# FACTORS AFFECTING THE STOCK PRICES OF MANUFACTURING COMPANIES LISTED ON THE LQ45 INDEX OF THE INDONESIA STOCK EXCHANGE FOR THE PERIOD 2019 – 2023

## Steven Jonathan Salim[1*], Tannia[2]

[1,2] Faculty of social science and humanity, Universitas Bunda Mulia, Jakarta, Indonesia
*Email: S12210070@student.ubm.ac.id*

*\*Corresponding Author*

### ABSTRACT

*This research aims to provide empirical evidence regarding the impact of debt to equity ratio (DER), net profit margin (NPM), return on assets (ROA), return on equity (ROE), current ratio (CR), and price earning ratio (PER) variables on the stock prices of manufacturing companies listed on the LQ45 index in the Indonesia Stock Exchange for the period of 2019-2023. This research uses secondary data with a quantitative approach and Purposive Sampling applied as the sampling method. The sample used in this research are 14 manufacturing companies in the LQ45 index category of the Indonesian Stock Exchange (IDX) in the 2019-2023 period. This research has been tested with the SPSS 27 statistical testing tool to prove the hypothesis proposal. The results of the analysis show that the research variable simultaneously has a significant effect on stock prices and the partial test results show that the Debt to Equity Ratio, Net Profit Margin, Return on Assets, Return on Equity, and the Current Ratio have a significant effect on stock prices. Meanwhile the Price Earning Ratio has no significant effect on stock prices in manufacturing companies in the LQ45 Index category of the Indonesian stock exchange for the period 2019 - 2023.*

***Keywords:*** *Stock Price, Debt to Equity Ratio (DER), Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE), Current Ratio (CR), Price Earning Ratio (PER)*

## 1. INTRODUCTION

As the economy develops and improves, business competition also increases. The manufacturing industry has undergone a notable increase in competition, constituting a significant contributor to economic growth in Indonesia (Maria et al., 2020). This is shown by the increasing contribution of the manufacturing industry sector to the Gross Domestic Product (GDP) on an annual basis (Kemenperin.Go.Id.). As quoted in a press release from (Kemenperin.Go.Id.) In the initial quarter of 2023, the manufacturing industry sector continued to exert the greatest influence on the nation's economic growth.

One of the strategies employed by companies to remain competitive is selling company shares through the capital market to obtain additional funding (Puspitasari & Chabachib, 2019) by registering with the Indonesia Stock Exchange as a publicly listed company or "Going Public". The LQ45 Index is one type of index in the Indonesian Capital Market, encompassing 45 companies with shares that are actively traded daily on the stock exchange and whose prices continuously fluctuate in line with trading volume (Lusiana & Avriyanti, 2023). Companies included in the LQ45 index are selected based on specific criteria, resulting in these shares having higher trading liquidity compared to other companies and possessing substantial market capitalization, making them attractive to investors in the capital market (Zahro & Purnamawati, 2015).

Investors are naturally inclined to invest their funds in companies that demonstrate stability, exhibit strong financial performance, are competitive in their market, and offer a high rate

of return (Maria et al., 2020). If a company demonstrates performance that is evaluated positively, investors will gain confidence and increase their interest in investing funds in that company, consequently causing its share price to rise (Kundiman & Hakim, 2017).

One approach used to evaluate a stock is Fundamental Analysis, which relies on the financial data of the company (Munandar, 2022). The company indicators used in the fundamental analysis of this research include: Debt to Equity Ratio or DER, Net Profit Margin or NPM, Return on Assets or ROA, Return on Equity or ROE, Current Ratio or CR, and Price Earning Ratio or PER.

DER indicates the extent of a firm's debt compared to its equity capital (Solihin et al., 2021). This debt arises from situations where all capital requirements cannot be met with equity capital or proceeds from the sale of equity. As a result, firms often seek additional capital through loans (Solihin et al., 2021). When the DER rises, it signifies that the firm is increasingly financing its operations with debt rather than equity (Munandar, 2022). According to Sawir in (Nurdin, 2015) companies with high debt utilization tend to face greater risks compared to companies with no debt or low debt levels, because in addition to facing business risks, the company will also bear financial risks. Nevertheless, this additional risk may potentially increase company profits, as the company obtains additional capital. This statement aligns with the Trade-Off Leverage theory (Modigliani & Miller, 1958) which reveals that companies that can generate returns from debt-financed investments higher than the interest costs paid on that debt will provide greater returns to capital owners, which can result in an increase in the company's stock price.

