



The Impact of Fundamental Elements on Stock Prices of Subsidiary Pulp & Paper Manufacturing Firms Listed on The Indonesia Stock Exchange

Zaharafatimah¹, Arina Luthfini Lubis²,

^{1,2} Room Division Management Study Program, Batam Tourism Polytechnic, Batam, Indonesia

Article Info

Article history:

Keywords:

Stock, Return On Aset, Debt to Equity, Return On Equity and Book Value per Share

ABSTRACT

Predicting stock prices is contained in the basic approach is fundamental and technical analysis which is needed by entrepreneurs who invest their capital, this analysis is to determine the company's financial performance and must continue to be carried out, to carry out this analysis we use the help of several financial ratios where several types of ratios Return on Assets, Debt to Equity Ratio, Return on Equity, and Book Value per Share are some examples. The authors applied a quantitative descriptive approach to companies listed on the Indonesia Stock Exchange in the Pulp & Paper sector for this study. According to the Correlation and Regression tables, all of the variables ROA, ROE, DER, and BVS have an effect on stock prices, but the stock session obtained on the variables ROA, ROE, and DER has a very significant effect on stock prices but has no significant effect on stock prices on the BVS variable. So in the long term the company must implement one of two policies, namely low solvency means using less debt than own capital and a low solvency policy will not cause high interest expenses to be borne by the company so that it will affect growth.

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Corresponding Author:

Zaharafatimah,

Room Division Management Study Program, Batam Tourism Polytechnic, Batam, Indonesia

Email: zaravirgo2579@gmail.com

1. INTRODUCTION

Studies (Listyarti, 2019) show that company fundamentals play an important role in the decision-making process, accurate stock valuation can minimize risk while helping investors get reasonable profits, considering that stock investors in the capital market are a type of investment that is quite high risk even though it promises high returns. relatively large. The fundamental approach provides a theoretical basis for calculating intrinsic value, which can be determined based on the company's fundamental factors, such as profits, dividends, ratio structure, and company growth potential. Fundamental analysis focuses on company financial reports with the goal of detecting differences in security stock prices and their intrinsic value.

The fundamental factors used to predict stock returns or stock prices are market ratios and financial ratios. In order to examine the fairness of stock prices and determine the level comparable pricing when compared to other stock prices, financial ratios such as ROA (Return On Assets), DER (Debt Equity Ratio), ROE (Return On Equity), and BVS (Book Value per Share) are utilized. Previous research that linked fundamental factors (ROA, DER, BVS, PBV) to stock prices showed inconsistent results, some researchers concluded that the effect of fundamental factors on stock prices (Tikesari, 2018) conducted research and obtained results that the variables Fundamentals have an influence on stock prices. Meanwhile, research conducted by (Kodir, 2013) proved that fundamental factors do not affect stock prices. Research (Aulia Rizki, Basri and Musnadi, 2014) concluded that fundamental factors were not used significantly where the level of use of these fundamental factors was getting smaller after the economic crisis. This research was

conducted to examine the effect of fundamental variables on stock prices as a continuation of previous research because there are still inconsistencies in the results. Due to a scarcity of researchers gathering data for 2018, this study is a replication of earlier studies that evaluate fundamental determinants and systematic risk of stock prices in manufacturing companies that go public on the Jakarta Stock Exchange. The authors wish to continue this writing with different years of research, where the difference between this research and previous research is that previous research discussed the independent variables ROA, DER, BVS and Beta Shares, data from 2007-2010 for all manufacturers listed on the Indonesian Stock Exchange, while in this study the independent variables were ROA, DER, ROE and BVS, but further reduced the scope of manufacturing specifically for pulp and paper as well as data from 2018-2021 entitled " The Impact of Fundamental Elements on the Stock Prices of Manufacturing Companies, Specifically Pulp & Paper Listed on the Indonesia Stock Exchange (Period 2018 - 2021)".

2. RESEARCH METHOD

The analytical model will be used as a tool in testing the study's hypotheses in order to form research results. This research was carried out in an organized research phase through good research stages. According to the research's goals, which include analyzing how fundamental factors affect stock prices, the research method employed in this study is an explanatory method called causal explanations or relationships between variables, which aims to determine how the characteristics of one variable affect other variables and evaluate hypothesized relationships between variables.

