



+62 813 8765 4578

+62 813 8765 4578

<https://dinastipub.org/DIJEFA> dinasti-info@gmail.com

THE EFFECT OF MACRO ECONOMY AND FINANCIAL PERFORMANCE ON STOCK PRICE WITH EARNING PER SHARE AS THE INTERVENING VARIABLE (A STUDY ON RETAIL TRADING COMPANY IN IDX IN 2011-2018)

Rendra Rahadian Rachman¹⁾, Sudjono²⁾, Ahmad Badawy Saluy³⁾

¹⁾ Mercu Buana University, Jakarta, Indonesia

²⁾ Mercu Buana University, Jakarta, Indonesia

³⁾ Mercu Buana University, Jakarta, Indonesia

ARTICLE INFORMATION

Received: 30th March 2020

Revised: 25th April 2020

Issued: 15th May 2020

Corresponding author:

Rendra Rahadian Rachman

E-mail:

rendra.jmd@gmail.com

sudjono@mercubuana.ac.id

badawi_saluy@yahoo.co.id



DOI:10.31933/DIJEFA

Abstract: The present study aimed to analyze a macro economic effect - proxied by BI rate, exchange rate, Foreign Direct Investment (FDI)- and financial performance - proxied by current ratio (CR), net profit margin (NPM), and debt to equity ratio (DER)- on stock price, using Earning per Share (EPS) as the intervening variable. The object of the study was retail company listed on Indonesia Stock Exchange in 2011-2018. The study used data from financial statement, BI rate fluctuation, rupiah exchange rate, FDI volume, and stock price in 2011-2018. In this study, path analysis and linear regression analysis were done using SPSS 21. The result of the study showed that, partially, BI rate and EPS positively and significantly affected stock price. While exchange rate, FDI, NPM, and DER positively, yet not significantly. Whereas Current ratio negatively and not significantly affect the stock prices. The path analysis result showed that it was only CR and DER that affected stock prices through EPS.

Keywords: Stock Price, Macro Economy, Financial Performances, Retail Company

INTRODUCTION

Investment is an activity that brings future profit. In recent years, investment begins to draw the public's attention due to ease of access to information and technology advancement. From a global perspective, Indonesia has a quite friendly investment climate for investors. Based on the Ease of Doing Business (EODB) index issued by the World Bank, Indonesia continues to show significant year-over-year rank improvement.

The retail trade industry is one of the industries that experience a significant increase every year. Following the survey in the third quarter of 2019, the real sales index exhibit a 9.3% increase year on year (Bank Indonesia, 2019). In other words, this sector becomes one of the sectors that gives a vast contribution to economic growth in Indonesia.

The phenomenon that occurs in the last five years is the reduction of retail store numbers in Indonesia due to the shifting of shopping method, lifestyle, and needs fulfillment. The retailers should anticipate this phenomenon in order to compete for both on a domestic and global scale. Therefore, capital addition through stocks is needed, either issuing new stock or other financial products such as obligation.

Stock price is one of the indicators reflecting the performance and credibility of an issuer. Public views that high stock price means that the issuer has a good credibility and good business prospects. (Imoney, 2013). Using top-down analysis, the factor affecting stock price, from the broadest scope (macro) to the smallest part (micro), is examined.

BI rate, as the benchmark rate in Indonesia, is a part of macro factors since it cannot be controlled by issuers; so is the rupiah exchange rate and the government's policy regarding foreign investment. Issuers can manage financial performance, in other words, a company could issue some policies such as adjusting its capital effectiveness, increasing sales rate, increasing company's liquidity, and balancing debt proportion in order to expand the company, which will improve the company's value from the investor's and public's point of view. Based on the description above, the author conducted a study entitled "The effect of the macroeconomy and financial performance on the stock price by using EPS as the intervening variable (A case study in Retail companies listed in IDX 2011-2018 period)".

Statement of Problem

Based on the background described above, the followings are the statement of problems:

1. Does BI rate affect stock price?
2. Does exchange rate affect stock price?
3. Does Foreign Direct Investment (FDI) affect stock price?
4. Does Current Ratio (CR) affect stock price?
5. Does Net Profit Margin (NPM) affect stock price?
6. Does Debt to Equity Ratio (DER) affect stock price?
7. Does Earning Per Share (EPS) affect stock price?
8. With Earning Per Share (EPS) as the intervening variable, does BI rate affect stock price?
9. With Earning Per Share (EPS) as the intervening variable, does Exchange rate affect stock price?
10. With Earning Per Share (EPS) as the intervening variable, does Foreign Direct Investment (FDI) stock price?
11. With Earning Per Share (EPS) as the intervening variable, does Current Ratio stock price?
12. With Earning Per Share (EPS) as the intervening variable, does Net Profit Margin (NPM) affect stock price?
13. With Earning Per Share (EPS) as the intervening variable, does Debt to Equity Ratio (DER) affect stock price?