This is consistent with the findings of (Ery Yanto et al., 2021; Nurdin, 2015; Sukesti et al., 2021) that Debt Equity Ratio (DER) has a impact on stock price, but contradicts the findings of (Munandar, 2022; Rini Tri Hastuti, 2020; Solihin et al., 2021) that DER has no significant impact on stock price.

The Net Profit Margin (NPM) is a ratio that measures the profit after taxes a company can earn from each activity of sales (Rohman & Afkar, 2018). Increasing NPM means the greater the amount of profit can be generated. The higher the NPM, the greater the firm's ability to return profits to investors. This information encourages investors to put their money into the company, according to (Solihin et al., 2021; Sukesti et al., 2021), a higher NPM leads to a higher stock price with significant impact, while (Ery Yanto et al., 2021; Rohman & Afkar, 2018; Sahari & Suartana, 2020) stated that NPM has no impact on company's stock price.

ROA measures the total return on investment by comparing after-tax net income to assets (Sahari & Suartana, 2020). Return on assets (ROA) is an indicator of how effectively a company's management uses its assets to generate profits; a high ROA number indicates that the company is able to generate significant profits from each capital invested in its assets. Conversely, a low ROA may indicate inefficiencies in corporate operations and less than optimal use of assets to generate added value (Sukesti et al., 2021). This is consistent with the findings of (Rohman & Afkar, 2018; Solihin et al., 2021; Sukesti et al., 2021) that ROA has a significant impact on stock prices. However, this contradicts the findings of (Ery Yanto et al., 2021; Sahari & Suartana, 2020) that ROA has no significant impact on stock prices.

The next fundamental factor is Return on Equity (ROE), which is determined by comparing after-tax profits to total capital (Sahari & Suartana, 2020); the higher the ROE, the better the

performance of capital management in generating profits for shareholders. It can be said that the company is effectively and efficiently using capital from shareholders to generate profits (Cipta et al., 2023) A high ROE figure can signal to shareholders that the return on investment received will be greater (Lumowa, 2015). This indicates that ROE has an influence on value. This is consistent with the findings of (Ery Yanto et al., 2021; Sahari & Suartana, 2020) that Return on Equity (ROE) has a impact on firm value, but contradicts the findings of (Rohman & Afkar, 2018) that it has no impact on firm value.

The Current Ratio (CR) is a financial ratio that evaluates a company's ability to pay off its short-term debts with its liquid assets (Ahmad Solihin et al., 2021). With high debt utilization in the manufacturing industry, a company's short-term obligations will also increase in the form of debt interest payments. A high Current Ratio indicates that the company has good liquidity, meaning the company is capable of meeting its short-term obligations. This condition naturally attracts investors' interest to invest, which in turn increases the demand for shares and impacts the rise in stock prices. This is consistent with the findings of (Ery Yanto et al., 2021) that CR has a impact on stock price, but contradicts the findings of (Kundiman & Hakim, 2017; Nurdin, 2015) that it has no significant impact.

The next fundamental factor is the Price Earning Ratio (PER), PER is a commonly used metric to evaluate a company's profitability and assess the market's valuation of its stock. It is calculated by dividing the stock price by the company's earnings per share (Solihin et al., 2021). Considering that the performance of the manufacturing industry is increasingly improving, the PER ratio is important to analyze, because a high PER indicates that company performance is increasing (Olla & Mareta, 2023), and indicates a greater possibility for the company to grow and develop, thereby increasing company value (Solihin et al., 2021). However, an excessively high PER may indicate that the offered share price is already high or not rational (Olla & Mareta, 2023). This is consistent with the findings of (Sholihah & Tjaraka, 2024) that Price Earning Ratio (PER) has a significant effect on stock price but contradicts the findings of (Olla & Mareta, 2023; Rohman & Afkar, 2018; Solihin et al., 2021) that it has no effect on stock price.

Due to the context of the problem above and the contradictory results of previous studies, this study is important and the researcher has conducted a study on the factors that affect the stock prices of manufacturing companies listed on the LQ45 Index of the Indonesian Stock Exchange from 2019 to 2023, namely Debt to Equity Ratio (DER), Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE), Current Ratio (CR), and Price Earning Ratio (PER).

