THE ANALYSIS OF THE EFFECT OF CURRENT RATIO (CR), RETURN ON EQUITY (ROE), DIVIDEND PAYOUT RATIO (DPR), AND DEBT TO EQUITY RATIO (DER) TOWARD PRICE EARNING RATIO (PER) AT MANUFACTURING COMPANIES IN JAKARTA ISLAMIC INDEX (JII) PERIOD 2011 – 2017

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ABSTRAK

Price Earning Ratio adalah sebuah rasio yang seringkali digunakan oleh para investor untuk menilai apakah sebuah perusahaan bisa dijadikan objek investasi yang menghasilkan keuntungan. salah satu manfaat dari Price Earning Ratio adalah untuk mengetahui bagaimana kinerja perusahaan dalam menghasilkan laba. enelitian ini bertujuan untuk menganalisis pengaruh Current Ratio (CR), Return on Equity (ROE), Dividend payout Ratio (DPR), dan Debt to Equity Ratio (DER) pada Perusahaan Manufaktur yang terdaftar di Jakarta Islamic Index (JII) periode 2011 – 2017 baik secara simultan maupun parsial. Populasi dalam penelitian ini adalah seluruh perusahaan yang terdaftar di Jakarta Islamic Index (JII) periode 2011 – 2017. Dengan menggunakan metode purposive sampling, diperoleh sampel dalam penelitian ini sejumlah 10 (sepuluh) Perusahaan Manufaktur. Model analisis dalam penelitian ini menggunakan model analisis regresi liniear data panel. Teknik analisis menggunakan Random Effect Model. Uji koefisien Determinasi (R^2), uji hipotesis F-test dan T-test dengan tingkat signifikansi 5%.Hasil penelitin ini menunjukan bahwa Current Ratio (CR), Return on Equity (ROE), Dividend payout Ratio (DPR), dan Debt to Equity Ratio (DER) secara simultan berpengaruh signifikan terhadap Price Earning Ratio (PER) pada Perusahaan Manufaktur yang terdaftar di Jakarta Islamic Index (JII) periode 2011 – 2017. Current Ratio (CR) secara parsial berpengaruh signifikan terhadap Price Earning Ratio (PER), sedangkan Return on Equity (ROE), Dividend payout Ratio (DPR), dan Debt to Equity Ratio (DER) tsecara parsial tidak berpengaruh signifikan terhadap Price Earning Ratio (PER) pada Perusahaan Manufaktur yang terdaftar di Jakarta Islamic Index (JII) periode 2011 – 2017.

Kata Kunci: Current Ratio (CR), Return on Equtity (ROE), Dividend payout Ratio (DPR), Debt to Equity Ratio (DER), Price Earning Ratio (PER).

INTRODUCTION

Background of the Research

The capital market is an economic function to provide fund transfer facilities and financial functions to provide funding. The efficiency of the capital market has always been associated with the available information which may affect the price of securities in the capital market. Efficient capital markets are the markets that its securities prices reflect all relevant information (Hayati, 2010). Capital Market is one aspect that is vital and important for the economy of motion and can support the success of the economy and the business world by selling long-term effects. Capital markets can be a means for companies to develop a well-run business and as a source to obtain additional funds from the public.

The capital market can be defined as the market for the various financial instruments or long-term securities that can be traded, either in the form of debt and equity capital, whether issued by governments, public authorities, and private companies. So that the capital market is a financial institution that can be used as media of financing for companies that are developing to offer their securities in the form of bonds or in shares through the capital market with an intermediary underwriter (Yulianti, 2009).

Investing in stocks is a high-risk investment so that the investor can obtain the high gain and or could suffer great losses. Therefore, investors are keen to be certainly aware of this and more cautious in making investment decisions; investors need the relevant information about a company's stock price because it is a reflection of the performance. Companies may sell their shares. One of the aspects that is a matter of assessment for investors is the company's ability to generate profits (Yulianti, 2009).

There are two (2) reasons for investors to buy stocks that are directed both to improve their welfare. The first reason is to get a capital gain, which can be obtained from the difference between the stock price when buying in the primary market and selling them on the secondary market. The second reason is to get the dividend, the amount of which depends on the gain (profit) resulting company or bank in the current year (for the banks need to have worked to improve profitability). Profitability is the ability of the company to make a profit in relation to sales, total assets and own capital (Yusuf, 2014).

The development of capital markets in addition to increasing the sources of public funds beyond the mobilization of banking, capital markets are also a potential source of funds for companies that need funds for medium-term and long-term. As there is rapid development, the need for relevant information in making investment decisions in the stock market also increases. One of the information that is widely used is the accounting information mainly derived from the financial statements.

