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Effect of Good Corporate Governance, Profitability and *leverage* on Stock Price of Lq 45 Company in Indonesia Stock Exchange

Ridarmelli

Senior Lecturer, Departement of Accountancy, Perbanas Institute Jakarta, Indonesia

Abstract:

This study aimed to analyze the influence of variables Profitability, Leverage and Good Corporate Governance (GCG) to the price of shares in the LQ45 in the period 2010 - 2013. The number of samples in this study were 7 companies listed in the LQ45 in BEI. The sample selection using purposive sampling method. This study uses panel data regression analysis with the method of random effect model, which combines the data time series and cross section data. Based on the results of the partial significance test, GCG variables do not have a positive impact and no significant effect on stock prices, ROA has a positive and significant impact on stock prices, and variable DER has a positive and significant impact on stock prices.

Keywords : GCG, ROA, DER, stock price

1. Introduction

1.1. Background

Capital markets have an important role for the economy of a country because the capital market becomes a means of funding for companies to get funds from investors. The capital market is a place to sell securities from long-term financial instruments related to public companies, investors, and other financial institutions. In addition, the capital market is also a means for people to invest in financial instruments such as stocks, bonds, mutual funds, and so forth. Before investing, investors should analyze stock values accurately and rationally so as to minimize the possibility of risk of loss (Utama, 2013).

Investors are more interested in investing in stocks in the capital market because of substantial profits with funds that are not too large compared to bonds. The value of the stock can reflect the company's financial investment and dividend policy (Harmono, 2009). In other words, maximizing the welfare of shareholders is equal to increasing the value of the company in the eyes of the public in an objective and orientation to the survival of the company.

In the current development many ways that can be used in determining and calculating the movement of a company's stock price is by analyzing financial ratios, such as profitability ratios and leverage ratios. In addition, information on good corporate governance (GCG) is also a matter of consideration and valuation of stock value by investors so that it can trigger the movement of the company's stock value (Utama, 2013).

In Indonesia, GCG began to emerge during the economic crisis in 1997-1998 that made the economic situation slumped began to hit. This is marked by the declining rupiah exchange rate against the dollar, causing many foreign investors who do not want to invest in Indonesia again. This crisis also caused shareholders to lose value because of the value of stocks that continue to decline the impact of the state of Indonesia's economic collapsed. This economic crisis is not only experienced by Indonesia, some other countries in East Asia and Southeast Asia such as Thailand, Malaysia, Singapore, Japan and Korea also feel the similar impacts so the government and investors pay significant attention to GCG (Utama, 2013).

Nahdiah (2009) in his research stated that in addition to improving corporate accountability, the implementation of GCG can also increase the value of companies which are financial performance, reduce the risk of self-profitable management, and can increase investor confidence. Value generated from the implementation of GCG in the form of the company's ability to create better financial performance and positive market reaction implies the increasing investor confidence in the performance of companies that influence the interest of investors to invest funds in the company. This is similar to the results of research Pratiwi (2012) which shows that the implementation of GCG positively affect the stock price increase in PT. AdhiKarya (Persero) Tbk.

The results of these two studies are different from those done by Primary (2012) and Utama (2013) which examines the relationship of corporate governance perception index (CPGI) to share price in food and beverage companies listed in Indonesia Stock Exchange. The results of this study indicate that the CPGI index does not affect stock prices significantly, it shows that GCG information is not an important information that can be used by investors in assessing stock prices.

In addition to viewing from information about GCG from CGPI, which becomes the determination of the value of stock prices, another step that investors use is to analyze the company's fundamental data. One way to do this is by analyzing financial ratios and looking at firm size. Some ratio analyzes used to measure stocks are profitability and leverage (Main, 2013).

Profitability is the result of a series of policies and decisions taken company. The high profitability can make investors interested in buying stocks or investing funds in the company, because the company is considered to generate profits effectively. The number of shares the company requested will make the stock value rise (Main, 2013).

