The Effects of Earnings Volatility, Net Income and Comprehensive Income on Stock Prices on Banking Companies on the Indonesia Stock Exchange

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ABSTRACT

This paper aims to analyze the effect of earnings volatility, net income and comprehensive income on stock prices on banking companies on the Indonesia Stock Exchange in the period of 2011 to 2016. This paper uses a quantitative approach by using secondary data consisting of 174 data of commercial banks on the Indonesia Stock Exchange, from 2011 to 2016 obtained from the Indonesia Stock Exchange website www.idx.co.id and www.yahoofinance.com. The analysis technique used in this study is multiple linear regression. These results indicate that net income has a positive and significant effect on the level of stock prices, and could be used by investors in conducting fundamental analysis to have relevant information. While earnings volatility and comprehensive income do not have an influence on stock prices, meaning that even though high earnings volatility and comprehensive income tend to have no value relevancy to stock prices. Previous research has done a lot to tests of earning volatility, net income on stock prices, the results conclude that earnings volatility, net income affect stock prices. So the novelty in this study is to include a comprehensive income variable, because the Statement of Financial Accounting Standards No. 1 changes the terminology of the income statement into a statement of comprehensive income.

Keywords: Share Price, Earnings Volatility, Net Income, Comprehensive Income

JEL Classifications: D23, L2

1. INTRODUCTION

The phenomenon of stock price fluctuations in the capital market is because there are often differences in opinion about where the company is going for profitability. The higher the level of stock prices, the higher the possibility of uncertainty of return on investment. Even so, some investors tend to like stocks with a high level because the opportunity to get capital gains will be even greater, on the other hand, the greater the risk that will also be obtained (Sari and Ridwan, 2017), (Pratama and Azzis, 2018), (Sun et al., 2010), (Sun et al., 2011), Many variables affect stock prices. The research aims to examine several variables, among others: the measurement of stock price/company value is influenced by the amount of earnings, namely earnings volatility, net income, comprehensive income on banks in the Indonesia Stock Exchange, the update in this study lies in the comprehensive income variable, due to previous research no one has put that variable yet.

Although a number of studies on factors that influence stock prices have been carried out, research in this field is still considered as an interesting problem to study because of the inconsistency of the results of previous researches. Earnings volatility shows the ups and downs of profits generated by the company (Sastrapati and Hatane, 2016), (Sidhanta et al., 2016), (Rowena and Hendra, 2017), (Handy, 2013), earnings volatility is a proxy of business risk. Dividend policy has an influence on stock prices because the

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The relevance of applying fair value accounting in financial instruments could be measured through the relevance of the earnings measurement model to the stock price value. The research on the relevance of the profit measurement model is done, among others (Handy, 2013), (Hodder et al., 2006), (Barth et al., 2001), (Antoniou et al., 2014), concluded that the fundamental factors of the company are relevant in explaining stock price changes. However, the fair value earnings report does not significantly affect stock prices. Other than that Sari and Ridwan (2017) explain that earnings are more influential than net income. Handy, (2013), Subiyakti (2017), Sastrawati and Hatane (2016), Weicher (1999), (Saucedo, 2014) states that earnings volatility has more relevance value shown, because earnings volatility reflects risks that are not captured by net income.

Statement of Financial Accounting Standards No. 1 of 2015 there was a change in the terminology of the income statement into a statement of comprehensive income. The comprehensive income statement includes other comprehensive income in which contains income and expense items that are not recognized in the income statement. The postal items include changes in the revaluation surplus, gains and losses in defined benefits, gains and losses in foreign currency transactions, gains and losses due to the re-measurement of available for sale financial assets, and the effective portion of hedging transactions. These posts make the comprehensive income more relevant. Based on this, it is interesting to conduct research that discusses whether measurement of comprehensive income is based on fair value which can add relevance to banking financial statements or not.

