

DOI:

GHEI' BINTANG ISSUE



The Influence of Fundamental Factors on Stock Price Food and Beverage Companies Listed on Indonesia Stock Exchange

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Abstract The Return On Equity variable has a significant effect on Stock Prices in Food and Beverages companies in 2020-2023. High Return On Equity makes it easy for companies to attract new funds through investors in the form of shares. This can be proven by the higher the Return On Equity of a company, the higher the Stock Price level. The Net Profit Margin variable has no significant effect on Stock Prices in Food and Beverages companies in 2020-2023. This can be proven by the higher or lower the Net Profit Margin does not affect the Stock Price. The Earning per Share variable has a significant effect on Stock Prices in Food and Beverages companies in 2020-2023. This can be proven by the higher the Earning per Share of a company, the higher the Stock Price level.

Keywords: EPS, ROE, EPS, STOCK PRICE.

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Introduction

Money market and capital market are important parts of the country's economic drivers. Meanwhile, the capital market is one of the industrial facilities to collect funds from the public/investors for the operation and development of the company, and is an investment facility for investors to invest their money. As an investment facility, the capital market will not be free from its uncertainty. Therefore, investment is basically an action that contains uncertainty that can cause losses (Tita et al., 2018).

The company has various alternative sources of funding to run the company's operational activities that can come from within or outside the company. Alternative funding from within the company by using the company's retained earnings. While alternative funding from outside the company can come from creditors in the form of debt or funding in the form of equity participation. A company that has decided to sell part of its share ownership to the public and the company is ready to be assessed by the public transparently, then this will make investors interested in investing in the capital market which has the main goal of obtaining profits in the term go public (Prisilla, 2025).

The development of a company's stock price reflects the value of the stock and also the profits obtained by the shareholders. If the company is running smoothly, the company's stock price will increase, this indicates an increase in the level of demand. The rise and fall of stock prices are influenced by various factors, both internal and external to the company. External factors are caused by investor sentiment while internal factors are caused by the company's fundamental conditions (Firmansyah et al., 2018). Fundamental analysis is based on two basic models of security valuation, namely the earning multiplier and asset values, while technical analysis generally focuses on changes in the volume and price of securities markets (Shiyammurti et al., 2020).

In conducting fundamental analysis by analyzing the company, investors can choose a company that is worthy of being an alternative investment, choose company shares whose market price is lower than the intrinsic value so that it is worth buying, and choose company shares whose market price is higher than the intrinsic value so that it is profitable to sell. Before choosing a company as an alternative investment, investors must be careful in choosing a company because not all shares from companies that are classified as large companies are always good investment alternatives. To find out whether a company's shares are worthy of being an investment option, investors must first analyze the company (Indrayani et al., 2020).

Literature Review

Shares are proof of ownership of a company in the form of a limited liability company. Another definition of shares is proof of taking part or participation in a limited liability company. In general, shares are securities issued by a company in the form of a limited liability company or commonly called an issuer, which states the owner of the shares, so that if someone buys shares, they will become the owner of the company (Aisah & Mandala, 2016).

Shares can be defined as a sign of participation or ownership of a person or body in a company or limited liability company. Shares are in the form of a piece of paper stating that the owner of the paper is the owner of the company that issued the securities. The portion of ownership is determined by how much participation is invested in the company (Tauke et al., 2021).

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The stock price used in conducting transactions in the capital market is a price formed from market mechanisms, namely market supply and demand. The stock price is the present value of the cash flow that is expected to be received. The stock price is the present value of the price that comes from the sale. Stocks are traded on the stock exchange with different market prices at each time, this is related to the value of a stock (Hasyim, 2024).

Fundamental analysis is an analysis based on various real data to evaluate or project the value of a stock. Some commonly used data or indicators are revenue, profit, sales growth, return on equity, profit margin, and other financial data such as earnings per share as a means to assess company performance and potential future growth. The following are the fundamental factors used in this study (Maiyaliza, 2018).