There are several ratios commonly used to calculate profitability, but Return on Asset (ROA) most reflects the return on investment from utilizing assets owned by the company to generate profits, so as to attract investors to invest funds in the company. In contrast to the opinion of the Main, research conducted by Ghozali (2013) and Pebriana (2014) also states that ROA affects stock prices that make investors interested in owning the company's shares because the company is able to manage its assets well so as to generate maximum profits consistent for the sustainability of the company.

Many studies have analyzed the relationship between ROA and stock prices. The results of the study also varied, as did Ghozali (2013) and Pebriana (2014) which states ROA has a significant positive effect on stock prices, while another study conducted Carningsih (2009) showed the negative impact of ROA on stock prices.

The next ratio is leverage. The leverage ratio affects the measurement of the company's financial risk. Investors will see the company's own capital to determine the amount of security in investing. Companies that have a large leverage value are likely to have a high risk of returning their liabilities, which may lead investors to assume the risk of lowering the value of the company's stock (Purwanti, 2010).

The commonly used leverage ratio is the debt to equity ratio (DER). According Susilowati (2011) DER is a reflection of the company's ability to meet its obligations, this can be seen from the comparison between debt with own capital used to pay the debt. In other words, this ratio serves to know each rupiah of own capital used for debt guarantees. The increasing use of debt is evident from the higher debt ratio, which means that the risks of the company are getting bigger and making investors afraid to invest their capital so that the price will decrease.

Unlike Susilowati, the result of Pebriana (2014) states that investors' assessment of the existence of a company's debt depends on how the company is able to manage its debts for business capital and the company is able to show good cash flow performance, investors will positively assess the existence of the debt, thereby increasing the investor's desire to own the company's shares.

Based on the results of the description then re-conducted research with the title "Analysis of the Influence of Good Corporate Governance, Profitability and Leverage Against Stock Value at LQ45 Company Listed on Indonesia Stock Exchange Period 2010 - 2013".

1.2. Formulation of the Problem

Based on the background that has been described, it can be formulated problems in this study are as follows:

1. Does good corporate governance affect the value of shares of listed companies as LQ45 companies in BEI?
2. Does profitability affect the value of shares of companies listed as LQ45 companies in IDX?
3. Does leverage affect the value of shares of listed companies as LQ45 companies in IDX?

1.3. Research Purposes

Based on the background and perumusah problems above, while the purpose of the study are as follows:

1. To analyze the influence of good corporate governance on the value of shares of companies listed as LQ45 companies in BEI.
2. To analyze the effect of profitability on the value of shares of listed companies as LQ45 companies in BEI.
3. To analyze the influence of leverage on the value of shares of companies listed as LQ45 companies in BEI.

2. Theoretical Review

2.1. Literature Review

According to Anoraga (2011: 58) shares are evidence of participation or ownership or institution in a company in the form of securities. The shareholder is the owner of the company representing the management to run the company's operations. According to Fahmi (2014: 323) shares are securities that indicate the ownership of an investor in a company which means that if a person buys a stock of a company, it means he has included capital into a company as much as the number of shares purchased.

Stock price is the price or value of money spent to obtain shares as a reflection of the company's performance (Wira, 2011: 7). Stock prices are determined by market participants based on demand and supply in the stock market (Harmono, 2009: 88). So it can be concluded that the stock price is the price formed from the agreement of the seller and the buyer of the stock or the price formed from the strength of demand and stock quotes that occur in the stock market at a given moment.

In relation to the non-effectiveness of the Decree of the Minister of State-Owned Enterprises No. Kep-117 / M-MBU / 2002 dated July 31, 2002 on the Implementation of GCG Practices in State-Owned Enterprises, the State Minister for State-Owned Enterprises Regulation Number PER-01 / MBU / 2011 On the Implementation of Good Corporate Governance in State-Owned Enterprises (dated August 1, 2011), the definition of GCG is transformed into the basic principles of a process and corporate management mechanism based on legislation and business ethics (Www.bpkp.go.id).

