ANALYSIS OF STOCK PERFORMANCE IN TECHNOLOGY SECTOR COMPANIES LISTED ON IDX 2021-2022: INDONESIA POINT OF VIEW

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Abstract

The objective of this research is to examine how Net Profit Margin (NPM), Return on Assets (ROA), Return on Equity (ROE), Earnings Per Share (EPS), Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), Price Earnings Ratio (PER), and Price to Book Value (PBV) influence stock prices of technology sector companies listed on the Indonesia Stock Exchange (IDX) by the end of December 31, 2023. The study's target group is made up of 44 companies, with a total of 26 companies being chosen as samples through purposive sampling, based on certain criteria such as consistently issuing financial reports from the years 2021 to 2022. The data used in this research are secondary data collected from the financial reports of companies that are available on the official IDX website. The analysis technique employed is multiple linear regression, involving hypothesis testing through t-tests, F-tests, and R Square tests. The outcomes of this study reveal that the variables of EPS and PBV have a notable influence on stock prices. However, the NPM, DAR, ROA, ROE, DER, and PER variables do not display a significant impact on stock prices.

Keywords: Debt to Assets Ratio (DAR), Debt to Equity Ratio (DER), Earnings Per Share (EPS), Net Profit Margin (NPM), Price Earnings Ratio (PER)

1. INTRODUCTION

In the era of globalization, the presence of the capital market has become crucial for the economic advancement of a country. Many companies in Indonesia have offered their shares to the capital market or gone public (idx.co.id, accessed November 20, 2023). Intense competition among companies in the business world serves as a strong motivation for management to showcase the best value of the companies they lead (Avdalović, 2017). Wati also explains that the quality of a company's value, whether good or bad, will affect the company's market value and has the potential to influence investors' decisions, whether to invest or withdraw their investment from the company. According to Cahyono et al., (2023), The value of a company holds significance as it mirrors the company's achievements, thus influencing how investors view the company.

Once companies have been listed on the stock exchange, their worth can be seen through the price of their shares in the financial market (Das, 2009). Stock price is a primary indicator for investors to make investment decisions (Elizabeth & Putra, 2023). Investors can evaluate stock price fluctuations by monitoring the Composite Stock Price Index (CSPI), which reflects the state of the capital market or stock performance (Sudjiman, 2022). Stock prices in the capital market experience fluctuating changes, often rising and falling. The continuous decline in stock prices becomes an interesting phenomenon to discuss. The information

provided showcases the financial performance of technology industry firms that are publicly traded on the IDX from 2021 to the conclusion of 2023.

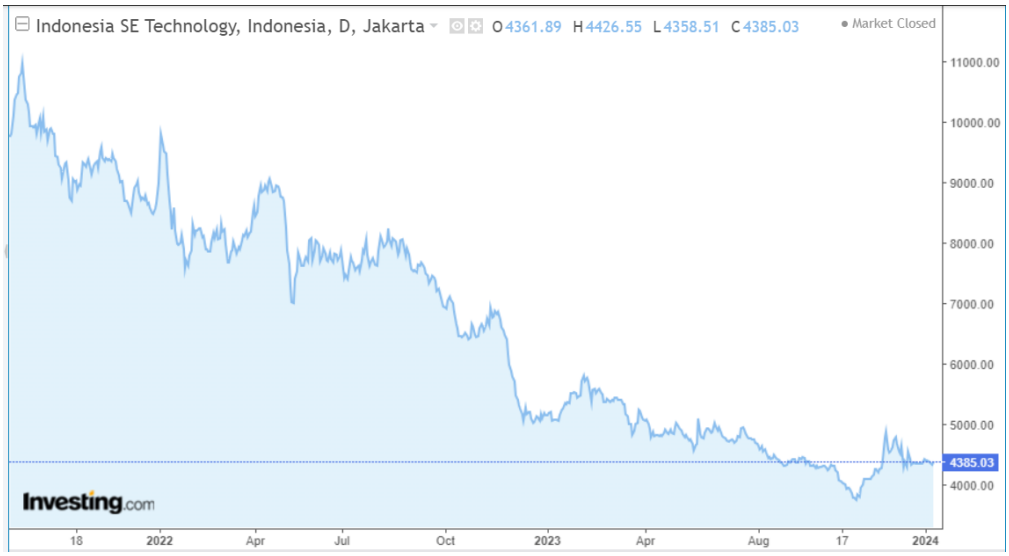

Figure 1. Graph of Technology Sector Stock Prices on IDX
Source: (Investing.com, 2024)

From Figure 1, it is evident that the technology sector has shown a decline in performance from 2021 through the end of 2023. Sustained declines in stock prices over certain periods can have a significant impact on shareholders. Therefore, it is crucial for investors to conduct in-depth analyses of the factors influencing stock price declines. Based on this phenomenon, the research question is: "What factors determine the increase or decrease in stock prices of technology sector companies listed on the IDX?".

