



FACTORS INFLUENCING THE STOCK PRICES OF COMPANIES

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Abstract

This researcher focuses on identifying factors that can influence stock prices. Through this research, it is expected to gain a better understanding of the dynamics of the stock market and the factors that need to be considered by stakeholders in the capital market. This study employs a qualitative research method. The research approach used is literature review, collecting data by comprehending and studying theories from various literature related to the research. Data for this study were retrieved from the Publish Or Perish application, consisting of 10 articles related to the research. The following are the 10 articles that serve as data sources in this study, and the factors influencing stock prices are Return On Equity, where this variable can have a positive effect on stock prices. Changes in Return On Investment, Cash Flow from Investments, Price to Book Value, and Debt to Asset Ratio have an impact on changes in stock prices. Partially, the variables Return On Investment, Price to Book Value, and Debt to Asset Ratio influence stock values. In essence, stocks are volatile and challenging to predict or estimate whether they will rise or fall. Changes in the return on investment, cash flow from investments, book value to value, and debt-to-asset ratio have an impact on changes in stock values. Generally, the factors of Return On Investment, Price to Book Value, and Debt to Asset Ratio influence stock values.

Keywords: *Influencing, Stock Prices, Companies*

INTRODUCTION

The current technological advancements significantly influence investors and the capital market. This technological progress also contributes to the economic development worldwide. The current economic growth has a positive impact on the growth of the Indonesian capital market (Sugiyono, 2021). The stock price of a company is the result of the complex interaction of various factors related to the internal and external conditions of the company, as well as the overall market dynamics. Stock prices are indicators of a company's success and are heavily influenced by the demand and supply from investors (Santioso & Angesti, 2019). In the financial world, understanding the factors that affect stock prices plays a crucial



role in assisting investors, analysts, and market participants in making informed and rational investment decisions.

Analyzing the factors influencing stock prices is an effort to identify and understand key variables that have a significant impact on the behavior of stock prices in the capital market. These factors can come from various areas, including fundamental aspects of the company, macroeconomic conditions, changes in the industry, market sentiment, and psychological factors influencing investor decisions. Factors that can affect stock prices include liquidity ratios, solvency ratios, activity ratios, profitability ratios, growth ratios, and valuation ratios (Islamiyah et al., 2021).

In this situation, researchers investigate the factors that may influence stock prices. Understanding these factors well can provide a strong foundation for designing sustainable investment strategies, identifying risks and opportunities, and enhancing transparency and efficiency in the capital market. Through this research, it is hoped that a better insight into the dynamics of the stock market and the factors that need to be considered by stakeholders in the capital market can be obtained.

METHODS

This research employs a qualitative research method. The research design in this study involves a literature review or library research, a method used to collect data by understanding and studying theories from various literature related to the research (Adlini et al., 2022). The data for this research are extracted from the Publish Or Perish application, comprising a total of 10 articles related to the research title.

RESULTS AND DISCUSSIONS

The results of the review from the articles used as references include:

Table 1. Results Analysis

Author	Title	Conclusion
Masyitah Fujianugrah	Analysis Of Factors That Can Influence Stock Prices In Manufacturing Companies Listed On The Indonesia Stock Exchange.	The results of this study indicate that the variables of cash dividends, profitability, sales growth, and stock return collectively affect the stock prices of manufacturing companies listed on the Indonesia Stock Exchange during the period 2010–2014.



Regina, Rosmita Rasyid	Factors that Can Affect Stock Prices in Manufacturing Companies on the Indonesia Stock Exchange.	The results of this study show that return on equity has a positive effect on the stock price of Manufacturing Companies on the Indonesia Stock Exchange.
Suriani Ginting, Suriany	Analysis of factors influencing stock prices in manufacturing companies on the Indonesia Stock Exchange.	The results of this study indicate that Return On Investment, Cash Flow Investment, Price to Book Value, and Debt to Asset Ratio are influential factors on Stock Prices in manufacturing companies listed on the Indonesia Stock Exchange during the period 2008 - 2011.
Darian Edmond, Rini Tri Hastuti	Factors Affecting Stock Prices in Manufacturing Companies Listed on the Indonesia Stock Exchange	The results of this study indicate that the variables Return On Assets (ROA), Return On Equity (ROE), and Earnings Per Share (EPS) are factors that can influence Stock Prices in manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2014 to 2017.
Pakri Fahmi, Karnadi	Actors Influencing The Stock Prices Of Manufacturing Companies In The Food And Beverage Subsector	The results of this study indicate that the variable Net Profit Margin, Price Book Value, and liquidity on stock prices is 0.898, which falls within the interpretation range of 0.81 – 0.99. Therefore, it can be concluded that the influence or relationship of the three independent variables on the