The Purpose of The Study

The purposes of the study were:

1. To prove the effect of BI rate on the stock price;
2. To prove the effect of Exchange rate on the stock price;
3. To prove the effect of Foreign Direct Investment (FDI) on the stock price;

4. To prove the effect of Current Ratio (CR) on the stock price;
5. To prove the effect of Net Profit Margin (NPM) on the stock price;
6. To prove the effect of Debt to Equity Ratio (DER) on the stock price;
7. To prove the effect of Earning Per Share (EPS) on the stock price;
8. To prove the effect of BI rate on the stock price when EPS serves as the intervening variable;
9. To prove the effect of Exchange rate on the stock price when EPS serves as the intervening variable;
10. To prove the effect of Foreign Direct Investment (FDI) on the stock price when EPS serves as the intervening variable;
11. To prove the effect of Current Ratio (CR) on the stock price when EPS serves as the intervening variable;
12. To prove the effect of Net Profit Margin (NPM) on the stock price when EPS serves as the intervening variable;
13. To prove the effect of Debt to Equity Ratio (DER) on the stock price when EPS serves as the intervening variable; and to find out the partial effect of BI Rate, Exchange Rate, FDI, CR, NPM, DER, and EPS on stock price, as well as to find out the effect of BI rate, exchange rate, FDI, CR, NPM, and DER on stock price when EPS serves as the intervening variable.

Significance of the study

The benefits of the study could be described as follow:

For the company, the present study can be used as a consideration to make policy or decision on the variables examined in this study, particularly financial performance, in order to increase the company's value. Thus, the company may attract more investors to make an investment.

For the academicians, the present study is expected to contribute to the development of theory relating to the macroeconomy and financial performance and its implication on the stock price. For investors, the present study is expected to be a reference in making an investment decision, particularly in making investment for issuer in the retail trading sector.

LITERATURE REVIEW

Investment

Investment is a term containing a number of definitions related to finance and economy. It is associated with the accumulation of an asset and expect to gain future profit (Sukirno, 2011).

BI Rate

The Benchmark rate is a form of monetary policy prevailing in a country. In Indonesia, the benchmark rate is determined by Bank Indonesia. It is usually called BI rate. It functions to control the distribution of money among the community (Rismawati, 2010).

Exchange Rate

The theory underpinning the determination of the value of currency stems from the emergence of money theory. Money basically functions as a medium of exchange, counting unit, value keeping, and other subfunctions (Darsono & Rahman, E, 2018). The function is, at its core, to support the economic activities of a country. Needs on foreign exchange market emerges when economic activities involve international transactions that use different currencies.

Government's Policy

The government's policy is basically made based on a broad consideration (Parjiono et al., 2018). One of the policies is economic policy. It refers to a government's policy in making a decision for the economic sector. This policy may cover a system to set a taxation system, foreign investment rate policy, the government's budget and employment market, national possession, and regional autonomy of government's intervention into the economy.

Foreign Investment

The government's policy is basically made based on a broad consideration (Parjiono et al., 2018). One of the policies is economic policy. It refers to a government's policy in making a decision for the economic sector. This policy may cover a system to set a taxation system, foreign investment rate policy, the government's budget and employment market, national possession, and regional autonomy of government's intervention into the economy.

Current Ratio

Current ratio refers to a ratio for measuring a company's ability to pay short-term obligations (Harmono, 2013). In other words, it refers to the current asset that is available to pay short-term obligations.

Net Profit Margin

Net Profit Margin refers to a ratio for measuring the percentage of profit (Harmono, 2013). This ratio is calculated by dividing net income with total sales revenue. Net profit is calculated as a result of subtracting pre-tax profit by income tax.

Debt To Equity Ratio

This ratio describes relative portion between equity and debt used to fund assets asset. DER compares liabilities to equity (Harmono, 2013). Debt should not be bigger than equity. A lower ratio indicates better company's condition due to smaller portion of debt to equity.

Stock Price

Stock price is a closing price of stocks used as sample during the research period, its movement is always monitored by investors (Brigham & Houston, 2010). The stock price is fluctuating due to a number of factors. These factors include macroeconomic factors such as the condition of a country and micro factors such as company performance.

Framework

Based on the background of study, problem statement, purpose of study, literature review, the framework of the study is represented in the following scheme:

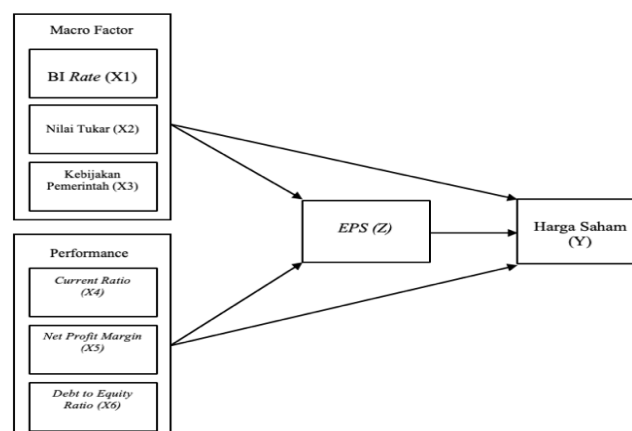


Figure 1 Framework

RESEARCH METHODS

Research Design

The present study is categorized as associative study. It refers to a study aiming at finding out the effect or relationship between two or more variables. The present study is more complex than descriptive and comparative methods because, based on this study, a theory can be built to explain, forecast, and control a phenomenon. (Sugiyono, 2003).