Previous studies have shown inconsistencies between different research findings. For instance, Elviani et al., (2019) examined how NPM, ROA, ROE, and DER influenced the stock prices of manufacturing firms on the IDX. It discovered that these metrics did not have a considerable impact on stock prices. Conversely, Fitria & Suselo, (2022) found that in the banking sector, it was discovered that return on assets, net profit margin, and debt-to-equity ratio had a substantial influence on stock prices, whereas earnings per share and return on equity were not found to have a significant impact on stock prices.

From 2014 to 2019, a study by Nasri (2023) was conducted on construction and building companies that were listed on the Indonesian Stock Exchange (IDX). The study revealed that the debt-to-equity ratio (DER) and earnings per share (EPS) had a notable impact on the companies' stock prices during that period. Meanwhile, Mohammad Khan Ghauri, (2014) investigated the impact of EPS, DER, PER, and ROE on the stock prices of food and beverage companies listed on the IDX and revealed that EPS and ROE were significantly related to stock prices, while the relationships between DER and PER with stock prices were not significant. The goal of this research is to resolve the ongoing discussion about the connection between different core elements and stock values by building upon existing studies.

In this study, we analyze several fundamental factors affecting stock prices. The independent variables used are: 1) Profitability Ratios, including Net Profit Margin (NPM),

Return on Assets (ROA), Return on Equity (ROE), and Earnings per Share (EPS); 2) Solvency Ratios, including Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER); 3) Market Ratios, including Price Earnings Ratio (PER) and Price to Book Value (PBV). This study is structured in the following manner: Section 2 provides an overview of the current literature. Section 3 outlines the methodology used in the research. Section 4 examines the research findings and analysis. Section 5 brings the study to a close.

2. LITERATURE REVIEW

2.1. Stock Price

Stock price is the value received by an investor when selling shares to another investor (Gill et al., 2012). The prices of stocks are known to be unstable and have the ability to fluctuate quickly due to various influences. According to Rasyid (2019), factors affecting stock prices include economic, political, psychological aspects, and company-specific variables. Vyawahare further elaborates that two primary methods are employed in evaluating the worth of stocks: technical analysis and fundamental analysis. Technical analysis revolves around examining past stock price data, especially in connection to trading volume and existing economic circumstances. On the other hand, fundamental analysis concentrates on the company's performance that releases the stocks and assesses economic elements that could impact the company's future opportunities (Singh & Dubey, 2019).

2.2. Profitability Ratios

Putri & Rosy (2024) explain that profitability ratios assess a company's capacity to create earnings and reveal its success in achieving profitability. Companies that have high levels of profitability demonstrate superior performance in utilizing assets to generate profit, thereby securing operational sustainability (Hasan & Rizaldi, 2023). According to Hidayat & Jubaedah (2022), there are two profitability ratios: 1) The comparison between profit and both equity and foreign capital used to generate that profit, expressed as a percentage (Economic Rentability). 2) The comparison between the amount of profit available to equity holders and the amount of equity generating that profit (Return on Equity).

From this explanation, it can be concluded that profitability refers to a company's capacity to achieve profit over a certain period with high effectiveness and efficiency, so that the resulting profit can support the company's operational activities. Therefore, profitability is often a key parameter for measuring operational management effectiveness. Profitability ratios are used to measure management success as indicated by profit generated from sales and investments (Hidayat & Thamrin, 2019). The following are some proxies for measuring profitability:

2.2.1. Net Profit Margin (NPM)

NPM is measured as the proportion of net sales after deducting all costs, including taxes, to total sales (Nauman Khan, 2012). As stated by Kimbonguila et al. (2019), a higher NPM suggests improved operational efficiency of a firm. Maskey (2022) and Irawan & Setyono (2013) discovered that NPM had a substantial adverse effect on stock prices, whereas Mutiara et al. (2019) observed that NPM had a negative and non-significant impact on stock prices.