To evaluate the validity of the research hypothesis and examine the impact of stock prices, Price Earning Ratio (PER), Price to Book Value (PBV), Net Profit Margin (NPM), Return on Equity (ROE), and Net Profit Margin (NPM) using Path Analysis. Path analysis is a quantitative analytic technique that combines development and multiple linear regression, claims (Dr. Priyono, 2016). On comparison to linear regression, the path analysis technique (Path Analysis) has advantages since it can identify indirect effects in the relationship between variables through intermediary variables. The magnitude of each variable's influence will thus be determined by this route analysis and can be described in a variable structure diagram of the causative variables and the effect variables, which is referred to as a path diagram (path analysis).

3. RESULTS AND ANALYSIS

Overview of the Manufacturing Industry and the Indonesia Stock Exchange (IDX). The primary feature of the manufacturing industry is converting raw materials into finished goods through a manufacturing process. Businesses in this industry group engage in three main activities, including those listed in the Circular Letter from the Chairman of the Capital Market Supervisory Agency. Guidelines for the presentation and disclosure of Financial Statements of Issuers or Public Companies 2002) are: (1) Major activities to obtain or store inputs or raw materials; (2) Major activities to process, manufacture, or assemble raw materials into finished materials; and (3) Major activities to store or market finished goods. The financial measures considered in this study—ROA (Return on Assets), DER (Deby to Equity Ratio), ROE (Return On Equity), and BVS—can be identified and calculated using published financial records (Book Value per Share). between 2008 until 2021.

3.1. Financial Ratios of Pulp & Paper Companies listed on the IDX

The table below shows the financial ratios of the pulp and paper companies listed on the IDX:

Table 3.1 Financial Ratios of Pulp & Paper Companies listed on the IDX Year 2018-2021

Kode	Nama perusahaan	Jenis Rasio				
		ROA	DER	ROE	BVS	HS
FASW	PT. FAJAR SURYA WISESA Tbk	4,75	1,69	12,28	0,00	1617,50
INKP	PT. INDAH KIAT PULP & PAPER Tbk	0,83	1,66	0,69	0,00	1552,50
INRU	PT. TOBA PULP LESTARI Tbk	0,93	1,37	1,85	0,00	313,75
KBRI	PT. KERTAS BASUKI RACHMAD INDONESIA Tbk	(2,21)	1,56	(9,25)	0,00	252,25
SAIP	PT. SURABAYA AGUNG INDUSTRI PULP & PAPER Tbk	4,40	(1,53)	18,88	(0,00)	162,00
SPMA	PT. SUPARMA Tbk	1,21	(0,78)	1,99	0,00	357,50
T KIM	PT. PABRIK KERTAS TJIWI KIMIA Tbk.	1,58	2,69	5,64	0,02	1570,00
JUMLAH		11,49	6,66	32,09	0,02	5,825,50
RATA - RATA		1,64	0,95	4,58	0,00	832,21

Based on the information in Table 3.1 above, the authors are able to explain how the company, on average each year, is able to generate profits from every rupiah of assets used. They are also able to provide a better

measure of company profitability because it demonstrates how effectively management uses assets to generate income and allows them to determine how effectively the company uses its assets in its operational activities. The ability of the company to pay all of its obligations from capital owned by the company and demonstrates the ability of the company's own capital to fulfill all of its obligations is shown by this ratio, which provides us with an indication of whether management is good or bad in carrying out cost control or managing its assets by 1.58 times annually. The smaller the ratio number, the better the company's solvency is, which is 2.69 times annually. Because a higher ratio means a stronger rate of return for shareholders' shares, the firm, PT. The Tjiwi Kimia Paper Factory, is better able to see in focus the amount of net profit that may be earned from the capital invested by shareholders. The company can issue shares 5.64 times annually. The company's capacity to recognize that the higher the book value of the shares, the higher the expectation for the market value of the shares, because the higher the BVS ratio for the shares will make them more appealing to investors, increasing the likelihood that the stock price will rise in this is the company PT. The Tjiwi Kimia Paper Factory is able to sell its shares for an average price of Rp. 1,570.00 each year and can issue 0.02 times every year.

