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ARCTIC Journal

THE EFFECT OF BASIC EARNING POWER AND EARNING AFTER TAX ON STOCK PRICES IN REGISTERED COMPANIES IN INDONESIA SHARIA STOCK INDEX (STUDY IN PT. ULTRAJAYA MILK INDUSTRY & TRADING COMPANY TBK PERIOD 2006-2017)

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This study aims to determine the basic effect of earning power partially on the stock price of PT Ultrajaya Milk Industry & Trading Company Tbk.; the effect of partial earnings after tax on the stock price of PT Ultrajaya Milk Industry & Trading Company Tbk.; and the effect of basic earnings power and earning after tax simultaneously on the stock price of PT Ultrajaya Milk Industry & Trading Company Tbk. The theoretical framework used in this study is to refer to some of the opinions of financial experts and the results of previous studies stating that the higher the level of basic earnings power and earnings after tax, the higher the effect on stock prices. The variables used are basic earnings power and earnings after tax as independent variables and stock prices as the dependent variable. This research uses quantitative research methods. The data used in this research is secondary data. The data used in this study is in the form of financial statements of PT Ultrajaya Milk Industry & Trading Company Tbk. the period 2006-2017 originating from the website pages provided by the ultrajaya company. The results of this study indicate that: (1) the basic earnings partially have a weak relationship and the effect is not significant on shares in PT Ultrajaya Milk Industry & Trading Company Tbk. (2) partially earnings after tax has a moderate relationship and has a significant effect on the Share Price of PT Ultrajaya Milk Industri & Trading Company Tbk. (3) Simultaneously basic earnings power and earnings after tax have a moderate relationship and a non-significant effect on the Share Price of PT Ultrajaya Milk Industri & Trading Company Tbk.

Keywords: *Basic Earning Power, Earning After Tax, stock prices, BEP, EAT*

1. Introduction

Economic benefits vary in form and one of them is investment, which is an activity of storing funds or assets to gain profits in the future. Investment is one way to anticipate economic conditions that often experience inflation, this is because the value of money today will not be the same as the value of money in the future. Investment has been proposed in Islam, as evidenced by the existence of the arguments in the Koran which are found in surat al-Hasyr verse 18 which means "O believers, fear Allah and pay attention every day what he has done for tomorrow (hereafter) ". This is an order to pay attention to the actions carried out today for tomorrow, the sentence has the meaning of an investment (Marestiani, 2011).

Signs of capital participation of a person or business entity in a company or limited liability company are known as shares, when making capital participation automatically the party that includes such capital has a claim on company income, or company assets, and has the authority to attend the General Meeting of Shareholders (GMS) (Aziz et al., 2015). One way companies get funds to increase capital is by issuing shares.

Published shares certainly have a price to be owned by interested parties. This stock price is an important indicator to be considered by investors or prospective investors, because the value of the company can be indicated by the stock price. High prices show that companies have good prospects in their operations. Likewise, when the stock price is low, investors' investment and their interest will decrease towards such companies (Harmono, 2014).

Fundamental analysis contained in the analysis of stock price movements covers economic aspects, company aspects and industrial aspects. Harianto and Sudono, argued that the analysis of the aspects of the company is important for investors, because the analysis of the company involves an assessment of the financial condition of the company, which can be seen as income or profit obtained by the company. If the income or profit obtained by the company is high, this will make stock prices too high (Sudono, 1998).

Analysis of aspects of the company is very important to assess the stock price of a company. The company's ability to operate its operations has a reciprocal relationship with income or profits obtained by the company. This is what investors will consider when investing their capital. Some of the factors examined in relation to stock prices can be seen from the company's financial statements including basic earnings power and earnings after tax.

The company's asset capability in earning profits from the company's operations can be measured by one type of profitability ratio, namely basic earnings power (Sudono, 1998). Large profits are not a measure that the company can work efficiently. Efficient new can be used or by comparing the profits obtained with capital used or by calculating profitability (Wanahdi, 2007). The higher the basic earnings ratio the more effective and efficient the assets owned in generating profits are, of course, if the increase in profits will impact the stock price which will also increase.

The advantages of the income obtained by the company after deducting all costs that must be incurred for a certain period and deducting income tax presented in the income statement are known as earning after tax. Through earnings after tax the company's ability to generate profits can be assessed directly by investors. The higher the net profit, the higher the stock price in the stock exchange market that affects the increasing interest of potential investors to invest (Darsono, 2007).