Net Profit Margin on Sales or profit margin ratio (profit margin on sales) Net Profit Margin (NPM) or in Indonesian called Net Profit Margin is a profitability ratio used to measure the percentage of net profit in a company to its net sales. This Net Profit Margin shows the proportion of sales remaining after deducting all related costs. This Net Profit Margin is often also called the Profit Margin Ratio (Itabillah, 2022).

For Investors, Net Profit Margin is usually used to measure how efficiently management manages its company and also to estimate future profitability based on sales forecasts made by its management. By comparing net profit with total sales, investors can see what percentage of revenue is used to pay for operating and non-operating costs and what percentage remains to pay dividends to shareholders or reinvest in the company. This Net Profit Margin Ratio can be calculated by dividing net profit by total sales (Lili Sari & Santoso, 2022).

Return On Equity (ROE) is a ratio that is usually abbreviated as ROE is a profitability ratio that measures a company's ability to generate profits from shareholders' investments in the company. In other words, ROE shows how much profit a company can generate from every rupiah invested by shareholders. ROE is usually expressed as a percentage (%). So, ROE with a ratio of 100% means that every 1 rupiah of shareholder equity can generate 1 rupiah of net profit. Return on Equity or ROE is an important measurement for prospective investors because it can determine how efficiently a company will use the money they invest to generate net profit. ROE can also be used as an indicator to assess the effectiveness of management in using equity financing to fund operations and grow its company (Khan, 2021).

Earnings per share is the portion of a company's profit allocated to each outstanding share. Earnings per share or Earnings per Share is the most widely used indicator to assess a company's profitability. Earnings per share is a very useful measure of profitability and when compared to Earnings per Share in similar companies, this Earnings per Share will provide a very clear picture of the strength of profitability between the company in question and its comparison company. Please note that the comparison company must be a company engaged in the same type of industry. Earnings per Share or EPS when calculated over several years, will show whether the company's profitability is improving or getting worse. Investors will usually invest their funds in companies whose Earnings per Share continue to increase. EPS (Earnings per Share) growth is an important measure of a company's performance because it shows how much money the company is making for its shareholders (Wardhani et al., 2023).

Research Methods

This study uses the research object of stock prices of food and beverage companies listed on the IDX in the period 2020–2023 using secondary data. This study is an analysis of NPM, ROE, EPS on the stock prices of food and beverage companies listed on the IDX during the

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period 2020–2023. This study focuses on the analysis of fundamental factors on the stock prices of food and beverage companies listed on the.

Analysis Techniques

The data analysis technique in this study uses multiple linear regression to obtain comprehensive results covering the influence of the variables Net Profit Margin (NPM), Return On Equity (ROE), Earning Per Share (EPS) on the independent variable Stock Price using the Statistical Package for Social Science (SPSS) 25 for Windows program. Multiple linear regression is used to determine whether there is a significant influence of several independent variables on the dependent variable

Research Location

The research was conducted by analyzing the Financial Reports and stock prices of manufacturing companies listed on the Indonesia Stock Exchange (BEI). This research was conducted by visiting the official BEI website www.idx.co.id

Type of Research

In this study, the type of research uses quantitative ratio analysis techniques with a descriptive approach.

Population and Sampling Technique

In this study, the population used was all manufacturing companies listed on the stock exchange during 2023 totaling 226 companies. Based on the sampling technique used, purposive sampling, there were 35 companies that met the sample criteria.

Sampling Technique

The sample selection criteria used in this study are as follows:

1. Manufacturing Companies
2. Manufacturing companies listed on the IDX before January 1, 2020
3. Companies that publish financial reports according to the research period
4. Companies that have complete variables for 4 year of research.

Types and Data Sources

In this study, using a quantitative ratio with a descriptive approach is one type of structured and systematic research (Tauke et al., 2021). This study uses financial report data sources published by the Indonesia Stock Exchange.

Data Collection Techniques

This study uses a non-participant data collection technique, where this method is carried out by observing, recording, and downloading each data needed as research material (Arviana & Lapoliwa, 2023) based on documents accessed via www.idx.co.id.