According to (Brigham & Houston, 2019) signaling theory includes actions taken by companies to achieve future prospects. This can be in the form of efforts by the company to provide financial information to investors. Signaling Theory explains that the use of financial information serves to provide either positive or negative information to its users, which subsequently aids in financial decision-making. Due to information asymmetry between company owners and outside parties like investors, signaling theory aims to encourage information users or management to transmit the right signals (Adelia et al., 2024).

Therefore, Signaling Theory indicates that information about favorable or unfavorable financial reports could be used by investors when choosing investment decisions in a company. In other words, this information will cause stock prices to fluctuate (Adelia et al., 2024). Financial statements that incorporate financial performance and clear, comprehensive, and

transparent notes are used to display the company's facts. Giving a true and thorough image of the business's financial situation is the goal (Adelia et al., 2024).

**Stock Price**
The most recent value of a stock listed or traded on the stock market is known as the stock price. Supply and demand trends for shares on the stock exchange affect this price, which is determined by market participants. The value of a company to investors is reflected in its stock price (Sukesti et al., 2021). Since stocks are one of the most promising investment categories, it is crucial and essential for investors to evaluate stock prices before making an investment (Cipta et al., 2023).

**Debt Equity Ratio (DER)**
The Debt Equity Ratio (DER) is a ratio that compares a company's total debt to its total equity (Cipta et al., 2023). According to Jusuf, as cited by (Ananda et al., 2023) this ratio indicates the extent to which equity can cover all of the company's debt. Furthermore, this ratio can be understood as a comparison of the money put in the business by the owners and the money received from other sources. Consequently, the greater this ratio, the greater the financial danger to the organization. Potential investors typically steer clear of companies with significant financial risk because of their poor stock returns (Bambang Riyanto, 2008).

**Net Profit Margin (NPM)**
Sudana asserts that the Net Profit Margin is a gauge of a business's capacity to produce net profit from sales, as stated in (Ananda et al., 2023) A higher net profit margin indicates a more productive business, which in turn encourages investors to put money into the company (Bastian & Suhardjono, 2006).

**Return on Asset (ROA)**
Sudana, as quoted in (Ananda et al., 2023), claims that ROA is a measure of a company's ability to use all of its assets to generate net profit. A greater ROA indicates more effective utilization of the company's resources. Stated differently, the corporation can make more money with the same quantity of assets, and vice versa.

**Return on Equity (ROE)**
ROE is the ratio of profit earned by a company in a certain way to be returned to investors (Rini Tri Hastuti, 2020). Kasmir, as quoted in (Supriyadi, 2021) explains that ROE is the ratio of net profit after tax measured by equity. ROE's growth indicates that a company's prospects are improving because it is able to increase its profits.

**Current Ratio (CR)**
The Current Ratio (CR) is the ability to repay short-term debt with the company current assets (Heikal et al., 2014). According to Sawir in (Faujiah & Nursito, 2022) A low Current Ratio (CR) generally indicates liquidity problems; however, an excessively high CR can also suggest inefficient management of liquidity sources. Surplus current assets should be utilized to pay dividends, settle long-term debt, or be invested in projects that can yield higher returns (Kundiman & Hakim, 2017). Therefore, it is crucial for company management to achieve a proper balance in liquidity management. Consequently, the company can ensure sufficient liquidity to meet short-term obligations while maintaining efficiency in capital utilization (Anisyah & Supriyadi, 2024).

**Price Earning Ratio (PER)**
The Price Earnings Ratio (PER) is a valuation ratio that compares a company's current share price to its earnings per share (Olla & Mareta, 2023). A higher PER increases capital holders' interest in investing their capital. Therefore, it will affect the stock price and the price per share (Aprianti & Wahyuningsih, 2022).

**The Relationship between Debt-to-Equity Ratio (DER) and Stock Price**
The relationship between the Debt to Equity Ratio (DER) and stock price is that when the DER increases, investors will view this condition as risky because the company has high financial risk, which could lead to bankruptcy. Consequently, investors may be reluctant to invest or may withdraw funds, causing the stock price to decline (Zebua et al., 2021). However, because debt has a number of benefits over equity financing, businesses frequently use it in their capital structure. One advantage of debt financing is the potential for tax savings; interest and principal payments on debt can be considered operating expenses, which can be deducted from the company's income tax (Sukesti et al., 2021).

The Trade-Off Theory of Leverage (Modigliani & Miller, 1958) states that businesses can profit from taking on debt as long as the tax advantages outweigh the costs of filing for bankruptcy. Therefore, up to a certain extent, raising the debt level can increase the company's worth. In order to maximize market value and minimize cost of capital, businesses can select the greatest possible capital structure, which is the ideal mix of debt and equity financing. However, an increase in debt will have a detrimental effect on the company's worth if it is not regulated (Sukesti et al., 2021).

