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Effect of Liquidity, Solvency, Profitability, and Company Size on Stock Price

(Empirical Study on Conventional Banking Companies Listed on the Indonesia Stock Exchange in 2017-2021)

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Abstract: This study aims to determine the effect of the company's liquidity, solvency, profitability, and size on the stock price. This research was carried out on conventional banking sector companies listed on the Indonesia Stock Exchange in 2017-2021. Liquidity is proxied by Loan to Assets Ratio (LDR), solvency is proxied by Capital Adequacy Ratio (CAR), profitability is proxied by Return on Assets (ROA), and the size of the company using Total Assets. This study used quantitative methods. The sample population used in this study was conventional banking companies listed on the IDX during the 2017-2021 period, which amounted to 43 companies. The total sample of 148 companies was selected using the purposive sampling method. This study uses multiple linear regression data analysis techniques. The results of this study are liquidity and profitability do not affect stock prices. While the solvency and size of the company significantly affect the stock price.
Keywords: Liquidity, Solvency, Profitability, Company Size, Stock Price.

1. Introduction

The development of the business world in various industry types is constantly evolving with the Times. Different types of investments began, such as deposits, property, gold, mutual funds, bonds, stocks, and other investments. Many people, especially young people and even young entrepreneurs are interested in starting to invest in the present. One of them is a stock investment, and stock investment is quite profitable both in the short and long term. When going to invest, choosing a financial sector company is a somewhat appropriate choice because it has a reasonably good profit in return on investment, and financial sector companies are also widely known among the public. Thus the development of the financial sector industry always accompanies the existing industrial sectors. One type is conventional banking. Banking is closely related to people's lives because banks are mentioned as business entities that collect funds from the community in the form of deposits and distribute them to the community in the form of credit and or other forms to improve people's lives. Stocks are one of the investment instruments that many investors choose because stores can provide an attractive level of profit. According to Krisdayanti (2022), the share price is the market value or purchase price currently prevailing in the securities market that market forces have determined. Valuation of stock prices for investors is fundamental before investing because investors should invest in one type of promising investment. Stock prices on the exchange can be volatile and not settled, and there are times when they increase and can decrease. It all depends on demand and supply. High stock prices can reflect the sound financial condition of the company, so it is expected to improve the welfare of employees, company management, and shareholders. Stock prices can rise and fall, andthey can happen because of fundamental, psychological, and external factors. Some macro factors that influence the stock investment activity in the IDX include the inflation rate, interest rates, foreign exchange rates, and others. High inflation rates can result in stock price index movements on the IDX. In general, stock prices are related to financial performance. Good economic performance will generate maximum profit. According to Zaki et al. (2017), one way to assess a company's performance can be by using financial ratios, such as liquidity, solvency, profitability, and company size. Liquidity is the company's ability to generate profits from investments made. If a stock's profit increases, a company's stock price also increases. Hanafi and Halim (2016) explained that solvency measures a company's ability to meet its long-term obligations. Profitability measures a company's ability to make a profit at a certain level of sales, assets, and share capital. According to Ridha (2019), the size of a company can be measured in three ways: the fair value of equity, total assets or total assets, and sales. Suppose the financial ratios in the financial performance of banking companies experience growth by maintaining a balance of sufficient liquidity maintenance with reasonable profitability and adequate capital fulfillment. In that case, it will occur in the stock price movement in question. This study chose conventional banking companies listed on the IDX as the object of research because banks reflect investor confidence in the stability of a country's financial and banking system of a country. This study will be analyzed

for further study of the relationship of liquidity, solvency, profitability, and size of the company to the movement of stock prices owned.

Previous research on company size and financial ratios conducted by (Nasution& Sari, 2020) resulted that profitability has a positive and significant effect on stock prices, and company size has a significant effect on stock prices. While Ridha (2019) research shows that profitability, activity, and Company size affect stock prices, solvency, and operating cash flow do not.

