

STRATEGY INCREASES SHARE PRICES IN TECHNOLOGY SECTOR COMPANIES

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Abstract

The offer of shares is used by market participants to calculate the stock price, which is the price of a share in the capital market at a certain time. The technology sector saw a decline of almost half by 42.61% in one year in 2022, a phenomenon that caught the author's attention in reviewing the financial performance of the industry. This research uses Return on Equity, Current Ratio, Debt to Asset, and Earnings Per Share as a measure of stock price to determine the impact on financial performance. This research uses a quantitative approach utilizing secondary data in 2020–2022 and purposive sampling to obtain sample data. The findings of this research are: (1) profitability has a negative and insignificant effect on stock prices; (2) liquidity has a negative and insignificant effect on stock prices; (3) solvency has a positive and significant effect on stock prices; (4) Market value has a positive and significant effect on stock prices. The suggestion in this research is for all parties (management, investors, potential investors) to pay more attention to profitability and liquidity to be able to predict the value of a company and the next researcher, to add samples and other variables such as ROA, DER and PER, which are able to explain the effect of financial performance on stock prices.

Keywords : Profitability, Liquidity, Solvency, Market Value, Stock Price

1. Introduction

The share price set by market participants based on supply and demand for the stock is the value exchanged in the capital market at a certain moment. Changes in the share price of a company in the capital market show its value. The value of the company increases in direct proportion to its share price. The value of a company increases in direct proportion to its stock price. (Hartono, 2013). Market confidence in a company's future performance can also be supported by a high share price. Data from financial statements can be analyzed to determine the company's financial performance. Financial statements are described as arrangements that display the financial performance and financial status of a company by the Indonesian Accounting Association (IAI) (2012: 5). This financial statement can be used by investors to conduct financial ratio research. Financial ratio analysis is the process of dividing a number by another number to compare the numbers in the financial statements. Financial ratios come in various forms that can be applied, such as profitability, solvency, liquidity, and activity ratios (Cashmere, 2017).

Before investing in the capital market, prospective investors must assess the success of the company using financial ratios compared to stock prices. Because stock prices can be a measure of the effectiveness and performance of the management of an organization. A high stock price increases the value of a company. If a high share price can be maintained, the value of the issuer will rise because it will increase confidence in the business from both current and potential investors. Conversely, investors or potential

investors can consider the issuer to have a lower value if the stock price continues to decline (Bahri, 2018)(Gift, 2019)(Silfiana et al., 2020) .



Source: cnbcindonesia.com, 2022

According to information from the Indonesia Stock Exchange, the technology sector fell 42.61% in one year in 2022, more than half of its peak. The performance of previous startup issuers that quickly ran out of gas after being listed on the stock exchange shows this. Gojek Tokopedia (GOTO) and Bukalapak.com (BUKA) shares fell 73% and 69% from the IPO price, respectively. The market capitalization of the local stock exchange was destroyed by hundreds of billions due to the weakening of these two companies. Global stock markets also experienced a similar scenario last year, with shares of major technology companies including Google's parent company Alphabet Inc, Amazon.com Inc, Apple Inc, Netflix Inc and Facebook-owned Meta Platforms Inc facing difficulties. In 2022, Meta shares have fallen 64%, Netflix is down 51%, and three other stocks are down at least 27%. FAANG stocks together have destroyed nearly \$3 trillion in market value, which has had a negative impact on the overall stock market. (cnbcindonesia.com).

Many researchers have investigated the effect of financial performance on stock values (Apriani & Lina Tungkir, 2021; Dhani Aspriyadi, 2020; Fahlevi & Oktavianti, 2018; Princess & Christiana, 2017; Qorinawati & Santosa Adiwibowo, 2019; Rahmadewi & Abundanti, 2018). In this study, researchers used the variables Return on Equity, Current Ratio, Debt to Asset, and Earning Per Share due to gaps / differences in results between researchers. Previous research results stated that ROE does not have a significant effect on stock prices while ROE has a significant effect on stock prices. Current Ratio does not have a significant effect on stock price while Current ratio has a significant effect on stock price. DAR has no significant effect on stock prices (whereas DAR has a significant effect). EPS has no significant effect on stock price while EPS has a significant effect (Apriani & Lina Tungkir, 2021; Princess & Christiana, 2017)(Dhani Aspriyadi, 2020; Rahmadewi & Abundanti, 2018) (Apriani & Lina Tungkir, 2021; Princess & Christiana, 2017; Qorinawati & Santosa Adiwibowo, 2019) (Daughter and Christiana, 2017) (Riando, 2021) (Bahri, 2018; Rahmadewi & Abundanti, 2018) (Dhani Aspriyadi, 2020; Riando, 2021).