Price Earnings Ratio (PER) is the ratio between the share price and net profit of the company, which is an issuer's share price compared with net income for the year. Because the focus is generated by the net profit of the company, then by knowing the Price Earnings Ratio an issuer can determine whether the price of a stock considered reasonable or not. Variables that affect price earnings ratio have an important meaning for investors before making an investment decision, the higher the price earning ratio of a company, the more investors will invest. This means that companies that have the most attractive investment opportunities will get reasonable price capital, that is, prices that reflect potential investment (Husnan, 2001). Analysis of the factors that affect the Price Earnings Ratio have significance for investors before taking an investment decision, the higher the Price Earnings Ratio of a company, the more investors will invest. This means that companies that have the most attractive investment opportunities will obtain capital at a reasonable price, it is the price that reflects the potential investment (Ariefianto, 2010).

Investors can assess whether a stock is worth buying or not to perform the fundamental analysis is the position of the Price Earnings Ratio (PER) or a

PE ratio of a stock. PER is a ratio that describes how the company's profits or IPOs on its stock price. Calculating the PER is done by dividing the price current stock with an annual net profit per share, Earnings Per Share (EPS). Price Earnings Ratio (PER) is used by investors to predict the company's ability to generate profits in the future. Investors may consider this ratio to sort out which stocks are later able to provide great benefits in the future. PER shows the relationship between the market price of the common stock by its earnings per share. Companies with high levels of growth opportunities usually have a high PER, and vice versa companies with low growth have a small or low PER (Yulianto, 2017). PER Ratio is considered good if it value is more than average of industry standard. The industrial average of a good PER is 22.60, so it can be concluded if the PER more than 22.60 would be better and if it’s below 22.60 it would be poor. There were a phenomenon that occurs in a manufacturing company that the Price Earnings Ratio at several manufacturing companies showed a fluctuating in the PER during the period 2011-2017. Data showed that manufacturing PER lookfluctuate and tend to decline. There are several Companies with a declining of PER, it can be shown in the Graph below:

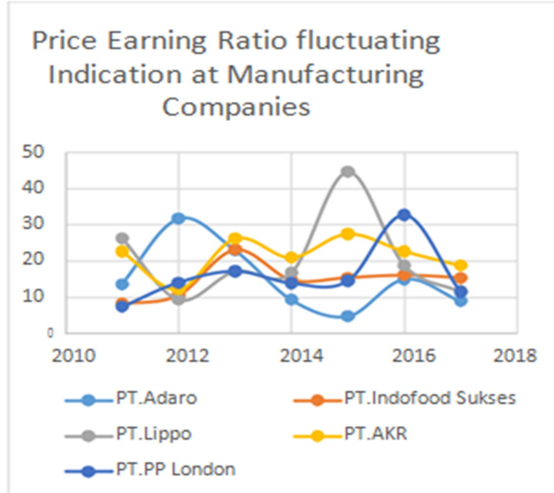


Figure 1. The Average Price Earning Ratio Indication

Source: Statistics Stock Exchange www.idx.co.id (Data processing).

Based on the tables above it can be seen declining PER occurred at several manufacturing companies listed in Jakarta Islamic Index (JII), it can be seen, there were declining of PER at the ten (10) manufacturing companies listed in Jakarta Islamic Index (JII) Period 2011 – 2017.

***Current Ratio* (CR)** is a ratio that calculates the company's ability to pay short-term obligations; the higher the current ratio, the company's ability to repay short-term liabilities are also getting bigger, but the current ratio is too high to indicate their funds idle, thus reducing the level of earnings/profitability of the company, because the price stock reflects the capitalization of expected future profits the profit decline resulted enterprise PER also fell (Aji and Pangestuti, 2012). According to Lusiana and Chabachib (2010) the current ratio significantly has negative effect.

According to the study by Dini and Bertuah (2009) the relationship between the Current Ratio (CR) to Price Earnings Ratio (PER) show the results that the CR has insignificant negative effect on the PER.

Return on Equity (ROE) According to Mpaata and Sartono (1997), Return on Equity (ROE) is one of the variables that determines the Price Earnings Ratio. Return on equity is a ratio to measure a company's ability to generate net income under a certain share capital. According Purwaningrum (2011) Relationship Return on Equity to Price Earnings Ratio has a significant positive effect. While the research conducted by Rahma (2014) showed results that ROE had significant negative effect on the Price Earnings Ratio.