2. Literature Review and Hypotheses

2.1 Theoretical Basis

2.1.1 Signaling theory

According to Brigham and Houston (2019), signaling theory is an activity carried out by company management that provides clues to investors about how the company views the company's prospects. The signal theory deals with a company's impulse to provide financial statement Information owned by the company to external parties, whether the information the company possesses is more complete than the information held by external parties. The company provides information in the form of financial statements to other parties. There are two types of signals: good news and bad news. If the signal given by the company is in the form of good news, it will provide an excellent impression to investors and increase the value and price of the company's shares. Conversely, if the company gives a bad signal, it will provide less information it has (Gantyowati & Nugraheni, 2014).

2.1.2 Banking

According to (Kasmir, 2018), a Bank is a financial institution whose main activity is to collect funds from the community, re-channel funds from the community, and re-channel these funds to the community and provide other bank services. At the same time, the banking business includes three activities: collecting funds, distributing funds, and providing other bank services. Collecting and distributing funds is the main activity for the bank while giving other bank services is only a supporting activity. Fundraising activities, in the form of collecting funds from the community in the form of saving current accounts, savings, and deposits.

2.1.3 Stocks

Shares represent ownership of a small part of the company (Winanti,2021). Tangible shares a piece of paper explaining that the company's owner issued the Securities. The IDX states stocks are among the most popular financial market instruments. Stocks are investment instruments that many investors choose because stocks can provide a profit or profit that is quite attractive. In making investments, investors must be able to choose which companies will generate profits by investing (Khair, et al. 2022).

2.1.4 Financial Performance

Financial performance is the ability of an organization to achieve its financial goals. Financial goals include maximizing shareholder wealth, maximizing profits, increasing profits, increasing earnings per share, and increasing liquidity (Gift, 2018). Financial performance is measured to determine whether the entity's economic performance is good or not, known as financial ratios. Where financial ratios can help interpret financial information in a way that can help make the right decisions

2.1.5 Financial Ratios Of Banks

According to Kasmir (2018) financial ratios are activities to compare the numbers in financial statements by dividing one number by another. In simple terms, it is the ratio of numbers from one number to another in a similar company. The following are financial performance ratios that can be used in assessing the financial performance of banks:

1. Liquidity
2. Solvency
3. Profitability

2.1.6 Company Size

Company size is the grouping of companies into two types: large and small. The size of the company is a reflection of the company, with the more significant the company, there is a tendency for more investors to pay attention to the company. According to (Sukarno et al. 2016) the company's size positively affects the stock price, meaning the larger the size of the company, the higher the stock price. Based on this opinion, it can be concluded that large companies have high stock prices, as well as small companies, have low stock prices. The size of a company can be measured in three ways: the fair value of equity, total assets, and sales.

2.1 Hypothesis Development

2.2.1 Liquidity

Liquidity is a company's ability to meet its short-term debt obligations by comparing the components in the balance sheet, namely total current assets with total current liabilities. The higher the company's liquidity level, the better the company's performance will be (Kusna & Setijani 2018). This can increase the company's credibility, which will cause a good reaction from investors and cause increase demand for shares, positively impacting the stock price. This is in line with research conducted by Yuliyanti et al. (2017), which shows that liquidity affects stock prices and that Pradanimas & Sucipto (2022) show that liquidity or leverage has a positive effect on stock prices through the value of the company. Based on the description, the hypothesis that researchers propose is:
H1: Liquidity affects the stock price

2.2.2 Solvency

According to Mulyadi (2016), solvency is the ability of a company to meet all its financial obligations if it is liquidated. The lower the solvency level will show that the company can pay off its debts well, so it will be a positive signal to investors that it will increase demand for shares and impact rising stock prices. A previous study conducted by Sakti and Surepno (2019) showed that based on the solvency F test, affects stock prices. Research conducted by Vianastie et al. (2022) shows that solvency significantly affects stock prices. Based on the description, the hypothesis proposed by researchers is:
H2: Solvency affects the stock price

