

Financial Management helps analyze the financial ratio to the stock price of the largest cigarette company in Indonesia

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Abstract: *The purpose of this study is to investigate the influence of financial management as a mechanism for analyzing financial ratios on stock prices. This analysis focuses on specific ratios, including cash ratios, net profit margins, and earnings per share, and examines their collective and individual impact on the stock prices of tobacco companies listed on the Indonesia Stock Exchange from 2013 to 2022. This study uses financial statements for a decade as a sample. A quantitative analysis approach was used, using SPSS version 25 for multiple linear regression analysis. The findings show that, collectively, independent variables significantly affect stock prices. However, in the context of the shareholder ratio variable, the net profit margin does not have a significant effect on the stock price, while the earnings per share (EPS) show a significant impact. Future research is encouraged to expand the range of variables and the number of companies analyzed.*

Keywords: *Stock Price, Financial Ratio Analysis Cash Ratio, Net Profit Margin (NPM), Earnings Per Share (EPS)*

Abstrak: *Tujuan penelitian ini adalah untuk mengetahui peran manajemen keuangan sebagai alat analisis rasio keuangan terhadap harga saham, yang terdiri dari rasio kas, margin laba bersih, dan laba per saham, serta secara bersamaan dan sebagian pada harga saham perusahaan rokok yang tercatat di Bursa Efek Indonesia. Pertukaran 2013-2022. Sampel penelitian adalah laporan keuangan selama 10 tahun. Metode analisis data adalah metode analisis kuantitatif dengan alat analisis SPSS berupa regresi linier berganda. Versi 25. Analisis menunjukkan bahwa pada saat yang sama, variabel independen memiliki pengaruh yang signifikan terhadap harga saham. Dari sisi rasio pemegang saham variabel, margin laba bersih tidak mempengaruhi harga saham, sedangkan laba per saham (EPS) memiliki pengaruh yang signifikan terhadap harga saham. Rekomendasi untuk penelitian di masa depan direkomendasikan untuk meningkatkan variabel dan perusahaan.*

Kata Kunci: *Harga Saham, Analisis Rasio Keuangan Rasio Kas, Margin Laba Bersih (NPM), Earning Per Share (EPS)*

INTRODUCTION

In the contemporary business landscape, companies face significant challenges in maintaining competitiveness. These difficulties arise from increasing globalization and the entry of new market entrants. To navigate these challenges effectively, organizations need strong, high-quality management practices that facilitate the achievement of optimal results and profitability, ensure sustainability, and support sustainable growth. In addition, a comprehensive financial analysis is essential for accountability to shareholders.

The capital market serves as an essential platform for trading a variety of long-term financial instruments, including stocks and bonds. Its significance in the economy of a nation, such as Indonesia, cannot be overstated. The capital market is an important source of funding for development initiatives.

The presence of a well-functioning capital market is expected to stimulate economic activity, allow companies to expand their operations and, consequently, increase their revenues and contribute to the overall prosperity of society. This market includes a wide range of long-term financial instruments, including debt securities, equities, mutual funds, and other financial products. In addition, the capital market plays an important role in attracting foreign investors and capital, thus encouraging economic progress in a country.

Today, stock investing has emerged as a profitable practice for investors (V. A. Putri & Yustisia, 2021). It is estimated that

the number of investors in the capital market reached 2.48 million in 2019, reflecting a 40% increase compared to 2018. This figure is projected to rise to 12.16 million in 2023. This is an increase of 18%, or an additional 1.85 million investors, from the 10.31 million recorded in 2022.

The capital market serves as a platform to connect investors with companies through long-term financial instruments, including stocks and bonds. While investing in these markets can be profitable, they also carry the risk of significant potential losses. As a result, it investors must assess

the company thoroughly before considering it a viable investment option. Investors are typically attracted to companies with strong financial health that can provide attractive prospects, such as dividends and capital appreciation. The stock price reflects the value of the company, which investors can use to assess the attractiveness of a stock (Sunardi & Permana, 2019). Therefore, it is important for investors to diligently track stock price fluctuations, using fundamental analysis that is based on financial data. This analytical approach entails predicting future stock prices and evaluating the value of stocks on anticipated stock price movements to obtain stock price projections (Hanas et al., 2012).

The stock price of a company is subject to the influence of two main categories: internal and external factors. This study specifically examines these internal and external factors. In the context

of this study, internal factors are represented through various indicators. In the process of making stock purchase decisions, a large number of investors rely on ratio analysis as a method to evaluate a company's financial statements, thereby identifying its strengths and weaknesses. Financial management uses this financial ratio analysis to assess its impact on stock prices.

The cash ratio, which compares a company's total cash and cash equivalents to its current liabilities, serves as an important measure. This ratio describes the company's immediate capacity to meet current obligations that are approaching maturity, utilizing available cash or cash equivalents.

Net Profit Margin (NPM) measures a company's efficiency in generating profits as a percentage of its sales revenue. An increase in NPM signifies an improvement in the company's performance, which in turn increases the benefits associated with shareholding. As a result, the increase in NPM is likely to have a positive impact on the stock price.

Profit Per Share (EPS) is an important number in choosing a company's welfare and affects patterns in the showcase, resulting in an increase in the cost of shares. Earnings per share (EPS) are derived from the profit of the current period printed by the company separated by the number of offers recorded on the Indonesia Stock Exchange.