Dividend Payout Ratio **(DPR)** is a ratio which indicates the percentage of company profits paid to shareholders in cash. The more the number of dividends paid by the company it will be able to invite more investment from the investors that the company shares will be increased due to rising demand, thus increasing the price of the shares of the company. Dividend payout ratio is part of the company's net profit distributed to shareholders (owners of capital) as dividends (Linda and Sitepu, 2013). According to Linda and Sitepu study (2013) the relationship between Dividend Payout Ratio (DPR) to Price Earnings Ratio (PER) shows the results that Dividend Payout Ratio (DPR) significantly affects PER. According to Aji and Pangestuti (2012) Dividend payout Ratio (DPR) has insignificant affect on the Price Earning Ratio (PER).

Debt to Equity Ratio **(DER)** is to describe the ratio between total debt and total equity of the company used as a funding effort.

Increased debt will lead to an increased risk that market confidence in the company's growth prospects to be reduced and creating a low stock price and resulted in increasingly smaller PER (Rahma, 2014).Research conducted by Ramadhani (2012) the relationship between the Debt to Equity Ratio Price Earnings Ratio (PER) showed positive results that DER influential and significant impact on PER. However, according to research by Dini and the Bertuah (2009) said that the relationship between the Debt to Equity Ratio Price Earnings Ratio (PER) showed results that no significant effect of DER on the PER. The aims of this research is to to analyze the influence of Significance Current Ratio (CR), Return on Equity (ROE), Dividend Payout Ratio (DPR), and Debt to Equity Ratio (DER) To the Price Earnings Ratio in the Company manufacturing Listed on the Jakarta Islamic Index Year 2011- 2017.

LITERATURE REVIEW

Fundamental analysis

Fundamental analysis is the study of economics, industry, and the condition of the company to take into account the value of the shares of the company. Fundamental analysis focuses on the key data in the financial statements to take into account whether the acccurate stock price is already appreciated (Kodrat and Indonanjaya, 2010: 203). In the analysis of companies using financial statements there are three methods that can be used: cross section analysis, common size analysis, financial ratio analysis and Du Pont Analysis. The analysis of financial ratios is used to reduce the amount of information relvean on a limited series of financial indicators and to negate the effect of the size of the size of the company so that the comparison between different companies on a scale that can be done (Kodrat and Indonanjaya, 2010: 231). In analyzing the ratios in which there is a market value of this ratio measures the market price relative to book value. The viewing angle is based more on the ratio of the viewpoint of investors (or potential investors), although management has also interest against this ratio (Kodrat and Indonanjaya, 2010: 240). Price Earning Ratio is the ratio obtained by dividing the stock price by earnings per share whereby a high PER indicates the company to have high prospects for growth. Instead, the company that is expected to have a low growth will have a low PER. In terms of investors, PER that is too high is not attractive because the share price is likely to be difficult to go up again.

Price Earning Ratio (PER)

According Bertuah and Dini (2009) Price Earning Ratio is a model that is often used to assess the intrinsic value of the stock. Price Earning Ratio (PER) is a measure of stock performance which is based on a comparison between the stock market price to earnings per share (earnings per share). As it is the calculation of the dividend Discount Model (DDM), the calculation of the intrinsic value of the stock with a price earning ratio (PER) is also assessing the present value of future cash flows. For example, PER 10X means the stock market price of 10 times (earnings per share) of EPS. Theoretically, the lower is better stocks because they are relatively inexpensive. But should investors do not get stuck in an indication of the low price earning ratio (PER) only. Although the price of a stock is cheap (low PER), an investment of such shares is not profitable. Shares of a company that does not grow (stagnant) usually has a low Price Earning Ratio (PER) is low but the price does not rise so it does not give investors the opportunity to get capital gains. In contrast, a stock with a large PER where prices tend to rise, the shares would provide the opportunity for investors to obtain capital.

Current Ratio (CR)

According to Riyanto (1981: 17) Liquidity issues related to a company's ability to pass the required financials that immediate obligations must be met. Liquidity means the ability of companies to be able to provide such that can meet the obligations their financials when billed. In this case integration should pay attention to whether the company at any time can meet the payments required for the smooth running of the company, for example, to buy raw materials, or to pay wages and so forth. Current Ratio (CR) indicates the company's ability to meet current liabilities. This low ratio indicates that the lower the company's ability to meet its obligations would result in a decrease in the market price of the shares of the company concerned, and this will decrease the value of PER (Sitepu and Linda, 2013).