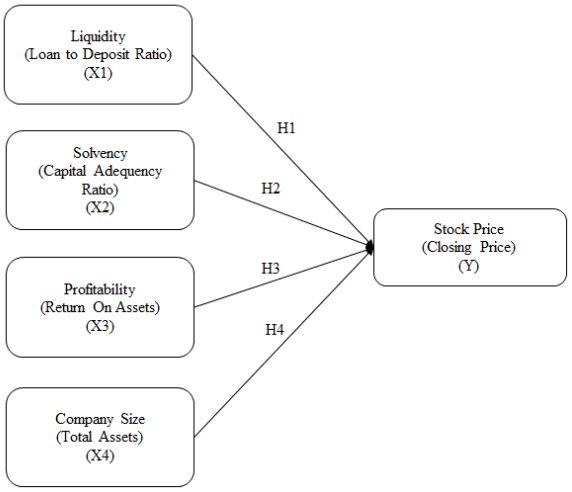
2.2.3 Profitability

Profitability is an indicator of the company's success in generating profits (Kasmir, 2008). Companies with significant profitability each year tend to attract many investors. The increasing profitability reflects the company's better performance because the company's ability to profit from its operations also increases. This will be positive information obtained by investors because it demonstrates the company's ability to distribute dividends to stockholders. Thus causing the interest of investors to invest in the company's shares will be greater. This is in line with research conducted by Yuliyanti et al. (2017), which shows that profitability positively affects stock prices. A study conducted by Pradanimas & Sucipto (2022) shows that profitability has a positive effect on stock prices. Based on the description, the hypothesis proposed by researchers is as follows:
H3: profitability effect on stock price

2.2.4 Company Size

The size of the company is an indicator that shows the financial strength of the company. The larger the company, the higher the interest of investors to invest their shares compared to small companies. Because investors want stable profits, large companies usually have regular profits compared to small companies (Nasution & Sari, 2020). Large or small companies can be seen through how much the company has total assets. Companies with a larger size will make an investor pay great attention to the company. This is supported by Yunior et al. (2021), who explained that company size affects stock prices, and research conducted by Nursiam & Rahayu (2019) showed that company size affects stock prices. Based on the description, the hypothesis proposed by the researcher is as follows:
H4: The size of the company affects the stock price.

2.2 Conceptual Framework



3. Research Methods

3.1 Types of Research

This study uses quantitative research. Quantitative research is a research method whose results are based on the management of data in the form of numbers through statistical processes or procedures or other quantitative means (Sujarweni, 2014).

3.2 Population, Sample, and Sampling Techniques

The population in this study is the conventional banking sector companies listed on the Indonesia Stock Exchange in 2017-2021 as many as 43 companies. The samples used in this study were conventional banking companies that issued financial statements and annual reports during 2017 – 2021. The Data was obtained through the official website of the Indonesia Stock Exchange (IDX) on the page www.idx.co.id. sampling method using a purposive sampling method. The selection criteria for research samples as follows:

a. Conventional banking companies that issue annual reports and complete financial statements during 2017 – 2021.
b. Currency units in the financial statements of banking companies listed on the IDX in 2017 – 2021 use Rupiah units.
c. Companies that have complete data in their financial statements related to the variables used in this study.

3.3 Data and Data Sources

This study uses secondary data types, namely in the form of annual reports and financial statements on conventional banking companies listed on the IDX in 2017 – 2021. Secondary data sources that will be used in this study are data that has been published through the page www.idx.com and on the official website of each company. The Data taken by researchers within 5 years, namely in 2017 – 2021.

3.4 Operational Definition and Measurement of Variables

1. Independent Variable

a. Liquidity

Liquidity in this study is proxied by Loan to Deposit Ratio (LDR). LDR is the ratio between the entire amount of credit granted by the bank and the funds received by the bank. According to Riyadi (2015) liquidity ratios can be formulated as follows:

$$LDR = \frac{\text{Total credits granted}}{\text{Third-Party Funds}} \times 100\%$$

b. Solvency

Solvency is a ratio used to see the ability of a bank or company to settle its long-term debt. This study is based on the Capital Adequacy Ratio (CAR). According to Riyadi (2015) the following is the formula used in measuring the CAR ratio:

$$CAR = \frac{\text{Capital Bank}}{\text{Risk-Weighted Assets}} \times 100\%$$

c. Profitability

Profitability is a ratio used to determine how much profit or profit obtained by a bank or a company. In this study, profitability is predicted by Return on Assets (ROA). According to Riyadi (2015) the following formula is used in measuring the level of profitability of companies using ROA :

$$ROA = \frac{\text{Profit Before Tax}}{\text{Total Assets}} \times 100\%$$

d. Company size

Company size is a determination of the size of the company. The greater the total assets of the company that shows the assets owned by the company indicates that the company's assets are also large. Companies with large assets will use existing resources as much as possible to generate business profits and companies with small assets of course also generate profits in accordance with their relatively small assets. According to Kusumawati (2019) the size of the company is formulated as follows:

Company size = Ln (total assets)

2. Dependent Variable

Stock Price

The stock price is a reflection of good corporate management by management to create and utilize business prospects, so as to benefit and be able to fulfill their responsibilities to owners, employees, the community and the government (stakeholders) according to Manulang et al. (2019). The stock price is measured by the final closing stock price or closing price.

Stock Price = Closing Price

3.5 Data Analysis Methods

In this study, hypothesis testing using multiple regression analysis. That is a statistical method that is generally used to examine the relationship between the dependent variable and the independent variable. The dependent variable in this study is the stock price, while the independent variables in this study are liquidity, solvency, profitability, and size of the company. The regression Model used in this study is as follows:

$$\mathbf{Y = \alpha + ß1X1 + ß2X2 + ß3X3 + ß4X4 + e}$$

Keterangan:

Y	: Share Price
α	: Constants
ß1, ß2,.. ß4	: Variable Coefficient
X1	: Liquidity
X2	: Solvency
X3	: Profitability
X4	: Company Size
e	: *Error*

4. Results and discussion

4. 1 Results of Data Collection

Table 1: Sample Data Results

No	Criteria	Total
1	Conventional banking companies listed on the Indonesia Stock Exchange in 2017-2021	43
2	Conventional banking companies that do not publish complete annual reports and financial statements during 2017-2021	(3)
3	Currency units in the financial statements of banking companies listed on the IDX in 2017-2021 that do not use Rupiah units	0
4	Companies that do not have complete data related to variables used in research	(1)
	Samples that meet the criteria	39
	Total research sample = 39 x 5	195
	Outlier	(47)
	Number of samples after outliers from 2017-2021 or (5) years	148

Source: processed data, 2023

4. 2 Statistical Descriptive Analysis

Table 2: Descriptive Statistical Test Results

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Liquidity	148	29.6698	166.7859	82.807701	22.5080875
Solvency	148	9.0076	148.2792	26.013936	17.0851318
Profitability	148	-8.9924	4.1667	.258004	2.2077471
Company Size	148	27.2226	35.0564	30.941261	1.6390833
Share Price	148	50	6325	943.18	1153.184

Source: processed Data, 2023.

Based on the results of the descriptive statistical Test above shows the number of samples (N) of 148 company data during 2017-2021. Interpretation of each variable :

1) Liquidity. The highest value (maximum) variable liquidity of 166.7859 at Bank BPTN Tbk. in 2019. The lowest value (minimum) of 29.6698 at Bank Ina Perdanaz Tbk. in 2021. Liquidity variables have an average (mean) of 82.807701 and a standard deviation of 22.5080875, meaning that the research data shows less variation because the value of the standard deviation is smaller than the average value (mean).
2) Solvency. The maximum solvency variable value was 148,2792 at Bank JagoTbk in 2019. The lowest value (minimum) of 9.0076 was at the Banten Regional Development Bank in 2019. The solvency variable has an average (mean) of 26.013936 and a standard deviation of 17.0851318, meaning that the research data shows less variation because the value of the standard deviation is smaller than the average value (mean).
3) Profitability. The highest value (maximum) of the profitability variable is 4.1667 at Bank Mestika Dharma Tbk in 2021. The lowest value (minimum) of -8.9924 was at Bank JagoTbk in 2019. The profitability variable has an average (mean) of 0.258004 and a standard deviation of 2.2077471, meaning that the research data shows that varies because the value of the standard deviation is greater than the average value (mean).
4) The Size Of The Company. The maximum value of the company size variable is 35.0564 at Bank Rakyat Indonesia in 2021. The lowest value (minimum) of 27.2226 was at Bank JagoTbk in 2017. The company size variable has an average (mean) of 30.941261 and a standard deviation of 1.6390833, meaning that the research data shows less variation because the value of the standard deviation is smaller than the average value (mean).
5) Share price. The highest value (maximum) variable share price of 6325 at Bank Mandiri (Persero) Tbk in 2020. The lowest value (minimum) of 50 at Bank Jtrust Indonesia Tbk in 2017; Bank Pembangunan Daerah Banten 2017,2018,2019; and Bank MNC InternasionalTbk in 2018,2019,2020. Stock price variables have an average (mean) of 943.18 and a standard deviation of 1153,184, meaning that research data shows that varies because the value of the standard deviation is greater than the average value (mean).

