THE INFLUENCE OF FINANCIAL INDICATOR ON STOCK PRICE

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Abstract: *The Objective of this research is to analyze how much the financial indicator can influence on the stock ' s price significantly. The data of this research was based on the LQ45 Stock Index and held in Bursa Efek Jakarta.. During the period of 2000-2004, the listed companies were taken as the samples for describing the fluctuation of the LQ45 Stock Index. By analyzing the collected data, the used methodology in the research has been The Multiple Regression for testing the statistical value, so that As the conclusion, there is the strong relationship between the Earning per share , Cash flow per share and Stock price.. We can look over how the Earning per share and Cash flow per share can influence the stock price significantly. Absolutely Dividend per share has not the significant influence on the stock price. The financial manager has designed the better program currently to*

Keywords : The Stock Index, The Positive and Negative Relationship, Common Stock, Treasury Stock, Preferred Stock

INTRODUCTION

One of the functions of Financial Management is how to get and to allocate fund properly in a company with an objective to maximize the company's value. In order to achieve that objective, thus, the financial management has given three most important decisions: the investment decision, financing decision and dividend decision.

Along with the development of a company, it will also require additional capital to expand the business. The company from the external and internal sources obtained the related additional capital. Internal fund source was obtained from the retained earning, and for the external source was obtained from bank loans, obligations, and stock.

The development of world economic has marked the importance of raising capital in order to sustain the production capacity development, in an attempt to fulfill the increasing demand. One of the method could used by the company to obtain the capital which perceived relatively steady and the low risk, is by obtaining the long term external capital, and selling stocks to public (go public). By going public, a company could increase their deposited capital, which could be used to expand the business.

With the existence a company in the capital market, thus, the company has became a public company, then the company's management should be able to manage the company professionally and openly. The advantage of a company that sells the stock through the capital market is to get a higher company's liquidity. Despite that, a company that has gone public has also sustained government's program to develop the capital market.

The role of the capital market here is, as the facilitator to assemble the investor and the issuer. Formally, the capital market also known as the market for all long term traded securities, whether issued by the government or private companies. Capital obtained from the stock's sales, is related to the capital owner that plays the role as the stock's purchaser or the company's investor.

Investment in the capital market should notice and consider two things: the expected advantages and risks. Which means that, the stock investment promising several advantages and risks. Therefore, the capital owner should have certain information which are related to the stock's price dynamics in order to make a decision about the most suitable company's stock should be selected.

The variations of stock's price are determined by several factors, whether resulted from the external or internal environment of the company. The stock's price movement in the capital market highly depends on the macro economic development and the politic stability. Despite that, a research that was implemented by O'Hara, Lazdowski, Moldovean and Samuelson (2000) suggested that, stock's price could also influenced by the financial indicator. However the financial indicators used are the earning per share, dividend per share and cash flow per share.

Related to that matter, earning per share (EPS) was used to observe the significance of the stock's earning per share. Purnomo (1998) that was quoted from the Syahbana research, showed that there is a positive relationship between the stock's price and the issuer financial performance indicator such as EPS, PER, ROE, DPS. Which means that, if the earning per share resulted by a company increased, then the stock's price should also increase.

Despite that, the dividend per share was used to show the company's ability in make the cash return towards all stockholders. Dividend per share showed the value of the related dividend, which will receive by all stockholders of each stock share they owned.

While for the cash flow per share was used to show the company\'s ability to maintain its stability. The cash flow component of the business operational has a significant relationship towards the stock's price. High stock's price will show the prospect of a company in the future context will developed. Cash flow will perceived increased, indirectly could fulfill several needs in maintaining the company's operational in order to pay the dividend towards stocks that has been sold to the stockholders.

Since 1st April 1983, for the first time in Indonesia, has established an indicator of stock's price movement that has been present and known as the Cumulative Stock Price Index (IHSG) that consists of go public companies and listed on the Jakarta Stock Exchange. From many companies, not all companies listed in the highest transaction value of stock category. On 13th July 1994, established other index such as the LQ45 index, where in that index, consists of several companies that own the stocks accompanied with high liquidity and market capitalization compared to other stocks that are listed on The Jakarta Stock Exchange. The LQ45 index was expected could play the role as the monitoring device for the manager of the capital market observer in order to be more objective, particularly in assessing the stocks that are traded in the Jakarta Stock Exchange. The LQ45 index was not attempted to replace the IHSG or the sectored index that has currently used.