In this research, researchers use different objects from previous researchers, namely in technology sector companies in the online application and service industry. This object has never been studied for the effect of financial performance on its stock price. (Apriani & Lina Tungkir, 2021) researching at PT Indofood Sukses Makmur Tbk; (Dhani Aspriyadi, 2020) research on the service and transportation company sector;(Fahlevi & Oktavianti, 2018) research in the Banking sector; research in the (Princess & Christiana,

2017) field of Property and Real Estate; research on (Qorinawati & Santosa Adiwibowo, 2019) firms that are regularly listed on the LQ45 index; research on (Rahmadewi & Abundanti, 2018) Automotive and Components companies. The decline in stock prices in the extreme technology sector makes the author interested in researching this object. Using the following variables, this research seeks to ascertain how financial performance affects stock prices: Return on Equity, Current Ratio, Debt to Assets, and Earnings Per Share. In addition, this research is expected to benefit the business world and investors.

2. Theoretical Background

2.1 Signaling Theory

The management strategy of an entity known as "signal theory" tells investors how management assesses a company's prospects. (Brigham & Houston, 2011) Signal theory is a paradigm that provides flexibility to information providers and information consumers regarding what information is displayed and how that information is interpreted. (Connelly et al., 2011) When information regarding changes in stock price and volume includes information that serves as useful evidence and is considered when making decisions, financiers are attracted to these signals. The investor uses this information to decide whether or not to invest in the company in question. Companies utilize information in financial statements to interact with stakeholders and possibly influence their actions (Khairudin & Wandita, 2017) (Bahri, 2018).

2.2 Share Price

Based on the supply and demand for a particular stock, the price of the stock, or the value traded in the capital market at any given moment, is determined by market participants. (Hartono, 2013). The market price recorded at the closing price of the stock each day is the stock price. The value of a stock (Soedarsa & Arika, 2016) can be determined by considering the supply and demand forces of the stock in a particular market mechanism, as well as the share price which is the amount by which an investor sells it to another investor (Edinburgh et al., 2022). Potential investors often use stock prices to determine a company's value. Because one way to assess the effectiveness of an entity's management and the level of performance of an entity is through stock prices. The value of a company increases along with the high stock price. If a high share price can be maintained, the value of the issuer will increase because it will increase confidence in the business from both current and potential investors. Conversely, if the stock price continues to decline, investors or potential investors may perceive the issuer as less valuable. There are 2 methods for evaluating stock prices: technical evaluation, which looks at the movement of stocks (Bahri, 2018) (Gift, 2019) (Silfiana et al., 2020) first and analyzes them using various indicators. Second is fundamental analysis, which examines the movement of stocks taking into account a number of indicators (Edinburgh et al., 2022). Financial ratios of price book value, book value per share, price earnings ratio, and price earnings ratio can be used to measure stock prices. (Zaimshah et al., 2019).

2.3 Profitability

The profitability ratio is a measure of the capacity of the business to generate profits (Herry, 2018). The profitability ratio is used to evaluate the company's capacity to generate profits within a certain period of time. (Cashmere, 2017) In measuring a company's ability to generate profits at a given level of revenue, assets, and share capital, profitability ratios are used as a standard in determining stock prices. (Puspita &

Indrawati, 2013) A higher profitability ratio indicates strong company profitability. Investors often use profitability as a measuring tool to determine a company's health and can also have an impact on future investment decisions (Fahmi, 2015) (Santika & Herwiyanti, 2022). Often used to assess how well a business manages investor capital. According to the (Edinburgh et al., 2022) rate of return on capital money obtained from capital owners or invested to process all assets owned by the company can be used to determine how profitable it is (Darminto & Juliaty, 2019). Profitability can be measured by return on assets; return on equity; and gross profit margin (Noviananda & Juliarto, 2019) (Bahri, 2018) (Nafisah & Daryanto, 2020).

