

## **The Influence Of Company Value On Share Price In Automotive Companies Listed On The Indonesian Stock Exchange**

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### **Abstract**

*This study aims to determine The Influence of Company Value on Share Prices in Automotive Companies Listed on the Indonesian Stock Exchange. In this research, the method used is a quantitative method with classic assumption tests involving normality tests, auto correlation tests and heteroscedasticity tests. This research uses simple regression analysis with hypothesis testing consisting of a partial significant test (t statistical test) and the coefficient of determination (R-Square). The population in this study consisted of 12 companies on the Indonesian Stock Exchange. The research sample selected based on criteria was 12 companies on the Indonesia Stock Exchange for 2020-2022 so that the data used was 36 companies' financial reports. The technique used to collect data in this research is the documentation method using secondary data sources (financial reports) according to the research period. Based on the results of data research using statistical calculations through the Statistical Package for the Social Science (SPSS) version 29 application regarding the influence of company value on share prices in automotive companies listed on the Indonesian Stock Exchange which was discussed in the previous chapter, the author draws the conclusion that Company value has a positive and significant influence on share prices in the automotive sector listed on the Indonesia Stock Exchange.*

**Keywords:** *Company Value, Share Price, Indonesia Stock Exchange*

## **INTRODUCTION**

The large number of companies in industry, as well as economic conditions in the current era of globalization, have created intense competition between manufacturing companies, especially automotive companies (Fauzi & Aji, 2018). Issuers utilize the capital market as a means to obtain sources of funds or alternative financing. The existence of the capital market gives companies a tool for self-reflection about the company's performance and financial condition. If the company's financial condition and performance are good, the market will respond positively by increasing the company's share price (Ilmaniyah, 2018).

The performance of issuers in the automotive sub-sector experienced a decline in 2018 and 2019 and 2020. This decline was triggered by world economic conditions, which had an impact on the issuer's financial performance. If a share experiences excess demand, the share price tends to rise. Conversely, if there is excess supply, share prices tend to fall (Novitasari et al., 2020).

The price of a share that occurs on the stock market at a certain time is determined by market players and is determined by the demand and supply of the shares concerned in the capital market (Kurnia, 2015). Company value is investors' perception of the level of success of managers in managing company resources which is reflected in the increase in shareholder prosperity. Company value is shown from the results of the quality of a company's performance (Indriani, 2019:16; Rianti, 2021).

The signal theory view reveals that companies can send signals to investors through reporting related information, so that investors get an insight into the company's prospects in the future. Based on signal theory, an increase in company profits can provide a positive signal to investors

that the company is profitable and can provide prosperity to investors. This is what attracts investors so that it can increase share prices.

Company value can be a description of the conditions that have been achieved by the company. A company is an entity in which there is a group of people who work together to achieve the desired goals. The company's main goal is to increase company value in a sustainable manner. High company value is an illustration of shareholder prosperity so that shareholders will invest their capital in the company (Effendi & Dini Widyawati, 2021).

Several previous studies analyzed company value on share prices. In research conducted by Denny Kurnia, (2019) shows that company value has an influence on share prices. However, research conducted by Azizah (2020) shows the difference that company value has no significant effect on share prices.

In recent years, the automotive subsector has experienced a decline showing negative figures. Based on theory, field facts and previous research findings, this research was conducted with the title "The influence of company value on share prices in Automotive Companies listed on the Indonesian Stock Exchange".

## RESEARCH METHODS

The type of research used in this research is quantitative research using secondary data sources obtained from published financial reports published by the Indonesia Stock Exchange via IDX during the research period. The data collection technique used is the documentation method by collecting, recording and reviewing secondary data (financial reports).

## RESULTS AND DISCUSSION

### 1. Descriptive Statistical Analysis

Table 1 Descriptive Statistical Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Nilai Perusahaan (X)	36	0.16	13.53	1.5770	2.29490
Harga Saham (Y)	36	1.00	1.18	1.0388	0.4401

*Source: Data processed by SPSS 2.9 2024*

Based on Table 4.3, the results of descriptive statistical analysis, it can be seen that the number of data observations in the research was 36 samples.

a. The company value has an average value (mean) of 1.57, meaning that overall the company experienced an increase in share prices. The minimum value is 0.16, meaning that a company, namely PT Prima Alloy Steel Universal Tbk (PRAS), experienced a decline in share prices in 2020. The maximum value is 13.53, meaning that a company, namely PT Multistrada Arah Sarana Tbk (MASA), will experience an increase in share prices in 2021.

