

**INFORMASI KEUANGAN DENGAN MODERASI  
UKURAN PERUSAHAAN PADA HARGA SAHAM EMITEN LQ45**

**FINANCIAL INFORMATION WITH THE MODERATION  
OF FIRM SIZE ON THE STOCK PRICE OF LQ45 ISSUERS**

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**ABSTRAK**

Harga saham merupakan faktor penting dan harus diperhatikan oleh investor karena harga saham menunjukkan kinerja perusahaan. Harga saham juga menunjukkan nilai suatu perusahaan dan merupakan indeks yang tepat untuk efektivitas perusahaan. Perusahaan yang termasuk dalam kategori LQ45 (*Liquid 45*) merupakan empat puluh lima emiten dominan di Bursa Efek Indonesia. Harga saham LQ45 relatif stabil dibandingkan dengan perusahaan lain, bahkan di masa pandemi saat ini. Penelitian ini bertujuan untuk menemukan bukti empiris mengenai faktor-faktor yang mempengaruhi dan memoderasi harga saham LQ45. Variabel independen adalah *Price Book Value* (PBV), *Price Earnings Ratio* (PER), profitabilitas yang diproksikan dengan *Net Profit Margin* (NPM), *Debt Equity Ratio* (DER), dan ukuran perusahaan sebagai variabel moderasi. Penelitian kuantitatif ini menggunakan teknik *purposive sampling* dan EViews 9 untuk pengolahan datanya. Penelitian ini menguji pengaruh parsial (uji-t), pengaruh simultan (uji-f), dan moderasi interaksi (*Moderated Regression Analysis/MRA*). Hasil pengujian secara parsial diketahui bahwa PBV, PER, dan NPM berpengaruh signifikan dan DER berpengaruh tidak signifikan terhadap harga saham. Untuk hasil simultan, semua variabel independen berpengaruh signifikan terhadap harga saham. Sedangkan hasil MRA menemukan bahwa ukuran perusahaan tidak memoderasi (bukan variabel moderasi) pengaruh variabel independen terhadap harga saham.

**Kata kunci:** *Price Book Value*, *Price Earning*, Ukuran Perusahaan, Profitabilitas, Harga Saham

**ABSTRACT**

*The stock price is an essential factor and must be considered by investors because stock price shows the performance of the company. The stock price also shows the*

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*value of a company and is an appropriate index for the effectiveness of the company. Companies that are included in category LQ45 (Liquid 45) are the forty-five dominant listed companies on the Indonesia Stock Exchange. LQ45's stock price is relatively stable compared to the other companies, even during the current pandemic. This study aims to find empirical evidence regarding the factors that influence and moderate the stock price of LQ45. The independent variables were Price Book Value (PBV), Price Earnings Ratio (PER), profitability proxied by Net Profit Margin (NPM), Debt Equity Ratio (DER), and firm size as moderating variables. This quantitative research uses the purposive sampling technique and EViews 9 for data processing. This study examines the partial influence (t-test), simultaneous influence (f-test), and moderating interaction (Moderated Regression Analysis/ MRA). The partial test results found that PBV, PER, and NPM had some significant influence and DER had an insignificant influence on the stock price. For simultaneous results, all independent variables significantly influence the stock price. Meanwhile, the results of the MRA found that firm size did not moderate (not a moderating variable) the influence of the independent variables on the stock price.*

**Keywords:** Price Book Value, Price Earning, Firm Size, Profitability, Stock Price

## 1. INTRODUCTION

In 2020 the COVID-19 pandemic swept across the world. The capital market has not been spared the impact of this pandemic, making several issuers forced to collapse due to economic uncertainty. The Indonesian capital market also experienced the lowest point in the JCI (Joint Stock Price Index), which was 37.9%, at the beginning of 2020. However, it began to crawl slowly and lasted until early October 2020. The capital market volatility was also experienced by the leading stock index of the Indonesia Stock Exchange (IDX), namely the LQ45 index, which consists of 45 issuers with high liquidity, market capitalization, and high levels of compliance and fundamentals (Rahmawati, 2021). Despite that, 23 issuers of LQ45 companies have managed to recover from the impact of the pandemic, which the rising stock price can see as before the pandemic (Putra, 2020).

