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Fundamental and Technical Analysis of IPO Company Stocks in 2014

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A B S T R A C T

This study aims to identify and analyze the stocks of companies that went IPO in 2014 using fundamental and technical analysis with the variables Return on Assets (ROA), Return on Equity (ROE), Earnings per Share (EPS), Debt Equity Ratio (DER), Price Earning Ratio (PER), Price Book Value (PBV) and Trading Volume (VP). The approach used in this research is quantitative, with a purposive sampling data collection technique and a total sample size of 126. The data analysis technique used is panel data regression with a random effect model. The results showed that Return on Assets (ROA), Return on Equity (ROE), Debt Equity Ratio (DER), Price Earning Ratio (PER), Price Book Value (PBV), and Trading Volume (VP) had no effect, and were not significant on the IPO share price in 2014, while Earnings per Share (EPS) had a positive and significant influence on the IPO share price in 2014. The variables jointly affected the IPO share price in 2014.

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INTRODUCTION

The development of issuers on the Indonesia Stock Exchange (IDX) is very important for the development of investment activities in the Indonesian capital market. So that more and more companies are taking the floor on the capital market exchange, this is due to the increasing public interest in investing in the capital market. The capital market is an activity related to public offerings and trading of securities of publicly issued companies and institutions and professions related to securities (Suhartono andFadillah, 2009). Another definition of the Capital Market is a meeting between parties who have excess funds (investors/savers) and those who need funds by trading securities (Tandelilin, 2017), the Capital Market is a meeting between parties who have excess funds (investors/savers) and parties who need funds by trading securities (Tandelilin, 2017).

Initial Public Offering (IPO) is an activity carried out by a company to obtain public funds by selling stocks or bonds (Bodie and Kane, 2008). A public offering made by a company will change its status from a private company to a public company (go public). Public offerings are often known as going public.

According to Sudirman (2015), there are several benefits that companies get when they make a public offering (go public) to the public. First, they obtain large amounts of additional funds and are received all at once. These additional funds can be used for expanding or expanding the company, improving the capital structure, and can also be used to increase working capital, as well as repaying debts, to reduce the company's interest expense which can ultimately increase the company's profits. Second, the costs incurred by companies to go public are light when compared to other funding sources, such as borrowing funds from banks or other financial institutions. The three companies have access to more diverse sources of funds in the future, for example, companies can conduct rights issues. Fourth, public companies will be more trusted when compared to non-public companies because public companies are required to be transparent in carrying out their business. The five companies will be better known by the public. This occurs because the disclosure of information will have an impact on increasing coverage by the company in various media, both print and electronic media. Sixth As a public company, it is possible for company employees to own company shares, to increase their motivation to work. Companies that become public companies have the opportunity to improve their company's performance, especially in the company's financial performance, this financial performance can be seen from the financial reports that have been published by the public company.

According to Fahmi (2011: 2) financial performance is an analysis carried out to measure the extent to which the company has implemented it by using financial rules properly and correctly. The company's financial performance is a picture of the company's financial condition that reflects work performance in a certain period. The company's financial performance can be seen for example through financial ratios, such as Return on Equity (ROE), Current Ratio, Earning Per Share (EPS), Debt to Equity Ratio, Price Earning Ratio (PER), etc. The results of Inayah's research (2011) by looking at the CR ROE and ROI financial ratios

show that a company's financial performance affects stock prices, and performance after an IPO makes financial performance better.

Sen and research results Syafitri (2013) who conducted a financial ratio analysis with the variables CR, DER, TATO, and ROI showed that financial performance did not differ significantly after a company's IPO in more than a year and did not affect the company's stock performance. Companies that get fresh funds from investors should be able to improve the company's financial performance but in reality, this is not always the case, so caution is needed in choosing IPO shares, looking at financial ratios is one example to explain to investors to dissect the condition of the company and its performance so that investors can see several reasons why stock prices have decreased.

According to Arifin and Supriadi (2013) the performance of net income and total assets greatly influences stock prices, the higher the Return On Assets (ROA), the higher the net profit generated from every rupiah of funds embedded in total assets. By knowing ROA we can assess whether the company has been efficient in using its assets in operating activities to generate profits. ROA reflects the level of effectiveness of company management in using assets and equity to generate profits. The higher the percentage of ROA, the more effective management performance will be and reflects the company's fundamentals quite well.

In addition to Return on Assets other financial performance such as Earning Per Share (EPS), namely the profit per share generated by the company affects the stock price. Research results from Puspitaningtyas (2016) show that the Earning Per Share value increases, the higher the net profit of each outstanding share, by knowing the EPS value we can find out whether the company generates increasing income and net profit and makes the company experiences positive growth

In addition to fundamental information, investors also need to consider technical analysis, which is information that will provide an overview to investors to determine when to buy shares and when to sell or exchange shares for other shares to obtain maximum profit. According to Tandelilin (2014: 392), Technical analysis is a technique for predicting the direction of stock price movements and other stock market indicators based on historical market data such as price and volume information, which is an analysis of historical stock price data, and stock trading volume. Through historical data, it is expected to be able to predict the direction of the next stock movement. This approach uses published market data such as stock prices, sales volume, composite and individual stock price indices, as well as other technical factors.