3.2. Variable Analysis and Testing

In this study, the activities studied were Return On Assets, Return On Equity, Debt to Equity Ratio and Book Value per Share using this following formulas:

$$\text{ROI/ROA} = \frac{\text{Net Profit}}{\text{Total Assets}} \quad \text{ROE} = \frac{\text{Net Profit}}{\text{Total Equity}} \quad \text{DER} = \frac{\text{Total Amount of debt}}{\text{Total Equity}} \quad \text{Assets} = \text{Capital} + \text{Debt}$$

Table 3.2 below shows the results based on observations of ROA, ROE, DER, and BVS for Pulp & Paper companies listed on the Indonesia Stock Exchange.

Tabel 3.2 Financial Ratio Data of Pulp & Papper Companies Which are Listed on the IDX Year 2018-2021

No.	Kode	Nama perusahaan	Tahun	ROA	DER	ROE	BVS	HS
1	FASW	PT. FAJAR SURYA WISESA Tbk	2018	3.24	1.91	9.41	0.00	1520
			2019	0.98	1.84	2.79	0.00	1450
			2020	7.54	1.32	17.46	0.00	1600
			2021	7.25	1.70	19.45	0.01	1900
2	INKP	PT. INDAH KIAT PULP & PAPER Tbk	2018	1.67	1.82	4.71	0.00	880
			2019	3.39	1.78	9.41	0.00	1740
			2020	(2.73)	1.47	(7.99)	0.00	1740
			2021	0.98	1.58	(3.41)	0.00	1850
3	INRU	PT. TOBA PULP LESTARI Tbk.	2018	3.93	1.33	9.15	0.00	140
			2019	0.65	1.38	1.54	0.00	215
			2020	(1.86)	1.36	(4.39)	0.00	210
			2021	0.98	1.43	1.08	0.00	690
4	KBRI	PT. KERTAS BASUKI RACHMAD INDONESIA Tbk	2018	(6.07)	2.77	(26.54)	0.00	275
			2019	(8.68)	1.23	(19.38)	0.00	350
			2020	1.83	1.09	3.85	0.00	320
			2021	3.07	1.13	5.07	0.00	64
5	SAIP	PT. SURABAYA AGUNG INDUSTRI PULP & PAPER Tbk	2018	7.66	(0.00)	28.64	(0.00)	190
			2019	(17.23)	(3.20)	(37.92)	(0.00)	190
			2020	14.65	3.98	43.60	(0.00)	113
			2021	12.50	(6.90)	41.20	(0.00)	155
6	SPMA	PT. SUPARMA Tbk	2018	1.82	(6.90)	4.05	0.00	780
			2019	(0.91)	1.36	(2.16)	0.00	205
			2020	1.88	1.08	3.91	0.00	205
			2021	2.05	1.33	2.16	0.00	240
7	T KIM	PT. PABRIK KERTAS TJIWI KIMIA Tbk.	2018	0.46	2.81	1.77	0.00	780
			2019	2.28	2.65	8.33	0.01	1700
			2020	1.34	2.63	4.87	0.00	1800
			2021	2.25	2.68	7.60	0.05	2000
JUMLAH				46.92	26.64	128.29	0.09	23,302.00
RATA – RATA				1.64	0.95	4.58	0.00	832.21

3.2. Statistical Tests

Before we analyze the results of financial data from Pulp & Paper companies, we first perform statistical tests using SPSS software. In this study, normality tests, linearity tests and associative data analysis were carried out. For associative data analysis, correlation tests, regression tests, and hypothesis testing were carried out.

3.2.1. Data Normality Testing

The assumption that data is normally distributed is one of the important assumptions in conducting research with regression, normality testing is done using the Kolmogorov-Smirnov test. This test, which indicates that if the Kolmogorov-Smirnov value has a bigger probability than 0.05, then we can infer that the study variable can be stated to be normally distributed, is the most reliable test for the assumption of normality.

Table 3.3 Normality Testing
One-Sample Kolmogorov-Smirnov Test

		ROA	DER	ROE	BVS	HS
N		28	28	28	28	28
Normal Parameters ^a	Mean	1.6400	1.9367921 6610535E0	4.5818	.001840	832.21
	Std. Deviation	5.94086	1.8452086 09333678E 0	1.68391E1	.0021042	718.301
Most Extreme Differences	Absolute	.207	.250	.209	.254	.249
	Positive	.171	.220	.209	.254	.249
	Negative	-.207	-.250	-.168	-.151	-.162
Kolmogorov-Smirnov Z		1.095	1.322	1.104	1.343	1.318
Asymp. Sig. (2-tailed)		.181	.061	.175	.054	.062
a. Test distribution is Normal.						