Stocks have become one of the investment choices in great demand by many people in various countries, both Indonesia and other countries. In general, stocks are sheets of paper owned by individuals or groups as proof of company ownership. The stocks are used as individual or group ownership as an investment

with the hope of making a profit. In other words, the investors use stocks to increase income from the investment made. Before buying company stocks, investors will analyze the company's stock price state if the company wants to attract many investors. Then the company must maximize and increase company values. The company's increase or added value can be seen from the company's performance, which ideally changes in a positive direction (Shinta and Hidayati, 2013).

Stock price change every day due to market volatility. It corresponds to the demand or purchase and the offer or sale (Wijaya & Yustina, 2016). Changes in the demand and supply of stocks can be influenced by internal company factors, such as profitability, solvency, and liquidity. However, an anomaly may appear concerning the performance of companies that focus on continuously pursuing profitability without considering the management's ability to pay obligations or the performance of companies that pay too much attention to liquidity and solvency, making it ignore the profitability aspect. The companies often have difficulty balancing their liquidity and solvency positions, which are insufficient (Fadhilah, 2016). On the other hand, the company's size or firm size as measured by total assets also has a significant influence on the stock price, in which the greater the company's assets are, the higher the stock price will be (Christina O & Robiyanto, 2018).

The stock price are influenced by two main factors: technical and fundamental factors. These two factors are used in stock considerations by investors. These two factors cannot be stated which factor has the greater influence. However, the fundamental factor is usually used to determine what stocks to buy. Meanwhile, the technical factor is related to the timing of when to sell and enter. An analysis of fundamental factors is useful to consider the condition of a company both financially (quantitatively) and non-financially (qualitatively). The fundamental analysis uses six important financial ratios: EPS, PER, PBV, ROE, DER, and dividend yield (Hidayat, 2019).

The novelty of this research was to include the variable Price-Earnings Ratio (PER), which is used to predict the company's ability to generate future

profits (earning power). The period under study was 2017–2020, with a population of issuers indexed in LQ45 for August 2020 to January 2021. The consideration for the cut-off selection in this study being started in 2017 was that nine important economic events occurred in Indonesia in that year. Some events affecting the capital market were the occurrence of the lowest point in the retail business, JCI's highest record of all time, which broke the level of 6.025, and the inauguration of the new Director-General of Taxes by Indonesia's Minister of Finance (Yanuar, 2017).

From the description aforementioned, the purpose of this study was to explore empirical evidence of the influence of the factors of Price Book Value (PBV), Price-Earnings Ratio (PER), profitability as proxied by Net Profit Margin (NPM), solvency as proxied by Debt Equity Ratio (DER), and moderation of firm size on stock price of LQ45 issuers. Regarding the theoretical and practical benefits, this study was expected to present empirical evidence related to the factors that affect stock price so that it can provide input and considerations that help investors in the capital market.

## **2. LITERATURE REVIEW AND HYPOTHESES**

### **Signaling Theory**

Signaling theory assumes that the information received is not the same for each party. Information received by shareholders is in the form of positive and negative signals. If it contains information that causes profits to increase, the information is categorized as a good or positive signal or vice versa (Satriyo *et al.*, 2017). This theory can provide information that states whether the company is better or not than other companies. In this study, this theory becomes the basis for thinking that company performance information will impact stock price (Pangestu & Wijayanto, 2017).

