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Analysis on the Impact of Firm Size, Return on Equity, Debt to Equity Ratio, and Dividend Pay-out Ratio Towards Stock Price on LQ45 Companies Listed in Indonesia Stock Exchange

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ABSTRACT: This Research use simultaneous or sequential approach to find the impact of firm size, return on equity, debt to equity ratio, and dividend pay-out ratio towards stock price. This research uses quantitative approach, such as linear regression. 64 companies that act as the population was further filtered by using purposive sampling method which results in 27 companies left and with the total of 4-year financial year, the total sample for this research is amount to 108. Adjusted R square amount to 0.566 means that the independent variable (firm size, return on equity, debt to equity ratio, and dividend pay-out ratio) only explained 56.6% of the dependent variable. The rest 44.4% is being explained by other variables that was not in this research. The partial test identify that partially firm size has a significant positive impact on the stock price, return on equity does not have a significant impact towards stock price, but has a positive relationship. Debt to equity ratio have a significant negative impact towards stock price, and dividend pay-out ratio partially does not have impact on stock price and have a negative relationship. Simultaneously, firm size, return on equity, debt to equity ratio, and dividend pay-out ratio have a significant impact towards stock price on companies that was listed in LQ45 index in Indonesia Stock Exchange.

KEYWORDS- Firm Size, Return on Equity (ROE), Debt to Equity Ratio (DER), and Dividend Pay-out Ratio.

I. INTRODUCTION

Indonesia is a developing country with a lot of economic potential which has attracted the attention of a lot of investors. That potential has made a lot of investors want to invest in Indonesia. One of the investment instruments in Indonesia is to invest in the capital market in the forms of stock. According to Christina and Robiyanto (2018), stock is very attractive instruments for investors because it provides higher returns compared to other instruments. Of course, along with the high return, there is a risk that we cannot ignore. The fluctuations from the stock price are what make stock market to become a high-risk instrument. Because of that, investors will do several analyses before making their investment decision. Several analyses that were often used is analyses are profitability, firm size, capital structure, and dividend that was given by the companies.

When making an investment decision, generally investors will find company that have a high profitability because companies with high profitability indicates that the company is doing well. Because of that, the higher the profitability of the company, the higher the stock price. As the contrary, the lower the profitability of the company, the lower the stock price of the companies because investor become wary to invest in the company. Profitability ratio that was used in this research is return on equity.

Dividend also can cause changes in the value of a company's stock. According to Dewi et.al (2017), generally company that give more dividends usually have a higher income. Larger company will also attract more attention from investors. Because a larger company size indicates that the company is growing and has a large number of assets that can help in the company's development. The capital structure of a company has a considerable impact on fluctuations in the value of stock price. According to Estiasih et.al (2020), companies with a capital structure build on debt generally are more susceptible to risk, thereby lowering the value of stock prices for the business.

Companies that were used in this research are companies that was listed in LQ45 index on the Indonesia Stock Exchange. After going through the screening procedure carried out by the Indonesia Stock Exchange, there is 45 companies that has been included in the LQ45 Index. All of the company that was listed in LQ45 index have a great financial performance, big market capitalization, and have a high liquidity.

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According to the Table I.1, it can be concluded that there is inconsistency between the theories founded with the results from the phenomena table. As can be seen, the net income of PWON increase from 2017 to 2020 but the stock price decrease, as it should be with the increase of the net income, the stock price should be increase to. In TLKM, the firm size from 2017 to 2020 also increase, but the stock price decrease. As it should be the higher the total asset of the company, the higher the stock price. But as can be seen from the table, the stock price decrease. Other phenomena also occur in UNVR, as can be seen from 2017 to 2020, there is an increase in the amount of the company debt, but the stock price also increase. Even though the theory stated that the more the debt in the company, the higher the risk which make the stock price to decrease because investor will scare to invest in that company. The last phenomena that were observed are on UNTR. If we see from 2017 to 2020, UNTR dividend increase, but the stock price decrease. Even though according to theory, the more the company pay dividend, the more interested investors to invest which results in the stock price to increase.

Table I.1 Table of Phenomena

Company	Year	Firm Size	ROE	DER	DPR	Stock Price (Rp)
PWON	2017	23.358.717	1.872.780	10.567.227	230.694	685
	2018	25.018.080	2.542.868	9.706.398	331.157	620
	2019	26.095.153	2.719.532	7.999.510	447.464	570
	2020	26.458.805	929,918	8.860.110	140.561	510
TLKM	2017	198.484.000	22.145.000	86.354.000	18.271.000	4,440
	2018	206.196.000	18.032.000	88.893.000	26.740.000	3,750
	2019	221.208.000	18.663.000	103.958.000	26.740.000	3,970
	2020	246.943.000	20.804.000	126.054.000	2.304.000	3.310
UNVR	2017	18.906.413	7.004.562	13.733.025	6.096.370	8,400
	2018	19.522.970	9.109.445	11.944.837	6.981.450	9,075
	2019	20.649.371	7.392.837	15.367.509	9.191.962	11,175
	2020	20.534.632	7.163.536	16.597.264	7.401.100	7.350
UNTR	2017	82.262.093	7.402.966	34.724.168	2.544.232	35.400
	2018	116.281.017	11.125.626	59.230.338	3.883.845	27.350
	2019	111.713.375	11.312.071	50.603.301	4.900.419	21.525
	2020	99.800.963	6.003.200	36.653.823	3.838.759	26.600

Due to the inconsistency results between the Table I.1 with the theory, the writer was motivated to do research with the title of "Analysis on The Impact of Firm Size, Return on Equity, Debt To Equity Ratio, And Dividend Payout Ratio Towards Stock Price On LQ45 Companies Listed In Indonesia Stock Exchange"

A. The impact of the Firm Size towards the stock price

According to Alamsyah, M.F (2019), the bigger the size of the company, the higher the interest of investors to invest in that company. This is because company that have a larger firm size means they have a greater financial capacity compared to company that was smaller. From the test results, it shows that firm size has a significant impact towards stock price.

According to the research conducted by Welan et al. (2019), firm size has a significant positive impact towards stock price of a company. Company with a larger asset is benefited with ease at obtaining available resources to improve the operational capacity, which is why it is very attractive for investors.