Research by (Ery Yanto et al., 2021; Nurdin, 2015; Sukesti et al., 2021) has demonstrated that the company's value is significantly impacted by the Debt to Equity Ratio.
Based on the explanation above, the following hypothesis is formulated:
**Hypothesis 1**: Debt to Equity Ratio (DER) has a significant effect on Stock Price.

**The Relationship between Net Profit Margin (NPM) and Stock Price**
A high Net Profit Margin (NPM) reflects a company's productive performance and its ability to manage costs effectively, which in turn increases profits from sales (Sukesti et al., 2021). The relationship between NPM and stock price is that when NPM increases, investors will view this achievement positively, as the company is seen to be capable of enhancing its net profit from its business activities. Consequently, investors are more inclined to invest their funds, leading to an increase in stock prices (Zebua et al., 2021).
Research by (Solihin et al., 2021; Sukesti et al., 2021) has found evidence that net profit margin (NPM) has a influence on company value.
Based on the explanation above, the following hypothesis is formulated:
**Hypothesis 2**: Net Profit Margin (NPM) has a significant effect on Stock Price.

**The Relationship between Return on Assets (ROA) and Stock Price**
ROA is calculated by dividing net profit by the company's total assets. A company with a high ROA indicates that management is capable of managing its assets effectively and efficiently, thus improving the productivity of assets in generating net profit (Rivandi & Lasmidar, 2021). The higher the income, the greater the return for investors, which impacts stock prices (Sukesti et al., 2021) This is because it attracts investor interest. The more investors are interested in buying the company's shares, the more positively it affects the increase in stock prices (Rivandi & Lasmidar, 2021).

Research by (Rohman & Afkar, 2018; Solihin et al., 2021; Sukesti et al., 2021) has proven that Return on Assets (ROA) has a significant impact to the stock price.

Based on the explanation above, the following hypothesis is formulated:

**Hypothesis 3**: Return on Asset (ROA) has a significant effect on Stock Price.

### The Relationship between Return on Equity (ROE) and Stock Price

Return on equity (ROE) indicates how much profit a company can generate with its own capital (Cipta et al., 2023). The level of ROE has a positive relationship with the stock price, so the larger the ROE, the higher the market price. This is because a large ROE indicates that the return that investors will receive will be high, so investors will be interested in buying those shares, and that causes the market price of the shares to tend to rise (Kundiman & Hakim, 2017).

This is consistent with the findings of studies by (Ery Yanto et al., 2021; Sahari & Suartana, 2020) that return on equity (ROE) has a significant impact to the stock price.

Based on the explanation above, the following hypothesis is formulated:

**Hypothesis 4**: Return on Equity (ROE) has a significant effect on Stock Price.

### The Relationship between Current Ratio (CR) and Stock Price

A high Current Ratio indicates that a company possesses high liquidity, meaning the company is capable of meeting its short-term obligations. This condition will attract investors to invest, increase demand for shares, and ultimately drive up stock prices in line with the Current Ratio value (Munandar, 2022). However, an excessively high CR will become a problem, as it indicates an amount of idle funds, which can ultimately reduce the company's profitability (Faujiah & Nursito, 2022). Therefore, it is crucial for company management to achieve a proper balance in liquidity management. Consequently, the company can ensure sufficient liquidity to meet short-term obligations while maintaining efficiency in capital utilization (Anisyah & Supriyadi, 2024).

This is consistent with the research results by (Ery Yanto et al., 2021) where the Current Ratio (CR) has a significant effect on manufacturing stock prices. Thus, an increase in the Current Ratio value will be followed by an increase in stock prices.

Based on the explanation above, the following hypothesis is formulated:

**Hypothesis 5**: Current Ratio (CR) has a significant effect on Stock Price.

### The Relationship between Price Earning Ratio (PER) and Stock Price

The PER ratio indicates a company's ability to generate a return on investors' capital (Aprianti & Wahyuningsih, 2022) A company with a high PER value signifies that the company has a high growth rate, which can indicate that the market expects future earnings growth (Solihin et al., 2021) A high PER will also increase the interest of capital holders to invest their capital, thus impacting a rise in stock prices (Aprianti & Wahyuningsih, 2022)

This is consistent with the findings of (Sholihah & Tjaraka, 2024) that PER has a significant impact on the stock price.