PT HMS, Tbk has implemented various communication strategies to navigate the challenges and competition

present in today's marketing landscape. Marketing plays a crucial role in determining a company's survival, as ineffective marketing can lead to significant losses and unmet profit expectations.

Research findings regarding the relationship between Earnings Per Share (EPS) and stock prices have yielded different conclusions. Higher EPS is generally favorable for shareholders, as it indicates increased profitability. This perspective is supported by a study conducted by Furniawan (2021), which concluded that EPS has a positive effect on stock prices. On the contrary, contrasting viewpoints are presented in the research of Bayu Takaful, Risal Rinofah, and Mujino (2021), which found no significant impact of EPS on stock prices.

Previous studies have yielded mixed results regarding the impact of the Earnings Per Share (EPS) variable on stock prices. Therefore, the author intends to conduct further research to clarify the relationship between EPS and stock price, especially focusing on Financial Management as a financial ratio analysis tool in relation to stock prices.

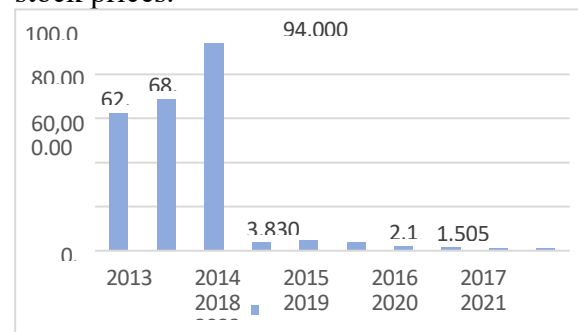


Figure 1
Stock Price Movement for the 2013-2022 Period

The share price of PT HMS, Tbk shows considerable volatility from 2013

to 2022, as illustrated in the accompanying image. Initially, in 2013, the company set its share price at Rp 62,400 per share. Furthermore, the price jumped drastically over the next two years, peaking at Rp 94,000 per share in 2015. In 2016, PT HMS Tbk implemented a stock split, which increased liquidity and attracted more investors, resulting in a revised share price of Rp 3,830 per share. The following year, 2017, the share price increased to Rp 4,730 per share. However, from 2018 onwards, the company faced a continuous decline in its share price, culminating in a significant decline to IDR 840 per share in 2022. This trend underscores the importance of financial management as an important analytical tool for assessing financial ratios in relation to stock prices.

LITERATURE REVIEW

Management

George R. Terry, in his work *Principles of Management* (Sukarna, 2011), articulates that management requires the realization of predetermined goals through the collective efforts of individuals. He further argues that management includes the achievement of goals set in collaboration with others. Similarly, Syamsir Torang, in his book *Organization and Management (Behavior, Structure, Culture & Organizational Change)*, defines management as a collaborative process among individuals in an organization that aims to achieve a

specific goal. James A. F. Stoner adds to this discourse by describing management as a systematic process that involves planning, organizing, and utilizing organizational resources to meet set goals.

From the perspective of these scholars, management can be comprehensively understood as the systematic process of planning, organizing, directing, and controlling resources to achieve defined goals efficiently and effectively. In the context of the company, management also focuses on overseeing business operations to secure long-term profitability and increase shareholder value.

The main goal of a company is to increase profits or wealth, especially for its shareholders. This goal is broad, as it is always shaped by decisions made in the financial domain. Management includes the art and science of planning, organizing, directing, motivating, and supervising individuals and operational systems to achieve set goals (Siswanto, 2015: 28).

Financial Management

The concept of Budget Administration can be explained through the perspective of various scholars. According to Suad Husnan (2015: 2), financial management includes the supervision of financial activities in an organization, which involves planning, analyzing, and regulating these activities that are usually related to financial operations. In the same vein, Irfan (2020:

11) defines financial management as a company's financial activities that aim to acquire and utilize funds effectively and efficiently to achieve organizational goals.

Furthermore, Fahmi (2016: 2) argues that financial management is a blend of science and art, focusing on examining and evaluating how financial managers allocate all organizational resources to acquire, manage, and distribute funds, ultimately striving to generate profits or wealth for shareholders while ensuring the sustainability of the organization.

Financial Statement Analysis

Financial explanation examination serves as a systematic approach that aims to evaluate the current and historical financial status as well as the results of a company's operations, and its future financial condition (Kariyoto, 2017: 21).

Signaling theory

The signaling hypothesis, as articulated by Scott and Brigham (2008), argues that the company deliberately provides information to users of financial statements to enable these stakeholders to assess the relative performance of the company compared to its peers. Users of these financial statements include internal and external parties, especially investors, business owners, and creditors. The disseminated information can be in the form of published financial statements or

direct communications, reflecting how management aligns its operations with the interests of the owners.

Signaling theory can be called a theory that explains the relationship between the company that transmits information related to the investment decisions of parties outside the company. Upon receiving the announced information, investors can first evaluate or analyze the information as a signal. Good news or bad news, investors are quick to analyze it as good or bad news. In other words, this signaling theory can have a significant impact on the investment decision-making process. Thus, the market reaction will be based on the information provided by the company. If investors believe in these signals, it will have an impact on shareholders, who will further benefit from the impact of rising stock prices. Stock price (Simanjuntak, 2021).