B. The impact of Return On Equity towards the stock price

Return on equity is one of the profitability ratios to measure the return that investor can obtained. According to Dewi et.al. (2017), the higher the return on equity, the more interested investors to invest in that company. Because this signify that the company capability to generate income is very good.

According to research from Christina O and Robiyanto (2018), Return on equity have a significant positive impact towards stock price. This is because a high return on equity indicates that the company is being managed with a good management system which results in the confidence of the investor to invest in the company increase.

C. The impact of Debt To Equity Ratio towards the stock price

Debt to equity ratio is an indicator to measure the financial health of the company. Debt equity ratio is to measure how much debt was used in the capital structure compared to the equity. According to Estiasih et.al (2020), the higher the ratio of debt to

equity, it shows that the higher the amount of debt that was used, which results in investor to more wary because it means that the income that they gain have to be used to pay debt.

But according to Welan et.al (2019), Debt to equity ratio have a positive impact on stock price, this is because company that have a higher debt ratio means that the company is growing. Company that was growing usually stock price will increase, because company that was growing will have a better performance in the future.

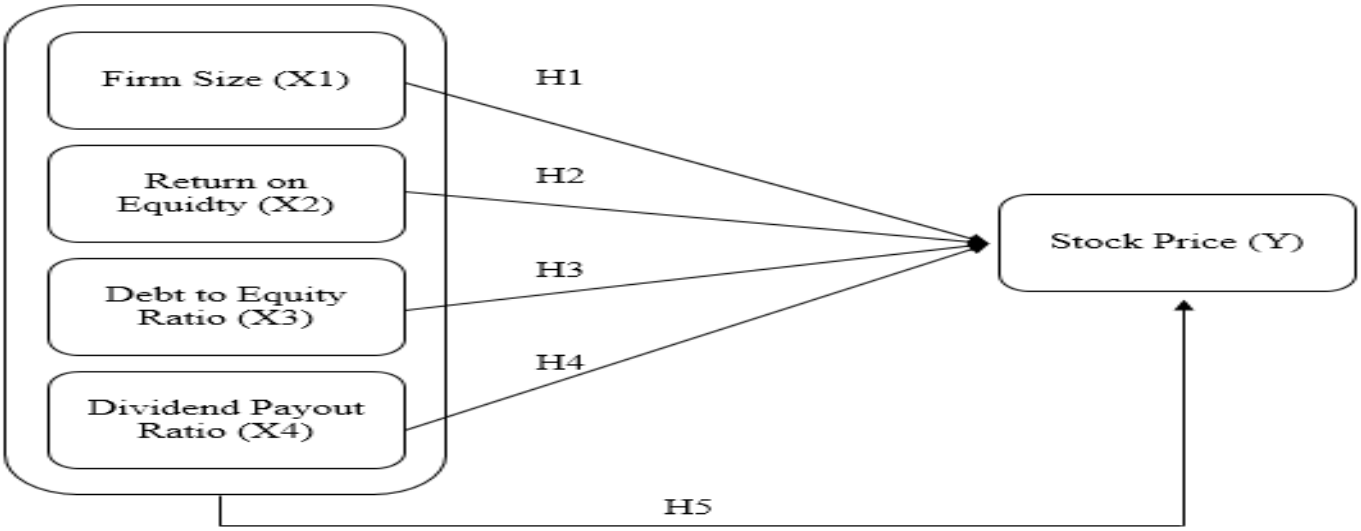
D. The impact of Dividend Payout Ratio towards the stock price

Dividend payout ratio is a ratio that was used to measure the return that the investor get in form of cash. Dividend payout ratio show how much dividends that the company give to investors compare to the total income that was obtained by the company. According to Dewi et.al. (2017), Dividend payout ratio is a ratio to show how much generous is a company at sharing its profits to the investors. Because of that, the higher the dividend payout ratio, the more investor is interested to invest its money to that company.

According to Estiasih et.al. (2020), the lower the dividend payout ratio, it means that the company profit is decreasing, which results in the investor to be wary to make an investment on that company. His research shows that dividend payout ratio have a significant impact towards stock price.

Framework of thinking

This research framework of thinking is as bellows:



Hypothesis Development

H1: Firm Size partially have significant impact towards stock price on companies that was listed in LQ45 index listed on Indonesia Stock Exchange from 2017-2020.

H2: Return on Equity (ROE) partially have significant impact towards stock price on companies that was listed in LQ45 index listed on Indonesia Stock Exchange from 2017-2020.

H3: Debt Equity Ratio (DER) partially have significant impact towards stock price on companies that was listed in LQ45 index listed on Indonesia Stock Exchange from 2017-2020.

H4: Dividend Payout Ratio (DPR) partially have significant impact towards stock price on companies that was listed in LQ45 index listed on Indonesia Stock Exchange from 2017-2020.

H5: Firm Size, Return on Equity (ROE), Debt Equity Ratio (DER), and Dividend Payout Ratio (DPR) simultaneously have significant impact towards stock price on companies that was listed in LQ45 index listed on Indonesia Stock Exchange from 2017-2020.

II. RESEARCH METHODOLOGY

A. Type of research and research method

This research uses approach that known as causal associate research. The purpose of this research is to find out the relationship between several independent variables with a dependent variable. The object of this research is companies that was listed in LQ45 index on Indonesia Stock Exchange with the period from 2017 to 2020. The information was taken from secondary source,

in which financial statement was taken from Indonesia Stock Exchange website (www.IDX.co.id) and the stock price information was taken from Yahoo Finance website (www.finance.yahoo.com).