According toEllenmay (2013) there are two types of analysis to determine stock value both long term and short term, namely fundamental analysis and technical analysis. Fundamental analysis must be known by long-term investors for more than 1 year because this analysis must understand the growth rate of debt earnings and evaluation while technical analysis is used by short-term investors for less than 1 year to see price fluctuations and stock transaction values. Fundamental information that is often used can be seen from profitability, company size, and asset structure. For some fundamental information use the

ratio of Return on Assets, Return on Equity, Earning Per Share, Price Earning Ratio, Book Value, and Debt To Equity Ratio. Meanwhile, for technical information, there are trading volumes and past stock prices. This study uses several fundamental and technical ratios, namely Return On Assets (ROA), Return On Equity (ROE), Earning Per Share (EPS), Price Book to Value (PBV) Price Earning Ratio (PER), and Debt to Equity Ratio (DER) and trading volume.

Based on research fromSamsuar (2017) supports several hypotheses in this study that financial variables such as Return on Assets, Debt to Equity Ratio, and trading volume simultaneously influence stock prices. It can be concluded that the variables can explain the increase in overall stock prices, the Return on Assets variable has a positive and significant effect on stock prices while the Debt to Equity Ratio and Trading Volume variables do not support the hypothesis in this study. These variables have a negative and significant effect on stock prices. In another study, namely Safitri (2013), it was found that the Earning Per Share variable can see stock price movements. The results of this study support the research hypothesis, namely that Earning per Share, Price Earning Ratio, and Return on Assets have a positive effect, meaning an increase in this variable will increase stock prices. The Debt to Equity Ratio variable has a negative effect and supports the hypothesis of this study. Other studies, namely researchKholihah (2017) show that Return on Assets hurts stock prices as a result of research Sholihah this is not by the hypothesis to be tested, this negative ROA variable can be caused by several things, one of which is too high idle cash.

This research is a development of previous studies. The difference in the results of the research above shows that there is a gap in research results and the authors are motivated to conduct further research by combining the two forms of analysis, namely fundamental and technical factors to find out and analyze their effect on IPO stock prices.

Fundamental analysis uses financial reports to be able to provide information to investors about the condition of the company, including the company's growth and prospects in the future. One of the most important indicators to assess the company's prospects in the future is to see how far the company's profitability has grown.

Fundamental analysis by looking at company profitability according to Tandelilin (2010; 374) uses two main variables, namely Return on Equity (ROE) which describes the extent to which a company's ability to generate profits, and Return on Assets (ROA) describes the extent to which the ability of the company's assets to generate profits, apart from ROA and ROE, two components that are no less important that investors must pay attention to are Earning Per Share (EPS) which can indicate the amount of company net profit that is ready to be distributed to all company holders and Price Earning Ratio (PER) to indicate the amount of rupiah that must be paid by investors to obtain one rupiah of company earnings.

According to Tandelilin (2010: 379) Fundamental analysis of companies aims to see which selected industries can offer large profits for investors. In other words, which stocks have a market price lower than their intrinsic value (undervalued) so they are worth buying, and which stocks have a market price

higher than their intrinsic value (overvalued), so their shares are profitable to sell? To see the intrinsic value of shares, you can use Price to Book Value (PBV),

The company's fundamental analysis described above so that the researcher chose the variables ROA, ROE, EPS, PER, and PBV as the fundamental variables to be used in this study, in addition to the company's fundamental analysis this research also wanted to see the technical analysis that investors would use in selecting company stocks.

Based on Tandelilin (2010: 403) technical analysis that is usually used by investors as a basis for making investment decisions comes from The Dow Theory, this theory was first put forward by Charles H. Dow in the 1800s, this theory explains that there are 3 (three) stock price movements, namely the Primary Trend of stock price movements over a long period, the Secondary Trend of deviation movements that occur within a few weeks or several months and the Minor Trend of movements that occur every day. The movement of stock prices occurs due to the large volume of trading stock transactions so trading volume is an important indicator to be used by investors in making investment decisions. Based on this, trading volume was chosen to be a technical variable by researchers.

In this study, it can be seen how the financial performance of stocks can be analyzed using fundamental analysis and technical analysis. In addition, this research is also expected to open up investors' knowledge that technical and fundamental analysis can explain the increase or decrease in stock prices of companies that went IPO in 2014 so that the fundamental and technical analysis that we test will be taken into consideration by an investor to buy IPO shares with proper analysis.

