Sanskara Akuntansi dan Keuangan
Vol. 01, No. 01, September, pp. 44~58

The Effect of Financial Performance on Stock Prices: Empirical Evidence from Building Construction Sub-Sector Companies

Sri Hartuti[1], *Christina Heti Tri Rahmawati[2], Maria Theresia Ernawati[3]
[1,2,3] Department of Management, Faculty of Economics, Sanata Dharma University, Yogyakarta, Indonesia

Article Info

Article history:

Received September 2022
Revised September 2022
Accepted September 2022

Kata Kunci:

Kinerja Keuangan, Likuiditas, Profitabilitas, Solvabiltas, Harga Saham.

Keywords:

Financial Performance, Liquidity, Profitability, Solvency, Stock Prices.

ABSTRAK

Kinerja keuangan perusahaan merupakan penilaian terhadap kondisi keuangan investor ketika menanamkan modalnya. Tujuan dari penelitian ini adalah untuk mengukur pengaruh kinerja keuangan dengan menggunakan rasio likuiditas, profitabilitas dan solvabilitas terhadap harga saham perusahaan sub sektor konstruksi bangunan yang terdaftar di Bursa Efek Indonesia periode 2014-2020 baik secara simultan maupun parsial. Penelitian ini memiliki populasi sebanyak 18 perusahaan yang terdaftar pada sub-sektor konstruksi bangunan di BEI. Penelitian ini menggunakan teknik pengambilan sampel yaitu *purposive sampling*, di mana kriteria pengambilan sampel berupa laporan tahunan dan memiliki data harga pasar saham secara terus menerus selama periode penelitian. Penelitian ini menggunakan teknik analisis data berupa analisis regresi linier berganda dengan aplikasi SPSS Versi 25. Implikasi dari hasil penelitian ini bagi investor sebaiknya melihat rasio solvabilitas perusahaan sebelum melakukan pembelian saham, sehingga semakin besar rasio solvabilitas dapat meningkatkan harga saham perusahaan.

ABSTRACT

The company's financial performance is an assessment of the financial condition of investors when they invest their capital. The purpose of this study is to measure the effect of financial performance using liquidity, profitability and solvency ratios on stock prices of building construction sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2020 either simultaneously or partially. This study has a population of 18 companies listed in the building construction sub-sector on the IDX. This study uses a sampling technique, namely purposive sampling, where the sampling criteria are in the form of an annual report and have data on stock market prices continuously during the study period. study uses data analysis techniques in the form of multiple linear regression analysis with SPSS Version 25 applicationThe implication of the results of this study for investors should look at the company's solvency ratio before making a stock purchase, so that the greater the solvency ratio can increase the company's stock price.

Corresponding Author:

Name: Christina Heti Tri Rahmawati
Institution: Department of Management, Faculty of Economics, Sanata Dharma University, Yogyakarta
Email: christina.heti@usd.ac.id

1. INTRODUCTION

In companies listed on the Indonesia Stock Exchange, one of the securities traded is shares. Investors who have bought a company's shares can be said that they already have ownership rights to the company for the amount of shares they own. Stock prices are different for each company. Stock prices on the stock exchange are determined according to the law of supply and demand or bargaining power (Widoatmodjo, 2012). The higher the stock price of the company, it can be said that the company is getting better in terms of financial condition and company performance. The company's financial performance is an assessment of the financial condition of the company's achievements that requires analysis with several benchmarks such as ratios and indexes so that two financial data can be connected with one another. According to (Noviyanti, E.A., Rahayu, C.W.E. & Rahmawati, 2021) financial ratios are activities to compare the numbers in the financial statements by dividing one number by another.

Stock prices can be measured by technical and fundamental analysis. Fundamental analysis tries to estimate stock prices in the future by estimating the value of fundamental factors that affect stock prices in the future and applying the relationship between these variables to obtain an estimated stock price (Husnan, 2003). Fundamental factors include sales, sales growth, costs, dividend policy, and so on. This study uses fundamental analysis to measure the company's stock price with liquidity, profitability and solvency.

According to Jumingan (2014) company liquidity indicates the ability to pay short-term financial obligations on time. There are several ratios that can be used to measure the liquidity of a company. According to Kasmir (2016) the types of liquidity ratios consist of: current ratio, very current ratio, cash ratio, cash turnover ratio, inventory to net working capital. The ratio used by researchers to measure the company's liquidity is the current ratio. According to Kasmir (2016) the current ratio is a ratio to measure the company's ability to pay short-term obligations or debts that are due immediately when billed as a whole. Wira (2011) suggests that the larger the current ratio, the better because the company is able to pay its obligations. Companies that have a high current ratio, the company can be said to be liquid. This ratio was chosen to measure the company's ability to pay its obligations by using all of the company's current assets. When going to invest, investors will see how much the company is able to meet its short-term obligations. Companies that are able to meet their short-term obligations will be in great demand by investors.

Profitability is the company's ability to earn a profit in relation to sales, total assets and owners equity (Jumingan, 2014). There are several ratios that can be used as a measure of the profitability of a company. According to Wira (2011) the ratios used in profitability include: net profit margin, return of sales, return on equity, return on assets. The ratio used by researchers to measure profitability is net profit margin. Net profit margin describes how much net profit the company gets from each sale. According to Alfiah & Lestarinimgsih (2017) net profit margin calculates the extent to which the company's ability to generate net profit at a certain level of sales. This ratio was chosen to measure the company's ability to generate net income. According to Wira (2011), the higher the net profit margin, the better because it shows the company is very profitable. Companies that have a high net profit margin can be said that the company has a high profit as well. High corporate profits will attract investors to invest in the company.