B. Population and Sample

From 2017 until 2020, there is 64 companies that ever joined the LQ45 index on Indonesia Stock Exchanges. Purposive sampling method was used in this research with several criteria that has been decided by the writer to select it sample is as below:

Table II.1 Research Sample Criteria

No.	Keterangan	Jumlah
1	Companies that ever listed on LQ45 index on Indonesia Stock Exchange from 2017-2020.	64
2	Companies that are listed in LQ45 index on Indonesia Stock exchanger that were banking companies from 2017-2020.	(7)
3	LQ45 index companies who does not use IDR as the nominal in the financial statement on Indonesia Stock Exchange from 2017-2020	(13)
4	LQ45 index companies that does not publish its financial statement on Indonesia Stock Exchange from 2017-2020.	(1)
5	LQ45 index companies that does not consistently distribute dividend from 2017-2020.	(13)
6	LQ45 index companies that does not consistently have a positive net income from 2017-2020	(3)
Total companies chosen as sample		**27**
Total number of sample (Total companies x 4 years)		**108**

C. Operational Definition and Variable Measurement

Variables that was used in this research is as below:

Table II.2 Operational Variable Definition

Variable	Definition	Indicator	Scale
Firm Size (X_1)	Firm Size was measure by using logarithm natural of total assets. Alamsyah, M. F. (2019).	$Firm\ Size = lnTotal\ Assets$	Ratio
Return On Equity (X_2)	This ratio is to measure the return that investor gain when they put their capital inside the company. Christina O and Robiyanto (2018).	$ROE = \frac{Net\ Income}{Total\ Equity}$	Ratio
Debt to Equity Ratio (X_3)	This ratio is to measure the total debt that was used as the capital structure to pay for its assets. Welan et.al (2019).	$DER = \frac{Total\ Liability}{Total\ Equity}$	Ratio
Dividend Payout Ratio (X_4)	This ratio is to measure the return percentage that investor gain compare to the total net income that was obtained by the company. Estiasih et.al (2020).	$DPR = \frac{Total\ Dividend}{Net\ Income}$	Ratio
Stock Price	Stock price is the price of 1 shares of securities indicating ownership of the company. Stock prices on the stock market at any given time can change depending on the market demand Welan et.al (2019).	Stock Price	Ratio

D. Data Analysis Method

1) Classical Assumption tests: Normality test was used to measure whether there is normal distribution in the regression model. Regression model have to have a normal distributions so that it can passed the normality test. (Ghozali, 2018:161). To evaluate whether there is normal distribution or, this research use Kolmogorov-Smirnov test.

Multicollinearity test was used to measure whether in the regression model the independent variables correlates with each other. (Ghozali, 2018: 107). A good regression model its independent variable may not correlate to each other. To analyse this test, this research use the tolerance value and variance inflation factor (VIF) value. If the tolerance value ≥ 0, 01 and the variance inflation factor value ≤ 10, then it means that there is no occurrence of multicollinearity in the regression model.

Heteroscedasticity test was used to test whether is there a variance inequality from one residual observation to another observation in the regression model. A good regression model is the one with homoscedasticity. (Ghozali, 2018: 137). This research use park test and scatterplot to do the heteroscedasticity test.

Autocorrelation test was used to test whether there is correlation between the errors in period t with previous period t-1 (Ghozali, 2018: 111). This test was usually occurs because the data collected have a time stamp on it. This research use Durbin Watson to do the autocorrelation test by comparing the value of Durbin Watson from the statistic (d) with the Durbin Watson from the table.

Table II.3 Autocorrelation Decision Results

Decision Range	Autocorrelation Results
$0 < d < dl$	There is positive autocorrelation
$dl \leq d \leq du$	No decision
$4 - dl \leq d \leq 4$	There is negative autocorrelation
$4 - du \leq d \leq 4 - dl$	No decision
$du \leq d \leq 4 - du$	Tidak no autocorrelation

2) Multiple Linear Regression: According to Beers (2021), multiple linear regression is to measure the relationship between independent variable towards the dependent variable in the regression model.

Y = a + b1X1 + b2X2 + b3X3 + b4X4 + c e

Definition:

Y = Stock Price;

a = c Constant;

c, b1, b2, b3, b4, b5 = Regression Coefficient;

X1 = Firm Size;

X2 = Return on Equity (ROE);

X3 = Debt to Equity Ratio (DER);

X4 = Dividend Payout Ratio (DPR);

e = Residual

3) Partial Hypothesis Testing (T-test): T-test was used to measure how much each independent variables can impact the dependent variable. If the count > table or if the significance value of t-test is less than 0.05, then it can be concluded that the independent variable have significant impact towards the dependent variable (Ghozali, 2018: 99)

4) Simultaneous Hypothesis Testing (F-test): Simultaneous hypothesis testing is used to test whether all the independent variable that was being researched simultaneously affect the dependent variable (Ghozali, 2018: 98). If Count > Table or if the Significance value of f-test is less than 0.05, then it means that all independent variables simultaneously have a significant impact towards the dependent variable.

5) Coefficient of Determination (Adjusted R2): The coefficient of determination is used to test how far the independent variable at explaining the dependent variable. The coefficient of determination (R2) value is only from zero to one. If the value of R2 is small, it means that the independent variable ability to explain the dependent variable is weak. If the value of R2 close to one, it means that the independent variable ability to explain the dependent variable is strong (Ghozali, 2018: 97).