In order to observe the significance rate, it is important to observe the influence of the financial indicator towards the stock's price. However, the measurements were used in the financial indicator are the earning per share, dividend per share and cash flow per share. Those three measurements could show the constant development towards the dividend payment that was made by the companies on a certain period. A high dividend payment tends to increase the stock's price, which also could increase the related company's value. While for the stock's price measurement in this research, was using the return.

Based on the research issue above, the objective of this research is to observe the influence of financial indicator that was measured by using the earning per share, dividend per share and cash flow per share towards the LQ stock price index.

LITERATURE REVIEW

As the external capital source, it could be obtained from the capital market. Where the role of the capital market is to allocate the capital flow efficiently from the economic unit with a deposit surplus to the economic unit with a deposit deficit. Instrument in the capital market that was traded could be seen in stock's sales.

Stock also perceived as a paper that proofed the capital ownership of a company (Perseroan Terbatas), and for the issuer which was obtained from the issuer perceived as a capital source which will be invested in a company for a uncertain period, and could be also called as the permanent capital source, although for the investor, the stock's investment could be also perceived as the temporary investment because the stock could be sold every time they require more capital. Hin (2001) suggested that, stock is a valuable letter that shows the ownership of an individual or an organization towards a company.

According to Bodie et.al (2005), stock also known as the equity that shows the ownership of stock's share in a company. Despite that, stocks also known as the ownership symbol of an investor towards a company. Investor that owns a company perceived valuable according to the stock they owned.

Stocks that issued by a company consists of three type of stocks (Jogiyanto, 2003): **(a) Common Stock** that reflects the share of a company's stock ownership. Common stock has an unlimited potential towards the dividend distribution as well as price appreciation. Each part of a common stock could provide a right for the stock's owner, which is resulted in one voice on each vote in an annual company's meeting and also the financial advantage of the company. Common stock is a stock that its characteristic perceived uncertain. Which means that, the dividend value that was distributed depends on how the advantage that was obtained by the issuer company. Dividend that was distributed by the company could be seen in the cash dividend or stock dividend. Nowadays, there are many companies that pay less or even make no payment of the dividend in cash, with an attempt to collect capital as many as possible to capitalize the internal funding. But, there are several companies that have a policy not to pay the dividend in cash, but there some companies that make their benefit in stock's dividend. And the dividend stock perceived as the dividend that paid by the company that was given in the company's stock. **(b) Preferred stock** is a cumulative stock between the obligation and common stocks. Where the characteristic of the dividend could be agreed between the investor and the issuer. Dividend will be settled but previously, will also be settled the agreement of the dividend income. The dividend value normally perceived constant. However, if the company was experienced low times, thus, the preferred stock owner will be less considered from the obligation owner, but will be more considered by the common stock owner. And **(c) Treasury Stock** is the stock of a company that has been issued and distributed which will be re-purchased by the company and not to be discontinued but will be deposited as a treasury.

Stock's price itself perceived as the price settled in the stock's market on a certain period which was established by the market player and also determined by the stock's demand and supply power which are related each other in the stocks market (Jogiyanto, 2003). The real stock's price could be also perceived as the barometer from the investor point of view related to the future of the economy and industry, in general context. If the stock's price increased, thus, the company's value should also increase.

However, there are several factors that are influencing the stock's price (Brigham, 2001) such as follows:

1. Earning Per Share (EPS)
   An investor who made an investment on a company will receive a return towards the stock he/she owned. The higher the EPS given by a company, thus the investor will put more trust towards the company's ability in providing a better return. Which will also encouraging the investor to invest more capital, thus the company's stocks price should also increase.
2. Interest Rate
   Interest rate could influence the stock's price in methods as follows:
   a. Influencing the competition in the capital market between obligation and stock. If the interest rate increased, thus, investor will obtain a higher return from the obligation; thus, they will immediately sell their stock they owned to be traded into obligation. That type of trade will decrease the stock's price. Which the opposite way will also occurred if the interest rate was decreased.
   b. Influencing the company's revenue, which was caused by:
      i. Interest perceived as cost, the higher the interest rate, thus, the lower the company's revenue.
      ii. The interest rate will influence the economic activity of a company, which also influences the company's revenue.
3. Dividend cash amount distributed
   The dividend's policy distribution could be divided in two ways such as some parts will be distributed in dividend and some others will be distributed as the retained earning. As one of the factor that influence the stock's price, thus, the dividend distribution increase perceived as one of many ways to enhance the trust of the stock holders because the high amount of cash dividend flow was also expected by the investor, which also increase the stock's price.
4. Earning of the company
   Generally, the investor who made an investment of a company could receive a better profit because it tends to reflect a bright prospect. Thus, the investor could be more interested to make an investment, which also influencing the stock's price.
5. Risk and return
   If the risk rate and revenue or profit projection that was expected by the company increased, thus, could also influence the company's stock price. Generally, the higher the risk rate of a company, thus, the higher the return rate will be expected by the investor. It also have a strong impact between the attitude of the investor and the expected stock's price.