Variable Measurement

Independent variable, dependent variable, and intervening variable were measured as follow:

Table 1 Variable Measurement

No	Variable	Indicator	Measuring Scale
1	BI rate	$BIRate\ t = \frac{BIRate\ b1 + BIRate\ b2 + + BIRate\ b12}{12}$	Ratio
2	Exchange Rate	$Kurs\ Tengah = \frac{Kurs\ Jual + Kurs\ Beli}{2}$	Ratio
3	Foreign Direct Investment	$FDI = \text{Total Investment by Sector}$	Ratio
4	Current Ratio	$Current\ Ratio = \frac{Current\ Asset}{Current\ Liabilities} \times 100\ %$	Ratio
5	Net Profit Margin	$Net\ Profit\ Margin = \frac{Earning\ After\ Interest\ and\ Tax}{Net\ Sales}$	Ratio
6	Debt to Equity Ratio	$Debt\ to\ Equity\ Ratio = \frac{Total\ Liabilities}{Equity} \times 100\%$	Ratio
7	Earning per Share	$Earning\ Per\ Share = \frac{Laba\ saham\ biasa}{Saham\ biasa\ yang\ beredar}$	Ratio
8	Stock Price	Stock Price = Closing price at the end of annual period	Ratio

Population and Sample

The population of the study was retail companies listed in Indonesia Stock Exchange in the 2011-2018 period. The samples of the study were selected using purposive sampling method. This method sets certain criteria. The criteria of samples of the study were as follow:

1. Retail trading companies that are listed in IDX in 2011-2018.
2. Retail trading companies that publish its financial statement in 2011-2018.
3. Retail trading companies whose business units are not digital or service-based products.
4. Retail trading company with complete data needed by the present study.

Based on the criteria above, sixteen retail trading companies were selected.

Data Collection Method

In the present study, we employed secondary data of BI rate and exchange rate obtained from Bank Indonesia's official website. Data on FDI were obtained from Investment Coordinating Board (BKPM). Data on CR, NPM, DER, and EPS of the companies were obtained from the companies' financial statement. Data on stock price were obtained from Indonesia Stock Exchange.

Data Analysis Method

The data of the study were analyzed using descriptive statistics, classical assumption test, regression analysis, path analysis (t-test), and R2 determination test.

FINDINGS AND DISCUSSION

Descriptive Analysis

Table below shows the descriptive analysis of each variable of the study.

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Birate	128	456	754	624.37	95.048	-.153	.214	-.819	.425
Exchange	128	877949	1424643	1188840.12	193201.121	-.426	.214	-1.396	.425
FDI	128	1947450	3223980	2762176.25	365860.835	-1.195	.214	.591	.425
Cr	128	1	1278	204.59	206.226	2.330	.214	6.477	.425
Npm	128	-476500	2300	-9140.01	57097.060	-7.018	.214	50.949	.425
Der	128	-499	1820	148.59	234.002	2.808	.214	20.276	.425
Eps	128	-181700	69220	5393.45	21825.836	-4.412	.214	43.343	.425
Sp	128	1800	1760000	153185.76	272856.343	4.061	.214	18.006	.425
Valid N (listwise)	128								

Figure 2 Descriptive Analysis Result

The table showed 128 observations, consisting of 16 samples within eight years (2011-2018).

Classical Assumption Test

Equation 1

$$EPS = \alpha_0 + \beta_1 BIRATE + \beta_2 EXCHANGE + \beta_3 FDI + \beta_4 CR + \beta_5 NPM + \beta_6 DER + \varepsilon_1$$

Equation 2

$$SP = \alpha_1 + \beta_1 BIRATE + \beta_2 EXCHANGE + \beta_3 FDI + \beta_4 CR + \beta_5 NPM + \beta_6 DER + \beta_7 EPS + \varepsilon_2$$

Normality Test

Based on the chart, it can be seen that the data follow and are close to the diagonal line. It indicates that the data were normally distributed.

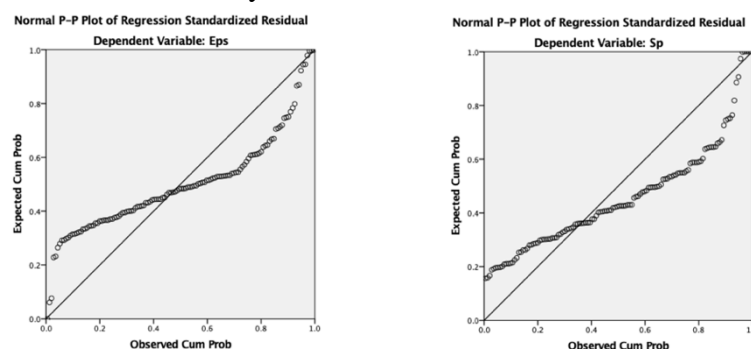


Figure 3 Normal P-Plot Equation 1 and Equation 2

Multicollinearity Test

As shown in table 2, each independent variable shows tolerance value that is greater than 0.10 and the VIF value less than 10. Thus, the data is considered to not have multicollinearity symptoms.