III. RESEARCH RESULT AND DISCUSSION

A. Classical Assumption test

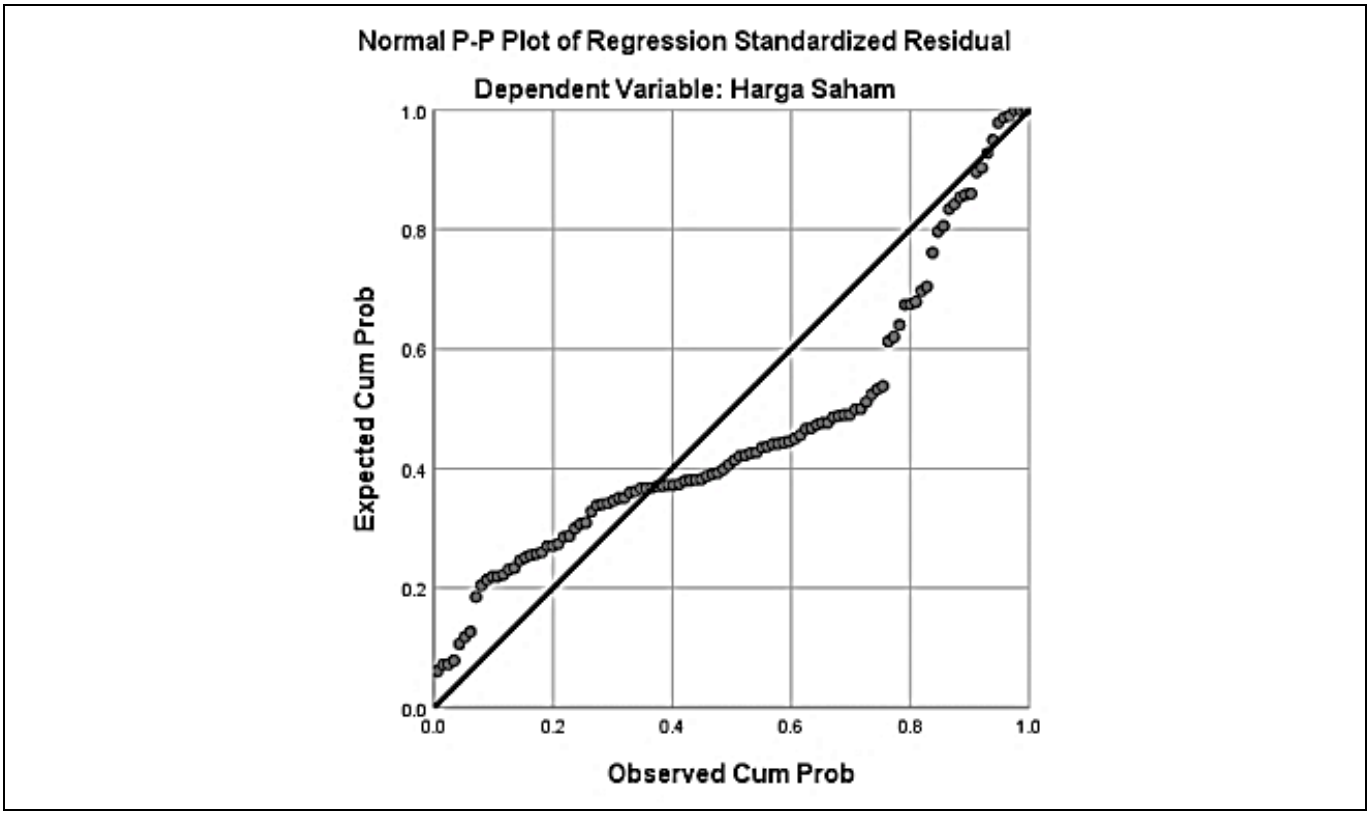
1) Normality Test :

ONE-SAMPLE KOLMOGOROV-SMIRNOV TEST		
		Unstandardized Residual
N		108
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	5527.90435677
Most Extreme Differences	Absolute	.222
	Positive	.222
	Negative	-.126
Test Statistic		.222
Asymp. Sig. (2-tailed)		.000[c]

a. Test distribution is Normal.
b. Calculated from data.
C. Lilliefors Significance Correction.

Table III.1 Normality Test Result using Kolmogorov Smirnov before data transformation

Based on table III.1, the regression model does not have a normal distribution because the Asymp. Sig value is 0.000, while to pass this test the value need to be more than 0.05.



Figures III.1 Normality P-Plot Before data transformation

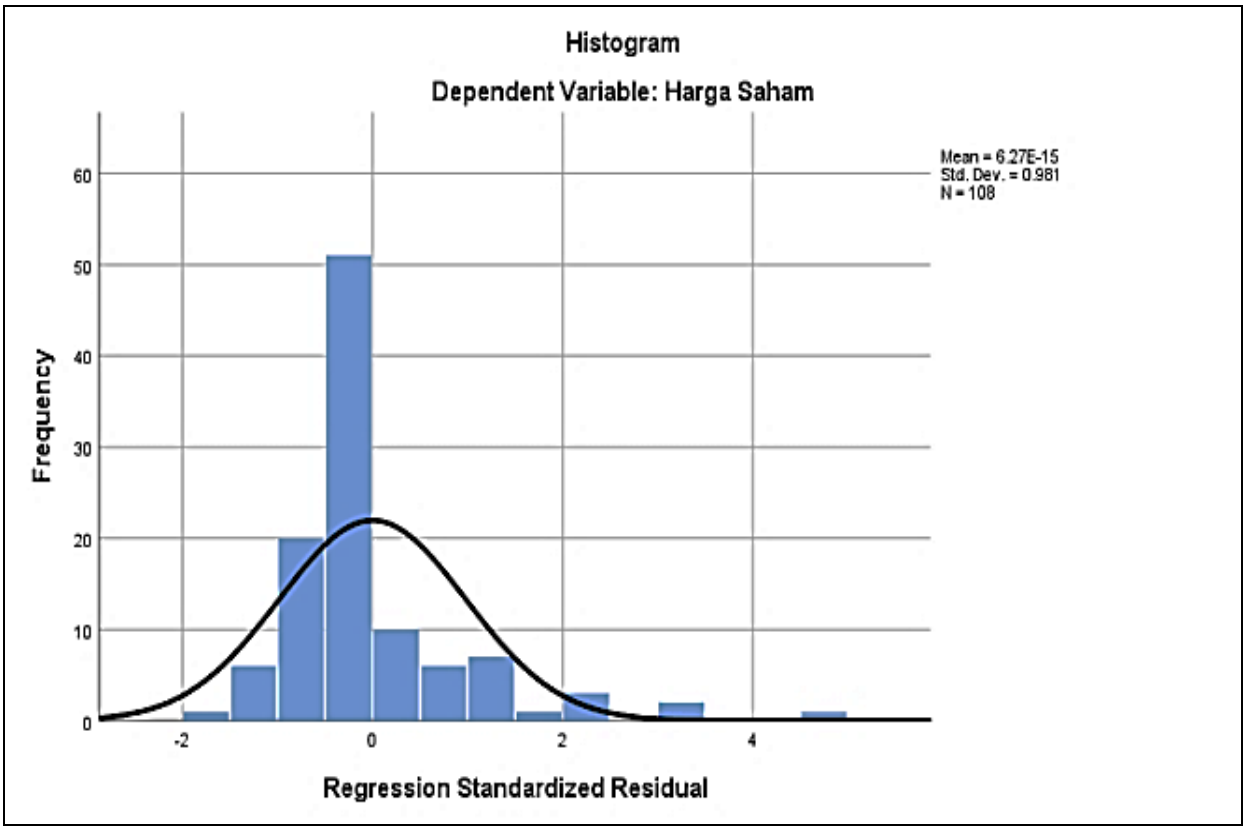


Figure III.2 Normality test Histogram Before data transformation

To gain more accurate test, histogram and normal probability plot was also used to do the normality test. But as can be seen from figures III.1 and III.2, the data does not have a normal distribution. To fix this problem, writer use the outlier technique and transformation to lg10. Below is the test results after the data transformation.