LITERATURE REVIEW

Capital Market

According to Hartono (2016: 33), there are several other types of capital markets, namely: 1) the primary market is the market where securities are traded for the first time, before being listed on the stock exchange. Here, stocks and other securities are offered to investors for the first time by the underwriter (underwriter) through a broker-dealer who acts as a stock-selling agent. This process is commonly referred to as an initial public offering (IPO). The share price is determined by the issuer and the underwriter based on the issuer's fundamental analysis. Proceeds from the sale of shares, all entered as company capital; 2) the secondary market is a market for securities that have been listed on an exchange that trades stocks and securities in general after sales in the primary market. The market price in this market is determined by demand which is influenced by issuer factors; 3) third market) The third market is the securities trading market when the second market closes. The third market is run by brokers who bring buyers and sellers together when the second market closes, and 4) the fourth market is a capital market conducted between large-capacity institutions to avoid commissions for brokers. The fourth market generally uses a communication network to trade large block numbers of shares. An example of this fourth market is, for example, Instinet, which is owned by Reuter and handles more than one billion shares annually. Of the four types of capital market

itself, stock underpricing occurs in the primary market where companies issue shares to investors before being traded to the secondary market. When the price of shares issued or sold on the primary market to investors is too cheap and then when they are traded on the secondary market the price becomes higher, then this condition is called the phenomenon of underpricing of shares.

Shares

According to Fahmi (2012), one of the capital market instruments that is most in demand by investors, because it can provide an attractive rate of return. Shares are paper that clearly states the nominal value, and company name, and is followed by rights and obligations that have been explained to each holder. Shares can also be interpreted briefly as proof of ownership of a company.

Companies can issue two types of shares, namely ordinary shares and preferred shares. Ordinary shares are the actual owners of the company. They bear all the risks and get the benefits. In bad conditions, they will not get dividends. But on the contrary, if the company's condition is good, it will get a bigger dividend. These shareholders have voting rights at the GMS (general meeting of shareholders). Meanwhile, preference shares are shares whose owners have privileges in paying dividends compared to owners of ordinary shares. If the company liquidates, preferred shareholders will get priority returns on what they have invested and when there are remaining company assets then they will be distributed to common shareholders.

When stock underpricing occurs, the shareholder who sells his shares back will get a lot of profit in the form of the difference between the purchase price of the shares in the primary market and the selling price of the shares in the secondary market.

Initial Public Offering (IPO)

Public offering or Public Offering or better known as going public is the activity of selling initial shares by a company to the public (public) in the capital market. Law of the Republic of Indonesia No. 8 of 1995 concerning the Capital Market defines that: "Public Offering is an activity of offering Securities carried out by Issuers to sell Securities to the public based on the procedures regulated in this Law and its implementing regulations."

According to Hartono (2016), an initial public offering is a stock offering for the first time. Furthermore, if shares are offered or sold to the public, then these shares are usually listed on a certain stock exchange so that subsequent buying and selling transactions can take place on that stock exchange. Transactions on the stock exchange after the primary market is called the secondary market. An initial Public Offering is simply defined as an activity carried out by a company where the company sells its shares to the public for the first time.

Initial Public Offering (IPO) is a requirement that must be carried out for issuers selling their shares on the Stock Exchange for the first time. The company's decision to become a go-public company is a decision that is not without calculation because the company is faced with several beneficial (benefits) and detrimental (cost) consequences. The reason for going public was due to the encouragement of capital needs. Companies that go public are

companies that experience rapid growth. Due to rapid growth, companies are required to be able to provide funds for expansion purposes and new investment purposes.

When a company decides to carry out an IPO (Initial Public Offering), an important issue faced is determining the amount of the initial offering price. Setting the initial price (Offering Price) of a company's shares to the public for the first time (going public) is not an easy thing to do. Many things or factors must be considered, such as company age, company size, percentage of shares to be offered, Earning Per Share, market conditions, and others.

Stock Analysis

1. Fundamental Analysis

According to Tandelilin, (2017: 338), fundamental analysis is an analysis technique of macroeconomic factors that affect the performance of all companies, then followed by industry analysis, and in the end, an analysis is carried out on the companies that issue the securities in question to assess whether the securities issued are profitable or detrimental to investors.

According to Jones (2014: 304) fundamental analysis is divided into two approaches, namely: 1) Bottom-up approach is a company analysis approach that focuses on the fundamental state of the company. The analysis used is analysis such as the company's product information, the company's competitive position, and financial status which leads to an estimate of potential earnings, which ultimately becomes value in the market. 2) Top-down approach is an approach to fundamental analysis of market/economic results for industries/sectors. In this approach, investors start with the state of the economy, and the overall market, by considering the most important factors such as inflation and interest rates. Investor stock valuation analysis usually performs a top-down fundamental analysis to assess the company's prospects. It can be concluded that fundamental analysis is an analysis that aims to find out and analyze company performance through analysis of company financial statements.