From the above definition can be concluded GCG is a system that regulates and oversees the relationship of corporate managers with stakeholders. Not only that but GCG also as an added value for a company.

One of the benefits of GCG principles (transparency, accountability, responsibility, independency, and fairness) is to create a good decision-making process and improve operational efficiency so that the company's performance increases and services to stakeholders. GCG also affects the financial performance of the company because in the financial performance there are various aspects that apply the principles of GCG (Main, 2013).

Fahmi (2014: 18) states that profitability is needed to assess changes in cash generating and other current assets in the future because of possible economic movements. The use of profitability ratios depends on the management policy. According Harahap (2013: 305) one of the common financial measuring instruments used to measure the return on investment of interest to investors is ROA so that in this study, the type of ratio used is Return on Assets (ROA). ROA describes asset turnover measured from sales volume. The greater this ratio the better. This means that the assets can spin faster and reach profit (Harahap, 2013: 305).

Leverage describes the relationship between the company's debt to capital and assets. This ratio can see how far the company is financed by debt or outsiders with the capability of the company described by capital (equity). A good company should have a larger capital composition than debt. This ratio can also be considered part of the solvency ratio (Harahap, 2013: 306).

Referring to Cashmere (2010: 152), "DER is the ratio used to calculate the value of debt with equity. This ratio is useful to know the amount that the creditor will provide to the owner of the company ". That is, this ratio serves to determine the capital itself is used as debt security.

Meanwhile, according to Wira (2011: 75), DER is the ratio calculated by dividing the total debt with total equity. This ratio indicates a company's ability to repay its long-term debt. So it can be concluded that DER describes to what extent the owner's capital can cover the debts to outsiders and the smaller the ratio the better.

2.2. Previous Research

Main (2013) conducted research on the influence of GCG measurement index (CPGI), profitability, leverage and size to stock prices. In this study CPGI is measured from CPGI rating, profitability is measured by ROA, and leverage is measured by DER. There are six companies selected to be sampled with 30 samples. The results of the research conducted by Main stated CPGI does not affect the value of shares, it shows that CPGI is not information that can be used by investor to determine the value of company stock. While profitability has a positive and significant effect on the value of company stock which means the higher the value of ROA obtained the more investors indicate the company can generate a consistent profit for the sustainability of the company. The result of leverage variables in DER proxy has significant negative effect, it shows that the higher level of leverage makes investors worried about the company's ability to pay its debt so that it will reduce the value of the saha.

Pratama (2012) conducted research on the influence of GCG on stock prices of food and beverage companies. In this study, GCG is measured using a proportion of managerial ownership that can be calculated by dividing the share ownership between the director and the commissioner against the shares in circulation. The results show that GCG has no influence on the value of the company's shares because the managerial ownership structure in Indonesia is still very small and dominated by the family, and investors have not been able to give full trust to the management of the company because the board is considered to have insufficient knowledge about their company.

Research conducted Pratiwi (2012) on the influence of information on the implementation of Good Corporate Governance to increase stock prices at PT. Adhi Karya (Persero) Tbk from 2007 to 2011 using simple linear regression analysis, using CPGI score publication as a measure of GCG implementation. The results of this study have a positive relationship between information on the implementation of GCG with the increase of stock prices at PT. Adhi Karya (Persero) Tbk. That is, information on increasing the implementation of GCG through the publication of CPGI score affects stock price increase.

Kuswardani (2012) examines the effect of EPS, PER, ROE, FL, DER and CR analysis on stock prices and their impact on the performance of LQ45 companies listed on the IDX period 2005-2009. The research object uses secondary data ie financial statements of companies listed LQ45 in 2005 - 2009. The results of research using AMOS program showed that DER has a significant effect on stock price of 102.4%. From the results of these calculations, obtained a fairly high DER value, this shows the composition of debt is greater than the total capital itself so that the greater the burden of the company against outsiders.