Return on Equity (ROE)

ROE is the ability of their own capital to generate profit for shareholders. Other factors that also affect the price earning ratio is earnings per Share. According to Sitepu and Efendi (2014) Earnings per Share indicates the size of of their investment . Earning per share is a ratio showing how much profit (return) is obtained by investors or shareholders per share. Past studies also showed that the factors also affected the price earning ratio.

Dividend Payout Ratio (DPR).

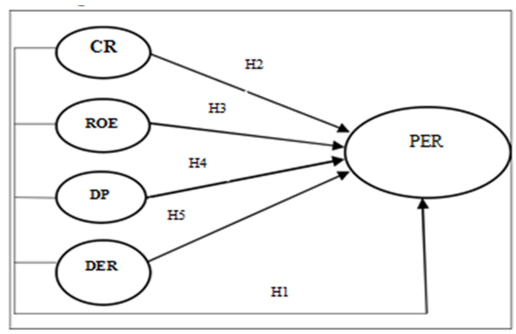
DPR Is a ratio which indicates the percentage of company profits paid to shareholders in cash. The more the amount of dividends paid by the company, it will be able to invite more investment from the investors that the company shares to rise demand, thus increasing the price of the shares of the company (Sitepu and Linda, 2013). The dividend payout ratio (Dividend Payout Ratio) determines the amount of profit that can be held as a funding source. The greater the retained earnings of the less amount of profit the better it is allocated for payment of dividends. Determining the allocation of profits as retained earnings and dividend payments is an essential aspect policy on dividend. Dividend yield of a company affected by the Dividend Payout Ratio is the proportion of dividends compared to earnings per share. If the company wants a high dividend yield, it can be done by increasing the dividend payout. Stocks with high dividend yield will attract potential investors but it is a negative impact on development of the company in the future, because increasing the dividend payout means reducing the availability of internal funds may be used for investment and expansion of the company (Marthinova, 2007).

Debt to Equity Ratio (DER)

Solvency is the ability of companies to repay long-term debt when the debt matures. Companies have to pay attention to long-term financing structure and operating structure of each companies are interested. Another important financial consideration is financial solvency, namely the amount of debt in the capital structure of the company. The capital structure is the sources of long-term funds used by the company. Solvency ratio serves to indicate the company's ability to meet long-term liabilities. The debt ratio is composed of one Debt Equity Ratio (DER) that is a ratio of the group solvency ratios. And it is an indicator of the proportion of debt to shareholders' investment integration (Ariefianto, 2010).

Research model

Based on Platform Theory and previous researches on the relationship between the independent variable (Current Ratio (CR), Return on Equity (ROE), Dividend Payout Ratio (DPR), and Debt to Equity Ratio (DER)) with the dependent variable of Price Earning Ratio above it, can be developed a research model as shown in Figure 2.



Hypothesis

H_1 : CR, ROE, DPR, and DER simultaneously affect the PER at Manufacturing companies listed in *Jakarta Islamic Index* (JII) period 2011 - 2017.

H_2 : CR has Partial significant effect on the PER at Manufacturing companies listed in Jakarta Islamic Index (JII) period 2011 - 2017.

H_3 : ROE has Partial significant effect on the PER at Manufacturing companies listed in Jakarta Islamic Index (JII) period 2011 – 2017.

H_4 : DPR has Partial significant effect on the PER at Manufacturing companies listed in Jakarta Islamic Index (JII) period 2011 - 2017.

H_5 : DER has Partial significant effect on the PER at Manufacturing companies listed in Jakarta Islamic Index (JII) period 2011 - 2017.

RESEARCH METHODS

The population in this study were a Manufacturing Companies listed on the Jakarta Islamic Index (JII). Here is a list of companies that ever registered in JII in 2011 to 2017. The criteria that the research used to take samples are as follows:

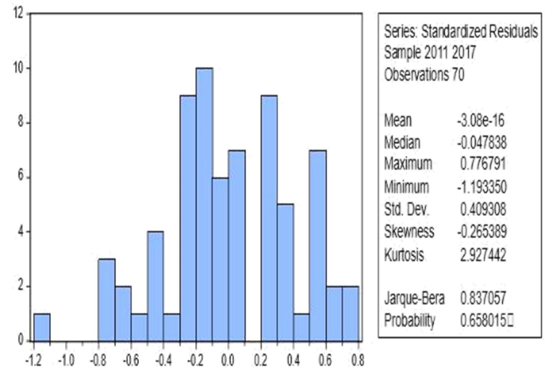
1. JII companies registered in the year 2011 to 2017 were ongoing or had never experienced delisting from JII.
2. Companies listed in JII issued Financial Statements in 2011 and 2017 which were published.
3. Financial Statements of the company include the ratios used in this research that the PER, CR, ROE, DPR and DER.
4. The company consistently distributed a dividend during the observation period for the years 2011 to 2017, because in this study one of its aims is to determine the effect of Dividend Payout Ratio Price Earning Ratio.

