THE INFLUENCE OF EARNING PER SHARE AND RETURN ON ASSETS ON THE COMPANY VALUE OF PT RAMAYANA LESTARI SENTOSA TBK

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Abstract: This research aims to test whether earnings per Share and Return On Assets influence the Company Value of PT Ramayana Lestari Sentosa Tbk for the 2011-2022 period partially or simultaneously. The research method used is causal associative research with a quantitative approach. The population of this research is the financial report data of PT Ramayana Lestari Sentosa Tbk for 2011-2022. Data analysis was done using multiple linear regression analysis with the help of the Statistical Package for Social Science (SPSS) version 26 program. The research results show that EPS partially does not significantly influence company value. Likewise, Return On Assets partially does not have a significant effect on Company Value. Simultaneously, earnings per Share and Return On Assets do not significantly affect Company Value at PT Ramayana Lestari Sentosa Tbk for the 2011-2022 period. The coefficient of determination shows that the Adjusted R Square value is 0.277 or 27.7% of the variation in Company value, which can be explained by independent variables, namely Earning Per Share and Return On Assets, the remaining, around 72.3% of the variation in Company value is influenced by factors- other factors not included in the regression model

Keywords: Earning Per Share, Return On Assets, Company Value

INTRODUCTION

Retail companies in Indonesia have experienced development in recent years. This is supported by technological developments, namely the growth of E-commerce in Indonesia. Several large retail companies, such as Ramayana Department Store and Matahari, have adopted an E-commerce strategy to reach a broader range of consumers. Business players in this sector are increasing the tension of very tight competition, so companies must be able to adapt and innovate to meet growing market demands. Retail companies that successfully show good growth potential can attract the interest of investors and financiers. Investments can provide retail companies additional funds for business development, expansion, or restructuring.

Investment is the placement of money or assets in a business to use in the company's production activities within a certain period to generate profits in the future. In investing, investors are interested in companies that generate consistent profits, have strong cash flow, have adequate liquidity, and have good growth prospects. Thus, companies must ensure that their financial management is solid and shows sustainable growth.

Financial management is needed in a company to achieve operational efficiency, financial stability, and company growth. Effective corporate financial management can help the company achieve good financial performance, increase profitability, and increase investor expectations of future profits. Reasonable cost control can also optimize the use of company resources and increase operational efficiency. In this era of intense competition, sound financial management is critical in achieving company growth and competing with competitors. Therefore, companies must prioritize effective and efficient financial management to achieve high company value.

Hery (2017:5) company value reflects public trust in the company's achievements from when the company was founded until now. Maximizing company value is the goal that every company wants to achieve. Increasing company value indicates an increase in company performance. A high company value means a company will be considered good because it can increase investors' trust. When investing, investors will first look for information about how the company earns profits and the rate of return to shareholders because the company's high value will be accompanied by high shareholder welfare and shareholder wealth.

In proxies for company value, you can go through 3 stages, including book value, liquidity value, and stock market. This research indicates company value using the Price Book Value (PBV) indicator. PBV is the ratio of the share price to the company's book value, which investors use in investment assessments. It also shows the number of investors who finance the company's net assets. When choosing which shares to buy, investors consider several factors, including PBV. Arif Sugiono (2016:71) believes that companies with good management should have a PBV of 1 or higher than their book value (overvalued). Assuming the PBV price is below 1, the conclusion is that the share price is lower than the book value (undervalued). A sign of low PBV is a decline in the quality and performance of the fundamentals involved (Buddy Setianto, 2016). The higher the PBV ratio, the more successful the company will provide value to investors.

Based on the observed data, the Company Value of PT Ramayana Lestari Sentosa Tbk experienced fluctuations during the observed period. In 2011, the company's PBV was 1.8 times. Then, in 2012, there was a significant increase to 2.8 times because share prices increased. However, from 2013 to 2015, the company's PBV continued to decline until it reached 1.36 times in 2015 due to the continued decline in share prices. 2016 PBV rose again to 2.4 times due to increased share prices. However, in 2017, the company's PBV fell to 2.3 times, then increased in 2018 to 2.5 times. From 2019 to 2022, the company's PBV continues to decline until it reaches a value of 0.95 in 2022. Since April 15, 2021, PT Ramayana Lestari Sentosa Tbk (RALS) has carried out a share buyback to increase shareholder value. However, according to the quoted source, this buyback did not increase RALS's share price but put it under pressure more often.