Meanwhile, according to Indriana (2012) in the study of the influence of DER, BOPO, and EPS on stock prices on the Indonesia Stock Exchange on foreign exchange banks explained that DER with stock prices have a negative relationship, meaning the lower the ratio the better the level of bank management performance because more efficient In using the resources available in the company, in this case the company can minimize the level of debt received for the activities of the company so that investors will be interested to invest their shares, then it can increase the stock price.

2.3. Framework of Thinking

This study was conducted to provide an overview of the relationship and influence of stock valuation based on ratios commonly used by companies in Indonesia. Based on the relationship between the theoretical basis with the formulation of problems that have been presented, it can be developed a framework of thinking from the influence of GCG, profitability ratios and leverage ratios to stock prices. Hypothesis of this research is as follows:

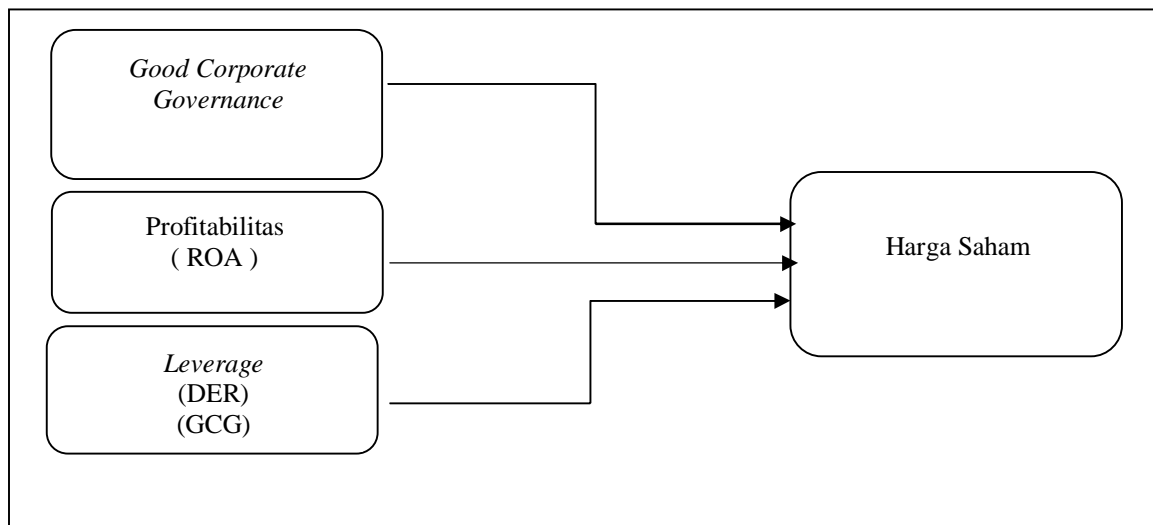


Figure 1: Thinking Framework

2.4. Hypothesis

- H1: GCG with CPIC rating according to IICG issued has positive effect on stock price.
- H2: Profitability (ROA) has a positive and significant influence on stock prices
- H3: Leverage (DER) has a negative effect on stock value

3. Research Method

3.1. Types of Research

The type of research conducted in this study is quantitative research. According to Silaen and Widiyono (2013: 18), quantitative research is a study that uses quantitative methodologies and produces numerical data and is analyzed using descriptive or inferential statistics to test hypotheses.

3.2. Sample and Population

Population is a collection of objects that have the same characteristics. According Sugiyono (2013: 115), the population is a generalization region consisting of objects or subjects that have certain qualities and characteristics set by researchers to be studied and then drawn conclusions. Population in this research is LQ45 company which listed in BEI.

The sample is a part of the object contained in the population. According Sugiyono (2013: 116), the sample is part of the number and characteristics possessed by the population. Sample selection method used in this research is purposive sampling. Purposive sampling is a technique of determining the sample with certain considerations (Sugiyono, 2013: 126). In the purposive sampling the sampling must have a strong relationship with the characteristics possessed by the population.