In line with Hartono (2013), this hypothesis is also related to the decision-making process of investors when choosing and buying company shares. Investors need comprehensive information about the company to evaluate its financial health, thereby minimizing the risk of wrong investment decisions. The release of information serves as a signal in the investment decision-making process, influencing choices regarding the purchase, sale, or retention of shares. The financial statements published by the company play an important role in reducing the information asymmetry between external

investors and management, who have a deeper understanding of the company's operations.

Kasio Ratio

Liquidity ratios, specifically cash ratios, assess a company's capacity to meet its short-term financial obligations. The cash ratio (CASHRAT) is often used as an indicator of a company's liquidity (Kenton, 2022). This ratio provides insight into the company's ability to pay off all debts immediately without the need to sell or liquidate other assets.

The cash ratio is calculated by comparing the amount of cash available to the company's current liabilities. Usually companies have short-term liabilities; However, it becomes a problem when the cash available is not enough to cover these obligations. Cash ratios are also prominently displayed in a company's financial statements and serve as a complementary measure to quick ratios.

$$\text{Cash Ratio} = \frac{\text{Cash} + \text{Cash Equivalent}}{\text{Current Liabilities}} \times 100\%$$

Net Profit Margin

Net Profit Margin (NPM) serves as a key indicator of a company's profitability. It measures the amount of profit generated for every dollar of sales. As noted by Kasmir (2017: 102), NPM comes from the relationship between net profit and total sales. A higher NPM indicates superior profitability, making the company more attractive to potential

investors.

Henry (2015: 227) further elaborates that the percentage of net profit reflects the efficiency of the company, specifically its ability to manage and minimize operational costs over a specified period of time. A high ratio signifies a strong capacity to generate sales profits and control expenses effectively. Conversely, a declining ratio indicates a reduced ability to generate profits from sales, coupled with inadequate cost management, which can deter investors and lead to a decline in the value of a company's shares.

Jumingan (2014: 140) asserts that the percentage of net profit is calculated by comparing operating profit with sales. The increased ratio is an indication of increased profitability, thus attracting investors.

According to research conducted by Durrah et al. (2016), the money ratio can be measured using a specific formula.

$$\text{Net Profit Margin} = \frac{\text{Earning After Tax}}{\text{Sales}} \times 100\%$$

The authors conclude that, given the insights mentioned above, although a high Net Profit Margin (NPM) is anticipated, variations in these ratios are usually observed among companies due to factors such as the intensity of industry competition, prevailing economic conditions, reliance on debt financing, and operational characteristics. This ratio serves as an important indicator of a company's cost and profit framework, allowing analysts to identify areas of efficiency and inefficiency.

Earnings per share

Earnings per share (EPS) is defined by Cashmere (2017: 207) as a metric that evaluates management's effectiveness in generating returns for shareholders. Higher EPS indicates greater profitability, which usually leads to increased satisfaction among shareholders. This ratio reflects the interaction between liquidity, asset management, and debt management in influencing overall performance, measuring the profit attributable to each share of stock.

Henry (2015: 169) further elaborates that EPS serves as an indicator of the company's management's success in providing returns to ordinary shareholders. It describes the correlation between net income and shareholder equity in a company. Investors often rely on EPS as an important factor in their investment decision-making process when considering various opportunities. Vaidy, as quoted in Robbetze et al. (2017: 142), describes EPS as a calculation that distributes a company's earnings among its usual stocks. As a result, this ratio reveals the net profit that the company generates per share over a given period, which is then allocated to all shareholders.

A higher EPS signals an increase in the company's capacity to generate profits, which, in turn, attracts investors due to the potential increase in the value of the stock after tax liability. Earnings

per Share (EPS) calculations are essential to understanding this financial metric.

$$\text{Earning Per Share} = \frac{\text{net income}}{\text{Number of share outstanding}}$$

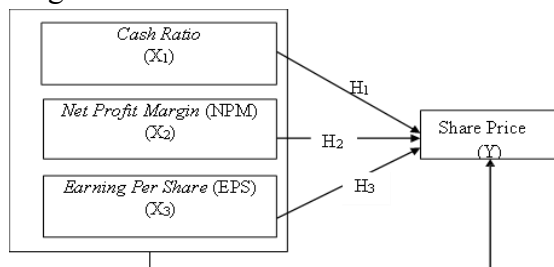
Stock price

Stock prices, as articulated by Novitasar (2017: 4), represent the valuation of stocks that arise from the dynamics of buying and selling offers within a specific market framework. This price reflects the value of transactions between individual investors. Similarly, Jogiyanto (2017: 143) describes stock prices as an observable value in the stock market at a certain moment, which is determined through the interaction of market participants. Stock price fluctuations, both upward and downward, are influenced by the level of demand and supply in the capital market. From the previous understanding, it can be concluded that the stock price is the dominant share price in the capital market, which is managed well by financial management to gain profits and fulfill obligations to owners, employees, the government (stakeholders) and the community.

Sumariyah (2016: 13) and Anisya and Hidayat (2021: 6) assert that stock price fluctuations are influenced by two main categories of factors: internal and external. Internal factors come from within the company and have a direct impact on its stock price, especially about the company's financial performance.

Thinking Framework

Mental imagery refers to a conceptual representation that describes the interaction between independent and dependent variables, resulting in a transient response (Ningrum, 2017). The structure of this study is illustrated in the diagram below.