2.4 Liquidity

Evaluation to measure a company's ability to settle short-term debt and other financial obligations is called liquidity). The ability of a company to use its current assets to pay off its debt at maturity is measured by the liquidity ratio. According to the Liquidity ratio assesses the ability of the company to repay short-term debts on time. Liquidity is needed to maintain business smoothness, meet urgent and emergency needs, and enable the growth function (investment) to build assets owned in accordance with company objectives. This ratio assesses how secure a company is in paying off its short-term debt and is important information for investors who want to understand a company's liquidity level. Investors can learn how a company can optimize current assets in its balance sheet to pay off current debt as well as other debts by analyzing liquidity. Liquidity (Sukamulja, 2019) (Wisdom et al., 2016) (Fahmi, 2015) (Geno et al., 2020) (Qorinawati & Santosa Adiwibowo, 2019) (Jihadi et al., 2021) can be assessed by analyzing the current ratio; quick ratio, (Goddess & Solihin, 2020) (Cashmere, 2017) and cash ratio (Nafisah & Daryanto, 2020).

2.5 Solvency

Solvency / Leverage is a ratio used to assess a company's ability to meet all its short-term and long-term obligations (Sukamulja, 2019). Solvency ratio according to (Ha, 2008) which is a ratio that shows the company's expertise to settle long-term debt or debt in the event of company liquidation. This ratio measures how liabilities are used to finance an entity's assets. Investors often use solvency ratios as a gauge because they (Cashmere, 2017) give a broad picture of the capital framework an entity has and indicate how much debt the entity has. Investors (Geno et al., 2020) often use this ratio to determine the proportion of debt to equity held by a business or shareholders. Olvability shows a company's ability to pay off its short- and long-term debt in the event of bankruptcy (Humming et al., 2017). The solvency of a company can be assessed by analyzing the debt to asset ratio; debt to equity ratio; times interest earned, (Noviananda & Juliarto, 2019) (Widodo et al., 2022) and fixed charge coverage (FCC). (Cashmere, 2017).

2.6 Market value

Market value ratio is a metric that compares the value recognized by a company in the financial statements with what investors expect to pay (Sukamulja, 2019). The market value ratio according to is a ratio that can help company management in understanding the terms of implementation that need to be done and the potential long-term impact. The ratio (Fahmi, 2015) used to determine the value of a stock is called the market ratio or stock ratio; this ratio helps management understand how investors see future risks and

opportunities for the organization. (Hikmah et al., 2016)(Nandani & Sudjarni, 2017). This ratio is often used by prospective investors to understand the performance of a company. This ratio is often used to evaluate how effectively a company's management generates income for common shareholders(Rachmawati & Suhermin, 2017)(Hadiwibowo & Setyadi, 2017). Market value can be measured by analyzing earnings per share; price book value; price earning ratio, dividend yield, (Hadiwibowo & Setyadi, 2017)(Puspita & Indrawati, 2013) and dividend payout ratio (Fahmi, 2015).

2.7 Hypothesis Development

2.7.1 The Effect of Profitability on Stock Prices

The profitability ratio is a metric used to assess a company's profit potential(Herry, 2018). Profitability can be measured through ROE calculations. Return on equity or ROE, a measure used to evaluate how successfully capital can make money for all its owners(Cashmere, 2017). According to signal theory, investors may get a message from the ROE numbers, which is an indication of good news. The ability of a business to generate maximum profit with the least amount of capital or equity is demonstrated by a higher ROE. Furthermore, the return on equity (ROE) graph displays the level of effectiveness and performance of management in managing the capital owned. Investors will respond positively to positive news if the ROE is greater because they want to put their money into a business that handles capital well and generates significant profits. The company's share price will rise in proportion to the resulting ROE value. The level of demand for stocks will be influenced by high and low ROE. A company's share price may rise if there is more demand for the stock.

The results of research on profitability affect stock prices are still inconsistent. This is reflected in the results of research in the manufacturing sector and (Hadiwibowo & Setyadi, 2017) in the mining sector with the results of ROE influential and significant on stock prices. While the results of(Khairudin & Wandita, 2017) research on (Levina & Generous, 2019) property and real estate companies show ROE has an effect but not significant on stock prices. Based on the description above, the author formulates an influential and significant ROE on stock prices.