The criteria set forth in this study are as follows:

1. Companies are listed on the Indonesia Stock Exchange during 2010 - 2013.
2. Companies registered as LQ45 companies during 2010 - 2013 respectively.
3. The Company is registered as a member of corporate governance perception index (CPGI) in 2010 - 2013 respectively.
4. The Company presents and publishes the complete financial statements during the year 2010 -2013.

3.3. Operational Variable Definition

3.3.1. Stock Price

According Harmono (2009) stock price is determined by market participants based on demand and supply in the stock market. In this study stock price refers to the Indonesia Stock Exchange (IDX) as the national stock market. The stock price taken is the price at adjusted price after corporate action.

3.3.2. Good Corporate Governance

GCG can be seen from the Corporate Governance Perception Index (CGPI) or a ranking of the best index of any company that has implemented corporate governance.

3.3.3. Profitability

Profitability is a ratio to assess the ability of companies in search for profit or profit within a certain period. In this study the ratio used is Return On Assets (ROA) is the ratio of profit after tax with total assets.

3.3.4. Leverage

Leverage or debt ratio in this study is the debt to equity ratio which is the ratio between debt and equity in the company's funding.

3.4. Data Analysis

Data analysis method used in this research is quantitative analysis. In quantitative analysis, the issues raised must be clear and depicted with valid data and measured on a numerical scale (Sugiyono, 2013: 53). In this study data processing assisted with EViews software to facilitate the researchers obtain more accurate results. In this study also used panel data regression. Panel data is data consisting of time series data as well as cross section data (Ariefianto, 2012: 148). According to Widarjono (2013: 353) the advantage of using panel data is because panel data is a combination of time series data and cross section data, so it can provide more data and can result in greater degree of freedom.

There are three techniques in panel data regression, namely common effect, fixed effect, and random effect.

3.4.1. Common Effect

According to Widarjono (2013: 355), the common effect approach is to estimate the panel data model by merging time series data and cross section data without considering the differences between indiv and time by using ordinary least squares (OLS) method.

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + e_{it} \quad (3.7)$$

3.4.2. Fixed Effect

In fixed effect approach, data is expected to have different intercept for each company and time, while the slope between companies remains the same (Widarjono, 2013: 356). According to Widarjono (2013: 357), in fixed effect approach can use dummy variable technique which is often stated in least squares dummy variables (LSDV). The panel model of data if using fixed effect approach is as follows:

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 D_{1i} + \beta_6 D_{2i} + \dots + \beta_N D_{it} + e_{it} \quad (3.8)$$

Information:

D_{it} = Dummy variables for period or firm, i or $t = 1, 2, \dots, N$ and 0 for the other.

3.4.3. Random Effect

By using this approach, it can estimate panel data with interference variables can be interconnected between individuals and between time (Widarjono, 2013: 359). The equation for the method of random effect is as follows:

$$Y_{it} = \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + V_{it} \quad (3.9)$$

Information:

V_{it} = an overall disruption variable that is a combination of time series and cross section and individual variable disruption

The OLS method is not appropriately used to obtain an efficient estimator because of the correlation between the disturbance variables, so the proper method to estimate the random effect model is generalized least squares (GLS) (Widarjono, 2013: 361)

3.5. Model Testing

3.5.1. Chow Test

Chow test is a test to know whether there is any structural change in regression that will cause difference in intercept or slope or possibility of difference between intercept and slope in regression line (Widarjono, 2013: 71). Chow test is used to know the comparison between OLS and fixed effect. The hypothesis that can be used in this test is as follows:

H_0 : Common effect

H_1 : Fixed effect

If the result of F-count is obtained smaller than the value of F-table then H_0 is rejected, so that more appropriate fixed effect used in research. The statistics of the Chow test are as follows:

$$F = \frac{SSR_R - SSR_{U/q}}{SSR_U / (n-k)} \quad (3.10)$$

Information:

$SSR_R - SSR_U$ = sum of squared residuals techniques without dummy variables as restricted models and fixed effect techniques with dummy variables as unrestricted models.