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		77
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.34728176
Most Extreme Differences	Absolute	.094
	Positive	.065
	Negative	-.094
Test Statistic		.094
Asymp. Sig. (2-tailed)		.088[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Table III.2 Normality Test Result using Kolmogorov Smirnov after data transformation

After data transformation by using outlier and lg10 transformation. It can be seen from table III.2 that Asymp. Sig value is more than 0.05. Then it can be concluded that this data was normality distributed thus has passed the normality test.

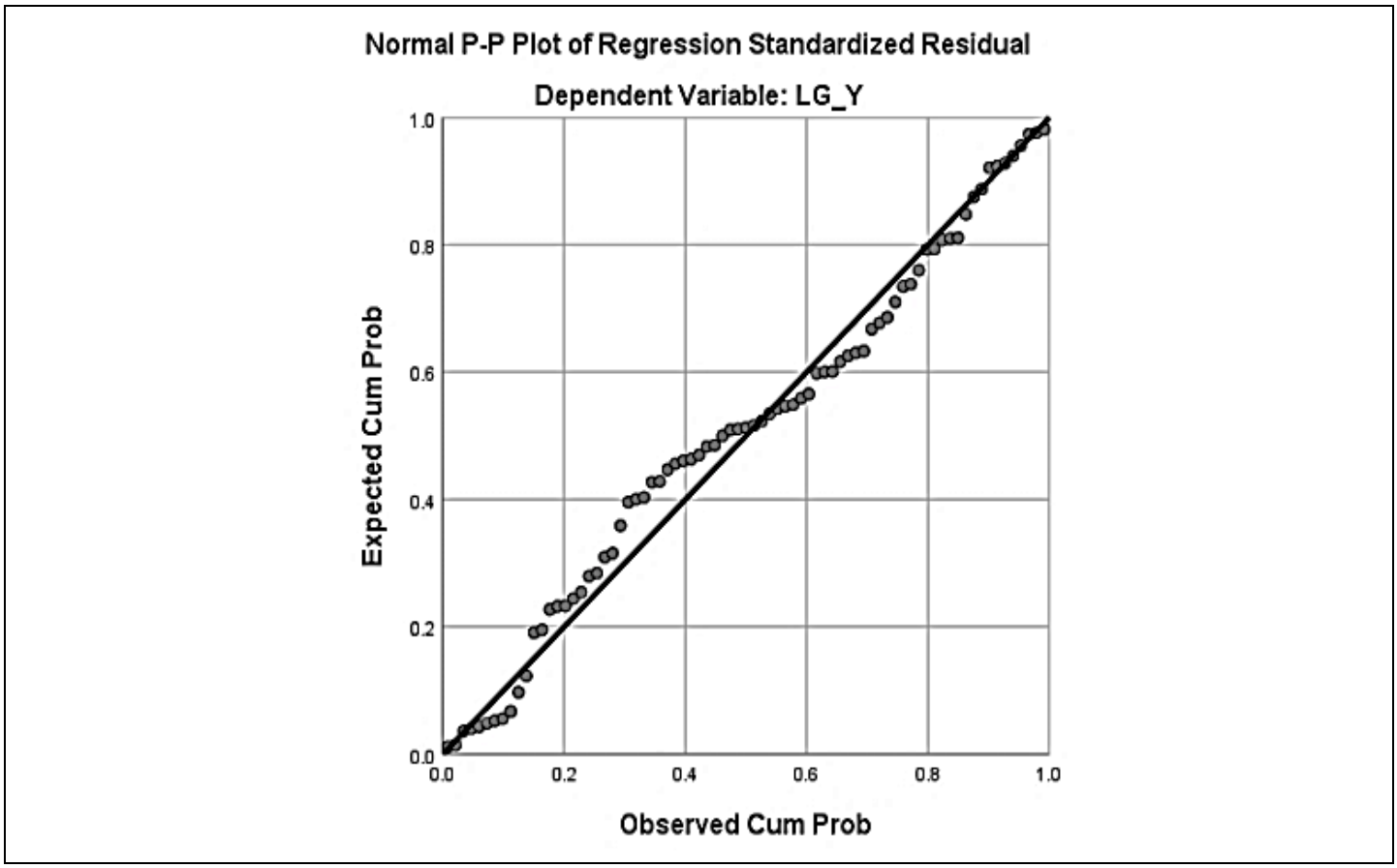
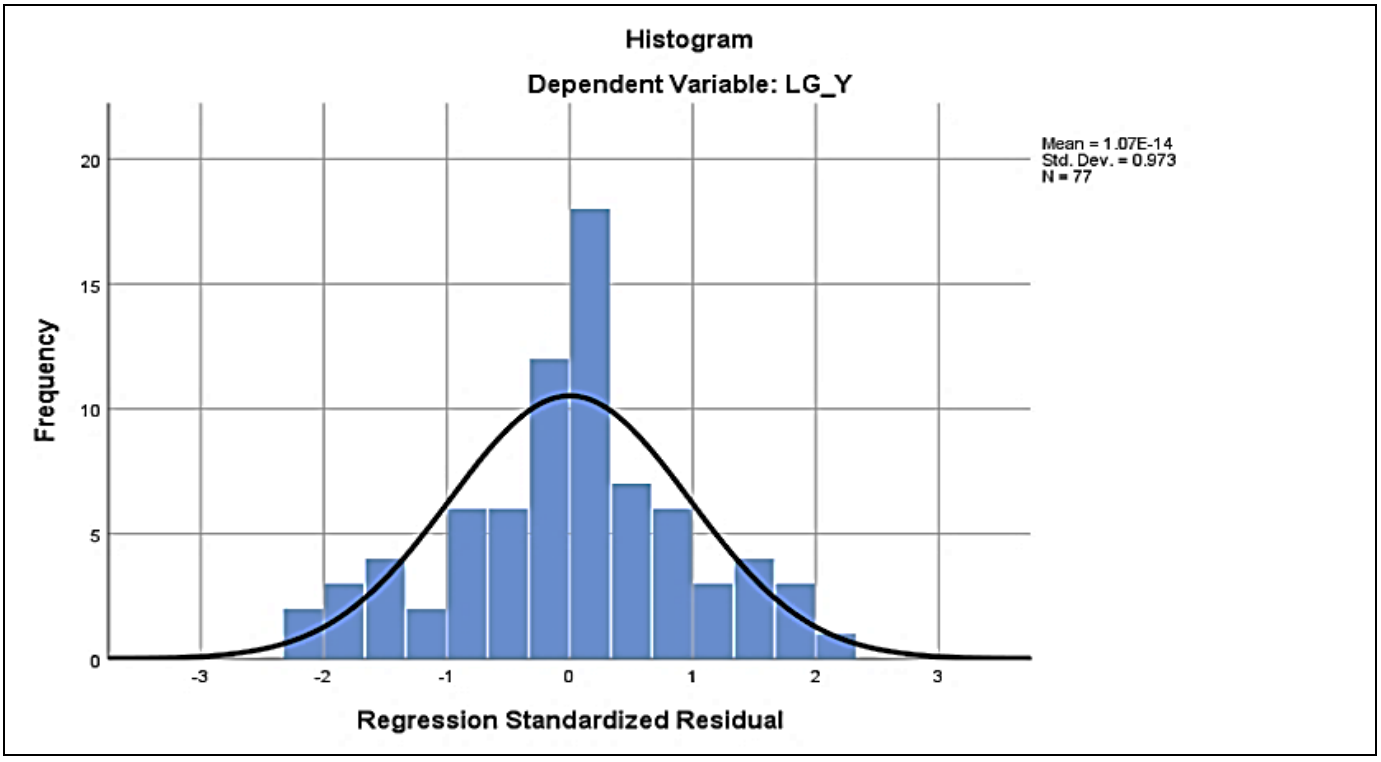