Based on the explanation above, the following hypothesis is formulated:

**Hypothesis 6**: Price Earning Ratio (PER) has a significant effect on Stock Price.

### Research Paradigm

Based on the research relationship above, the research paradigm is built below:
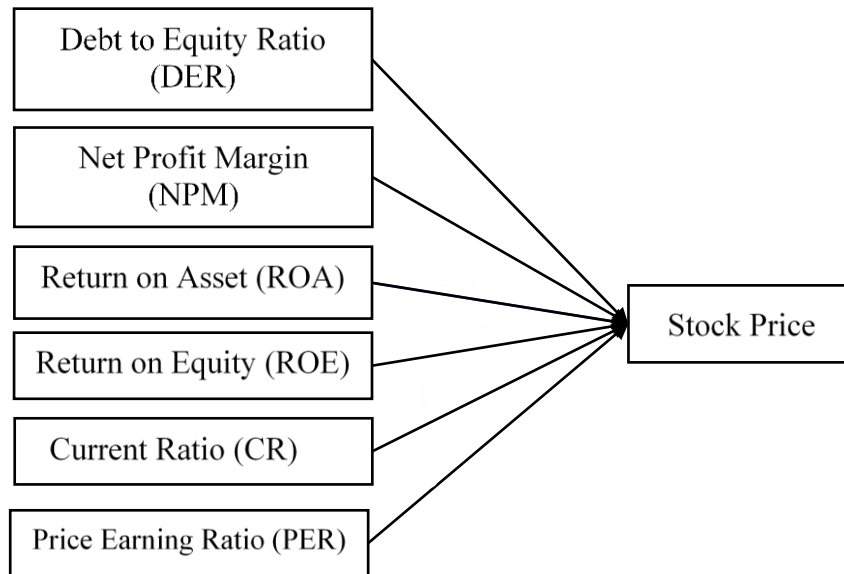
Figure 1. Research Model

## 2. RESEARCH METHOD

This study utilizes a quantitative research methodology, relying on secondary data. The research focuses on manufacturing companies listed on the Indonesia Stock Exchange (IDX) LQ45 Index Category during the period of 2019-2023. Purposive sampling, a sampling technique that selects specific units based on predefined criteria, was employed. The following criteria were applied to select the sample:

1. Manufacturing Company that include in the LQ-45 Index category during the observation year
2. Manufacturing Company that issued a financial report during the observation year
3. Manufacturing Companies that have been listed for three consecutive years on LQ45 Index during the observation year.

The researchers used statistical analysis and regression tests to confirm the effect of variables included in the LQ45 index category of the Indonesian Stock Exchange (IDX) on the stock prices of manufacturing companies from 2019 to 2023. Statistical analysis using the SPSS27 software, statistical methods with normality, multilinearity, and heterodasticity, followed by multiple linear regression analysis, formulas and partial tests, F-tests and hypothesis tests using stages that search for correlation coefficients. to determine the determination coefficient ($R^2$).

## 3. RESULTS AND DISCUSSIONS
**Descriptive Statistics Test**

Table 1. Descriptive Statistics Test
Source: Data output SPSS 27

|  | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Stock Price | 70 | 840 | 53000 | 8851.43 | 9352.451 |
| DER | 70 | .1703 | 3.9284 | .929964 | .7669290 |
| NPM | 70 | -.0627 | .4052 | .099540 | .0633599 |
| ROA | 70 | -.0303 | .3580 | .090869 | .0784159 |
| ROE | 70 | -.0532 | 1.4509 | .211229 | .3360537 |
| CR | 70 | .5517 | 4.9081 | 2.070548 | .9575737 |
| PER | 70 | -221.8935 | 384.3710 | 22.687102 | 67.6641777 |
| Valid N (listwise) | 70 |  |  |  |  |

The dependent variable in this research is Stock Price. The lowest (minimum) value of the stock price was Rp 840 per share for PT HM Sampoerna Tbk. (stock code: HMSP) in 2021. The highest (maximum) value was Rp 53,000 per share for PT. Gudang Garam Tbk. (stock code: GGRM) in 2019. The average (mean) stock price is 8851.43. The standard deviation is 9352.451.

DER had a lowest value (minimum) of 0.1703 at PT. Kalbe Farma Tbk. (stock code: KLBF) in 2023 and a highest value (maximum) of 3.9284 at PT. Unilever Indonesia Tbk. (stock code: UNVR) in 2023. The average (mean) value of the DER variable data is 0.929964. The standard deviation is 0.7669290.