So fundamental analysis is an analysis that aims to find out and analyze company performance through analysis of the company's financial statements, both by comparing internal and external financial reports (other companies) so that it can be seen which company has better performance which will be chosen later to invest. In this study, the fundamental analysis used is company-specific analysis. Before investing in stocks, prospective investors need to conduct an in-depth analysis of the company whose shares will be purchased later. Fundamental analysis of companies is a science that is the main concern of stock investors because buying a share in a company is essentially the same as owning the company even though it is within the proportional limits of the number of shares purchased.

The company's fundamental factors that will be discussed in this study are: 1) Return On Assets (ROA) is the ratio used to measure a company's ability to generate profits from investment activities. Or in other words, ROA is an indicator of a business unit earning a return on several assets owned by that business unit. This ratio is used to measure management's ability to obtain

overall profits. The greater the ROA, the greater the level of profit achieved by the company and the better the company's position in terms of asset use.
The higher this ratio, the better the asset productivity in obtaining net profit. This will further increase the attractiveness of the company to investors. Increasing the attractiveness of the company makes the company increasingly attractive to investors because the rate of return or dividends will be even greater. This will also have an impact on the company's stock price in the capital market which will increase so that ROA will affect the company's stock price. The ROA figure can be said to be good if it is > 2%. Return On Assets (ROA) is also used to assess the extent to which investments that have been invested can provide expected returns. And the investment is the same as the company's assets invested or determined. The value of Return On Assets can be calculated using the following formula: ROA = Profit After Tax/Total Assets x 100%

2. *Earning Per Share (EPS)*

According to Fahmi (2012: 138), Earning Per Share (EPS) or share income per share is a form of giving benefits given to shareholders from each share owned. Darmadji (2012: 154), defines Earning Per Share (EPS) as follows: "Earning Per Share (EPS) is a ratio that reflects the company's ability to generate profits for each outstanding share."

3. *Return on Equity (ROE)*

According to Tandelilin (2017: 315), Return On Equity (ROE) is generally calculated using a performance measure based on accounting and is calculated as the company's net profit divided by common stockholders' equity. This ratio is also influenced by the size of the company's debt, if the proportion of debt is large, this ratio will be large.

4. *Price Earning Ratio (PER)*

The Price Earning Ratio is one of the market value ratios used by fundamental analysts in analyzing their investment decisions. This ratio relies on financial market data, such as the market price of a company's common stock.

5. *Price to Book Value (PBV)*

The book value (book value) per share shows the net assets owned by shareholders by owning one share. The relationship between the stock market price and the book value per share can also be used as an alternative approach to determining the value of a share because theoretically, the market value of a share must reflect its book value (Tandelilin 2017: 194).

6. *Debt Equity Ratio (DER)*

The debt-to-equity ratio reflects the company's ability to fulfill its obligations as indicated by some portion of its capital or equity used to pay debts. According to Kashmir (2016: 159) the industry average for DER is 80%. If the industry average of a company is above 80%, then the company is considered not doing well, this shows that the composition of the company's debt level (short term and long term) is greater than its capital which will have an impact on the

company's greater burden on outsiders. The amount of the company's debt burden results in a small amount of profit received by the company.

Technical Analysis

Technical analysis is a technique for predicting the direction of stock price movements and other stock market indicators based on historical market data such as stock price information and transaction volume (Tandelilin, 2017: 392). Technical analysis only studies stock price movements and trading volumes without regard to company performance. The movement of the share price is related to events at that time, especially the process of supply and demand for these shares. Therefore, this analysis technique is commonly used by short-term investors.

The basic theory of technical analysis is the Dow Theory, this theory was first published by Charles H. Dow (1851-1902) in 255 Wall Street Journal. Dow was a journalist and editor of the Wall Street Journal and founder of Dow Jones and Company. Dow's first study was conducted by dividing Wall Street stocks into 2 groups, namely the industrial index and the transportation index. He said that the development of the automated manufacturing industry will also be followed by the development of the transportation industry because factories need transportation to distribute the goods they produce.

Based on the assumption that if profits in the transportation industry increase, it also indirectly shows that production from the manufacturing industry and demand from consumers also increases which in turn can encourage profit growth for each company. Globally this can be used to measure the level of a country's economy.

hypothesis

The hypothesis is a temporary answer to the research problem formulation, where the research problem formulation has been stated in the form of a question sentence. It is said temporarily because the answers given are only based on relevant theory, not yet based on empirical facts obtained through data collection, so the research hypothesis is:

H1: Return on Assets has a significant effect on stock prices in IPO companies listed on the IDX in 2014 for the 2014-2019 period.
H2: Return on Equity has a positive and significant effect on stock prices for IPO companies listed on the IDX in 2014 for the 2014-2019 period.
H3: Earning Per Share has a positive and significant effect on stock prices in IPO companies listed on the IDX in 2014 for the 2014-2019 period.
H4: The Debt to Equity Ratio has a negative and significant effect on stock prices in IPO companies listed on the IDX in 2014 for the 2014-2019 period.
H5: The Price Earning Ratio has a positive and significant effect on stock prices in IPO companies listed on the IDX in 2014 for the 2014-2019 period.
H6: Price to Book Value has a positive and significant effect on stock prices in IPO companies listed on the IDX in 2014 for the 2014-2019 period.
H7: Trading volume has a positive and significant effect on stock prices for IPO companies listed on the IDX in 2014 for the 2014-2019 period.

