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The Determinants of Earning Per Share in IDX80 Companies Listed on The Indonesia Stock Exchange 2019-2021

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Abstract

This study aims to test and analyze the factors that influence earning per share involving the variables of total asset turnover, current ratio, return on equity, debt to equity ratio and price to book value. The objects of this research are companies included in the IDX80 index on the Indonesia Stock Exchange during the period 2019-2021. The analytical tool used is multiple linear regression to test the effect of the independent variable on the dependent variable. The results of testing 240 samples over a period of 3 years resulted in the finding that total asset turnover and return on equity have a positive and significant effect. Meanwhile, current ratio and debt to equity ratio, and price to book value have a negative and insignificant effect on earning per share.

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Introduction

The company's profit is reflected in the company's net profit, while the company owner's profit is reflected in the profit attributable to common shareholders or known as Earning Per Share (EPS) (Shinta dan Laksito, 2014). EPS shows the company's ability to generate profits for company owners. The development of a company's high EPS shows that the company is able to overcome all problems and manage the use of funds effectively and efficiently to achieve company goals. EPS can also illustrate prosperity for the owners of a company. Therefore, if the EPS distributed to investors is high, it indicates that the company concerned is able to provide good welfare for investors (Sinaga, Hutahaean, dan Gorethy, 2022). EPS development is generally used as a measure by shareholders. That is why investors are interested in the development of EPS, where EPS is the amount of profit received by shareholders for each share they own (Susilawati, 2014).

EPS in investing is used as the main indicator to determine the attractiveness of a stock (Shinta dan Laksito, 2014). In investing, buyers of ordinary shares will pay more attention to EPS, because EPS will later affect the share price in the market. This is because EPS can assess the good and bad of the stock price. Wartono (2018) states that if the EPS is high, it shows that the company can offer higher profits to shareholders (investors), which has an impact on increasing stock prices. Conversely, if the EPS is low, this indicates that the company does not bring benefits to shareholders, investors consider this as negative information about the company, which also makes the stock less attractive to investors and as a result, the stock price drops (Dewi, 2021). So the company is likely to go bankrupt. Thus, it can be concluded that the higher the EPS, the better the company's performance.

The high EPS is expected to be able to influence the level of confidence of investors in investing. Potential shareholders are interested in high EPS because it is an indication of the company's success. Based on the company's EPS, investors can decide whether to invest in a company or not (Dewi, 2021). So it can be said that investor behavior towards stocks is influenced by financial information, which in this case is represented by EPS as a reflection of company performance. The company must guarantee quality for its sustainability. The latest source of competitive advantage is innovation and creativity. As an innovation, fintech makes transactions easier for customers, such as e-money.

Financial information about the company's EPS amount can be found in the company's financial statements. Where this financial report is one of the factors that affect EPS that comes from within the company controlled by company management. Therefore, an analysis is needed to predict future EPS with the aim of knowing the benefits of the resulting financial information on EPS development (Sriyono, Prapanca, dan Budi, 2018)..

One of the most popular analyses is financial ratio analysis. Financial ratio analysis is important in a company, especially for management, investors, and potential investors. This analysis allows investors to determine the amount of investment to be invested and can see the prospects and potential of a company in generating profits. Financial ratio analysis is not only useful for investors, but also for management itself, because it can be used to evaluate the development of the company. Ratios in financial analysis show the relationship between one element of the financial statements and other elements. The financial statements issued by the company must be able to show the actual state of the company so that they are useful for the public and decision makers. Rangkuti (1998) divides financial ratios into five ratios, namely: activity ratio, liquidity ratio, profitability ratio, leverage ratio, and stock valuation ratio.

Total Asset Turnover, which is an indicator of the Activity ratio, is one of the factors that can affect the rise and fall of Earning Per Share (EPS). Total Asset Turnover refers to the turnover of all assets owned by the company, which is used to measure the amount of sales of each asset (Sigalingging, Monica, Ferico, Novianty, dan Simorangkir, 2021). If turnover increases, the net profit will also increase so that the company can use these funds to increase sales and profits.