### **Stock Price**

In this case, the stock price is the stock market's closing price, in which investors constantly analyze any changes. Therefore, the company must maximize its stock

price to maximize shareholders' welfare (Saputra & Martha, 2019). For this reason, the stock price is considered necessary in stock investment activities and companies. If stock price tends to be high, it will increase the company's value, inviting many shareholders to invest in it (Gursida, 2019).

### **Price Book Value**

Price-to-Book Value (PBV) is gained by comparing the stock price with the book value of a company. PBV is principally used to assess the high or low price of the stocks offered by the company. It is because investors certainly want to buy stocks at the lowest price. On the other hand, a cheap stock price does not mean that it will bring profits to shareholders (Saputra & Martha, 2019).

### **Price Earning**

Price-Earnings Ratio (PER) is formulated by comparing stock price with earnings per share (EPS). PER is characterized by whether a company's stock price is valued high or low. The higher the PER is, the more investors will be attracted to invest in the company as the initial goal, namely increasing profits. Then this can make the company's stock price higher and always get a positive response from investors. However, PER may become valueless if the company experiences low profit or suffers a loss (Pangestu & Wijayanto, 2017).

### **Profitability**

In general, companies have the primary goal of making profits in the long term. For this reason, profitability analysis is very important for the company and becomes the concern of shareholders who invest in the company. Company profitability can be measured by determining financial profitability ratios (Rutkowska-Ziarko, 2018). The improvement in profits due to the high profitability ratio of a company can attract investors and increase the company's stock price (Satryo *et al.*, 2017). Shareholders can determine how agents run the company using profitability ratio analysis. In this study, the profitability ratio is represented by the Net Profit Margin (NPM) because it can compare net income with sales or gross income (Wijaya & Yustina, 2016).

### **Solvency**

The solvency ratio correlates with the company's financial performance. It is also related to the company's stock price. According to Wijaya and Yustina (2016), if a company has a bad experience paying its obligations, it can cause a decrease in company profitability. In addition, it also leads to many losses to shareholders. In this study, the researchers used the Debt-to-Equity Ratio (DER), to describe the company's ability to meet or pay current and long-term obligations. The value of DER is obtained by comparing total debt with equity.