RESULTS AND DISCUSSION

Normality test

Normality test aims to test whether the regression model or residual confounding variables have a normal distribution. The method used to detect residuals has a normal distribution that is to use the test method of Jarque-Bera (JB), namely by looking at the value of the probability of Jarque-Bera (JB) (Widarjono, 2009: 49-50).

Normality Test Results of this research can be seen in Figure 3.



In Figure 3. Jarque-Bera looks probability of 0.658015. Based on the test results of normality in the image above it can be said that the residual value in this study had a normal distribution for JB probability value > 0.05.

Selection of Panel Data Regression Techniques

Chow Test Results

Redundant Fixed Effects Tests
Equation: FEM
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	2.424772	(6,38)	0.0440
Cross-section Chi-square	15.883493	6	0.0144

Source: Secondary Data are processed, 2018.

based on test results shown, the value of the probability chow cross section is 0.0144. This means that the better model is FEM. The next method is to test the model FEM with REM model using Hausman test. Hausman test results is shown in Table 1.

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. statistics	Chi-Sq. df	Prob.
Cross-section random	5.775687	4	0.2165

Cross-section random effects test comparisons:

variable	fixed	Random	Var (Diff.)	Prob.
CR1	-0.997649	-0.781278	0.025650	0.1767
ROE1	-0.201251	-0.136068	0.002246	0.1690
DPR1	-0.111544	-0.066640	0.001827	0.2935
DER1	-0.192282	-0.172187	0.003291	0.7261

Hausman test based on random probability value cross section is 0.2165> 0.05. this means that the model chosen is a random effect model.

Estimation Results

In this model, we can estimate panel data where possible disturbance variables are interconnected across time and between individuals. Random Effect Model approach assumes every company to have different intercepts. The Random Effect test results are shown in Table 3.

Hausman Test Results

Dependent Variable: PER
Method: Panel EGLS (Cross-section random effects)
Date: 07/24/18 Time: 14:03
Sample: 2011 2017
Periods included: 7
Cross-sections included: 10
Total panel (unbalanced) observations: 69
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CR	-0.781278	0.240234	-3.252152	0.0018
ROE	-0.136068	0.107460	-1.266216	0.2100
DPR	-0.066640	0.080895	-0.823787	0.4131
DER	-0.172187	0.104432	-1.648795	0.1041
C	1.683924	0.178312	9.443719	0.0000

Effects Specification

	S.D.	Rho
Cross-section random	0.111780	0.3672
Idiosyncratic random	0.146735	0.6328

Weighted Statistics

R-squared	0.177830	Mean dependent var	0.540539
Adjusted R-squared	0.126445	S.D. dependent var	0.159096
S.E. of regression	0.148744	Sum squared resid	1.415993
F-statistic	3.460699	Durbin-Watson stat	1.688072
Prob(F-statistic)	0.012713		

Unweighted Statistics

R-squared	-0.013102	Mean dependent var	1.209784
Sum squared resid	2.242394	Durbin-Watson stat	1.065958

Based on the test results of the Random Effect Model in Table 3 the Retrieved panel data regression model equation are as follows:

$$PER = 1.683924 - 0.781278CR - 0.136069ROE - 0.066640DPR - 0.172187DER + \varepsilon$$

Based on the regression model above it can be explained that:

1. The constant of 1.683924 indicates that without the influence of variables called CR (X1), ROE (X2), DPR (X3), and DER (X4) then the average PER is the sum of 1.683924 units.
2. The regression coefficient of variable CR (X1), amounting - 0.781278 showed that each increase of one-unit variable CR assuming that other variables held constant it would decrease the CR amounted to 0.781278 Unit.
3. ROE variable regression coefficient (X2), amounting - 0.136069 showed that each increase of one-unit variable ROE assuming that other variables held constant it would lower ROE of 0.136069 units.
4. DPR variable regression coefficient (X3), amounting - 0.066640 shows that any increase in variable DPR by 1 unit with variable assumptions - other variables held constant it would decrease DPR of 0.066640 units.
5. DER variable regression coefficient (X4), amounting - 0.172187 showed that each increase of one unit variable DER assuming that other variables held constant it would lower the DER of 0.172187 units.