As a preliminary study, it is known that the development of trendbasic earnings power, earnings after tax and stock prices in PT Ultrajaya Milk Industry & Trading Company experienced fluctuations where in a certain period there was a mismatch with the theory, namely when profits rose, prices rose even further so further research was needed PT Ultrajaya Milk Industry & Trading Company Tbk. is a company engaged in the beverage industry that

uses UHT (Ultra High Temperature) technology with the form of aseptic packaging material that issues sharia shares needed with a decree issued by the Indonesia Stock Exchange regarding the list of companies listed in the Stock Index Syariah Indonesia (ISSI) (Annual Report, 2017).

The value of each period of basic earnings power (BEP) and earnings after tax (EAT) and stock price at PT Ultrajaya Milk Industry & Trading Company Tbk. Which are listed on the Indonesian Syariah Stock Index can be found through the following table:

Table 1.1
Development Data of Basic Earning Power (BEP) and After Tax Earning (EAT)
Against Stock Prices in Companies Listed in the Indonesian Syariah Stock Index (ISSI):
Case Study at PT. Ultrajaya Milk Industry & Trading Company Period 2006 – 2017

Tahun	BEP (%) (X ₁)	Ket	EAT (Rp) (X ₂)	EAT (%)	Ket	Harga Saham (Rp) (Y)	Harga Saham (%)	Ket	
2006	5,06	↑	14.731	0,42	↑	435	1,78	↑	
2007	4,79	↓	30.394	0,87	↑	650	2,66	↑	
2008	-3,88	↓	303.858	8,65	↑	800	3,28	↑	
2009	6,79	↑	60.281	1,72	↓	580	2,37	↓	
2010	8,86	↑	107.339	3,06	↑	1.210	4,95	↑	
2011	5,94	↓	128.450	3,66	↑	1.080	4,42	↓	
2012	16,41	↑	353.432	10,07	↑	1.330	5,45	↑	
2013	14,77	↓	325.127	9,26	↓	4.500	18,42	↑	
2014	11,57	↓	238.061	6,78	↓	3.720	15,23	↓	
2015	17,81	↑	523.101	14,90	↑	3.945	16,15	↑	
2016	18,86	↑	709.826	20,22	↑	4.570	18,71	↑	
2017	36,99	↑	711.681	20,27	↑	1.295	5,30	↓	
			3.479.154			24.115			

Keterangan:

↑ : in the same direction

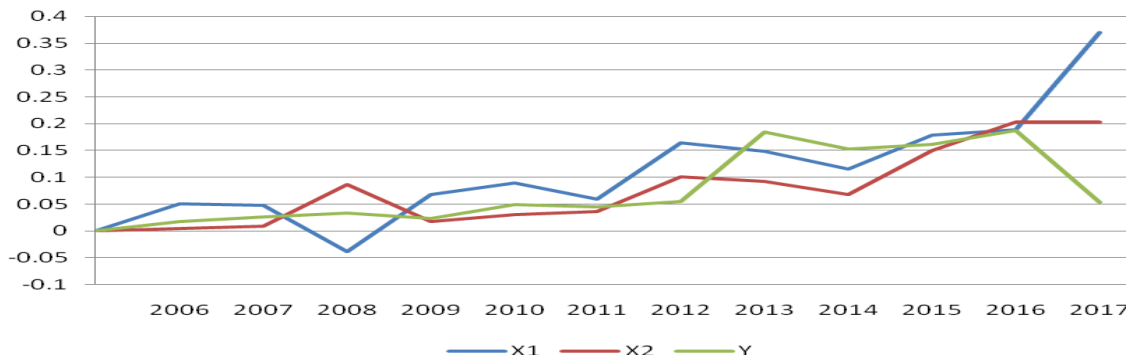
↓ : not in the same direction

Sumber : Processed Secondary data, 2018

Based on the table above it can be seen that the development of basic earnings power (BEP), earnings after tax (EAT), and stock prices for twelve periods fluctuated. In addition to the table above, data are also presented in graphical form as follows:

Graph1.1

Development Data Basic Earning Power (BEP) and After Tax Earning (EAT) Against Stock Prices in Companies Listed in the Indonesian Syariah Stock Index (ISSI): Case Study at PT. Ultrajaya Milk Industry & Trading Company Period 2006 – 2017



Based on the data in table 1.1 and graph 1.1, it can be seen that the movement of basic earnings power (BEP) has fluctuated, starting in 2006 which increased 0.18% from the previous year, which was 2005 with a value of 4.88% to 5.06 % in 2006. In 2007 and 2008 it decreased by 0.27% in 2007 and 8.67 in 2008 which later in 2009 experienced a significant increase of 10.67%. In 2010, it increased but not as much as the previous year, which was only 2.07%, in the following year, which was in 2011, which decreased with a number that was not far, which was 2.92%.