Where the profit is a profit that can be shared by shareholders. Conversely, if the level of Total Asset Turnover is low, it means that the company's efficiency in using its assets is low, which can increase asset operating costs and ultimately reduce the level of profit. Research conducted by Sutejo et al. (2010), Shinta & Laksito (2014), and Dewi (2021), state that Total Asset Turnover has a significant positive impact on Earning Per Share. However, this research is not in line with the research of Suryanto (2019), Susanti (2021), and Abadi & Hermansyah (2019) which shows that Total Asset Turnover has a significant negative impact on Earning Per Share.

In addition, liquidity is another financial ratio used to analyze the company's financial condition with the indicator used, namely the Current Ratio. This ratio measures the company's ability to pay short-term liabilities or debts that will soon mature if balanced with its current assets. A company can be said to be liquid if it is considered responsible for paying its debts. Companies that are able to fulfill their financial obligations in the short term find it easier to obtain financing from creditors to increase company profits. Human resources are by far the most important asset for organizations. Employee performance becomes a stage of achievement as an employee's work achievement, this achievement is measured based on their ability to achieve the targets set by the company. For managers, companies with high liquid values are considered good, for creditors themselves high liquidity means the company is in very good condition (Sinaga et al., 2022). According to Fadli & Suraya (2020), Muflihah & Sriyono (2022), and Susilawati (2014) Current Ratio has a positive and significant effect on Earning Per Share. However, in contrast to research conducted by Digdowiseiso & Agustina (2022), Suryanto (2019), and Umam et al. (2019) showed a negative and insignificant effect between Current Ratio and Earning Per Share.

Profitability with the Return On Equity indicator describes the amount of profit from sales, assets and equity based on certain estimates that can be obtained by the company using its capital. The capital can be in the form of capital owned by the company and also in the form of capital provided by investors. Return On Equity is a metric from a shareholder perspective. Investors usually use analytics to determine the company's ability to generate profits based on its capital so that the higher the Return On Equity, the higher the profit. Return On Equity measures the company's ability to generate reasonable profits for its shareholders (Wijayanto, Rois, Indrasari, dan Widodo, 2022). When Return On Equity is high, it attracts investors to invest their shares in the company because they believe that they can control the company's capital. Previous research by Faisal (2021), Suhartono et al. (2020), and Wijayanto et al. (2022) which states that profitability shows a significant positive effect on Earning Per Share. Other research by Fadli & Suraya (2020), Susilawati (2014), and Sriyono et al. (2018), show that Return On Equity has a positive and insignificant effect on Earning Per Share.

Leverage using the Debt to Equity Ratio indicator helps investors determine the amount of debt issued to finance the company based on relevant metrics and illustrates the company's ability to meet all its financial obligations if the company goes into liquidation. A high Debt to Equity Ratio proves that the greater the debt used to finance the company, the greater the risk of loss, which is not a good thing for the company but an opportunity to get a large profit. Increasing corporate debt means that the company's obligations to outside parties increase, this also poses a great risk to the company if it cannot pay its debts. Conversely, a low Debt to Equity Ratio means less risk of loss. According to Sholeqah et al. (2020), company managers must manage the Debt to Equity Ratio well so that they can balance high returns and risks. Research conducted by Bratamanggala (2018), Digdowiseiso & Agustina (2022), and Susilawati (2014) shows that Debt to Equity Ratio has a positive and significant effect on Earning Per Share. This research is not in line with research conducted by Sigalingging et al. (2021), Fitriani & Priyanto (2018), and Sriyono et al. (2018). In these studies, Debt to Equity Ratio has a negative and insignificant effect on Earning Per Share.

Price to Book Value can be used to measure or describe the value of a company. Investors usually use this value to estimate how much capitalization a company has. The high value of a company can be caused by a high stock price, and has good prospects and achievements (Sholeqah et al., 2020). The increase in Price to Book Value is due to the company getting additional capital to develop and generate higher profits when the company's assets are used efficiently. Thus, Price to Book Value is included as a way to assess company fundamentals, which is important for investors before buying their shares. Research conducted by Bratamanggala (2018), Muflihah & Sriyono (2022), and Shinta & Laksito (2014) states that Price to Book Value has a significant positive impact on Earning Per Share. However, this research is not in line with the research of Sholeqah et al. (2020) which shows that Price to Book Vlaue has a negative and insignificant effect on Earning Per Share.