The coefficient of determination R^2

Testing the coefficient of determination was conducted to determine how much contribution the effect of CR, ROE, DPR, and DER against PER of companies listed in JII period 2011-2017. From Table 4.4 the resulting adjusted R2 is 0.126445 (12.6%).

This shows that the model of the proposed research contributes PER against influence on companies listed in JII period 2011-2017 amounted to 12.6% and 87.4% it is influenced by other variables not examined in this study.

Simultaneous Significance test (Test Statistic F)

Based on Table 3. f probability value is 0.012713 (p-value <0.05) that means there is a significant effect of CR, ROE, DPR, and DER Aagainst PER of companies listed in JII period 2011-2017. Thus the first hypothesis which states that the CR, ROE, DPR, and DER simultaneously has significant effect on the PER against manufacturing companies listed in JII period 2011 to 2017 is accepted.

Individual Parameter Significance test (t test)

Tests performed by t-test through Eviews 10 to see whether the independent variable has partially significant effect on the PER against manufacturing companies listed in JII period 2011-2017.

Hypothesis 2

Based on Table 4.4. CR indicates that the coefficient of**-0.781278CR** coefficient means having a negative coefficient direction of the PER. The probability t is 0.0018 (P-value <0.05). Thus the first hypothesis which states that the CR is a partially has significant effect on the PER against manufacturing companies listed in JII period 2011 to 2017 is **accepted**.

Hypothesis 3

Based on Table 4.4 the regression coefficient ROE is **- 0.136068ROE** it means it has a negative coefficient direction of the PER. Then the probability t is 0.2100 (p-value> 0.05). Thus the second hypothesis which states that the ROE partially has significant effect on the PER against manufacturing companies listed in JII period 2011-2017 be **rejected**.

Hypothesis 4

Based on Table 4.4. DPR indicates that the regression coefficient is -0.066640, it means DPR has negative coefficient direction of the PER. Then the probability t is 0.4131 (p-value> 0.05). Thus the third hypothesis stating that the DPR partially has significant effect on the PER against manufacturing companies listed in JII period 2011-2017 is **rejected**.

Hypothesis 5

Based on Table 4.4., DER showes that the regression coefficient is **-0.172187DER,** it means it has a negative coefficient direction of the PER. Then the probability t is 0.1041 **(P-value> 0.05).** Thus the hypothesis 4 which states that the partial DER has significant effect on PER against the companies listed in JII period 2011-2017 is **rejected**.

Estimated Results Discussion

Model Interpretation

Interpretation of the model is an attempt of explanation of theoretical research model into a practical research model as a problem solver research. The estimation results of regression models in this study showed the following results:

Interpretation of the model is as follows:

$$PER = 1.683924 - 0.781278CR - 0.136069ROE - 0.066640DPR - 0.172187DER + \varepsilon$$

1. **Constant = 1.683924**

The constant of 1.683924 indicates that when the value of the Current Ratio (CR), Return on Equity (ROE), Dividend Payout Ratio (DPR), and Debt to Equity Ratio (DER) is equal to zero, then the variable price earning ratio (PER) of 1.683924.

This may be beneficial for PT. Adaro Energy Tbk. Because if the Price Earning Ratio (PER) is positive, then the price will equal positive and there is an increase in stock performance. At the time of the performance of the stock rises and the positive share price will attract more investors to buy shares of the company, so the company will be able to obtain additional capital from investors. It can affect the company's profit so that the company can make benefit.

2. **The coefficient CR = -0.781278**

The regression coefficient Current Ratio (CR) is -0.781278, this shows that at the time *Current Ratio* (CR) rose by 1 percent and variable ROE, DPR, DER value is 0, it will lower *Current Ratio* (CR) of -0.781278, so the value of Price Earning Ratio (PER) is 0.902646 and otherwise at the time when *Current Ratio* (CR) fall by 1 percent and variable ROE, DPR, DER value is 0, it will raise the price earning ratio (PER) of 0.781278 so that the value of Price Earning Ratio (PER) is 2.465202, this means that *Current Ratio* (CR) has a relationship in the opposite direction with Price Earning Ratio (PER). The results of the regression coefficients explains that the Current Ratio (CR) negative stating that during the study period (2011-2017) the current assets of manufacturing companies rated by investors has not been widely used for the activity of the company or the company is too worried about the debt that will be maturing, so this may result in decreased profits to be obtained by the company. The decline in corporate profits will result in a decline in stock prices, which means the Price Earning Ratio (PER) is also going down. The results of this study support the researches conducted by Lusiana and Chabachib (2010), Jariah (2016), Bertuah and Dini (2009) stating that Current Ratio has a significant effect on Price Earning Ratio (PER). However, this research contradicts the results of Sitepu and Linda's (2013) which stated that Current Ratio had no significant effect on Price Earning Ratio (PER).

