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The Effect of Accounting Information, Profitability and Leverage on Stock Prices in Companies Listed on the Indonesia Stock Exchange

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A B S T R A C T
For the purpose of this research, we will look at stocks traded on the Indonesia Stock Exchange and analyze their performance relative to certain financial metrics, including EPS, PBV, NPM, ROA, ROE, and DER. Using secondary data collected from the Indonesia Stock Exchange, this research employs a quantitative approach. Organizations trading on the Indonesia Stock Exchange that are involved in healthcare are the focus of this study. Using Purposive Sampling, 45 companies were selected for the study sample that covers the years 2021–2023. The statistical package for the social sciences (SPSS) 26 was used for data analysis in this research. Study findings show that EPS has a significant impact on stock prices, but NPM, ROA, ROE, DER, and price-to-book value (PBV) do not. On the other hand, EPS, NPM, ROA, ROE, and DER all have an effect on stock prices, and they are significant.

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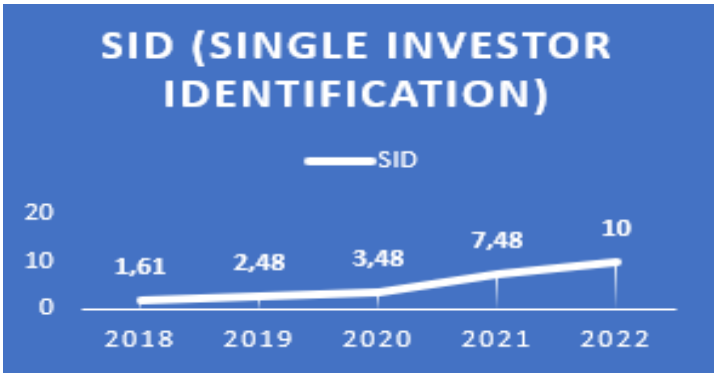
INTRODUCTION

Indonesia is an agricultural country that every year tries to maximize stock prices in the sector. There is a company value that reflects the condition and public trust in the company. Measurement of company value can be various aspects, such as financial performance, brand reputation, and relationships with stakeholders. Aulia and Rusman (2021) argue that investors' views of a company's success are heavily influenced by its valuation, which in turn reflects the company's performance. The value of a firm is directly proportional to the risks and rewards that investors stand to gain or lose from their investment. Annual financial reports provide investors with all the information they need to assess a company's worth.

The appropriate party needs a SID before they may participate in the capital market. PT Kustodian Sentral Efek Indonesia (KSEI) issues SIDs—a unique and singular code—to consumers, investors, and everyone else who need them. All transactions involving securities or services offered by KSEI or other institutions approved by KSEI are subject to this regulation.



(Source:www.ksei.co.id)

Figure 1. SID growth

Investor interest in Indonesia's stock market has skyrocketed in the last few years. With a 37.53% rise from the end of 2021 to the end of 2022, the number of SIDs reached 10.3 million in 2022, up from 1.61 million in 2018. Analysis revealed that most people who have registered with the Indonesian Capital Market are looking to achieve financial stability and put their money to work for them.

Table 1. Percentage of Health Sector Capitalization

Tahun	Total Nilai Pasar Sektor Kesehatan Di BEI (dalam miliar rupiah)	Persentase Sektor Kesehatan di kapitalisasi pasar BEI
2017	67,515	1.30%
2018	87,850	1.57%
2019	175,107	1.79%
2020	361,634	2.72%
2021	406,259	3.60%
2022	475,091	4.25%

(Source: data processed by researchers, 2024)

From 2017 through 2022, the health sector's performance on the Indonesia Stock Exchange (IDX) is shown in the table above. The health sector's market value on the IDX has been steadily rising year after year. With a projected rise of 70.2% from 2017, the health sector's market value on the IDX is projected to reach 475,091 billion rupiah in 2022. In addition, the percentage of the health sector in the IDX market capitalization also continues to increase over time. In 2022, the percentage of the health sector in the IDX market capitalization is estimated to reach 4.25%, which is an increase from 2017 which was only 1.30%.

Kasmir (2018) states that EPS, PBV, and NPM are three financial performance factors that may be used to forecast stock prices. Investors and others trying to forecast the company's viability might use these three measures as tools in their toolbox when making investment decisions. Megaalesia et al. (2024) discovered that EPS, PBV, and NPM had an effect on stock prices. But contrary to what Panjaitan and Syafina (2023) and Sari and Rijanto (2024) discovered, EPS, PBV, and NPM had no effect on stock prices.

Capital including seed money and ongoing investment, is the lifeblood of every startup. Companies also need funds or capital to stay in business, and taking out loans is one method to do so. According to research by Zhang and Zhou (2020), leverage makes stock synchronization worse. In particular, the stock price synchrony index decreases as leverage increases.

