INFLUENCE OF FUNDAMENTAL FACTORS TO SHARE PRICE IN PROPERTY, REAL ESTATE, AND CONSTRUCTION COMPANIES

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Abstract: In recent years there is a rapid growth in users or investors in the capital market. The rapid growth of technology is also one of many reasons investors can enter the capital market easily. This research was conducted to help the new investor in collecting important information about certain companies, especially Property, Real Estate, and Construction sectors. The objective of this research is to test and investigate the impact of Debt Ratio (D/R), Price Earnings Ratio (P/ER), and Return on Assets (ROA). This research is also to compare and improve the results of prior research. The sample used was Property, Real Estate, and Construction companies that passed the test of purposive sampling. Three years of data have been used (2017 to 2019). The Descriptive statistics and Normality found that the data were normally distributed with a random effect model to test the hypotheses. Regression results show that the Price Earning Ratio (P/ER) influences Market Price. While the Debt Ratio (D/R) and Return on Assets (ROA) of the companies were not influencing toward Market Price.
Keywords: Price Earning Ratio, Debt Ratio, Return on Assets, Market Price

Abstrak: Dalam beberapa tahun terakhir terjadi pertumbuhan yang pesat pada pengguna atau investor di pasar modal. Pertumbuhan teknologi yang pesat juga menjadi salah satu alasan investor dapat memasuki pasar modal dengan mudah. Penelitian ini dilakukan untuk membantu investor baru dalam mengumpulkan informasi penting tentang perusahaan tertentu khususnya sektor Properti, *Real Estate* dan Konstruksi. Penelitian ini bertujuan untuk menguji dan mengetahui pengaruh Debt Ratio (D/R), Price Earnings Ratio (P/ER) dan Return on Assets (ROA). Penelitian ini juga untuk membandingkan dan menyempurnakan hasil penelitian sebelumnya. Sampel yang digunakan adalah perusahaan Properti, *Real Estate* dan Konstruksi yang lolos uji *purposive sampling*. Data tiga tahun telah digunakan (2017 hingga 2019). Statistik deskriptif dan normalitas menemukan bahwa data terdistribusi normal dengan model efek acak untuk menguji hipotesis. Hasil regresi menunjukkan bahwa Price Earning Ratio (P/ER) berpengaruh terhadap Harga Pasar. Sedangkan Debt Ratio (D/R) and Return on Assets (ROA) perusahaan tidak berpengaruh terhadap Harga Pasar.
Kata Kunci: Price Earning Ratio, Debt Ratio, Return on Assets, Market Price

INTRODUCTION

Capital market is where a company could receive long-term funds in form of securities. Securities that are traded in the capital market such as debt security (bonds), equities (shares), mutual funds, derivative instruments, and other instruments. Capital market activities are covering the function of a conventional financial institution, non-banking finance company, and others finance institutions. The capital market's basic function is to make funds transferred between lender and borrower more effective.

In the stock market, the price of a share is affected by the country's economic environment, information flow, and investor phycology. The availability of information is very

important for a new investor to do a valuation of a certain company. But with the rapid growth of the Internet of Things, it is easier to find as much information as investors need before they want to decide which company should they invest in.

When a new investor receives much information from their external environment, the issue will be on how the new investor understands and applied the relevant information before they invested in a certain company. Financial performance is anticipated to be able to predict the firm value in the future (Purwanto & Agustin, 2017). Therefore, in this research author will be analyzed using fundamental analysis.

THEORETICAL CONCEPT
Signaling Theory
Signal itself is information about management activity to achieve the company's main purpose which is maximizing shareholder wealth. All information released by the company will influence investor decisions. Signaling theory explains the reason why a traded company needs to provide a financial statement in public. This financial statement release and audited by the company will give investors enough information that is reflected the company's condition.

Market Price
Shares price was formed in the capital market and determined by several factors, one of the factors is the financial ratio that can be reviewed on the company financial report. In this study, the authors used calculations following previous research conducted by Nkuah and Yusif (2016), namely by using the share price at the end of the period or called the closing price.

$$Market\ Price = \ln\ (Close\ Price)$$

Leverage
The Debt Ratio in this research is examining a company's balance sheet by taking into account all assets, both tangible and intangible, such as goodwill, a long-term and short-term debt. It shows how much debt is used to hold a company's assets, as well as how those assets can be used to pay off debt.

$$DR = \frac{Total\ Debt}{Total\ Assets}$$

Ho_1 : There is no significant impact leverage (D/R) on share prices in Property, Real Estate, and Construction Companies Listed on IDX in 2017-2019