b. Share prices have an average value (mean) of 1.04, meaning that overall share prices have increased. The minimum value is 1.00, namely PT Garuda Metalindo Tbk (BLOT) and PT Goodyear Indonesia Tbk (GDYR) in 2020. PT Indo Kordsa Tbk (BRAM) in 2021. PT Garuda Metalindo Tbk (BLOT), PT Indo Kordsa Tbk ( BRAM), and PT Multistrada Arah Sarana Tbk

(MASA) in 2022, meaning there will be no change in share prices. The maximum value is 1.18, namely PT Multi Prima Sejahtera Tbk (LPIN) in 2021, meaning it will experience an increase in share prices.

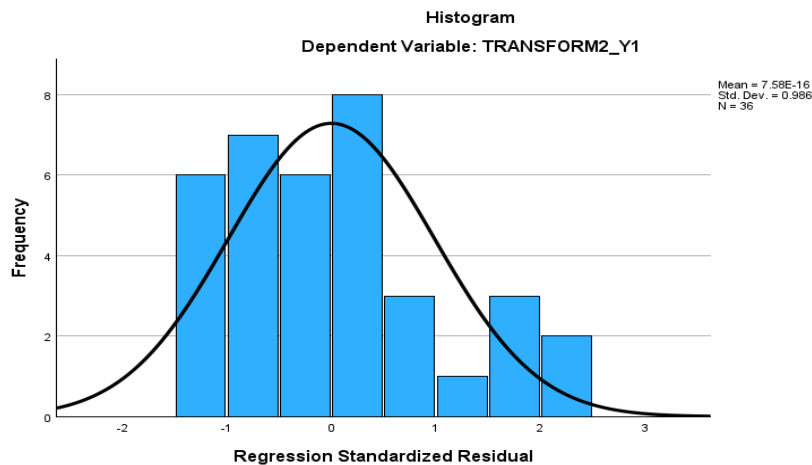
2. Classic assumption test

a. Normality test

Graphic analysis is a more reliable method by looking at the normal probability plot which depicts the actual data following the direction of the diagonal line. If the data is spread around the diagonal line and follows the direction of the diagonal line or the histogram graph is in the shape of an inverted bell, then this shows a normal distribution pattern and it can be concluded that the regression results meet the normality assumption. The following are the results of data normality testing:

Based on the results of the normality test, it can be seen that the histogram image produced by the data is spread around the diagonal line and follows the direction of the diagonal line or the histogram graph is in the shape of an inverted bell. It can be concluded that the results of the classical assumption test are normal.

Picture 1 Normality Test Results



b. Autocorrelation Test

Table 2 Autocorrelation Test Results

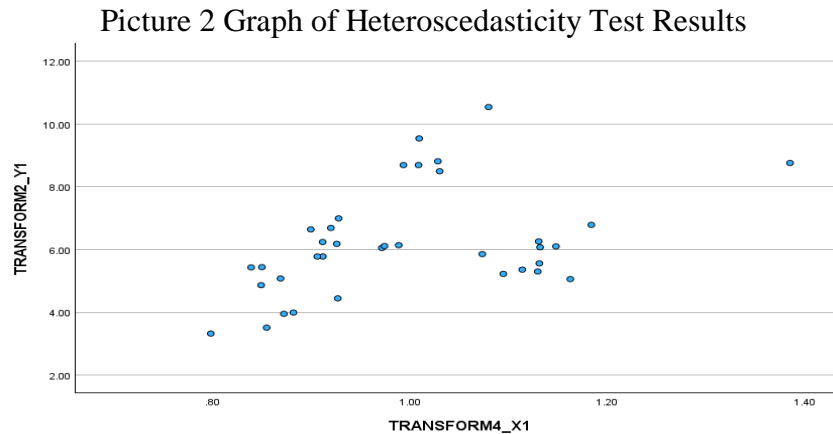
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.969	0.939	0.938	664.076	1.425

Source: Data processed by SPSS 2.9 2024

Based on the autocorrelation test, the DW (Durbin-Watson) value is 1.425. This value is between 1 and 3, which indicates that the data used in this test does not experience autocorrelation problems so that further testing can be carried out.

c. Heteroscedasticity Test

The purpose of the heteroscedasticity test is a tool to test whether in a multiple analysis there is unequal variance in an observation. A good regression model is one where heteroscedasticity does not occur. The following is a graph of heteroscedasticity results:



In the graphic image, you can see the dots spreading randomly without forming a clear pattern. Thus, it can be concluded that heteroscedasticity does not occur, so the regression model is suitable for use.