Hypothesis Development

A hypothesis, as defined by Sugiyono (2019: 99), serves as a temporary answer to a research problem, which is articulated in the form of a question. This study aims to investigate the influence of financial ratios, especially net profit margin (NPM) and net earnings per share (EPS), on the share price of PT HMS, Tbk for the period 2013 to 2022.

The cash ratio, as described by Hery (2014: 156), measures the extent to which a company has cash to meet its short-term obligations. Kasmir (2015: 138) further elaborates that the cash ratio assesses the availability of cash to pay off debts, which can be proven by cash or cash equivalents, such as funds in a checking or savings account. This ratio effectively reflects the company's actual capacity to meet its short-term financial obligations. Han (2015: 122) also

characterized the cash ratio as an indicator of a company's ability to immediately address debt with available cash resources.

H01 argues that the cash ratio does not have a significant impact on the stock price.

Net Profit Margin (NPM)

Cashmere (2019: 115) characterizes net margin, or net profit margin, as a metric that evaluates profitability by comparing net profit after interest and taxes to total sales. Harjito and Martono (2018: 60) further elaborate that the net profit margin (NPM) represents the profit earned from sales after taking into account all expenses and income taxes. This margin shows the proportion of net profit after tax relative to sales. In addition, Novika and Siswanti (2022) describe the net profit margin as a ratio that measures net profit as a percentage of total turnover, calculated by dividing net profit by turnover. Net profit itself is determined by profit before tax minus tax burden.

H02: Net profit margin is assumed to have a significant impact on the stock price.

Earnings per share (EPS)

Earnings per share (EPS) are recognized as a significant indicator of shareholder management effectiveness, as noted by Kasmir (2019: 209).

Furthermore, Darmadji and Fakhrudin (2016: 198) explained that EPS functions as a financial ratio that reflects the share of profit attributable to each outstanding share. Tandeilin (2016: 198) further clarified that EPS is calculated by dividing the net profit available for distribution to shareholders by the total number of shares outstanding. A higher EPS signifies a company's greater capacity to generate revenue for its shareholders.

Ha3: Earnings per share are suspected to have a significant impact on the stock price

RESEARCH METHODOLOGY

This study uses a quantitative methodology. The data used in this investigation is secondary data sourced from the company's annual financial statements that are available to the public, as published on the Indonesia Stock Exchange (IDX). The population of this study consists of PT. HMS, Tbk, a company that has been listed on the IDX since its establishment in 1912 and continues to operate until now. The sampling method applied is purposive sampling, a non-probability technique that involves selecting samples based on certain criteria. The criteria for its inclusion in the study were companies that remained in the region from 2013 to 2022. Therefore, the sample for this study consists of PT. HMS, Tbk, which was

listed on the stock exchange during the period 2013 to 2022.

Analysis Methods

Regression analysis is a methodological approach that investigates the relationship between a dependent variable and one or more independent variables (explanatory variables). It also aims to estimate the mean or average population of variables by analyzing their correlation with certain values of explanatory variables (Gujarat and Porter, 2010). Panel data refers to a data collection method that integrates time series and cross-sectional data (Kuncoro, 2011).

The panel regression model used in this study is described as follows: $Y_{it} = \alpha + \beta_1 CR_{it} + \beta_2 ROA_{it} + \beta_3 ROE_{it} + \beta_4 NPM_{it} + \beta_5 EPS_{it} + \beta_6 DER2_{it} + e$

Information:

Y = dependent variable (stock price)

a = Constanta

$\beta_1 - \beta_n$ = beta coefficient of the independent variable

X = independent variable (financial ratio)

t = time

i = company stock

RESEARCH RESULTS

The findings of the study provide a comprehensive summary of the results obtained from the investigation, which includes both independent and dependent variables. The authors used SPSS 25 for

data analysis, combining financial ratio variables—specifically, cash ratio (X1), net profit margin (X2), and earnings per share (X3)—as independent variables, while the stock price variable (Y) was set as a dependent variable.

Descriptive Statistical Test

Descriptive analysis refers to a method used to evaluate the specific attributes of a data set. This analysis covers a variety of characteristics, including mean, median, amount, variance, standard error, average standard error, mode, range, minimum, maximum, slope, and curtosis. Through descriptive analysis, a comprehensive overview of the data is presented, allowing for the provision of concrete insights regarding the research data used by the authors. Below is a descriptive analysis derived from research conducted by the authors using SPSS 25 software.

Table 4.1
Descriptive statistical test results
Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Cash Ratio	10	.48	176.44	75.1450	60.78716
Net Profit Margin	10	5.69	14.42	11.2650	2.88440
Earning Per Share	10	54.00	2468.00	766.0000	1087.44328
Harga Saham	10	840.00	94000.00	24273.0000	35916.43845
Valid N (listwise)	10				

Source: data processed by the author (2024)

Cash Ratio

According to the descriptive statistics presented in Table 4.1, the cash ratio serves as an initial independent

variable. Analyzing data up to 10 observations revealed that the minimum value of the cash ratio was 0.48, while the maximum value reached 176.44. The average value of the cash ratio is calculated to be 75,145, with a standard deviation of 60,787.

Net Profit Margin

According to the descriptive statistical findings presented in Table 4.1, the Net Profit Margin serves as the second independent variable. Analyzing a dataset of 10 observations revealed a minimum value of 5.69. In contrast, the maximum value was recorded at 14.42, with the average calculated to be 11.265. In addition, the standard deviation is determined to be 2,884.