Table 1. The phenomenon of research variables on average during the period 2019-2021

Variables	Years		
	2019	2020	2021
Total Asset Turnover	0,69x	0,59x	0,60x
Current Ratio	2,11%	2,03%	1,96%
Return On Equity	13,51%	0,91%	6,28%
Debt to Equity Ratio	1,93%	2,10%	1,91%
Price to Book Value	2,82x	3,01x	2,35x
Earning Per Share	Rp289,63	Rp168,40	Rp322,82

Source: IDX80 Financial Report 2019-2021

Total Asset Turnover (TATO) from 2019 to 2021 which amounted to 0.69x, 0.59x, and 0.60x, the amount of Total Asset Turnover affects the amount of Earning Per Share in a company. The higher the TATO, the faster the asset turnover and the higher the profit earned. In this case, the company can be said to be efficient if it uses all its assets to generate sales. Current Ratio (CR) affects the amount of Earning Per Share in a company. From the graph above, it can be seen that the Current Ratio fluctuates between 2019 and 2021 with values of 2.11%, 2.03%, and 1.96%. This shows that the company's ability to manage its assets and pay its short-term liabilities (less than 1 year) within the agreed period. The better the CR value, the better the Earning Per Share value. Return On Equity (ROE) affects the amount of Earning Per Share in a company. From the graph above, it can be seen that Return On Equity fluctuates between 2019 and 2021 by 13.51%, 0.91%, and 6.28%. ROE refers to the company's ability to generate profits without adding new equity into the business. A higher ROE value indicates that management can maximize the capital provided by investors to generate profits. Debt to Equity Ratio (DER) affects the amount of Earning Per Share in a company. The Debt to Equity Ratio fluctuates between 2019 and 2021, namely 1.93%, 2.10%, and 1.91%. The higher the DER value, the higher the profit value, which has an impact on the higher Earning Per Share of the company. However, a high DER value makes the risk borne by the company even higher. Because DER reflects the use of debt by the company. Price to Book Value (PBV) affects the amount of Earning Per Share in a company. Price to Book Value fluctuates between 2019 and 2021, namely 2.82x, 3.01x, and 2.35x. The PBV ratio is greater than 1, the stock price is relatively high. The higher the PBV, the higher the market value of the stock compared to its book value. If the stock price is high, the Earning Per Share value is also higher.

This study aims to test and analyze the factors that affect earning per share involving the variables of total asset turnover, current ratio, return on equity, debt to equity ratio and price to book value in IDX80 companies listed on the Indonesia Stock Exchange in 2019-2021.

Signalling Theory

Signaling theory means that a company's actions provide clues to investors about how management views the company's prospects. One of the instructions given is the provision of financial information in the form of financial statements. According to Sulistyanto (2008) signaling theory is used to explain that companies use financial reports basically to provide positive or negative signals to users. The existence of information that has been provided by the company, investors will be helped in making decisions on investment and can be used as a reference in the present and in the future. With the act of publication carried out by the company, it can make a signal to investors. In other words, the company provides signals or signs to users of financial statements, especially for investors.

Agency theory

Sulistyanto (2008) states that agency theory is used to explain that financial statements are the result of the separation of ownership and management of the company. There are differences between the interests of managers (agents) and shareholders (principals). Managers have an obligation to maximize the welfare of shareholders, namely by looking at the amount of Earning Per Share. However, it is possible that the relationship between the two will occur a conflict. One of the conflicts that may occur is the occurrence of an information asymmetry. Information asymmetry is a situation where one party, namely the manager, has more and better information than the information held by investors. To realize the full benefits of investors, it is necessary to monitor management performance by investors.

Earning Per Share (EPS)

Earning Per Share is a comparison between the income received (net income) and the number of shares outstanding (Rosdiana, 2019). Earning Per Share is used to measure the company's success in generating profits from share ownership over a certain period of time. An increase in Earning Per Share means that the company is in a growth phase or its financial situation is experiencing growth in sales and profits. Conversely, a decrease in Earning Per Share is a bad sign because low Earning Per Share reflects low sales or company expenses that are too high, so the profit earned is also low.