Market Value
P/E ratio measures the amount that investors are willing to pay for each dollar of a firm's earnings (Gitman & Zutter, 2015). The size of the ratio indicates the level of confidence investors have in the company's future performance.

$$PER = \frac{Market\ Price\ per\ Share}{Earning\ per\ Share}$$

H_{a_2} : There is a significant impact Market Value (P/ER) on stock prices in Property, Real Estate, and Construction Companies Listed on IDX in 2017-2019

Profitability
Return on Assets (ROA) is a ratio that measures the overall effectiveness of management in generating profit with assets owned by the company (Gitman & Zutter, 2015). Based on Havidz and Setiawan (2015), ROA is a major indication of company performance, especially on the profitability side.

$$ROA = \frac{Net\ income}{Total\ Assets}$$

Ho_3 : There is no significant impact profitability on share prices in Property, Real Estate, and Construction Companies Listed on IDX in 2017-2019.

RESEARCH METHODOLOGY
Research Design

According to Sugiyono (2012), the associative purpose happens this research has the nature of asking about the relationship between two or more variables. The independent variables used in this study are Debt Ratio (D/R), Price Earnings Ratio (P/ER), Return on Assets (ROA) while the dependent variable in this study is the Market price (MP/S).

The population in this study is Property, Real Estate, and Construction companies listed on the Indonesian Stock Exchange for the period 2017-2019. As Sugiyono (2012) quoted a non-probability sampling is a technique that does not provide equal opportunities for each member of the population to be selected as a sample. The criteria for determining the sample to be used in this study are:

1. Property, Real Estate, and Construction Companies listed Indonesian Stock Exchange (IDX) consecutively during the 2018-2020 period.
2. Property, Real Estate and Construction Companies that are regularly uploading their audited financial report in the Indonesian Stock Exchange.

Data Collection Methods

The data collection in a study can be obtained from data in various settings, sources, and methods. The data used in this research is quantitative, namely data that shows the amount. The technique used to collect data in this research is documentation, by collecting, recording, and processing secondary data in the form of audited financial reports, performance summaries from the property, real estate, and construction companies listed on the Indonesia Stock Exchange, scientific papers, Financial Report published by IDX (www.idx.co.id).

RESULT AND DISCUSSION
Instrument Accuracy Test

In this part, the author examines the accuracy of the panel data model. These data were examined before the author tested the hypothesis:

Table 1
Instrument Accuracy Test

Statistic Analysist	Value	Result
Multicollinearities Test	All Variable < 0.85	No Multicollinearities
Heteroskedasticities Test	All Variable > 0.05	No Heteroskedasticities
Autocorrelations Test	1.628425 < dU (1,7603)	No Autocorrelations
Panel Data Analysist	Chow Test : 0.0000 Hausman Test : 0.0921	Random Effect Model
Normality Test	0.080839 > 0.05	Data Distributed Normal

Source: Results of Data Processing with Eviews7

Multicollinearities Test

If the value of the correlation coefficient < 0.85, it can be concluded that multicollinearity does not occur, so the data is good for use in regression models. In Table 1, we see that in this research all independent variable correlation coefficients are smaller than 0.85. Therefore, we can conclude that no multicollinearities happened in this regression and between the independent variable.

Heteroskedasticities Test

If the value of the probability of each variable is greater than a degree of freedom (α) 0.05, it can be concluded that heteroskedasticity does not occur, so the data is good for use in regression models. Table 1 indicates variables (Debt Ratio (D/R), Price Earnings Ratio (P/ER), and Return on Assets (ROA)) have a probability value greater than alpha (0.05), which means there is no heteroscedasticity.

Autocorrelation Test

As for Autocorrelation, we can see from Durbin Watson value. Durbin Watson's value for this regression is 1.628425 which is bigger than 1,7603. If we could see from Durbin Watson statistical test table 1.628425 is exist in the No autocorrelation area.

Panel Data Analysist

The author has already conducted two tests to determine which panel data is suitable for this research. In Chow test (to determine whether we are using PLS or FEM) resulted in a probability value of 0.000. This means that the author's best model is FEM. To complete the test, the author did Hausman test (to determine whether we are using REM or FEM). But in this test, the probability value is 0.0921 > 0.05. This means in this research we will be using Random Effect Model.

Normality Test

For best results, data used in this research need to be distributed normally. Therefore, the author does Normality test. In this test result probability value is 0.080839 > 0.05, which means that data is distributed normally.