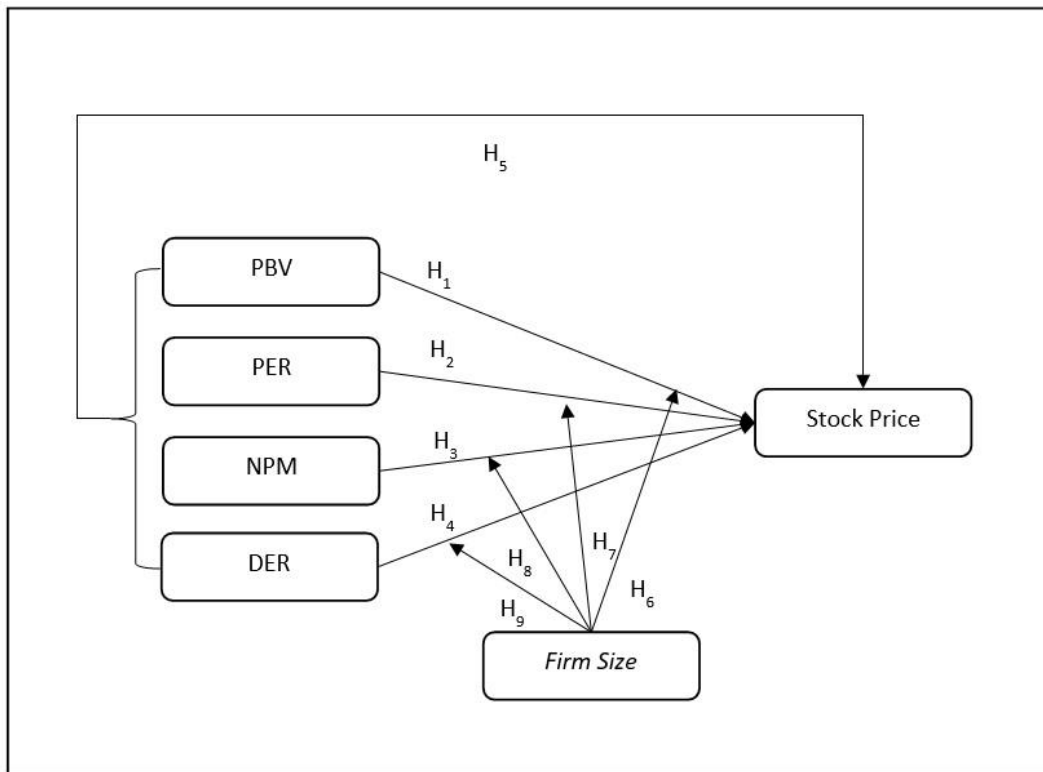
### **Previous Studies**

Gursida (2019) conducted a study on eleven companies in the mining sector as samples. Those companies were listed on the IDX for the period 2011 – 2015. For hypothesis testing, she used Structural Equation Modelling (SEM). The results of her study indicated that the cash ratio, Debt-to-Asset Ratio (DAR), and exchange rate did not directly affect the stock price, while Return on Assets (ROA) had a direct effect on the stock price. Furthermore, the cash ratio, DAR, and the exchange rate significantly affected stock price through ROA as a moderating variable. In addition, Saputra and Martha (2019) studied 28 companies in the financial sector listed on the IDX for 2013–2017. In the study, they utilized the E-Views 8 application. Their study indicated that the company's stock price during their study period was only influenced by Price-to-Book Value (PBV), while ROA had no effect and was not significant. Apart from that, Satryo *et al.* (2017) studied 15 companies listed on the IDX for the period 2010–2014, resulting in findings that ROA, ROE, DER, and DAR did not affect the stock price. EPS and PBV only influenced the stock price in their study. Wijaya and Yustina (2016) also conducted a study that revealed that the dividend policy and profitability ratios had a significant relationship with the stock price. Furthermore, the solvency and profitability ratios had a significant relationship with the stock price.

### **Hypothesis Development**

By combining signaling theory which states that a positive signal from the company's performance will affect investors' decisions regarding stock

movements and the results of previous studies which show that PBV, PER, profitability, and solvency have a significant positive sign that is quite large on stock price and company size (firm size) influences stock price, the researchers developed a hypothetical framework as follows:



**Picture 1. Hypothesis Framework**

H<sub>1</sub>: Price-to-Book Value (PBV) has a significant positive effect on the stock price.

H<sub>2</sub>: Price-Earnings Ratio (PER) has a significant positive effect on the stock price.

H<sub>3</sub>: Net Profit Margin (NPM) has a significant positive effect on the stock price.

H<sub>4</sub>: Debt Equity Ratio (DER) has a significant positive effect on the stock price.

H<sub>5</sub>: PBV, PER, NPM, and DER have a significant positive effect on the stock price.

H<sub>6</sub>: Firm Size moderates the effect of PBV on the stock price.

H<sub>7</sub>: Firm Size moderates the effect of PER on the stock price.

H<sub>8</sub>: Firm Size moderates the effect of NPM on the stock price.

H<sub>9</sub>: Firm Size moderates the effect of DER on the stock price.

### 3. METHODS

#### **Samples and Data Collection**

This study was quantitative research because researchers used data in the form of numbers from financial statements, and the type of the analyzed data was ratios. The secondary data in this study were financial statements of companies indexed LQ45 (the period August 2020 – January 2021), totaling 45 issuers with the research year 2017–2020. The issuers that fall into the LQ45 category are determined by the IDX Research Division periodically every six months, in which the issuers have met specific and strict criteria, and the IDX conducts routine monitoring of the performance of LQ45 companies. In this study, the researchers applied non-probability sampling with the purposive sampling technique using the following criteria. (1) The financial statements of LQ45 issuers were from 2017 – 2020 and presented in full as of December 31. (2) The currency used in those financial statements was the rupiah (IDR). (3) Those financial statements provided the variables needed in this study. The 10 issuers did not meet the criteria, so the total panel data processed were 140 (45 issuers subtract 10, then multiplied by four years).