According to Prastowo, D., & Juliaty (2002) the solvency of the company describes the ability of a company to meet its long-term obligations. Solvency can be measured by various ratios. According to Kasmir (2016) the types of solvency ratios include: debt to assets ratio (debt ratio), debt to equity ratio, long term debt to equity ratio, times interest earned, fixed charge coverage. The ratio used by researchers to measure solvency is the debt to equity ratio. The debt to equity ratio describes how much a company uses its debt for the company's operational needs compared to its own capital. This ratio was chosen to measure the size of the company using debt for company operations. According to Kasmir (2016) for creditors, the greater this ratio, the more unprofitable it will be

because the greater the risk borne for failures that may occur in the company. However, for the company, the bigger the ratio, the better. Conversely, with a low ratio, the higher the level of funding provided by the owner and the greater the security limit for the borrower in the event of a loss or depreciation of the asset value.

Companies listed on the Indonesia Stock Exchange consist of 9 sectors and are further divided into several sub-sectors. One of these sub-sectors is the building construction sub-sector. The building construction sub-sector provides a fairly high contribution to the Indonesian economy, especially in the country's GDP. Based on BPS, annual economic growth in the third quarter of 2018 was recorded at 5.17% compared to the second quarter of 2018 of 5.27%. Meanwhile, growth in the construction sector increased slightly to 5.79% in the third quarter of 2018 compared to 5.73% in the second quarter of 2018. The construction sector experienced a significant increase in Indonesia's GDP. In the third quarter of 2018, the share of construction in the Indonesian economy reached 10.36%.

In addition to contributing to the country's economic growth, the construction sector also contributes to absorbing a large number of workers. According to BPS data in 2018, the number of workers in the construction sector reached 8.3 million people. The large contribution of the building construction sub-sector to the economy and to the workforce illustrates that this sub-sector has a major influence on the economy. The building construction sub-sector always increases from year to year in terms of company performance and the number of companies is increasing. This increase was accompanied by the contribution of the building construction sector to the Indonesian economy. It is predicted that the building construction sector will continue to increase. This is very good for people who want to invest in shares through the stock exchange in the building construction sub-sector.

Several previous studies on the effect of liquidity, profitability and solvency on stock prices gave different results. Research conducted by Adipalguna & Suarjaya (2016) states that liquidity and solvency have no significant effect on the company's stock price. There is also a study conducted by Watung (2016) which states that profitability has a significant effect on the company's stock price. The results of the study Adipalguna & Suarjaya (2016) stated that the liquidity variable had no significant effect on the stock price of LQ45 companies on the Indonesia Stock Exchange. However, the results of research conducted by Arifin & Agustami (2017) stated that the liquidity variable had a negative effect on stock prices. Research conducted by Adipalguna & Suarjaya (2016) states that solvency has no significant effect on the stock price of LQ45 companies on the Indonesia Stock Exchange. Meanwhile, the results of research conducted by Arifin & Agustami (2017) stated that the solvency variable had a negative effect on stock prices.

Based on the background of the above problems and the inconsistency of the results of previous studies, the researchers are interested in conducting research with the title "The Influence of Financial Performance using Liquidity, Profitability and Solvency Ratios on Stock Prices of Building Construction Sub-Sector Companies on the IDX for the 2014-2020 period."

2. THEORETICAL FRAMEWORK

2.1. Financial Performance

One way that can be used to assess financial performance is to compare the company's key ratios to the industry average. If the value of the ratio calculation is higher or equal to the industry average, it can be said that the company's financial performance is quite good. Conversely, if the value of the ratio calculation is lower or smaller than the industry average, it can be said that financial performance is not good. Financial performance measurement is used to provide an assessment of asset management by management and company management needs to evaluate and take corrective action.

In analyzing the company's financial performance, there is one way that can be used, namely by using financial ratios. According to Kasmir (2016) financial ratios are activities to compare the numbers in the financial statements by dividing one number by another. Comparisons can be made between one component with other components in one financial report or between components that exist between financial statements. In this study, the financial ratio used is the current ratio to determine the liquidity of a company. Researchers also use the net profit margin as a ratio to measure the company's profitability. There is also another ratio used, namely the debt to equity ratio to measure the solvency of a company.

2.2. Liquidity

According to Jumingan (2014) company liquidity indicates the ability to pay short-term financial obligations on time. Companies that are able to fulfill their obligations will reflect good company performance. Liquidity is closely related to the company's financial statements. There are several ratios that can be used to measure the liquidity of a company. According to [9] the types of liquidity ratios consist of: current ratio, very current ratio, cash ratio, cash turnover ratio, inventory to net working capital.

This study uses the current ratio to measure liquidity or the ability to pay off the company's short-term obligations. The current ratio is a ratio to measure the company's ability to pay short-term obligations or debts that are due immediately when billed in their entirety. The availability of current assets in the company can determine the company's ability to pay off its short-term obligations. The higher the current ratio, the company can be said to be able to pay off its short-term obligations. According to Jumingan (2014) the higher the current ratio means the higher the company's power to meet short-term financial debt. The higher the current ratio, the better the financial condition and performance of the company. According to Kasmir (2016) in practice it is often used that the current ratio with a standard of 200% (2:1) is sometimes considered a fairly good or satisfactory measure for a company. Companies that have good performance can be seen with one of them, namely where the company is able to pay off its short-term obligations with current assets owned by the company.