T-statistic Test

Impact of Leverage (D/R) to Market Price (MP/S)

Table 2

Leverage to Market Price

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
C	5.869168	0.249525	23.52137	0.0000
D/R	-0.244592	0.334383	-0.731471	0.4658

Source: Results of Data Processing with Eviews7

The result of the prob value. (p-value) 0.4658 is greater than 0.05. Thus, it can be concluded that is accepted, so that there is no influence of Debt Ratio (D/R) on market prices in Property, Real Estate and Construction Companies Listed on IDX in 2017-2019.

The correlation coefficient (R) is 0.0641716, which means that the relationship between Debt Ratio (D/R) to market prices is positive and the correlation is very low because it is between > 0,00 – 0,199. The coefficient of determination (R^2) derived from the R-square of 0.004118 means that the variable Debt Ratio (D/R) ability to explain variations in stock price variables is 0.41% and the remaining 99.59% is explained by variations in other variables not included in the regression model.

Based on signaling theory the issuance of debt will indicate a negative signal to the investor. But in this research Debt does not influence the market price. This is also in line with previous research which predicted Debt Ratio (D/R) will not have a significant influence on the market price of Property, Real Estate, and Construction Companies, especially in Indonesia. This result is in line with research conducted by Andow and Wetsi (2018). This research result that Debt Ratio (D/R) does not have a significant impact on market price.

Impact of Market Value (P/ER) to Market Price (MP/S)

Table 3

Market Value to Market Price

Variabel	Coefficient	Std. Error	t-Statistic	Prob.
C	5.700000	0.200899	28.37243	0.0000
P/ER	0.007537	0.002244	3.358177	0.0010

Source: Results of Data Processing with Eviews7

The result of the prob value. (p-value) 0.0010 is smaller than 0.05. Thus, it can be concluded that is rejected so that there is no influence of Price Earnings Ratio (P/ER) on market prices in Property, Real Estate, and Construction Companies in 2017-2019.

The correlation coefficient (R) is 0.2842798, which means that the relationship between Price Earnings Ratio (P/ER) to market prices is positive and the correlation is low because it is between 0,20 – 0,399. The coefficient of determination (R^2) derived from the R-square of 0.080815 means that the variable Price Earnings Ratio (P/ER) ability to explain variations in

stock price variables is 8.08% and the remaining 91.92% is explained by variations in other variables not included in the regression model.

Hypothesis research result shows that Price Earnings Ratio (P/ER) have a significant influence on Market Price (M/PS). This result is in line with research conducted by Arslan and Zaman (2014), Yussof et al. (2021), which resulted that Price Earnings Ratio (P/ER) a significant impact on Market Price (M/PS).

Impact of Profitability (ROA) to Market Price (MP/S)

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Table 4

Profitability to Market Price

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Variabel	Coefficient	Std. Error	t-Statistic	Prob.
C	5.762224	0.206893	27.85124	0.0000
ROA	0.009712	0.007885	1.231684	0.2203

Source: Results of Data Processing with Eviews7

The result of the prob value. (p-value) 0.2203 is greater than 0.05. Thus, it can be concluded that is accepted so that there is no influence of Return on Assets (ROA) on market prices in Property, Real Estate and Construction Companies Listed on IDX in 2017-2019.

The correlation coefficient (R) is 0.1087888, which means that the relationship between Return on Assets (ROA) to market prices is positive and the correlation is very low because it is between > 0,00 – 0,199. The coefficient of determination (R2) derived from the R-square of 0.011835 means that the variable Return on Assets (ROA) ability to explain variations in stock price variables is 1.18% and the remaining 98.82% is explained by variations in other variables not included in the regression model.

This research is in line with research on previous research conducted by Mu'tamaria and Sukoco (2018), Yussof et al. (2021) mention that returns on Assets have a significant effect on changes in the market price. If we refer to signaling theory if a company has a good profit this will reflect on the company's future. If company profitability has slight changes, then the market price will also be affected. But not happen for Property, Real Estate, and Construction Companies.

CONCLUSION

This research is conducted to find out whether there is an impact of fundamental analysis which represent by three proxies (Leverage, Firm Market Value and Profitability) to changing of share price for the period 2017 – 2019. And to help the new and current investors to make a good decision before they invested in the company. However, this research concludes that the researcher independent variable was only able to explain 9.39% of the changing share price, which means that there are external and other factors that are influence the changing of share price, and this might also happen because in the research period (2019) there was an economic crisis around the world which affected Indonesian economic condition also.

Property, Real Estate, and Construction Companies are expected to optimize their profit and share greater profit to shareholders to increase this sector's market price. For Investors even though in this research there is no evidence that D/R and ROA influence the change of share price, there are other fundamental ratios and economic conditions that might affect the share price.

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