H₁: Profitability Has a Positive Effect on Stock Prices

2.7.2 The Effect of Liquidity On Stock Prices

A company's liquidity ratio shows a firm's capacity to repay short-term debt on schedule. The current ratio can be used to assess the liquidity of a company. One of the indicators of the short-term solvency of an enterprise or its ability to pay obligations when they mature. (Fahmi, 2015)(Fahmi, 2015)According to signaling theory, investors can receive signals from CR numbers i.e., good news signals. A company is more likely to be able to meet its short-term obligations if its current ratio is high. Conversely, a low current ratio means the company will have difficulty paying its short-term debt and may experience liquidity problems. This means that the high and low CR will affect the performance of a company. Companies that perform well will experience a rise in share price and attract new investors.

The results of research on liquidity affecting stock prices are still inconsistent. This is reflected(Nafisah & Daryanto, 2020) in the results in coal mining companies and (Goddess & Solihin, 2020) in food and beverage companies with CR results having an effect and significant on stock prices. While the results of research(Rahmadewi & Abundanti, 2018) in the automotive sector show that CR has a negative but not significant

effect on stock prices. Based on the description above, the author formulates an influential and significant CR on stock prices.

H₂= Liquidity Positively Affects Stock Price

2.7.3 The Effect of Solvency on Stock Prices

The solvency/leverage ratio is a metric used to assess a company's capacity to meet short-term and long-term commitments (Sukamulja, 2019). A metric, called debt-to-asset ratio, or DAR, is used to assess financial risk. This ratio indicates the likelihood that the company's total assets are not enough to pay its debts and interest (Nafisah & Daryanto, 2020). When a business has enough resources to pay off all its debts, then the business is said to be solvable. When the business does not have enough assets to cover all its bills when it comes time for liquidation, then the business is said to be insolvent. The DAR value can give signals to investors, which is a bad news signal according to signal theory. The risk increases as the DAR gets higher. A low percentage of personal capital used to fund assets is indicated by a high DAR. This implies that the company's share price will fall in proportion to the debt-to-asset ratio (DAR) because the higher cost of debt could potentially affect the company's profitability. Investor demand for such shares will decrease as a result of the company's declining profitability, which will further lower the share price.

The results of research on solvency affect stock prices are still inconsistent. This is reflected in the results of research on coal mining companies and in (Nafisah & Daryanto, 2020) companies in the consumer goods industry sector with the results of DAR having an effect and significant on stock prices. While the results of (Pane et al., 2021) research on (Princess & Christiana, 2017) property and real estate companies show that DAR has a negative but not significant effect on stock prices. The author formulates influential and significant DAR on stock prices.

H₃= Solvency Positively Affects Stock Price

2.7.4 The Effect of Market Value on Stock Prices

Market value is a ratio used to distinguish the value of a company according to investor perception with the value stated in the financial statements (Sukamulja, 2019). Earnings per share are used to calculate market value. The ability of a business to distribute its profits among shareholders is known as earnings per share or EPS (Brigham and Houston, 2013). Signal theory suggests that the EPS a company states in its financial statements might tell investors that the business is operating profitably. The EPS value that appears in a company's financial accounts shows how much money shareholders can earn as compensation for each share owned by a company.

The results of market value research affect stock prices are still inconsistent. This is reflected in the results in the manufacturing sector and (Hadiwibowo & Setyadi, 2017) in the mining sector with EPS results having an effect and significant on stock prices. Meanwhile, the results of (Khairudin & Wandita, 2017) research (Apriani & Lina Tungkir, 2021) at PT Indofood Sukses Makmur Tbk show that EPS does not have a significant effect on stock prices. Based on the description above, the author formulates an influential and significant EPS on stock prices.

H₄: Market Value Has a Positive Effect on Stock Prices.