Table 2. The result of Multicollinearity test for Equation 1 and Equation 2

Model	Col. Stats	Model	Col. Stats	Description
Equation 1	VIF	Equation 2	VIF	
BI rate	1.124	BI Rate	1.137	No multicollinearity
Exchange	2.529	Exchange	2.619	
FDI	2.705	FDI	2.707	
CR	1.135	CR	1.144	
NPM.	1.123	NPM.	1.123	
DER	1.163	DER	1.2	
		EPS	1.057	

Heteroscedasticity Test

Table 3 shows that each independent variable exhibited significance value of greater than 0.05. Thus, it could be concluded that equation 1 model did not have heteroscedasticity problem.

Table 3. The result of Heteroscedasticity test for Equation 1 and Equation 2

Model	Value	Model	Value	Description
Equation 1	sig.	Equation 2	sig.	
BI rate	0.520	BI Rate	0.061	No heteroscedasticity
Exchange	0.631	Exchange	0.512	
FDI	0.611	FDI	0.117	
CR	0.064	CR	0.055	
NPM.	0.134	NPM.	0.092	
DER	0.092	DER	0.243	
		EPS	0.868	

Autocorrelation Test

Durbin-Watson value of equation 1 was 1.9231, while based on Durbin-Watson Table with 0.05 significance, dl value was 1.6146 and du value of 1.8105. There is no autocorrelation if $du < dw < 4-du$. Therefore, it could be proven that dw value is between du and 4-du. Du was 1.8105, thus 4-du was 2.1895, in other words, the result was $1.8105 > 1.9231 > 2.1895$.

Durbin-Watson value of equation 1 was 1.308, while based on Durbin-Watson Table with 0.05 significance, dl value was 1.5979 and du value of 1.8280. There is no autocorrelation if $du < dw < 4-du$. Therefore, it could be proven that dw value is between du and 4-du Du was 1.8280, thus 4-du was 2.1720, in other words, the result was $1.8280 > 1.9981 > 2.1720$.

Table 4. The result of Heteroscedasticity test for Equation 1

Model	R	R Square	Adjusted R Square	Std Error of the Estimate	Durbin-Watson
1	0.232	0.054	0.007	21752.15	1.9231
2	0.24	0.058	0.011	18445.74	1.9981

REGRESSION ANALYSIS

Regression Model 1

Result of model 1 test is as follow:

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	32696.938	22803.193		.154
	Birate	-25.744	21.528	-.112	.234
	Exchange	-.018	.016	-.161	.259
	FDI	.002	.009	.036	.806
	Cr	9.313	9.973	.088	.352
	Npm	-.005	.036	-.012	.895
	Der	17.560	8.895	.188	.051

a. Dependent Variable: Eps

Figure 4. Model test of Equation 1

Equation 1

$$EPS = \alpha_0 + \beta_1 BIRATE + \beta_2 EXCHANGE + \beta_3 FDI + \beta_4 CR + \beta_5 NPM + \beta_6 DER + \varepsilon_i$$

Based on the test using SPSS, the regression that reflect variable in the study was: $Z = 32.696,938 - 25,744 X_1 - 0,018 X_2 + 0,002 X_3 + 9,313 X_4 - 0,005 X_5 + 17,560 X_6 + e_1$

- Constant value () is 32.696,93, meaning that if BI Rate (X1), Exchange Rate (X2), Foreign Direct Investment (X3), Current Ratio (X4), Net Profit Margin (X5), and Debt to Equity Ratio (X6) value is 0, the EPS value (z) is 32.696,93.
- Regression coefficient of X1 was -25.744, meaning that the relationship between X1 and Z was negative. It means that if BI rate (X1) increase by one unit, the EPS (Z) value decrease by 25.744 units with an assumption that other independent variables are constant.
- Regression coefficient of X2 was -0.018, meaning that the relationship between X2 and Z was negative. It means that if Exchange Rate (X2) increase by one unit, the EPS (Z) value decrease by 0.018 units with an assumption that other independent variables are constant.
- Regression coefficient of X3 was 0.02, meaning that the relationship between X3 and Z was positive. It means that if FDI (X3) increases by one unit, the EPS (Z) value increases by 0.02 units with an assumption that other independent variables are constant.
- Regression coefficient of X4 was 9.313, meaning that the relationship between X4 and Z was positive. It means that if CR (X4) increase by one unit, the EPS (Z) value increases by 9.313 units with an assumption that other independent variables are constant.

