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Strategy of Strengthening on Earning Per Shares

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ABSTRACT

The purpose of this study is strategy to strethening earning Per Shares through saveral variables. Research conducted included the type of quantitative research with the associative approach that is meaning relationship between two or more variables. The population used is a Garment and Textile companies recorded in Indonesia Stock Exchange, sampling technique using puoposive sampling .

The results of the analysis of any varibel found the influece between the capital structure current ratio effect significant to earning per share, but net profit margin has not influence significant.

Based on the results of the statistical analysis are variables capital structure, and the current ratio has ability to strengthening Earning Per Shares. Decrease on ratio capital structure will be increase income then improve earning per shares, and other hand stability on the current ratio will effect to the cash flow and then improve to the income.

Conclusion of this research is strategy of strngthening EPS can be done through capital structure and current ratio.

Key word : Strategic, earning per shares, strengthening

Based on the results of the analysis in

CHAPTER I INTRODUCTION

The form of the grranting of benefit provided to shareholders of any shares owned or commonly refered to as earning per shares. (Fahmi,2012). To obtain a high EPS is not as easy as it says, becouse there are several factors that can affect the value of EPS. EPS value is influenced by several things including capital structure, capital structure arrangements i.e. through combining permanent source of funding and debt, through this way then is expected to expected to maximise the value of the company (Weston and Copeland, 2010). Conversely, if private equity is greater than the long-term debt, meaning the majority of the cost of fixed assets financed by private equity and the level of security risk and more small businesses in the long run (Sunyoto, 2013). As in research Saprina, 2014 conveys that the structure capital has significant influence to Capital, any change from the DAR will have an effect on EPS.

Another factor that is, the Net Profit Margin. With the business profit the company can measure the level of profit achieved was linked with sales or known by the term Profit Margin. According to Syamsuddin (2011), the net profit margin is the ratio between the net income i.e. the sale after deducting with the entire load

including tax compared with a sales. Net Profit Margin reflects the company's ability in generate profit from each sale neto (Muhadi, 2013). The magnitude of the gains from from the sale of influential significantly to EPS, for it companies seeking to increase profit (Paramudita, 2016).

Current Ratio is the ratio of measure to the company's ability in repaying short-term obligation or debt immediately due upon billed in its entirety. From the results of measurements of the ratio, if the current ratio is low, it can be said that the company is lacking the capital to pay the debt. However, if the high ratio of measurement result, not necessarily conditions the company is good. This can occur because the cash was not used as posibble (Cashmere, 2014). Extreme low liquidity ratio is good then it will have an effect on EPS, high corporate earnings then liquidity getting better and this will have an effect on EPS (Susilowati, 2014).

CHAPTER II LITERATURE REVIEW

There is a theory that says that a high capital structure is not only a factor of risk for investors, because according to the Brigham (2001) stated capital structure policy involves equalization (trade-offs) between risk and rate of return using more debt means enlarging the risks borne by the

shareholder, using more debt also magnifies the expected rate of return. Relantionship between DAR and EPS are significantly influential to EPS (Hasibuan, 2014). Net Profit Margin (NPM) is a ratio used to show the capabilities of the company in generating a net profit after tax. The higher the ability of companies resulting in a profit then it will effect significantly to EPS (Wijaya, 2016),

The higher the current ratio, the company considered to be increasingly able to pay off the obligation lancarnya. While according to Fahmi (2012), the current ratio (current ratio) is a measure commonly used over short term solvensi, the ability of a company to meet the needs of debt when due. The ability of a company to handle the company's liquidtas then it will have an effect on EPS. This also means there is a sufficiency of funds in cash flow used to pay short-term debt is also mean the company has sufficient funds. (Susilawati, 2014)

CHAPTER III METHOD

The type of research used include type of quantitative research with associative research approach or relationship, an approach that aims to find out the relationship between two or more variables. (Sugiyono, 2009). The population used in this research is a company manufacturing sectors of various industries that have been listed on the Indonesia stock exchange from year 2010 up to 2015. The sampling technique used was purposive sampling, from some of these criteria are acquired 6 companies with corporate code units, PBRX, RICY, INDR, ERTX, STAR

Multiple regression testing done before the researh hypothesis anlysis, then advance to do a classic assumtion test. This study uses multiple linear regression formula is as follows:

$$Y = \beta_0 + \beta_1 DAR_1 + \beta_3 NPM + \beta_3 CR + e$$

CHAPTER IV RESULT AND DISCUSSION

4.1 Object Research

Result of Discriptif show in the Table 1 :