3. Methods

This research is quantitative by using secondary data in the form of stock price, Return on Equity, Debt to Asset, Current Ratio, and Earnings per Share in the period 2020-2022. The secondary data source of this study was obtained from IDX (www.idx.co.id). A documentation approach is used in data collection. Online application and service subsector companies listed on the Indonesia Stock Exchange (IDX) constitute the population in this study. This research sample was obtained by purposive sampling technique, which is a selection method based on predetermined standards, as follows:

Table 1. Sampling Criteria

No	Kriteria	Jumlah
1	Perusahaan sub sektor <i>online application and service</i> yang terdaftar di BEI	17
2	Perusahaan sub sektor <i>online application and service</i> yang tidak mengalami merger / akuisisi	16
3	Perusahaan sub sektor <i>online application and service</i> yang memiliki laporan keuangan lengkap selama periode 2020-2022	11
	Jumlah Sample	11
	Total Sample Selama Periode Penelitian 2020-2022 (Tiga Tahun) (11x3)	33

The following is an explanation table related to variable measurements in this study:

Table 2. Variable Measurement

Variabel	Pengukuran Variabel
Harga saham (Y)	Harga saham yakni harga pasar yang dicatat pada harga penutupan suatu saham setiap harinya (Soedarsa & Arika, 2016)
Profitabilitas (X1)	ROE dipakai guna menilai seberapa baik modal sendiri dapat menghasilkan keuntungan bagi seluruh pemilik saham (Kasmir, 2017). $ROE = \text{Laba Bersih Setelah Pajak} / \text{Modal}$
Likuiditas (X2)	Indikator populer mengenai solvabilitas jangka pendek suatu perusahaan, kemampuannya membayar utang ketika jatuh tempo adalah rasio lancar (fahmi, 2015). $CR = \text{Asset Lancar} / \text{Utang Lancar}$
Solvabilitas (X3)	Debt to Asset Ratio Besarnya utang baik jangka pendek maupun jangka panjang yang dipakai guna membiayai aset diukur dengan menggunakan rasio (Kasmir, 2017). $DAR = \text{Total Liabilitas atau Kewajiban} / \text{Total Aset}$
Nilai pasar (X4)	Rasio ini menggambarkan korelasi antara laba bersih dengan kepemilikan saham yang dimiliki pemegang saham dalam bisnis (Herry, 2018). $EPS = \text{Laba Bersih Setelah Pajak} / \text{Jumlah Saham Beredar}$

This research uses analytical methods, namely: descriptive statistics, multiple linear regression, and classical assumption tests. Testing the effect of profitability, liquidity,

solvency and market value on stock prices using a regression equation model with the formula:

$$HS = \alpha + \beta_1ROE + \beta_2CR + \beta_3DER + \beta_4EPS + \varepsilon$$

Where HS is the share price; α as a constant symbol; β_1ROE as a symbol of the profitability regeneration coefficient; β_2CR as a symbol of the liquidity repression coefficient; β_3DER as a symbol of the solvency repression coefficient; β_4EPS as a symbol of the market value repression coefficient; and ε as a symbol of item error.

4. Results and Discussion

4.1 Descriptive Analysis

The purpose of descriptive statistical analysis is to provide a summary of data through consideration of minimum, maximum, mean, and standard deviation values (Ghozali, 2018). Purposive sampling was used to select 33 business samples of online application and service subsectors registered between 2020 and 2022 on the IDX. The company's strong financial statements and performance are the reasons why the share price of PT EMTK has a maximum value of 13275, according to the results of descriptive statistical testing. At PT KREN, the share price must be at least 50%. The decline in market demand and supply for the stock is the cause. The poor performance of issuer management has the potential to be the cause of falling stock prices. The average stock price value of 2282 "tends to be good, it can be seen from companies that have good management.

Table 3. Descriptive Statistics Result Test

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Sdt. Deviation
ROE	33	-.84	20.80	.9039	4.02352
CR	33	.13	38.08	7.5945	10.39930
DAR	33	.01	.56	.2082	.13235
EPS	33	-58.05	890.94	55.9582	170.44557
HS	33	50	13275	2282.00	3441.304
Valid N (listwise)	33				

Sumber: Data Olahan SPSS, 2023

ROE has a maximum value of 20.80 on PT WIFI, this illustrates the company's success in managing the company's capital. The minimum roe value of -0.84 at PT PGJO indicates a performance problem or inefficient use of capital. The average roe value is 0.9039 "tends to be good" because to be said a company manages capital efficiently to generate income the roe value is at least 1.0.

