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Effect of Earning Per Share, Company Size and Institutional Ownership on Stock Return

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Abstract

This study aims to determine all the effects of earnings per share, ownership size, institutional ownership on stock returns. The study used a population of all manufacturing companies listed on the Indonesia Stock Exchange for the 2015-2019 period with 65 sample companies obtained through the round-trip method. This study uses multiple linear regression analysis. The results showed that the variable earning per share partially shows t has a significant effect on stock returns with a significant value. The company size variable partially shows a significant effect on stock returns with a significant value. The institutional ownership variable partially shows a significant effect on stock returns with a significant value. Simultaneously, earnings per share, company size and institutional ownership have a significant effect on stock returns with a significant value.

Keywords: Earning Per Share, Company Size, Institutional Ownership, Stock Return.

1. Introduction

Stocks are one of the speculation options in the capital market that are most generally utilized by financial backers on the grounds that the benefits acquired are more noteworthy and the assets required by financial backers to contribute are not so enormous when contrasted with securities. The motivation behind the organization putting resources into shares is to boost the government assistance of investors by augmenting the worth of the organization's portions which will at last mirror the offer cost (Agustin, 2015). Boosting investor esteem suggests that there is dependably a method for getting the greatest sum an organization can produce. Amplifying investor abundance is significant. Directors can amplify this abundance by expanding stock costs. The more individuals who purchase shares, the stock value will in general go up as well as the other way around, the more individuals who sell their portions, the stock value will in general drop down. Assuming the offer cost expands, the abundance of investors will likewise increment, as well as the other way around on the off chance that the offer value diminishes, the abundance of investors will likewise diminish. The highs and lows of stock costs influence stock returns in the capital market which is an intriguing peculiarity to discuss. Where basically, stock returns are unstable, can go up and can likewise go down, just as stock returns saw as in one of the assembling organizations, specifically PT. INAI Tbk which is recorded on the Indonesia Stock Exchange. The stock returns in this organization have expanded and there is additionally a decline in the return cost got from the Indonesia Stock Exchange site.

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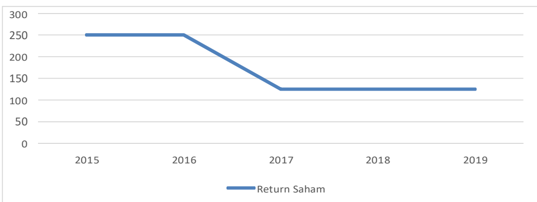

Figure 1. Stock Return on Manufacturing Companies listed on the IDX

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From the image above, it tends to be seen that there has been a serious fluctuating change during the period. the most elevated stock return in 2015-2016 with a normal for every portion of one of the INAI organizations recorded on the Manufacturing Company on the Indonesia Stock Exchange of Rp. 250. what's more in the next year the INAI organization encountered a decrease in 2017, 2018, and 2019 with a normal portion of Rp. 125.

Stock return is the normal pace of profit from the speculation made in stocks or a few gatherings of offers through a portfolio. Without the desire for getting a return or benefit, financial backers can not put resources into the organization worried by purchasing its portions. To acquire the normal profit from their speculation, each financial backer considers a few significant parts of the organization where financial backers contribute, both benefit and monetary or non-monetary which can influence the size of the pace of return. Return is the outcome gotten from venture exercises. There are two factors that impact stock returns, in particular inner and outer variables (Wolfman, 2018).

One of the variables that can influence stock returns is income per share, which is a type of giving advantages given to investors from each offer possessed. Profit Per Share (EPS) or income per share is a monetary proportion that actions how much overall gain acquired per share exceptional. EPS addresses how much cash that will be gotten by investors for each offer they own when the appropriation of benefits on exceptional offers (Fahmi, 2016).

The size of the organization can be estimated by absolute resources or the size of the organization's resources by utilizing the computation of the logarithmic worth of complete resources. Stock cost can likewise be deciphered as an action that arranges the size of the organization through resources possessed, deals, or market capitalization. The bigger the size of the organization that should be visible from the complete resources, the higher the organization's portion cost, while assuming the size of the organization gets more modest, the organization's portion cost will be lower (Hartono, 2015).

Institutional proprietorship can likewise influence stock returns where institutional possession is share proprietorship by outer foundations. Institutional financial backers regularly become the larger part in share possession. This is on the grounds that institutional financial backers have more noteworthy assets than different investors, so they are thought of as fit for carrying out a decent administrative system. Institutional proprietorship can be inferred that the possession structure is an assortment of a few gatherings or foundations that are important for the investors of an organization, both inward and outside (Marselina, 2018).