n = Number of companies

k = Number of independent variables

$q = n - 1$

3.5.2. Hausman Test

Hausman test was developed to determine whether to use fixed effect or random effect model in performing statistical tests. This is based on the idea that the OLS and GLS methods are consistent but OLS is not efficient in the null hypothesis (Widarjono, 2013: 364). The hypothesis that can be used in this test is as follows:

H0: Random effect

H1: Fixed effect

If the test results conclude that the probability value is below the level of significance, then H0 is rejected, so the fixed effect is more appropriate. Statistics in the Hausman test following the chi-squares distribution can be formulated as follows:

$$M = q \text{ var } (q)^{-1} q \quad (3.12)$$

Information:

$$q = (\beta_{ols} - \beta_{gls})$$

$$\text{var}(q) = \text{var}(\beta_{ols}) - \text{var}(\beta_{gls})$$

3.5.3. Langrange Multiplier

Langrange multiplier test (LM) is used to detect whether in an autoregressive model there is autocorrelation (Widarjono, 2013: 214). The LM test is used to select between OLS without dummy or random effect variables. LM statistics can be calculated by the following formula:

$$LM = \frac{nT}{2(T-1)} \frac{\sum_{i=1}^n (\sum_{t=1}^T \hat{e}_{it})^2}{(\frac{\sum_{i=1}^n \sum_{t=1}^T \hat{e}_{it}^2}{nT} - 1)^2} \quad (3.11)$$

Information:

n = number of individuals

F = number of time periods

\hat{E} = residual OLS method

This test can be done if the random effect is more appropriate to use than fixed effect after the Hausman test.

3.5.4. T Test

Kuncoro (2003: 218) argues that t test is useful to describe the level of significance of one independent variable in explaining the dependent variable. In this research, t test is used to know the influence of independent variable Leverage, Profitability, Age of Company, and Liquidity to dependent variable of CSR Disclosure. Criteria of t test result (partial) are:

1. t arithmetic < t table then H0 rejected and H1 accepted which means independent variables affect the dependent variable.
2. t arithmetic > t table then H0 accepted and H1 rejected which means the independent variable has no effect on the dependent variable.

3.5.5. Coefficient of Determination

According to Kuncoro (2003: 220), the coefficient of determination can measure how far the model's ability to explain the dependent variable. The coefficient of determination is between zero and one. The small R2 value describes the ability of the independent variable to be limited in explaining the variation of the dependent variable, the value close to 1 representing the independent variable can provide the information needed in predicting the dependent variable (Kuncoro, 2003: 220-221).

4. Analysis and Discussion

4.1. Analysis Results

4.1.1. Selection of Data Processing Models

In determining the most appropriate panel data processing model to be used in this study, Chow, Hausman, and LM tests were performed. The following description of the test results performed:

1. Chow Test

The Chow test is performed to determine whether a common model or fixed model is more appropriately used. Chow test can be done using Redundant Fixed Effects menu. The hypothesis of the Chow test is as follows:

- H₀: Common Effect Model
- H₁: Fixed Effect Model

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	11.780186	(6,18)	0.0000
Cross-section Chi-square	44.650905	6	0.0000

Table 1: Chow Test Results (Redundant Fixed Effects)

Source : Output Eviews 8 (2015)

The basis for making decisions is as follows:

1) Based on the computation Fcount with FTable

Given: Value Fcount = 11.78 > FTable Value = 6.591382

Conclusion: H₀ is rejected and H₁ accepted

2) Based on probability value

Given: probability value 0,0000 < Value $\alpha = 0.05$

Conclusion: H₀ is rejected and H₁ is accepted

From the two basic decision-making results of the Chow test above, it can be stated that the Fixed Effect model is better used than the Fixed Effect Common Effect

2. Hausman test

Hausman test is performed to choose which model is more appropriate, whether using Random Effect or Fixed Effect. The hypothesis in testing Hausman test is as follows:

- H₀: Random Effect Model
- H₁: Fixed Effect Model

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.135389	3	0.5448

Table 2: Hausman Test Results (Correlated Random Effects)

Source: Output Eviews 8 (2015)

The basis for making decisions is as follows:

1) Based on Chi-square comparison with Chi-square table

Given: Chi-square value = 12.59 > Chi-square Table = 2.135389

Conclusion: H₀ is accepted and H₁ is rejected.