CR has a maximum value of 38.08 in PT PGJO, this shows that the company's current assets have the ability to cover all current liabilities in the future. The minimum cr value of 0.13 at PT KIOS is caused by companies that do not maintain the ability of management in operating the company in fulfilling its direct responsibilities. The average current ratio of 7.5945 shows that the company "tends to be good" meaning that it has sufficient current assets to cover its current liabilities.

DAR has a maximum value of 0.56 in PT WIFI, this is due to the low proportion of a company's capital to finance assets. However, the Company has been quite good at managing management in paying off its debts. The minimum value of 0.01 at PT KIOS, this happens because the company has enough assets to cover all its debts. The average dar value is 0.2082 "likely to be good", this means that the higher the dar value indicates that the company does not have enough assets to pay all its debts at the time of liquidation.

EPS has a maximum value of 890.94 in PT DIVA, this is because the company has a high profit and the number of shares outstanding by the company is less. The minimum eps value of -58.05 at PT KIOS, this happens because the company's net profit is very thin or is losing money. This can also happen because the number of shares outstanding by the company is more. The average eps value is 55.9582 "tends to be good", it shows that the higher the eps value can show how strong a company's finances are because it is able to book more net profits.

4.2 Classical Assumption Test

Predetermined regression equations are given certainty using classical assumption tests. Regression models can show slope if classical assumptions are not met (Riswan & Dunan, 2019).). The classic assumption test used is the normality test (Figure 1). The fact that the points are scattered around a diagonal line and follow its direction suggests that the research model is normally distributed. Because the value of VIF<10 and the tolerance value of each variable >0.10, there is no problem of multicollinearity between independent variables in this study (table 4). In addition, there is no autocorrelation in this study because as shown by the findings of the autocorrelation test in table 5, the Durbin-Watson test value is 1.347 smaller than the dU value of 1.7298 at a significance level of 0.05 and a value of 4-dU (2.2702). The scatterplot image (Figure 2) shows how points are arranged arbitrarily above and below the number 0 on the Y-axis. This shows that this study does not show heteroscedasticity.

4.3 Test the Hypothesis

Table 7. t Test Results

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1. (Constant)	-65.926	1421.893		-.046	.963
ROE	-298.607	153.324	-.349	-1.948	.062
CR	-32.773	58.596	-.099	-.559	.580
DAR	11909.522	5219.731	.458	2.282	.030
EPS	6.923	3.136	.343	2.208	.036

Sumber: Data Olahan SPSS, 2023

The t test and F test were used in this study. Table 6 presents the findings of the F statistical test, with a calculated F value of 3.425 with a significance level of 0.021 smaller than 0.05. This shows how the regression model is fulfilled and how the independent variable simultaneously affects the dependent variable. DAR and EPS have sig values in the t-test (table 7) of 0.030 and 0.036 <0.05 respectively, which shows that these factors have an influence on stock prices. With a sig value of 0.062 and 0.580 > 0.05, respectively, for ROE and CR, it can be concluded that these variables have no significant effect on stock prices. The value of the coefficient of determination R square is corrected by 0.233 according to table 8. This means that the independent variable was able to influence variabel dependent by 23.3% while the other 76.7% was influenced by other variables outside this study. In (tabel 8) can be created multiple linear regression formula as follows:

$$Y = (-65.926) + (-298.607) \text{ ROE} + (-32.773) \text{ CR} + (11909.522) \text{ DAR} + (6.923) \text{ EPS}$$

4.4 Profitability to Share Price

The ratio called profitability presents a firm's capacity to make a profit. One profitability metric that is often used to evaluate how well own capital can generate returns for all shareholders is return on equity (ROE). Since ROE shows the effective use of one's own money, it can give investors an indication. A company can generate maximum profit with minimal cash or equity if its ROE is higher. The ROE variable has a T value of -1.948 and a sig value of 0.062 > 0.05 according to the results of the hypothesis test. Mshows ROE has a negative and insignificant effect on stock prices. This shows that H1 was rejected because during the period many companies experienced difficulties in creating profits from available capital due to covid which affected the world economy and resulted in many company assets being financed by debt. The results support the findings, that ROE has an insignificant effect on stock prices. However, these (Apriani & Lina Tungkir, 2021; Levina & Generous, 2019) results do not support research (Hadiwibowo & Setyadi, 2017; Khairudin & Wandita, 2017; Rahmadewi & Abundanti, 2018) that finds ROE has a significant influence on stock prices. The hypothesis that explains why ROE affects stock prices is not supported by the findings of this research. Investors are informed by a strong ROE that these companies can manage capital effectively. This will directly impact the stock price so that it attracts investors to buy the stock.