In view of past research, the aftereffects of Earning per offer can show the capacity to create net benefits in each offer. this exploration was led to decide the impact of Earning per share on stock returns in assembling organizations recorded on the Indonesia Stock Exchange. As indicated by research (Handayani, 2018) with the title "Impact of Earning Per Share (EPS), Debt To Equity Ratio (DER), and Return on Assets (ROA) of Stocks in Manufacturing Companies recorded on the IDX." The outcomes uncover that Earning Per Share (EPS) significantly affects stock returns.

As per research (Aisah, 2016) with the title "The Effect of Return On Equity, Earning Per Share, Firm Size, and Operating Cash Flow on Stock Returns." The aftereffects of the review show that profit per share (EPS) has a negative and huge impact on stock returns.

In contrast to the research conducted by (Sanjaya, 2017) with the title "The Effect of Earning Per Share (EPS), Return On Equity (ROE) and Debt to Equity Ratio (DER) on Stock Returns in Food And Beverages Companies Listed on the Indonesia Stock Exchange ." With the results of the study showing that the development of EPS, ROE and DER in food and beverages companies has increased and decreased as well as the development of stock returns in food and beverages from 2011-2015 fluctuated every year, and shows that stock returns of food and beverage companies beverages only has no effect on earnings per share (EPS).

Further exploration was led (Putra, 2016) named "The Influence of Profitability, Leverage, Liquidity and Company Size on the Return of Pharmaceutical Company Shares on the IDX." Based on the outcomes acquired show that the size of the organization has a positive and huge impact on stock returns.

In the mean time, as per (Alawiah, 2017) named "The Effect of Financial Performance and Company Size on stock returns." The outcomes show that the size of the organization has no huge beneficial outcome on stock returns.

As indicated by (Ramdayana, 2016) named "The Influence of Company Size, Debt To Equity Ratio and Investment Opportunity Set on Stock Return of Manufacturing Companies on the Indonesia Stock Exchange." With the aftereffects of the concentrate at the same time the size of the organization significantly affects stock gets back with a positive impact.

Besides, research directed by (Novia, 2016) with the title Analysis of Managerial Ownership, Institutional Ownership, Board of Audit Committees and Profitability of Stock Returns in Companies Listed on the Indonesia Stock Exchange." The aftereffects of his examination show that institutional proprietorship impacts stock returns.

Rather than the examination led (Jannah, 2017) with the title "The Role of Financial Distress in

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Mediating Institutional Ownership, Managerial Ownership on Stock Returns." The consequences of the review show that institutional possession has no impact on stock returns.

In the interim, as per (Yuliawan, 2016) with the title "Institutional Ownership Moderation Effects of Earnings Management Ahead of Initial Public Operating on Stock Returns." With the consequences of institutional proprietorship negatively affecting profit the executives signs on stock returns.

From the above foundation, the analyst is keen on further investigating the elements that impact stock gets back with the title: "The impact of profit per share, organization size and institutional possession on stock returns (study on assembling organizations recorded on the Indonesia Stock Exchange 2015-2019.".

2. Method

2.1. Research Subject

In this study, what was investigated was the Effect of Earning Per Share, Company Size, Institutional Ownership and Stock Return, while the research was conducted on manufacturing companies listed on the IDX for the period 2015 - 2019. The place of data collection is the Indonesia Stock Exchange UPI YPTK Padang. Data is also taken from several websites such as www.idx.co.id.

2.2. Effect Of Earnings Per Share

Income per share is "Profit after charge partitioned by the quantity of conventional offers extraordinary". implies benefit after charge separated by the quantity of standard offers remarkable. EPS as data that is thought of as the most essential and helpful for portraying future income possibilities, in light of the fact that EPS can be utilized by financial backers to discover the correlation between the natural worth of the organization's portions contrasted with the market cost of the organization's portions, and based on this examination financial backers will actually want to settle on choices whether to trade. the offers being referred to (Wachowicz, 2017).

$$EPS = \frac{Net\ Income\ After\ Tax}{Outstanding\ Shares}$$

2.3 Company Size

Company size is a scale where the size of the organization can be ordered. Organization size is one of the elements that impact the organization's income the board. Huge organizations will generally act cautiously in dealing with the organization and will quite often oversee benefits productively (Lestari, 2016).

$$Size = Ln(TotalAssets)$$

2.4 Institutional Ownership

Institutional Ownership is the level of offers claimed by the establishment. Institutional proprietorship is an instrument that can be utilized to lessen irreconcilable circumstances (Anggraeni, 2018). Institutional Ownership is how much offer possession by organizations (government, unfamiliar organizations, monetary establishments like protection, banks, and benefits assets) in the organization (Srimindarti, 2018).

$$IO = \frac{Total\ Shares\ Owned\ by\ Institusional\ Investor}{Total\ Shares\ Outstanding}$$

2.5 Stock Returns

Stock return is the outcome acquired from the speculation. Assumptions to get returns additionally happen in monetary resources. A monetary resource shows the eagerness of financial backers to give a specific measure of assets right now to acquire a progression of assets in the future as remuneration for the time factor during which the assets are contributed and the danger borne. In this way financial backers are gambling a current incentive for a normal worth later on. With regards to venture the board, the return or pace of benefit is the return gotten from the speculation (Legiman, 2018).

$$\mathrm{Re}\,turnSaham = \frac{Pt - Pt_1}{Pt_1}$$

Information:
RS is stock return
Pt is the current stock price (closing price), and
Pt_1 is the stock price of the previous period.