- f. Regression coefficient of X5 was -0.005, meaning that the relationship between X5 and Z was negative. It means that if NPM (X5) increases by one unit, the EPS (Z) value decreases by 0.005 units with an assumption that other independent variables are constant.
- g. Regression coefficient of X6 was 17.560, meaning that the relationship between X6 and Z was positive. It means that if DER (X6) increases by one unit, the EPS (Z) value increases by 17.560 units by an assumption that other independent variable is constant.

Regression Model 2

Result of model 1 test is as follow:

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-539067.65	240956.006		-2.237	.027
	Birate	507.394	226.905	.177	2.236	.027
	Exchange	.090	.169	.064	.532	.596
	FDI	.099	.091	.133	1.088	.279
	Cr	-190.204	104.875	-.144	-1.814	.072
	Npm	.547	.375	.114	1.456	.148
	Der	15.389	94.688	.013	.163	.871
	Eps	6.796	.953	.544	7.134	.000

a. Dependent Variable: Sp

Figure 5. Model test of Equation 2

Equation 1

$$SP = \alpha_1 + \beta_1 BIRATE + \beta_2 EXCHANGE + \beta_3 FDI + \beta_4 CR + \beta_5 NPM + \beta_6 DER + \beta_7 EPS + \varepsilon_2$$

Based on the test using SPSS, the regression that reflect variables in the study was:

$$Y = -539.067,65 + 507,394 X1 + 0,090 X2 + 0,099 X3 - 190,204 X4 + 0,547X5 + 15,386 X6 + 6,796 X7 + e2$$

- a. Constant value () is -539.067,65, meaning that if BI Rate (X1), Exchange Rate (X2), Foreign Direct Investment (X3), Current Ratio (X4), Net Profit Margin (X5), and Debt to Equity Ratio (X6) value is 0, the EPS value (Y) is -539.067,65 units.
- b. Regression coefficient of X1 was 507.394, meaning that the relationship between X1 and Y was positive. It means that if BI rate (X1) increases by one unit, the share price (Y) value increase by 507.394 units with an assumption that other independent variables are constant.
- c. Regression coefficient of X2 was 0.090, meaning that the relationship between X2 and Y was positive. It means that if Exchange Rate (X2) increases by one unit, the share price (Y) value increase by 0.090 units with an assumption that other independent variables are constant.
- d. Regression coefficient of X3 was 0.099, meaning that the relationship between X3 and Y was positive. It means that if FDI (X3) increases by one unit, the share price (Y) value increases by 0.099 units with an assumption that other independent variables are constant.
- e. Regression coefficient of X4 was -190.204, meaning that the relationship between X4 and Y was negative. It means that if CR (X4) increases by one unit, the share price (Y) value decreases by 190.204 units with an assumption that other independent variables are constant.
- f. Regression coefficient of X5 was 0.547, meaning that the relationship between X5 and Y was positive. It means that if NPM (X5) increased by one unit, the share price (Y) value increases by 0.547 units by an assumption that other independent variables are constant.
- g. Regression coefficient of X6 was 15.386, meaning that the relationship between X6 and Y was positive. It means that if DER (X6) increases by one unit, the share price (Y) value increases by 15.386 units by an assumption that other independent variables are constant.

- h. Regression coefficient of X7 was 6.796, meaning that the relationship between X7 and Y was positive. It means that if EPS (X7) increased by one unit, the share price (Y) value increases by 6.796 units by an assumption that other independent variables are constant.

PATH ANALYSIS

Path Analysis Interpretation

- In equation 1 model testing, as shown in figure 1, the value of unstandardized coefficient beta variable of bi rate was -25.744. Thus, -25.744 was the path value, or P1
- the value of unstandardized coefficient beta variable of exchange rate was -0.018. Thus, -0.018 was the path value, or P2
- the value of unstandardized coefficient beta variable of FDI was 0.002. Thus, 0.002 was the path value, or P3
- the value of unstandardized coefficient beta variable of CR was 9.313. Thus, 9.313 was the path value, or P4
- the value of unstandardized coefficient beta variable of NPM was -0.005. Thus, -0.005 was the path value, or P5
- the value of unstandardized coefficient beta variable of DER was 17.560. Thus, 17.560 was the path value, or P6
- Based on equation 2 model testing, as shown in figure 5, the value of unstandardized coefficient beta of bi rate was 507.394. Thus, 507.394 was the path value, or P7
- the value of unstandardized coefficient beta of exchange rate was 0.090. Thus, 0.090 was the path value, or P8
- the value of unstandardized coefficient beta of FDI was 0.099. Thus, 0.099 was the path value, or P9
- the value of unstandardized coefficient beta of CR was -190.204. Thus, -190.204 was the path value, or P10
- The value of unstandardized coefficient beta of NPM was 0.547. Thus, 0.547 was the path value, or P11
- the value of unstandardized coefficient beta variable of DER was 15.389. Thus, 15.389 was the path value, or P12
- The value of unstandardized coefficient beta of FDI was 6.796. Thus, 6.796 was the path value, or P13