2.3. Profitability

Profitability is the company's ability to earn a profit in relation to sales, total assets and owners equity (Noviyanti, E.A., et al, 2021). Profitability is very important in the company because the ability of a company to generate profits can be calculated by the ratio that exists in profitability. There are several ratios that can be used as a measure of the profitability of a company. According to Wira (2011) the ratios used in profitability include: net profit margin, return of sales, return on equity, return on assets.

This study uses a net profit margin to measure the company's profitability. According to (Wira, 2011) net profit margin is the ratio obtained by dividing net profit by total sales. The higher the value of a company's net profit margin means that the better the company's performance. Meanwhile, the smaller the value of the net profit margin indicates that the company generates a small profit as well. According to Rini (2019) states that the net profit margin can be said to be good if >5%. With a high net profit margin, it will attract shareholders to invest their capital in the company.

2.4. Solvency

According to Prastowo, D., & Juliaty (2002) the solvency of the company describes the ability of a company to meet its long-term obligations. Solvency shows how much the company's ability to pay off its debts by using its assets. According to Kasmir (2016) the types

of solvency ratios include: debt to assets ratio (debt ratio), debt to equity ratio, long term debt to equity ratio, times interest earned, fixed charge coverage.

This study uses the debt to equity ratio as a ratio to measure the company's solvency. Debt to equity ratio is the ratio used to assess debt to equity. According to Kasmir (2016) for creditors, the greater this ratio, the more unprofitable it will be because the greater the risk borne for failures that may occur in the company. However, for the company, the bigger the ratio, the better. Conversely, with a low ratio, the higher the level of funding provided by the owner and the greater the security limit for the borrower in the event of a loss or depreciation of the asset value. The standard ratio of the debt to equity ratio, which is <200%, is said to be unhealthy (Priyanto & Saleh, 2019).

2.5. Stock Prices

Stock prices on the stock exchange are determined according to the law of supply and demand or bargaining power (Noviyanti, E.A., et al, 2021). Stock prices will move up when many people want to buy shares. Meanwhile, the stock price will fall when more people sell the stock. Stock prices are largely determined by supply and demand in the capital market.

According to Husnan (2003) in conducting analysis and selecting stocks there are two basic approaches, namely fundamental analysis and technical analysis. Fundamental analysis tries to estimate stock prices in the future by estimating the value of fundamental factors that affect stock prices in the future and applying the relationship between these variables to obtain an estimated stock price. Fundamental factors include sales, sales growth, costs, dividend policy, and so on. This study uses fundamental analysis to analyze the company's stock price.

3. METHODS

The type of research used in this research is quantitative research with causality design. The population in this study are building construction sub-sector companies listed on the Indonesia Stock Exchange (IDX). The building construction sub-sector companies that became the population in this study were 18 companies. The sample in this study is the building construction sub-sector companies that have been listed on the BEI and meet the considerations that have been determined by the researchers as many as 7 companies.

Table 1. List of Research Samples

No.	Stock code	Issuer Name
1.	ADHI	Adhi Karya (Persero) Tbk
2.	DGIK	Nusa Konstruksi Enjiniring Tbk d.h Duta Graha Indah Tbk
3.	PPTP	Pembangunan Perumahan (Persero)Tbk
4.	SSIA	Surya Semesta Internusa Tbk
5.	TOTL	Total Bangunan Persada Tbk
6.	WIKA	Wijaya Karya (Persero) Tbk
7.	WSKT	Waskita Karya (Persero) Tbk

Source: www.idx.co.id

The sampling technique used in this study was purposive sampling as shown in Table 2 below.

Table 2. Research Sample Selection Criteria

Sample Criteria	Total
Building construction sub-sector companies that have been listed on the Indonesia Stock Exchange for the period 2014-2020	18
Building construction sub-sector companies that publish annual financial reports consistently during the 2014-2020 period	7

Building construction sub-sector companies that have data on stock market prices continuously (uninterruptedly) during the research period, namely 2014-2020	7
Number of Research Samples	**7**

The variables used in this study are the dependent variable (stock price) and the independent variables in this study include liquidity using the current ratio, profitability using net profit margin, and solvency using debt to equity ratio (Table 3). The data analysis technique used in this study is multiple linear regression analysis with the help of SPSS.

Table 3. Definition of Variables and Operational Research Variables

Variable	Indicator	Measurement
Liquidity	Current assets owned by the company and current liabilities of the company (Jumingan, 2014)	$Current\ Ratio = \frac{\text{Current Assetss}}{\text{Current Liabilities}}$
Profitability	Net profit and total sales (Jumingan, 2014)	$Net\ Profit\ Margin = \frac{Total\ Profit}{Total\ Sales}$
Solvency	Total debt and equity (Kasmir, 2016)	$Debt\ to\ Equity\ Ratio = \frac{Total\ Debt}{Total\ Equity}$
Stock Prices	Closing stock price (Widoatmodjo, 2012)	The closing price or the last trading price for a period

4. RESULTS AND DISCUSSION

4.1. Data Analysis

4.1.1. Liquidity

Company liquidity indicates the company's ability to pay short-term financial obligations on time (Jumingan, 2014). Companies that are able to fulfill their obligations will reflect the company's good financial performance. In this study, the liquidity ratio is proxied by the current ratio, namely by comparing the current assets with the company's current liabilities. According to [8] the higher the current ratio means the higher the company's power to meet short-term financial debt. According to Kasmir (2016) in practice it is often used that the current ratio with a standard of 200% (2:1) is sometimes considered a fairly good or satisfactory measure for a company.