### 2. THEORETICAL AND HYPOTHESIS DEVELOPMENT FRAMEWORK

#### 2.1. Efficient Market Theory

Fama (1970) explained that an efficient market is a market condition where stock market prices reflect perfectly all available information. In addition, market prices also react quickly to new information reflected in changes in stock prices. The key to measuring an information-efficient market is to investigate the relationship between stock prices and accounting information. But which information should be used to assess an efficient market? Fama (1970), Brown et al. (1999) states that there are three main forms of efficient markets, including: Efficient market, weak form, efficient market, semi-strong form, efficient market and strong form.

#### 2.2. Relevance of Accounting Information Value

Research on value relevance is a study to determine whether there is a relationship between a value in financial statements and the price of shares in the capital market or not. Financial reports must be relevant and reliable. The financial statements are said to be relevant if they could be used in predicting a business decision (predictive value) and confirming the predictions that have been made (confirmatory value). The financial statements are said to be relevant when the numbers in the financial statements have a strong relationship with the value of the company (Barth et al., 2001), (Hodder et al., 2006), (Brimble and Hodgson, 2007). Holthausen and Watts, (2001) in “The Relevance of the value relevance literature for financial standard setting” Value relevance research is divided into three, namely: (a) Relative Association studies (Comparing the relationship between stock market value and alternative size bottom line. For example research that investigates the relationship between earnings and stock prices), (b) Incremental association studies (Investigating whether certain numbers in financial statements are useful in explaining the stock market value or return), (c). Marginal information content studies (This study investigates whether certain accounting numbers add to the collection of information available to investors).

### 3. OHLSON VALUATION MODEL

Model Ohlson (1995) is a value relevance model that aims to formulate the relationship between accounting values and firm value. Ohlson’s model itself is a model in accounting that includes a measurement model which involves the fundamental values of financial information. Ohlson’s model is a strong theoretical framework for evaluating markets based on accounting basic variables (book value and profit), and other types of information that may be relevant in predicting company value. However, the Ohlson model is a simple model. Ohlson’s model assumes that investors are risk-neutral, accounting is unbiased, has a clean surplus, there is no detailed role in accounting, there is no asymmetry information, tax rates faced by shareholders are irrelevant, real choices are not explicitly calculated, abnormal profits and “v” evolved autoregressively. In Ohlson’s model (1995), Company value is expressed in stock prices, could be seen from the following equation:

\[
NP_t = NB_t + a_1 LA_1 + a_2 LA_2 + a_3 VL_t
\]

The above equation shows that the value of the company \((NP_t)\) at time \(t\) is affected by earnings volatility \((NB_t)\), net income \((LA_1)\), comprehensive income \((LA_2)\) and other information \((VL_t)\) each multiplied by a constant \((a_1, a_2, a_3)\). Thus the value function of the company could be derived as follows:

\[
NP_t = f(NB_t, LA_1, LA_2, VL_t)
\]

The valuation model (Ohlson, 1995) is surprising, because it was derived simply, it succeeded in eliminating the necessity of predicting dividends in calculating the value of the company with valuation results that are exactly identical to the present value of all expected dividends, (Randy et al., 2016).

### 4. HYPOTHESIS DEVELOPMENT

Research conducted by Arouiri et al. (2012) conclude that according to the model Ohlson (1995) that the fundamental factors of the company are relevant in explaining stock price changes. However, the fair profit value does not significicantly affect stock prices. According
to (Biddle and Choi, 2006) earnings volatility has more influence on stock prices than net income. Rosyadi and Anggraita (2015) explained that in the financial statements reflect risks that are not captured by net income and earnings volatility. Relevant financial statements are able to confirm the predictions and expectations made by the company management. When financial statements are presented in fair value, additional volatility indicates additional risks that must be faced by investors regarding the fair value of financial assets and liabilities. Disclosures related to the fair value of the financial statements component are reflected in the financial statements as a whole so that the ability of investors to predict the stock price increases. In addition, along with the ups and downs of the economic and market conditions, the valuation of corporate profits based on market prices becomes relevant so as to be able to meet predictive value and confirmatory value (Rosyadi and Anggraita, 2015).