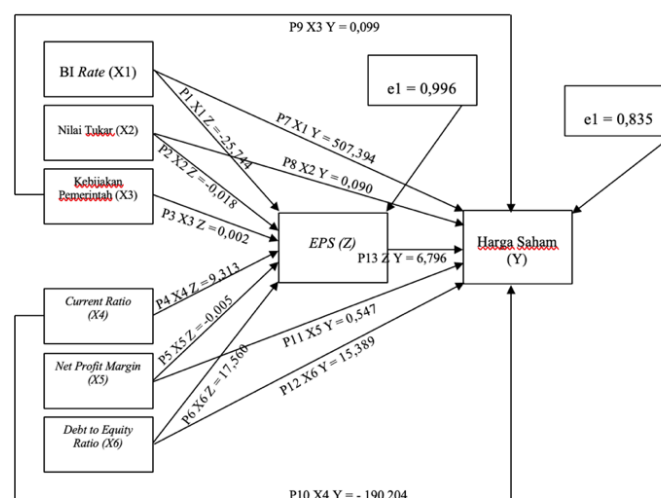


Figure 6. Path Diagram Value

INDIRECT EFFECT

To find out the relationship between the exogenous and endogenous variable, the value of direct and indirect effect are compared. If the direct effect is greater, it means that the relationship is not mediated by EPS, which is used as the intervening variable in the present study. The test result is as follow:

Table 7 Analysis result on direct and indirect effect

No	Variable	<i>Direct</i>	<i>Indirect</i>	Conclusion
1	BI rate	507.394	-174.956	EPS is not intervening variable
2/	Exchange Rate	0.009	-0.122	EPS is not intervening variable
3	Government's Policy	0.099	0.014	EPS is not intervening variable
4	<i>Current Ratio</i>	-190.204	63.291	EPS is not intervening variable
5	<i>Net Profit Margin</i>	0.547	-0.033	EPS is not intervening variable
6	<i>Debt to Equity Ratio</i>	15.389	119.338	EPS is not intervening variable

HYPOTHESIS TESTING

Individual Parameter Test (T-test)

Equation 1 model

1. The result of test on BI rate showed the unstandardized coefficient beta value of -25.744 and is significant in 0.234 (>0.05). It means that BI rate did not significantly affect EPS.
2. The result of test on exchange rate showed the unstandardized coefficient beta value of -0.018 and is significant in 0.259 (>0.05). It means that exchange rate did not significantly affect EPS.
3. The result of test on FDI showed the unstandardized coefficient beta value of 0.002 and is significant at 0.806 (>0.05). It means that FDI did not significantly affect EPS.
4. The result of test on CR showed the unstandardized coefficient beta value of 9.313 and is significant at 0.352 (>0.05). It means that CR did not significantly affect EPS.
5. The result of test on NPM showed the unstandardized coefficient beta value of -0.005 and is significant at 0.895 (>0.05). It means that NPM did not significantly affect EPS.
6. The result of test on DER showed the unstandardized coefficient beta value of 17.560 and is significant at 0.051 (>0.05). It means that DER did not significantly affect EPS.

Equation 2 model

1. The result of test on BI rate showed the unstandardized coefficient beta value of 507.394 with significance value of 0.027 (<0.05). It means that H1 is accepted, in other words, BI positively and significantly affects share price.

2. The result of test on exchange rate showed the unstandardized coefficient beta value of 0.090 with significance value of 0.596 (>0.05). It means that H2 is rejected, in other words, BI did not significantly affect share price.
3. The result of test on FDI showed the unstandardized coefficient beta value of 0.090 with significance value of 0.596 (>0.05). It means that H3 is rejected, in other words, FDI did not significantly affect share price.
4. The result of test on CR showed the unstandardized coefficient beta value of 190.204 with significance value of 0.072 (>0.05). It means that H4 is rejected, in other words, CR did not significantly affect share price.
5. The result of test on NPM showed the unstandardized coefficient beta value of 0.547 with significance value of 0.148 (>0.05). It means that H5 is rejected, in other words, NPM did not significantly affect share price.
6. The result of test on DER showed the unstandardized coefficient beta value of 15.386 with significance value of 0.871 (>0.05). It means that H6 is rejected, in other words, DER did not significantly affect share price.
7. The result of test on EPS showed the unstandardized coefficient beta value of 6.796 with significance value of 0.000 (<0.05). It means that H7 is accepted, in other words, Earning per Share positively and significantly affects share price.

Coefficient of Determination

Equation 1 model shows R square of 0,007 or 0.7%. It means that EPS is accounted for by BI rate, exchange rate, FDI, CR, NPM, DER by 0.7%, and the rest 97.3% is accounted for by other variables outside the model.

Equation 2 model shows R square of 0,302 or 30.2%. It means that stock price is accounted for by BI rate, exchange rate, FDI, CR, NPM, DER by 30.2%, and the rest 69.8% is accounted for by other variables outside the model.

