

LIQUIDITY, MANAGERIAL OWNERSHIP AND PRICE TO BOOK VALUE ON STOCK PRICES IN TRANSPORTATION SUB SECTOR COMPANIES

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¹I Wayan Gede Agus Putra KARANG, ²Ida Idam Manik SASTRI, ³Putu Gede Vishnu Permana KAWISANA

^{1,2,3}Faculty of Economics and Business, Warmadewa University, Denpasar, Bali, Indonesia

Corresponding author: Putu Gede Vishnu Permana Kawisana

E-mail: permanaunwar@gmail.com

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Abstract:

Stock prices in transportation sub-sector companies are still fluctuating and tend to decline. It indicates that investors' confidence in companies in transportation sub-sector companies is decreasing due to declining stock prices which are assumed to decrease the company's performance. It causes a market response and investors are not optimistic about investing their capital in sub-sector transportation companies. Data were obtained by accessing the IDX website. Determination of this location is done with the consideration that the companies that go public in the transportation sub-sector companies are relevant to the research topic taken, especially regarding stock prices which are still fluctuating and are not according to plan caused by many factors, one of which is liquidity, managerial ownership and price to book value. This study empirically examines the effect of liquidity, managerial ownership and cost to book value (PBV) on stock prices in transportation sub-sector companies in 2018-2020. The population in this study are companies registered in the transportation sub-sector, with a total of 46 companies. The research method used purposive sampling. This type of data uses quantitative data and secondary data sources. Methods of data collection using the study of documentation. The data analysis technique used a multiple linear regression test. The results show that liquidity did not significantly affect stock prices in transportation sub-sector companies in 2018-2020. Managerial ownership and price-to-book value (PBV) positively and significantly affected stock prices in transportation sub-sector companies in 2018-2020.

Keywords: Liquidity, Managerial Ownership, Price to Book Value and Share Price.

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INTRODUCTION

The current economic condition is getting faster and more complex. Competition between companies requires companies to work efficiently, and companies must be able to bring improvements to what they do and are expected to be able to attract investors to invest in the company. In its development, the capital market has played an important role in economic activity. The capital market is also an alternative for investors to invest their capital. It is evidenced by the rampant activity in the capital market. Investors who will invest in the capital market need several considerations to make the right decisions. In the capital market, financial reports can be used to analyze the company's financial performance (Atmadja et al., 2021).

The tight competition causes companies to have to implement a strategy in order to be able to maintain the viability of the company in order to face and maintain competitiveness. It requires a performance assessment to maintain the stability and efficiency of the company so that it can run properly and by the agreed objectives. Maintaining performance in the company, especially working

in the financial sector, can be observed that if the company's performance is good, finance can be utilized optimally (Jayawarsa et al., 2021). If the company's performance is poor, reduce the use of finance. Financial statements, namely the balance sheet, profit and loss, changes in capital and cash flows. The financial function is one of the important functions of the company in the company's activities. In managing the financial function, the stock price prevailing on the stock exchange constantly changes and cannot be estimated with certainty. One of the indicators used by investors to assess a company's stock price is by looking at the company's financial performance through financial ratios. There are several financial ratios, namely liquidity ratios, activity ratios, solvency ratios, profitability ratios, growth ratios, and valuation ratios (Kasmir, 2018: 106). In addition, the share price can change at any time depending on the size of the investor's offer of the shares. The stock price in the market can measure the company's value based on the formation of the stock price in the market, which reflects the public's objective assessment of the company's performance (Saputra et al., 2021).

Stock price fluctuations that rose and fell drastically caused by many factors were also experienced by companies in the transportation sub-sector companies in 2018-2020, which can be seen in Appendix 1. It fluctuates and tends to decrease. It indicates that investors' confidence in companies in transportation sub-sector companies is decreasing due to declining stock prices which are assumed to decrease the company's performance. It causes a market response and investors are not optimistic about investing their capital in companies in transportation sub-sector companies.