NPM had a lowest value (minimum) of -0.0627 at PT. Chandra Asri Petrochemical Tbk (stock code: TPIA) in 2022 and a highest value (maximum) of 0.4052 at PT. Pabrik Kertas Tjiwi Kimia Tbk. (stock code: TKIM) in 2022. The average (mean) value of the NPM variable is 0.099540. The standard deviation is 0.0633599.

ROA had a lowest value (minimum) of -0.0303 at PT. Chandra Asri Petrochemical Tbk (stock code: TPIA) in 2022 and a highest value (maximum) of 0.3580 at PT. Unilever Indonesia Tbk. (stock code: UNVR) in 2019. The average (mean) value of the ROA variable data is 0.090869. The standard deviation is 0.0784159.

ROE had a lowest value (minimum) of -0.0532 at PT. Chandra Asri Petrochemical Tbk (stock code: TPIA) in 2022 and a highest value (maximum) of 1.4509 at PT. Unilever Indonesia Tbk. (stock code: UNVR) in 2020. The average (mean) value of the ROE variable data is 0.211229. The standard deviation is 0.3360537.

CR had a lowest value (minimum) of 0.5517 at PT. Unilever Indonesia Tbk. (stock code: UNVR) in 2023 and a highest value (maximum) of 4.9081 at PT. Kalbe Farma Tbk. (stock code: KLBF) in 2023. The average (mean) value of the CR variable data is 2.070548. The standard deviation is 0.9575737.

PER had a lowest value (minimum) of -221.8935 at PT. Chandra Asri Petrochemical Tbk (stock code: TPIA) in 2023 and a highest value (maximum) of 384.3710 at PT. Chandra Asri Petrochemical Tbk (stock code: TPIA) in 2020. The average (mean) value of the PER variable data is 22.687102. The standard deviation is 67.6641777.

## Classical Assumption Test
## Normality Test

Table 2. One Sample Kolmogorof-Smirnof Normality Test
Source: Data output SPSS 27

| | | | Unstandardized Residual |
|---|---|---|---|
| N | | | 70 |
| Normal Parameters[a,b] | Mean | | .0000000 |
| | Std. Deviation | | .80583841 |
| Most Extreme Differences | Absolute | | .98 |
| | Positive | | .98 |
| | Negative | | -.053 |
| Test Statistic | | | .098 |
| Asymp. Sig. (2-tailed)[c] | | | .176 |
| Monte Carlo Sig. (2-tailed)[d] | Sig. | | .103 |
| | 99% Confidence Interval | Lower Bound | .095 |
| | | Upper Bound | .111 |

Based on Table 3.2, the Asymp. Sig. (2-tailed) value obtained is 0.176, which means the sig. value is greater than the significance value of 0.05. This indicates that the data is normally distributed.

## Multicollinearity Test Results

Table 3. Multicollinearity Test
Source: Data output SPSS 27

| Model | Collinearity Statistics | |
|---|---|---|
| | Tolerance | VIF |
| DER | .249 | 4.020 |
| NPM | .773 | 1.294 |
| ROA | .182 | 5.490 |
| ROE | .154 | 6.486 |
| CR | .431 | 2.318 |
| PER | .602 | 1.661 |

Table 3.3 shows that the tolerance values of  are all greater than 0.10 and the VIF values are all less than 10 for each variable in this study. These values indicate that there is no multicollinearity among the variables used in this research.

**Heteroscedasticity Test Result**

Table 4. Heteroscedasticity Test
Source: Data output SPSS 27

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.162 | .732 | | 1.588 | .117 |
| | DER | .179 | .184 | .234 | .973 | .335 |
| | NPM | -1.630 | 1.218 | -.183 | -1.338 | .186 |
| | ROA | .238 | .203 | .330 | 1.171 | .246 |
| | ROE | -.240 | .479 | -.153 | -.501 | .618 |
| | CR | .173 | .104 | .304 | 1.662 | .102 |
| | PER | .000 | .001 | -.019 | -.121 | .904 |

a. Dependent Variable: Abs_RES

The heteroscedasticity test results show that all independent variables used in the study, DER (X1) with a value of 0.117, NPM (X2) with a value of 0.335, ROA (X3) with a value of 0.246, ROE (X4) with a value of 0.618, CR (X5) with a value of 0.102, and PER (X6) with a value of 0.904, have values greater than 0.05. This indicates that there is no heteroscedasticity.