Earnings Per Share

According to the descriptive statistical findings presented in Table 4.1, the Earnings Per Share variable ranks as the third independent variable. Analyzing a dataset of 10 observations revealed a minimum value of 54. In contrast, the maximum score reached 2,468, with the average calculated at 766. The standard deviation was recorded at 1,087,443.

Stock price

According to the descriptive statistics presented in Table 4.1, the dependent variable in this analysis is the stock price. The data set consists of a total

of 10 observations, revealing that the average share price of PT HMS, Tbk is 24,273. Furthermore, the minimum price recorded is 840, while the maximum price reaches 94,000, with a standard deviation of 35,916,438.

Table 4.2
Simple Linear Regression Test Results
Cash Ratio to Stock Price
Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	51984.108	15460.385		3.362	.010
	Cash Ratio	-368.768	163.218	-.624	-2.259	.054

a. Dependent Variable: Harga Saham

Based on Table 4.2 above, the value of the constant (a) is 51,984,108. The Cash Ratio value is -368.768 so the regression equation can be written as follows:

$$Y = 51,984,108 - 368,768 X_1$$

The regression coefficient of the Cash Ratio was negative at -368.768. A negative coefficient means that there is a negative influence between the variable X_1 (Cash Ratio) and the variable Y (Stock Price).

Table 4.3
Simple Linear Regression Test Results
Net Profit Margin Against Share Price

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	-26518.827	47572.265		-.557	.592
	Net Profit Margin	4508.817	4103.680	.362	1.099	.304

a. Dependent Variable: Harga Saham

According to the data presented in table 4.3, the constant value (a) -

26,518,827 was lowered, while the NPM value was recorded at 4,508,817. As a result, the regression equation can be formulated as follows:

$$Y = -26.518.827 + 4.508.817 X_2$$

The regression coefficient for Net Profit Margin was recorded at 4,508.817, indicating a positive value. This positive coefficient indicates that there is a favorable relationship between the X_2 (Net Profit Margin) variable and the Y (Stock Price) variable.

Table 4.4
Simple Linear Regression Test Results
Earnings Per Share Against Share Price
Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
		B	Std. Error			
1	(Constant)	-105.498	4012.042		-.026	.980
	Earning Per Share	31.826	3.122	.964	10.193	.000

a. Dependent Variable: Harga Saham

It is evident from Table 4.4 that the constant value (a) -105,498 has been determined, while the EPS value is recorded at 31,826. As a result, the regression equation can be expressed as follows:

$$Y = -105.498 + 31.826 X_3$$

The regression coefficient for Earnings Per Share was recorded at 31.826, indicating a positive relationship. This positive coefficient indicates that there is a favorable impact of the X_3 (Earnings Per Share) variable on the Y (Stock Price) variable.

Double Linear Regression

The purpose of multiple linear regression analysis is to estimate the value of the dependent variable based on the value of the known independent variable, as well as to assess the nature of the relationship between the dependent variable and the independent variable. The following presents various linear regression results derived from this study.

Table 4.5				
Multiple Linear Regression Results				
Variable	B	t-hitung	Sig	Kesimpulan
Konstans	8,728,798			
X1	118,171	1,066	0,322	No significant effect
X2	-2,031,866	-1,078	0,322	No significant effect
X3	38,581	5,747	0,001**	Significant effect
F		32,294	0,000*	Significant effect
R2		0,913		

The regression equation derived from the data presented in the previous table is as follows: Stock price = 8,728,798 + 118,171 (X1) - 2,031,866 (X2) + 38,581 (X3)

1. The constant value of 8,728,798 indicates that when the variables Cash Ratio, Net Profit Margin, and Earnings Per Share are all equal to zero, then the stock price is determined to be 8,728,798.
2. The Cash Ratio variable shows a positive coefficient of 118.171. Assuming that all other independent variables remain unchanged, this implies that an increase of one unit in the Cash Ratio will increase to 118,171 units in the share price.
3. The coefficient for the Net Profit Margin variable is -2,031,866. If we keep other independent variables constant, this shows that an increase of one unit in Net Profit Margin will lead

to a decrease in the share price by 2,031,866 units.

4. The Variable Profit Per Share has a positive coefficient of 38.581. Assuming that other independent variables remain constant, this suggests that a 1-unit increase in Earnings Per Share would increase to 38,581 units at the share price.

Coefficient of Determination

The determination coefficient, denoted as R^2 , serves as an indicator of the extent to which a regression model can explain the characteristics of a dataset derived from a series of observations. An R^2 value close to one indicates that the independent variable under investigation accounts for almost all of the information needed to estimate fluctuations in the stock price variable. The result of the determination coefficient of R^2 is as follows:

Table 4.6
Table of Interpretation of Coefficient of Determination R^2

Interval Koephysin	Interpretation
81% - 100%	Very High
61% - 80%	Tall
41% - 60%	Moderate or Sufficient
21% - 40%	Low
0% - 20%	Very Low

Source: Sugiono 2019

Table 4.7
Coefficient of Determination Test Results

Model Summary ^b									
Mo del	R	R Square		Std. Error of the Estimate	R Square Change		F Change		Sig. F Change
		Adjusted	R Square		Change	df1	df2	Change	
1	.970*	.942	.913	10622.89200	.942	32.294	3	6	.000

a. Predictors: (Constant), Earning Per Share, Net Profit Margin, Cash Ratio

b. Dependent Variable: Stock Price

The data presented in the previous table shows that the coefficient of determination, commonly referred to as R-squared, is 0.913, which corresponds to 91.3%. This shows a substantial relationship between the cash ratio, net profit margin, and earnings per share in relation to the share price, accounting for 91.3% of the variance. The remaining 8.7% of the variance was attributed to other factors not examined in this study.