4. 3 Normality Test

Table 3: Normality Test Results

Variable	Kolmogorov – Smirnov Z	Asymp. Sig. (2-tailed)	Description
Unstandardized Residual	1,157	0,137	Normal

Source: Secondary data processed by the author, 2023

Based on the normality test with Kolmogorov Smirnov asymp results. Sig. (2-tailed) is equal to 0,137. This means that the value of asymp. Sig. (2-tailed) is greater than the taraf significance (0.137 > 0.05), so it can be concluded that the data used in this study are typically distributed.

4. 4 Muktikolinier Test

Table 4: Multicollinearity Test Results

Variable	Tolerance	VIF	Description
Liquidity	0,118	1,073	Does Not Occur Multicollinearity
Solvability	0,000	1,145	Does Not Occur Multicollinearity
Profitability	0,989	1,266	Does Not Occur Multicollinearity
Company Size	0,000	1,346	Does Not Occur Multicollinearity

Source: Secondary data processed by the author, 2023

Based on the results of the multicollinearity test above, it can be seen that the tolerance value is more than 0.10 and the VIF value is less than 10 for liquidity, solvency, profitability, and Company Size variables, so these variables are stated that multicollinearity does not occur.

4. 5 Autocorrelation Test

Table 5: Autocorrelation Test Results

Lower Bound	Durbin Waston	Upper Limit	Description
-2	1,080	+ 2	No autocorrelation occurs

Source: Secondary data processed by the author, 2023

The results showed the value of Durbin Watson (DW) of 1.080. With these results, it can be concluded that the value of Durbin Watson (DW) lies between -2 to +2, which means there is no autocorrelation problem.

4. 6 Heteroscedasticity Test

Table 6: Heteroscedasticity Test Results

Variable	Sig. (2-tailed)	p-value	Description
Liquidity	0,783	p > 0,05	There Is No Heteroscedasticity
Solvency	0,68	p > 0,05	There Is No Heteroscedasticity
Profitability	0,341	p > 0,05	There Is No Heteroscedasticity
Company Size	0,160	p > 0,05	There Is No Heteroscedasticity

Source: Secondary data processed by the author, 2023

Based on the results of the heteroscedasticity Test above, it can be seen that the p-value is more than 0.05 for the variables liquidity, solvency, profitability, and company size so the variables are stated not to occur heteroscedasticity.

4. 7 Multiple Linear Regression Test

Table 7: Results of Multiple Regression Analysis

Variable	Regression Coefficient	Tcount	Sig.
Constants	-16731.68	-11.689	0.000
Liquidity	4.631	1.571	0.118
Solvency	25.925	6.464	0.000
Profitability	.448	.014	0.989
Company Size	537.046	11.850	0.000

Source: Secondary data processed by the author, 2023

Based on the results of the multiple linear regression test above, the regression equation can be modeled as follows:

Share price = -16731,681 + 4,651 liquidity + 25,925 solvency + 0,448 profitability + 537,046 company size + e

From the regression equation, it can be interpreted as follows:

1. The value of the constant (α) of -16731.681 indicates that if the independent variable liquidity, solvency, profitability, and size of the company is 0, then the value of the dependent variable stock price decreased by 16731.681
2. The value of the regression coefficient of the liquidity variable is 4.651, which means that every time there is an increase of 1 number of liquidity, assuming all other variables are fixed, the value of the stock price will increase by 4.651. This coefficient is positive, so it is concluded that the liquidity and stock price relationship is positive or directly proportional.
3. The value of the regression coefficient of the Solvency variable is 25.925, which means that every time there is an increase of 1 number of solvency, assuming all other variables are fixed, the value of the stock price will increase by 25.925. This coefficient is positive, so the relationship between solvency and stock price is positively or directly proportional.
4. The value of the regression coefficient of the profitability variable is 0.448, which means that every time there is an increase of 1 number from profitability, assuming all other variables are fixed, the value of the stock price will increase by 0.448. This coefficient is buoyant, so it can be concluded that the relationship between solvency and stock price is positive or directly proportional.

5. The value of the regression coefficient of the company size variable is 537.046, which means that every time there is an increase of 1 number from the size of the company assuming all other variables are fixed, the stock price value will increase by 537.046. This coefficient is positive, so it is concluded that the relationship between company size and stock price is positive or directly proportional.

4. 8 F Test

Table 8: F Test Results

Variable	Fcount	Ftable	Sig.	Description
Liquidity Solvency Profitability Company Size	45,344	2,67	0,000	Influential

Source: Secondary data processed by the author, 2023

Based on the results of the F test above, it can be interpreted that the F count is greater than the Ftable (45,344> 2.67). The significance value is smaller than 5% (0.000 < 0.05), proving that simultaneously the variables of liquidity, solvency, profitability, and size of the company affect the stock price. It can be stated that the regression model is declared fit of goodness.

4. 9 Test Coefficient Of Determination (R2)

Table 9: Coefficient Of Determination (R2)Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.748	0.559	0.547	776.305

Source: Secondary data processed by the author, 2023

Based on the results of the above data, the value of adjusted R2 is 0.547 or 54.7%. It can be concluded that the company's variable liquidity, solvency, profitability, and size amounted to 54.7%. While other variables outside this research model can explain the remaining 45.3%.

4. 10 T-test (Partial Test)

Table 10: Statistical Test Results (t-test)

Variable	Tcount	Ttable	Sig.	Description
Liquidity	1,571	1,976	0,118	Rejected
Solvency	6,464	1,976	0,000	Accepted
Profitability	0,014	1,976	0,989	Rejected
Company Size	11,850	1,976	0,000	Accepted

Source: Secondary data processed by the author, 2023

Based on the results of the t-test presented above, then each variable can be interpreted as follows :

1. Liquidity

Liquidity variables have a calculated t value smaller than the T table (1.571<1.976) with a significance value greater than 5% (0.118>0.05). So H1 is rejected, which means liquidity does not affect stock prices.

2. Solvency

The solvency variable has a t count value greater than the T table (6.464>1.976) with a significance value of less than 5% (0.000<0.05). So that H2 is accepted, which means solvency has a significant affectson the stock price.

3. Profitability

The profitability variable has a calculated t value smaller than the table t (0.014<1.976) with a significance value greater than 5% (0.989<0.05). So H3 is rejected which means profitability has no effect on stock prices.

4. Company Size

The company size variable has a calculated t value more significant than the table t (11,850>1,976) with a significance value smaller than 5% (0,000<0.05). So H4 is accepted, which means that the company's size has a significant affects on the stock price.

4. 11 Discussion

1. Effect Of Liquidity On Stock Prices

The first hypothesis (H1) states that liquidity affects stock prices. This hypothesis was rejected because the test results showed that the calculated t value is smaller than the table t (1.571<1.976) with a significance value greater than 5% (0.118>0.05). In this study, it can be seen that liquidity does not affect stock prices.

This can be caused because the company tends to maintain its company's liquidity so it can be said that the company can pay off its short-term obligations. However, if the company's liquidity is too low, it will reduce the credibility of the company, which will cause an unfavorable reaction from investors and cause a decrease in demand for shares, which will negatively affect the stock price.

