,971		,458
	N	39	39	39	39
Return Saham	Pearson Correlation	,292	-,293	,122	1
	Sig. (2-tailed)	,071	,071	,458	
	N	39	39	39	39

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

Source: Primary data processed, 2019

From table 11 it can be seen the relationship or correlation between variables as follows:
a. Earning Per Shere against Return on assets is 0,467 and significance = 0,003, can be interpreted that the relationship Earning Per Shere with value Return On Asset low and insignificant.
b. Currency exchange rate against the Return On Asset is -0,006 and significance = 0,971 , can be interpreted that relations Exchange Forex with Return on assets is very low and not significant.
c. Earning Per Shere to Stock Return is 0,292 significant i = 0,071 , it can be interpreted that the relationship of Return On assets with Stock Return is low but not significant.
d. Foreign Exchange Rates on Stock Returns are – 0,293 and significance = 0,071 , can be interpreted that the relationship of Foreign Exchange Rates with Stock Returns is very low but not significant
e. Return On Assets to return stock is – 0,122 and significance = 0,458 can be interpreted that the return on assets with Stock Return is very low but not significant
1. Direct Influence, Indirect Influence and Total Influence

The purpose of the path analysis is to take into account the direct and indirect effects, based on the results of the analysis above, the conclusions of the overall analysis can be drawn up in the table below:

Table 12: Conclusion Results of Path Analysis

N o	Between Variables	Direct Influence	Indirect Influence	Total Influence
1	*Earning Per Shere* → *Stock Return*	0, 353	-	-
2	*Foreign Exchange Rates* → *Stock Returns*	-0,335	-	-
3	*Earning Per Shere* → *Return On Asset* → *Return valid*	-	0,475 x (-0,44) = - 0 , 209	0, 353 + (- 0, 209) = 0,114
	Currency Exchange → *Return On Assets* → *Stock Return*		-0,063 x (-0,44 0) = 0,028	-0,335 + 0,028 = - 0,307
4		-		

Source: Primary data processed, 2019

a. Direct Influence

1) *Earning Per Shere* on *Stock Return* (X_1 to Y)

Based on table IV.12 *Earning Per Shere* has a positive and *significant effect* on *stock* returns with a *coefficient* of 0, 353 and has a very strong relationship / correlation to *stock returns*

2). *Foreign Exchange Rates* Against Stock Returns (X_2 to Y)

Based on table IV.12 it is known that the *Foreign Exchange Rate* has a negative but not *significant effect* on *Stock Returns* with a *coefficient* of -0,335 and has a very low relationship / correlation to the value of the company.

b. Indirect Influence.

Indirect effect is the relationship between independent variables that affect the dependent variable through *mediation of* other variables called *intervening* variables .

1) *Earning per Shere* through *Return On assets* to *Stock Return*

(X_1 to X_3 and X_3 to Y)

Based on table IV.12 it is known that *Earning per shere* has a positive and *significant effect* on *Return On Assets* and *Return On Assets* has a negative and not significant effect on *Stock Returns* with a *coefficient* of: 0,475 x -0,440 = -0,209 , because -0,209 < 0,353 , then the

Return On Asset variable is not effective as an *intervening* variable between *Earning Per Shere* and *Stock Return*

2) *Foreign Exchange* through **return on assets** against *stock returns* .

(X_2 to X_3 and X_3 to Y)

According to the table IV.12 unknown *Exchange Currency negative effect* but *not siqnifikan* pitch toward *Return on Assets* and *Return on Assets* negative effect but not *significant* to *Stock Return* by a coefficient of: -0,063 x (-0,440) = 0,028 , as -335 < 0,028 , *Return on assets* effectively as a variable *intervening* between *Exchange Currency* toward *Stock Return* .

c. Total Effect (*Total Effect*)