#### **Operational Definition of Variables**

Each issuer takes the stock price from the year-end closing price as of December 31 (Djazuli, 2017; Kurniawan, 2014). Shareholders often compare the stock price in the stock market with the number of shares outstanding to determine the PBV. The formula to find the PBV is the stock price per share divided by the book value per share (Satryo *et al.*, 2017). PER, or the ratio of price to income, shows the relationship between the market price of ordinary shares and earnings per share (Prastowo, 2015). This ratio is calculated by dividing the stock price per share by earnings per share (Prastowo, 2015; Saputra & Martha, 2019). NPM is used to measure the company's profit in each sale which can be calculated by comparing profits with sales, in which Net Profit is divided by Net Sales (Darminto, 2019; Fadhillah, 2016; Prastowo, 2015). DER is calculated to determine the level of risk of uncollectible company debt on the company's capital (Prastowo, 2015). The



formula to determine DER is that total liability is divided by shareholder's equity (Prastowo, 2015; Satryo *et al.*, 2017). Firm Size is calculated by summing up the total assets (Christina O & Robiyanto, 2018).

### Techniques of Data Analysis

In this study, the researchers used partial hypothesis testing (T-test), simultaneous hypothesis testing (F test), and moderation test using Moderated Regression Analysis (MRA) utilizing EViews 9 software. MRA was used as an interaction test in multiple linear regression. The moderating variable is a variable that can strengthen or weaken the direct relationship between the independent variable and the dependent variable. The moderating variable can affect the nature or direction of the relationship between variables. This nature or direction of the relationship between the independent and dependent variables can be positive or negative depending on the moderating variable. Therefore, the moderating variable can be referred to as a contingency variable.

## 4. RESULTS AND DISCUSSION

### Model Testing

The first step of analysis in this study was model testing which aimed at determining which model was the best as the hypothesis testing model.

#### 1. Chow Test

**Table 1.**  
**Results of the Chow Test**

Effects Test	Statistic	d.f.	Prob.
Cross-section F	30.265635	(34,100)	0.0000
Cross-section Chi-square	339.352352	34	0.0000

Source: The Output of E-Views, 2021.

The results of the Chow test indicated that the value of the probability of the cross-section chi-square was 0.000 ( $< 0.05$ ). Therefore, it can be concluded that the fixed effect model is better than the common effect model.

2. Hausman Test

**Table 2.**  
**Results of the Hausman Test**

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	3.731940	5	0.5886

Source: The Output of E-Views, 2021.

The results of the Hausman test indicated that the value of the probability of the cross-section random was 0.5886 ( $> 0.05$ ). Therefore, it can be concluded that the random effect model is better than the fixed effect model.

3. Lagrangian Multiplier Test (LM Test)

**Table 3.**  
**Results of the Lagrangian Multiplier Test**

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	156.8272 (0.0000)	0.846381 (0.3576)	157.6735 (0.0000)
Honda	12.52306 (0.0000)	-0.919990 (0.8212)	8.204613 (0.0000)
King-Wu	12.52306 (0.0000)	-0.919990 (0.8212)	2.684006 (0.0036)
Standardized Honda	13.47390 (0.0000)	-0.660182 (0.7454)	4.909166 (0.0000)
Standardized King-Wu	13.47390 (0.0000)	-0.660182 (0.7454)	0.455723 (0.3243)
Gourieroux, et al.*	--	--	156.8272 (0.0000)

Source: The Output of E-Views, 2021.

