The Influence of Current Ratio, Net Profit Margin, Total Asset Turnover, And Debt to Equity Ratio on Share Prices in Manufacturing Companies in The Property and Real Estate Sector on The Indonesia Stock Exchange for the 2019-2021 Period

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ABSTRACT

Numerous industries provide investors with various funding options in today's rapidly evolving business and technology landscape. One particularly intriguing area in this regard is investment. Investment refers to allocating cash into various assets for a specific duration to generate profits, such as income or capital appreciation.

Infrastructure development has led to the management of several industries, including property and real estate. Property can stimulate other economic sectors by providing employment opportunities and enhancing overall societal well-being. This is further bolstered by the rapid growth of the property sector, driven by the consistent availability of land and the rising public demand for housing and office spaces. Based on the data results, it is evident that there was an upsurge in demand for property and real estate in 2019. In contrast, production was sluggish expansion across all industries during the Covid-19 pandemic. Share prices will rise with increased demand and fall with less demand. This is evident in the company's effective management of shareholders. Financial reports are crucial for the company's future. Financial report data can be utilized as a decisive factor in decision-making. By assessing the financial performance of PT. Alam Sutera Reality Tbk, PT. Bumi Serpong Tbk, and PT. Bekasi Fajar Industri Estate Tbk, investors can make well-informed investment decisions. The liquid or illiquid ratio, which is based on the company's debt-to-equity ratio, current ratio, net profit margin, and total asset turnover, can be calculated to complete this assessment.
**INTRODUCTION**

Amidst significant company growth, organizations must intensify their operations to confront escalating competition. If the company can sustain its operations, it can endure business rivalry. However, if the company needs to enhance its business performance, there is a potential risk. The corporation is unable to sustain itself in the face of business competition. (Kartiko & Rachmi, 2021; Nariswari & Nugraha, 2020)

Investors can make well-informed investment decisions by assessing PT to improve the business's operations. Getting investors to invest in the company is on Tbk's financial performance maximizes its value because it shows how well the business performs. (Faleria et al., 2017)

Investors typically choose to invest in a firm that has experienced a growth in its overall worth. The concept of firm value, as discussed by (Iwan Firdaus, 2023; Likitwongkajon & Vithessonthi, 2020; Sa’diah et al., 2023). The investor's perspective on the company's success is typically correlated with stock prices, as presented in the study by (Effendi et al., 2016; Nurminawati, 2021). Should the stock. If a company's stock price rises, its value will indirectly grow, and conversely, if the company's stock price falls, its value will fall. If the price decreases, the company's worth will likewise decline. The Jakarta Composite Index is a crucial indicator of the capital market's performance. The indicators that the Indonesia Stock Exchange uses. The price changes of all securities that are formally listed on the Indonesia Stock Exchange are included in the composite stock price index. Investors are concerned about the JCI due to its impact on market trends and investment opportunities.

The JCI will impact investors regardless of whether they wish to purchase or sell their shares. According to the JCI chart and the Agricultural Stock Price Index, there were volatile fluctuations in stock prices. From 2016 to 2021. The stock price had an upward trend from 2016 to 2017, followed by a decline from 2018 to 2019. In 2019, there was a continuous gain until the end of 2020, when a significant decrease occurred. However, the stock price gradually rose during this period.
This indicates the aggregate value of companies listed on the Indonesia Stock Exchange (IDX) shares once more in 2021. I experienced fluctuating instability on an annual basis. Agricultural stock prices had a consistent downward trend from 2016 to 2020. There will be a gradual increase starting in mid-2020 and continuing until 2021.

The price-to-book ratio is one measure of a company's value. Value of Price to Book: A market capitalization metric assesses how much the market values a company's book value (Bustani et al., 2021; Sa'diah et al., 2023). The price book value is discussed in the text according to Annisa & Chabachib (2017; Inge et al., 2017)—the performance and prospects of the company, both past and projected. The Price Book Value is utilized to ascertain the stocks that are Inexpensive or costly. A stock is overvalued when its price-to-book value exceeds 1. (Inge Beliani & Budiantara, 2017)

Due to recent advancements in the business and technology sectors, investment has emerged as a primary option for investors. One area that is garnering interest is investment in property and real estate. This sector contributes positively to the economy, enhances employment prospects, and elevates societal welfare.

This research examines three publicly listed real estate and property companies on the Indonesia Stock Exchange between 2018 and 2021. PT Alam Sutera Reality Tbk, PT Bumi Serpong Tbk, and PT Bekasi Fajar Industrial Estate Tbk are the companies that are currently being investigated. The research elucidates these organizations' financial performance and share prices over this time frame.

Following a surge in demand for property and real estate in early 2019, there was a substantial decrease in the second quarter, amounting to a 60% reduction. This is impacted by external forces such as the COVID-19 pandemic, which restricts in-person meetings, and the rising costs of essential goods. Nevertheless, the company's financial reports are crucial in shaping investment decisions.

Financial metrics, such as the value of assets, the amount of debt, the net profit, and the price of shares, are crucial in evaluating a firm's performance. According to the research findings, PT Alam Sutera Realty Tbk rose in its current assets and net profit despite a decrease in the second quarter of 2020. The overall debt also declined during the initial quarter of 2020.

PT Bumi Serpong Tbk and PT Bekasi Fajar Industrial Estate Tbk experienced similar fluctuations in financial performance, which were greatly influenced by the status of the
economy and the business environment. This study examines how financial indicators, such as the debt-to-equity ratio, current ratio, net profit margin, and total assets turnover, affect how much a company charges for its shares.

According to the literature review, these variables can offer a comprehensive understanding of a company's financial well-being and can impact share prices. Hence, this study posits a hypothesis suggesting that these variables substantially impact stock prices.