Hypothesis testing on Path Analysis

1. As shown in table 7, the value of indirect effect of BI rate (X1) was -174.956 and the value of direct effect of BI rate (XI) was 507.394. It means that H8 is rejected.
2. The value of indirect effect of exchange rate (X2) was -0.122 and the value of direct effect of exchange rate (XI) was 0.090. It means that H9 is rejected.
3. The value of indirect effect of government's policy (X3) was 0.014 and the value of direct effect of exchange rate (X3) was 0.099. It means that H10 is rejected.
4. The value of indirect effect of CR (X4) was 63.291 and the value of direct effect of CR (X4) was -190.204. It means that H11 is accepted.
5. The value of indirect effect of NPM (X5) was -0.033 and the value of direct effect of NPM (X5) was 0.547. It means that H12 is rejected.
6. The value of indirect effect of DER (X6) was 119.338 and the value of direct effect of DER (X6) was 15.389. It means that H13 is accepted.

DISCUSSION

The Effect of BI Rate on Stock Price

The result of the present study showed that BI rate has direct, positive effect on the stock price of issuers in retail sector listed in IDX. Typically, when interest rate increase, the economy will contract and the stock price tends to decrease. However for issuers in retail

trading sector, especially those with imported capital goods, the increase of interest rate will increase its stock value because if the benchmark rate increase, the rupiah's value against dollar is strengthened because interest rate is able to strengthen the position of a country's currency against other country's currency. Thus, the company can save its cost of capital for importing goods.

The Effect of BI Rate on Stock Price with EPS as the Intervening Variable

EPS, in the present study, did not mediate the relationship between BI rate and stock price. This is shown the by value of indirect effect of BI rate on stock price through EPS that is smaller than the direct effect of BI rate on stock price.

The Effect of Exchange Rate on Stock Price

The result of the study showed that exchange rate did not have direct effect on stock price. Exchange rate affects the stock of issuers who perform export-import activity. When rupiah weakens against dollar, the cost to buy a product or service in an importing activity will increase. This condition, of course, will affect the company's expense. However, it does not affect the stock price. It is assumed that most of issuers in retail sector do not perform transaction activity using USD, thus, exchange rate does not significantly affect the stock price of issuers in retail sector.

The effect of Exchange rate on stock price with EPS as the intervening variable

EPS, in the model of the present study, did not mediate the relationship between exchange rate and stock price of issuers in retail trading sector. EPS does not cause exchange rate to affect the stock price. This is shown the by value of indirect effect of exchange rate on stock price through EPS that is smaller than the direct effect of exchange rate on stock price.

The Government's Policy on Stock Price

The result of the present study showed that the government's policy did not directly affect the stock price of issuers in retail sector listed in IDX. FDI did not partially affect the stock price. The government's policy, particularly regarding a business can trigger or accelerate the economic activity of a country, including Indonesia. In this study, the government's policy, especially foreign investment, did not affect the stock price. In this case, foreign investment did not only focus on retail trading sector, accordingly it did not affect the stock price of the issuers in retail trading sector.

The effect of Government's Policy on stock price with EPS as the intervening variable

EPS, in the present study, did not mediate the relationship between the government's policy and stock price. EPS does not make government's policy affect the stock price. This is shown the by value of indirect effect of Government's Policy on stock price through EPS that is smaller than the direct effect of Government's Policy on stock price.

The Effect of Current Ratio on Stock Price

The result of the study showed that CR did not have direct effect on stock price. In a stock exchange, a company's liquidity is one of the fundamental factors to determine the quality of a stock. However, it does not indicate whether or not it is capable of making profit in the future. High liquidity can also indicate that the company has current assets that is not managed optimally, this may reduce the company's profit making ability. Thus, it may lead to decrease the company's stock price because its liquidity value does not reflect the company's ability of consistently making profit. This condition causes investors not to include current ratio as an indicator when making an investment decision, and causes current ratio to not affect the company's stock price.

The Effect of Current Ratio on Stock Price with EPS as the Intervening Variable

EPS, in the model of the present study, did not mediate the relationship between CR and stock price of issuers in retail trading sector. EPS does not make CR affect the stock price. This is shown the by value of indirect effect of CR on stock price through EPS that is smaller than the direct effect of CR on stock price.

The effect of Net Profit Margin (NPM) on stock price

The result of the present study showed that NPM did not directly affect the stock price of issuers in retail sector listed in IDX. NPM refers to an amount of profit gained by a company in a period. Bigger margin means better condition, meaning that the company can optimize the cost required in making sales. However, NPM does not explain how much profit is gained for each company's capital in each stock sheet. If the margin value is high but the nominal is low, investors will not make any investment in the company. This is the reason why NPM did not affect the company's stock price.

The Effect of Net Profit Margin on Stock Price with EPS as the Intervening Variable

EPS, in the model of the present study, did not mediate the relationship between NPM and stock price of issuers in retail trading sector. EPS does not cause NPM to affect the stock price. This is shown the by value of indirect effect of NPM on stock price through EPS that is smaller than the direct effect of NPM on stock price.