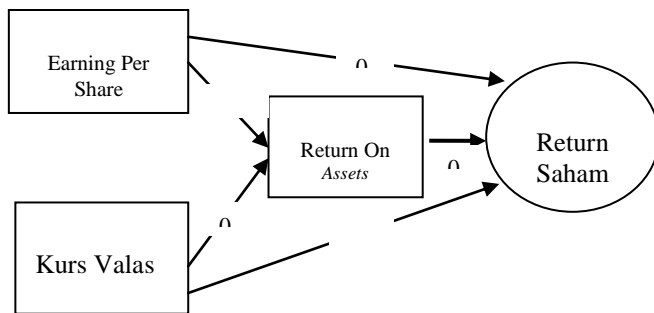1) Effect of *Earning Per Shere* on *Stock Returns* through *Return On Assets*

The Influence of *Earning Per Shere* to the Value of *Stock Return* = 0,353 , and the indirect effect of Earning *Per Shere* to stock *Return* through the *intervening* variable *Return On Asset* = - 0,209 , so that the total effect (*Total Effect*) = 0, 353 + (- 0 , 209) = 0, 114 .

2) Effect of *Foreign Exchange Rates* on *Stock Returns* through *Return On Assets* .

Table 13: Results of Direct Effects, Indirect Effects and Total Effects

N o	Direction of Relationship	Regression		Correlation		E
		Beta	Sig	R	Sig	
1	X_1 to X_3	0,475	0, 003	0, 467	0, 003	0,77 8
2	X_2 to X_3	- 0,63 0	0, 674	-0,0 06	0, 971	
3	X_1 to Y	0, 353	0,04 9	0, 292	0,71 0	0,80 5
4	X_2 to Y	- 0,33 5	0, 035	- 0,29 3	0,71 0	
5	X_3 to Y	- 0,04 4	0,79 8	0,12 2	0,55 8	

Effect of *Foreign Exchange Rates* to *Stock Return* = - 0,335 , and indirect effects of *Exchange Rates to Stock Return* through *intervening* variables *Return On assets* = 0,028 , so that the total effect (*Total Effect*) = -0,335 + (0,028) = - 0,307 . The results of a complete path analysis in this study can be explained in detail the effects and relationships between the study variables in Figure 2 below:

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Figure 2 : Path Chart Results

Information :

The bold line is the effective path to choose from, namely the *Return on Asset* path directly to *Stock Return* because it has the largest *coefficient* value with a value of 0, 458, so that the moderating variable *Return On Asset is not effective*

VII. CONCLUSION

Based on the results of data analysis and presentation of hypotheses, the conclusions of the study are as follows:
1. The test results of this study indicate that:
   a. *Earning Per Shere* has a positive and *significant effect* on *return on assets*
   b. *Foreign Exchange Rates have a negative but not significant effect on Return On Assets* .
   c. *Earning Per Shere has a positive and significant effect on Stock Return*
   d. *Foreign Exchange Rates have a negative and significant effect on Stock Returns*
   e. *Return On Aset* has a negative but *not significant effect on stock returns*
2. Rated R square total of 0, 608 meaning that the variable value Stock Return is explained by the dimensions Earning Per Shere, Exchange currency with a return on assets as variables moderating amounted to 60 , 8 % and the balance of 39 , 2 % explained other factors outside the research model , for example, dividend policy, *inflation,* company size and others.
3. Earning Per Shere has the most dominant effect on Stock Returns indicated by having the highest (dominant) regression coefficient of influence of 0, 353 . This is greater than the other paths.
4. The path analysis results show that:
   a. The direct effect *Earning per* Shere toward Stock Return is greater than the influence *Earning Per Shere* to *Return* stock through the *Return On Asset* then *Return On Asset* ineffective as *an intervening variable.*
   b. The direct effect of *foreign exchange rates* on *stock returns* is smaller than the effect of *foreign exchange rates* on *stock returns* through *Return On Ass* et then *Return On assets is* more effective as an *intervening* variable .

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