The value of the company is the result of investor perception in observing a company which is reflected in the stock market price of the company. The main purpose of the company according to the theory of the firm is to maximize the prosperity or value of the company (Narsa and Pratiwi, 2014). Company value is one of the company’s efforts to achieve its main goals through increasing the prosperity of shareholders. Fama (1970), (Narsa and Pratiwi, 2014) explained that information about investment opportunities through the company’s stock price would give a positive signal about the company’s growth in the future. Nurlela and Islahuddin (2008), Narsa and Pratiwi (2014) explained that the higher the stock price, the higher the level of value of the company as well as the stock price. High company value makes the market belief not only in the company’s current performance, but also in the company’s prospects in the future. In this case, professionals are positioned as managers or considered as commissioners. Company value describes how well management manages the company. The company’s stock price is a market reaction to the overall condition of the company that describes the wealth of shareholders/companies, the results of investment decisions, funding from management, assets that are realized in the form of company stock prices (Narsa and Pratiwi, 2014). (Sari and Ridwan, 2017), (Anastassia and Firnanti, 2014), (Azura et al., 2018), (Romli et al., 2017). When the stock price is high, it means that the stock is actively traded, so the dealer will not keep the stock for too long.

Earnings volatility is a rapid rate of change from the profits obtained by the company. Rowena and Hendra (2017), explains that earnings volatility is a proxy of business risk, from dividend policy which has an influence on stock prices because the decision contains important information related to the distribution of business income and company performance. This information reacts to every investor, thus affecting stock prices on the market. Managers are expected to be able to control the company’s stock price through earnings volatility. Investors tend to choose to retain their shares, resulting in a rare sale of shares so that the stock price is low. Profit is difficult to predict and more difficult to predict when volatility is high (Rowena and Hendra, 2017), (Antoniou et al., 2014), The rise and fall in profits could make it difficult for companies to get external funds, because the company is unstable. The higher the level of earnings volatility, the greater the capital gains that will be obtained by investors when profits reach the maximum level. So that investors tend to retain their shares for the foreseeable future. Therefore there is not much sales going on, so the level of stock prices tends to be low. Earnings volatility is a comparison between operating profit and total company assets. This is in accordance with the calculations used in the study (Shahid et al., 2015), (Rowena and Hendra, 2017).

Based on the explanation, the hypothesis in this study is:

H₁: Earnings volatility has a positive effect on stock prices.

The relevance of the value of accounting information means the ability of accounting information to explain the value of a company (Beaver, 1968). Net income is one of the important accounting informations in the income statement financial that describes the company’s performance during a period. Firm value in the market is reflected in the market price of the stock. Net income is a measure of a risk that will have risk relevance if reflected in the stock price in the capital market. This is consistent with research of (Arouri et al., 2012). Biddle and Choi (2006), net income has more influence on stock prices than earnings volatility. Previous research studies do not discuss the direction of the relationship between company profits and stock prices. The direction of the relationship between company profits and stock prices could be positive or negative according to the preferences of each investor. When a risk averse investor, the higher the company’s accounting risk, the higher the price, because investors want a high return for the risk compensation that occurs. Based on the explanation, the hypothesis in this study is:

H₂: Net income has a positive effect on stock prices.

Comprehensive Income is a statement in financial income that describes the performance of the company during one financial reporting period. Statement of Financial Accounting Standards No. 1 of 2015 explains that there has been a change in the terminology of the income statement into a statement of comprehensive income. The comprehensive income statement includes other comprehensive income which contains income and expense items that are not recognized in the income statement. The postal items include changes in the revaluation surplus, gains and losses in defined benefits, gains and losses in foreign currency transactions, gains and losses due to the re-measurement of available for sale financial assets, and the effective portion of hedging transactions. Information on the performance of this company has value relevance if reflected in changes in stock prices (stock price return). Comprehensive income describes the risks to the size of the company’s performance. Comprehensive income will have risk relevance when able to explain the level of stock returns in the market. The higher the risk, the higher the stock price is. Based on the explanation, the hypothesis in this study is:

H₃: comprehensive income has a positive effect on stock prices.