From table 3.3 above it can be seen that:

- 1) The Asymp.Sig (2-tailed) value for ROA = 0.181 is typical when it is higher than the significant value of 0.05.
- 2) The Asymp.Sig (2-tailed) value for DER = 0.061 is typical when it is higher than the significant value of 0.05.
- 3) The Asymp.Sig (2-tailed) value for ROE = 0.175 is typical when it is higher than the significant value of 0.05.
- 4) The Asymp.Sig (2-tailed) value for BVS = 0.054 is typical when it is higher than the significant value of 0.05.
- 5) Asymp.Sig value (2-tailed) for HS = 0.062 is typical when it is higher than the significant value of 0.05.

Based on the Normality test table above, all data obtained on Asymp.Sig (2-tailed) is greater than 0.05 (5%), so all the data above is Normal.

3.2.2. Data Linearity Testing

According to Priyono, this test is typically employed as a pre-requisite in linear regression or correlation analysis. Its purpose is to assess whether the two variables we examined have a linear relationship or not significantly. With SPSS, we employ a test of linearity with a level of 0.05; if the result is significantly higher than 0.05, two variables are considered to have a linear connection.

From table 3.4 below can be seen that:

- 1) The value of Deviation from Linearity (Sig.) for ROA to HS = 0.462 above 0.05 means the data is linear.
- 2) The value of Deviation from Linearity (Sig.) for DER to HS = 0.445 above 0.05 means the data is linear.
- 3) The value of Deviation from Linearity (Sig.) for ROE to HS = 0.164 above 0.05 means the data is linear.
- 4) The value of Deviation from Linearity (Sig.) for BVS to HS = 0.853 above 0.05 means the data is linear.

Table 3.4 Linearity Testing

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
HS * ROA	Between Groups	(Combined)	1.324E7	25	529457.309	1.525	.472
		Linearity	121446.428	1	121446.428	.350	.614
		Deviation from Linearity	1.311E7	24	546457.762	1.574	.462
	Within Groups		694400.000	2	347200.000		
Total			1.393E7	27			

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
HS * DER	Between Groups	(Combined)	1.374E7	26	528289.239	2.705	.452
		Linearity	111748.032	1	111748.032	.572	.588
		Deviation from Linearity	1.362E7	25	544950.887	2.790	.445
	Within Groups		195312.500	1	195312.500		
Total			1.393E7	27			

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
HS * ROE	Between Groups	(Combined)	1.391E7	26	534870.489	22.102	.167
		Linearity	46351.571	1	46351.571	1.915	.398
		Deviation from Linearity	1.386E7	25	554411.246	22.910	.164
	Within Groups		24200.000	1	24200.000		
Total			1.393E7	27			

ANOVA Table							
			Sum of Squares	df	Mean Square	F	Sig.
HS * BVS	Between Groups	(Combined)	1.285E7	25	513801.309	.946	.637
		Linearity	6577131.622	1	6577131.622	12.115	.074
		Deviation from Linearity	6267901.093	24	261162.546	.481	.853
	Within Groups		1085800.000	2	542900.000		
Total			1.393E7	27			

All of the data obtained on the Deviation from Linearity (Sig.) is more than 0.05 (5%), which indicates that all of the data are linear based on the linearity test table above.

3.2.3. Associative Data Analysis

In social studies, variables typically do not exist in a vacuum but rather have relationships with one another and even influence one another, with the goal of analyzing relationships or forecasting the impact of independent (free) variables on the dependent variable (bound). Correlation and regression are the two types of associative data analysis.