Such a hypothesis Test T (partial)

The T-test serves as a method to perform partial hypothesis testing. This type of test seeks to assess the impact and importance of each independent variable in relation to the dependent variable. The results of the T-Test are presented as follows: According to the analysis of Table 4.8, the t-test values can be interpreted in the following ways:

The Effect of *Cash Ratio* on Stock Price

The analysis carried out through the t-test on the Cash Ratio variable (X1), as presented in the previous table, yielded a calculated value of 1.066 with a corresponding probability of 0.327, which exceeded the threshold of 0.05. As a result, the alternative hypothesis (H1) was rejected, suggesting that there was no significant partial effect of the Cash Ratio on the Stock Price (Y).

The calculated value from the t-table is $t = t(a/2; nk-1) = t(0.05/2; 10-3-$

$1) = 0.025; 6 = 2.447$. This indicates that the t-table value exceeds the calculated value, as 2.447 is greater than 1.066, with a significance level of 0.327 greater than 0.05. Therefore, it can be concluded that there is no partial significant effect of the Cash Ratio (X1) on the Share Price (Y).

Effect of *Net Profit Margin* on Stock Price

The t-test results for the Net Profit Margin variable (X2) showed a calculated value of -1.078, accompanied by a probability of 0.322, which exceeded the threshold of 0.05. As a result, the H2 zero hypothesis was rejected, indicating that the Net Profit Margin did not exert a significant influence on the stock price (Y). Next, the critical value is determined as $t(a/2; nk-1) = t(0.05/2; 10-3-1) = 0.025; 6 = 2.447$. This comparison reveals that the critical value exceeds the calculated value, as $2.447 > -1.078$, and the significance level of 0.322 is greater than 0.05. Thus, it can be concluded that there is no significant partial effect of Net Profit Margin (X2) on the stock price.

The Effect of *Earnings Per Share* on Stock Price

The t-test result for the stock earnings variable (X3), as presented in the previous table, yields a calculated value of 5.747 with a corresponding probability of 0.001, which is below the threshold of 0.05. As a result, the H3 hypothesis is accepted, suggesting that the Earnings per Share variable has a statistically

significant partial effect on the stock price (Y). The critical value of the table is determined as $t(a/2 : nk-1) = t(0.05/2 : 10-3-1) = t(0.025 : 6) = 2.447$. This comparison reveals that the calculated t-value exceeds the critical value, as 5.747 is greater than 2.447, and the significance level of 0.001 is less than 0.05. Thus, it can be concluded that there is a significant partial relationship between stock earnings (X3) and stock price (Y).

Test F (Joint)

The F-test was performed to assess whether all independent variables exerted a significant influence on the dependent variables, using a significance level of 0.05 or 5%. The following presents the results of the F-test.

Table 4.8
T Test Hail (Partial)
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	8728.798	14839.877		.588	.578		
Cash Ratio	118.171	110.810	.200	1.066	.327	.276	3.619
NPM	-2031.866	1884.387	-.163	-1.078	.322	.424	2.356
EPS	38.581	6.714	1.168	5.747	.001	.235	4.251

a. Dependent Variable: Stock Price

Based on Table 4.8 above, the t-test values can be analyzed as follows:

The Effect of *Cash Ratio* on Stock Price

The t-test result for the cash ratio variable (X1), as shown in the previous table, yielded a calculated value of 1.066 with a corresponding probability of 0.327, which exceeded the threshold of 0.05. As a result, the null hypothesis (H1) was

rejected, suggesting that there was no significant impact of the cash ratio on the stock price (Y). The critical value of the t-table is determined as $t(a/2 : nk-1) = t(0.05/2 : 10-3-1) = 0.025 : 6 = 2.447$. This shows that the t-table value exceeds the calculated value, specifically $2.447 > 1.066$, and the significance level of 0.327 is greater than 0.05. Therefore, it can be concluded that there is no partial significant effect of the cash ratio (X1) on the share price (Y).

Effect of *Net Profit Margin* on Stock Price

The t-test results for the Net Profit Margin variable (X2) showed a calculated value of -1.078, accompanied by a probability of 0.322, which exceeded the threshold of 0.05. As a result, the H2 zero hypothesis was rejected, indicating that the Net Profit Margin did not exert a significant influence on the stock price (Y). Furthermore, the critical t-value is determined as $t(a/2 : nk-1) = t(0.05/2 : 10-3-1) = t(0.025 : 6) = 2.447$. This comparison reveals that the critical value exceeds the calculated value, as $2.447 > -1.078$, and the significance level of 0.322 is greater than 0.05. Therefore, it can be concluded that there is no significant partial effect of Net Profit Margin (X2) on the stock price (Y).