Data Techniques and Analysis

This study uses multiple and simple linear regression techniques (multiple linear regression). This research model produces valid and BLUE (Best Linear Unbiased Estimation) model parameter values if the classical assumption test is met (Bakhtiar et al., 2020)

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Results and Discussion

Descriptive Statistics			
	Mean	Std. Deviation	N
STOCK PRICE	4256.4352	4352.28223	432
NPM	32.2639	19.54125	432
ROE	39.4815	20.88838	432
EPS	2488.4907	2945.09220	432
Valid N (listwise)			432

Source: Processed Secondary Data (2025)

The following is a breakdown of the descriptive statistical data for the 2016-2018 period that has been processed:

1. Return On Equity (ROE), in Table 9 shows that the N value or the number of data studied is 432 data, it can be seen that the Return On Equity (ROE) of food and beverage companies has a minimum value represented by the SKBM company of 2%, while the maximum value of food and beverage companies on the Indonesia Stock Exchange is represented by the MLBI company of 124%, the mean or average value is 39.4815, and the standard deviation is 20.88838.

2. Net Profit Margin (NPM), in Table 9 shows that the N value or the number of data studied is 36 data, it can be seen that the Net Profit Margin (NPM) in food and beverage companies has a minimum value represented by the SKBM company of 1%, while the maximum value of food and beverage companies on the Indonesia Stock Exchange is represented by the MLBI company of 39%, the mean or average value is 32.2639, and the standard deviation is 19.54125.

3. Earning per Share (EPS), in Table 9 shows that the N value or the number of data studied is 36 data, it can be seen that the Earning per Share (EPS) of food and beverage companies on the Indonesia Stock Exchange has a minimum value represented by SKBM and BUDI companies of IDR 9, while the maximum value of food and beverage companies on the Indonesia Stock Exchange is represented by MLBI company of IDR 627, the mean or average value is 2488.4907, and the standard deviation is 2495.09220. 4. Stock Price (Y), in Table 9 shows that the N value or the number of data studied is 36 data, it can be seen that the stock price of food and beverage companies on the Indonesia Stock Exchange has a minimum value represented by the BUDI company of IDR 87, while the maximum value of food and beverage companies on the Indonesia Stock Exchange is represented by the MLBI company of IDR 16,000, the mean or average value is 4256.4352, and the standard deviation is 4352.28223.

Classical Assumption Test

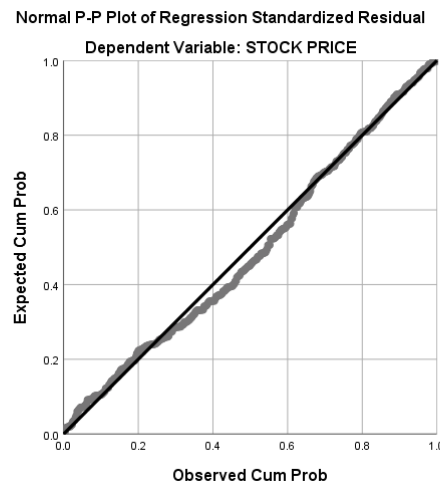
Results should be clear and concise. Show only the most significant or main findings of the research. Discussion must explore the significance of the results of the work. Adequate discussion or comparison of the current results to the previous similar published articles should be provided to shows the positioning of the present research (if available).

Normality Test

Graphic Analysis (Normal P-P Plot of Regression Standard)

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The following are the results of the Normal P-P Plot of Regression Standard test using SPSS, the results are as shown in Figure 1 below :



Source: Processed Secondary Data (2025).

Based on Figure 6 above, it can be concluded that the data is spread around the diagonal line and follows the diagonal line, therefore the data in this study is said to be normally distributed.

Statistical Analysis (Kolmogorov-smirnov Test)

Kolmogorov-Smirnov value, the test results show that the Asymp. Sig (2-tailed) value is 0.062 which is greater than the level of significance of 5 percent (0.05) so it can be concluded that the data in this study are normally distributed.