2) Based on probability value

Given: Probability value = 0.5448 > Value $\alpha = 0.05$

Conclusion: H₀ is accepted and H₁ is rejected

From the second basic decision-making results Hausman test above, it can be stated that the Random Effect model is better than the Fixed Effect model.

No need to test Langrange Multiplier because the model selection falls on the Random Effect model. Therefore, it can be concluded that the panel data regression model used in this study is the Random Effect model.

4.1.2. Significance Test (T Test)

Hypothesis testing partially to know whether or not there is influence of each independent variable (GCG, ROA and DER) to dependent variable (Stock Price).

The hypothesis in t test is as follows:

- H₀: GCG partially has no significant effect on Stock Price.
- H₁: GCG partially significant effect on Stock Price.
- H₀: ROA partially has no significant effect on Stock Price.
- H₁: ROA partially significant effect on Stock Price.
- H₀: DER partially has no significant effect on Stock Price.
- H₁: G partially significant effect on Stock Price.

The basic in making the decision as follows:

Based on the probability value

A) If the probability (p-value) < alpha (0,05) then Ho is rejected, H₁ is accepted (there is significant influence).

B) If the probability (p-value) > alpha (0,05) then Ho is accepted, H₁ is rejected (no significant effect).

T test results can be described in Table 3 below:

Dependent Variable: HS				
Method: Panel EGLS (Cross-section random effects)				
Date: 10/02/15 Time: 09:15				
Sample: 2010 2013				
Periods included: 4				
Cross-sections included: 7				
Total panel (balanced) observations: 28				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
GCG	-4.407217	6.757123	-0.652233	0.5204
ROA	0.000888	0.000261	3.401638	0.0023
DER	0.000466	0.000189	2.465065	0.0212
C	0.000649	0.000911	0.713000	0.4827

Table 3: T Test Results
Source: Output Eviews 8 (2015)

From Table 3 above, it can be concluded that at the 95% confidence level ($\alpha = 0.05\%$) there are components of ROA and DER which partially have a significant influence on stock prices because it has a probability value t_{hitung} smaller than α , while GCG in Partial does not have a significant influence on stock prices because the probability t-value is greater than α .

4.1.3. Correlation and Determination Analysis

Measurement coefficient of determination in this study can be seen in Table 4 below:

	Weighted Statistics		
R-squared	0.443816	Mean dependent var	9.37E-05
Adjusted R-squared	0.374293	S.D. dependent var	0.000131
S.E. of regression	0.000104	Sum squared resid	2.58E-07
F-statistic	6.383733	Durbin-Watson stat	2.282195
Prob(F-statistic)	0.002461		

Table 4: Determination Coefficient Test Results

From the result of the calculation through Eviews 8 program which can be seen from Table 16, the result of Adjusted R-squared = 0,374293 (37.42 percent) indicates that Stock Price is influenced by GCG, ROA, and DER variable 37.42 percent, while the rest is explained by factor Others who are not included in the study.

5. Conclusion and Recommendation

5.1. Conclusion

Based on the results of the analysis that has been done in the previous chapter, it can be concluded the influence of GCG variables, Profitability with ROA and Leverage proxy with DER proxy to LQ45 stock price in IDX period 2010 - 2013 as follows:

1. GCG variable has negative and insignificant effect on stock price.
2. Variable ROA has a positive and significant influence on stock prices.
3. DER variable has positive and significant effect to stock price.

5.2. Recommendation

Based on the conclusion of the results of this study, the recommendations can be given is to extend the study period and the number of research samples at companies listed on the BEI in order to obtain the results of research can be more accurate.

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