Correlation

The goal of correlation analysis is to assess how closely the two research variables are related. The following information was gathered and created:

Table 3.5 Correlation Testing
Correlations

	ROA	DER	ROE	BVS	HS	
ROA	Pearson Correlation	1	.562**	.969**	.080	.093
	Sig. (2-tailed)		.002	.000	.687	.637
	N	28	28	28	28	28
DER	Pearson Correlation	.562**	1	.516**	.042	.090
	Sig. (2-tailed)	.002		.005	.832	.650
	N	28	28	28	28	28
ROE	Pearson Correlation	.969**	.516**	1	.036	.058
	Sig. (2-tailed)	.000	.005		.854	.771
	N	28	28	28	28	28
BVS	Pearson Correlation	.080	.042	.036	1	.687**
	Sig. (2-tailed)	.687	.832	.854		.000
	N	28	28	28	28	28
HS	Pearson Correlation	.093	.090	.058	.687**	1
	Sig. (2-tailed)	.637	.650	.771	.000	
	N	28	28	28	28	28

** . Correlation is significant at the 0.01 level (2-tailed).

Based on Table 3.5 Knowing the significant test of the correlation coefficient for the two sides (2-tailed) of the output can be seen from the conclusion table below the value $\alpha = 0.05$ is between profitability and solvency (ROA*DER), between fellow profitability (ROA*ROE), between solvency and profitability (DER*ROE) and between market prices and stock prices (BVS*HS). Consequently, H0 is disregarded and H1 is accepted, indicating that it has a large impact. In the absence of the aforementioned variables, if $\alpha = 0.05$, H0 is accepted and H1 is refused, indicating that it has no discernible impact.

Based on the calculation of strong and unidirectional correlation numbers shown by (DER*BVS), (ROE*BVS) and (ROE*HS). Correlation numbers that are quite strong but not unidirectional are shown by (ROA*BVS), (ROA*HS) and (DER*HS). And the variables mentioned above are declared low and not unidirectional.

Regression

With the use of the independent variable's value, regression analysis seeks to forecast changes in the value of the dependent variable. The information gathered is listed below:

Table 3.6 Regression Testing 1

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	BVS, ROE, DER, ROA ^a		Enter

a. All requested variables entered.

b. Dependent Variable: HS

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.690 ^a	.476	.385	563.346

a. Predictors: (Constant), BVS, ROE, DER, ROA

Based on Table 3.6 calculations, the R-Square number is 0.476. This shows a fairly strong relationship. The coefficient of determination, or R-Square, can also be written as 47.6%. This signifies that the variables ROA, DER, DER, and BVS account for 47.6% of the share price variable. The rest is explained by Other causes not examined in this study, namely by calculating the effect of the residual path, can be calculated $Pe=1-R^2=1-0.476^2=1-0.227=0.773$ or 77%. Table 3.7 below shows the value of the path coefficient along with the outcome:

Table 3.7 Regression Testing 2

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	361.340	189.242		1.909	.069
	ROA	7.623	77.992	.063	.098	.923
	DER	21.232	71.716	.055	.296	.770
	ROE	-2.403	26.515	-.056	-.091	.929
	BVS	232766.262	52416.902	.682	4.441	.000

a. Dependent Variable: HS

Based on table 3.7 of the Coefficiens table above (Standardized Coedisients column) it can be concluded that the regression coefficient values are:

1. Profitability Coefficient (ROA) is $P1 = 0.063$
2. The Solvency Coefficient (DER) is $P2 = 0.055$
3. Profitability Coefficient (ROE) is $P3 = -0.056$
4. The market price coefficient (BVS) is $P4 = 0.682$

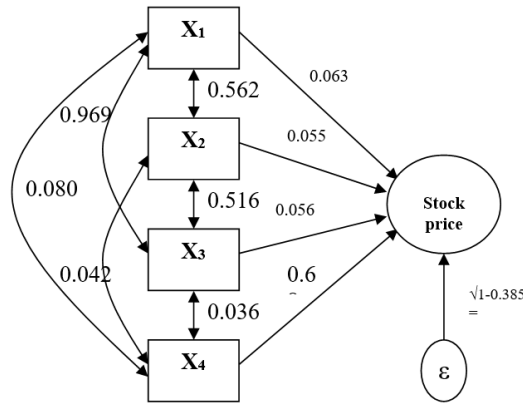
Based on Table 3.7 above, the results of the calculation of the structural path analysis above provide objective information as follows:

1. The amount of the Profitability contribution (ROA) directly affects the Share Price is $0.0632 = 0.397$ or 39.7%
2. The amount of Solvability contribution directly affects the share price is $0.0552 = 0.303$ or 30.3%
3. The amount of the Profitability contribution (ROE) directly affects the Share Price is $-0.0562 = 0.314$ or 31.4%
4. The magnitude of the contribution of the Market Price (BVS) directly affecting the Share Price is $0.6822 = 0.465$ or 46.5%

- The amount of the contribution of Profitability, Solvability and Market Price which directly affects the Share Price is 0.476 or 47.6% (the calculation is obtained by the R-Square figure). Other factors outside the scope of this study are responsible for 52.4% of the total.