Earlier research by Aldy et al. (2019) and Dina et al. (2024) used ROA as the sole metric for profitability; however, this study expands upon that work by including ROE as a variable in profitability calculations, as well as accounting data from PBV, EPS, and NPM values to determine stock prices.

The researcher is interested in delving more into the topic of "The Influence of Accounting Information, Profitability and Leverage on Stock Prices in Health Sector Companies Listed on the Indonesia Stock Exchange" in light of the aforementioned phenomena and the gaps in existing research. The formulation of the problem in this study is (1) Is there an influence of Earnings Per Share (EPS) on Stock Prices in health sector companies listed on the Indonesia Stock Exchange; (2) Is there an influence of Price to Book Value (PBV) on Stock Prices in health sector companies listed on the Indonesia Stock Exchange; (3) Is there an influence of Net Profit Margin (NPM) on Stock Prices in health sector companies listed on the Indonesia Stock Exchange; (4) Is there an influence of Return On Asset (ROA) on Stock Prices in health sector companies listed on the Indonesia Stock Exchange; (5) Is there an influence of Return on Equity (ROE) on Stock Prices in health sector companies listed on the Indonesia Stock Exchange; (6) Is there an influence of Debt to Equity Ratio (DER) on Stock Prices in health sector companies listed on the Indonesia Stock Exchange; (7) Is there an influence of Earnings Per Share (EPS), Price to Book Value (PBV), Net Profit Margin (NPM), Return On Asset (ROA), Return on Equity (ROE) and Debt to Equity Ratio (DER) on Stock Prices in health sector companies listed on the Indonesia Stock Exchange? In this study, health sector companies listed on the Indonesia Stock Exchange will have their stock prices influenced by several metrics, including EPS, PBV, NPM, ROA, ROE, and DER. The goal is to identify the partial and simultaneous influences of these metrics on stock prices.

LITERATURE REVIEW

Signaling Theory

Everyone who uses financial reports may benefit from signal theory, which explains how a corporation sends signals. This signal may be sent by advertisements or material that highlights the company's competitive edge (Ardiyanto et al., 2020).

Companies may lessen the incidence of asymmetric information by communicating with other parties. Everyone in the market will immediately determine whether a signal is good or poor after it has been broadcast and received by everyone in the market. The amount of trade in the company's shares will rise if investors see the accounting information presented as a positive indication. Accounting data that is publicly available sends a message that the organization is doing well financially. Stock trading will so attract investors' attention. Stock trading volume will so fluctuate as a result of market reactions. In light of this, we may utilize market efficiency to demonstrate the connection between news broadcasts, financial reports, economic circumstances, and changes in the number of stock trades. According to Indriyati (2019).

Agency Theory

In agency theory, the principal and the agent are two competing economic players. One or more parties (the "principals") enter into a legally binding agreement with another party (the "agent") when they want the agent to carry out a task or make a decision on their behalf (Hidayat, 2019). Assuming they are working toward the same objective, agents will back their principals up and do what they say. The connection between the principle (shareholder) and the agent (manager) is central to agency theory, according to Jensen and Meckling (1976).

Capital Market

The capital market is defined as an alternative to traditional banking institutions that facilitates the buying and selling of securities (Singagata et al., 2022). Furthermore, it is a public company and a professional organization involved in the purchase and sale of securities. In the stock market or capital market, the words "Investor" and "Issuer" are used interchangeably. Investors may be either people, organizations, or institutions that have money to lend.

Financial Statements

Financial statements are a systematic portrayal of an entity's financial condition and financial performance, according to PSAK No. 1 (2018). After reading this, you should have a better understanding of what financial statements are and how they indicate a company's success over a given time period. Management and all workers get financial statements for internal use only.

For internal purposes, financial reports are provided to parties outside the company who have an interest and are entitled to receive them, such as shareholders, owners of securities, creditors, and banks (Hertati & Safkaur, 2020).

Accounting Information

Accounting information, which is presented as financial reports, is data that includes the activities and processes of an organization's financial information and serves to educate both internal and external stakeholders of the business. Accounting information relates to financial data in the company, and in order to be used by stakeholders, accounting information must be prepared in an appropriate form (Panjaitan & Syafina, 2023).

Earnings Per Share

Earnings Per Share (EPS), meaning the profit after taxes for each share. One measure of a company's profitability that may be expressed as a ratio is earnings per share, or EPS. A rise in earnings per share (EPS) is likely to be accompanied by a corresponding rise in stock price, and the inverse is also true. Earnings per share (EPS) correlates positively with a company's success (Al Umar et al., 2020).

Price to Book Value

Price to Book Value (PBV) demonstrates the extent to which the firm can optimize the quantifiable value of the business in relation to the money that has been invested. It seems to reason that a rising stock price would reflect a rising book value for a firm. Investors make investment choices using their PBV ratio by comparing stock prices and book values. Companies with a PBV ratio below 1 perform well, according to analysts (Ardiyanto et al., 2020).