Previous Research

Based on the literature review that has been implemented, it was resulted the previous research result concerning the influence between the earning per share, dividend per share and cash flow per share towards the stock's price, such as:

Kusumawati (2002), in her research towards the stocks of non-financial company and non-regulated company listed on The Jakarta Stock Exchange. Data was used here was obtained from the Indonesian Capital Market Directory (ICMD) and the annual financial report of the company, which stated that, the stock's price movement was used as the substitute of the accounting earnings in order to measure the movement of the permanent earning. This research was using cross section data during the period of 1994-1996; while the method was used in the sample collecting is the purposive sample and judgement sampling method. Some the variables were used here are the dividend, earnings, and cash flow. The result of the research showed that the company would increase the dividend if the cash flow and the earning increased, as well as the opposite way. High stock's price will show that the company's prospect in the future will also increased. In other word, the stock's price increase will indicating the increasing future earning, this also means the higher company's ability in making the dividend payment.

O'Hara et al. (2000), observing the influence of the financial indicator towards the stock's price performance by collecting stock's data which are listed in the value line investment on the research period of 1982-1997. The research was implemented by using the Pearson correlation, where that method was used to observe the relationship between each portfolio and stock's price. Some variables were used here, are: earning per share, dividend per share and cash flow per share. Result of the research, showed that if a company increases its earning per share constantly, thus will provide a positive influence towards the stock's price performance. This finding will also explain how the company will provide a positive influence on the stock's price performance due to the increased cash flow share that was also implemented constantly. While on the dividend share, have no positive relationship in the stock's price movement. Which was caused by the dividend was made through the cash flow.

Syahbana (2003), in his research showed that EPS have a significant relationship on the stock's price. That research was implemented based on data of the Indonesian Capital Market Directory (ICMD) on the period of 2001-2002, by using the doubled regression analysis. Where the variables were used here, are: the interest rate, and the foreign exchange rate. This concluded that the dividend per share has no significant influence on the stock's price.

Rachmawaty (2004), in her research about a relationship dividend, earning, and cash flow on stocks that are listed on The Jakarta Stock Exchange. The used data was obtained from the Indonesian Capital Market Directory (ICMD) and the financial report this. Method was used in this research is the multiple regression analysis. Some variables were used here, are: dividend, earning, and cash flow. The research result showed that the cash flow has a negative influence, but has no significant relationship with the dividend movement. If the cash flow increased, the dividend should drastically drop down, also the opposite way.

Ratnasari (2001) suggested that, the earning per share have a significant relationship on the stock's price and have a positive influence. The research was implemented towards seven automotive companies that are listed on The Jakarta Stock Exchange on the period of 1996-2000. By using the multiple regression analysis as the the earning per share and the interest rate was used as the variables in the research.

Fara and Aruna (2004) suggested that variable that perceived significant are: the profit before tax and interest (EBIT), dividend and cash flow. However, the variable, which has no significant relationship with the stock's price, is the company's scale. This research method was the regression method, the variables were used is profit before tax and interest rate, dividend and cash flow, and the company's scale. And it was implemented towards seventy companies that were listed on The Jakarta Stock Exchange and operated in several businesses. This research was using the financial statement during the research period. However, the period was used here is 1999-2000.

Hypothesis

In this section, will be explained about the hypothesis formulation in this research.

Hypothesis 1

H1: There is a positive relationship between earning per share and stock's price.

Hypothesis 2

H2: There is a negative relationship between dividends per share and stock's price.

Hypothesis 3

H3: There is a positive relationship between cash flow per share and stock's price.