Based on the outcome of the regression and correlation analysis above, the complete path diagram is as follows:

Figure 3.1. The influence of ROA, DOE, DER, and BVS variables on stock prices.



The equation for the path analysis model in the image above is:

$$Y = 0.063 X_1 + 0.055 X_2 + 0.056 X_3 + 0.68 X_4 + \varepsilon$$

3.2.4. Hypothesis Testing

The results of hypothesis testing with SPSS as shown in table 3.8 below:

Table 3.8 Hypothesis Testing 1

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6631584.037	4	1657896.009	5.224	.004 ^a
	Residual	7299248.678	23	317358.638		
	Total	1.393E7	27			

a. Predictors: (Constant), BVS, ROE, DER, ROA

b. Dependent Variable: HS

The hypothesis put forward is:

H0 : Liquidity, solvency and activity do not significantly influence profitability.

H1: Liquidity, solvency and activity have a significant effect on profitability

The criteria for accepting/rejecting the hypothesis are by looking at the results of the SPSS table.

- Reject H0, if the probability value $F \leq$ a significant level of 0.05 (Sig. $\leq \alpha 0.05$): H1 is accepted
- Accept H0, if the probability value $F >$ significant level is 0.05 (Sig. $> \alpha 0.05$): H1 is rejected

Based on the results of the F test above, the probability value F (Sig) is 5.224 (Sig $0.005 \leq \alpha 0.05$). Thus H1 is accepted and H0 is rejecte. This shows that there is a significant influence between ROA, DER, ROE and BVS in Pulp & Paper companies listed on the Indonesia Stock Exchange in 2007-2010 amounting to 47.6%. To see the magnitude of the influence of liquidity, solvency, and activity variables on profitability partially, the t test is used with the following hypotheses:

H01 : Profitability is not much impacted by liquidity.

H11: The impact of liquidity on profitability is significant.

H02 : Profitability is not affected by solvency.

H12: Profitability is significantly influenced by solvency.

H03: Activity has no discernible impact on profitability.

H13: Profitability is significantly influenced by activity.

Criteria for acceptance/rejection of the hypothesis are as follows:

- If the probability value t is less than 0.05, reject H0 (Sig. $\leq \alpha 0.05$): H1 is accepted.
- Accept H0 if the probability value $t > 0.05$ is significant (Sig. $> \alpha 0.05$): H1 is rejected

Meanwhile, to see the magnitude of the influence, the number Beta or Standardized Coefficients is used in table 3.9 below.

Table 3.9 Hypothesis Testing 2
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	361.340	189.242		1.909	.069
	ROA	7.623	77.992	.063	.098	.923
	DER	21.232	71.716	.055	.296	.770
	ROE	-2.403	26.515	-.056	-.091	.929
	BVS	232766.262	52416.902	.682	4.441	.000

a. Dependent Variable: HS

Effect of profitability on stock prices

The probability value t (Sig) is 0.098 (Sig 0.923 > 0.05) for the effect of ROA on stock prices, according to the findings of the t test in table 3.9 above. H1 is therefore rejected whereas H0 is approved. This demonstrates that there is no discernible relationship between profitability (ROA) and the 39.7% share price. In the period from 2018 to 2021, the share prices of Pulp & Paper firms listed on the Indonesia Stock Exchange may rise or fall regardless of profitability.

It is clear from the t test findings in table 3.9 above that the probability value t (Sig) for the relationship between ROE and stock prices is 0.091 (Sig 0.929 > 0.05). H1 is therefore rejected whereas H0 is approved. This demonstrates that there is no discernible relationship between profitability (ROA) and the 31.4% share price. The share prices of Pulp & Paper firms that listed on the Indonesia Stock Exchange in 2018–2021 may rise or fall regardless of profitability, and vice versa.