Financial Performance

Financial performance measurement is a formal effort to assess the efficiency and effectiveness of a company in generating profits and a certain cash position. With the measurement of financial performance, the prospects for the company's financial growth and development can be seen based on resources. A company is considered successful when it has achieved certain performance (Heri, 2015). The purpose of measuring financial performance is very important to know, because the measurements made can affect decision-making behavior within the company. measuring the financial performance of a company depends on the perspectives considered and analyzed. Therefore, company management must really adjust to the state of the company with the help of the tools used to evaluate performance and the objectives of measuring financial performance (Ningrum, 2022).

Activity Ratio

The activity ratio is also called the turnover ratio or operating ratio. The activity ratio is a ratio that measures the efficiency and productivity of asset use. The higher the activity level, the more productive the use of assets to generate income. The purpose of the activity ratio is to evaluate the company's performance by conducting a careful analysis of inventories, fixed assets, and receivables. This ratio is also useful for comparing company performance in terms of trends in a certain period of time with other periods of time in a horizontal statement analysis Sutejo et al. (2010).

Liquidity

Liquidity describes the company's ability to pay short-term obligations for the next 12 months (Wartono, 2018). Companies that are able to pay their short-term obligations are classified as liquid companies and vice versa (Sigalingging et al., 2021). This liquidity ratio also shows the efficiency of the company's operating cycle or the ability to convert products into cash. The liquidity of a company can be shown by calculating the amount of current assets that can be converted into cash, securities, accounts receivable and inventory (Wijayanto et al., 2022)

Profitability

Profitability is the ability of a company to obtain a profit related to sales, total assets and own capital (Sartono, 1999:130). The effectiveness of the company in managing its resources can be a measure for investors or creditors to invest in the company. This can briefly be seen from the profitability ratio (Mahirun dan Ahliansyah, 2023). Profitability ratio is a comparison or ratio used to determine the company's ability to generate profits. This is important to note in order to determine how much return investors can get by buying the company's shares. In this way, investors can continue to ensure that the returns they receive are in line with expectations.

Solvency

Solvency is often referred to as the leverage ratio where the company uses debt in its operations which aims to make a profit. This ratio is used to measure the company's ability to meet all its obligations, both short and long term if the company is liquidated. The higher this leverage ratio, the more loan capital in the form of (Wijayanto et al., 2022). The higher the debt, the higher the company's risk (Rosdiana, 2019).

Hypothesis Development

Effect of Total Asset Turnover on Earning Per Share

Total Asset Turnover (TATO) is a ratio that measures how efficiently a company uses all its assets to generate sales in relation to generating profits. The higher the TATO, it shows the company's good and optimal performance in generating sales and can increase the profit available to ordinary shareholders. In addition, it can also show the faster turnover of assets in the company which is a good thing for the company. This statement is supported by the research of Sutejo et al. (2010), Shinta & Laksito (2014), and Dewi (2021) which state that there is a significant positive effect between Total Asset Turnover and Earning Per Share.
H1 : Total Asset Turnover has a positive and significant effect on Earning Per Share.

Effect of Current Ratio on Earning Per Share

Current Ratio (CR) is one of the indicators used to measure the liquidity level of a company. When a company or business has a low CR, it means that the company is experiencing liquidity problems where the company's ability to meet its short-term financial obligations is weak. Conversely, when a company has a high CR it is not necessarily good for the company's profitability, because with a CR that is too high it can show that there are too high current assets that are idle in the company so that it can have an unfavorable impact on the company's profitability. This statement is supported by the research of penelitian Sutejo et al. (2010), Wartono (2018) and Cindy et al. (2018), and which state that there is a significant negative effect between Current Ratio and Earning Per Share.
H2 : Current Ratio has a negative and significant effect on Earning Per Share.

Effect of Return On Equity on Earning Per Share

Return On Equity (ROE) is a ratio that measures how effectively management manages the capital provided by the owner to generate profits in its

operations. The higher the ROE shows the better management performance in managing capital, so as to increase profits for shareholders. Where these shareholders are the source of the capital. So that investors are very concerned about the ups and downs of ROE because it is related to profit growth. This statement is supported by research by Suhartono et al. (2020), Faisal (2021) and Wijayanto et al. (2022) which state that there is a significant positive effect between Return On Equity and Earning Per Share.
H3 : Return On Equity has a positive and significant effect on Earning Per Share.