Net Profit Margin

The capacity of a corporation to make net profit from sales is measured by the net profit margin (NPM), as stated by Sudana (2015). This ratio shows how well the company's production, staff, marketing, and finance are working together. Therefore, the magnitude of the NPM will indicate if a company's performance is improving or deteriorating, which will affect shareholders in terms of whether they are more confident to spend their money and earn a profit or even if they get low returns.

Profitability

The profitability ratio is a measure of a business's capacity to turn a profit. The efficiency of an organization's leadership may be gauged using this ratio as well. The money coming in from investments and sales shows this. One measure of a company's success or failure in reaching its objectives is its profitability. The primary objective of every business, according to Kasmir (2019), should be to maximise profit or advantage.

Return on Asset

Return on assets (ROA) This ratio may be found in the financial accounts and displays the net profit made by a firm as a percentage of its total assets. To calculate it, it takes two numbers: the profit after taxes and the average assets utilized by the company. According to Lubis et al. (2022), this ratio

establishes a relationship between the total assets used to create profits and the total profit earned by the business.

Return on Equity

After paying off all creditors' rights and preferred shares, the remaining profit may be distributed to shareholders for a certain term. This ratio analysis is called Return on Equity (ROE), as per Hanafi et al. (2014). Return on equity (ROE) is a key performance statistic that reveals how profitable a firm is. Return on equity measures how well a firm is doing in terms of making money after taxes. A greater ROE indicates better performance.

Leverage

when a corporation uses leverage, shareholder earnings will be reduced if the profit is smaller than the fixed expenses.Companies also need funds or capital to stay in business, and taking out loans is one way to do so.Anwar (2021) states that leverage is a measure of a company's capacity to repay loans and obligations, whether such loans be short-term or long-term.

Debt to Equity Ratio

A financial statistic that measures a company's ability to pay its obligations with its capital is the Debt to Equity Ratio (DER) (Hernawan, 2022). When the debt-to-equity ratio (DER) of a corporation is high, it could lead to a low stock price. Reason being, instead of doling out dividends, a company would likely utilize its surplus funds to pay down debt. Level of this ratio is indicative of the percentage of a company's capital that comes from debt as opposed to preferred stock, common stock, retained profits, or other source(s). An organization's financial risk and, by extension, its stock price, are both affected by its debt-to-equity ratio.

Stock Price

The capital market's supply and demand for certain stocks is what a firm uses to set the stock price (Nurhayati & Deny, 2022). A stock's price is its daily market value as recorded at the moment of purchase.

The determination of the selling price of shares traded for the public for the first time is determined by the company and the party making the contract or underwriter. Therefore, the selling price of shares is an agreement made between the two parties. In addition to these methods, the share price can also be determined through competitive bidding with the volume and yield offered by the bidder in submitting the purchase offer (Sihombing et al., 2018).

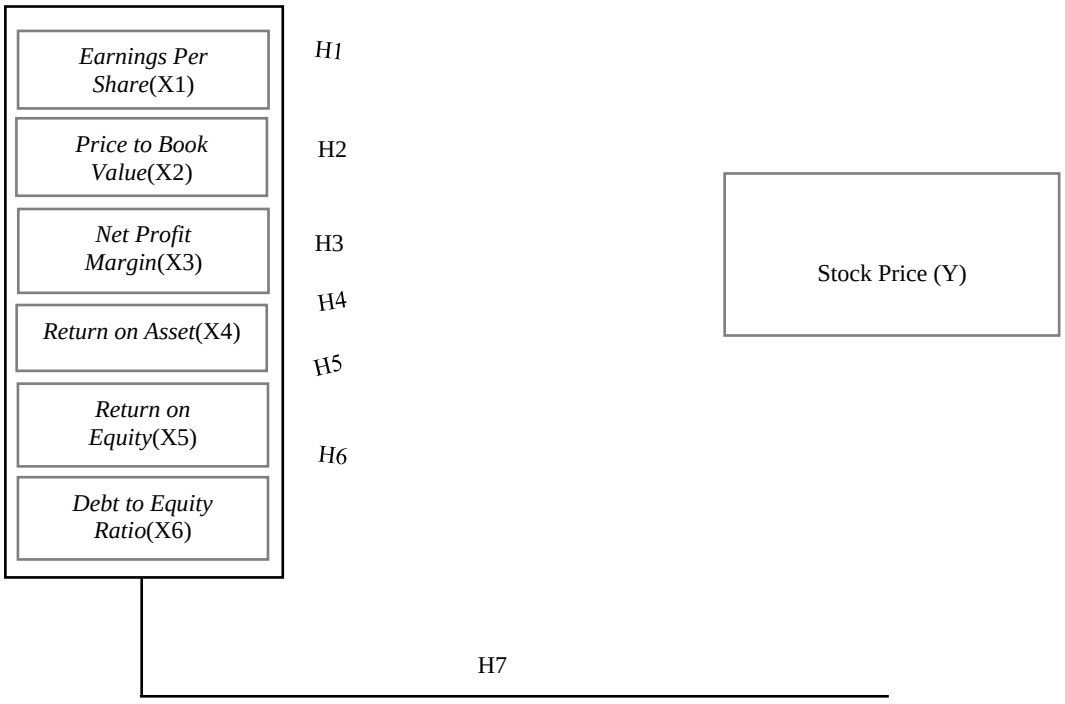


Figure 2. Research Model

Based on the research model above, the hypothesis in this study is as follows:

H1: There is an influence of earnings per share on share prices
H2: There is an influence of price to book value on stock prices
H3: There is an influence of net profit margin on stock prices
H4: There is an influence of return on assets on share prices
H5: There is an influence of Return on Equity on Stock Prices
H6: There is an influence of the Debt to Equity Ratio on share prices
H7: There is an Influence of Earnings Per Share, Price to Book Value, Net Profit Margin, Return on Asset, Return on Equity and Debt to Equity Ratio on Stock Prices

METHODOLOGY

This investigation makes use of a quantitative technique. According to Sugiyono (2018), quantitative research is a positivist-based research method that aims to test hypotheses by studying populations or samples using research instruments, collecting data quantitatively or statistically, and executing sampling techniques at random. Financial statement information is one example of the secondary data used in this analysis. Documentation procedures are used as a data collecting strategy to get the data required for this investigation. Information retrieved from www.idx.co.id, the website of the Indonesia Stock Exchange. Data analysis approaches utilizing SPSS software version 26. A population consists of all the individuals, occurrences, or things that share certain traits. A total of 34 health-related firms that were listed on the Indonesia Stock Exchange between 2021 and 2023 made up the study's population. A subset of the population that serves as the study's focus is called the sample. The purposive

sampling approach is used as the sampling methodology. If you want to know how many samples to study, you should use purposeful sampling, which involves taking a variety of factors into account based on your intended performance (Wijaya 2013).

Table 2. Sampling Criteria

No	Sample Criteria	Amount
1	Healthcare sector companies listed on the Indonesia Stock Exchange in 2021-2023	34
Reduced		
2	Health sector companies that actively publish financial reports on the Indonesia Stock Exchange in 2021-2023 consecutively	(0)
3	The financial statements ended on December 31 and are presented in Rupiah currency for the years 2021-2023.	(0)
4	Healthcare sector companies that did not publish share prices during 2021-2023	(11)
5	Have a financial report with a negative balance or experience a loss during 2021-2023	(7)
6	Healthcare sector companies that do not show the number of shares outstanding during 2021-2023	(1)
Total companies that meet the criteria		15
Total sample from 2021-2023		45

(Source: data processed by researchers, 2024)

A data sample of fifteen companies was collected using the predefined sampling criteria. There were 45 samples taken between 2021 and 2023. Companies in the health industry that are part of the research sample are as follows:

Table 3. List of Company Names

No	Code	Company name
1	DVLA	Darya-Varia Laboratories Tbk
2	KLBF	Kalbe Farma Tbk
3	MICA	Family Partners Karyasehat Tbk
4	SAME	Metropolitan Meditama Facilities Tbk
5	SCPI	Organon Pharma Indonesia Tbk
6	SIDO	Sido Tbk Herbal Medicine and Pharmaceutical Industry
7	SILO	Siloam International Hospitals Tbk
8	TSPC	Tempo Scan Pacific Tbk
9	PRDA	Prodia Widyahusada Tbk
10	HEAL	Hermina Medical Center Tbk
11	PEHA	Phapros Tbk

No	Code	Company name
12	IRRA	Itama Ranoraya Tbk
13	SOHO	Soho Global Health Tbk
14	BMHS	Bundamedik Tbk
15	RSGK	Kedoya Adyaraya Tbk

(Source:www.idx.co.id)

Operational variables in the research include the following:

Table 4. Operational Definition of Variables

Variables	Definition	Indicator	Scale
Earnings Per Share (X1)	The ratio that can show how superior each share is in generating profits	$\frac{Laba\ Bersih}{Jumlah\ Saham\ Beredar}$ (Widyastuti & Rahayu, 2021)	Ratio
Price to Book Value (X2)	The ratio that shows how much the company can maximize its measurable company value against the amount of capital invested.	$\frac{Harga\ Saham}{Nilai\ Buku\ Per\ Lembar}$ (Fatmawati & Sembiring, 2022)	Ratio
Net Profit Margin (X3)	The ratio that measures the company's ability to generate net profit from sales made by the company.	$\frac{Laba\ Bersih}{Pendapatan\ Operasional}$ (Harjito & Martono, 2018)	Ratio
Return on Asset (X4)	The ratio shows how much net profit the company earns from all the assets it owns, so the profit after tax figure and the average assets used by the company are needed, which can be seen in the financial report.	$\frac{Laba\ Bersih}{Total\ Aset}$ (Hanafi, 2018)	Ratio
Return on Equity (X5)	The ratio that describes the profit that can be allocated to shareholders for a certain period, after all creditors and preferred stock rights have been paid.	$\frac{Laba\ Bersih}{Total\ Ekuitas}$ (Hanafi & Halim, 2014)	Ratio
Debt to Equity Ratio (X6)	A ratio that describes how much a business can pay its debts with its capital.	$\frac{Total\ Utang}{Total\ Ekuitas}$ (Hernawan 2022)	Ratio
Stock Price (Y)	The daily recorded market price of a stock at a given point in time.	Closing Price for one period (Nordiana & Budiyanto, 2017)	Nominal