In 2012 the company succeeded in increasing its total assets and operating profit so that the BEP ratio again experienced a substantial increase of 10.47%. In the following year, two consecutive periods, 2013 and 2014, decreased by 1.64%. In 2013 and 3.20% in 2014. Then in the following year 2015 until 2017 the company again increased its operating profit and total assets so that the BEP ratio again rose by 6.24% in 2015, 1.05% in 2016 and 18.13% in 2017.

EAT has fluctuations. From 2006 to 2008, there was an increase, but in 2006 and 2007 it was not large enough, which was 0.29% in 2006 from the BEP value in 2005, 0.45% in 2007, and in 2008 the increase occurred at 7, 79% but in the following year 2009 decreased by 6.94%. In 2010 to 2012 there was an increase, namely, 1.34% in 2010, 0.60% in 2011 and 6.41% in 2012. In the following year, the 2013 net income of the company declined again by 0, 81% and 2, 48%. However, the company increased its profits in 2015, which amounted to 8.12% and in 2016 rose by 5.32% while in 2017 it only increased by 0.05%.

Stock prices also experience fluctuations in each period, namely in 2006 to 2008 share prices have increased, namely in 2006 increased by Rp. 125, - to Rp. 435, which in 2005 was only Rp. 310, -. In 2007 it increased by Rp. 215, - so that it becomes Rp. 650, - and in 2008 it increased by Rp. 150, - to Rp. 800, -. Whereas in 2009 it decreased by Rp. 220, - so that the stock price becomes Rp. 580, - but in the following year, namely 2010, it went up again to Rp. 1,210, - which was a fairly high increase compared to the previous period where the increase was Rp. 630, -.

In 2011, it dropped by Rp. 130, - becomes Rp. 1,210, -. And back up in 2012 of Rp. 250, - to Rp. 1330, -. In 2013 the increase in the price of large shares was increased by Rp. 3.170, - until the stock price becomes Rp. 4,500, -. And back down in 2014 of Rp. 780, - becomes Rp. 3,720, -. In 2015 and 2016 the share price rose again by Rp. 225, - in 2015 it became Rp. 3,945, - and increased by Rp. 625, - in 2016 it became Rp. 4,570, -. Finally, in 2017, the stock price has decreased significantly, which is Rp. 3,275, - until the stock price becomes Rp. 1,295, -.

Based on the background above, it can be concluded that the better the company's ability to generate profits from the company's operations and the higher the net profit, the higher the company's stock price. thus the reason for the author's interest in researching more in dealing with these problems through research entitled The Effect of Basic Earning Power

(BEP) and After Tax Earning (EAT) on Stock Prices in Companies Listed in the Indonesian Syariah Stock Index (ISSI): Case Study at PT Ultrajaya Milk Industry & Trading Company Period 2006 - 2017.

This research is supported by several previous studies, including: First, Ahmad Arfan (2008), his research entitled *The Effect of Earning Per Share (EPS), Basic Earning Power (BEP) and Economic Value Added (EVA) on Stock Prices in Food and Beverage Companies* which is listed on the IDX (Indonesia Stock Exchange) for the period 2004-2006, Undergraduate Thesis Program (S1) Department of Financial Management, State University of Malang. The results of this study indicate that earnings per share have a significant effect on stock prices, basic earnings earnings do not significantly influence stock prices, economic value added does not significantly influence stock prices and simultaneously yield per share, basic earnings power, economic value added has a significant effect on stock prices.

Second, Anggun Permatasari (2017), his research entitled *The Effect of Net Profit and Cash Flow on Stock Prices (In Companies that Enter the LQ 45 Index in the Indonesia Stock Exchange)*, Thesis Undergraduate Program (S1) Accounting Department Faculty of Economics, Widyatama University. The results of his research show that earnings have a significant effect on stock prices, while cash flows have no effect on stock prices. Simultaneously earnings and cash flows have a significant effect on stock prices.

Third; Nisa Muktiadji and Eka Soesilawati Ningrum (2018), his research entitled *Analysis of the Effect of Basic Earning Power, Capital Structure and Dividend Policy on Company Stock Prices*, Scientific Journal of Financial Management Financial Studies Program in Unitary Economics of Bogor. In this study, the results show that partially basic earnings power does not significantly affect stock prices, capital structure has a significant effect on stock prices, and dividend policy does not significantly affect stock prices while simultaneously basic earnings power, capital structure and influential dividend policy real to the company's stock price ..

There are several similarities and differences between previous research and what was examined by researchers in this study. This is a reference for researchers to continue and complete their research.

Stock is a variable that is discussed in this study so the need for understanding of the theory before analyzing the data for that follows a discussion of stocks and stock indices.