Tabel 4.1

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1_DAR	30	.212	1.569	.55881	.237840
X2_NPM	30	.000	1.015	.06708	.191326
X3_CR	30	.403	3.863	151.192	.843636
Ln_Y_EPS	30	-4.252	10.628	349.447	4.020.294
Valid N (listwise)	30				

a. Normality Test

Tabel 4.2
Result of Normality Test

One-Sample Kolmogorov-Smirnov Test

		X1_DAR	X2_NPM	X3_CR	Ln_Y_EPS
N		30	30	30	30
Normal Parameters[a]	Mean	.55881	.06708	151.192	349.447
	Std. Deviation	.237840	.191326	.843636	4.020.294
Most Extreme Differences	Absolute	.177	.420	.183	.114
	Positive	.177	.420	.183	.093
	Negative	-.125	-.363	-.136	-.114
Kolmogorov-Smirnov Z		.969	2.302	1.001	.623
Asymp. Sig. (2-tailed)		.305	.000	.269	.833

B Multikolinierity Tesy

Tabel 4.3
Result of Multikolinierity Test

Coefficients[a]

Model	Unstandardized Coefficients		Collinearity Statistics	
	B	Std. Error	Tolerance	VIF
(Constant)	-3.477	2.234		
X1_DAR	6.590	2.952	.873	1.145
X2_NPM	1.897	3.636	.890	1.124
X3_CR	2.091	.791	.966	1.035

C. Autokorelation Test

Tabel 4.5
Result of Autokorelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Change Statistics					Durbin-Watson
				R Square Change	F Change	df 1	df 2	Sig. F Change	
1	.554[a]	.307	.227	.307	3.845	3	26	.021	1.984

Result of Hypothesisi Test

1. Analysisi Regressions

Result of determination test on this research is obtained $R = .554^a$ dan value of R Square = 0.307 and Adjusted R Square adalah 0.227

2. Simultaneous Test / F Test

Tabel 4.6
Result of Simultaneous Test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	144.037	3	48.012	3.845	.021[a]
	Residual	324.683	26	12.488		
	Total	468.720	29			

3. Partial Test / t Test

Tabel 4.8
Result of Partial Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.477	2.234		-1.556	.132
	X1_DAR	6.590	2.952	.390	2.232	.034
	X2_NPM	1.897	3.636	.090	.522	.606
	X3_CR	2.091	.791	.439	2.643	.014

a. Dependent Variable: Ln_Y_EPS

A linear Multi egression equation obtained as follows:

$$\ln Y = -3{,}477 + 6{,}590\,X_1 + 1{,}897\,X_2 + 2{,}091\,X_3$$

Discussion Of Research Results

Based on the results of the Test t in Table 4.8 indicates that when the value of the DAR go up then it will be followed by a rise of the value of EPS result of research is supported by the research of Megastya, Tiara and Siti Maimunah Sinta (2015). The results of the statistics give information meaning that capital structure described by the DAR, published in the financial statements is quite informative to investors in predicting earning per share. But here there is a theory that supports the high capital structure that is not only a factor of risk for investors, because according to Bringham (20010) said capital structure policy involves equalization (trade-offs) between the risk and the level of Returns, using more debt means enlarging the risk borne by the shareholders, using more debt also magnifes the expected rate of return.

The net profit margin of influential variables are not significanly to earning per shares. The result of this research as opposed to research Wijaya (2016). The higher the Net Profit Margin then earning per shares will be higher. Net Profit Margin indicates a high performance company that increasingly productive and the better the company's ability to earn high profits. This is due to the High Net Profit Margin shows the company's ability in high-margin leaves over compensation for owners whohave provided funds for a given risk (Syamsuddin, 2001:62). Thus the Net Profit Margin is high will provide a high profit for shareholders, this means increasing EPS, nevertheless rising high NPM selamamya not used for compensation for owners of stocks through Division devident is great because there is a possibility that some high profit earnings withheld used for new engines, replacement investments when that decision is made then the NPM does not always increase will increase the EPS. This is the greater Net Profit Margin means the larger the rest provided by sales after deducting the cost including taxes . If the net profit Margin is low then it needs to be seen whether the selling price specified companies do already what yet , because the selling price that is too low will effect net profit margin (Sutejo, 2009 and Wijaya, 2001).

Current Ratio in effect significantly to earnings per shares. This means that if the Current Ratio profit up perlembar shares also rose, the results of the study supported the research results of Ratnasari. (2014). From the results of measurements of current ratio it can be said that the company is lacking the capital to pay the debt. However, if the high ratio of measuring results, not necessarily conditions the company is good. This can occur because the cash was not used as best as possible (Paramudita, 2016 and Ismail dkk, 2016)

CHAPTER V
CONCLUSION

Based on the results of the analysis of data that have been described, then the research can be conclusions that DAR, CR, has significantly influence to EPS, but Net profit margin has no significan to EPS

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