H_1 : NPM affects stock prices.

2.2.2. Return on Asset (ROA)

Return on assets (ROA) measures how efficiently a company is using its assets to generate profit (Nguyen et al., 2020). ROA is used as an indicator to assess a company's ability to generate profit. Research by Elizabeth and Putra (2023) stated that ROA significantly affects stock prices, supported by findings from Nurrokhim et al. (2022) showing a strong and favorable impact of Return on Assets on the value of stocks.

H_2 : ROA significantly affects stock prices.

2.2.3. Return on Equity (ROE)

Return on equity measures the efficiency of a company in generating profit in relation to its shareholders' investment (Pulungan & Insan, 2020). Return on equity (ROE) is determined by dividing the net profit remaining after deducting taxes by the entire equity amount. Research by Panggabean et al. (2023) and Fariantin (2023) regarding ROE demonstrates a detrimental impact of return on equity (ROE) on the value of shares.

H_3 : ROE significantly affects stock prices.

2.2.4. Earning per Share (EPS)

Earnings per share is determined by taking the after-tax profit and subtracting preferred dividends, then dividing this value by the total number of shares that are currently available (Hutabarat, 2022). Higher EPS indicates a greater scope for dividends and retained earnings, thereby strengthening the company's internal capacity (Das & Pattanayak, 2009). Therefore, higher EPS generally leads to an increase in market price and vice versa. Supported by research from Pulungan (2018) and Roza & Mahameru (2024), that shows that the results indicate that EPS impacts stock prices in a favorable and noteworthy manner.

H_4 : EPS significantly affects stock prices.

2.3. Solvency Ratios

Solvency ratios measure the extent to which an entity is financed by liabilities. This ratio provides an overview of the proportion of external financing (debt) compared to equity. In other words, solvency ratios reflect the extent to which an entity depends on external funds, particularly debt, compared to internal funding or equity. High solvency indicates that a company has adequate capacity to meet its long-term financial obligations (Rochmatullah, 2023). This provides assurance to creditors and investors that the company shows high financial stability and minimal financial risk. Proxies used to measure solvency include:

2.3.1. Dept to Assets Ratio (DAR)

The Debt Asset Ratio (DAR) measures the relationship between a company's total debt and total assets, showing how well assets can support debts. An excessively high DAR can lower a company's profits through higher interest expenses and default risk. Conversely, a moderate rise in DAR can improve a company's capacity to fund its activities and potentially boost profitability. Sarliva et al. (2017) discovered in their research that a high DAR has a detrimental effect on stock prices as it leads to increased financial strain from growing debt and decreased income growth.

H_5 : DAR significantly affects stock prices.

2.3.2. Dept to Equity Ratio (DER)

DER reflects the extent of leverage used by a company. This ratio calculates the proportion of funds provided by creditors compared to those provided by the company's owners (Sharif et al., 2015). Having a larger amount of debt in the capital mix can result in increased leverage and heightened risk. Research conducted by Putra et al. (2024) and Silvia & Epriyanti (2021) suggests that the debt-to-equity ratio has a significant impact on stock prices. This is supported by Brigham and Houston (2006:104), who state that Having a lower debt-to-equity ratio can have a positive impact on how the market responds to a company, as well as improve their capacity to fulfill future financial obligations. This reduction in debt also helps mitigate risks associated with financing and can boost a company's overall stock value.

H_6 : DER significantly affects stock prices.

2.4. Market Ratios

According to Sudjiman & Sudjiman (2022), market ratios are used to evaluate a company's performance or valuation by comparing its market value or company value with other relevant factors. Indra Widjaja (2019) explains that market ratios are metrics used to provide an overview of a company and its future prospects. Proxies used to measure market ratios include:

2.4.1. Price Earning Ratio

PER is generally used as an indicator of an entity’s growth. A high PER reflects good prospects for the company, while a low PER indicates limited growth and higher risk. Research on the impact of PER on stock prices by Mahameru (2021) found that PER positively and significantly affects stock prices.

H_7 : PER significantly affects stock prices.