Shares are securities issued by a company in the form of a Limited Liability Company (PT) commonly referred to as issuers which state that owning shares is the same as owning a portion of the company (Widoadmodjo, 2012). Other sources have stated that the shares are proof of taking part or participants in a Limited Liability Company (Riyanto, 2010). Fatwa of MUI DSN Number 40 / DSN-MUI / X / 2003 which explains that sharia shares are proof of ownership of a company that meets the criteria as stated in article 3, and does not include shares that have special rights (Prasetyo, 2011).

Stock Index is the stock price expressed in index numbers, which has the purpose of analysis and to avoid the negative impact of the use of stock prices in rupiah so that the stock index can be avoided by analysis errors even without correction (Samsul, 2006). Stock indices show the weighted average value of shares traded there and become a measure of the movement of the stock or a group of shares (Dominic, 2008).

From the definition above, it is known that, shares are proof of equity participation which is a sign of ownership of a portion of the company's assets that meet the established criteria. While the stock index is an indicator of stock price movements that serves as a guideline for investing in the capital market, especially stocks that have analytical objectives to avoid the negative impact of the use of stock prices.

The sharia foundation regarding Stocks and Stock Indices originating from the Koran, al-Hadith and the rules of jurisprudence: First; in the Qur'an Surat al-Baqarah verse 195

وَأَنْفِقُوا فِي سَبِيلِ اللَّهِ وَلَا تُلْقُوا بِأَيْدِيكُمْ إِلَى التَّهْلُكَةِ وَأَحْسِنُوا إِنَّ اللَّهَ يُحِبُّ الْمُحْسِنِينَ

195. And spend in the way of Allah and cast not yourselves to perdition with your own hands, and do good (to others); surely Allah loves the doers of good.

The verse above is an order to issue property in the way of Allah. The correlation of his verse with investment theory is that investing is a world investment that will be felt in the hereafter. So the beinfaq order is the same as the order to invest and one type of investment is by buying shares.

Second; Al-Hadith Foundation

إِذَا حَكَمَ الْحَاكِمُ فَا جْتَحَدَ ثُمَّ أَصَابَ فَلَهُ أَجْرَانِ وَإِذَا حَكَمَ فَا جْتَحَدَ ثُمَّ أَخْطَأَ فَلَهُ أَجْرٌ

Meaning: "... If a judge decides a case and he has berijtihad issued a law (fatwa) and it turns out that the law is true he will certainly get two rewards and if he turns out he is wrong he will certainly get one reward (HR. Bukhari and Muslim)" (Tarmizi, 2016).

Referring to the hadith above, the relationship with investment is located in the meaning of deciding the case, in which if one wants to get a profit, he should do a business between those businesses, namely by investing, one of them by buying shares. Even in investing, there needs to be sufficient consideration and understanding to reduce and even avoid the risk of loss

Third; Foundation of Jurisprudence

الْأَصْلُ فِي الْمُعَامَلَاتِ إِلَّا بَا حَةٌ حَتَّى يَدُلَّ الدَّلِيلُ عَلَى التَّحْرِيمِهَا

Meaning: "... The basic law of muamalah is muted unless a proposition is prohibited" (Mufid, 2017).

The meaning of this rule is that all types of muamalat transactions are basically legal, as long as there is no argument that prohibits and forbids such transactions. Muamalah activities are different from worship, whose original law is forbidden as long as there is no evidence of the order.

In its operations, shares and stock indices have a variety of types, the types of stocks and stock indices, namely: (1) Shares based on rights and specialties consist of ordinary shares and preferred shares. Common stock is a securities sold by a company whose buyers have the right to participate in the GMS and EGMS, and at the end of the year will benefit (Hadi, 2009). Preferred stock (preferred stock) is a securities sold by a company whose holder will obtain fixed income in the form of dividends received every quarter (Heykal, 2010), which both of these shares mention their nominal value (2) Shares based on the form consist of shares on behalf of (nominal stock) and outstanding shares (bearer stock). Shares in the name of shares that mention the name of the owner, the listing of these shares is recorded in a special list and bearer stocks are shares that do not mention the name of the owner (Editor, 2011).