3. **Coefficient ROE = -0.136069**

The coefficient of Return On Equity (ROE) is -0.136069, this shows that at the time of Return On Equity (ROE) rises by 1 percent and variable CR, DPR, DER value is 0, it will lower the price earning ratio (PER) of - 0.136069, so the value of Price Earning Ratio (PER) amounted to 1.547855 and vice versa at the time of Return on Equity (ROE) falls by 1 per cent and a variable CR, DPR, DER value is 0, it will raise the price earning ratio (PER) of 0.136069 so that the value of Price Earning Ratio (PER) of 1.819993, this means that the Return On Equity (ROE) have a relationship in the opposite direction with Price Earning Ratio (PER). According to Purwaningrum (2011), the Return On Equity (ROE) is the ratio that indicates the success of the management to maximize returns to shareholders. With the Return On Equity (ROE) decrease, the management has not been able to maximize returns to investors of capital invested. This will have an impact on the interest of investors to invest in the company resulting in lower stock prices. Low Stock price means lower the price earning ratio (PER). The results of this study state that the Return on Equity (ROE) partially has a negative and insignificant effect on Price Earning ratio (PER). This means that the lower Return on Equity (ROE) causes the Price Earning Ratio (PER) to decrease. With the decreasing Return On Equity (ROE), it means that the management of the shareholders is less effective and lesss efficient in managing the paid-in capital to become profit as the company's liabilities to shareholders. If the company's management has not been able to maximize capital management, it will not attract investors to invest in the company. With the lack of capital injections from investors, the company will lack capital to carry out the company's operations to generate profits which will reduce stock prices. Low stock prices will affect the low Price Earning Ratio. According to Kasmir (2016: 205), industry standards for Return on Equity (ROE) are 40%. Data from 10 samples of manufacturing companies in JII for 7 years, it can be seen that almost all companies still have ROE of less than 40% and there is only one company that had reached a percentage above 40%, namely PT. AKR Corporindo Tbk. With ROE of 63.90%.

The results of this study support the results of researches conducted by Rahma (2014), Pangestuti and Aji (2012) which stated that Return on Equity (ROE) had no significant effect on Price Earning Ratio. However, the results of this study contradict the results of researches conducted by Bertuah and Dini (2009), Saputra and Putra (2016) which stated that Return on Equity (ROE) had a significant effect on Price Earning Ratio.

4. DPR coefficient = -0.066640

The regression coefficient Dividend Payout Ratio (DPR) is -0.066640, this means that at the time Dividend Payout Ratio (DPR) rises by 1 percent then the variable CR, ROE, DER value is 0, it will lower the price earning ratio (PER) of 0.066640, so that the value of Price Earning Ratio (PER) of 1.617284 and vice versa at the time Dividend Payout Ratio (DPR) falls by 1 percent and a variable CR, ROE, DER value is 0, it will increase the Price Earning Ratio (PER) of 0.066640, so that the value of Price Earning Ratio (PER) is 1.750564. This means *Dividend Payout Ratio* (DPR) have a relationship in the opposite direction with Price Earning Ratio (PER).

When *Dividend Payout Ratio* (DPR) decreased the dividend per share in PT. Adaro Energy Tbk. against earnings per share decrease. The decrease will result in a decline in the frequency of dividend payment to shareholders, due to the decline in the frequency of dividend payments, it will cause investors uninterested in investing in PT Adaro Energy. This can cause a shortage company additional capital to generate profit. If the company can not make a profit, then the company's performance will deteriorate so that it can lead to a decline in price earning ratio (PER). The results of this study state that the dividend payout ratio is partially negative and insignificant to the price earning ratio. It means that the lower the Dividend Payout Ratio causes the Price Earning Ratio to decrease, with the lower dividend payout ratio as a result of the company's dividend policy. According to Husnan (2000: 383) the dividend policy concerns the issue of the use of profits that are the rights of shareholders. The profit can be divided as dividends or retained for reinvestment. In dividend policy theory, it is divided into three groups, namely opinions that need dividends to be distributed as much as possible;

opinions that say that dividend policy is not relevant, and dividend opinions that state that the company distributes dividends as little as possible. Thus the results of research support the third group that means investors prefer to reinvest.