3. Simple Regression Analysis

Simple regression is used to understand and explain the relationship between two variables. Following are the results of a simple regression test:

$$Y = a + bX$$

$$\text{Stock Price} = a + b \text{ company value}$$

$$\text{Share Price} = 2234,282 + 0.667 \text{ Company Value}$$

The significant result of  $0.001 < 0.05$  indicates that this regression coefficient has a positive and significant relationship between the independent variable (company value) and the dependent variable (share price) with each unit increase in company value contributing to an increase of 0.667 in share price.

4. Hypothesis testing

a. Uji T

Table 3 T Test Results

Variabel Bebas	Variabel Terikat	B	Beta	T	Sig	Ket
(constant)		2234.282		20.187	0.001	
Nilai Perusahaan	Harga Saham	0.667	0.969	22.951	0.001	Diterima

Source: Data processed by SPSS 2.9 2024

Based on the results of the t test (partial test), the aim is to test the influence of each independent variable (company value) and the dependent variable (share price). Based on table 4.5, it can be seen that the company value variable shows a calculated t value of 22.951 > t table 1,688 and a significant value of 0.001 < 0.05, meaning there is a significant influence on the stock price variable. This shows that if the company value increases by 1%, the share price will also increase by 96%. Thus it can be concluded that the hypothesis is accepted.

b. Coefficient of Determination Test ( $R^2$ )

The coefficient of determination is used to measure how far the model's ability to explain variations in the dependent variable. The following are the results of the coefficient of determination test ( $R^2$ ) :

Table 4 Coefficient of Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.969	0.939	0.938	664.076

*Source: Data processed by SPSS 2.9 2024*

Based on table 4.6, you can see the results of the coefficient of determination from the regression model which is used to find out how big the dependent variable is. In table 4.5 the R-Square is 0.938. or 93.8%. This means that changes in the share price variable are 93.8% influenced by company value, the rest is explained by other variables that are not included in the research model.

**The Influence of Company Value on Share Prices**

Company value has a probability value of 0.001, which is smaller than the significance level of 0.05. It can be concluded that company value has a positive and significant effect on share prices. Signal theory proposes that certain actions or conditions of a company can be considered as signals to investors about the quality or prospects of the company (Spence, 1973). Based on research results which show that there is a positive and significant influence between company value and share prices, it can be interpreted as a positive signal for investors. A high company score in research indicates that the company has good quality, bright prospects, or solid performance. This sends a positive signal to investors that the company is worth investing in, thereby increasing investors' interest in buying shares in the company.

Research results that confirm the positive and significant relationship between company value and share prices can also increase investor confidence in the market. When investors see that fundamental factors such as company value can consistently influence stock prices, they may have more confidence in market efficiency and economic fundamentals. This can reduce uncertainty and increase investor confidence in making investment decisions, which in turn can strengthen the positive signaling effect of high firm value.

The results of this research support research from Jumiati and Khairini Natsir (2023), Khairudin and Wandita (2017), and Danty and Muliati (2021) which stated that company value (price to book value) has a positive and significant effect on share prices. The results of the research show that there is an influence between PBV and share prices. A higher PBV ratio indicates that the company is valued more highly by investors. If a company is valued more highly by investors, then the share price of the company concerned will increase further in the market.

From the results of this research it can be concluded that company value can have a positive impact on share prices. This can be an attraction for people to invest in the company. The company value obtained from several financial elements such as total equity, number of shares outstanding, and book value per share (NBVS) apparently has an important role as a positive signal that can increase share prices. This also proves that currently the information obtained from financial reports is still relevant to serve as a basis for investor decision making. Therefore, companies must continue to maintain and improve all forms of financial performance recorded in financial reports so that they become a good portfolio for society.

### CONCLUSION

Based on the results of data analysis and discussion, it can be concluded that company value has a positive effect on share prices. Good company value can have an impact on increasing the share prices of automotive companies listed on the Indonesian Stock Exchange. Companies need to maintain financial resources so that they become a good portfolio for potential investors. Company value derived from elements of financial reports is one element of financial resources that needs to be increased. Good company value is a reflection of good financial reports and can become a good financial portfolio. A financial portfolio can be a positive signal for potential investors and will increase investor confidence in the market which will ultimately increase the company's share price.

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