Effect of solvency on stock prices

It is clear from the t test findings in table 4.16 above that the probability value t (Sig) for the effect of DER on stock prices is 0.296 (Sig 0.770 > 0.05). H1 is therefore rejected whereas H0 is approved. This demonstrates that there is no discernible relationship between solvency (DER) and the 30.3% share price. The share price of the Pulp & Paper companies listed on the Indonesia Stock Exchange may rise or fall in 2018 through 2021 regardless of solvency, although this is not a given.

Effect of Market Prices on Stock Prices

It is clear from the t test findings in table 4.16 above that the probability value t (Sig) for the relationship between ROE and stock prices is 4.441 (Sig 0.000 > 0.05). As a result, H1 is approved and H0 is refused. This demonstrates that the relationship between the Market Price (BVS) and the Share Price of 46.53% has a considerable impact. The share prices of Pulp & Paper businesses listed on the Indonesia Stock Exchange 2018–2021 may increase or drop, but this is not a guarantee.

4. DISCUSSION

A t value of 0.098 (Sig 0.923 > 0.05) based on the data from the test results above demonstrates that partially profitability (ROA) has no meaningful impact on stock prices. Increased or decreased profitability (ROA) in Pulp & Pupper firms listed on the Indonesia Stock Exchange in 2018–2021 is not a guarantee that it will be followed by increased or decreased profitability (ROA).

It is clear from the t test findings in table 4.15 above that the probability value t (Sig) for the effect of DER on stock prices is 0.296 (Sig 0.770 > 0.05). H1 is therefore rejected whereas H0 is approved. This demonstrates that there is no discernible relationship between solvency (DER) and the 30.3% share price. The share price of the Pulp & Paper companies listed on the Indonesia Stock Exchange may rise or fall in 2018 through 2021 regardless of solvency, although this is not a given. Long-term, the business can choose between two policies: low solvency, which entails utilizing less debt than its own capital. In order to prevent the company from suffering from high interest costs that would have an impact on profitability due to a poor solvency policy.

It is clear from the t test findings in table 4.15 above that the probability value t (Sig) for the relationship between ROE and stock prices is 4.441 (Sig 0.000 > 0.05). As a result, H1 is approved and H0 is refused. This demonstrates that the relationship between the Market Price (BVS) and the Share Price of 46.53% has a considerable impact. The share prices of the Pulp & Paper businesses listed on the Indonesia Stock Exchange 2018–2021 may increase or drop, but this is not a given. The ability of the company to understand

that the higher the book value of the stock, the higher the expectation of the stock market value because the higher the BVS ratio for the stock, the more appealing it will be to investors and the higher the stock price will be.

The findings of this study concur with those of Zulkifli, who analyzes the fundamental variables and systemic risk of stock prices in manufacturing companies that list on the Jakarta Stock Exchange. However, because researchers have not yet been able to obtain data for 2020, the authors would like to continue writing this article with a different research year. The differences between this study and previous research are that the former discussed the independent variables ROA, DER, BVS, and Stock Beta, as well as data from 2018 to 2021 for all manufacturers listed on the Jakarta Stock Exchange, whereas the latter more narrowly focused on manufacturing, specifically pulp and paper manufacturing, and used data from 2018 to 2021.

5. CONCLUSION

The Kolmogorov-Smirnov test is used to test for normality; this test is the most reliable test of the normality assumption. According to this method, if the probability of the Kolmogorov-Smirnov value is greater than 0.05, then the research variables ROA, DER, ROE, BVS, and the share prices can all be said to have a normal distribution because they are all above 0.05. This is in contrast to earlier research by Zulkifli (2006), which found that ROA and DER had no impact whereas BVS alone had an impact on stock prices.

The resulting correlation and regression tables show that all of the ROA, ROE, DER, and BVS variables have an impact on stock prices, but the BVS variable has the most bearing on stock prices. Because the two ratios are similar in nature and are therefore centered on net income, the presence of multicollinearity directs by eliminating variables that are indicated to have collinearity, namely Return On Assets (ROA) and Return On Equity (ROE), making the proposed model significantly influence the formation of stock prices.

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