Multicollinearity Test

From the results of the multicollinearity test using SPSS20, The Tolerance value on the variables consisting of ROE, NPM and EPS is greater than 0.10 and the VIF on each independent variable has a value less than 10, so it can be concluded that in this study there are no symptoms of multicollinearity.

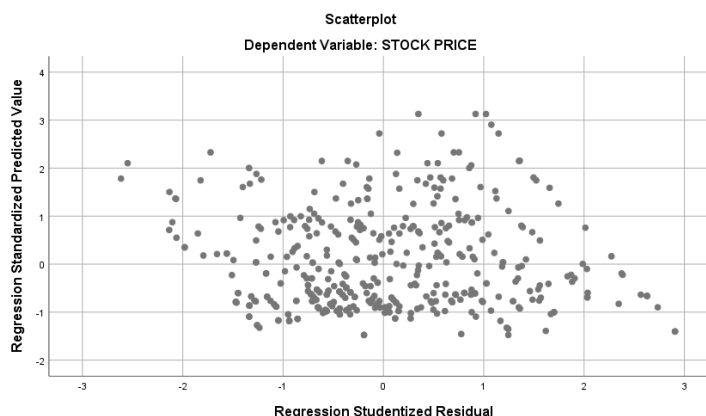
Multicollinearity Test

From the results of the multicollinearity test using SPSS, the results are as shown, the Tolerance value on the variables consisting of ROE, NPM and EPS is greater than 0.10 and the VIF on each independent variable has a value less than 10, so it can be concluded that in this study there are no symptoms of multicollinearity.

Heteroscedasticity Test

The following are the results of the heteroscedasticity test using SPSS, the results obtained are as follows :

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Source: Processed Secondary Data (2025).

Autocorrelation Test

The following are the results of the autocorrelation test using SPSS, the results are as shown. The Durbin Watson value is 1.242. With the resulting value, it can be concluded that there is no autocorrelation in this study. Because the resulting value of 1.242 indicates that it is between -2 and +2, so the regression model in this study does not experience autocorrelation.

Model Feasibility Test

F Test The f statistic test basically aims to test whether the resulting model is feasible or not. obtained a significance value of 0.000 less than 0.05, then it can be concluded that the resulting model is said to be feasible and able to meet the criteria so that it can continue further research.

Testing the Determination Coefficient (R^2)

Based on the results in Table 15 above, the determination coefficient value is shown by the Adjusted R Square value of 0.815. It can be concluded that the independent variables (ROE, NPM, and EPS) can affect the dependent variable (Stock Price) by 81.5% and the remaining 18.5% is explained by other variables that are not included in the regression model of this study.

Hypothesis Testing

The t-test in this study functions to test whether there is an influence on each independent variable on the dependent variable. From the hypothesis testing using SPSS, the t-test results are obtained as presented in Table 16. The results in Table 16 where the EPS variable test on stock prices has a t count of 6.440 and a significance level of 0.000 which is less than 0.05. It can be concluded that Earning per Share has a significant effect on stock prices.

Conclusions and Practical Implication

Conclusion

Based on the results of the analysis and hypothesis testing conducted, the following conclusions can be drawn: (1) The Return On Equity variable has a significant effect on Stock Prices in Food and Beverages companies in 2020-2023. High Return On Equity makes it easy for

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companies to attract new funds through investors in the form of shares. This can be proven by the higher the Return On Equity of a company, the higher the Stock Price level. (2) The Net Profit Margin variable has no significant effect on Stock Prices in Food and Beverages companies in 2020-2023. This can be proven by the higher or lower the Net Profit Margin does not affect the Stock Price. (3) The Earning per Share variable has a significant effect on Stock Prices in Food and Beverages companies in 2020-2023. This can be proven by the higher the Earning per Share of a company, the higher the Stock Price level.

Acknowledgement

The author thank to rector of Bahaudin University for funding this research.

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