**Multiple Linear Regression Analysis Result**

Table 5. Multiple Linear Regression Analysis
Source:Data output SPSS 27

| Model | | Unstandardized Coefficients | |
|---|---|---|---|
| | | B | Std. Error |
| 1 | (Constant) | 5.525 | 1.186 |
| | DER | -.881 | .299 |
| | NPM | 4.416 | 1.975 |
| | ROA | -1.049 | .330 |
| | ROE | 2.025 | .777 |
| | CR | -.345 | .168 |
| | PER | -.002 | .002 |

a. Dependent Variable: Stock Price

$$Y = a + b_1DER + b_2NPM + b_3ROA + b_4ROE + b_5CR + b_6PER + \varepsilon$$

Stock Price = 5,525 – 0,881DER + 4,416NPM – 1,049ROA + 2,025ROE – 0,345CR – 0,002PER + e

Based on the analysis of multiple linear regression, the meaning of the regression coefficient variables can be explained as follows:

1. Constant Value (a) From the multiple linear regression equation, the constant value (a) is a positive 5.525. This means that if all independent variables, including Debt Equity Ratio, Net Profit Margin, Return on Assets, Return on Equity, Current Ratio, and Price Earning Ratio are considered 0 (zero) or constant, then the dependent variable, Stock Price, would be 5.525.

2. Debt Equity Ratio(DER) Regression Coefficient The coefficient of Debt Equity Ratio (DER) is -0.881. This means that if the Debt Equity Ratio (DER) increases by 1%, the dependent variable, Stock Price, will decrease by -0.881.

3. Net Profit Margin (NPM) Regression Coefficient The coefficient of Net Profit Margin (NPM) is 4.416. This means that if the Net Profit Margin (NPM) increases by 1%, the dependent variable, Stock Price, will increase by 4.416.

4. Return on Assets (ROA) Regression Coefficient The coefficient of Return on Assets (ROA) is -1.049. This means that if the Return on Assets (ROA) increases by 1%, the dependent variable, Stock Price, will decrease by 1.049.

5. Return on Equity (ROE) Regression Coefficient The coefficient of Return on Equity (ROE) is 2.025. This means that if the Return on Equity (ROE) increases by 1%, the dependent variable, Stock Price, will increase by 2.025.

6. Current Ratio (CR) Regression Coefficient The coefficient of Current Ratio (CR) is -0.345. This means that if the Current Ratio (CR) increases by 1%, the dependent variable, Stock Price, will decrease by 0.345.

7. Price Earning Ratio (PER) Regression Coefficient The coefficient of Price Earning Ratio (PER) is -0.002. This means that if the Price Earning Ratio (PER) increases by 1%, the dependent variable, Stock Price, will decrease by 0.002.

## Coefficient Determination (R2) Result

Table 6. Coefficient Determination ($R^2$)
Source: Data output SPSS 27

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .501[a] | .251 | .177 | .84454 |

a. Predictors: (Constant), DER, NPM, ROA, ROE, CR, PER

b. Dependent Variable: Stock Price

From Table 3.6, the processed data results show an adjusted R2 value of 0.177, or 17.7%. This value indicates the extent to which the independent variables, namely Debt to Equity Ratio (DER), Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE), Current Ratio (CR), and Price Earning Ratio (PER), influence the dependent variable, Stock Prices, in this study, which is 17.7%, while the remaining 82.3% is influenced by other variables outside of this research.

## Simultaneous Test (F-test) Result

Tabel 7. Simultaneous test (F-Test)
Source: Data output SPSS 27

**ANOVA<sup>a</sup>**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 14.546 | 6 | 2.424 | 3.399 | .006<sup>b</sup> |
|  | Residual | 43.508 | 61 | .713 |  |  |
|  | Total | 58.054 | 67 |  |  |  |

a. Dependent Variable: Stock Price

b. Predictors: (Constant), DER, NPM, ROA, ROE, CR, PER

Based on Table 3.7 above, it is found that the significance value of 0.006 is less than 0.05. Therefore, it can be concluded that the variables Debt Equity Ratio (DER), Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE), Current Ratio (CR), and Price Earning Ratio (PER) collectively have a significant affect on the Stock Price.