Based on the above review, it is suspected that the factors influencing stock prices in transportation sub-sector companies are liquidity, managerial ownership and price to book value. Liquidity describes a company's ability to meet its short-term obligations smoothly. On time, so liquidity is often referred to as short-term liquidity (Fahmi, 2018:14). Liquidity is also used as a measure of whether a company is healthy or not. Liquidity ratio to evaluate the ability to meet short-term obligations. Liquidity refers to a company's ability to meet its short-term financial obligations. An important liquidity ratio is a current ratio that measures the current assets available to meet short-term liabilities (Sultan, 2020:9).

The higher the company's ability to meet its short-term debt, it shows the company is very good or healthy. It will attract investors to invest so that the stock price will increase (Kasmir, 2018:132). In addition, a high level of liquidity will indicate that the company is in good condition, increasing the demand for shares and, of course, increasing the share price. Furthermore, stock prices will also decrease if investors consider the company too liquid, which means that there are productive assets that the company does not utilize. The non-utilization of these assets will increase the burden on the company because of maintenance costs and storage costs that must be paid continuously (Brigham and Houston, 2018:135). Based on the results of research conducted by Qorinawati and Adiwibowo (2019), Anggadini and Damayanti (2021), and Pradani and Widiastara (2021) stated that liquidity has a positive effect on stock prices. However, this is not in line with the results of research from Hayati et al. (2019) and Sitinjak and Tobing (2020), which state that liquidity does not affect stock prices.

According to Adelia (2021:18), managerial ownership is share ownership by the company's management. Managerial share ownership can align the interests of shareholders with managers because managers directly feel the benefits of the decisions taken. Managers bear the risk if there are losses that arise as a result of the decisions taken or making wrong decisions.

The market price of book value or price to book value is a value used to compare whether a stock is relatively more expensive or cheaper when compared to other stock prices. Companies with high returns on equity usually sell their shares at a higher book value than other companies with low returns (Karlina, 2019:33).

The greater the PBV value the company can generate, the higher the share price. The profits will be high if it can manage the fund's investor's investment. The high PBV will undoubtedly increase the interest of investors in increasing their shares. Apart from PBV, it can also be a reflection for investors of the performance of issuers or companies that are getting better so that it is an indication that they will be able to generate high profits so that investors can enjoy them (Irfan and Kharisma, 2020: 1105). Based on the results of research conducted by Bratangala (2018), Irfan and Kharisma (2020) and Hartono and Budhiarjo (2021) state that price to book value has a positive effect on stock prices. However, this is not in line with the results of research from Amaliyah,

The problems and previous research show that there are still differences in research results, causing inconsistencies in determining a solution to related problems. Therefore, the authors are interested in discussing and re-examining some of these factors to contribute to the results of the latest research and raise the title of the research with the research topic entitled "The Effect of Liquidity, Managerial Ownership and Price to Book Value on Stock Prices in Transportation Sub-Sector Companies in 2018-2020".

METHODS

This research was conducted on companies in the transportation sub-sector during the 2018-2020 period whose data were obtained by accessing the IDX website: www.idx.co.id. Determination of this location is done with the consideration that the companies that go public in the transportation sub-sector companies are relevant to the research topic taken, especially regarding stock prices which are still fluctuating and did not according to plan caused by many factors, one of which is liquidity, managerial ownership and price to book value. The population in this study are companies registered in the transportation sub-sector, with a total of 46 companies. Based on the total population of 46 companies active in capital market trading transactions on the IDX during the 2018-2020 period, five companies are not listed in a row with the transportation sub-sector companies during the 2018-2020 period. Two companies have been delisted during the 2018-2020 period. In 2018-2020, 16 companies did not have managerial ownership during the 2018-2020 period, so that obtained 23 companies that can meet the criteria of the sample selected in the study (Saputra et al., 2019). The types of data in this study are quantitative data and qualitative data. The data analysis technique used is Multiple Linear Regression.