Based on Table 4 below, it can be seen that the companies that have the highest and lowest average current ratios during the seven-year period are SSIA and WSKT at 186% and 124%, respectively. This shows that the higher the current ratio means the higher the company's power to meet short-term financial debt. The higher the current ratio, the better the financial condition and performance of the company. The lower the current ratio, the lower the value of the company because it is unable to meet its short-term debt. Through the recapitulation of the current ratio data, it was found that the highest average current ratio was 186% where this value was below 200%, meaning that every Rp. 1 of the company's current debt is guaranteed by current assets of Rp. 1.86. This means that the company has not been able to meet its short-term obligations, where the company has not used its current assets efficiently to pay off the

company's short-term debt. Overall, the current ratio of each company is below 200%, but the current ratio is not far from that figure. Therefore, the ability of the building construction sub-sector companies to fulfill their short-term obligations can be said to be not good enough. Thus, the building construction sub-sector company can be said to be ill-liquid because the company has not been able to meet its short-term obligations.

Table 4. Recapitulation of Current Ratio Data in 2014-2020

No.	Stock Code	*Current Ratio* (%)							Average
		2014	2015	2016	2017	2018	2019	2020	
1.	ADHI	139	134	156	129	141	134	124	137
2.	DGIK	156	165	156	120	108	117	143	138
3.	PTPP	136	138	139	153	144	142	137	141
4.	SSIA	201	168	156	178	193	170	237	186
5.	TOTL	158	130	126	128	126	137	142	135
6.	WIKA	110	112	119	159	134	154	139	132
7.	WSKT	143	136	132	127	100	118	109	124

Source: Processed secondary data (2021)

4.1.2. Profitability

Profitability is the company's ability to earn a profit in relation to sales, total assets and owners equity (Jumingan, 2014). In this study, the profitability ratio is proxied by the net profit margin, namely by comparing the net profit with total sales. The higher the value of a company's net profit margin means that the better the company's performance. According to Rini (2019) states that the net profit margin can be said to be good if >5%. The following is the net profit margin data during the study:

Table 5. Net Profit Margin Data Recapitulation for 2014-2020

No.	Stock Code	*Net Profit Margin* (%)							Average
		2014	2015	2016	2017	2018	2019	2020	
1.	ADHI	4	4	5	3	3	4	4	4
2.	DGIK	5	3	0	-35	1	-14	0	-6
3.	PTPP	4	4	6	7	8	8	5	6
4.	SSIA	16	12	8	3	38	2	3	12
5.	TOTL	9	8	8	9	8	7	7	8
6.	WIKA	5	6	5	8	5	7	10	7
7.	WSKT	4	5	7	8	9	9	3	7

Source: Processed secondary data (2021)

Based on the table, it can be seen that the companies that have the highest and lowest average net profit margins during the seven-year period are SSIA and DGIK with 12% and -6% respectively. The higher the net profit margin value of the building construction sub-sector company means that the better the company's performance will be. Meanwhile, the smaller the value of the net profit margin indicates that the company generates a small profit as well. Through the results of the data recapitulation of the highest average net profit margin of 12%, this means that the company's net profit margin is in good condition because it is >5%. The figure of 12% means that every sale of Rp. 1 will get a profit of Rp. 0.12. This means that the company is able to generate profits through the sales/services it has done. Overall, the company's net profit margin is above 5%. The ability of the building construction sub-sector company is said to be good because the average value of the company from 2014-2020 is above 5%, where this number is a number which states that the net profit margin is said to be good. Thus, the building construction sub-sector company has high profitability or it can be said that the company is able to generate profits.

4.1.3. Solvency

The solvency of the company describes the ability of a company to meet its long-term obligations (Prastowo, D., & Juliaty, 2002). In this study, the solvency ratio is proxied by the debt to equity ratio, namely by comparing the total debt with equity. According to Kasmir (2016) for creditors, the greater this ratio, the more unprofitable it will be because the greater the risk borne for failures that may occur in the company. The standard ratio of the debt to equity ratio, which is <200%, is said to be unhealthy (Priyanto & Saleh, 2019). The following is the debt to equity ratio data during the study:

Table 6. Debt to Equity Ratio Data Recapitulation in 2014-2020

No.	Stock Code	*Debt to Equity Ratio* (%)							Average
		2014	2015	2016	2017	2018	2019	2020	
1.	ADHI	528	497	225	268	383	379	434	388
2.	DGIK	98	85	93	105	132	160	99	110
3.	PTPP	526	511	274	189	193	222	241	308
4.	SSIA	123	99	94	115	98	69	81	97
5.	TOTL	172	211	229	213	221	207	175	204
6.	WIKA	290	220	260	146	212	244	223	228
7.	WSKT	269	340	212	266	330	331	321	296

Source: Processed secondary data (2021)

Based on the table, it can be seen that the companies that have the highest and lowest average debt to equity ratios during the seven-year period are ADHI and SSIA at 388% and 97%, respectively. This shows that the greater the debt to equity ratio of the building construction sub-sector, the better. Conversely, with a low debt to equity ratio, the higher the level of funding provided by the owner and the greater the security limit for the borrower in the event of a loss or depreciation of the asset value. Through the data recapitulation of the debt to equity ratio, the highest number is 388%, where the figure is > 200%, which means the company's debt to equity ratio is in a healthy or good condition. This means that the average company from 2014-2020 is funded by creditors of Rp.3.88 for every Rp.1. Thus, larger companies are funded by creditors rather than the owners themselves. Overall, the company's debt to equity ratio is above 200%. Therefore, the debt to equity ratio of the building construction sub-sector companies can be said to be in good condition, because the company's average figure from 2014-2020 states that the company's debt to equity ratio is > 200%, which means it is in a healthy or good condition. Thus, the building construction sub-sector company has good solvency because the company is able to meet its long-term obligations.