METHODOLOGY OF THE RESEARCH

However, variables were used are as follows:

1. Independent Variable, The Financial Indicator

   The financial indicator was measured by using:

   a) Earning Per Share

      Earning Per Share could be obtained from the earning after tax divided with the common stock outstanding.

$$\text{Earning Per Share (EPS)} = \frac{\text{Earning After Tax}}{\text{Common Stock Outstanding}}$$

   b) Dividend Per Share

      Dividend Per Share could be obtained by dividing the available cash dividend to be paid towards the stockholders with the stock outstanding.

$$\text{Dividend Per Share (DPS)} = \frac{\text{Cash Dividend}}{\text{Common Stock Outstanding}}$$

   c) Cash Flow Per Share

      Cash Flow Per Share could be obtained dividing the operational cash flow with the common stock outstanding.

$$\text{Cash Flow Per Share (CPS)} = \frac{\text{Operational Cash Flow}}{\text{Common Stock Outstanding}}$$

2. Dependent Variable, The Stock's Price
   Stock's price is the amount that will be made for each stock's share. And measured by using return. Return could be obtained from the stock's return on the ongoing period subtracted by the previous stock's return thus, will be divided with the previous stock's return.

$$\text{Annual Return} = \frac{P_t - P_{t-1}}{P_{t-1}}$$

Data and Sample Collecting Technique

Data was used in this research is the secondary data. Secondary data was obtained in the fixed form, and has been collected and processed by other party, normally has also been published.

Data was collected in the company's financial statement for the period of 2000-2004. Data was obtained from the Capital Market Reference Center (PRPM) on The Jakarta Stock Exchange (BEJ), Indonesian Capital Ma5rket Directory (ICMD) and www. jsx.co.id.

Data Analysis Method

Analysis method was used here is:

1. **Model Testing**
   F-test was used to observed whether the independent variables were used in the regression equation model, there are: earning per share, cash flow per share, and dividend per share, continuously explain the dependent variable, which is the stock's price.In order to test that hypothesis, The common used it criteria
   a. If F Stat Sign < 0.05, thus Ho is rejected and Ha is accepted. means that all independent variables continuously have a significant influence it on the dependent variable.
   b. If F Stat Sign < 0.05, thus Ho is accepted and Ha is rejected. Which means that all independent variables continuously have no significant influence towards the dependent variable.

2. **Multiple Regression Analysis**
   Multiple regression equation was implemented to observe the positive or negative influence of the independent variables (dividend per share, cash flow per share, and earning per share) with the dependent variable (Stock price).
   The multiple regression linear equations is as follows:
   $Y = b_0 + b_1$ earning per share + b_2 dividend per share + b_3 cash flow per share where:
   Y = stocks' prices

3. **Hypothesis Testing**
   T-test was used to observe whether the regression coefficient of the independent variables individually it have a significant influence on the dependent variable. The hypothesis was used here is as follows:
   H1 : There is a positive influence between Earning Per Share towards Stock's Price

H2 : There is a negative influence between Dividend Per Share towards Stock's Price

H3 : There is a positive influence between cash Flow Per Share towards Stock's Price

T-test was implemented by comparing the t-test and the t-table or by comparing between the t-stat and the significance rate (± = 0.05). The criteria was used in the decision making process are as follows:

a. If T Stat Sign < 0.05, thus Ho is rejected and Ha is accepted. It means that all there is a significant influence from the independent variables on the dependent variable.
b. If T Stat Sign > 0.05, thus Ho is rejected and Ha is accepted. It means that all there is no significant influence from the independent variables on the dependent variable.

ANALYSIS AND DISCUSSION

Sample companies selecting in this research was about the influence of the financial indicator towards the LQ45 stock index based on the criteria that:

1. The related company has been listed on The Jakarta Stock Exchange as the LQ45 stock index before the research period and has been listed during the research period that is January 2000 to December 2004.
2. Sample companies make dividend Policy during the research period that is January 2000 to December 2004.

Based on those facts, thus obtained seven companies for the research sample of 45 companies in the LQ45 index. Where five companies was the PMDN status, and the other two was given BUMN status.

The selected company's sample in this research was implemented by using the purposive sampling method, which is the non-profitability sample collecting method, based on certain criteria.

Therefore, the LQ45 index sample companies in this research are PT Astri Agro Lestari Tbk (AALI), PT Gudang Garam Tbk (GGRM), PT HM. Sampoerna Tbk (HMSP), PT Indofood Sukses Makmur Tbk (INDF), PT Indonesian Satellite Corporation Tbk (ISAT), PT Ramayana Lestari Tbk (RALS), and PT Telekomunikasi Indonesia Tbk (TLKM).

The result of descriptive statistics can shown below:

TABLE 1 : STATISTIC DESCRIPTIVE

	N	Minimum	Maximum	Mean	Std. Deviation
EPS	35	44.540	1,585.060	437.084	419.308
DPS	35	6.980	1,000.050	210.156	264.414
CFS	35	35.190	4,481.220	526.838	802.838
RETURN	35	-1.460	.690	.020	.507
Valid N (listwise)	35				

Multiple regression linear was used to test the hypothesis in this research is to observe the influence of independent variables towards the dependent variable.