5. RESEARCH METHODS

5.1. Type of Research

This research was conducted by a quantitative approach, quantitative research is a process of finding knowledge which uses numerical data as a generalizable tool to prove the hypothesis. The

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data used in this study is secondary data, namely sources that do not directly provide data to data collectors, for example through other people or through documents (Sugiyono, 2008).

5.2. Population and Research Sample
In this study samples will be selected using nonprobabilistic sampling-purposive judgment sampling method. Purposive sampling is sampling in a population using certain criteria so that relevant data is obtained (Table 1). Variable data to measure earnings volatility, net income and comprehensive income are obtained from the financial statements of banking companies found on the Indonesia Stock Exchange website www.idx.co.id. and www.yahoofinance.com.

5.3. Variable Operational Definition
This study uses four types of variables plus five control variables to produce a regression model in measuring the relevance of the value of the company’s accounting information. The variables used in this study include:

5.3.1. Dependent variable
In this study the dependent variable is the value of the company proxied by the stock market price (NP) on April 01. The stock market price is the price or value of the stock which occurs in the capital market at a point in time that is determined based on the demand and supply of market participants, (Randy et al., 2016).

5.3.2. Independent variable
1. Earnings volatility is the level of volatility of profits which is obtained by the company. Rowena and Hendra (2017), Antoniou et al. (2014) explained that earnings are difficult to predict and even more difficult to predict when volatility is high. The rise and fall of corporate income could make difficult for companies to get funds from investors. The higher the level of volatility of earnings is obtained by the company, the greater the capital gains obtained by investors when profits reach the maximum level. So that investors tend to retain their shares for a longer period of time. Earnings volatility is a comparison between operating profit and total company assets. This is in accordance with the calculations used in the study (Iqbal et al., 2015), (Rowena and Hendra, 2017) with formula:

\[
\text{Earnings volatility} = \frac{\text{Operating Profit}}{\text{Total Asset}}
\]

2. Net income is one of the important accounting information in the income statement financial statements that describe the company’s performance during an accounting period. Net income is a measure of risk, while the value of earnings will have risk relevance if reflected in the stock price on the market. This is consistent with research (Arouri et al., 2012). profit is more related to stock prices than net income. The direction of the relationship between net income to stock prices could be positive or negative in accordance with the preferences of each investor whether risk averse or risk taker. When risk averse investors, the higher the company’s accounting risk, the higher the stock price, because investors want high returns. Net income is a measure of a risk that will have value relevance if reflected in the stock price.

3. Statement of Financial Accounting Standards No. 1 of (2015) there is a change in the terminology of the income statement into a statement of comprehensive income. The comprehensive income statement includes other comprehensive income which contains income and expense items which are not recognized in the income statement. The postal items include changes in the revaluation surplus, gains and losses in defined benefits, gains and losses in foreign currency transactions, gains and losses due to the re-measurement of available for sale financial assets, and the effective portion of hedging transactions. These posts make the comprehensive income more relevant. Comprehensive income the ability of investors to predict the stock price increases. In addition, along with the ups and downs of the economic and market conditions, the valuation of corporate profits based on market prices (pro cyclical valuation) becomes relevant so as to meet predictive value and confirmatory value. Comprehensive income describes the risks to the size of a company’s performance and has value relevance when it is able to explain the level of shares. The higher the relevance value, the higher the stock price is.

5.3.3. Control variables
1. Return on equity (ROE) is the ratio used to measure the success of a company in generating profits for shareholders. ROE is considered as a representation of shareholder wealth or company value, the ROE could be said to be good if >12%. ROE obtained from net income after tax is divided by total equity, Formula ROE could be described as follows:

\[
\text{ROE} = \frac{\text{Net Income}}{\text{Total Equity}}
\]

2. Return on Assets (ROA) is the ratio used to measure management ability to obtain profits (profits) as a whole. The greater the ROA, the greater the profit level achieved by the company and the better the position of the company in terms of asset use, the ROA could be said to be good if >2%. ROA obtained from net income after tax divided by total assets. The formula ROA could be described as follows:

\[
\text{ROA} = \frac{\text{Net Income}}{\text{Total Asset}}
\]