According to Jogiyanto (2014: 172), share prices refer to the value set by the stock market, which is determined by the demand and supply of shares from market players in the capital market. A company's success in managing its business can be reflected in its share price. Investors tend to interpret that a company can manage its operations efficiently if its share price increases consistently. The high value of the company is also reflected in its share price. In other words, when a company succeeds in generating greater profits, its share price will increase. The profitability ratio is the leading indicator of a company's performance in generating profits.

Profitability ratios are used to evaluate a company's ability to generate profits. One commonly used proxy is Return On Assets (ROA), which measures the effectiveness of using company assets in generating profits. The higher the ROA value, the more efficiently the company utilizes its assets to gain profits. A positive ROA indicates that the company can generate profits from the total assets used for its operations. On the other hand, a negative ROA indicates that the company cannot generate profits from its total assets, thus indicating a loss.

ROA provides an overview of the extent of the company's effectiveness in generating profits from using its assets. This information is essential for investors in assessing the potential return on their investment and comparing a company's performance with its competitors. Investors are interested in the rate of return a company generates from its assets or the potential return on an investment they are considering.

Based on observations on Return On Asset (ROA) data, PT Ramayana Lestari Sentosa Tbk during the 2011-2022 period experienced significant fluctuations. In 2011, ROA reached 10.04%. In the following year, 2012, ROA increased to 10.40% because net profit increased by IDR 423 billion, which was in line with the increase in sales and adding five new outlets to increase sales and net profit. However, from 2013 to 2015, the company's ROA declined. This decline mainly occurred in 2015 due to unstable economic conditions, which decreased people's purchasing power and closed one unproductive company outlet. 2016 saw ROA increase again to 8.79% but experienced a decline again in 2017 to 8.31% due to online shopping trends, which affected the performance of the conventional retail industry—the 2018-2019 period witnessed a significant increase in ROA, peaking 2019 at 11.47%. However, in 2020, the impact of the Covid-19 pandemic caused losses for companies with a reduced ability to generate profits. In addition, during 2020-2021, the company was forced to close 19 outlets due to low sales. Nevertheless, in 2021, the company again recorded a net profit of IDR 170 billion by reducing the cost of goods sold on sale. In 2022, the company's net profit will increase significantly to IDR 351 billion thanks to an emphasis on increasing expenses, including layoffs, optimizing online sales, and opening new outlets.

To evaluate the financial performance of a company, calculating the company's profit growth based on the number of shares outstanding in a certain period is very important. By comparing the profits generated with the number of stock shares, we can create an indicator known as Earning Per Share (EPS). EPS describes how much profit a company earns for each share outstanding in a specific period. High EPS indicates strong company performance, which can increase investor confidence. High profits per share also have the potential to increase the income received by investors or financiers.

Shareholders' welfare depends significantly on the profits generated per share outstanding, which is then reflected in dividend payments at the end of the year. High dividend payments will increase investor interest in these shares and have the potential to encourage share prices in the market. An increase in share

prices will increase company value, while a decrease in share prices can decrease company value.Top of Form

RESEARCH METHODS

      This research uses a causal associative approach with quantitative methods. The research aims to determine the relationship or influence between two or more variables by collecting, analyzing, and calculating the financial report data of PT Ramayana Lestari Sentosa Tbk during the 2011-2022 period. The place research was carried out at a company listed on the Indonesia Stock Exchange, PT Ramayana Lestari Sentosa Tbk, located on Jl. KH. Wahid Hasyim No. 220 AB, Jakarta, Indonesia. The research population is all financial reports of PT Ramayana Lestari Sentosa Tbk, while the sample is the company's financial position report and profit and loss report for the 2011-2022 period. The data collection technique is secondary data, done through documentation techniques and literature study. Data were analyzed using associative quantitative data analysis techniques with the Multiple Linear Regression Method, with the help of Statistical Package Social Science (SPSS) version 26 software.

RESULTS AND DISCUSSION
A. Descriptive Statistics

Table 1. Descriptive Statistical Test

	N	Minimum	Maximum	Mean	Std. Deviation
EPS	12	-20.6000	96.0800	52.768333	29.1479798
ROA	12	-2.6300	11.4700	7.643333	3.9192168
PBV	12	,9500	2,8000	1.864167	,5920758
Valid N (listwise)	12				

      Table 1 shows 12 financial report data from PT Ramayana Lestari Sentosa Tbk from 2011 to 2022. The EPS variable has a maximum value of 96.0800 and a minimum of -20.6000. The average EPS value is 52.768333 with a standard deviation of 29.1479798. The Return On Assets (ROA) variable has a maximum value of 11.4700 and a minimum value of -2.6300. The average ROA value is 7.643333 with a standard deviation of 3.9192168, and the Company Value (PBV) variable has a maximum value of 2.8000 and a minimum value of 0.9500. The average PBV value is 1.864167, with a standard deviation of 0.5920758.