4.1.4. Stock Prices

Stock prices on the stock exchange are determined according to the law of supply and demand or bargaining power (Widoatmodjo, 2012). Meanwhile, the stock price will fall when more people sell the stock. Stock prices are largely determined by supply and demand in the capital market. The following is the stock price data for the old research:

Table 7. Stock Price Data Recapitulation in 2014-2020

No.	Stock Code	Stock Prices (IDR)						
		2014	2015	2016	2017	2018	2019	2020
1.	ADHI	1.510	3.480	2.140	2.080	2.000	1.390	1.167
2.	DGIK	150	179	85	55	58	50	50
3.	PTPP	1.160	3.575	3.875	3.810	2.640	1.805	1.585
4.	SSIA	560	1.070	715	434	515	500	455
5.	TOTL	500	1.120	615	855	688	545	429
6.	WIKA	1.580	3.680	2.640	2.360	1.550	1.655	1.990
7.	WSKT	405	1.470	1.670	2.550	2.210	1.680	1.485

Source: Processed secondary data (2021)

Based on the table, it can be seen that the highest share price for seven periods occurred in 2016, owned by PTPP with a price of Rp. 3,875 and the lowest price occurred in 2019 and 2020 owned by DGIK with a price of Rp. 50. This shows that the higher the share price of the building construction sub-sector, the better because many investors are interested in buying these shares. Meanwhile, the lower the stock price indicates that the lower the interest of investors to invest in the company.

4.2. Classic Assumption Test

4.2.1. Normality Test

This study uses an analytical tool, namely the Kolmogorov Smirnov test. The residual is normally distributed if the significance value is more than 0.05. Based on Table 8, it can be seen that the value of sig. K-S test of 0.050 > 0.05. So it can be concluded that the residual data is normally distributed.

Table 8. One-Sample Normality Test Results (Kolmogorov-Smirnov Test)

Unstandardized Residual	N	Kolmogrov-Smirnov Z	*Asymp. Sig* (2-tailed)	Sig. *Critical	Information
Model	49	0,126	0,050	0,05	Normal

Source: Processed secondary data (2021)

4.2.2. Multicollinearity Test

A good regression model should not have a correlation between the independent variables. To detect the presence or absence of multicollinearity in the regression model, it can be seen from (1) the tolerance value and its opposite (2) the variance inflation factor (VIF). So a low tolerance value is the same as a high VIF value (because VIF = 1/Tolerance). The cutoff value commonly used to indicate the presence of multicollinearity is the tolerance value < 0.10 or the same as the VIF value > 10. Based on Table 9, it can be seen that the tolerance value for liquidity is 0.686 > 0.10. The tolerance value on profitability is 0.867 > 0.10. The tolerance value for solvency is 0.766 > 0.10. The VIF value for the liquidity variable is 1.457 < 10. The profitability variable is 1.153 < 10. The solvency variable is 1.306 < 10. Thus, it can be concluded that in this study there is no multicollinearity.

Table 9. Multicollinearity Test Results

Independent Variable	Dependent Variable	Tolerance	VIF Value	VIF. *Critical	Information
Liquidity	Stock Prices	0,686	1,457	10	There is no multicollinearity
Profitability		0,867	1,153	10	There is no multicollinearity
Solvency		0,766	1,306	10	There is no multicollinearity

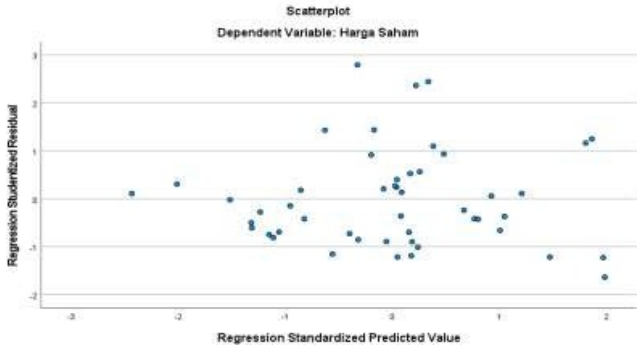
Source: Processed secondary data (2021)

4.2.3. Heteroscedasticity Test

A good regression model is one with homoscedasticity or no heteroscedasticity. This study uses a method to detect the presence or absence of heteroscedasticity by looking at the graph plot between the predicted value of the dependent variable and its residual. Detection of the presence or absence of heteroscedasticity can be done by looking at the presence or absence of certain patterns on the scatterplot graph. Based on Graph 1, it can be seen that there is no

heteroscedasticity disorder because the points on the scatterplot graph are spread evenly and do not form a clear pattern.