2.4.2. Price to Book Value (PBV)

PBV is a measure used to analyze how the market views the financial management and long-term viability of a company. According to Vyawahare (2023), it is an important factor to consider. Hidayat and Wati et al. (2021) conducted a study on the influence of PBV on stock prices, concluding that PBV has a considerable impact on stock prices. Additionally, Das & Pattanayak (2009) discovered a strong and favorable correlation between PBV and stock prices.

H_8 : PBV significantly affects stock prices.

3. RESEARCH METHODS

3.1. Research Type, Sample, and Population

This research falls under the category of causal investigation, which aims to establish the impact of various factors on one another. The target group for this research includes 44 technology companies from the Indonesia Stock Exchange (IDX) as of December 31, 2023. The study employs purposive sampling method, where samples are chosen based on specific criteria set by the researcher. In this case, 26 companies are included in the sample. The

criteria used for selecting the sample are: (1) Companies listed on the IDX as of December 31, 2023, in the technology sector, (2) issuing financial statements continuously from 2021 to 2022, (3) using Indonesian Rupiah (IDR) for all financial data, (4) having complete financial statement data needed for this study, including Stock Price, NPM, ROA, ROE, EPS, DAR, DER, PER, and PBV.

3.2. Data and Data Sources

The information analyzed in this research consists of reports from technology companies listed on the Indonesia Stock Exchange (IDX) during the period of 2021-2022. The source of data for this study is secondary information obtained from technology firms listed on the IDX for the years 2021-2022. In order to gather the required information for this study, the writer utilized documentation methods to access information disclosed by companies on the official IDX website located at www.idx.co.id.

3.3. Research Variables And Measurement

Table 1. Research Variables and Measurement

Variable	Indicator	Source
Dependent Variable		
Stock Price (HS)	Stock price at the end of each year	Khan & Amanullah (2012)
Independent Variables		
Net Profit Margin (NPM)	Net profit after tax/sales	Pulungan & Insan (2020)
Return on Assets (ROA)	Net profit after tax/Total assets	Hasan & Rizaldi (2023)
Return on Equity (ROE)	Net profit after tax/Equity	Pulungan & Insan (2020)
Earnings per Share (EPS)	Net profit/Number of shares outstanding	Utami & Rochmatullah (2023)
Debt to Assets Ratio (DAR)	Total liabilities/Total assets	Hasan & Rizaldi (2023)
Debt to Equity Ratio (DER)	Total liabilities/Total equity	Das & Pattanayak (2009)
Price Earnings Ratio (PER)	Market price per share/Earnings per share	Gill et al. (2012)
Price to Book Value (PBV)	Market price per share/Book value per share	Das & Pattanayak (2009)

3.4. Multiple Linear Regression Analysis

In this study, the researchers utilized multiple linear regression analysis to examine how various independent variables impact a single dependent variable. By using this method, they aimed to make predictions about the dependent variable based on the independent variables included in the analysis. The specific regression equation model adopted for testing hypotheses in the study is referred to as:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + \varepsilon$$

Note :
Y = Dependent Variable (Stock Price)
a = Constant
$b_1 – b_8$ = Regression coefficients of the independent variables
$X_1–X_8$ = Independent Variables (NPM, ROA, ROE, EPS, DAR, DER, PER, PBV)
ε = Error rate

3.5. Hypothesis Testing

3.5.1. t- Statistic Test (t-Test)

Making decisions based on data analysis results is done through hypothesis testing. When all assumptions tests are passed, the next step involves carrying out significance tests (t-tests) to determine if the proposed hypotheses can be accepted or rejected. The goal is to evaluate the significant impact of the variables NPM, ROA, ROE, EPS, DAR, DER, PER, and PBV on stock price. The criteria for the results of this test are:

- A significance value greater than 0.05 indicates that the independent variable has no significant impact on the dependent variable.
- Conversely, a significance value lower than 0.05 suggests that the independent variable does have a significant effect on the dependent variable.

3.5.2. F-Statistic Test (f-Test)

The f-test is used to determine whether the effect of the variables NPM, ROA, ROE, EPS, DAR, DER, PER, and PBV together has a significant impact on stock price. The criteria used in the f-test are as follows:

- Acceptance of the hypothesis is based on an f-value of ≤ 0.05, indicating a significant effect of the independent variables on the dependent variable.
- Conversely, rejection of the hypothesis occurs when the f-value exceeds 0.05, suggesting that the independent variables have no impact on the dependent variable.