METHODOLOGY

The type of research used in this research is applied research with a quantitative approach. The type of data used in this study is quantitative data in the form of secondary data for all variables, namely Return On Assets (ROA), Return on Equity (ROE), Earning per Share (EPS), Debt to Equity Ratio (DER), Price Earning Ratio (PER), Stock trading volume and IPO Share Price listed on the Indonesia Stock Exchange in 2014. This secondary data was obtained by observing stocks during observations from 2014 to 2019. The company's financial data for that period is the data available in the company financial reports that have been published on the company's website, www.idx.co.id, and also through the yahoo finance website.

This study uses data from the company's annual financial statements that have been audited from 2014 to 2019. The data taken from the annual financial statements is then calculated based on the applicable formula and will form a ratio.

The population in this study were all 2014 IPO shares listed on the IDX from 2014 of 24 companies. The sample was taken using a purposive sampling method which was taken to be determined by the researcher taking into account that the companies in the sample had the data required by this study. The sample of this study was 21 companies that had IPOs in 2014.

The analysis technique used is panel data regression. Panel data regression is a development of linear regression with the OLS method which has specificity in terms of the type of data and the purpose of the analysis. In terms of data types, panel data regression has the characteristics (types) of cross-section and time series data.

RESEARCH RESULT

Panel Data Regression Estimation Technique Selection

Election There are three types of panel data regression estimation techniques estimation approach ie*Common Effect Model, Fixed Effect Model,* and*Random Effect Model*. To determine the best technique will be used for panel data regression then testing namely test*Chow,* test *Hausman and test Lagrange Multiplier*.

1. Uji Chow

Test *how* used to find out which model is better used, namely between CEM or FEM.

Table 1. Chow Test Output

Effects Test	**Statistic**	**d.f.**	**Prob.**
Cross-section F	8,358760	(20,98)	0,0000
Cross-section Chi-square	125,423329	20	0,0000

Source: data processed 2022

Based on the table above the prob. *Cross-section chi-square* 0.0000 is less than 0.05, namely (0.000 <0.05) so that it can be concluded a more appropriate model is the FEM model, if FEM is selected then proceed to the Hausman Test.

2. Hausman test

Probability value for the cross-section *is random*, if the value of prob. > 0.05 then the model the chosen one is RE, but on the contrary if the value of prob. < 0.05 then the model selected is FE.

Table 2. Hausman Test Output

Test Summary	**Chi-Sq. Statistic**	**Chi-Sq. d.f.**	**Prob.**
Cross-section random	0.966221	7	0.9954

Source: data processed 2022

Based on the table above nilai prob. 0.9954 is more than 0.05, namely (0.9954 <0.05) so it can be concluded a more appropriate model is the REM model compared to the FEM model. Because the results obtained are *random Effect* (REM) it is necessary to test *Lagrange Multiplier* (LM) Test.

3. Test Lagrange ***Multiplier***

Test*Lagrange Multiplier* to choose whether the model *common Effect* or*Random Effect* which is more appropriate to use in the regression equation model panel data. After obtaining the calculated LM value, the calculated LM value is compared with a value *spend-squared* table with degrees of freedom (*degree of freedom*) as much as the number of independent variables (free) and alpha or significant level by 5%. The following is the result of the test *Lagrange Multiplier* (LM)*:*

Table 3. Output *Lagrange Multiplier*

Null (no rand, effect)	***Cross Section***	***Period***	***Both***
Alternative	***One-Sided***	***One-Sided***	
Breusch-Pagan	*93,86501*	*2,674352*	*96,51236*
	(0,0000)	*(0,1037)*	*(0,0000)*

Source: data processed 2022

The results of the LM test above, show that the LM value is 0,0000 and the Breusch-Pagan value is 93,86501. So we can conclude that the value 0.0000 <*who squares*(0.0000 < 0.05), means that the most appropriate regression model used in this research is *the random Effect Model (REM).*

Panel Data Regression Model Assumptions Test

According to Lestari & Setyawan (2017) by selecting the model random *effect*, then it is not relevant to do the classical assumption test. This is because of the model *random effect* using estimates *of generalized Least squares* (GLS). The GLS technique still produces a BLUE estimator (*Best Linear Unbiased Estimation*) even though the data contains autocorrelation (Aziz, 2012).

Interpretation

After estimating the panel data regression model and selecting the model with the best regression, in this study *random Effect Model* (REM) is the best model estimate. After the REM estimation is selected, it is carried out regression model examination test. Then the result of model estimation panel data regression using the REM approach and individual effects is presented in the table below.