Figure III.3 Normality P-Plot After data transformation



Figures III.4 Normality test Histogram After data transformation

Based on figures III.3, it can be seen that the plot have follows the diagonal line of the graph, and from figures III.4, it can be seen that the histogram have make a bell-shaped. Then it can be concluded that that it have passed the normality test.

2) Heteroscedasticity test :

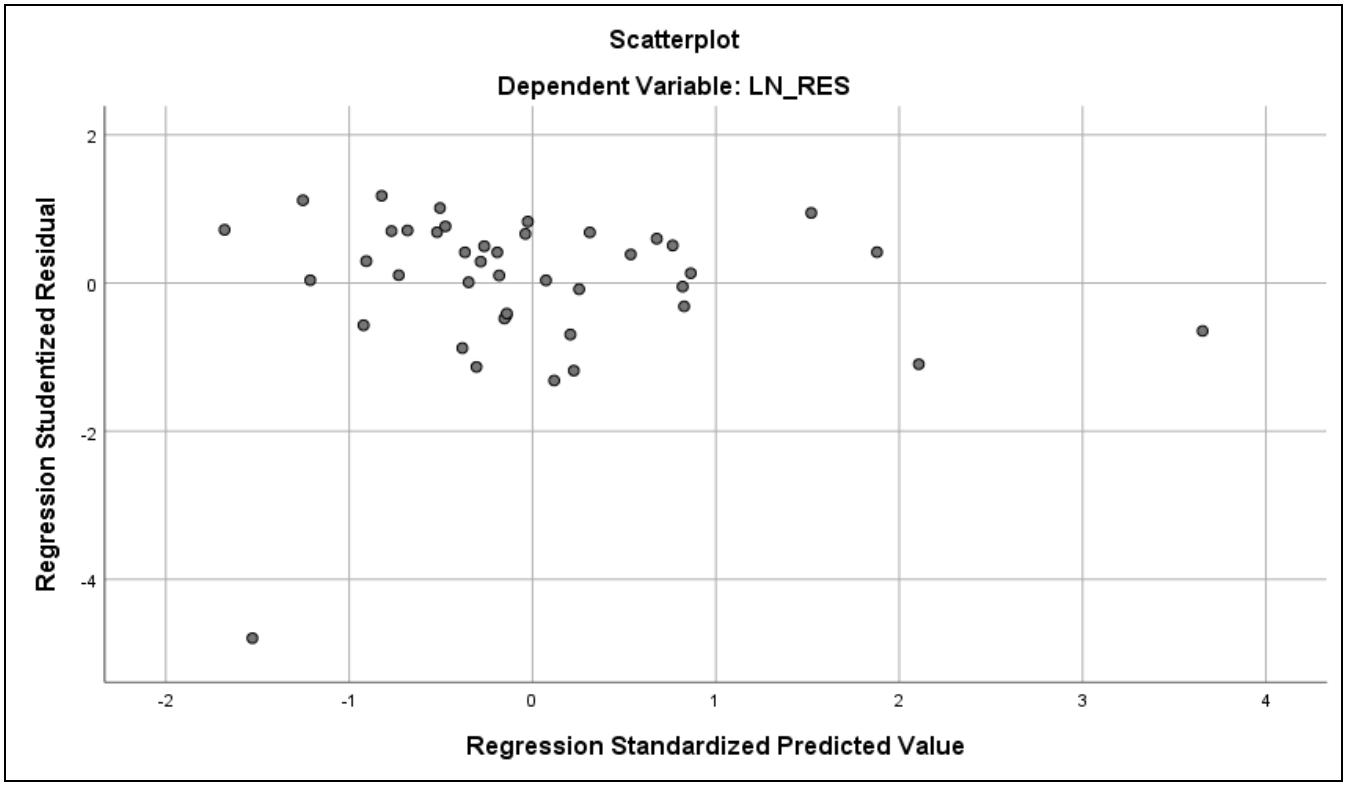
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-29.284	48.306		-.606	.548
	LG_X1	16.702	32.189	.094	.519	.607
	LG_X2	-1.735	1.277	-.230	-1.359	.182
	LG_X3	-1.024	1.336	-.147	-.767	.448
	LG_X4	-.764	.713	-.189	-1.072	.291

a. Dependent Variable: LN_RES

Table III.3 Heteroscedasticity test by using Park Test

If the Sig value is more than 0.05, then there is no occurrence of heteroscedasticity. As it can be seen from table III.3, the significance value for all of the independent variable is more than 0.05. Then this means that this regression model is homoscedasticity.