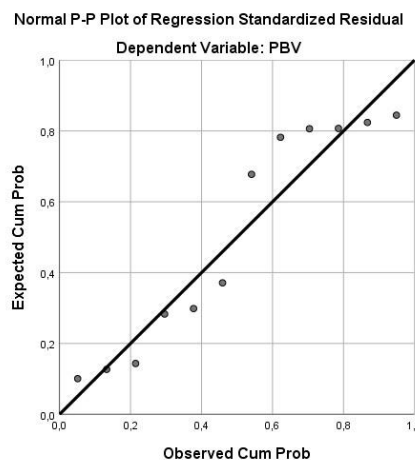**C. Classic Assumption Test**
1. Data Normality Test

Figure 1. Normality Test

Based on the test results, it shows that all data is normally distributed, the data distribution is around the diagonal line and follows the direction of the diagonal line or histogram graph, so it can be concluded that the regression model meets the normality assumption.

2. Multicollinearity Test

Table 6. Multicollinearity Test

Variable	Collinearity Statistics	
	Tolerance	VIF
EPS	,106	9,447
ROA	,106	9,447

a. Dependent Variable: PBV
Source: SPSS 26 Data Processing Results (2023)

Based on the results of the multicollinearity test, a tolerance value of 0.106 was obtained and a Variance Inflation Factor (VIF) value of 9,447, this shows that the tolerance value is greater than 0.001 and the VIF value is smaller than 10, so this situation proves that multicollinearity does not occur.
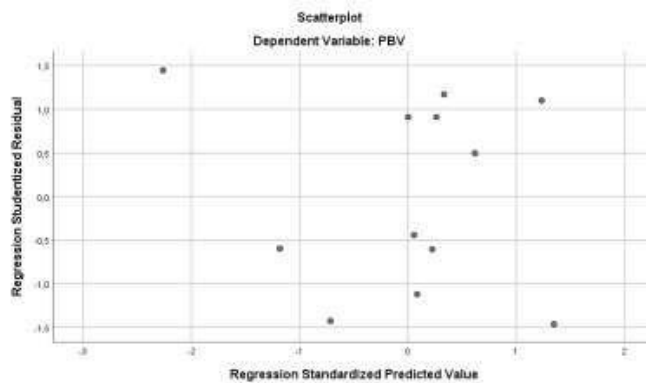
3. Heteroscedasticity Test

Figure 2. Heteroscedasticity Test

In Figure 2, it is known that the points are spread randomly and no particular pattern is formed, spread above or below the number 0 on the Y axis, so the conclusion is that this regression model does not have heteroscedasticity.

4. Autocorrelation Test

Table 7. Autocorrelation Test Results

Model Summary b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,639^a	,409	,277	,5033626	1,654

a. Predictors: (Constant), ROA, EPS
b. Dependent Variable: PBV

Based on the test results, the Durbin Watson (DW) value is 1.654. With the basis of decision making using the DW sig level table. 0.05 with an N value of 12 with a K value (number of independent variables) of 2, so that the table value DL = 0.8122, the DU value = 1.5794 and the value (4-DL) = 3.1878 and the value (4 -DU) = 2.4206. A DW value of 1.654 can be obtained, so the DW value lies between DL and (4-DU) = 0.8122 < 1.654 < 2.4206, meaning there is no autocorrelation in the dependent variable.

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D. Multiple Linear Regression

Table 9. Multiple Linear Regression

Model B		Std. Error	Standardized Coefficients	Q	Sig.
1 (Constant)	1,193	,330		3,614	,006
EPS	019	016	017	1,164	274
ROA	216	119	1,433	1,818	102

Based on the table above, the results of the multiple regression test calculations show that the regression equation formed is Y = 1.193 – 0.019X1 + 0.216X2 + e. Based on the multiple linear regression equation above, it can be interpreted as follows:

1. The constant 1.193 indicates that if the independent variables have a value of 0, then the Company Value (PBV) will have a value of 1.193.
2. The EPS variable has a negative coefficient of 0.019. This shows that if EPS increases by 1%, the Company Value (PBV) will decrease by 0.019%. The influence of EPS on Company Value (PBV) obtained a calculated t value of -1.164, while the t table is 2.262. So the value obtained is -t table < ±t calculated < +t table, namely -2.262 < -1.164 < 2.262, and the significance value is more significant than α, namely 0.274 > 0.05. So, in conclusion, EPS does not significantly affect the Company Value (PBV) variable.
3. The ROA variable has a positive coefficient of 0.216. This shows that if ROA increases by 1%, the Company Value (PBV) will increase by 0.216%. The influence of ROA on Company Value (PBV) obtained a calculated t value of 1.818, while the t table was 2.262. So the value obtained is –t table < ±t calculated < +t table, namely -2.62 < 1.818 < 2.262, and the significance value is more significant than α, namely 0.102 > 0.05. So, in conclusion, ROA does not significantly affect the Company Value (PBV) variable.