Effect of Debt to Equity Ratio on Earning Per Share

Debt to Equity Ratio (DER) shows the amount of company financing that comes from debt. Apart from capital, companies also use debt as a source of funds used in supporting their operational activities. However, debt itself has risks. This risk can be controlled if the company can manage the debt properly. This good management can increase profits for shareholders. This statement is supported by research by Susilawati (2014), Bratamanggala (2018), dan Digdowiseiso & Agustina (2022) which state that there is a significant positive effect between Debt to Equity Ratio and Earning Per Share.
H4 : Debt to Equity Ratio has a positive and significant effect on Earning Per Share.

Effect of Price to Book Value on Earning Per Share

A high Price to Book Value (PBV) shows how successful the company is in creating value for shareholders and shows that management performance is getting better in improving the welfare of shareholders. Companies with high PBV tend to have high profits as well. The high PBV makes the market more confident in the company's prospects for generating profits in the future. This statement is supported by research by Shinta & Laksito (2014), Bratamanggala (2018) dan Muflihah & Sriyono (2022) which state that there is a significant positive influence between Price to Book Value and Earning Per Share.
H5 : Price to Book Value has a positive and significant effect on Earning Per Share.

RESEARCH METHODS

Data Type and Source

The type of data for this research is secondary data, with the data source used coming from the financial statements of IDX80 companies on the Indonesia Stock Exchange in 2019-2021. This research data is panel data, which is a type of data that is a combination of cross sectional data and time series data (Gujarati, 2003). Regression analysis was used to answer the research objectives with return as the dependent variable.

Empirical Model and Variable Measurement

The research focuses on empirical testing of the integration of variables related to Earning Per Share (EPS) which includes Total Asset Turnover (TATO), Current Ratio (CR), Return On Equity (ROE), Debt to Equity Ratio (DER), and Price to Book Value (PBV). The empirical study model is presented in figure 1.

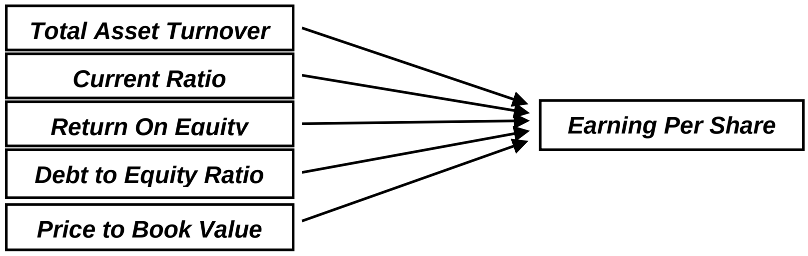

Figure 1.
Empirical Research Model

In Figure 1, an equation can be formed that shows the causal relationship between TATO, CR, ROE, DER, and PBV variables with EPS variables:

EPS= β_1TATO + β_2CR + β_3ROE + β_4DER + β_5PBV + ε_1

Earning Per Share (EPS) is used as an indicator of the company's ability to generate profits for shareholders. (Sutejo et al, 2010, Wartono, 2018, Cindy et al., 2018, Suhartono et al., 2020, Faisal, 2021, dan Wijayanto et al., 2022), Total Asset Turnover (TATO) is used as an indicator of the activity ratio (Sutejo et al., 2010, Shinta & Laksito, 2014, dan Dewi, 2021). Current Ratio (CR) is used as an indicator of liquidity (Sutejo et al., 2010, Wartono, 2018, dan Cindy et al., 2018) Return On Equity (ROE) is used as an indicator of profitability. (Suhartono et al., 2020, Faisal, 2021, Wijayanto et al., 2022, Mahirun et al., 2023) Debt to Equity Ratio (DER) is used as an indicator of leverage. (Susilawati, 2014, Bratamanggala, 2018, Mahirun, 2019, dan Digdowiseiso & Agustina, 2022). Price to Book Value is used as an indicator of Company value (Shinta & Laksito, 2014, Bratamanggala, 2018, Muflihah & Sriyono, 2022, dan Mahirun et al., 2023).

RESULT

The object of this research is the IDX80 Company listed on the Indonesia Stock Exchange for the 2019-2021 period. Based on the criteria needed in the study, companies that qualify as samples total 240 companies.