Type of Stock Exchanges of The Indonesia Stock Exchange Index has 11 types of stock price indices, which are continuously disseminated through print and electronic media, these indexes include: (1) Composite Stock Price Index (IHSG), using all Listed Companies as Index calculation component. In order for the CSPI to describe a fair market condition, the Indonesia Stock Exchange has the authority to issue and or not to include one or several Listed Companies from the calculation of the JCI; (2) Sectoral Index, using all Listed Companies included in each sector. Currently there are 10 sectors on the IDX, namely Agriculture, Mining, Basic Industry, Various Industries, Consumer Goods, Property, Infrastructure, Finance, Trade and Services, and Manufacturing; (3) LQ45 Index. An index consists of 45 shares of a Listed Company selected based on consideration of liquidity and market capitalization, with criteria that have been determined. Stock reviews and replacements are conducted every 6 months; (4) Jakarta Islamic Index (JII), an index that uses 30 shares selected from shares included in sharia criteria (List of Sharia Securities issued by Bapepam-LK) taking into account market capitalization

and liquidity, (5) Kompas100 Index consists of 100 shares of the Listed Company selected based on consideration of liquidity and market capitalization, with predetermined criteria. Stock reviews and replacements are conducted every 6 months. (6) The Business-27 Index is a collaboration between the Indonesia Stock Exchange and Bisnis Indonesia daily, launches a stock price index called the BUSINESS-27 Index. An index consists of 27 shares of a Listed Company selected based on fundamental, technical or liquidity criteria for transactions and Accountability and corporate governance; (7) PEFINDO25 Index, is a collaboration between the Indonesia Stock Exchange and PEFINDO rating agency launching the stock price index, which is named the PEFINDO25 Index. This index is intended to provide additional information for investors, especially for small and medium-sized shares (SME) issuers. (8) SRI-KEHATI Index; This index is formed by the collaboration between the Indonesia Stock Exchange and the Indonesian Biodiversity Foundation (KEHATI). SRI is short for Sustainable Responsible Investment. This index is expected to provide additional information to investors who want to invest in issuers who have excellent performance in encouraging sustainable business, as well as having an awareness of the environment and implementing good corporate governance; (9) Main Board Index; The main board index uses the shares of listed companies included in the main board; Development Board Index, Using the shares of the Listed Company included in the Development Board. Individual: Share price index of each Listed Company Indonesian Islamic Stock Index (10) Indonesian Syariah Stock Index (ISSI) which was launched on May 12, 2011 is a composite index of sharia shares listed on the IDX. ISSI is an indicator of the performance of the Indonesian Islamic stock market. ISSI constituents are all sharia shares listed on the IDX and entered into the List of Sharia Securities (DES) issued by OJK. This means that the IDX does not select sharia shares that are included in the ISSI, and (11) the Jakarta Islamic Index 70 (JII70), a sharia stock index launched by the IDX on May 17 2018. The JII70 constituency consists of only 70 of the most liquid sharia stocks listed on the IDX. Just like ISSI, a review of Islamic stocks that are JII constituents is conducted twice in a year, May and November, following the OJK's DES review schedule. (Editor, 2011).

Everything that is done always carries the risk of being a positive risk which is usually called profit or negative or loss. The first side of the benefits includes: (1) Capital gain is the profit from the sale or purchase of shares, in the form of a difference between the selling value that is higher than the purchase value of the stock; (2) Dividends, part of company profits will be distributed to shareholders; (3) Company shares, as well as land or similar valuable assets, their value will increase over time and in line with the development or performance of the company. Long-term investors rely on the increase in the value of shares to profit from stock investments. Investors like this buy shares and store them for a long period of time (yearly) and during that time they benefit from dividends paid by the company every certain period; (4) Shares can also be pledged to banks as collateral to obtain credit. Second; in terms of losses, namely: (1) Capital loss is a loss from the sale and purchase of shares, in the form of a sale between the sale value lower than the purchase value of the shares; (1) Opportunity loss in the form of difference in deposit rates minus the total yield obtained from total investment, in the event of a price decline and dividend dividing; (2) Losses due to the liquidation of the company, but the value of the liquidation distributed is lower than the share purchase price (Dudung, 2019).

2. Materials and Methods

This research uses descriptive method with quantitative approach. Descriptive method is a research method that aims to describe phenomena that exist today or in the past. It uses descriptive methods because researcher will only describe the sample of data without intending to generalize. Analysis is carried out through a quantitative approach with statistical methods to test hypotheses. The purpose of this research method is to test theory, build facts, show

relationships and influences as well as comparisons between variables, provide statistical descriptions, estimate and forecast results.

The objects used in this study are namely Basic earnings power (BEP), earnings after tax (EAT) and stock prices on data obtained from published financial statements for the period 2006-2017 published on the company's official website. PT Ultrajaya Milk Industry & Trading Company Tbk, having its address at Jl. Raya Cimareme 131, Padalarang Bandung 40552;

The source of research data used in this study is secondary data sources. Financial report data of PT Ultrajaya Milk Industry & Trading Company Tbk. from the Company's official website page and data indicating that the company is listed in the Syariah Indonesia Stock Index obtained from the website of the Indonesia Stock Exchange.

To get authentic data related to the object of research, the author uses data collection techniques, through documentation, literature, and internet. (Sugiono 2012, Arikunto, 1999, Mestika, 2008).