3. Net Profit Margin (NPM) is a comparison between net income and sales. The greater the NPM, the more productive the

<table>
<thead>
<tr>
<th>Information</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks listed on the Indonesia Stock</td>
<td>29</td>
</tr>
<tr>
<td>Exchange for the period 2011-2016</td>
<td>29×6 = 174</td>
</tr>
<tr>
<td>Samples are listed on the Indonesia Stock</td>
<td>29×6 = 174</td>
</tr>
<tr>
<td>Exchange and a 2011-2016 report is available</td>
<td>0</td>
</tr>
<tr>
<td>An incomplete sample of stock data</td>
<td>0</td>
</tr>
<tr>
<td>The sample whose closing share price is zero</td>
<td>42</td>
</tr>
<tr>
<td>The company’s sample suffered losses</td>
<td>132</td>
</tr>
<tr>
<td>Final research sample</td>
<td>132</td>
</tr>
</tbody>
</table>
company’s performance will be, so that it will increase investor confidence to invest in the company. This ratio shows how much percentage of net income earned from each sale. The greater this ratio, the better the company’s ability to get high profits is considered. The relationship between net income after tax and net sales shows the ability of management to drive the company successfully enough to leave certain margins as reasonable compensation for owners who have provided capital for a risk. The results of the calculation reflect net sales per rupiah of sales. Capital market investors need to know the company’s ability to generate profits. By knowing this, investors could assess whether the company is profitable or not. Sulistyanto (without years: 7) explained that the figure of NPM could be said to be good if >5%. NPM measures a bank’s ability to generate net income from the bank’s principal operating activities. The formula for NPM could be explained as follows:

\[ NPM = \frac{\text{Net Income}}{\text{Operating Income}} \]

4. Debt to Equity Ratio (DER) This ratio is used to determine the amount of funds provided by the creditor to the company owner. This ratio also serves to find out every rupiah of its own capital that is used as collateral for debt. From the definition of DER above, it is concluded that DER is a ratio used to measure a company’s ability to finance its short- and long-term debt. DER is the ratio of debt to measure the level of loans from corporate finance and is calculated based on the ratio of total liabilities compared to the total amount of equity. The DER formula could be explained as follows:

\[ \text{DER} = \frac{\text{Total Liabilities}}{\text{Total Equity}} \]

5.4. Types and Data Sources
The data used in this study are secondary data, variable data to measure earnings volatility, net income, and comprehensive income derived from the company’s financial sector financial statements found on the Indonesia Stock Exchange website www.idx.co.id and www.yahoofinance. com.

5.5. Analysis Model
The analysis model used in this study examines the effect of independent variables on the dependent variable in this study using multiple regression analysis which is an analysis to express a linear relationship between two or more variables (Table 2). The following is an empirical model of the study:

\[ NP_t = \alpha + \beta_1 NB_t + \beta_2 LA_1 + \beta_3 LA_2 + \beta_4 + \text{ROE} + \beta_5 \text{ROA} + \beta_6 \text{NPM} + \beta_7 \text{DER} + \epsilon \]  \hspace{1cm} (1)

5.6. Analysis Techniques
To answer the problems in this study, the work to be carried out in this study is as follows:
1. Calculating the ratio of banking financial statements according to the operational definition of variables.
2. Perform regression according to the analysis model and test the significance of each coefficient and conduct analysis.

### Table 2: Description of variables

<table>
<thead>
<tr>
<th>Information</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>NP</td>
<td>Stock price</td>
</tr>
<tr>
<td>( \alpha )</td>
<td>Constants</td>
</tr>
<tr>
<td>( \beta_1, \beta_2, \beta_3 )</td>
<td>Variable regression coefficient (NB, LA_1, LA_2)</td>
</tr>
<tr>
<td>ROE, ROA, NPM and DER</td>
<td>Earnings volatility</td>
</tr>
<tr>
<td>( NB )</td>
<td>Net income</td>
</tr>
<tr>
<td>( LA_1 )</td>
<td>Comprehensive income</td>
</tr>
<tr>
<td>ROE</td>
<td>Return on equity (ROE)</td>
</tr>
<tr>
<td>ROA</td>
<td>Return on asset (ROA)</td>
</tr>
<tr>
<td>NPM</td>
<td>Net profit margin (NPM)</td>
</tr>
<tr>
<td>DER</td>
<td>Debt to equity ratio (DER)</td>
</tr>
<tr>
<td>( \epsilon )</td>
<td>Standard error</td>
</tr>
</tbody>
</table>