Descriptive Statistics Test Results

Descriptive statistics test results obtained the average earning per share reached 260,28. The highest earning per share is 6003,35 and the lowest is -754,42. The average total asset turnover reached 0,6283, the highest reached 3,82, and the lowest was 0,02 (table 2) .

Table 2. Descriptive Statistics Test Results

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
Total Asset Turnover	240	0,02	3,82	0,6283	0,58799
Current Ratio	240	0,17	11,40	2,0350	1,76882
Return On Equity	240	-411,25	145,09	6,9310	41,87981
Debt to Equity Ratio	240	-4,09	17,07	1,9808	2,63148

Price to Book Value	240	-1,08	60,67	2,7262	5,91320
Earning Per Share	240	-754,42	6003,35	260,2808	703,06515

Source: SPPS data processing results

Classic Assumption Test Results

The classical assumption test as a regression requirement (table 3) results in a normality test of normally distributed data, there is no autocorrelation in the autocorrelation test results, there are no symptoms of multicollinearity of all variables in the multicollinearity test, and all variables do not experience heteroscedasticity disorders in the heteroscedasticity test.

Table 3. Classic Assumption Test Results

Classical Assumption Test	Results			Conclusion
Normality test	*Kolmogorov-Smirnov Z*	0,951		0,326> 0,05 (Data are normally distributed)
	Asymp. Sig. (2-tailed)	0,326		
Autocorrelation test	*Run Test (Durbin-Watson)*	2,090		du : 1,536 dw = 2,090 4 – dw > du (there is no autocorrelation)
Multicollinearity Test		Tolerance	*VIF*	VIF value < 10 and Tolerance value > 0,01 (no multicollinearity problem exists)
	Total Asset Turnover	0,781	1,281	
	Current Ratio	0,782	1,279	
	Return On Equity	0,852	1,174	
	Debt to Equity Ratio	0,702	1,424	
	Price to Book Value	0,790	1,266	
Heteroscedasticity Test	*Rank Spearman*	*t*	*Sig.*	Sig > 0,05 (The data does not exhibit heteroskedasticity)
	Total Asset Turnover	0,580	0,562	
	Current Ratio	-0,468	0,640	
	Return On Equity	0,366	0,714	
	Debt to Equity Ratio	-0,921	0,358	
	Price to Book Value	-1,495	0,136	

Source: SPPS data processing results

Regression Test Results

The model fit test in table 4 found that all data in the study can be used to predict the dependent variable, because the significance level is below 0.05 (Table 4).

Table 4. Model Fit Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7466869,360	5	1493373,872	3,158	,009[b]
	Residual	110670974,238	234	472952,881		
	Total	118137843,599	239			

Source: SPPS data processing results

The results of the influence of each variable on earning per share variable using the regression test are shown in table 5.

Tabel 5. Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	290,330	114,012		2,546	0,012
	Total Asset Turnover	165,855	76,757	0,139	2,161	0,032
	Current Ratio	-5,429	25,762	-0,014	-0,211	0,833
	Return On Equity	2,795	1,073	0,167	2,605	0,010
	Debt to Equity Ratio	-24,569	17,245	-0,092	-1,425	0,156
	Price to Book Value	-4,604	7,701	-0,039	-0,598	0,551

Source: SPPS data processing results

The regression equation formed from the regression test results table is:

EPS= 0,139(TATO) – 0,014 (CR) + 0,167 (ROE) – 0,092 (DER) – 0,039 (PBV)

DISCUSSION

Test Results of the Effect of Total Asset Turnover on Earning Per Share

Based on the test results, the t value of the total asset turnover variable is 2.161 with a significant level of 0.032, meaning that partially total asset turnover has a positive and significant effect on earnings per share. total asset turnover reflects the efficiency of the company in using all its assets to generate sales. In this study, earning per share growth is achieved by optimizing the use of assets owned. This means that the more efficiently the assets are used, the higher the net sales value generated by the company (Shinta dan Laksito, 2014). An increase in net sales leads to an increase in profits, which is responded to by an increase in the company's stock price, which ultimately increases the profit available to shareholders. The results of this study support the research of Sutejo et al. (2010), Shinta & Laksito (2014), and (Dewi, 2021) that total asset turnover has a positive and significant effect on earnings per share.