***Random Effect Model* (REM)**

The estimation results using REM are presented in the table below. Processing results use *the random Effect Model* namely as follows:

Table 4. REM Estimated Output

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	859.9372	486.6738	1.766968	0.0798
X1	1.553171	10.91607	0.142283	0.8871
x2	-2.550365	3.423200	-0.745024	0.4577
X3	6.939565	1.762208	3.937995	0.0001
X4	21.81087	33.38932	0.653229	0.5149
X5	0.012453	0.100039	0.124478	0.9011
X6	49.92760	37.93842	1.316017	0.1907
X7	5.67E-07	5.19E-07	1.091202	0.2774
R-squared 0.158399		Mean dependent lime 448.2064		
Adjusted R-squared 0.108474		S.D. dependent var 1386.974		
S.E. of regression 1309.590		Sum squared resid 2.02E+08		
F-statistic 3.172717		Durbin-Watson stat 1.440112		
Prob(F-statistic) 0.004124				

Based on the results output in Table 5.5, only the EPS variable (X3) is significant in the model due to the value p-value *being* smaller than the level value significance. Based on the results output in Table 5.5got CEM model estimates are as follows:

$$\mathbf{Y = 859.9372 + 1,5531ROA_{it} - 2,5503ROE_{it} + 6,9395EPS_{it} + 21,8108DER_{it} + 0,0124PER_{it} + 49,9276PBV_{it} + 5,67E\text{-}07VP_{it} + 1309.590}$$

Based on the model equation above, it can be seen that all variables that affect stock prices (Y), namely ROA, EPS DER, PBV, PER, and PV have a positive coefficient value. The ROE variable has a negative coefficient, p this means every addition to the ROE variable, the value of the Stock Price (Y) will be reduced by 2,5503. As for the other variables, they have a positive coefficient, which means that for each addition to each variable, the value of the Stock Price (Y) will increase by each coefficient.

Hypothesis Test

F Test (Simultaneous Test)

F-test (concurrent test) to test the first hypothesis. This test is used to find out and analyze whether all the independent variables together have a significant influence on the variables bound. This test was conducted to compare the level of significance value with the value of α (5%) at the 5% level. F test results are shown in the table as follows:

Table 5. Simultaneous F Test Results

R-squared	0.158399	Mean dependent var	448.2064
Adjusted R-squared	0.108474	S.D. dependent var	1386.974
S.E. of regression	1309.590	Sum squared resid	2.02E+08
F-statistic	3.172717	Durbin-Watson stat	1.440112
Prob (F-statistic)	0.004124		

Based on F test results show that the value F Count greater than F table (3.172 > 2.57) with a Prob level (F-Statistic) of 0.004124. By using the α level of 0.05 or 5%, the hypothesis is accepted. So it can be concluded that there is a simultaneous effect of the ROA variable (*Return On Assets*), *Return on Equity* (ROE), EPS (*Earning Per Share*), THE (*Debt to Equity Ratio*) PER (*Price Earning Ratio*) PBV (*Price To Book Value*) and VP (trading volume) on the stock price.

t-test (Partial Test)

t-test (partial test) to test the value of the second hypothesis. This test is to find out and analyze whether the effect of each independent variable on the variables is meaningful or not. Testing is done by looking at the significance value compared to the value of α = 0.05 (5%). Conclusions in this study were carried out by looking at the significance value of the t-test results on the independent variables with the following criteria:

1) If the Sig value > α then Ha is accepted
2) If the Sig value < α then Ho is rejected

Table 6. Test Results Test t

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	859.9372	486.6738	1.766968	**0.0798**
X1	1.553171	10.91607	0.142283	**0.8871**
x2	-2.550365	3.423200	-0.745024	**0.4577**
X3	6.939565	1.762208	3.937995	**0.0001**
X4	21.81087	33.38932	0.653229	**0.5149**
X5	0.012453	0.100039	0.124478	**0.9011**
X6	49.92760	37.93842	1.316017	**0.1907**
X7	5.67E-07	5.19E-07	1.091202	**0.2774**

Source: Data processed 2022

Based on the data above, the ROA variable test (*Return On Assets*), *Return on Equity* (ROE), EPS (*Earning Per Share*), THE (*Debt to Equity Ratio*) PER (*Price*

Earning Ratio) PBV (*Price To Book Value*) and VP (Volume trade) to the Share Price results in:

1) Variabel ROA (*Return On Assets*) on stock prices shows the results of the value of count is greater than the t table (0.1422 <1.724) with a significance level*(p-value)* = 0.8871 (> 0.05). Because the p-value value > α (5%) then the hypothesis is rejected, which means that *return On Assets is not affect* stock prices.
2) Variable ROE (*Return on Equity*) on stock prices shows the results of the value of count is greater than the table (-0.7450 <1.724) with a significance level*(p-value)* = 0.4577 (> 0.05). Because the p-value value > α (5%) then the hypothesis is rejected, which means that *return on Equity* does not affect stock prices.
3) EPS variable (*Earning Per Share*) on stock prices shows the results of the value of count is greater than the table (3.937 > 1.724) with a significance level*(p-value)* = 0.0001 (< 0.05). Because the p-value value < α (5%), thus the hypothesis is accepted, which means that *Earning Per Share has a significant* effect on stock prices.
4) Variable DER (*Debt to Equity Ratio*) on stock prices shows the results of the value of count is greater than the table (0.6532 <1.724) with a significance level*(p-value)* = 0.5149 (> 0.05). Because the p-value value > α (5%) then the hypothesis is rejected, which means that *the Debt to Equity Ratio does not a*ffect stock prices.
5) PER variable (*Price Earning Ratio*) on stock prices show the results of the value of count is greater than the table (0.1244 <1.724) with a significance level*(p-value)* = 0.9011 (> 0.05). Because the p-value value > α (5%) then the hypothesis is rejected, which means that *Price Earning Ratio is not affected by* stock prices.
6) PBV variable (*Price To Book Value*) on stock prices shows the results of the value of count is greater than the table (1.3160 <1.7247) with a significance level*(p-value)* = 0.1907 (> 0.05). Because the p-value value > α (5%) then the hypothesis is rejected, which means that *Price To Book Value does not affect* stock prices.
7) Variabel VP (Volume trade) on stock prices shows the results of the value of count is greater than the table (0.1091 < 1.7247) with a significance level*(p-value)* = 0.2774 (> 0.05). Because the p-value value > α (5%) then the hypothesis is rejected, which means that Volumetrade *has No Effect* on stock prices.

DISCUSSION

LONG term influence (*Return on Assets*) Against the Share Price

From the results of data analysis in Table 5.6, it can be concluded that ROA has no significant effect on stock prices with a significance value of 0.8871 greater than 0.05. This shows that Hypothesis 1 is rejected which means *Return on Assets* partially has no significant effect on stock prices. This means that the company owns *a Return on Assets* high or low and does not necessarily have a high or low stock price. *Return on Assets* (ROA) that is good or increasing has no potential to attract Dakurn investors. Also, the companies in this study have unstable ROA

component data after tax and total assets during the period, as well as differences in the types of corporate sectors currently being studied because each type of sector or sub-sector of companies on the IDX has a different composition, both size and company Or the type of company.

The results of the research are in line with research conducted by Dewi (2020), Sasongko, and Wulandari (2006) who argue that ROA does not affect stock prices.

The Effect of ROE (*Return on Equity*) Against the Share Price

From the results of data analysis in Table 5.6, it can be concluded that ROE has no significant effect on stock prices with a significance value of 0.4577 greater than 0.05. This shows that Hypothesis 2 is rejected which means *Return on Equity* partially has no significant effect on stock prices. This means that the company owns *Return on Equity* high or low and does not necessarily have a high or low stock price. *Return on Equity* which does not affect stock prices indicates that investors are not interested in obtaining long-term profits or profits in the form of dividends, but investors are more interested in obtaining short-term profits or profits. form *capital gain*.

The results of the research are in line with the research conducted by Fauzia (2019) which suggests that ROE does not affect stock prices.

EPS Effect (*Earning Per Share*) on the stock price

From the results of the data analysis, it can be concluded that EPS has a significant effect on stock prices with a significance value of 0.0001 which is smaller than 0.05. This shows that Hypothesis 3 is accepted, which means EPS (*Earning Per Share*) partially has a significant effect on stock prices. This means that shareholders need to take into account the size of the EPS value because this affects changes in share prices in the capital market and the EPS valuation also shows the amount of profit that shareholders will get for each share. This makes it possible that the dividend rate that will be given to consumers will increase. The increase in dividends makes investors interested in investing in the company. With increasing investor interest in investing, the company's stock price will increase.

EPS associated with the stock market price can provide an overview of the company's performance compared to the capital invested by the company owner. Signal theory states that management will show a signal to investors about the company's prospects. A high EPS indicates that the level of efficiency and effectiveness of the company's sales management is good. Therefore, a high EPS can provide a good signal to the market and can indicate that the company can provide a better level of welfare to shareholders.

The results of the research are in line with the research of Safitri (2012), Shakeel Muhammad (2018), and Febriyani (2018) which state that *earning Per Share* (EPS) has a significant effect on stock prices.

DER Effect (*Debt to Equity Ratio*) Against the Share Price

From the results of data analysis in Table 5.6, it can be concluded that DER (*Debt to Equity Ratio*) has no significant effect on stock prices with a significance

value of 0.5149 greater than 0.05. This shows that Hypothesis 4 is rejected, which means the DER (*Debt to Equity Ratio*) partially has no significant effect on stock prices. In this study, signaling theory cannot be used on the DER variable because the high and low DER is not a factor that influences investors to invest their capital. After all, investors see how much the company can use their debt for the company's operational costs if the company succeeds in using debt for expenses operational then it will give a positive signal for investors to invest their capital, and share prices will also rise, and vice versa if the company fails to take advantage debt they will give a negative signal to investors.