(Source; data processed by researcher, 2024)

Using the following tests: Normality, Multicollinearity, Autocorrelation, Heteroscedasticity, Multiple Linear Regression, t Test (Partial), F Test (Simultaneous), and Determination Coefficient, researchers examine the impact of multiple independent variables on the dependent variable through multiple regression analysis. Following these steps will allow you to construct the multiple linear regression model:

Y = α + β1EPS + β2PBV + β3NPM+ β4ROA+ β5ROE + β6DER +

Information:

Y: Stock price
α: Constant number
β1 – β6: Regression coefficients of independent variables
EPS: Earnings per share
PBV: Price to book value
NPM: Net profit margin
ROA: Return on assets
ROE: Return on equity
DER: Debt to equity ratio
e: Standard error

RESEARCH RESULT

Normality Test

Using the Kolmogorov-Smirnov test, we checked for normality in this research. Below you can see the results of the normalcy test in Table 5. With a result of 0.200, which is more than 0.05, the Kolmogorov-Smirnov test is statistically significant. This proves that the normalcy condition is satisfied, the regression model follows our research, and the distribution is normal.

Table 5. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		45
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	.43779443
Most Extreme Differences	Absolute	.081
	Positive	.081
	Negative	-.069
Test Statistics		.081
Asymp. Sig. (2-tailed)		.200c,d
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

(Source: SPSS Output, 2024)

Multicollinearity Test

All of the independent variables have tolerance values greater than 0.1, as shown in Table 6 of the tolerance calculations. Values of 0.864 for EPS, 0.746 for P/BV, 0.805 for NP, 0.185 for ROA, 0.185 for ROE, and 0.783 for Debt to Equity Ratio round out the financial metrics. No independent variables had a VIF greater than 10 according to the findings of the VIF computation. Net profit margin is 1.242, return on assets is 5.397, return on equity is 5.416, debt to equity ratio is 1.277, earnings per share are 1.158, price to book value is 1,341, and return on assets is 5.397. This regression model does not exhibit multicollinearity, as a result.

Table 6. Multicollinearity Test

Coefficientsa			
Model		Collinearity Statistics	
		Tolerance	VIF
1	EPS	.864	1.158
	PBV	.746	1,341
	NPM	.805	1.242
	ROA	.185	5.397
	ROE	.185	5.416
	DER	.783	1.277
a. Dependent Variable: HS			

(Source: SPSS Output, 2024)

Autocorrelation Test

Presentation of table 7 durbin-watson value of 2.582, dl and du values obtained with K=6 and n=45 then dL is 1.2385, dU 2.049 and less than (4-du) 2.1654. Based on the guidelines dl < dw < 6-du = 1.2385 < 2.049 < 2.1654 indicates the data is free from autocorrelation.

Table 7. Autocorrelation Test

Model Summaryb					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.951a	.904	.888	2.368828	2,049
a. Predictors: (Constant), DER, EPS, PBV, NPM, ROA, ROE					
b. Dependent Variable: HS					

(Source: SPSS Output, 2024)

Heteroscedasticity Test

A significant level of 0.496 for Earnings Per Share was determined by doing a heteroscedasticity test using the Gletjser test, as shown in Table 8. The price-to-book value ratio is 0.594, which is a significant number. There are a number of statistically significant metrics: Net Profit Margin(0.718), Return on Asset(0.658), Return on Equity(0.708), and Debt to Equity Ratio (0.135). This variable does not exhibit heteroscedasticity as all of its significance values are higher than 0.05.