The data analysis technique is done by grouping data based on the variables of all respondents, presenting data from each variable under study, doing calculations to answer the problem formulation and holding a meeting to test the hypotheses that have been proposed and the results of processing this data are of course used to answer the problems that have been formulated, as suggested by Sugiono (2012). Done through classic assumptions and statistical analysis: the method used in testing classical assumptions are namely: normality test, multicollinearity test, heteroscedasticity test, autocorrelation test. The statistical analysis discussed in this scientific work includes descriptive analysis, associative analysis and comparative analysis.

3. Results and Discussion

The study produced an analysis of the effect of basic earnings power on stock prices, an analysis of the effect of earnings after tax on stock prices and an analysis of the effect of basic earnings power and earnings after tax on stock prices.

3.1. Analysis of the Effect of Basic Earning Power (BEP) on Stock Prices at PT Ultrajaya Milk Industri & Trading Company Tbk.

During 2006– 2017, basic earnings power (BEP) has experienced a fluctuating development, in which there is a fluctuation in the percentage of the amount of basic earnings power (BEP) informed by financial reports published on the company's official website. The lowest amount of basic earning power (BEP) occurred in 2008 with the percentage of -3.88% and the basic earning power (BEP) the highest occurred in 2017 with basic earning power (BEP) of 36.99%.

Based on the analysis conducted, it can be seen that the basic earning power (BEP) (X1) on stock prices (Y) has a non-significant (weak) effect. This can be seen in a simple regression analysis that shows a positive relationship with the equation $Y = 5.275 + 0.246X1$ or stock price = 5.275 + 0.246 basic earnings power (BEP), while, when basic earning power (BEP) (X1) changes by 1% stock price (Y) will change by 0.246 and if basic earnings power (BEP) (X1) is ignored or equal to 0, then the stock price (Y) is worth 5,275.

Based on the analysis, a large relationship between basic earning power (BEP) (X1) to stock prices (Y) can be seen in the Pearson product moment correlation analysis that is equal to 0.375. When viewed in the table of interpretation of the correlation coefficient, the relationship between basic earnings power (BEP) (X1) and stock price (Y) is weak because it is in the interval 0.20 - 0.399.

Based on the analysis, the strength of the effect of basic earnings power (BEP) (X1) on Stock Prices (Y) can be seen in the Determination Coefficient or Rsquare (R2), which is equal to 0.1407 or 14.1% which means basic earnings power (BEP) (X1) has an influence of 14.1% on stock prices (Y) while the remainder of 85.9% is influenced by other variables that the author does not examine.

Based on the analysis, the significance level of basic earnings power (BEP) (X1) on stock prices (Y) the significance level is $\alpha = 0.05$ and $dk = n - 2 = 12 - 2 = 10$, so that $t_{table} = 2,228$ and $t_{hitung} = 1,280$. Thus, it can be seen that $t_{count} < t_{table}$ or $1,280 < 2,228$, then H_0 is accepted and H_0 is rejected, which means there is no significant effect between basic earning power (BEP) (X1) on the Stock Price (Y).

3.2. Analysis of the Effect of After Tax Earning (EAT) on Stock Prices at PT Ultrajaya Milk Industri & Trading Company Tbk.

During 2006– 2017, earning after tax (EAT) has experienced a fluctuating development, in which there is a fluctuation in the percentage of total earnings after tax (EAT) which is informed by financial statements published on the company's official website. The lowest number of earnings after tax (EAT) occurred in 2006 with a percentage of 0.13% and the highest earnings after tax (EAT) occurred in 2017 with an e-learning after tax (EAT) of 20.27%.

Based on the analysis conducted, it can be seen that the earnings after tax (EAT) (X2) on stock prices (Y) has a non-significant (moderate) effect. This can be seen in a simple regression analysis which shows a positive relationship with the equation $Y = 3.621 + 0.554 X_2$ or stock price = $3.621 + 0.554$ earnings after tax (EAT). When earnings after tax (E2) (X2) changes by 1%, the stock price (Y) will change by 0.554 and if earnings after tax (EAT) (X2) is neglected or equal to 0, then the Stock Price (Y) is worth 3,621. Based on the analysis conducted, the large relationship between earnings after tax (EAT) (X2) on stock prices (Y) can be seen in the Pearson product moment correlation analysis which is 0.578. When viewed in the table of correlation coefficient interpretation, the relationship between earnings after tax (EAT) and stock price (Y) is moderate because it is in the interval of 0.40 - 0.599.

Based on the analysis, the strength of the influence of earning after tax (EAT) (X2) on stock prices (Y) can be seen in the coefficient of determination or R square (R^2), which is equal to 0.33396 or 33.4% which means earnings after tax (EAT) (X2) has an influence of 33.4% on stock prices (Y) where the remaining 66.6% is influenced by other variables that the author does not examine.