Table 10. Simultaneous Test

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1,576	2	,788	3,109	094b
	Residual	2,280	9	253		
	Total	3,856	11			

a. Dependent Variable: PBV
b. Predictors: (Constant), ROA, EPS

Based on the table above, it is known that the calculated f value is 3.109, while the f table is 4.10. So the calculated f is smaller than the f table, namely 3.109 < 4.10, with a significance value of 0.094 > 0.05. This means that EPS and ROA simultaneously do not have a significant effect on the Company Value (PBV) of PT Ramayana Lestari Sentosa Tbk.

E. Discussion

Based on hypothesis testing, research results showed that EPS did not have a significant effect on Company Value (PBV) at PT Ramayana Lestari Sentosa Tbk for the 2011-2022 period; this was caused by the buyback action carried out by the company, which reduced the number of outstanding shares. This buyback action gives a negative signal to investors because it shows a decline in financial performance, so an increase does not follow an increase in shareholder value in company value. In addition, maximizing company value differs from maximizing earnings per share because it focuses on EPS only now and ignores the time value of money. Maximizing EPS only considers the current year's sales and expenses, while the

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company's long-term value is the primary consideration for investors. These findings support previous research (Angelina Irena et al., 2023), which concluded that EPS does not have a significant effect on company value, and contradicts research by Sugeng Hariadi (2023), which states that EPS has a significant positive effect on PBV (Company Value).

Furthermore, based on hypothesis testing, it shows that ROA does not have a significant effect on Company Value (PBV) at PT Ramayana Lestari Sentosa Tbk for the 2011-2022 period; this shows that an increase in ROA does not always reflect an increase in company value in the eyes of investors. An increase in company profits only sometimes indicates good company performance, depending on the origin of the profits generated. If the increase in profits is obtained from reducing employee burdens, such as layoffs, this could cause investor distrust because it indicates company performance problems. Other factors, such as similar industry conditions, market conditions, and economic and social conditions, are also considered by investors. These findings support previous research (Yunita et al., 2023), which states that ROA does not affect company value, and contradicts research (Sesilia et al. et al., 2023), which states that profitability (ROA) has a significant effect on the value of the company.

Furthermore, simultaneously, EPS and ROA do not significantly affect Company Value (PBV) at PT Ramayana Lestari Sentosa Tbk for the 2011-2022 period. This finding contradicts previous research (Eksa et al., 2023) and (Jessica et al., 2023), which said that EPS and ROA simultaneously influence company value. Several factors can cause this. First, although EPS and ROA are essential in evaluating a company's financial performance, many other factors also contribute to assessing company value. Factors such as market conditions, management policies, economic conditions, and industry competition also play an essential role in determining company value. Second, possible interactions between EPS and ROA variables may still need to be fully revealed in the analysis. Although individually, they may not be significant, the influence of the two together can have a more complex effect on company value. Third, the research was conducted during 2011-2022, but company value is influenced by long-term factors and market conditions that change occasionally.

In some cases, the effects of changes in company strategy or economic conditions may take time to be visible in the short term. However, they can affect the value of the company in the long term. Therefore, the period chosen for the study may need to be longer to fully capture the simultaneous influence of EPS and ROA on firm value.

CONCLUSION

From the research results, it can be concluded that at PT Ramayana Lestari Sentosa Tbk for the 2011-2022 period, EPS does not significantly affect Company Value (PBV). This is caused by the company's buyback action, which reduces the number of shares outstanding, gives a negative signal to investors, and focuses on current EPS, which ignores the time value of money and long-term considerations. Furthermore, ROA also does not significantly affect Company Value (PBV), indicating that an increase in ROA does not always reflect an increase in company value in the eyes of investors. Other factors, such as industry, market, and economic conditions, influence investors' assessment of a company's value. Simultaneously, EPS and ROA also do not significantly affect Company Value (PBV). This may be due to the complexity of other factors that influence the assessment of company value, possible interactions between the EPS and ROA variables, and the research period, which may need to be longer to capture the influence of both simultaneously

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