RESULT AND DISCUSSION

Descriptive statistics are used to analyze the data by describing or describing the data that has been collected as it is and to provide information about the characteristics of the research variables, including the minimum, maximum, average and standard deviation values. The descriptive statistical table can be seen in the following table:

Table 1. Descriptive Statistics Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
X1	69	,12	6,72	1,5058	1,46989
X2	69	,00	,63	,1110	,16996
X3	69	-,38	13,23	1,5932	2,58813
Y	69	50	2870	349,83	528.524
Valid N (listwise)	69				

Source: Processed data (2022)

Table 1 shows that the number of samples (N) in this study was 69 data samples. As for a more detailed explanation of descriptive statistics that can be explained, among others, as follows:

1) Liquidity

Based on the descriptive statistical analysis results, liquidity has the lowest value of 0.12, the highest value of 6.72, the average value (mean) of 1.5058 and the standard deviation value of 1.46989. The standard deviation, which is smaller than the mean value, indicates that the data used has a small distribution, so the data's deviation can be said to be good.

2) Managerial ownership

Based on the descriptive statistical analysis results, managerial ownership has the lowest value of 0.00, the highest value of 0.63, the average value (mean) is 0.1110, and the standard deviation value is 1.6996. A standard deviation more significant than the mean value indicates that the data used has an extensive distribution, so the deviation of the data can be said to be less good.

3) Price to Book Value (PBV)

Based on the descriptive statistical analysis results, managerial ownership has the lowest value of 0.00, the highest value of 0.63, the average value (mean) is 0.1110, and the standard deviation value is 1.6996. A standard deviation more significant than the mean value indicates that the data used has an extensive distribution, so the deviation of the data can be said to be less good.

4) Stock price

Based on the descriptive statistical analysis results, stock prices have the lowest value of 50, the highest value of 2.870, the average value of 349.83 and a standard deviation of 528,524. A standard deviation more significant than the mean value indicates that the data used has a large distribution, so the deviation of the data can be said to be less good.

Multiple linear regression analysis is a linear relationship between two or more independent variables and the dependent variable. This analysis is to determine the direction of the relationship between the independent variable and the dependent variable, whether each independent variable is positively or negatively related and to predict the value of the dependent variable if the value of the independent variable increases or decreases (Sugiyono, 2018: 192).

Table 2. Multiple Linear Regression Analysis Results Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3,991	0.307		12,984	0.000
X1	0.158	0.117	0.151	1.358	0.179
1 X2	0.967	0.405	0.263	2,387	0.020
X3	0.770	0.277	0.311	2,776	0.007

a. Dependent Variable: Y

Source: Processed data (2022)

Based on Table 2, the multiple linear regression formula for this research variable is presented as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e = 3.991 + 0.158 X_1 + 0.967 X_2 + 0.770 X_3 + e$$

Based on the results of the multiple linear regression equation, it can be explained as follows:

- 1) The constant value of 3.991 means that if liquidity, managerial ownership, and price to book value are considered constant or zero, the stock price will continue to increase (3.991).
- 2) The liquidity regression coefficient (X1) value is 0.158 (positive), meaning that if the liquidity value increases by one percent, the stock price will increase by 0.158 percent, assuming other variables are constant.
- 3) The regression coefficient of managerial ownership (X2) is 0.967 (positive), meaning that if the value of managerial ownership increases by one percent, the stock price will increase by 0.967 percent, assuming other variables are constant.

- 4) The value of the price to book value (PBV) regression coefficient (X3) is 0.770 (positive), meaning that if the price to book value (PBV) increases by one percent, the stock price will increase by 0.770 percent, assuming other variables are constant.

CONCLUSION

Descriptive statistics are used to analyze the data by describing or describing the data that has been collected as it is and to provide information about the characteristics of the research variables, including the minimum, maximum, average and standard deviation values. The descriptive statistical table can be seen in the following table: Based on the results of data analysis and discussion in the previous chapter, it can be concluded from this research as follows:

- 1) Liquidity has no significant effect on stock prices in transportation sub-sector companies in 2018-2020. It shows that the increasing liquidity has no impact on stock prices in transportation sub-sector companies in 2018-2020.
- 2) Managerial ownership positively and significantly affects stock prices in transportation sub-sector companies in 2018-2020. It shows that the increasing managerial ownership will increase the share price of the transportation sub-sector companies in 2018-2020.
- 3) Price to book value (PBV) has a positive effect on stock prices in transportation sub-sector companies in 2018-2020. It shows that the higher the price to book value (PBV), the higher the share price of the transportation sub-sector companies in 2018-2020.

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