2.6 Method of Collecting Data

The information assortment strategy utilized in this examination is as per the following: library research. Library research is an information assortment method by concentrating on books that have to do with the object of examination or different sources that help research.

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3. Result and Discussion

The ordinariness test means to decide if the lingering model has an ordinary circulation or not. Ordinariness test can be reached by Jarque-Berra Test (JB test). The leftover is supposed to be typically disseminated assuming it has a likelihood above or equivalent to 0.05. In this examination Dependent Variable and Independent variable utilizing Log. The aftereffects of the ordinariness test can be displayed in Figure 1 beneath:

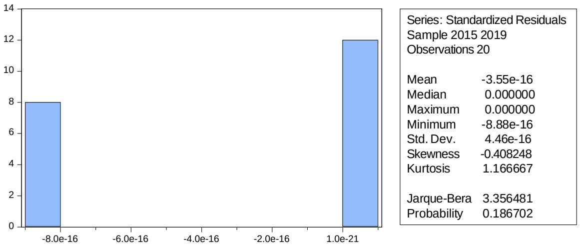

Figure 1
Normality Test Histogram Results

In light of the aftereffects of the Jarque-Bera test in Figure 1, it tends to be seen that the Jarque-Bera esteem is 3.356 with a likelihood of 0.1867. Since the likelihood esteem is 0.1867 > 0.05, one might say that the residuals in this exploration model have a typical appropriation.

Heteroscedasticity testing was conducted to determine the pattern of data distribution that supports each research variable. Heteroscedasticity testing was carried out using the White model. In this model, heteroscedasticity symptoms will not occur if the Chi-Square probability value generated in the test is above 0.05. Based on the results of heteroscedasticity testing, a summary of the results can be seen in table 1 below:

Table 1
Corelation Matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.193305	0.042311	-4.568715	0.0000
X1_EPS	-4.24E-06	6.39E-06	-0.662443	0.5082
X2_UP	0.007195	0.001450	4.961463	0.0000
X3_KI	0.013164	0.006660	1.976667	0.0489

In Table 1 it can be seen that the Chi-Square probability value of the R-squared observation produced is 0.048. The results obtained indicate that the resulting Chi-Square probability value shows 0.048> 0.05 so it can be concluded that all research variables that will be formed into the regression model are free from heteroscedasticity symptoms.

The board information relapse examination in this study intends to decide the impact of income per share (EPS) of organization size (UP), institutional possession (KI), on stock returns (RS) in assembling organizations recorded on the IDX in 2015-2019.

In light of the model choice that has been done, the model that ought to be utilized is an irregular model. Then, at that point, prior to choosing the model, the information is announced to have breezed through the traditional presumption assessment, so the assessment results are steady and unprejudiced. The assessment aftereffects of the board information relapse model are as per the following:

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.215982	0.069503	-3.107532	0.0021
X3_KI	0.018861	0.006174	3.055127	0.0024
X2_UP	0.007940	0.002408	3.297425	0.0011
X1_EPS	-1.81E-05	4.32E-06	-4.201708	0.0000

Effects Specification

	S.D.	Rho
Cross-section random	0.034807	0.7302
Idiosyncratic random	0.021158	0.2698

RS = -0215982-1.81+0,007940+0,018861+ e

The t-test was utilized to somewhat test the impact of the autonomous variable on the reliant variable and the control variable. This test is done with the accompanying conditions:

On the off chance that the likelihood tcount <0.05, Ho is dismissed and Ha is acknowledged.

On the off chance that the likelihood tcount > 0.05, Ho is acknowledged and Ha is dismissed. In light of table 4.8 shows the impact of the Gender of the Board of Directors (GDD) and the Gender of the Board of Commissioners (GDK) factors on monetary execution can be tried as follows:

Table 2
Partial Test Result (t-test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.215982	0.069503	-3.107532	0.0021
X3_KI	0.018861	0.006174	3.055127	0.0024
X2_UP	0.007940	0.002408	3.297425	0.0011
X1_EPS	-1.81E-05	4.32E-06	-4.201708	0.0000

Sumber :Output Eviews9, 2020

Effects Specification

This test intends to decide if the autonomous factors together influence the reliant variable and furthermore to decide the exactness of the determination of factors to be framed into a relapse model, the F-measurable test is done. The aftereffects of the F test should be visible in the table underneath:

Table 3
F Test Result Statistics

F-statistic	10.38560	Durbin-Watson stat	0.934597
Prob(F-statistic)	0.000002		

In view of table 3, the F-measurement esteem is 10.385 and the likelihood is 0.002 with a mistake pace of 0.05. The outcomes acquired show that the likelihood esteem produced is 0.200 <0.05, the choice is that profit per share, firm size, institutional proprietorship significantly affect stock returns in z fabricating organizations recorded on the Indonesia Stock Exchange in 2015-2019.