The Effect of *Earnings Per Share* on Stock Price

An analysis of the t-test regarding the Bid Revenue (X3) variable, as

presented in the previous table, yielded a t-value of 5.747 in addition to a probability of 0.001, which is below the threshold of 0.05. As a result, the H3 hypothesis is accepted, suggesting that the Earnings per Share variable has a statistically significant partial effect on the stock price (Y). The critical value of the table is determined as $t(\alpha/2 : nk-1) = t(0.05/2 : 10-3-1) = t(0.025 : 6) = 2.447$. This comparison reveals that the calculated t-value exceeds the critical value, as 5.747 is greater than 2.447, and the significance level of 0.001 is less than 0.05. Thus, it can be concluded that there is a significant partial relationship between stock earnings (X3) and stock price (Y).

Test F (Joint)

The F-test serves to assess whether the collective influence of all independent or dependent variables significantly impacts the dependent variable at a significance level of 0.05, or 5%. The results of the F-test are as follows:

Table 4.9
F Test Results (Simultaneous)
ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10932839953.361	3	3644279984.454	32.294	.000 ^b
	Residual	677075006.639	6	112845834.440		
	Total	11609914960.000	9			

a. Dependent Variable: Harga Saham

b. Predictors: (Constant), Earning Per Share, Net Profit Margin, Cash Ratio

According to the data presented in Table 4.9, the calculated F value is

32,294, accompanied by a probability of 0.000, which is below the threshold of 0.05. This shows that the independent variables, in particular Cash Ratio, Net Profit Margin, and Earnings Per Share, collectively exert a significant influence on the stock price, thus supporting the acceptance of the H4 hypothesis.

To evaluate this hypothesis through the application of the F statistic, the calculated F value is 32.294, accompanied by a significance level of 0.000. The value of table F can be derived by using the following formula: $DF1 (k-1) = (3-1) = 2$ and $DF2 = (nk) = (10-3) = 7$. This analysis was carried out at a significance level of 5% (0.05), resulting in a table value of F 4.74, as determined from $DF1 = 2$ and $DF2 = 7$. The findings show that the calculated F value exceeds the value of the F table, specifically $32.294 > 4.74$. Therefore, it can be concluded that the Cash Ratio, Net Profit Margin, and Earnings Per Share collectively exert a significant influence on the Stock Price.

DISCUSSION

Discussion of Research Results

The findings from the partial and simultaneous significance tests conducted in the context of financial ratio analysis show that the variables Cash Ratio, Net Profit Margin, and Earnings Per Share are relevant.

The Effect of Cash Ratio on Stock Price

The cash ratio does not have a significant effect on the share price of PT. HMS, Tbk, based on the results of the Cash Ratio, has a significance level of 0.327 when viewed in the t-test table above which when compared to the degree of error that has been determined with a value of 5% or 0.05, the significance value of the Cash Ratio variable is greater than the degree of error. So the hypothesis generated is that H01 is accepted and Ha1 is rejected, then it can be interpreted that the Cash Ratio partially does not have a significant effect on the stock price. The results of this study are not in line with the signal theory which states how a company provides signals to users of financial statements in the form of information about the company's capabilities or performance.

The increase in the arcash ratio indicates that the company's performance is getting better, so the level of investor confidence is getting greater, thus causing an increase in the stock price. This shows that the arcash ratio is not the main thing that investors pay attention to in making decisions to invest in PT. HMS, Tbk and it is possible because the factors that affect the stock price are very diverse. These factors include the inflation rate, interest rates, foreign exchange rates and non-economic factors such as social and political conditions.

The results of the research conducted show that the Cash Ratio partially does not have a significant effect on stock prices, the research is not in line with the previous ones that have been carried out by several previous researchers, namely (Siti Nurkholifah, Fandi Kharisma, 2020), and (Mufidah, 2017) and is not in line with the research conducted (Rawung et al., 2017) where the research is that operating cash flow has no effect on stock prices

Effect of Net Profit Margin on Stock Price

Net Profit Margin does not have a significant effect on the Company's share pricePT. HMS, Tbk, by having a significance level of 0.322 when viewed in the t-test table above which when compared to the degree of error that has been determined with a value of 5% or 0.05, the significance value of the Net Profit Margin variable is greater than the degree of error. So the resulting hypothesis, namely H02 is accepted and Ha2 is rejected, it can be interpreted that the Net Profit Margin partially does not have a significant effect on the stock price, has a poor performance so that the company has not been able to generate net profit at a certain level of sales. The higher the NPM, the better the operational performance. Company profits for investors are the main attraction in investment considerations, because the investor's perception that if the profits generated by the company are high, the

return on investment will also be high, and vice versa. Thus, investors will be interested in investing their capital in a company. The implication is that the stock price will increase. The results of this study are in line with the signal theory where companies provide NPM information in the company's annual report which is an indicator of the success of a company that the company has the ability to generate high enough profits on certain sales. This is supported and in line with previous research that has conducted research on Net Profit Margin on stock prices that have been carried out by previous researchers, namely (Furniawan, 2022), (Kartiko & Rachmi, 2021) showing that NPM has an effect on stock prices. Then in a study conducted by (Novita & Situmorang, 2020) it was shown that NPM had a significant effect on stock prices. Meanwhile, the results of this study are not in line with the research conducted by (Manullang et al., 2021) showing that NPM has no effect on stock prices. states that Net Profit Margin has no effect on the stock price.