Table 8. Heteroscedasticity Test

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.718	.262		2,744	.009
	EPS	-.020	.029	-.174	-.688	.496
	PBV	-.025	.047	-.106	-.538	.594
	NPM	-.024	.066	-.101	-.364	.718
	ROA	.056	.125	.260	.446	.658
	ROE	.048	.127	.210	.378	.708
	DER	.106	.066	.303	1,612	.115
a. Dependent Variable: ABS_RES						

(Source: SPSS Output, 2024)

Multiple Linear Regression Test

Table 9. Multiple Linear Regression Test

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.108	1,045		2.018	.051
	EPS	.571	.034	.920	16,972	.000
	PBV	-.005	.004	-.079	-1.357	.183
	NPM	1.905	2,968	.036	.642	.525
	ROA	6.335	11,918	.062	.532	.598
	ROE	.628	9.240	.008	.068	.946
	DER	-.649	1.109	-.033	-.585	.562
a. Dependent Variable: HP						

(Source: SPSS Output, 2024)

Based on table 9, the multiple linear regression equation obtained is: HS= 2.108 + 0.571EPS - 0.005PBV + 1.905NPM + 6.335ROA - 0.628ROE – 0.649DER

The regression equation above can be explained as follows:

a. This multiple linear regression model assumes that the independent variables (EPS, P/BV, NP, ROA, ROE, and DT ratio) remain constant because of the positive sign of the constant, which is 2.108. This points to a 2.108-unit rise in the dependent variable, which is the stock price.
b. Assuming all other independent variables stay the same, a one-unit rise in Earnings Per Share (EPS) will lead to a 0.571% increase in the stock price (coefficient value of 0.571).

c. If the Price to Book Value changes by one unit, or 1%, as shown by the coefficient value of -0.005, then... In the absence of change in any other free variables, the stock price will decline by 0.005%.
d. With a value of 1.905 for the Net Profit Margin coefficient, we can see what happens when we tweak the variable by 1%. Because all other factors being equal, the stock price is going up 1.905%.
e. With a coefficient of 6.335 for the Return on Asset variable, we can see what happens when ROA varies by 1%, or one unit. A 6.335% gain in the stock price is possible given that all other independent variables stay the same.
f. With a coefficient of 0.628 for the Return on Equity variable, we can see what happens when ROE changes by one unit, or 1%. If everything else stays the same, the stock price will rise 0.628%.
g. If the Debt to Equity Ratio changes by one unit, or 1%, as shown by the coefficient value of -0.649, then... A decline of 0.649% is in store for the stock price, all else being equal.

Partial Test (t-Test)

Two ways to check whether a t-test is valid are to compare the t-table value with the computed t-value or to check if each study output variable has a significant value. These findings are derived from the data shown in table 9:

a. There is a 0.05 level of significance and a ttable value of 2.02439. The tcount value for X1 (Earnings Per Share) is 16.972, and the significance level is 0.000. With a significance level below 0.05 and a tcount value of 16.972> 2.02439 ttable, we may accept H1. Stock prices are affected by Earnings Per Share, which is a major factor.
b. There is a 0.05 level of significance and a ttable value of 2.02439. A tcount value of -1.357 and a significance level of 0.183 were found for Price to Book Value (X2). Since the significance value is more than 0.05 and the tcount value is -1.357 <2.02439 ttable, we may reject H2. Accordingly, P/B value is meaningless and unimportant in determining stock prices.
c. There is a 0.05 level of significance and a ttable value of 2.02439. The tcount value for Net Profit Margin (X3) is 0.642, while the significance level is 0.525. H3 is rejected because the tcount value of 0.642 is less than the ttable value of 2.02439 and the significance value is larger than 0.05. Stock prices are unaffected by and unaffected by Net Profit Margin.
d. There is a 0.05 level of significance and a ttable value of 2.02439. A tcount value of 0.532 and a significance level of 0.598 were found for Return on Asset (X4). H4 is rejected because the tcount value is 0.532, which is less than the ttable value of 2.02439, and the significance value is more than 0.05. The impact of Return on Asset on stock prices is so negligible, if any.
e. There is a 0.05 level of significance and a ttable value of 2.02439. The tcount value for Return on Equity (X5) is 0.068, and the significance level is 0.946. H5 is rejected because the tcount value is 0.068, which is less than the ttable value of 2.02439, and the significance value is more than 0.05. Thus, ROE is meaningless and is not a major factor in stock price movements.

f. There is a 0.05 level of significance and a ttable value of 2.02439. The tcount value for the Debt to Equity Ratio (X6) is 9,760, and the significance level is 0.562. We reject H6 because the tcount value is -0.585 <2.02439 ttable and the significance value is more than 0.05. Therefore, the Debt to Equity Ratio is meaningless and unimportant in determining stock values.

Simultaneous Test (F Test)

Table 10. F Test Results

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1998.082	6	333,014	59,346	.000b
	Residual	213,231	38	5,611		
	Total	2211.313	44			
a. Dependent Variable: HP						
b. Predictors: (Constant), DER, EPS, PBV, NPM, ROA, ROE						

(Source: SPSS Output, 2024)

From table 10, we may deduce that the significance value is 0.000 <0.05 and that the Fcount value is 59.346> 3.50. By accepting H7, we find that Y is significantly affected by X1, X2, X3, X4, X5, and X6, which are the following: Earnings Per Share (X1), Price to Book Value (X2), Net Profit Margin (X3), Return on Asset (X4), Return on Equity (X5), and Debt to Equity Ratio (X6).