## Partial test (T-Test) Result

Table 8. Partial test (T-Test)
Source: Data output SPSS 27

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
|  |  | B | Std. Error | Beta |  |  |
| 1 | (Constant) | 5.525 | 1.186 |  | 4.657 | .000 |
|  | DER | -.881 | .299 | -.656 | -2.951 | .004 |
|  | NPM | 4.416 | 1.975 | .282 | 2.236 | .029 |
|  | ROA | -1.049 | .330 | -.826 | -3.181 | .002 |
|  | ROE | 2.025 | .777 | .736 | 2.607 | .011 |
|  | CR | -.345 | .168 | -.345 | -2.047 | .045 |
|  | PER | -.002 | .002 | -.123 | -.862 | .392 |

Based on Table 3.8 above, the results show the following:
1.  Variable DER: The calculated t-value for DER is -2.951 with a significance level of 0.004. Since the significance level of 0.004 is less than 0.05, it can be concluded that DER has a significant negative impact on Stock Price. Therefore, the null hypothesis (H0) is accepted, and the alternative hypothesis (Ha) is rejected.
2.  Variable NPM: The calculated t-value for NPM is 2.236 with a significance level of 0.029. Since the significance level of 0.029 is less than 0.05, it can be concluded that NPM has a significant positive impact on Stock Price. Therefore, the alternative hypothesis (Ha) is accepted, and the null hypothesis (H0) is rejected.
3.  Variable ROA: The calculated t-value for ROA is -3.181 with a significance level of 0.002. Since the significance level of 0.002 is less than 0.05, it can be concluded that ROA has a significant negative impact on Stock Price. Therefore, the null hypothesis (H0) is accepted, and the alternative hypothesis (Ha) is rejected.

4. Variable ROE: The calculated t-value for ROE is 2.607 with a significance level of 0.011. Since the significance level of 0.011 is less than 0.05, it can be concluded that ROE has a significant positive impact on Stock Price. Therefore, the alternative hypothesis (Ha) is accepted, and the null hypothesis (H0) is rejected.
5. Variable CR: The calculated t-value for CR is -2.047 with a significance level of 0.045. Since the significance level of 0.045 is less than 0.05, it can be concluded that CR has a significant negative impact on Stock Price. Therefore, the alternative hypothesis (Ha) is accepted, and the null hypothesis (H0) is rejected.
6. Variable PER: The calculated t-value for PER is -0.862 with a significance level of 0.392. Since the significance level of 0.392 is greater than 0.05, it can be concluded that PER does not have a significant impact on Stock Price. Therefore, the null hypothesis (H0) is accepted, and the alternative hypothesis (Ha) is rejected.

## 4. CONCLUSIONS AND SUGGESTIONS

Based on the research results, it can be concluded that Net Profit Margin (NPM), Debt Equity Ratio (DER), Return on Assets (ROA), Return on Equity (ROE) and Current Ratio (CR) significantly influence the stock prices of manufacturing companies listed on the LQ45 Index of the Indonesia Stock Exchange during the period 2019-2023. Therefore, the alternative hypothesis (Ha) is accepted, and the null hypothesis (H0) is rejected.

Price Earning Ratio (PER) does not significantly influence the stock prices of manufacturing companies listed on the LQ45 Index of the Indonesia Stock Exchange. Therefore, the null hypothesis (H0) is accepted, and the alternative hypothesis (Ha) is rejected.

For investors who want to conduct fundamental analysis to determine stock prices, it is recommended to use the DER, NPM, ROA, ROE, and CR ratios in their considerations. This is because the results of this study show that these ratios have a significant influence on the stock prices of manufacturing companies in the LQ45 index.

For future researchers, due to the limitations of this study, such as the coefficient of determination being only 17.7% (meaning that 82.3% of the influence can be explained by factors outside the variables in this study), it is suggested that further research can use other proxies for processing stock prices. This can improve the strength and output of the research. Additionally, this study is based on annual data, so for future research, it is recommended to use quarterly data based on the company's quarterly financial reports to increase the accuracy of the research, as stock prices can fluctuate over time.

This study is limited to manufacturing companies listed on the Indonesia Stock Exchange between 2019 and 2023 and included in the LQ 45 index category, especially those companies that published their financial statements during this period and have been listed for three consecutive years on the LQ45 index category. Moreover, the scope of variables affecting share prices is deliberately narrowed to Debt Equity Ratio (DER), Net Profit Margin (NPM), Return on Asset (ROA), Return on Equity (ROE), Current Ratio (CR), and Price Earning Ratio (PER) for a more focused and accurate analysis.

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