This study analyzes the impact of financial factors on the stock prices of property and real estate firms listed on the Indonesia Stock Exchange from 2019 to 2021. The research results are expected to enhance comprehension of the factors that impact share prices in this industry, enabling investors to make more astute and judicious investment choices.

**METHOD**

This study takes a quantitative approach, using numerical values for data presentation and analysis. The research's conclusions are also presented in numerical form. This study investigates the relationship between independent variables that serve as benchmarks for dependent variables. The study looks at the following independent variables: debt-to-equity ratio (X4), Total Asset Turnover (X3), Net Profit Margin (X2), and Current Ratio (X1). Share Price (Y) is the dependent variable under investigation.

The financial reports of several manufacturing firms in the real estate and property sector listed on the IDX (Indonesia et al.) for 2019–2021 make up the study's population. PT. Alam Sutera Tbk, PT. Bumi Serpong Tbk, and PT. Bekasi Fajar Industri Estate Tbk is among the organizations that collect quarterly data. December 2022 will see the implementation of the research.

The study employs an advanced data processing method, SEM-PLS, to investigate the effects of the independent factors on the dependent variables. This method, known for its robustness, includes validity and reliability tests, coefficient of determination tests, and hypothesis testing, which encompass the t-test and F-test. By leveraging this sophisticated methodology, the research aims to provide comprehensive insights into the relationship between the financial variables under study. To see the relationship between the independent variables and the dependent variable, you can can be seen by looking at Figure 1:
Based on the description above, the hypothesis in this research is as follows:

H1: Current Ratio has a significant effect on stock prices.
H2: Net Profit Margin has a significant effect on share prices.
H3: Total Assets Turnover has a significant effect on stock prices.
H4: Debt to Equity Ratio has a significant effect on stock prices.
H5: Current Ratio, Net Profit Margin, Total Assets Turnover, & Debt to Equity Ratio influence on share prices.

DISCUSSION

The results of the Validity Test and Reliability Test from data processing are as follows:

Table 1. Validity test

<table>
<thead>
<tr>
<th></th>
<th>DER</th>
<th>NPM</th>
<th>ROA</th>
</tr>
</thead>
<tbody>
<tr>
<td>DER_</td>
<td>1,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NPM</td>
<td></td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>ROA</td>
<td></td>
<td></td>
<td>1,000</td>
</tr>
</tbody>
</table>

Table 2. Reliability Test

<table>
<thead>
<tr>
<th></th>
<th>Cronbach’s Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
</tr>
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<tbody>
<tr>
<td>DER_</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>NPM</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>ROA</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
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</tbody>
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The results of the validity and reliability tests mentioned earlier indicate that the data is valid and has been reclassified with a threshold of >0.70.
Table 3. Coefficient of Determination

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
<th>R Square Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>DER_</td>
<td>0.813</td>
<td>0.802</td>
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</tbody>
</table>

The coefficient of determination indicates that the obtained value is 0.813 or 81.3%, indicating that the independent variable has an 81.3% impact on the dependent variable.

Table 4. F test

<table>
<thead>
<tr>
<th></th>
<th>Saturated Model</th>
<th>Estimated Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>SRMR</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>d_ULS</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>d_G</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Chi-Square</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NFI</td>
<td>1.000</td>
<td>1.000</td>
</tr>
</tbody>
</table>

The NFI value being more than 0.062 is proof that all independent factors have an effect on the dependent variable simultaneously, according to the F Test results.

By looking at T-Statistics values more than 1.96 and P-Values less than 0.05, the T-test evaluates the correlation between the variables. The outcomes of the T-Test after data analysis testing are as follows:

Table 5. T test

|       | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/STDEV|) | P Values |
|-------|---------------------|-----------------|-----------------------------|-----------------|----------|
| NPM -> DER | 0.856               | 0.840           | 0.066                      | 12.985           | 0.000    |
| ROA -> DER_ | -0.137              | -0.163          | 0.069                      | 1.993            | 0.047    |

The data in the table clearly show that the P-value (0.000) is less than 0.05, and the T-statistic value (12.98) is more significant than 1.96. For this reason, ROA, NPM, and TOA significantly impact the DER variable.
CONCLUSION

Significant findings on the impact of the variables assessed on the Debt-to-Equity Ratio (DER) have been obtained from the inquiry. The Debt-to-Equity Ratio (DER) and Return on Assets (ROA) have a robust positive association. This can be demonstrated by the F test value (1.00) surpassing the critical value (0.662), as well as the T-statistic test value (1.993) being statistically significant with P-values (0.047) lower than the 0.05 significance level in hypothesis testing. Therefore, this idea can be deemed acceptable.

Furthermore, the analytical findings indicate a substantial and favorable correlation between the Net Profit Margin (NPM) and the Debt-to-Equity Ratio (DER). Despite the F test value (1.00) being more significant than the threshold value (0.662), the high T-statistic test (12.985) with low P-values (0.000) in testing the H2 hypothesis indicates a significant influence. Therefore, the H2 hypothesis can be accepted.

ROA and NPM have a combined and partial influence on DER. It was discovered that both factors substantially influenced DER, individually and when combined, and the theory was confirmed.

This conclusion demonstrates that an entity's financial performance, as assessed by metrics such as Return on Assets (ROA) and Net Profit Margin (NPM), has a notable impact on its capital structure, as evaluated by the Debt-to-Equity Ratio (DER). These findings enhance our comprehension of the correlation between these factors within a more comprehensive financial analysis framework.

REFERENCES


Jurnal Ekonomi, Bisnis & Entrepreneurship (e-Journal), 10(1), 1–16.


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