Based on the analysis, the significance level of earnings after tax (EAT) (X2) on stock prices (Y) is $\alpha = 0.05$ and $dk = n - 2 = 12 - 2 = 10$, so that t_{table} is = 2,228 and t_{count} is = 2,239. Thus, it can be seen that $t_{count} > t_{table}$ or $2.239 > 2.282$, then H_0 is rejected and H_a is accepted, which means that there is a significant effect between earnings earning (BEP) (X1) on the stock price (Y).

3.3. Analysis of the Effect of Basic Earning Power (BEP) and After-Tax Earnings (EAT) on Stock Prices at PT Ultrajaya Milk Industri & Trading Company Tbk.

Based on the analysis conducted, it can be seen that the basic earnings power (BEP) (X1) and earnings after tax (EAT) (X2) on the stock price (Y) at PT Ultrajaya Milk Industri & Trading Company Tbk. period 2006 - 2017 simultaneously has a moderate effect. This can be seen in multiple regression analysis which shows the equation $Y = 3.915 - 0.111 X_1 + 0.678 X_2$ or stock price = $3.915 - 0.111$ basic earnings power (BEP) + 0.678 earnings after tax (EAT). The large relationship between basic earnings power (BEP) (X1) and earnings after tax (EAT) (X2) on stock prices (Y) can be seen in the multiple correlation analysis which is equal to 0.588. When viewed in the table of correlation coefficient interpretation, the relationship between that basic earnings power (BEP) (X1) and earnings after tax (EAT) (X2) on stock prices (Y) is "moderate" because it is in the interval 0.40 - 0.599.

Based on the analysis of the strength of the effect of the basic learning power (BEP) (X1) and earnings after tax (EAT) (X2) variables on the stock price variable (Y) can be seen in the determination coefficient or R square (R^2), which is 0.3456 or 34.6%, which means that basic earnings power (BEP) (X1) and earnings after tax (EAT) (X2) have an effect of 34.6%

on stock prices (Y), in which the remaining 65.4% is influenced by other variables that the author does not examine carefully.

Based on the analysis the significance level of the basic earnings power (BEP) (X1) and learning after tax (EAT) (X2) on stock prices (Y) is $\alpha = 5\%$ with $(k - 1)$ and $(n - k)$. k is the number of independent and bound variables and n is a lot of data, then $(3 - 1) (12 - 3)$ so that $F_{table} = 4,10$ and $F_{count} = 2,377$ are obtained. Thus, it can be seen that $F_{count} < F_{table}$ or $3.043 < 4.74$, then Hoditerim and Haditolak which means there is no significant effect between that basic earnings power (BEP) (X1) and earnings after tax (EAT) (X2) on stock prices (Y). If visualized, then basic earnings power (BEP) (X1) and earnings after tax (EAT) (X2) on the stock price (Y) of PT Ultrajaya Milk Industri & Trading Company Tbk. can be seen in the picture below:

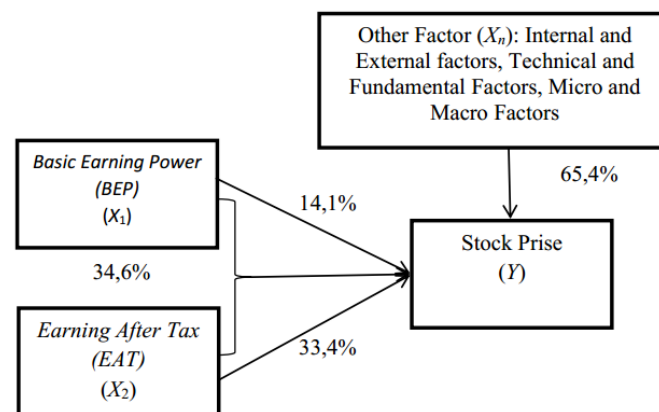


Figure 4.
Determination Coefficient Basic Earning Power (BEP) and After Tax Earning (EAT) on Stock Prices

Basic Earning power (BEP) is a profitability ratio that is often associated with stock prices (Y), where this ratio reflects the ability of the company's assets to generate profits. Basic earning power (BEP) is carried out with several operating periods with the aim to be able to see the development of the company within a certain time span, both decrease or increase, while looking for the causes of these changes. Increasing or decreasing basic earnings power (BEP) affects the profitability of the company. The more effective and efficient the company in managing assets owned will affect the profits that will be obtained by the company. therefore the basic earnings power (BEP) will affect the performance of the company in seeking profits and will later affect stock prices.