The coefficient of assurance (R^2) shows the extent clarified by the autonomous variable in the model to the reliant variable, the rest is clarified by different factors excluded from the model, erroneous model definition and trial mistake. The consequences of the coefficient of assurance test are in the table underneath:

Table 4
Result of the Coefficient of Determination ($R^{2)}$

R-squared	0.088474	Mean dependent var	0.005409
Adjusted R-squared	0.079955	S.D. dependent var	0.022084

In view of the table over, the worth of the coefficient of assurance produced in the Adjusted R-squared test is 0.079955. The outcomes acquired demonstrate that the factors of profit strategy, productivity, influence and loan fees can contribute in affecting firm worth by 79.95% while the excess 20.05% is impacted by different factors that are excluded. In the interim different factors that are excluded from the model are deals development, organization size, and different factors.

Discussion
From the result of the analys, the result of the disscussion of regarding the Effect of Earning Per Share, Company Size and Institutional Ownership on Stock Return 2015 – 2019 are as follows:

1. Earnings per share, firm size, institutional ownership on stock returns
   In view of examination that has shown that income per share, organization size, institutional proprietorship have a synchronous (concurrent) impact on stock returns in assembling organizations recorded on the Indonesia Stock Exchange for the 2015-2019 period, which should be visible from table 4.14, the aftereffects of the synchronous critical (test - F) which shows a huge worth of 0.002 < 0.05. Ho is dismissed and Ha is acknowledged, and that implies that it tends to be reasoned that the income per share strategy, firm size, institutional possession together (all the while) affect stock returns. This implies that when profit strategy, productivity, influence and financing costs diminishing or increment together, it will influence the worth of the actual organization.
2. Effect of Earning per share on Stock Return
   The consequences of the investigation show that income per share (EPS) has a relapse coefficient worth of - 0.181 and a tstatistic of - 4.201 with a likelihood worth of 0.000 under 0.05 or (0.000 <0.05) so it tends to be reasoned that the orientation variable of the leading body of chiefs is somewhat negative and huge impact on stock returns in assembling organizations recorded on the Indonesia Stock Exchange in 2015-2019. The aftereffects of testing the impact of profit per share on stock returns are predictable with the depiction of the hypothesis and speculations proposed before where in the theory it is expressed that income per share affect stock returns. The consequences of this study are in accordance with research directed by (Handayani, 2018).
3. The Effect of Company Size on Stock Return
   The consequences of the investigation show that the size of the organization has a relapse coefficient of 0.007 and tstatistic of 3.297 with a likelihood worth of 0.011 which is more modest than 0.05 or (0.011 <0.05) so it very well may be inferred that the firm size to some extent has a positive and critical impact on stock returns. in organizations recorded on the Indonesia Stock Exchange in 2015-2019.
   This outcome is predictable with the depiction of the hypothesis and theory proposed beforehand, in particular firm size affects stock returns. The aftereffects of this study are not in accordance with research directed by (Mayuni, 2018) which says that firm size proprietorship has no impact on stock returns.
4. The Effect of Institutional Ownership on Stock Return
   The aftereffects of the examination show that institutional possession has a relapse coefficient of 0.188 and a t-measurement of 3.055 with a likelihood worth of 0.0024 which is more modest than 0.05 or (0.0024 <0.05), so it tends to be reasoned that institutional proprietorship somewhat has a positive and huge impact. on stock returns in organizations recorded on the Indonesia Stock Exchange in 2015-2019.

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This outcome is steady with the portrayal of the hypothesis and theory proposed already, in particular that institutional possession affects stock returns. The consequences of this study are in accordance with research led by (Agustia, 2018) which says that institutional possession affects stock returns.

4. Conclusion

In light of the exploration directed by talking about the theory testing entitled Effect of Earning per share, Firm Size, Institutional Ownership on stock returns. Thus, it tends to be advanced a few significant ends which are the center responses to the issues examined in this review, to be specific:

1. The profit per share variable to some degree shows that t significantly affects stock gets back with a critical worth.
2. The organization size variable to some degree shows that it significantly affects stock gets back with a critical worth.
3. The institutional possession variable somewhat shows that it significantly affects stock gets back with a huge worth.
4. At the same time profit per share, firm size and institutional possession significantly affect stock gets back with a critical worth.

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