The result of SPSS 11.5 can be shown below.

TABLE 2 : OUTPUT OF MULTIPLE REGRESSION SPSS

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-30.486	12.634		-2.413	.022
	EPS	.086	.031	.714	2.796	.009
	DPS	-.086	.049	-.446	-1.748	.090
	CFS	.000	.000	.321	2.122	.042

a. Dependent Variable: RETURN

By viewing the unstandardized beta coefficients (Ghozali: 2002), thus it could be obtained the regression equation as follows:
$Y = b_0 + b_1$ earning per share + b_2 dividend per share + b_3 cash flow per share
Y = -30.486 + 0.714 earning per share – 0.446 dividend per share + 0.321 cash flow per share

Hypothesis Testing

T-test was implemented to observe whether the independent variables in the regression equation model, which are earning per share, dividend per share and cash flow per share could explain the dependent variable, which is the stock's price.

TABLE 3 : ANALYSIS OF T-TEST

Hypotesis	p-value	Significancy	Decision
H1 : Earning Per Share has positive influence between EPS on stock's price	0.009	0,05	Significant
H2 : Dividend Per Share has a negative influence on stock's price	0.090	0,05	Not Sognificant
H3 : Cash flow per Share has a positive influence on stock' price	0.042	0,05	Significant

From the t test table 3 above, it could be concluded that:

1. Hypothesis 1: Earning Per Share have a positive influence on stock's price
   Ho : There is no positive influence between Earning Per Share on Stock's Price
   H1 : There is a positive influence between Earning Per Share towards Stock's Price
   From the t-test that has been implemented on the earning per share variable on stock's price, could be concluded that the result is p-value < ± is (0.0009 < 0.05) perceived significant. From the result above, it could be concluded that the earning per share has a significant influence on stock's price. This result has accorded to the finding of Syahbana (2003) research that the earning per share also has a positive influence towards stock's price. The higher the earning per share provided by the company, thus the investor will be more confident in the company's ability to pay a better return. This also will encourage the investor to make a higher investment, thus, the company's stock's price will also increased.

2. Hypothesis 2: Dividend Per Share have a negative influence towards stock's price
   Ho : There is no negative relationship between Dividend Per Share and Stock's Price
   H2 : There is a negative relationship between Dividend Per Share and Stock's Price
   From the t-test that has been implemented on the dividend per share variable on stock's price, could be concluded that the result is p-value < ± is (0.090 < 0.05) perceived insignificant. From the result above, it could be concluded that the dividend per share has no significant relationship with stock's price. This result has accorded to the finding of O'Hara et al (2000) research that the dividend per share also has no positive influence towards stock's price performance. Thus, from the t-test result above also has accorded to the research that was implemented by Syahbana (2003). He suggested that, dividend per share have no significant relationship with stock's price. Where the higher the dividend paid by the company, thus the retained revenue will be decreased, and as the consequence, the rate of growth will be low.This differences could be caused by the different sample used in each research, where O'Hara et. al (20003) was using the value line investment sample in US. And this research was collecting sample companies that are listed on the LQ45 index of 7 companies.
3. Hypothesis 3: Cash Flow Per Share have a positive influence towards stock's price
   Ho : There is no positive relationship between cash Flow Per Share and Stock's Price
   H3 : There is a positive relationship between Cash Flow Per Share and Stock's Price
   From the t-test that has been implemented between the cash flow per share variable on stock's price. It could be concluded that the result is p-value < ± is (0.042 < 0.05) perceived significant. From the result above, it could be concluded that the cash flow per share has a significant influence on stock's price. Which was caused by the cash flow used to pay the dividend in cash and required in purchasing the assets to continue the company's operational in order to increase the welfare of the stock holders.
   According to Kusumawati (2002) the result of was research the cash flow per share also has a positive relationship with stock's price performance, so that the increased cash flow per share that was implemented constantly. This result in this research was also accorded to the research that was implemented by Rachmawaty (2004). Where she was also suggested that, cash flow per share have a positive influence towards stock's price.