Figures III.5 Heteroscedasticity Scatterplot

From the scatterplot, it can be seen that the plot is randomly spread above and below 0 in the Y axis. Then this means this regression model passed the heteroscedasticity test.

3) Multicollinearity test :

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-53.645	6.056		-8.858	.000		
	LG_X1	38.414	4.046	.722	9.495	.000	.823	1.215
	LG_X2	.385	.155	.175	2.477	.016	.950	1.053
	LG_X3	-.927	.136	-.529	-6.795	.000	.786	1.272
	LG_X4	.035	.095	.028	.373	.710	.860	1.163

a. Dependent Variable: LG_Y

Table III.4 Multicollinearity test

From table III.4, all the variables tolerance value is more than 0.01, and the variance inflation factor (VIF) of all variables is less than 10. Then it can be concluded that this regression model is free from multicollinearity.

4) Autocorrelation test :

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.811[a]	.657	.638	.35680	.764

a. Predictors: (Constant), LG_X4, LG_X2, LG_X1, LG_X3

b. Dependent Variable: LG_Y

Table III.5 Autocorrelation test with Durbin-Watson

The value of Durbin-Watson from the table above is 0.764. If we compare it with the value from Durbin-Watson table in which the dl is 1.5228 dan du is 1.7407, then this data have positive autocorrelation. To solve this problem, writer use Cochrane-Orchut transformation data, in which the data that has been transform to log10 before, was transform again with the LAG formula. Below is the results from Cochrane-Orchut transformation:

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.768[a]	.589	.566	.26688	1.818

a. Predictors: (Constant), LAG_X4, LAG_X2, LAG_X1, LAG_X3

b. Dependent Variable: LAG_Y

Tabel III.6 Autocorrelation test using Cochrane-Orchutt

After the data transformation, it can be seen from table above, the Durbin-Watsn value obtained was 1.818. In which if we compare with the Durbin-Watson table value with dl 1.5228 and du 1.7407. It can be concluded that this regression model does not have occurrence of autocorrelation. This means that the regression model in this research have passed all the classical assumptions test.

B. Hypothesis Testing

1) Multiple Linear Regression :

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-17.200	2.316		-7.428	.000
	LAG_X1	31.411	3.925	.653	8.004	.000
	LAG_X2	.224	.121	.149	1.848	.069
	LAG_X3	-.982	.136	-.620	-7.220	.000
	LAG_X4	-.043	.060	-.056	-.709	.481

a. Dependent Variable: LAG_Y

Table III.7 Multiple Linear Regression Analysis

Stock Price (Y) = -17.200 (a) + 31.411 Firm Size (b1) + 0.224 ROE (b2) – 0.982 DER (b3) – 0.043 DPR (b4) + e

From the multiple linear regression above. It can be concluded that constant (a) amount to -17.200, means that if all the independent variables is being assumed zero/0, then stock price (Y) will decrease amount to 17.200. The regression coefficient of firm size (b1) amount to 31.411 means that with each increase of 1 point of firm size, then stock price will increase 31.411, this shows that there is positive relationship between firm sizes with stock price. Coefficient regression of Return on Equity (b2) amount to 0.224 means that with each increase of 1 point of return on equity, then stock price will increase 0.224, this shows that there is positive relationship between return on equity towards stock price. Coefficient regression of Debt equity ratio (b3) amount to -0.982 means that with each increase of 1 point of debt equity ratio, then stock price will decrease -0.982. This shows that there is negative relationship between debt equity ratios with stock price. Coefficient regression of Dividend payout ratio (b4) amount to -0.043 means that with each increase of 1 point of dividend payout ratio, then stock price will decrease -0.043. This shows that dividend payout ratio have negative relationship with stock price.

2) T-test:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-17.200	2.316		-7.428	.000
	LAG_X1	31.411	3.925	.653	8.004	.000
	LAG_X2	.224	.121	.149	1.848	.069
	LAG_X3	-.982	.136	-.620	-7.220	.000
	LAG_X4	-.043	.060	-.056	-.709	.481

a. Dependent Variable: LAG_Y

Table III.8 T-test

There is 2 way to do partial hypothesis testing. The first one is to analyze the sig. value from the table. If the sig. value from the table is less than 0.05, then it means that the independent variable have a significant impact towards the dependent variable. It can be seen from the table above, only firm size (LAG_X1) and debt equity ratio (LAG_X3) have a significant impact on stock price. While return on equity (LAG_X2) and dividend payout ratio (LAG_X4) does not have a significant impact on stock price because their sig. value is more than 0.05.

The second way to do partial hypothesis testing is to compare the value from the tcount and ttable. If tcount > ttable or -tcount < -ttable then there is significant impact. The value of ttable can be obtained the t-table distribution table, in which the value of ttable is 1.99300.

It can be seen from the table that firm size have tcount that is larger than the ttable (8.004 > 1.99300). Then it can be concluded that firm size partially have significant impact on stock price and have a positive relationship, H1 accepted.

Return on equity have tcount that is smaller than the ttable (1.848 < 1.99300). Then it can be concluded that return on equity partially does not have a significant impact on stock price and have a positive relationship, thus H2 is denied.

Debt equity ratio have -tcount that is smaller than the -ttable (-7.220 < -1.99300). Then it can be concluded that debt equity ratio partially have a significant impact on stock price but have a negative relationship, thus H3 is accepted.

Dividend payout ratio have -tcount that is larger than the -ttable (-0.709 > -1.99300). Then it can be concluded that dividend payout ratio partially does not have a significant impact on stock price and have a negative relationship, thus H4 is denied.

3) F-test:

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.250	4	1.812	25.447	.000[b]
	Residual	5.057	71	.071		
	Total	12.307	75			

a. Dependent Variable: LAG_Y

b. Predictors: (Constant), LAG_X4, LAG_X2, LAG_X1, LAG_X3

Table III.9 F-test

There is 2 methods to do F-test. Independent variables simultaneously have significant impact towards dependent variable if the sig. value if less than 0.05. And as can be seen from table above, the Sig. value is 0.000, which means that independent variables in this research simultaneously have significant impact towards stock price.