As stated earlier, this study provides information that earning after tax (EAT) has an influence on investment, especially in stocks, namely the influence of stock prices given by the company to share holders because investors tend to at a glance look at the company's net income in managing the business because it will affect the level of profits that will be obtained by investors. Increasing earnings after tax (EAT) of a company will have a positive impact on the profits that will be obtained by investors.

However, after researching, basic earning power (BEP) (X1) has a non-significant effect on stock prices, which indicates that returns on returns on investment have a weak influence on investment activities themselves. It can be seen from the level of significance belonging to the category weak. While earnings after tax (EAT) after being investigated turned out to have a significant effect on stock prices which indicates that earnings after tax (EAT) has a strong influence on investment activities. Whereas if the basic earnings power and

earnings after tax are examined simultaneously, it gives a result that there is no significant effect between the basic earnings power (BEP) variable and earning after tax (EAT) on the stock price.

This research supports and strengthens the previous research conducted by Ahmad Arfan in his research entitled *The Effect of Earning Per Share (EPS), Basic Earning Power (BEP) and Economic Value Added (EVA) on Stock Prices in Food and Beverage Companies Listing on the IDX (Bursa Indonesia Securities) period 2004-2006*, Undergraduate Thesis Program (S1) Department of Financial Management, State University of Malang. The results of this study indicated that Basic Earning Power had no significant effect on stock prices.

As well as supporting the results of this study the results of research was conducted by Permatasari in their research entitled *The Effect of Net Profit and Cash Flow on Stock Prices (In Companies that Enter the LQ 45 Index in the Indonesia Stock Exchange)*, Thesis Undergraduate Program (S1) Accounting Department, Faculty of Economics, Widyatama University. The results of this study indicated that Net Income (Earning After Tax) had a significant effect on stock prices. As well as a research was conducted by Aisya Salma Adriyana in her research entitled *The Effect of Net Profit and Corporate Financial Responsibility on Stock Prices (Empirical Study of Manufacturing Companies Listed on the Indonesia Stock Exchange in 2014-2016)*, Thesis Undergraduate Program (S1) Faculty of Accounting Economics and Business, Gadjah Mada University, Yogyakarta. The results of his research showed that net income proved to have a significant positive effect on stock prices.

4. Conclusions and Suggestions

4.1. Conclusion

Based on the results of the analysis, proof of the hypothesis and the discussion described in the previous chapter, which is used in this study, namely basic earning power (BEP) and earnings after tax (EAT) as X variables and stock prices as Y variables, conclusions are obtained as follows:

1. The effect of basic earnings power (BEP) and share price has a relationship between variables classified as weak. The calculation of the significance test can be concluded that basic earnings power (BEP) has an insignificant influence between the stock price of PT Ultrajaya Milk Industri & Trading Company Tbk. Period 2006-2017;
2. The effect of earnings after tax (EAT) and share prices partially has a relationship between variables classified as medium. In the calculation of the significance test, it can be concluded that earnings after tax (EAT) has a significant influence between the stock price of PT Ultrajaya Milk Industri & Trading Company Tbk. Period 2006-2017;
3. The effect of basic earnings power (BEP), earnings after tax (EAT) and prices simultaneously has a relationship between variables classified as weak ... In the calculation of the significance test, it can be concluded that basic earnings power (BEP), and earnings after tax (EAT) have no significant influence to the price of PT Ultrajaya Milk Industri & Trading Company Tbk. Period 2006-2017.

4.2. Suggestion

Based on the conclusions from the results of the study, there are a number of suggestions that may be useful for interested parties related to the effect of basic earnings power (BEP) and earnings after tax (EAT) on stock prices and suggestions for further researchers including the following:

1. For Investors; Suggestions that can be given to the investors by the author is a great expectation for them who will invest their capital to conduct prior selection to the shares of any company that is considered to be able to provide a large return on profits (dividends). This can be done by calculating the level of profitability of the company through the calculation of basic earnings power (BEP) and conducting similar research as the author did.

2. For those who carry out similar research; This research can be used as an example or as a reference for researchers who wish to conduct similar research on the Company in the Indonesian Syariah Stock Index (ISSI), extend the window period so that it is not closed to the date of publication of financial statements, or add more samples from this study so more accurate results are obtained. Further research can use other factors that are thought to affect stock prices according to microeconomics such as capital structure, income structure and others or according to macroeconomics such as monetary policy, fiscal policy and others.
3. For companies; Advice from the author for the company is a great hope for companies engaged in food production and consumption to be able to improve the performance of both products and investments in terms of earning profits, by streamlining and streamlining the use of costs. Companies must be able to reduce the operational costs that will be incurred by the company because basic earnings power (BEP) and earnings after tax (EAT) have an influence on changes in stock prices and company progress.

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