Because the Chow test provided a fixed effect model and the Hausman test resulted in a random effect model, the researchers carried out a third test or the LM test. The test result indicated that the value of the cross-section Breusch-

Pagan was 0.000 ( $< 0.05$ ). Therefore, it can be concluded that the random effect model is better than the common effect model.

Based on the results of those three model tests, it can be concluded that the random effect model was the best model for hypotheses testing.

### Classical Assumption Test

#### Multicollinearity Test

**Table 4.**  
**Results of the Multicollinearity Test**

	PRICE	PBV	PER	NPM	DER	FIRM
PRICE	1.000000	0.274427	0.057117	0.034599	-0.037070	0.163175
PBV	0.274427	1.000000	0.224438	-0.119569	-0.036516	-0.187888
PER	0.057117	0.224438	1.000000	-0.228004	-0.039708	-0.127227
NPM	0.034599	-0.119569	-0.228004	1.000000	0.652466	0.611686
DER	-0.037070	-0.036516	-0.039708	0.652466	1.000000	0.601501
FIRM	0.163175	-0.187888	-0.127227	0.611686	0.601501	1.000000

Source: The Output of E-Views, 2021.

Because this study examines the moderating interaction, the primary classical assumption test is required. The multicollinearity test aims at determining whether the regression model has a high correlation with the independent variables. If there is a high correlation, it can be considered that there is a symptom of multicollinearity. The tolerance value of the correlation in the multicollinearity test is 70 – 80%. From the results of the multicollinearity test presented in Table 4, the obtained maximum correlation value was 0.652466 ( $< 0.700$ ). Therefore, it can be concluded that it was free of multicollinearity.

#### Autocorrelation Test

**Table 5.**  
**Results of the Coefficient of Determination**

R-squared	0.307180	Mean dependent var	1404.112
Adjusted R-squared	0.281329	S.D. dependent var	5216.821
S.E. of regression	4422.532	Sum squared resid	2.62E+09
F-statistic	11.88250	Durbin-Watson stat	0.907642
Prob(F-statistic)	0.000000		

Source: The Output of E-Views, 2021.

The value of  $dw$  was  $-2 < dw < 2$  or  $-2 < 0.907642 < 2$ . Therefore, it can be concluded that the analyzed data were free of autocorrelation symptoms. In other words, it was suitable for the random effect model.

### Coefficient of Determination

Table 5 indicated that the value of the adjusted  $R$ -squared was 0.281329 or 28.1329%, which means that the independent variable affected the stock price by 28.1329%, while other variables outside of this study influenced the remaining 71.8674%.

### Hypothesis Testing

#### 1. T-Test

**Table 6.**  
**Results of the Partial Test**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-37353.14	38003.11	-0.982897	0.3274
PBV	91.97194	13.37733	6.875206	0.0000
PER	74.94732	27.95422	2.681073	0.0083
NPM	50.09804	23.49409	2.132368	0.0348
DER	-484.4539	595.2025	-0.813931	0.4171
FIRM	1310.976	1213.310	1.080495	0.2819

Source: The Output of E-Views, 2021.

$H_1$ : Price-to-Book Value (PBV) has a significant positive effect on the stock price.

Table 6 indicated that the prob value for PBV was 0.000 ( $> 0.050$ ). Therefore, it can be concluded that the first hypothesis is supported. In other words, PBV has a partially significant effect on the stock price.

This result is in line with the study conducted by Satriyo *et al.* (2017). They found that PBV influenced the stock price. It is supported by the fact that, before buying stocks, investors will calculate the PBV of the company, whether the PBV has a high or low price, indicating that PBV is an important measure in buying stock. The result of this study is also supported by a study conducted by Saputra and Martha (2019) that the higher the PBV of a company is, the greater the hope of investors for getting more profits will be.

When making investment decisions, the book value and market value are combined. The book value refers to the historical value of the stock, in which the purchase price is recorded so that it does not reflect the present value or market value. In other words, it does not reflect the company's intrinsic value. The company's intrinsic value is an important factor in the valuation measurement, in which market prices are no longer relevant.