3.5.3. R-Square Statistic (R-Square Test)

The coefficient of determination is a metric that measures the ability of the regression model to account for the changes in the dependent variable. A low adjusted R^2 value suggests that the model struggles to explain the variations in the independent variables. On the other hand, a high adjusted R^2 value implies that the independent variables successfully capture the variation in the dependent variable.

4. RESULTS AND DISCUSSION

4.1. Research Results

The research includes 44 technology companies that are listed on the Indonesia Stock Exchange (IDX) until December 31, 2023. Out of these, only 26 companies were eligible to be part of the study. 18 companies were not included in the analysis due to not meeting the

set criteria. The table below displays the outcomes of the selection process according to the established criteria:

Table 2. Sample Selection Results

Description	Amount
Total Technology Sector Companies on IDX	44
Listed on IDX after December 31, 2021	-14
Did not publish complete financial statements	-3
Did not use Indonesian Rupiah	-1
Total companies meeting criteria	26
Total research samples over 2 years (26 x 2)	52
Outlier Data	-10
Processed Samples	42

Source: Processed secondary data by the author, 2024

The researcher performed descriptive analysis in order to identify the attributes of the subjects under study. The outcomes of the descriptive analysis are outlined below:

Table 3. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Stock Price	42	54	43,975	4,420.64	9,516.49
NPM	42	-11.73	0.55	-0.24	1.86
ROA	42	-0.48	0.54	0.06	0.14
ROE	42	-4.86	0.89	0.02	0.80
EPS	42	-108.53	886.50	82.06	175.47
DAR	42	0.02	0.99	0.30	0.26
DER	42	0.02	78.61	2.97	12.56
PER	42	-26.45	7,550.67	384.39	1,224.35
PBV	42	0.25	147.33	14.89	29.17

Source: Processed secondary data by the author, 2024

Based on the table, it is evident that the total data for the research object amounts to 42, consisting of financial statements from 26 companies. The company with the highest stock price is PT DCI Indonesia Tbk (DCII) with a financial report for the year 2021 amounting to IDR 43,975.00, while the lowest is PT Hensel Davest Indonesia Tbk (HDIT) with a financial report for the year 2022 amounting to IDR 54.00. PT Bukalapak.com Tbk (BUKA) has the highest NPM in 2022 at 0.546, compared to PT Tourindo Guide Indonesia Tbk (PGJO) which has the lowest at -11.726 in 2021. PT Distribusi Voucher Nusantara Tbk (DIVA) shows the highest ROA in 2021 at 0.536, while PT Tourindo Guide Indonesia Tbk (PGJO) shows the lowest at -0.476 in the same year. PT Anabatic Technologies Tbk (ATIC) has the highest ROE in 2022 at 0.887, whereas in 2021, it had the lowest at -4.860. For the highest EPS in 2021, PT Distribusi Voucher Nusantara Tbk (DIVA) leads with 886.495, while PT Anabatic Technologies Tbk (ATIC) has the lowest at -108.528 in the same year. In terms of DAR, PT Anabatic Technologies Tbk (ATIC) stands at the top with 0.9874 in

2021, whereas PT Global Sukses Solusi Tbk (RUNS) has the lowest at 0.022. PT Anabatic Technologies Tbk (ATIC) also has the highest DER in 2021 at 78.608, contrasting with PT Global Sukses Solusi Tbk (RUNS) with the lowest at 0.023 in the same year. PT Telefast Indonesia Tbk (TFAS) exhibits the highest PER in 2022 at 7550.669, while PT Bukalapak.com Tbk (BUKA) has the lowest at -26.446 in 2021. Finally, for the highest PBV in 2021, PT Indosterling Technomedia Tbk (TECH) leads with 147.333, as PT Hensel Davest Indonesia Tbk (HDIT) has the lowest at 0.249 in 2022.

4.1.1. Classical Assumption Tests

The outcome of the normality test suggests that the data is distributed normally, as the Asym. Sig. (2-tailed) value is 0.069, which is greater than 0.05. Upon analyzing multicollinearity, it was found that the tolerance values and VIF values for all independent variables are below 10, with tolerance values exceeding 0.10, indicating the absence of multicollinearity.