4.5 Liquidity to Share Price

The liquidity ratio is used to assess how well a company can repay short-term debt on schedule. One liquidity ratio that is often used to assess a company's ability to pay its debt at maturity is the current ratio (CR). A high current ratio indicates that the company is better able to meet its short-term obligations, so investors can accept CR indications. Based on a T-value of -0.559 and a sig value of 0.580 > 0.05. From the results of the CR variable hypothesis test, it shows that CR has a negative but not significant influence on stock prices. This indicates that H2 was rejected because it is estimated that investors think a high CR value does not mean the company is performing well. This can be caused by a high inventory value that will cause low company profits and ultimately cannot provide the expected return. The study's conclusions support (Dhani Aspriyadi, 2020; Rahmadewi & Abundanti, 2018) the study, which concluded that CR has little influence on stock prices. However, research (Goddess & Solihin, 2020; Nafisah & Daryanto, 2020; Qorinawati & Santosa Adiwibowo, 2019b) that found that CR has an influence and importance on stock prices is not supported by the results of this study. The results of this research are not in accordance with the theory that explains CR affects stock prices. The high CR signals to investors that the Company has a good ability to pay its short-term obligations. A high CR will attract the attention of investors, which in turn will affect the stock price.

4.6 Solvability to Stock Price

A company's solvency ratio is often used to evaluate its capacity to meet all its short-term and long-term obligations. A common solvency ratio used to measure financial risk is the debt-to-asset ratio (DAR), which expresses the likelihood that a company's total assets will not be sufficient to cover its debt and interest. Since a high DAR exposes a low percentage of own money used to fund assets, it serves as a signal to potential investors. The DAR variable has a T value of 2.282 and a sig value of 0.030 < 0.05 based on the results of the hypothesis test. This shows that DAR has a positive and significant

effect on stock prices. This shows that H3 is accepted because the company has a good ability to pay off its debts, a low DAR value will affect the value of a company which results in the stock price itself will increase. The results of this research support the findings, that DAR has a positive and significant effect on stock prices. However, these results (Nafisah & Daryanto, 2020; Pane et al., 2021) do not support research that found DAR to have an insignificant influence on stock prices. The results of this study are in accordance with the theory that explains DAR affects stock prices. A high DAR is a bad signal for investors because the higher the DAR, the greater the risk faced. This means that the higher the DAR of a company, the lower the company's stock price will be, because the greater the cost of debt can reduce the company's profitability (Princess & Christiana, 2017).

4.7 Market Value to Stock Price

Market value is a measure that investors use to assess the value of a company. The so-called market value ratio (EPS) is often used to evaluate a company's capacity to pay dividends to shareholders. Because it can represent the maximum income a shareholder is entitled to receive for each share he owns as compensation for his ownership of the company, EPS serves as a signal to investors. The EPS variable has a T value of 2.208 and a sig value of 0.036 < 0.05 based on the results of the hypothesis test. Mshows that EPS has a positive and significant effect on stock prices. This shows that H4 is accepted because the company's management is responsible for operating the company effectively so that it can earn profits and distribute to shareholders. The results of this research support the findings, that EPS has a positive and significant effect on stock prices. However, these (Dhani Aspriyadi, 2020; Hadiwibowo & Setyadi, 2017; Khairudin & Wandita, 2017) results do not support research that found EPS to have an insignificant effect on stock prices. The results of this study are in accordance with the theory that explains EPS has an effect on stock prices. High EPS provides good news to investors. This is because the greater the EPS value generated by the company, the demand (Apriani & Lina Tungkir, 2021; Bahri, 2018) or supply from investors will increase so that the stock price will be higher.