H<sub>2</sub>: Price-Earnings Ratio (PER) has a significant positive effect on stock price.

Table 6 indicated that the prob value for PER was 0.0083 ( $> 0.050$ ). Therefore, it can be concluded that the second hypothesis is supported. In other words, PER has a partially significant effect on the stock price.

PER shows whether the market is willing to buy stocks based on past and future earnings. High price earnings indicate that stock prices are higher than earnings and may be overvalued. Conversely, if the price earning is low, the current stock price is lower than the earnings. The stock price of LQ45 issuers during this study period can be considered stable to be in line with PER, affecting stock price.

H<sub>3</sub>: Net Profit Margin (NPM) has a significant positive effect on the stock price.

Table 6 indicated that the prob value for NPM was 0.0348 ( $> 0.050$ ). Therefore, it can be concluded that the third hypothesis is supported. In other words, NPM has a partially significant effect on the stock price.

For some individuals, fluctuating stock price movements are an art in trading because the condition may raise the potential for capital gains or profits from buying and selling stocks. On the other hand, if the stock price is static, it will not attract investors, especially traders (short-term investors). Issuers that fall into the category of LQ45 companies are determined based on the criteria of market capitalization factor, the highest transaction value in the regular market for the last 12 years, good financial condition, good growth

prospects, and an increase in free float weight. One way to identify issuers' financial condition is by considering profitability. For this reason, NPM, as a proxy for calculating profitability empirically and practically in the field, affects the stock price of issuers, especially LQ45 issuers. It is supported by the fact that LQ45 issuers have a more favorable position for investors to buy or sell them freely.

H<sub>4</sub>: Debt Equity Ratio (DER) has a significant positive effect on the stock price.

Table 6 indicated that the prob value for DER was 0.4171 ( $> 0.050$ ). Therefore, it can be concluded that the fourth hypothesis is supported. In other words, DER has a partially significant effect on stock price.

The high or low value of the company's DER has not been able to affect the size of the stock price. Investors do not only prioritize DER, in which DER describes the company's ability to fulfill its obligations in paying off debt, but also see how the company can use its debt to finance its operational activities. This statement is in line with a study conducted by Satryo *et al.* (2017) and Indra Widjaja (2019) that some investors are aware of weaknesses in the DER, so they do not consider the DER in determining their stock price.

Companies with a high debt ratio are generally companies in the growing stage because newly developing companies will actively seek funding from investors. These growing companies are in demand by many investors because if the analysis results are interesting, the company's stock will provide high returns since market capitalization can increase in the future. However, this does not apply to issuers in the LQ45 category, in which they are not the companies that are growing. The companies in this category have dominated the market. It means that solvency, in this case, related to the company's DER variable, is no longer a significant factor in influencing the stock price.

## 2. F Test

H<sub>5</sub>: PBV, PER, NPM, and DER have a significant positive effect on the stock price.

From the results of the simultaneous test presented in Table 5, the obtained prob value (F statistics) was 0.000 (< 0.05). Therefore, it can be concluded that the independent variables have a significant simultaneous effect on stock price.

Broadly speaking, several factors affect an issuer's stock price, namely internal and external factors. Internal factors are factors that arise within the company. Meanwhile, external factors are factors that arise from outside the company. The external factors consist of the fundamental condition of macroeconomics, government policies, panic factors, market manipulation, and fluctuations in the rupiah exchange rate against foreign currencies. Meanwhile, the internal factors consist of the fundamental condition of the company, corporate actions (management policies), and future performance projections. The performance projection covers a fundamental analysis of the company's performance, which is usually used as a reference for investors when reviewing the stocks of an issuer. Furthermore, some fundamental indicators are the level of cash dividends, debt ratios, book value ratios, earnings, and profitability. All of these facts are in line with and confirmed by the empirical findings of this study that all independent variables studied have a simultaneous effect on the stock price.