Testing for heteroscedasticity using the Spearman-Rho method revealed that all independent variables have significance values above 0.05, indicating that the regression equation is not affected by heteroscedasticity problems. Additionally, the autocorrelation test yielded a Run Test value of 0.160, meeting the significance level of > 0.05, suggesting the absence of autocorrelation.

4.1.2. Multiple Linear Regression Analysis

Table 4. Results of Multiple Linear Regression Analysis

Model	Coeff.	t	Sig.
(Constant)	-295,75	-0,127	0,9
NPM	2032,83	1,844	0,074
ROA	-42259,89	-2,135	0,04
ROE	-4019,20	-1,02	0,315
EPS	35,89	3,345	0,002
DAR	13715,43	1,985	0,056
DER	-474,18	-1,685	0,101
PER	-1,44	-1,345	0,188
PBV	191,27	4,277	0
F	4,147		,002[b]
Adjusted R Square	0,380		

Source : Secondary data processed by the author, 2024

Based on Table 4, the multiple linear regression equation can be written as follows:

HS = - 295,758 + 2.032,835NPM - 42.259,892ROA - 4.019,207ROE + 35,892EPS + 13.715,438DAR - 474,188DER - 1,443PER + 191,271PBV + *e*

The constant value of -295.75 suggests that when all independent variables are kept constant, the stock price is -295.75. With a regression coefficient of 2032.83, an increase of 1 in NPM leads to a stock price increase of 2032.83. Conversely, a regression coefficient of

-42259.89 for ROA implies that a 1-unit increase in ROA results in a stock price decrease of 42259.89. Similarly, a regression coefficient of -4019.20 for ROE shows that with a 1-unit increase in ROE, the stock price decreases by 4019.20. EPS has a regression coefficient of 35.89, indicating that a 1-unit increase in EPS results in a stock price increase of 35.89. DAR has a regression coefficient of 13715.43, suggesting that a 1-unit increase in DAR leads to a stock price increase of 13715.43. On the contrary, DER shows a regression coefficient of -474.18, meaning a 1-unit increase in DER results in a stock price decrease of 474.18. PER has a regression coefficient of -1.44, indicating that a 1-unit increase in PER leads to a stock price decrease of 1.44. Lastly, PBV has a regression coefficient of 191.27, implying that a 1-unit increase in PBV results in a stock price increase of 191.27.

The results in Table 4 reveal that collectively, all independent variables significantly impact the dependent variable, signified by a significance value of 0.002 < 0.05. Therefore, the multiple regression model is valid and shows that NPM, ROA, ROE, EPS, DAR, DER, PER, and PBV all have a simultaneous effect on the stock price.

Analysis of the multiple linear regression results in Table 4 indicates that ROA, EPS, and PBV have a significant effect on stock price, as their significance values are < 0.05. In contrast, NPM, ROE, DAR, DER, and PER do not significantly impact stock price, with significance values > 0.05. The coefficient of determination (Adjusted R Square) from Table 4 is 0.380, suggesting that 38% of the variation in the stock price is explained by NPM, ROA, ROE, EPS, DAR, DER, PER, and PBV, while 62% is accounted for by other variables not considered in the study.

4.2. Discussion

4.2.1. The Effect of NPM on Stock Prices

The research discovered that there is no link between NPM and stock prices. NPM is a metric utilized to assess how profitable a company is. Having a high NPM doesn't necessarily influence stock prices or attract investors to purchase the company's shares, as NPM doesn't offer a direct insight into the return on investment shareholders can expect. Investors generally prefer other ratios, such as Earnings Per Share (EPS), which can offer insights into the company's future prospects and the potential returns investors might gain from holding the company's shares. This study aligns with Silvia & Epriyanti (2021), which found no significant effect between NPM and stock prices, but contrasts with the findings of Paramayoga & Fariantin (2023).

4.2.2. The Effect of ROA on Stock Prices

The research revealed a correlation between return on assets (ROA) and stock prices. In general, a strong ROA signifies greater profitability, indicating that companies with higher profits often have higher stock prices. This can pique the interest of investors who base their investments on the company's asset profitability, potentially boosting stock prices. Conversely, a low ROA suggests lower company profitability and could result in a drop in stock prices. These findings align with Siahaan et al. (2024), who also noted a significant relationship between ROA and stock prices, although they contradict the findings of Silvia & Epriyanti (2021).