Coefficient of Determination Test

Table 11. Results of the Determination Coefficient Test

Model Summaryb					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.951a	.904	.888	2.368828	2,582
a. Predictors: (Constant), DER, EPS, PBV, NPM, ROA, ROE					
b. Dependent Variable: HP					

(Source: SPSS Output, 2024)

Table 11 shows that the Adjusted R Square (R2) value is 0.888, or 88.8%, which means that the independent variables reflect changes in the dependent variable (Stock Price). These variables include Earnings Per Share, Price to Book Value, Net Profit Margin, Return on Asset, Return on Equity, and Debt to Equity Ratio. The remaining 11.2% may be explained by factors beyond the scope of this study's regression model.

DISCUSSION

The Effect of Earnings Per Share on Share Prices

The findings of the hypothesis test indicate that profits per share have a partial impact on stock prices. That profits per share does, in fact, affect stock prices in a meaningful way means that the first hypothesis is correct.

Profit distributed to shareholders in the form of earnings per share (EPS). One measure of a company's profitability that may be expressed as a ratio is earnings per share, or EPS. An increase in Earnings Per Share (EPS) is likely to result in a corresponding rise in stock price, while a decrease in EPS is likely to have the opposite effect (Al-Umar & Nur Savitri, 2020). A rise in EPS indicates that the firm has been successful in growing earnings for its investors. As a result, shareholders are incentivized to buy more shares in the firm. If there is a greater demand for shares, investors may be more willing to invest, which might lead to a rise in stock prices.

Finding that profits per share affected stock prices, this study's findings are consistent with those of Mega et al. (2024), Syakhira & Fauzan (2024), Indriyana & Saptani (2021), Suwarni & Dwinanto (2024), and Agil et al. (2020). Contrary to what Panjaitan & Syafina (2023) and Maria et al. (2023) discovered, this study does find an influence of profits per share on stock prices.

The Influence of Price to Book Value on Stock Prices

The analysis of the hypothesis test demonstrates that stock prices are not affected by price to book value, at least in part. Consequently, we may conclude that there is no influence and no statistical significance of price to book value on stock prices, and we can reject the second hypothesis.Companies with a high value-to-book value ratio (PBV) will not play a major role in determining stock prices.

For the simple reason that supply and demand determine the stock price. A high PBV is no assurance that a stock price gain is imminent for a certain firm. Companies with low PBV values are not the only ones that attract investors. However, investors will determine whether a firm is excellent and can continue operations based on its financial success. When evaluating a corporation, this ratio works well when the fixed asset value is high, but it falls short when the fixed asset value is lower than the intangible asset value. When all of a company's assets, including intangible ones, are subtracted from its liabilities, the resulting amount is its book value. This indicates that a company's book value will be lower if its liabilities value is higher than its total assets.

Findings from this analysis corroborate those of Niki et al. (2019) and Farida & Novera (2022), both of which concluded that the price-to-book value ratio did not influence stock prices. Mega et al. (2024), Panjaitan & Syafina (2023), and Agil et al. (2020) were among the researchers who discovered that the price-to-book value ratio affected stock prices.

The Influence of Net Profit Margin on Stock Prices

In part, stock prices are unaffected by net profit margin, according to the findings of the hypothesis test study. As a result, we may exclude the third

hypothesis and conclude that net profit margin does not significantly affect stock prices.

This is due to the fact that the net profit margin is not a determinant of the share price in this industry. One possible explanation is that the net profit margin does not take into account the origin of the profit, namely whether it is from core activities or not. Thus, investors do not use net profit margin when making share price predictions. Investors care more about the potential for future growth than they do about past success when making growth-based investments. Even if their net profit margins are less than those of less established enterprises, companies with good growth potential may still have high share values.

This study's findings corroborate those of Mega et al. (2024), Siti & Raden (2024), and Dimas & Fauzan (2022), all of which found that net profit margin did not impact stock prices. This goes against the findings of studies that indicated a correlation between net profit margin and stock prices, such as those of Kusuma et al. (2022), Wilda et al. (2023), and Indriyana & Saptani (2021).

The Influence of Return on Assets on Stock Prices

The analysis of the already conducted hypothesis test reveals that return on assets partly does not impact stock prices. That ROA is insignificant and has no impact on stock prices follows from the rejection of the fourth hypothesis.

This is because investors take a lot of factors into account when making judgments, one of which is the company's profit generation potential, which is now low. Stock prices have fallen because the company's earnings is not doing well. Company stock prices are not always reflective of its ROA. There is no way to entice investors with a return on assets that is good or growing.

This study's findings that return on assets did not impact stock prices are consistent with those of Wilda et al. (2023), Manengkey et al. (2024), Dina et al. (2024), Siti & Raden (2024), and Agil et al. (2020). Research by Dimas & Fauzan (2022), Kusuma et al. (2022), Husnul et al. (2019), Fadholin et al. (2023), Syakhira & Fauzan (2024), Aldy et al. (2019), and Farida & Novera (2022) has shown that return on assets does affect stock prices. Yet, this differs from their findings.