The Effect of Earnings Per Share on Stock Price

Earning Per Share has a significant effect on the company's share price of PT. HMS, Tbk has a significance level of 0.001 when viewed in the t-test table above which when compared to the degree of error that has been determined with a value of 5% or 0.05, the significance value of the Earning Per

Share variable is less than the degree of error. So the resulting hypothesis that H03 is rejected and Ha3 is accepted, it can be interpreted that Earning Per Share partially has a significant effect on the stock price, thus having the ability to distribute income to shareholders. This means that it can be said that EPS will affect the share price of PT. HMS listed on the IDX.

The greater the company's ability to distribute income to shareholders, the greater the success of the company's business, so that it will attract investors in investing capital in the company. The implication is that the stock price will increase. This result is in line with the signal theory where companies provide EPS information in the company's annual report which is an indicator of a company's success in achieving profits for shareholders. This will attract investors to invest their capital in the company. In the end, the amount of demand for shares will increase so that the stock price will also rise. The results of this study are supported by previous research that has conducted research on Earning Per Share on stock prices that have been carried out by previous researchers, namely (Siti Mudawanah, Asep Sopiyan, 2021) (Vireyto & Sulasmiyati, 2017) showing that EPS has an effect on stock prices. Then in a study conducted by (Sari et al., 2021) showed that EPS has an effect on stock prices. While the results of this study are not in line with the research conducted by (Rahmadewi & Abundanti, 2018) showing that EPS has no effect on

stock prices. While the results of this study are not in line with the research conducted by (Rahmadewi & Abundanti, 2018) showing that EPS has no effect on stock prices.

The Effect of Cash Ratio, Net Profit Margin, and Earnings Per Share on Stock Price

Based on the results of statistical testing, it is shown that the independent variables of cash ratio, Earning per share and Net profit margin have a significant effect on the stock price is from the F test with a value of F_{cal} greater than F_{table} , which is $32.294 > 4.74$ with a significance value of $0.000 < 0.05$. So it can be concluded that H_{04} was rejected and H_{a4} was accepted. This means that the variables Cash Ratio (X_1), Net Profit Margin (X_2) and Earning Per Share (X_3) simultaneously have a significant effect on the Stock Price at PT HMS, Tbk for the period 2013 to 2022

The results of this study are in line with signal theory, where signal theory talks about investors who use accounts in financial statements to give signs or signals of future expectations and goals. The increasing performance of the company will give a positive signal to investors that the company has a good ability to prosper shareholders. This positive signal will eventually be responded to by investors and cause an increase in the stock price. This shows that in assessing the share price of PT HMS Tbk, investors can use these three

variables in making investment decisions. Because the better the company's financial performance, it will attract investors to buy the shares so that it will increase the demand for the stock price which will result in an increase in the stock price.

Conclusion

1. Cash Ratio does not have a significant effect on the Share Price of PT HMS, Tbk for the 2013-2022 Period. Because it has a $t_{table} < t_{count}$ value ($-1.066 < 2.447$) with a significance value greater than 0.05 ($0.327 > 0.05$). So it can be concluded that H_{01} is accepted and H_{a1} is rejected, meaning that the Cash Ratio partially does not have a significant effect on the Stock Price.
2. Net Profit Margin also did not have a significant effect on the Share Price of PT HMS, Tbk for the 2013-2022 Period. Because it has a $t_{table} < t_{count}$ value ($-1.078 < 2.447$) with a significance value greater than 0.05 ($0.322 < 0.5$). Therefore, it can be concluded that H_{02} is accepted and H_{a2} is rejected, meaning that the Net Profit Margin partially does not have a significant effect on the Stock Price.
3. Earnings Per Share has a significant effect on the Share Price of PT HMS, Tbk for the 2013-2022 Period. Because it has a $t_{table} > t_{count}$ value ($5.747 > 2.447$) with a significance value less than 0.05 ($0.001 < 0.05$). So it can be concluded that H_{03} was rejected and H_{a3} was accepted, meaning that Earning Per Share partially had a

significant effect on the Stock Price.

4. Based on the simultaneous significance test of the Cash Ratio, Net Profit Margin and Earning Per Share together have a significant effect on the Share Price at PT HMS, Tbk for the 2013-2022 Period. With the results of the F test with a value of $F_{cal} > F_{table}$ ($32.294 > 4.74$). So it can be concluded that H_0 was rejected and H_a was accepted, meaning that Cash Ratio, Net Profit Margin and Earning Per Share simultaneously had a significant effect on the Stock Price.

Research Limitations

The study has been conducted following well-established scientific methodologies; However, it is important to acknowledge some inherent limitations and drawbacks, which include:

1. The observational period for this study was limited to a decade, specifically from 2013 to 2022.
2. The analysis in this study is limited to financial ratio analysis, using only three ratio variables: Cash Ratio, Net Profit Margin, and Earnings Per Share as independent variables, with stock prices functioning as dependent variables.
3. The authors acknowledge potential limitations in the analysis of data derived from samples, as there may be errors in the data processing phase.

Suggestion

The findings obtained from the research, discussion, and conclusion

regarding the influence of Cash Ratio, Net Profit Margin, and Earnings Per Share on the Share Price of PT HMS, Tbk during the period 2013 to 2022 indicate that future researchers should consider expanding their scope by including additional variables.

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