4.2.3. The Effect of ROE on Stock Prices

According to this research, the return on equity (ROE) does not impact stock prices. A high ROE typically signifies effective management, leading to an increase in stock prices. However, the lack of correlation between ROE and stock prices may stem from ROE focusing too heavily on the company's internal financial performance and neglecting external factors that influence net income distributed to investors. Consequently, investors may feel dissatisfied with their returns. This discovery is consistent with the findings of Silvia & Epriyanti (2021) and Sari et al. (2022), which also found no significant relationship between ROE and stock prices. However, this contradicts the results of Paramayoga & Fariantin (2023), Fitria & Suselo (2022), and Suriadi & Widjaja (2019).

4.2.4. The Effect of EPS on Stock Prices

The research discovered that EPS has an impact on stock prices. A higher EPS typically leads to a rise in a company's stock prices. Conversely, a lower EPS can diminish investor trust in the company and decrease their desire to invest in the stock market. Hence, EPS performance plays a crucial role in shaping investor confidence in company investments. Essentially, each increase in EPS demonstrates the company's ability to generate greater profits for shareholders, thereby influencing a rise in stock prices. The findings align with previous studies by Sari et al. (2022), Fitria & Suselo (2022), and Suriadi & Widjaja (2019), all of which found a significant relationship between EPS and stock prices, contrary to the results of Paramayoga & Fariantin (2023).

4.2.5. The Effect of DAR on Stock Prices

The research discovered that DAR has no impact on the value of stocks. A company's DAR does not necessarily influence its stock prices, whether positively or negatively. Investors do not typically prioritize the level of DAR when making investment choices. DAR is often utilized to evaluate a company's ability to handle its debt and achieve successful outcomes. This conclusion is consistent with the findings of Siahaan et al. (2024), who also observed no noteworthy relationship between DAR and stock prices.

4.2.6. The Effect of DER on Stock Prices

According to this research, the Debt-to-Equity Ratio (DER) does not have an impact on stock prices. DER is a measure of debt usage compared to equity. The level of DER in a company does not always directly influence stock prices. Investors' interest in investing is influenced more by the company's effective debt management to support its operations rather than DER alone. Effective debt management can indicate promising prospects to investors, potentially resulting in higher stock prices, while poor debt management can send negative signals. This discovery aligns with previous studies by Silvia & Epriyanti (2021) and Suriadi & Widjaja (2019) that did not find a significant relationship between DER and stock prices but differs from the conclusions drawn by Paramayoga & Fariantin (2023) and Fitria & Suselo (2022).

4.2.7. The Effect of PER on Stock Prices

According to this research, PER has no impact on the value of stocks. A high PER does not always mean the investment will perform well. Stocks with a high PER may not be the

best choice for long-term investing because they are more likely to have unpredictable price changes and carry a higher level of risk. When investors calculate PER, they also take into account EPS to see how much profit each share generates. However, PER is not the main factor that influences investment choices. Investors tend to analyze a company's basic strengths and weaknesses in more depth rather than solely relying on PER. This discovery aligns with previous studies by Mutiarani et al. (2019) and Suriadi & Widjaja (2019), which also found no significant relationship between PER and stock prices.

4.2.8. The Effect of PBV on Stock Prices

The research revealed that PBV has an impact on the prices of stocks. A higher PBV suggests that shareholders are receiving more value, which results in a higher level of confidence in the company's future among investors. This rise in confidence can lead to an increase in demand for the stock as investors expect to see significant returns. As market demand grows, this can ultimately drive up stock prices. These results align with previous studies by Pattikawa & Hutabarat (2022) and Nurrokhim et al. (2022) that also demonstrated a strong connection between PBV and stock prices.

5. CONCLUSION

The study findings suggest that all independent variables have a simultaneous impact on stock prices in technology sector companies. However, only ROA, EPS, and PBV were found to have a significant influence on stock prices among the five variables examined. In contrast, the other five variables did not show a significant effect.

This research has limitations, as it only considers internal factors of companies while ignoring external factors like interest rates, government policies, and inflation which also affect stock prices. Future studies should explore the impact of additional or alternative independent variables on the stock prices of technology companies, especially as research on this sector is still relatively scarce given its recent emergence on the Indonesia Stock Exchange.

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