Chart 1. Heteroscedasticity Test Results



Source: Processed secondary data (2021)

4.2.4. Autocorrelation Test

According to Ghozali (2018) suggests that the autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in period t-1 (previous). In this study, the analytical tool used to detect the presence or absence of autocorrelation is the Durbin-Waston test.

Table 10. Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.540[a]	.245	.870	940.244	.870

a. Predictors: (Constant), Solvency, Profitability, Liquidity

b. Dependent Variable: Stock Prices

Source: Processed secondary data (2021)

Based on Table 10, it can be seen that the Durbin Watson (DW) value is 0.870 and the DU value is sought in the Durbin Watson table with sig. 0.05 and n = 49 so that the DU value is 1.6723. Thus, the value of DW is smaller than the value of DU which is 0.870 < 1.6723. So, it can be concluded that there is no certainty or definite conclusion. Therefore, to overcome the occurrence of autocorrelation, the researchers used a run test as an alternative in autocorrelation testing. According to Ghozali (2018) suggests that the run test as part of non-parametric statistics can also be used to test whether there is a high correlation between the residuals. If the significance value is > 0.05, it can be said that there is no autocorrelation problem.

Table 11. Autocorrelation Test Results

Runs Test

	Unstandardized Residual
Test Value[a]	2596.19107[b]
Cases < Test Value	48
Cases >= Test Value	1
Total Cases	49
Number of Runs	3
Z	.000
Asymp. Sig. (2-tailed)	1.000

Source: Processed secondary data (2021)

Based on Table 11, it can be seen that the significant value is 1,000 > 0.05. So it can be concluded that by using the run test, the regression model does not occur autocorrelation.

4.3. Multiple Linear Regression Analysis

The results of the multiple linear regression calculation between liquidity, profitability and solvency are as follows:

Table 12. Multiple Linear Regression Test Results

Model	Unstandardized Coefficient		t	Sig
	B	Std. Error		
Constant	1113,654	1081,029	1,030	0,308
Liquidity	-541,570	653,379	-0,829	0,412
Profitability	2566,934	1705,572	1,505	0,139
Solvency	396,334	127,132	3,118	0,003

Source: Processed secondary data (2021)

The results of the multiple linear regression test obtained the following regression equation:

$$Y = 1113,654 - 541,570\ X_1 + 2566,934\ X_2 + 396,334\ X_3 + e$$

Information:

Y : Stock Prices

X1: Liquidity

X2 : Profitability

X3 : Solvency

E : Error

4.4. Hypothesis testing

4.4.1. F test

The following are the results of the F test obtained:

Table 13. F Test Results

Model		F	Sig.
1	Regression	6,190	.001[b]
	Residual		
	Total		

a. Dependent Variable: Stock Prices

b. Predictors: (Constant), Likuidity, Profitability, Solvency

Source: Processed secondary data (2021)

Based on the calculation, it is found that the value of Fcount is greater than Ftable (6,190 > 2,56). With the value of sig. of 0.001 which means that the value of sig. < 0.05 (0.001 <0.05). So that liquidity, profitability and solvency together have a significant effect on stock prices.

4.4.2. t Test

The following are the results of the t-test obtained:

Table 14. t Test Results

Model	Unstandardized Coefficient		t	Sig
	B	Std. Error		

Constant	1113,654	1081,029	1,030	0,308
Liquidity	-541,570	653,379	-0,829	0,412
Profitability	2566,934	1705,572	1,505	0,139
Solvency	396,334	127,132	3,118	0,003

Source: Processed secondary data (2021)

Based on the calculation for the liquidity variable, it was found that the value of tcount is smaller than ttable (-0.829 < 2.01410). With the value of sig. of 0.412 which means that the value of sig. > 0.05 (0.412 > 0.05). So that partial liquidity has no significant effect on stock prices. For the profitability variable, it was found that the value of tcount was smaller than ttable (1.505 < 2.01410). With the value of sig. of 0.139 which means that the value of sig. > 0.05 (0.139 > 0.05). So that partially profitability does not have a significant effect on stock prices. As for the solvency variable, it was found that the value of tcount was greater than ttable (3.118 > 2.01410). With the value of sig. of 0.003 which means that the value of sig. < 0.05 (0.003 < 0.05). So solvency partially has a significant effect on stock prices.

4.5. Coefficient of Determination

Based on Table 15, it can be seen that the Adjusted R Square is 24.5%. This means that variations in stock prices can be explained by liquidity, profitability and solvency of 24.5%. While the rest is 75.5%, which means that 75.5% of the stock price is explained by other variables that are not used in the study.

Table 15. The Result of Calculation of the Coefficient of Determination
Model Summary

Model	R	R Square	Adjusted RSquare	Std. Error of the Estimate
1	,540[a]	,292	,245	940,244

a. Predictors: (Constant), Solvency, Profitability, Liquidity

b. Dependent Variable: Stock Prices

Source: Processed secondary data (2021)

4.6. Discussion

4.6.1. Effect of Liquidity on Stock Prices

The company's liquidity indicates the company's ability to pay its obligations. According to [1] states that an increase in the current ratio of a company encourages an increase in the share price. short-term financial statements on time (Jumingan, 2014). This study uses the current ratio to measure the company's ability to pay its short-term financial obligations. Based on the calculation, it was found that the value of tcount is smaller than ttable (-0,829 < 2,01410). With the value of sig. of 0.412 which means that the value of sig. > 0.05 (0.412 > 0.05). This means that liquidity partially has no significant effect on stock prices of building construction sub-sector companies listed on the Indonesia Stock Exchange for the 2014-2020 period.