### 6. ANALYSIS AND DISCUSSION

6.1. Description of Research Results
Before testing the hypothesis, it is necessary to describe the characteristics of the research data using descriptive analysis to give an overview of the variable variables studied. Data normality test is also conducted to detect the distribution of research data used. From the results of the sample selection, there were 132 data from 29 banking sector companies on the Indonesia Stock Exchange that met the criteria that had been set beforehand. The following are descriptive statistical data from the sample.

From the Table 3, net income and comprehensive income have a high value than earnings volatility. Earnings volatility is much lower than net income and comprehensive income because earnings volatility contains more fair value components of financial assets and liabilities than net income and comprehensive income. The successive increase in value of net income and comprehensive income shows that it contains information about the relevance of fair value faced by companies related to their financial assets and liabilities. So in other words the size of mark to market income is far more volatile than the size of net income as it has been. The higher the profit will affect the state of the economy tends to fluctuate and unstable.

6.2. Regression Analysis
All research variables are declared stationary at degree 0, so these variables could be directly used in the regression equation. Following are the regression results of the research variables (Table 4)

### 7. DISCUSSION

Theory states that profit affects the ability of the purchasing power of the people, so that it also affects the value of the company stock price. Changes in high profits will cause purchasing power to fall more and will result in declining stock prices and dividends will also decrease in the future. This should result in changes in the overall stock price in the capital market.

Earnings volatility does not have a positive and significantly effect on stock prices. The results of this study mean that earnings volatility has no value relevance to stock prices. The coefficient showed that earnings volatility does not have a positive relationship to stock prices.
prices. So that investors could use earnings volatility information in assessing the company’s stock price. Volatile earnings are common expectations for investors. From the results of this test, it could be said that investors will be more interested in stocks that have high earnings per share compared to stocks that have low earnings per share. The large number of investor demand for stocks with high profit makes the company’s stock price rise. Conversely, low earnings per share tends to make the stock price go down. The results of this study do not agree with the results of the research (Rowena and Hendra, 2017a), (Sari and Ridwan, 2017) which explain that earnings volatility has a significant effect on stock prices.

Net income has a positive and significant influence on stock prices. This result means that the value of net income has a relevance to the equity book value. The stock price could be used by investors in conducting fundamental analysis because it has information which is relevant to the stock price. These results also corroborate the opinion that companies with high equity value could attract investors to buy company shares. The positive coefficients generated in the test prove that investors are more interested in companies with higher net income values and become basic information in making investment decisions. The results of this study agree with the results of his research (Rowena and Hendra, 2017a), (Biddle and Choi, 2006) Net Income has more influence on stock prices than earnings volatility.

Comprehensive income does not have a positive and significant effect on stock prices. This result means comprehensive income has no value relevance to stock prices. The coefficient showed that comprehensive income does not have a positive relationship with stock prices. Investors could use comprehensive income information in assessing the company’s stock price. High profit is a general expectation for investors. From the results of this test, it could be said that investors will be more interested in stocks that have high earnings per share compared to stocks that have low earnings per share. The number of investor demands for stocks with high profits will make the company’s stock price rise. Conversely, low earnings per share tends to make the stock price go down.