The second method is by comparing the ftable with fcount. Independent variable simultaneously have significant impact towards dependent variable if Fcount > Ftable. The value of Ftable can be obtained from f distribution table, in which the value of Ftable is 2.73. If we analyse the table above, it can be concluded that all independent variables simultaneously have significant impact towards stock price because Fcount > Ftable (25.447 > 2.73). Thus H5 accepted.

4) Coefficient of Determination (Adjusted R2) :

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.768[a]	.589	.566	.26688

a. Predictors: (Constant), LAG_X4, LAG_X2, LAG_X1, LAG_X3

Table III.10 Coefficient of Determination

Based on table III.10, it can be seen that the adjusted Rsquare value is amount to 0.566. This means that the independent variables in this research can only explained 56.6% of the dependent variable, 43.4% more is being explained by the variables that was not discussed in this research.

This research use adjusted Rsquare compared to Rsquare only is because of, when using Rsqure, with the increase of independent variable, then the value of Rsquare will also increase. But with adjusted Rsquare, the increased number of

independent variables, it will not increase the value of adjusted Rsquare. Due to the number of independent variables in this research is more than 1, then adjusted Rsquare was used to give a more objective result.

C. Discussion

1) The impact of Firm Size towards Stock Price : Based on the hypothesis testing results, it can be concluded that firm size have a significant positive impacts towards stock price on companies that was listed in LQ45 index on Indonesia Stock Exchange from 2017-2020. This results is being supported by the research that was conducted by Alamsyah, M. F. (2019), Yuliza, A. (2018), Welan et al (2019) dan Christina O and Robiyanto. (2018).

Firm size as it has been proven in this research, can have a significant impact on stock price. This is because, generally investor will be more confident to invest their money in a big company, because bigger company usually have stronger financial capability. Bigger company have bigger bargaining power to dominate the market.

Often firm size was used as one of the indicator for the investor at making their investments decision. The larger the size of the company, the easier it to attract investor because larger companies can generate more profits. Due to that the larger the size of the company, then the stock price of that company will be more expensive.

2) The impact of Return on Equity (ROE) towards stock price : After the hypothesis testing, it can be concluded that Return on Equity (ROE) does not have a significant impact towards stock price on companies that was listed in LQ45 index on Indonesia Stock Exchange from 2017-2020. But they have a positive relationship. This research is being supported by the research that was conducted by Dewi et al (2017). But this research is different with the research that was conducted by Christina O and Robiyanto. (2018) dan Alamsyah, M. F. (2019), in which their research stated that Return on Equity (ROE) have a significant impact towards stock price.

Return on Equity (ROE) is an indicator that was used to measure how much return that investor can gain compare to the capital that they invest in the company. The higher the ROE of the company, it shows that the capability of the company in managing that capital is good.

But in this research, although the relationship is positive which means that the higher the ROE of the company, then the stock price is higher too. But this research shows that ROE does not have a significant impact on stock price. This is because besides ROE, there is a lot of other factor that was being considered by the investors, and ROE is not one of the important variable that being consider.

3) The impact of Debt to Equity (DER) towards stock price: According to the hypothesis testing, it can be concluded that debt to equity (DER) have a significant negative impact towards stock price on companies that was listed in LQ45 index on Indonesia Stock Exchange from 2017-2020. This research is being supported by research that was conducted by Dewi et al (2017) dan Estiasih et al (2020). But different with the research conducted by Welan et al (2019) dan Christina O and Robiyanto (2018), in which they stated that DER have no significant impact on stock price.

Debt to equity ratio (DER) is an indicator to measure the financial health of a company. The higher the value of DER, this means that the capital structure of the company most of it was finance using debt. And of course company that have a hive debt ratio is not interesting to investors.

Debt to equity ratio (DER) is an indicator that was being use by the investors at making their investment decision. Because company with a high debt ratio, means that the risk of default that must be borne by investors is also getting bigger. Due to the risk, then the chance of investor to invest is also smaller, which results in the stock price to also become smaller.

4) The impact of Dividend payout ratio (DPR) towards stock price : Based on the hypothesis testing, dividend payout ratio (DPR) does not have a significant impact but have a negative relationship towards stock price on companies that was listed in LQ45 index on Indonesia Stock Exchange from 2017-2020. This research is supported by the research that was conducted by Dewi et al (2017). But the results is different with the research that was conducted by Estiasih et al (2020) in which the results of their research stated that DPR have a significant impact towards stock price.

Dividend payout ratio (DPR) is an indicator to measure the percentage return that was obtained by the investors in form of cash. Dividend payout ratio show how generous a company at distributing its profits to their investors. Which is why the higher the dividend payout ratio, then investor will be more attracted to invest in that company. But after doing the hypothesis testing, this

research shows that dividend payout ratio is not one of the factors that was being considered so much by the investor at making their investments decision on companies that was listed in LQ45 index.

IV. CONCLUSION

Based on the hypothesis testing, it can be concluded that firm size with the significance value 0.000<0.05, means that firm size partially has significant positive impact towards stock price. Thus, H1 is accepted.

Based on the hypothesis testing, it can be concluded that Return on Equity (ROE) with the significance value 0.069>0.05, means that return on equity partially dose not has significant impact and have positive relationship towards stock price. Thus, H2 is rejected.

Based on the hypothesis testing, it can be concluded that Debt to Equity Ratio (DER) with the significance value 0.000<0.05, means that debt to equity ratio partially has significant negative impact towards stock price. Thus, H3 is accepted.

Based on the hypothesis testing, it can be concluded that Dividend payout ratio (DPR) with the significance value 0.481>0.05, means that dividend payout ratio partially dose not has significant impact and have negative relationship towards stock price. Thus, H4 is rejected.

Based on the simultaneous hypothesis testing, all independent variables show significance value 0.000<0.05, which means that all independent variables simultaneously have significant impact towards stock price.

From the coefficient determination test results, it can be concluded that all independent variables in this research can only explained 56.6% of stock price. 44.4% more is being explained by other variables that was not discussed in this research.

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