

Analysis Of Fundamental Factors That Affect The Stock Price Of Manufacturing Companies

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Abstract

This study aims to analyze the fundamental factors that affect stock prices in manufacturing companies. There are several fundamental factors used in this study, namely financial ratios consisting of Return on Asset (ROA), Debt to Equity Ratio (DER), Book Value Per Share (BVS). The sampling method used is purposive sampling method. From a population of 133 manufacturing companies listed on the Indonesia Stock Exchange, 36 companies were taken. Hypothesis testing is done using multiple linear regression analysis with panel data, the initial stage is to first conduct a classical assumption test which includes data normality test, multicollinearity, heteroscedasticity and model linearity test. The results of this study indicate that ROA, DER, BVS simultaneously have a significant effect on stock prices. The results of the partial analysis of the fundamental factors Return on Asset (ROA), Debt to Equity Ratio (DER), and Book Value Per Share (BVS) have a positive influence on the stock price of Manufacturing companies on the IDX in 2017-2022.

Keyword: Fundamental factors.

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INTRODUCTION

The increase in investment in the capital market has resulted in an increase in the number of investors switching from the banking sector to the capital market sector. One of the main functions of the capital market is as a means to mobilize funds from the public to various sectors that carry out investment. Investors in investing their funds need various information that is useful for predicting the results of their investment in the capital market.

The main objective of investors in investing is to obtain a return on their investment, in the form of dividends and capital again, namely the difference between the market price and the nominal price. The purpose of the company receiving the investment is to obtain the expected return, although there is a possibility of facing risks. In raising funds from the public or funds from shareholders, the company is obliged to maintain and maintain the company's financial condition properly and pay attention and maintain the liquidity, leverage, company prospects, profitability and performance of the company. Hasil pengukuran tersebut dapat dijadikan alat evaluasi kinerja manajemen selama ini, apakah efektif atau tidak dikarenakan hal tersebut berpengaruh terhadap biaya yang harus dikeluarkan oleh perusahaan.

Fundamental analysis is related to the assessment of the company's performance regarding the effectiveness and efficiency of the company in achieving its goals while technical analysis uses data on past price changes as an attempt to predict future security prices. To analyze the company's performance, financial ratios can be used which are divided into four groups, liquidity, leverage, profitability and activity ratios. The analysis of these investors try to estimate the future stock price and apply the relationship of these factors so that the estimated stock price is obtained. Analysis In Addition Fundamental and technical analysis, investors must also take into account the security market risk in the stock investment. Stock risk is called systematic risk, which is closely related to changes in the price of a particular group of stocks due to investors' anticipation of changes in the expected rate of return.

This study was conducted to examine the effect of fundamental factor variables on stock prices as a continuation of previous research. With this analysis, the author tries to estimate future stock prices by estimating the value of fundamental factors that affect future stock prices and applying the relationship between these factors so that an estimated stock price is obtained.

Conceptual Framework

The capital market or the Indonesia Stock Exchange is a meeting place for buyers (investors) or sellers (issuers) of price securities. This is where market participants, namely individuals or business entities offered by issuers. Predicting stock prices is a very important issue in finance, especially in making investment decisions. Fundamental analysis is one way to predict stock prices by using financial statements as a source of information, especially those related to financial ratios.

Fundamental analysis is an estimation of the current value of the issuer's internal factors and the economy to forecast future stock prices by projecting actual data and information in order to estimate the intrinsic value of the current stock price. By obtaining the intrinsic value of the stock, analysts or investors can compare it with the market value and determine what actions to take in the market by comparing the intrinsic value and market value of the stock.

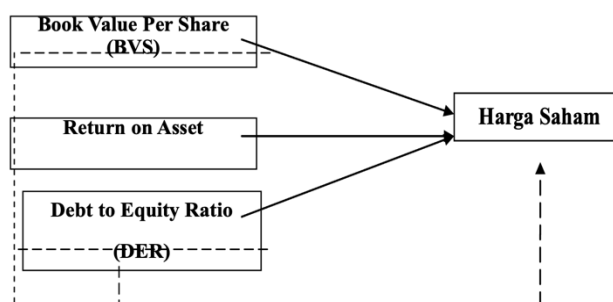


Figure 1: Conceptual framework

Return on Assets which describes the company's ability to generate profits from each asset used. By looking at this ratio we can assess whether the company is efficient in utilizing its assets in the company's operational activities. Debt to Equity Ratio in this ratio shows the percentage of funding provided by shareholders to lenders. The higher this ratio, the lower the company's funding provided by shareholders. From the perspective of the ability to pay long-term obligations, the lower the ratio the better the company's ability to pay long-term obligations. Book Value Per Share this ratio shows the book value per share used to calculate share-holders' equity for each share. Fundamental analysis also illustrates that accounting information or company

financial statements can be used by investors to assess stock prices. The relationship of the fundamental factors of Return on Asset (ROA), Debt to Equity Ratio (DER), Book Value Per Share (BVS) to stock prices will be depicted in Figure 1.

Research Hypothesis

- H11 : Return on Asset (ROA), Debt to Equity Ratio (DER), Book Value Per Share (BVS) together have a positive effect on stock prices.
H12: Return on Asset (ROA) has a positive effect on stock prices.
H13: Debt to Equity Ratio (DER) has a positive effect on stock prices.
H14: Book Value Per Share (BVS) has a positive effect on stock prices.