The Effect of Debt to Equity Ratio on Stock Price

The result of the study showed that DER did not have direct effect on stock price. DER represents the amount of debt that serves as the company's capital, a higher debt to equity value of a company means that a company is solved. However, stable DER value is also interpreted that the company is not in business expansion process, while the expansion is done to enhance the possibility of greater income, which eventually will affect the company's stock price. There is also possibility that high DER did not increase the company's profit due to company's poor expansion strategy. This condition may cause DER value to not affect the company's price.

The Effect of Debt to Equity Ratio on Stock Price with EPS as the Intervening Variable

EPS, in the present study, mediates the relationship between the DER and stock price. EPS does not cause DER to affect the stock price. This is shown the by value of indirect effect of DR on stock price through EPS that is greater than the direct effect of DER on stock price.

The Effect of Earning Per Share (EPS) on stock price

The result of the study showed that EPS positively affects stock price. Earning per share refers to amount of company's profit in one stock sheet in the stock market, bigger EPS is more attracting for investors. Based on the result of the present study, EPS affects the stock price of issuers in retail trading sector. This occurs because investors view the company's performance based on its ability to make profit, which is shown by the EPS.

CONCLUSION AND SUGESTION**Conclusion**

Based on the result of the study and the discussion, the conclusion can be drawn as follow:

1. BI rate positively and directly affect stock price.
2. BI rate did not indirectly affect stock price
3. Exchange rate did not directly affect stock price.
4. Exchange rate did not indirectly affect stock price.
5. BI rate did not directly affect stock price

6. BI rate did not indirectly affect stock price
7. Current ratio did not directly affect stock price.
8. Current ratio indirectly affects stock price
9. Net Profit Margin did not directly affect stock price
10. Net Profit Margin did not indirectly affect stock price.
11. Debt to Equity Ratio did not directly affect stock price
12. Debt to Equity Ratio indirectly affects stock price
13. Earning per Share directly affects stock price.

Suggestion

For Companies

a. BI rate is one of the factors affecting stock price of issuers in retail trading sector. This benchmark rate is beyond the issuer's control because it is the policy issued by the Indonesian government. However the issuers can analyze or read opportunities and perform preventive action when the government is being hawkish. The ability to read opportunities in every difficulties (blessing in disguise) will make companies in retail sector keep exist as the driver of economy and make their stock become defensive stock due to their ability to not be significantly affected by Indonesia's macro economy.

b. EPS is also a variable that affects stock price. It is in line with the company's ability to read every opportunity and perform preventive action to cope with market uncertainty. Improving performance to gain stable EPS is one of methods to maintain the stability of issuers in retail trading sector listed in IDX. When these companies manage to show satisfactory performance in the midst of global uncertainty or technology disruption. Their business can surely grow and attract any investors, which eventually will strengthen the company's foundation to be a long-term prospect company.

For Future Researcher

Theoretically, BI rate and EPS are the factors that form the stock price of issuers in retail trading sector. Using top down analysis, BI rate contributes to the formulation of stock price in macroeconomic dimension. Fundamentally, EPS serves as one of factor that forms the company's stock price. By using bottom up analysis, other theories can be found to complement the theory tested in the present study. Thus, each element can understand the factors affecting the stock price of an issuer, either from business development perspective or from public perspective.

REFERENCE

- Bank Indonesia 2019, Data Survei Penjualan Eceran April 2019, Bank Indonesia, dilihat 20 Juni 2019, <https://www.bi.go.id/id/publikasi/survei/penjualan-eceran/Pages/SPE-April-2019.aspx>
- Brigham, Eugene F, & Joel F Houston, 2010, Dasar-dasar manajemen keuangan, Penerjemah: Ali Akbar Yulianto, Edisi 10, Buku 1, Salemba Empat, Jakarta.
- Darsono, & Ashari. (2010). Pedoman Praktis Memahami Laporan Keuangan (Tips Bagi Investor, Direksi, dan Pemegang Saham). Yogyakarta: Andi.
- Harmono, Manajemen Keuangan, (Jakarta: Bumi Aksara, 2011), h. 106 <https://dosenakuntansi.com/rasio-solvabilitas>.
- Imoney, 2013, Perusahaan Besar Maka Harga Saham Tinggi ?, 07 Maret 2013, dilihat 20 Juni 2019, < <https://www.aturduit.com/articles/perusahaan-besar-harga-saham-tinggi-anda-salah/>>

- Parjiono, Fithra Faisal, & Wisnu, I. 2018, Kebijakan Multilateral dan Pembangunan Ekonomi Indonesia, PT Gramedia Pustaka Utama, Jakarta.
- Rismawati. 2013, 'Pengaruh Pertumbuhan Aset, Tingkat Suku bunga SBI terhadap kebijakan Dividen dan Nilai Perusahaan pada di BEI' Jurnal Fakultas Keuangan Fakultas Ekonomi dan Bisnis Universitas Udayana, Bali.
- Sugiyono, 2003, Metode Penelitian Bisnis, Pusat Bahasa Depdiknas, Bandung.
- Sukirno, Sadono. 2011, Makro Ekonomi Teori Pengantar, Edisi Ketiga. Jakarta: Rajawali Pers.