CONCLUSION

On the initial research that has been implemented suggested that, the earning per share have a positive influence towards stock's price. This suggestion also stated by Syahbana (2003). In other research, O'Hara et.al (2000), showed that the increased earning per share constantly have a positive and strong influence towards stock's price. Therefore, from the O'Hara et al (2000) suggestion above also concluded that, if a company have an increased earning per share have a significant influence towards stock's price. It was caused by the high rate of earning per share, which will reflects a high rate per share for the stockholders. Thus, the prospect investor will assess that, the related stock have high revenue because the stock perceived over valued which will also increase the stock's price. The higher the earning per share provided by a company, thus the investor will be more confident towards the company's ability in making a payment. If a company could provide better revenue, thus, the stock's price of the company will also increased. Which was this result is supported by the pa115 rtial test (t-test), where the p-value perceived lower than the ± (p-value < ±), which is 0.009 < 0.05. What has been found in this research and the suggestion of O'Hara et.al (2000) all perceived similar, where in this research has been found that the earning per share have a positive influence towards stock's price. This result also accorded to the research that was implemented by Syahbana (2003) that was also suggested that there is a positive relationship between earning per share on stock's price of the company.

Thus, a test was also implemented by the dividend per share on stock's price. The company received several advantages will be distributed to the stockholders as a dividend and the other will be deposited as the retained earning. Dividend per share perceived as the profit after tax subtracted by the retained earning distributed to the stockholders, in a periodic manner. In the research that was implemented by O'Hara et al. (2000), resulted that, dividend per share have no positive influence on stock's price. Which means that the company was experienced a decreased of dividend per share, and will have no relationship with stock's price of the company.

In this research, was found that, dividend per share have no significant influence towards stock's price, different from the earning per share that have an influence towards stock's price. Which was proofed by implementing partial test (t-test), where the p-value > 0.05 (0.090 > 0.05). However, basically, the dividend payment that was perceived higher will lower the company's ability to make an investment thus, will also lower the rate of growth of the company and also the stock's price. The result difference was caused by the sample difference used in each research, where O'Hara et.al (2000) was using the value line investment in US. And this research was collecting sample towards companies that are listed on the LQ45 index of 7 companies.

The last tested variable testing was cash flow per share. Cash flow for a company perceived more important compared to the company's net profit. It was because the company has to pay the dividend in cash and the cash is required to purchase the assets to continue the company's operational. In her research, Kusumawati (2002) suggested that, the company would increase the dividend if the cash flow and the earning per shares also increased, as well as the opposite way. A high stock's price will reflects that the prospects of the company will also increase. In other word, the increased stock's price will show and indication that the future earning will also increased, which also means that the company will perceived better in making the dividend payment. While for other research, O'Hara et. al (2000) found that the company would have a positive influence towards stock's price due to the increased cash flow per share that was implemented constantly. Which was implemented in order to enable the company to develop its business.

In this research, the cash flow per share variable have a significant and positive relationship on stock's price. Which this result could be proofed by implementing the partial test or t-test that the p-value < ± or (0.042 < 0.05). Therefore, this result perceived consistent with the previous implemented by O'Hara et.al (2000), which suggested that the cash flow per share have a significant influence towards stock's price. The higher the company's performance, thus the company's stock's price will also increased. Information about the cash flow, source and its utilization could influence the critical decision making process for the investor whether in cash or non-cash and other financial transactions towards the company's financial position on a certain period.

MANAGERIAL IMPLICATIONS

Based on the research result, thus the managerial implication could be provided are as follows:

1. The manager should make a proper decision concerning the investment and funding in order to maximize the net revenue of the company and also to obtain a high earning per share in an attempt to increase the company's stocks price.
2. The manager should implement a research activity and development towards the company's product in order to increase the company's revenue. Where the higher revenue rate, will create a higher company's earning per share and stock's price.
3. The manager should establish a better policy concerning about the investment requirement thus, the investor could not interested in investing an investment to the company's stock.
4. The manager should manage its cash flow properly. Where the company's cash is required to pay the dividend, and required to purchase the assets to increase the company's performance. The higher the company's performance, thus, the cash flow per share and company's stock's price will also increased.

SUGGESTIONS FOR FUTURE RESEARCH

From the analysis result and hypothesis that were accepted, thus, there are several things that could be suggested for the future research:

1. In order to obtain more sample number, thus, the future research is suggested to use a wider analysis unit. The analysis unit could involve all indexes that are listed on The Jakarta Stock Exchange. Thus, if the sample could be obtained higher, thus, the research result could be expected more significant.
2. In the future research, it is expected to increase the research variables that could influence the stock's price such as the Book Value Per Share and interest rate as well as the Stock's price valuation by using the compound return.

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