According to Jumingan (2014) the higher the current ratio means the higher the company's power to meet short-term financial debt. The higher the current ratio, the better the financial condition and performance of the company. Companies that have good performance can be seen with one of them, namely where the company is able to pay off its short-term obligations with current assets owned by the company. This will make investors refer to the current ratio in making investment decisions.

However, the building construction sub-sector companies are different. Investor decisions tend not to measure the current ratio in making investment decisions in building construction sub-sector companies. This is because the company has not optimally utilized its current assets.

According to Jumingan (2014) the high current ratio is indeed good from the point of view of creditors, but from the point of view of shareholders it is less profitable because current assets are not utilized effectively. So that a high current ratio is not too seen by investors in deciding to invest which causes the company's stock price to decline. This can also be caused because investors tend to pay attention to other ratios in making investment decisions. Thus, the ratio of current assets to current liabilities is not a determinant of the company's stock price. A high current ratio does not trigger an increase in stock prices. Therefore, changes in stock prices are not determined by changes in the current ratio. Thus, the high and low liquidity of the building construction sub-sector companies has not had an effect on stock prices.

This study is in line with research conducted by Adipalguna & Suarjaya (2016) which states that the current ratio has no significant effect on the stock price of LQ45 companies on the Indonesia Stock Exchange. However, this study is not in line with research conducted by Arifin & Agustami (2017) which states that the liquidity variable proxied by the current ratio has a negative and significant effect on stock prices.

4.6.2. The Effect of Profitability on Stock Prices

Profitability is the company's ability to earn a profit in relation to sales, total assets and owners equity (Kariyoto, 2018). This study uses the net profit margin as a ratio to measure the company's ability to earn profits by dividing net profits by total sales. The higher the value of a company's net profit margin means that the better the company's performance. The company is able to generate high net profit through the sale of its products. With a high net profit margin, it will attract shareholders to invest their capital in the company.

Based on the calculation, it was found that the value of tcount is smaller than ttable (1.505 < 2.01410). With the value of sig. of 0.139 which means that the value of sig. > 0.05 (0.139 > 0.05). That is, partially profitability does not have a significant effect on stock prices. In building construction sub-sector companies, investors' decisions tend not to measure net profit margins in making decisions to invest in companies. Thus, the high and low net profit margins of the building construction sub-sector companies have not had an effect on stock prices. Net profit margin is not a reference for investors in making investments. The comparison of net profit with total sales has not yet determined the share price of the building construction sub-sector companies listed on the Indonesia Stock Exchange for the 2014-2020 period. This is because the company has not optimized its performance so that the company's net profit margin is low. So that investors are not interested in investing in the company which causes the company's share price to decline because the shares of the company are not viewed by investors.

This study is in line with research conducted by Sambelay, J. J., Rate, P. V., & Baramuli (2017) which states that Net Profit Margin has no significant effect on stock prices in companies listed in LQ45. However, this study is not in line with research conducted by Watung (2016) which states that partially Net Profit Margin (NPM) has a significant effect on stock prices of banking companies on the Indonesia Stock Exchange for the period 2011-2015.

4.6.3. The Effect of Solvency on Stock Prices

The solvency of the company describes the ability of a company to meet its long-term obligations Prastowo, D., & Juliaty (2002). This study uses the debt to equity ratio as a ratio to measure the company's ability to meet its long-term obligations, namely dividing debt with equity. According to Kasmir (2016) debt to equity ratio is the ratio used to assess debt to equity. Debt to equity ratio shows how much the company uses debt-financed capital for operational activities and company performance.

Based on the calculation, it is found that the value of tcount is greater than ttable (3.118 > 2.01410). With the value of sig. of 0.003 which means that the value of sig. < 0.05 (0.003 < 0.05). This means that solvency partially has a significant effect on stock prices. According to [9] for

creditors, the greater this ratio, the more unprofitable it will be because the greater the risk borne for failures that may occur in the company. However, for the company, the bigger the ratio, the better. The results showed that the higher the debt to equity ratio, the higher the company's stock price. This can be because the building construction sub-sector companies require large funds for the survival of the company and the company's operations. Thus, it can be said that the level of solvency of the building construction sub-sector companies listed on the Indonesia Stock Exchange for the 2014-2020 period has an influence on stock prices. Building construction sub-sector companies have a high debt to equity ratio, which makes the company's stock price higher as well. This is because the debt to equity ratio is a ratio that is considered by investors in making decisions. Changes in debt to equity determine the share price of building construction sub-sector companies listed on the Indonesia Stock Exchange for the 2014-2020 period.

This study is in line with research conducted by Fitrianingsih and Budiansyah (2018) which states that the debt to equity ratio has a significant effect on stock prices. This study is not in line with research conducted by Adipalguna & Suarjaya (2016) which states that solvency has no significant effect on the stock price of LQ45 companies on the Indonesia Stock Exchange.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Conclusions

Based on the results of data analysis that has been carried out, the following conclusions can be drawn: (1) liquidity, profitability and solvency simultaneously have a significant effect on stock prices of building construction sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2020; (2) partial liquidity has no significant effect on stock prices of building construction sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2020; (3) partial profitability has no significant effect on stock prices of building construction sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2020; and (4) solvency partially has a significant effect on stock prices of building construction sub-sector companies listed on the Indonesia Stock Exchange for the period 2014-2020.