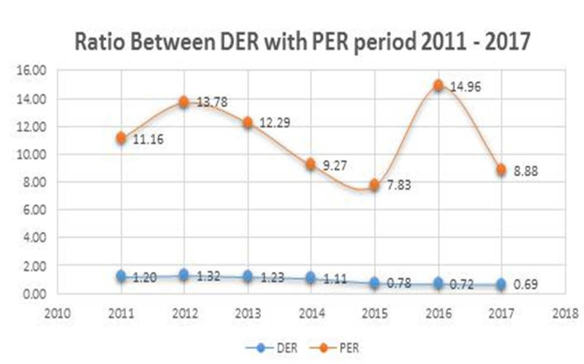
The results of this study support the research conducted by Aji and Pangestuti (2012), Rahma (2014) which stated that the dividend payout ratio has no significant effect on Price Earning Ratio. The results of this study contradict the results of researches by Yumettasari, et al (2016) and Arisona (2013) which stated that the Dividend Payout Ratio had a significant effect on Price Earning Ratio.

5. DER coefficient = -0.172187

The regression coefficient of Debt to Equity Ratio (DER) is -0.172187, this means that at the time of Debt to Equity Ratio (DER) rises by 1 percent then the variable CR, ROE, DPR is 0, it will lower the price earning ratio (PER) of 0.172187, so that the value of Price Earning Ratio (PER) of 1.511737 and otherwise at the time of Debt to Equity Ratio (DER) falls by 1 percent and a variable CR, ROE, DPR is 0, it will increase the Price Earning Ratio (PER) of 0.172187, so that the value of Price Earning Ratio (PER) is 1.856111. This means that the Debt to Equity Ratio (DER) has a relationship in the opposite direction with Price Earning Ratio (PER).

At the time of Debt to Equity Ratio (DER) increases, then the composition of the debt to finance at PT. Adaro Energy Tbk. Compared with would be equity increased. Increasing debt will result in increasing risk, because the greater the cost to be paid to creditors, so market confidence in the company's growth prospects is to be reduced and would affected a stock price. Low stock price will lead to decline in price earning ratio (PER) at PT. Adaro Energy Tbk.

The results of this study state that the Debt to Equity Ratio (DER) partially has a insignificant negative effect on Price Earning Ratio. This means that the lower the Debt to Equity Ratio (DER) will cause the Price Earning Ratio (PER) to increase. According to Hayati (2010) the increase in debt means that the risks faced by companies will increase, so that market confidence in the company's growth prospects will decrease and create a lower share price and result in smaller PER.



Source: Secondary Data Processed, 2018.

Figure. 4. Growth of DER and PER period 2011 – 2017.

Based on figure 4.2. Showed a downward trend in Price Earning Ratio (PER) even though the Debt to Equity Ratio (DER) value declined. This means that the size of the debt is not particularly noticed by investors, because investors prefer how the company management uses the funds effectively and efficiently.The results of this study are in line with the results of researches conducted by Utomo, et al (2016), Yumettasari (2006), and Arisona (2013) which stated that Debt to Equity Ratio (DER) had no significant effect on Price Earning Ratio. The results of this study contradict the results of researches conducted by Asteria (2016), Mulyani and Pitaloka (2017), Marli (2010) which stated that Debt to Equity Ratio (DER) had a significant effect on Price Earning Ratio.

Conclusion

Based on the analysis and discussion that have been done Current Ratio (CR), Return on Equity (ROE), Dividend Payout Ratio (DPR), and Debt to Equity Ratio (DER) have simultaneously significant effect on the price earning ratio (PER) of companies listed in JII period 2011-2017, Current Ratio (CR) has partially significant effect on the price earning ratio (PER) of companies listed in JII period 2011-2017, Return On Equity (ROE), Dividend Payout Ratio (DPR), Debt to Equity Ratio (DER), have partially insignificant effect on price earning ratio (PER) of companies listed in JII period 2011-2017.

Research limitations

In this study, there are few limitations, namely:

1. Companies as the researches samples, are only limited to the manufacturing industry, making them less representative of the entire industrial sector in Jakarta Isamic Index.
2. The variables used in this study are the influence of Current Ratio (CR), Return on Equity (ROE), Dividend payout ratio (DPR), and Debt to Equity Ratio (DER). Meanwhile there are other explanatory variables that can be used to measure the value of the influence of price earning ratio (PER).

Further Research Agenda

Here are suggestions that can be given to further research agenda:

1. Subsequent researches can improve the existing limitations in this study and add to existing enterprise sector in JII.
2. Future studies are expected to develop a research by other factors affecting price earning ratio (PER) outside of this study.

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