The results of testing the control variables explain that ROA does not have a positive and significant effect on stock prices (Ilmiyono, 2017) The results of this study do not agree with the results of his research Sari and Ridwan (2017), (Anisma, 2012), (Muflihah, 2017), (Rinati, 2008), (Anisma, 2012), (Kumaidi and Hendra, 2017a), (Surahmat et al., 2017) which explain that ROE: Return on equity, ROA: Return on asset, NPM: Net profit margin, DER: Debt to equity ratio

Table 3: Descriptive statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>n</th>
<th>Min</th>
<th>Max</th>
<th>Mean ± Std. dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock price</td>
<td>132</td>
<td>71.00</td>
<td>993.00</td>
<td>334.95±428.47</td>
</tr>
<tr>
<td>Earning volatility</td>
<td>132</td>
<td>0.00</td>
<td>0.08</td>
<td>0.02±0.0151</td>
</tr>
<tr>
<td>Net income</td>
<td>132</td>
<td>22178.00</td>
<td>78759737169</td>
<td>2636083873±12186294</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>132</td>
<td>14237.00</td>
<td>6.45E+11</td>
<td>708459526±57016923536</td>
</tr>
<tr>
<td>ROE</td>
<td>132</td>
<td>0.01</td>
<td>0.30</td>
<td>0.116±0.0623</td>
</tr>
<tr>
<td>ROA</td>
<td>132</td>
<td>0.00</td>
<td>0.03</td>
<td>0.014±0.0084</td>
</tr>
<tr>
<td>NPM</td>
<td>132</td>
<td>0.10</td>
<td>1.18</td>
<td>0.74±0.0017</td>
</tr>
<tr>
<td>DER</td>
<td>132</td>
<td>0.06</td>
<td>98.59</td>
<td>7.80±8.3672</td>
</tr>
<tr>
<td>Valid n (listwise)</td>
<td></td>
<td>132</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4: Regression analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>t</th>
<th>Sig. t</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>89.619</td>
<td>2.076</td>
<td>0.040</td>
</tr>
<tr>
<td>Earnings volatility</td>
<td>1597.046</td>
<td>−0.330</td>
<td>0.742</td>
</tr>
<tr>
<td>Net income</td>
<td>0.000</td>
<td>−2.876</td>
<td>0.005</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>0.000</td>
<td>−0.292</td>
<td>0.771</td>
</tr>
<tr>
<td>ROE</td>
<td>297.226</td>
<td>0.581</td>
<td>0.563</td>
</tr>
<tr>
<td>ROA</td>
<td>2628.671</td>
<td>−1.396</td>
<td>0.165</td>
</tr>
<tr>
<td>NPM</td>
<td>108.753</td>
<td>1.050</td>
<td>0.296</td>
</tr>
<tr>
<td>DER</td>
<td>1.375</td>
<td>−1.343</td>
<td>0.182</td>
</tr>
<tr>
<td>R</td>
<td>=0.180</td>
<td></td>
<td></td>
</tr>
<tr>
<td>R square</td>
<td>=0.032</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>=3.507</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. F</td>
<td>=0.002</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Asandimitra, 2017) The results of this study do not agree with the results of his research (Sari and Ridwan, 2017), (Ardiansyah and Isbanah, 2017) (Priana and Rm, 2017), (Muflihah, 2017).

8. CONCLUSIONS

The test results showed that net income has a significant effect on stock prices, while earnings volatility, comprehensive income, has no effect on stock prices. With regard to conclusions, the results of this study are expected to provide information to investors or potential investors to be more careful in paying attention to aspects of net income as a consideration of investing in stock prices. The results of this study are expected to be used as a consideration for banking companies to take business decisions, especially those related to earnings volatility, net income, comprehensive income on stock prices. The business decision focuses on how much the stock returns will be given by the banking sector companies and how banking sector companies maintain the level of corporate profits so that investors could be interested in the company.

Subsequent research should use more company samples, not just the banking sector. In addition, further research should use a longer period of time to identify the relationship between earnings volatility, net income, comprehensive income to stock prices. Subsequent research should also use annual financial statement data that has been audited so that the value of determining earnings volatility, net income and comprehensive income and using a longer period is not only for 6 years. Better yet, further research also examines the relevance of the earnings measurement model of fair value at each stage of the company cycle as in the research conducted by Black (1998).
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