5.2. Recommendations

Based on the conclusions above, the researcher has several suggestions, namely as follows:

1. For Investors
   For investors, before buying shares, it is better to look at the company's solvency first. The solvency of building construction sub-sector companies has an influence on stock prices. The greater the debt to equity ratio, the better. High debt to equity will increase the company's stock price.
2. For Companies
   For building construction sub-sector companies should pay more attention to the company's solvency because solvency affects stock prices. The company can pay more attention to its ability to pay its long-term obligations, the value of the company's debt to equity ratio can be maintained for > 200% so that it can be said that the company is in a healthy or good condition. The company can use the assets and profits of the company to pay its long-term obligations. High solvency will be more attractive to investors so that investors will be interested in investing in companies which will increase the company's stock price.
3. For Further Researchers
   Based on the results of the coefficient of determination, stock price variations can be explained by liquidity, profitability and solvency of 24.5%. While the rest is 75.5%,

which means that 75.5% of the stock price is explained by other variables that are not used in the study, so further research is expected to develop other variables besides liquidity, profitability and solvency so as to provide different results from research this has been done. External variables that can be used include interest rates, inflation, government policies and others. The researcher also hopes that further research can expand the object of research and the research period so that the results obtained can represent the object of research as a whole.

REFERENCES

Adipalguna, I. G. N. S., & Suarjaya, A. A. G. (2016). Fakultas Ekonomi dan Bisnis Universitas Udayana (Unud), Bali , Indonesia Pasar modal di Indonesia saat ini menunjukkan perkembangan bagi perekonomian Indonesia . Perkembangan pesat ini terjadi karena semakin meningkatnya minat masyarakat untuk berinvest. *E-Jurnal Manajemen Unud*, *5*(12), 7638–7668.

Alfiah, W. N., & Lestarinimgsih, M. (2017). Pengaruh Dps, Eps, Npm, Roa Terhadap Harga Saham Perusahaan Perbankan Di Bei. *Jurnal Ilmu & Riset Manajemen*, *6*(9), 552–578.

Arifin, N. F., & Agustami, S. (2017). Pengaruh Likuiditas, Solvabilitas, Profitabilitas, Rasio Pasar, Dan Ukuran Perusahaan Terhadap Harga Saham (Studi Pada Perusahaan Subsektor Perkebunan yang Terdaftar Di Bursa Efek Indonesia Tahun 2010-2014). *Jurnal Riset Akuntansi Dan Keuangan*, *4*(3), 1189–1210. https://doi.org/10.17509/jrak.v4i3.4673

Ghozali, I. (2018). *Aplikasi Analisis Multivariate Dengan Program IMB SPSS 25 Edisi 9*. Badan Penerbit Universitas Diponegoro.

Husnan, S. (2003). *Dasar-Dasar Teori Portofolio dan Analisis Sekuritas*. Unit Penerbit dan Percetakan AMP YKPN.

Jumingan. (2014). *Analisis Laporan Keuangan*. PT Bumi Aksara.

Kariyoto. (2018). *Manajemen Keuangan Konsep & Implementasi*. UB Press.

Kasmir. (2016). *Analisis Laporan Keuangan*.

Noviyanti, E.A., Rahayu, C.W.E. & Rahmawati, C. H. T. (2021). Financial Performance and Stock Price: Another Review on Banks Listed in Indonesia Stock Exchange. *Journal of Management and Business Environment (JMBE)*, *3*(1), 70–88. https://doi.org/10.24167/jmbe.v3i1.3438

Prastowo, D., & Juliaty, R. (2002). *Analisis Laporan Keuangan Konsep dan Aplikasi*. Unit Penerbitan dan Percetakan AMP YKPN.

Priyanto, A. A., & Saleh, I. D. (2019). Analisis Rasio Likuiditas, Solvabilitas, dan Profitabilitas Dalam Mengukur Kinerja Keuangan Pada Perusahaan PT Fast Food Indonesia, Tbk Tahun 2013-2017. *Jurnal Madani : Ilmu Pengetahuan, Teknologi, Dan Humaniora*, *2*(2), 248–257. https://doi.org/10.33753/madani.v2i2.70

Rini, E. dan. (2019). Faktor-Faktor Yang Mempengaruhi Harga Saham Pada Perusahaan Manufaktur Di BEI. *Jurnal Paradigma Akuntansi*, *I*(3), 817–826. http://journal.untar.ac.id/index.php/jpa/article/view/4687%0Ahttp://journal.untar.ac.id/index.php/jpa/article/viewFile/4687/2697

Sambelay, J. J., Rate, P. V., & Baramuli, D. N. (2017). Analisis Pengaruh Profitabilitas terhadap Harga Saham pada Perusahaan yang Terdaftar di LQ45 Periode 2012-2016. *Jurnal EMBA*.

Watung, R. W. (2016). Pengaruh Return On Assets (ROA), Net Profit Margin(NPM), dan Earning Per Share (EPS) terhadap Harga Saham pada Perusahaan Perbankan di Bursa Efek Indonesia Tahun2011 – 2015. *Jurnal EMBA*, *4*(2), 1–12.

Widoatmodjo, S. (2012). *Cara Cepat Memulai Investasi Saham Panduan Bagi Pemula*. PT Elex Media Komputindo.

Wira, D. (2011). *Analisis Fundamental Saham*. Exceed.