Test Results of the Effect of Current Ratio on Earning Per Share

Based on the test results, the Current Ratio variable has a t-count value of -0.211 with a significant level of 0.833 greater than 0.05, so hypothesis 2 or H2 is rejected, meaning that the current ratio has a negative and insignificant effect on earnings per share. A high current ratio has no real effect on the high earning per share distributed by the company to investors. According to Umam et al. (2019) a high current ratio does not guarantee that the company will pay forests a high current ratio means excess cash or other current assets compared to what is needed now, or a low level of liquidity of current assets and vice versa. As a result, the company's profits fell, so that it also affected the company's earning per share. This means that if the current ratio is too high, it can send a negative signal to investors who want to invest in the company. The results of this study support research conducted by Suryanto (2019), Umam et al. (2019) and Digdowiseiso & Agustina (2022) which state that the current ratio has a negative and insignificant effect on earnings per share.

Test Results of the Effect of Return On Equity on Earning Per Share

The results of hypothesis testing on the t-count value of the return on equity variable of 2.605 with a significant level of 0.010 is smaller than 0.05, so hypothesis 3 or H3 is accepted, meaning that return on equity has a positive and significant effect on earnings per share. Return on equity is a profitability ratio that can be used to measure how efficiently capital is allocated by investors and how management manages operations to generate profits. This shows that a high return on equity, the company uses capital more efficiently to generate and increase returns, so that return on equity can also affect earning per share. Companies must keep return on equity stable or in good condition (Wijayanto et al., 2022). This is because a high return on equity can make it easier for companies to attract new funds for development and generate higher profits, thereby increasing the profits available to shareholders. The results of this study support the research of Suhartono et al. (2020), Faisal (2021) and Wijayanto et al. (2022)that return on equity has a positive and significant effect on earnings per share.

Test Results of Debt to Equity Ratio on Earning Per Share

Based on the test results, the debt to equity ratio variable has a t-count value of -1.425 with a significant level of 0.156 greater than 0.05, so hypothesis 4 or H4 is rejected, meaning that the debt to equity ratio has a negative and insignificant effect on earnings per share. The negative value indicates that the higher the company's debt to equity ratio, the lower the company's ability to pay its long-term debt with the capital owned by the company, so that it has a big impact on the company's burden on outsiders because it increases the company's solvency. The company's ability to meet its obligations using its own capital tends to be low so that it can cause the company to try to fulfill its debt obligations before providing returns to investors where the profit that the company should have earned will be able to generate profits effectively in the next period is not used to pay debts, which reduces the profits earned (Fitriani dan Priyanto, 2018). The higher the debt to equity ratio, the higher the company's risk, so investors tend to avoid stocks with a high debt to equity ratio value. The results of this study support research conducted by Fitriani & Priyanto (2018), Sriyono et al. (2018) and Sigalingging et al. (2021).

Test Results of Price to Book Value on Earning Per Share

The results of hypothesis testing on the t value of the price to book value variable are -0.598 with a significant level of 0.551 greater than 0.05, meaning that price to book value has a negative and insignificant effect on earnings per share. investors no longer think that PBV can be used as a benchmark when buying stocks, but rather consider other things. If a company has a low PBV, it cannot be said that the company is undervalued (Sholeqah et al., 2020). In order for PBV to be high, by increasing the company's capital which is used to improve company performance, the company is more successful in creating value for shareholders and the amount of profit available to shareholders increases. The results of this study support research conducted by Sholeqah et al. (2020) which states that price to book value has a negative and insignificant effect on earnings per share.

CONCLUSION

The main finding of our research is that earning per share is influenced by the level of effectiveness of the company in optimizing its assets, and also the company's ability to generate profits from its capital. This is indicated by the variables of total asset turnover and return on equity which are very influential and real to earning per share. Earning per share is important because this variable determines the increase in the prosperity of the company owners to get a share of the profits. In contrast, our research proves that the variables current ratio, debt to equity ratio and price to book value have a negative and insignificant effect on earning per share. The high level of liquidity in the sample is still considered as the inability of the company to optimize the available investment opportunities, and the value of the company in our sample is not able to increase earning per share positively because these variables are market variables that do not directly affect. Meanwhile, the funding policy that is carried out if it does not prioritize the trade off between return and risk can indeed reduce profits, which in turn reduces earning per share.

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