Danarji Nirmolo, Kesi Widjajanti	Analysis of factors that can influence stock prices with firm value as an intervening variable. The results of this study indicate that the Debt to Equity Ratio has a positive effect on firm value, and Earnings Per Share and firm value have a positive effect on stock prices.
Bunga Nur Islamiyah, Anita Wijayanti, Endang Masitoh W	Analysis of Factors Influencing Stock Prices (A Study on Banking Companies) The results of this study indicate that Dividend Per Share (DPS), Earnings Per Share (EPS) have a positive effect on stock prices in banking companies listed on the Indonesia Stock Exchange for the period 2014-2018.
Tegar Citra Asmara, Desmintar, Indri Arrafi, Juliannisa	Factors Affecting the Composite Stock Price Index The result of this research is that the price of gold has an influence on the Composite Stock Price Index as it is considered more advantageous.
Fatma Ariani, Ansar Taufiq, Syahruddin Yasen	Analysis of Factors Influencing Stock Prices in Pharmaceutical Companies Listed on the Indonesia Stock Exchange The results of this study found that Return On Asset (ROA), Return On Equity (ROE), and Debt to Equity Ratio (DER) have an impact on stock prices in pharmaceutical companies listed on the Indonesia Stock Exchange during the period 2018-2020.
Bertha Meirista, Fahrul Imam Santoso	Analysis of factors that can influence stock prices in The t-test indicates that Earning Per Share partially



financial service companies listed on the Indonesia Stock Exchange during the period 2018-2021.

affects the stock price level of financial service companies listed on the IDX in the years 2018-2021. Furthermore, the F-test also indicates that the interest rate, ROA, ROE, EPS, and DER collectively affect the stock price of financial service companies listed on the IDX in the years 2018-2021, with a significance value of 0.000, which is less than 0.05.

Based on the literature review derived from 10 articles as references for this study related to factors influencing stock prices, Hadi in (Anwar, 2021) explained that stock prices represent a value in rupiah formed due to the buying and selling of stocks among exchange members. Masyitah Fujianugrah in her study stated that various factors can influence stock prices, including cash dividends, profitability, sales growth, and the rate of return on stocks. These components collectively affect stock prices. The research sample comprises manufacturing companies listed on the Indonesia Stock Exchange from 2010 to 2014 (Fujianugrah et al., 2019).

According to Regina and Rosmita Rasyid in their study on factors influencing stock prices in manufacturing companies on the IDX, Return On Equity is a variable that can positively impact stock prices. Regina also emphasized that investors should consider technical factors such as interest rates, the exchange rate, and inflation when buying and selling stocks (Dan & Rasyid, 2019). In their research, Suriani Ginting and Suriany found that the stock price value is influenced by return on investment, investment cash flow, debt-to-asset ratio, and book value to price. Stock values are affected by Return on Investment, Price to Book Value, and Debt to Asset Ratio. However, changes in stock prices are not influenced by Investment Cash Flow (Ginting & -, 2013). Additionally, Darian Edmond and Rini Tri Hastuti in the Multiparadigm Journal showed that the stock prices of manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2014 to 2017 were significantly influenced by variables such as Return On Assets (ROA), Return On Equity (ROE), and Earning Per Share (EPS) (Hastuti et al., 2019).



In summary, considering the above articles, the factors influencing stock prices are as follows:

1. Debt to Equity Ratio, a ratio showing the proportion of debt to shareholder equity.
2. Earning Per Share, a ratio indicating the profit earned by the company, which is essential for investors during stock analysis. Higher EPS values mean more significant profits for shareholders in the form of dividends (Indonesia, 2017).
3. Net Profit Margin (NPM) is a ratio reflecting a company's ability to generate net profits after tax. A higher NPM indicates more efficient performance, increasing investor confidence in the company (Islamiyah et al., 2021).
4. Return On Asset (ROA) measures how efficiently a company generates profit by comparing net income after tax to total assets (Ariani et al., 2022).
5. Return On Equity (ROE) assesses a company's ability to generate profit based on its equity. It is calculated by comparing net income after tax to total equity held by the company.

CONCLUSION

Based on the analysis and discussion, it can be concluded that, in principle, stocks tend to fluctuate and are challenging to predict in terms of upward or downward movements. From the findings of this research on factors influencing stock prices, it can be inferred that, overall, several factors affect the stock price level in a company. These factors include the Debt-to-Equity Ratio, Earnings Per Share, Net Profit Margin (NPM), Return On Assets (ROA), and Return On Equity (ROE). This study can serve as a guide in decision-making before purchasing stocks.".

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