The Effect of Return on Equity on Stock Prices

Return on equity partly does not effect stock prices, according to the findings of the hypothesis test study. As a result, we may exclude the fifth hypothesis and conclude that ROE does not significantly affect stock prices. Therefore, ROE is not a relevant metric to examine when evaluating stock prices.

This occurs because the return on equity for a health sector company merely shows the amount of money that regular shareholders have made back from their investments; it does not tell the market anything about the company's future prospects, which means that investors will not be overly impressed by the return on equity. Reason being, management does not put much emphasis on return on equity (ROE), which is risky since it depends on management adding money, which is then utilized to benefit the company's obligations.

Consistent with other studies, this one also showed that return on equity does not affect stock prices (Manengkey et al., 2024; Noviana & Ifa, 2024; Lina et al., 2024; Zhakia & Ahmad, 2024; Anis & Anita, 2024). Return on equity does affect stock prices, contrary to findings from studies by Kusuma et al. (2022), Syakhira & Fauzan (2024), Maria et al. (2023), Aqilla & Agus (2021), and Agil et al. (2020).

The Influence of Debt to Equity Ratio on Stock Prices

The findings of the examined hypothesis test indicate that the debt-to-equity ratio has only a limited effect on stock prices. Therefore, the debt-to-equity ratio does not significantly affect stock prices, and the sixth hypothesis is therefore rejected.

An rise in either the quantity of debt or the loss in equity is indicated by an increase in the debt to equity ratio. Increasing a company's debt load is not always bad for business. Assuming proper management, taking on more debt to fund operational operations or corporate development can only be good for the bottom line and the stock price. Therefore, investors seldom rely on the debt-to-equity ratio as the primary metric for evaluating company value; the effect of the ratio's direction on stock prices is contingent upon the origin of the debt. Nonetheless, as a consequence, the debt-to-equity ratio has little impact on stock prices.

There may be no cause for alarm if the corporation is adept at managing its debt and investing the borrowed cash profitably. Instead of focusing just on the debt ratio, investors will take a closer look at the company's profit generation and risk management capabilities.Mega et al. (2024), Panjaitan & Syafina (2023), and Suwarni & Dwinanto (2024) all came to the same conclusion: the debt-to-equity ratio has no impact on stock prices. That is in opposition to studies that indicated a correlation between the debt-to-equity ratio and stock price movements (Indriyana & Saptani, 2021; Maria et al., 2023; Aqilla & Agus, 2021; Aldy et al., 2019; Dina et al., 2024).

The Influence of Earning Per Share, Price to Book Value, Net Profit Margin, Return on Assets, Return on Equity and Debt to Equity Ratio on Stock Prices

The findings of the hypothesis test indicate that stock prices are influenced by a number of factors at the same time, including earnings per share, price to book value, net profit margin, return on assets, return on equity, and debt to equity ratio. Therefore, we accept the null hypothesis and conclude that the debt-to-equity ratio does not significantly affect stock prices.

When it comes to the future of a company's operations and their effect on the stock market, information essentially defines a variety of descriptions, notes, or pictures pertaining to previous, present, and even future conditions. When analyzing a firm's performance using financial ratio indicators, investors may get valuable insight into the investment potential of the company from the accounting information included in its financial statements. Net income and revenue, in particular, are two pieces of accounting data that investors use to

foretell a business's profitability. Stock prices might rise if financial performance keeps getting better.

CONCLUSIONS AND RECOMMENDATIONS

Findings from studies examining the impact of profitability, leverage, and accounting information on stock prices lead to the following conclusions:

a. Partially, Earnings Per Share (EPS) has a significant influence on Stock Prices in health sector companies for the 2021-2023 period.
b. Partially, Price to Book Value (PBV) has no effect and is not significant on Stock Prices in health sector companies for the 2021-2023 period.
c. Partially, Net Profit Margin (NPM) has no effect and is not significant on Stock Prices in health sector companies for the 2021-2023 period.
d. Partially, Return on Asset (ROA) has no effect and is not significant on Stock Prices in health sector companies for the 2021-2023 period.
e. Partially, Return on Equity (ROE) has no effect and is not significant on Stock Prices in health sector companies for the 2021-2023 period.
f. Partially, the Debt to Equity Ratio (DER) has no effect and is not significant on Stock Prices in health sector companies for the 2021-2023 period.
g. Simultaneously, Earnings Per Share (EPS), Price to Book Value (PBV), Net Profit Margin (NPM), Return on Asset (ROA), Return on Equity (ROE) and Debt to Equity Ratio (DER) have a significant effect on Stock Prices in health sector companies for the period 2021-2023.

ADVANCED RESEARCH

Researchers to come are anticipated to include more factors, other firms, research methodologies, and statistical tools into their studies.

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