METHODS

The population used in this research is all manufacturing companies listed on the Indonesia Stock Exchange until 2022, namely 133 companies. The sampling technique used purposive sampling, which is sampling based on subjective research considerations and adjusted to the research objectives. There are also sample criteria used in this study are:

1. Manufacturing companies that have been listed on the Indonesia Stock Exchange in 2018-2022.
2. Manufacturing companies that publish audited financial statements and annual financial statements using the closing stage of the book that ends on December 31.
3. Financial statements are presented in rupiah. This criterion is intended to obtain uniform data in terms of monetary units.
4. The manufacturing companies have complete data required in this study for three consecutive years, regarding Return on Assets (ROA), DER, and book value per share (BVS).

The data used in this study is using secondary data, namely data sources obtained indirectly through intermediary media. Secondary data in the form of financial reports of manufacturing companies listed on the Indonesia Stock Exchange for the period 2018-2022. This documentation method is used to obtain written data from the Company's Annual Financial Statements published by manufacturing companies.

RESULT AND DISCUSSION

Normality Test

The normality test uses the Ko-lomogorov Smirnov test. If the p value > 0.05, the residuals are normally distributed, while if the p value < 0.05, it is said that the data does not meet the assumption of normality. Multicollinearity test the symptom can be detected by the Tolerance value and the variance inflation factor (VIF) value. A low tolerance value is the same as a high VIF value ($VIF = 1/\text{Tolerance}$). The cutoff value or limit that is commonly used to indicate the presence of multicollinearity is a Tolerance value < 0.10 or the same as a VIF value > 10.

F Statistical Test

To determine the F table, the significant level used is 5% with the formulation of statistical hypotheses:

1. $H_0: b_1 = b_2 = b_3 = 0$, this indicates that simultaneously there is no significant influence of fundamental variables consisting of ROA, DER, BVS on the price of securities.
2. $H_a: b_1 = b_2 = b_3 \neq 0$, this indicates that simultaneously there is a significant influence of fundamental variables consisting of ROA, DER, BVS, on stock prices.

Coefficient of Determination The value of the coefficient of determination is between zero and one. A small value means that the ability of the independent variables to explain variable variation is very limited. A value close to one means that the independent variables provide almost all the information needed to predict the variation in the dependent variable. Test the t statistical test basically shows how far the influence of one independent variable individually in explaining the variation in the dependent variable where the hypothesis used is:

1. $H_0: b_1 = 0$, this indicates that partially there is no significant effect of fundamental variables consisting of ROA, DER, BVS on stock prices.
2. $H_a: b_1 \neq 0$, this indicates that partially there is a significant influence of the fundamental variables consisting of ROA, DER, BVS on the stock price.

Descriptive Analysis of Data

Based on the calculation of descriptive analysis of the variables mentioned above, the conclusions are presented in Table 1.

Table 1. Descriptive Analysis of Variables

Variabel	ROA	DER	BVS	Harga Saham
Mean	8,47	1,61	1355,91	353,19
SD	7,96	2,08	2996,74	299,15
Min	0,00	0,01	0,04	50,00
Max	39,20	11,66	16206,00	1000,00

Multiple Linear Regression Analysis

The results of calculations with the help of the SPSS computing program can be seen in table 2. Based on the results of the above calculations, the regression equation is obtained as follows. $Y = a + b_1X + b_2X_2 + b_3X_3 + e$

$$Y = 89.710 + 5.403 X_1 + 96.261 X_2 + 0.047 X_3 + e$$

Description:

Y X₁ X₂ X₃

= Share Price

= Return on Asset (ROA)

= Debt to Equity Ratio (DER) = Book Value Per Share (BVS)

The results of testing the first hypothesis (H_{a1}) show that together (simultaneously) Return on Asset (ROA), Debt to Equity Ratio (DER), Book Value Per Share (BVS) affect the Stock Price (Y) of companies that are actively traded on the Indonesia Stock Exchange. This can be proven from the significant value, the regression model can be used to predict stock prices or can be used to predict stock prices.

Model		Unstandardized		Standardized	t	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	89,710	27.779		3,229	,002
	ROA (X1)	5,430	2,610	,144	2,070	,041
	DER (X2)	96,261	8,552	,669	11,258	,000
	BVS (X3)	,047	,007	,467	6,662	,000

CONCLUSION

Based on data analysis and discussion, the conclusions that can be drawn from this research are as follows: There is an influence between Return on Asset (ROA), Debt to Equity Ratio (DER), Book Value Per Share (BVS) on the share price of companies listed on the Indonesia Stock Exchange in 2008-2010; Variabel Return on Asset (ROA) partially affects the share price of companies on the Indonesia Stock Exchange with a positive direction; Debt to Equity Ratio (DER) variable partially affects the stock price of companies on the Indonesia Stock Exchange with a positive direction; Book Value Per Share (BVS) variable partially affects the stock price of companies on the Indonesia Stock Exchange with a positive direction. Based on the research results and conclusions stated above, it is suggested as follows: Investors who want to invest in stocks in the manufacturing sector, should consider fundamental factors, namely ROA, DER, BVS, ROE, PER, DPR, EPS, Dividend Earnings, Dividend Yield and general stock market psychology; Inform more widely the development of manufacturing companies to external parties (investors), including strategies and future plans so that investors better understand the condition of the company; The independent variables used in this study are only three variables, namely ROA, DER, BVS. Whereas there are still many other variables such as ROE, PER, DPR, EPS, Dividend Earnings, Dividend Yield, and Dividend Yield.

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