The results of the research are in line with research conducted by Fauziah (2019), Safitri (2013), and Suwahyono (2019) which argue that DER (*Debt to Equity Ratio*) does not affect stock prices.

PER Effect (*Price Earning Ratio*) Against the Share Price

From the results of data analysis in Table 5.6, it can be concluded that PER (*Price Earning Ratio*) has no significant effect on stock prices with a significance value of 0.9011 greater than 0.05. This shows that Hypothesis 5 is rejected, which means PER (*Price Earning Ratio*) partially has no significant effect on stock prices. Because it's getting higher*Price Earning Ratio* investors think the stock price is already expensive, so investors do not want to buy these shares.

The results of the research are in line with research conducted by Fauziah (2019) and Suwahyono (2019) which argue that PER (*Price Earning Ratio*) does not affect stock prices.

Effect of PBV (*Price to Book Value*) Against the Share Price

From the results of data analysis in Table 5.6, it can be concluded that PBV (*Price To Book Value*) has no significant effect on stock prices with a significance value of 0.1907 greater than 0.05. This shows that Hypothesis 6 is rejected, which means PBV (*Price To Book Value*) partially has no significant effect on stock prices. Because stock prices are formed due to demand and supply. A company that has a high PBV does not guarantee that the company's stock price will rise. Investor interest in investing does not only look at a company that has a low PBV value. But investors will see whether a company's financial performance is good and going *concern*. This ratio is appropriate for assessing a company whose fixed asset value is large, but it is not appropriate when used for assessing a company whose fixed asset value is smaller than its intangible assets. Because the calculation of the book value of a company is the difference between total assets and intangible assets and liabilities of the company. This means that if a company has a liability value that is greater than its total assets, it will reduce the book value of the company.

The results of the research are in line with research conducted by Amaliyah et al (2017) and Desiana & Lidia (2017) which stated that PBV (*Price To Book Value*) does not affect stock prices.

Effect of VP (Trading Volume) on Stock Prices

From the results of data analysis in Table 5.6, it can be concluded that VP (trading volume) has no significant effect on stock prices with a significance

value of 0.2774 greater than 0.05. This shows that Hypothesis 7 is rejected, which means that VP (trading volume) partially has no significant effect on stock prices. This is due to the high trading volume, it can be said that the shares are actively traded. Active stocks can give investors confidence to invest their capital which will increase the stock price. But the trading volume is formed from the mix of supply and demand on these shares so investors will not be able to see whether supply or demand is dominant in shaping the amount of trading volume. According to the theory of demand and supply, the circumstances where the supply of stocks that are higher than demand will push up the price, in this case, the stock price, and vice versa if demand is higher than supply then the stock price will decrease. Limited investor information about the dominant factors that shape trading volume is what makes trading volume not significantly affect stock prices.

The results of the research are in line with research conducted by Dewi (2020) and Fauzia (2019) which argue that trading volume does not affect stock prices.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of calculations and discussions carried out previously, the authors draw the following conclusions:

1. Variable Return on Assets (ROA), Return on Equity (ROE), Debt Equity Ratio (DER), Price Earning Ratio (PER), Price Book Value (PBV), and Trading Volume do not affect the stock prices of companies that went IPO on the Indonesia Stock Exchange in 2014 with the 2014-2019 research period. In line with Dewi's research (2020), the ROA variable has no effect because the company's ability to generate profit is not maximized so it does not affect stock prices, the ROE variable is not significant according to Fauzia's research (2019) which suggests that the rate of return on assets has not been able to influence stock prices. The DER variable is not significant according to the research results of Fauziah (2019) and Safitri (2013) that companies do not maximize debt, both long term and short term, to maximize company performance and stock prices. The PER variable is not significant to stock prices according to research by Suwahyono (2019) that not all companies have scored net profits and some shares, according to investors, are still too expensive to buy, so this variable does not affect stock prices. The PBV variable is not significant for stock prices according to Amaliyah's research (2017) the company's book value is good if the company shows good performance, because there are still many companies that have just developed so book values do not affect stock prices and lastly the Trading Volume variable does not affect stock prices according to Dewi's research (2020) IPO stock trading volume fluctuates quite often so that it cannot be predicted when the stock price will increase or not.
2. The Earning Per Share variable is the only one that influences the stock price of companies that IPO on the Indonesia Stock Exchange in 2014 with the 2014-2019 research period. Following research from Safitri (2012), Shakeel Muhammad (2018), and Febriyani (2018) which states that Earning Per Share (EPS) has a significant effect on stock prices. Companies that print net profits

make many investors interested in stock prices. The greater the company's net profit, the greater the interest of investors in buying stock prices.

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