This result is in line with research conducted by Rida (2019) which states that liquidity has no effect on stock prices. But not in line with research conducted by Yulyanti et al. (2017) and Pradanimas & Sucipto (2022) which stated that liquidity affects stock prices.

2. Effect Of Solvency On Stock Price

The second hypothesis (H2) states that solvency affects stock prices. This hypothesis is accepted because the test results show that the t count is greater than the T table (6.464>1.976) with a significance value smaller than 5% (0.000<0.05). In this study, it can be seen that solvency has a significant effect on stock prices.

This is because the sample company can pay off its debts well. After all, the less debt the company has, the more the company's operating activities will be considered good by investors so that it will increase demand for shares and have an impact on rising stock prices.

The results of this study support research conducted by Sakti and Suripno (2019) and Vianastie et al. (2022) which state that solvency affects stock prices. However, it is not in line with research conducted by Priliyastuti & Stela (2017) which states that solvency does not affect stock prices.

3. Effect of Profitability On Stock Prices

The third hypothesis (H3) states that profitability affects stock prices. This hypothesis was rejected because the calculated t is smaller than the table t (0.014<1.976) with a significance value greater than 5% (0.989<0.05).

In this study, profitability does not affect stock prices. This is due to the low level of profitability of the sample company, so it can reflect the company's poor performance because the company's ability to obtain profits / operating profit tends to decrease. This will be bad news for investors and will reduce investor interest in investing in the sample company, so the stock price will tend to decline.

This study is in line with research conducted by Alipudin & Resi (2016) which states that profitability does not affect stock prices. But not in line with research conducted by Yulianti et al. (2017) and Pradanimas & Sucipto (2022) which stated that profitability affects stock prices.

4. Effect of Company Size On Stock Price.

The fourth hypothesis (H4) states that the size of the company affects the stock price. This hypothesis is accepted because the calculated t is greater than the table t (11,850>1,976) with a significance value of less than 5% (0,000<0.05).

In this study, the size of the company has a significant effect on stock prices. This illustrates that the use of good corporate assets with increased total assets that the company's funding sources can provide additional benefits for the company so that it affects the outstanding share price and the level of stock purchases is higher in large-scale companies than in small-scale companies.

This study is in line with research conducted by Zaki et al. (2017) and Nursiam & Rahayu (2019) who stated that the size of the company affects the stock price. But it is not in line with the research conducted by Dinson (2019) which states that the size of a company does not affect the stock price.

5. Conclusion

Based on the discussion the conclusions of this study are:

1. Liquidity has no effect on stock prices. The result is proven from the value of the t count 1.571 < 1.976 with a significance value of 0.118 > 0.05 so H1 is rejected.
2. Solvency has a significant effect on the stock price. This result is evident from the value of the count 6.464 > 1.976 with a significance value of 0.000 < 0.05 so H2 is accepted.
3. Profitability has no effect on stock prices. This result is evident from the calculated value of 0.014 < 1.976 with a significance value of 0.989 < 0.05 so H3 is rejected.

4. The size of the company has a significant effect on the stock price. This result is evidence of value tcount 11.850> 1.976 with a significance value of 0.000 < 0.05 so that H4 is accepted.

Research Limitations

Based on this study, researchers, have limitations of research that need to be considered by researchers in the future, namely:

1. The results showed that the value (Adjust R Square) is quite small at 54.7%. This shows that the influence of liquidity, solvency, profitability, and company size on stock prices is 54.7% so there are still about 45.3% of other variables that affect stock prices.
2. The object of this study is limited to conventional banking companies listed on the Indonesia Stock Exchange, so the results of the study can not be generalized to other companies.

Advice

Suggestions proposed for further research:

1. It is expected to add independent variables for further research in addition to liquidity, solvency, profitability, and company sizes such as sales growth, government policies, market trends, rupiah exchange rate, inflation, and interest rates.
2. Further research is expected to expand the research object by using the data of all companies listed on the Indonesia Stock Exchange to obtain more general research results.

Reference

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