5. Conclusion

This study aims to find out and test how financial performance through profitability, liquidity, solvency and market value against stock prices. The results of this study are (1) profitability has a negative and insignificant effect on stock prices; (2) liquidity has a negative and insignificant effect on stock prices; (3) solvency has a positive and significant effect on stock prices; (4) Market value has a positive and significant effect on stock prices. Profitability and liquidity variables have a negative and insignificant effect on stock prices and solvency and market value variables have a positive and significant effect on stock prices. This research informs that the performance of a company will have an impact on the stock price of a company. The suggestion in this study is for all parties (management, investors, potential investors) to pay more attention to profitability and liquidity to be able to predict the value of a company and subsequent researchers, to add samples and other variables such as ROA, DER and PER, which are able to explain the effect of financial performance on stock prices.

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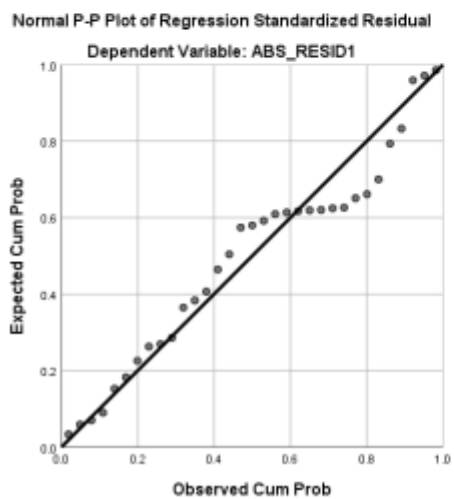
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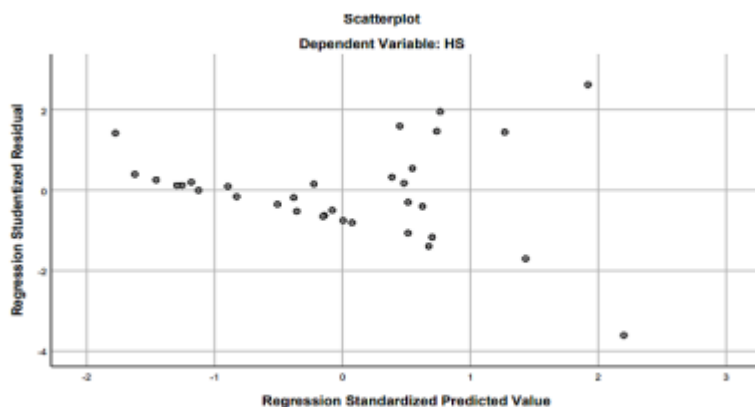
Attachment:

No	Kode	Perusahaan
1	EMTK	Elang Mahkota Teknologi Tbk
2	MCAS	PT M Cash Integrasi Tbk
3	NFCX	PT NFC Indonesia Tbk
4	TFAS	PT Telefast Indonesia Tbk.
5	DIVA	PT Distribusi Voucher Nusantara Tbk
6	WIFI	PT Solusi Sinergi Digital Tbk
7	CASH	PT Cashlez Worldwide Indonesia Tbk.
8	HDIT	PT Hensel Davest Indonesia Tbk
9	KIOS	PT Kioson Komersial Indonesia Tbk.
10	PGJO	PT Tourindo Guide Indonesia Tbk.
11	KREN	PT Quantum Clovera Investama Tbk.

Gambar 1. Hasil Uji Normalitas



Gambar 2. Scatterplot



Tabel 4. Hasil Uji Multikolinieritas

Model	Coefficients ^a						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-65.926	1421.893		-.046	.963		
ROE	-298.607	153.324	-.349	-1.948	.062	.746	1.340
CR	-32.773	58.596	-.099	-.559	.580	.765	1.308
DAR	11909.522	5219.731	.458	2.282	.030	.595	1.680
EPS	6.923	3.136	.343	2.208	.036	.994	1.006

Sumber: Data Olahan SPSS, 2023

Tabel 5. Hasil Uji Autokorelasi

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.573 ^a	.329	.233	3014.547	1.347

Sumber: Data Olahan SPSS, 2023

Tabel 6. Hasil Uji F

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	124512553.6	4	31128138.40	3.425	.021 ^b
	Residual	254449850.4	28	9087494.657		
	Total	378962404.0	32			

a. Dependent Variable: HS

b. Predictors: (Constant), EPS, ROE, CR, DAR

Sumber: Data Olahan SPSS, 2023