## 3. MRA

For the four moderating hypotheses, the researchers found consistency and confirmation that firm size empirically does not moderate the independent variables on the stock price. These results support the general policy in the capital market that firm size is not included in the fundamental stock analysis. In addition, the population in this study is LQ45 issuers, the 60 largest companies in the Indonesian capital market. Therefore, the firm size no longer needs to be worried about or considered in determining share price. The

confirmation of the empirical findings in this study can be seen in Tables 7, 8, 9, and 10 below.

a. The Moderation of Firm Size on PBV and Stock Price

H<sub>6</sub>: Firm Size moderates the effect of PBV on the stock price.

**Table 7.**  
**Results of the Moderation Test for PBV**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-38350.21	36706.85	-1.044770	0.2980
PBV	1496.728	1658.724	0.902337	0.3685
FIRM	1421.490	1158.300	1.227222	0.2219
M1	-45.80751	54.14183	-0.846065	0.3990

Source: The Output of E-Views, 2021.

To conclude whether the firm size is a moderating variable that strengthens or weakens the influence of PBV on stock price, we can consider the moderating probability value. The probability value of moderating firm size on PBV was 0.3990 (> 0.05). It means that firm size does not moderate nor affect PBV on the stock price.

b. The Moderation of Firm Size on PER and Stock Price

H<sub>7</sub>: Firm Size moderates the effect of PER on the stock price.

**Table 8.**  
**Results of the Moderation Test for PER**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-40267.94	45651.15	-0.882079	0.3793
PER	924.5861	988.9216	0.934944	0.3515
FIRM	1476.531	1434.137	1.029561	0.3050
M2	-27.11639	30.90822	-0.877320	0.3819

Source: The Output of E-Views, 2021.

The probability value of moderating firm size on PER was 0.3819 (> 0.05). It means that firm size does not moderate nor affect PER on stock price.

c. The Moderation of Firm Size on NPM and Stock Price

H<sub>8</sub>: Firm Size moderates the effect of NPM on stock price.



**Table 9.**  
**Results of the Moderation Test for NPM**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-9104.439	45415.89	-0.200468	0.8414
NPM	-70.33024	881.1439	-0.079817	0.9365
FIRM	529.3276	1428.036	0.370668	0.7115
M3	2.854425	26.15689	0.109127	0.9133

Source: The Output of E-Views, 2021.

The probability value of moderating firm size on NPM was 0.9133 (> 0.05). It means that firm size does not moderate nor affect NPM on the stock price.

d. The Moderation of Firm Size on DER and Stock Price

H<sub>9</sub>: Firm Size moderates the effect of DER on the stock price.

**Table 10.**  
**Results of the Moderation Test for DER**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-30727.10	49049.76	-0.626447	0.5321
DER	311.2212	14555.55	0.021382	0.9830
FIRM	1265.205	1560.276	0.810885	0.4188
M4	-25.08288	441.9528	-0.056755	0.9548

Source: The Output of E-Views, 2021.

The probability value of moderating firm size on DER was 0.9548 (> 0.05). It means that firm size does not moderate nor affect DER on the stock price.

## 5. CONCLUSIONS AND RECOMMENDATION

### Conclusion

The variables PBV, PER, and NPM partially have a significant effect on the stock price of LQ45 issuers. Meanwhile, the variable DER has no significant effect on the stock price. Simultaneously, the variables PBV, PER, NPM, and DER significantly affect the stock price. In addition, the Multiple Regression Analysis (MRA) results indicated that firm size is not the moderating variable. In other words, it does not moderate (not escalate) the effect of the independent variables on the stock price.

### Recommendation

Further studies are suggested to add variables that might empirically predict the effect on other stock price (e.g., the Investment Opportunity Set (IOS)), dividend yield, growth, and risk.

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