

Analysis of the Impact of Financial Fundamental Factors on Stock Prices (Empirical Study of Infrastructure Companies on the Indonesia Stock Exchange 2021-2025)

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ABSTRACT

This study examines the effect of financial fundamental factors on the stock prices of infrastructure-sector companies listed on the Indonesia Stock Exchange during 2021-2025. The explanatory quantitative design uses secondary data from audited annual financial statements and year-end closing stock prices. From a population of 70 infrastructure issuers, purposive sampling produced 17 companies listed on the Main Board and consistently publishing audited reports, resulting in 85 firm-year observations. Liquidity is measured by the Current Ratio, profitability by Return on Equity, leverage by the Debt to Equity Ratio, market return by Dividend Yield, and company scale by the natural logarithm of total assets. The analysis employed descriptive statistics, the Kolmogorov-Smirnov normality test, multicollinearity diagnostics, the Glejser heteroscedasticity test, the Durbin-Watson test, multiple linear regression, partial significance tests, a simultaneous significance test, and the coefficient of determination using IBM SPSS Statistics 25. The results indicate that Current Ratio, Return on Equity, Debt to Equity Ratio, and Dividend Yield do not significantly affect stock prices. Firm Size has a positive and significant effect, with a coefficient of 473.693 and a significance value below 0.001. Simultaneously, the five fundamental variables significantly affect stock prices ($F = 12.601$; $p < 0.001$). The adjusted R-squared value of 0.408 shows that the model explains 40.8% of stock-price variation, while 59.2% is associated with factors outside the model

INTRODUCTION

The capital market connects people who have excess funds with those who need funds through the trading of long-term securities, like stocks and bonds (Tandelilin, 2017). For companies, the capital market is a source of funding to support operational activities and expansion. For investors, stocks are an investment tool that offers dividends and capital gains, but they also carry risks since their prices change according to company information and market conditions.

The infrastructure sector plays an important role in boosting economic activity, connectivity, productivity, and the quality of public services. Businesses in this sector are usually capital-intensive, require long-term investments, and rely on funding structures and cash flow management. The development of the infrastructure sector is also reflected in the performance of sectoral stock indices on the Indonesia Stock Exchange.



Figure 1. Performance of the Infrastructure Sector Index from 2018-2025
Source: Indonesia Stock Exchange (idx.co.id)

Figure 1 shows that during the period from July 13, 2018, to September 30, 2025, IDXINFRA recorded growth of 85.86%, higher than the JCI at 35.62%, while LQ45 recorded a performance of -15.33%. This increase indicates growing market attention towards the infrastructure sector, especially since 2023. However, sectoral index growth doesn't always come with uniform improvements in fundamentals and stock prices of each company.

Infrastructure companies face big working capital needs, long project completion periods, liquidity pressures, and they often use debt to finance assets and projects. These conditions make the stock prices of infrastructure companies fluctuate based on company performance, project developments, financing policies, and investor perceptions of risk. Stock prices reflect the market's assessment of a company's value and prospects, shaped by the interaction of supply and demand (Jogiyanto, 2019).

Investors can assess stock prospects through fundamental analysis by using information in financial statements. Current Ratio (CR) shows the company's ability to meet short-term obligations, Return on Equity (ROE) shows the ability to generate profit from equity, Debt to Equity Ratio (DER) represents

the funding structure between debt and own capital, Dividend Yield (DY) shows the dividend return compared to the stock price, while Firm Size reflects the company's scale based on total assets.

Previous research results still show differences. Cholisna (2019) and Pranandyasari & Munari (2023) found that liquidity does not have a significant impact on stock prices, while Ponggohong et al. (2016) found a significant effect. Umar & Savitri (2020) found that ROE does not have a significant impact, whereas Nasution & Sari (2020) and Salsabila & Efendi (2021) found a positive and significant effect. Different results were also found for DER, Dividend Yield, and Firm Size.

The difference in findings shows that investors' responses to financial indicators can vary depending on the sector characteristics, research period, and market conditions. In the capital-intensive, long-term oriented infrastructure sector, investors may evaluate a combination of liquidity, profitability, leverage, dividend rates, and company size as a whole, not just one specific ratio.

Based on the performance phenomenon of the infrastructure sector and the gaps in previous research findings, this study questions whether CR, ROE, DER, DY, and Firm Size affect stock prices, both partially and simultaneously, in infrastructure sector companies listed on the Indonesia Stock Exchange from 2021 to 2025. The study aims to analyze the influence of each of these variables as well as the capability of the fundamental model together in explaining stock price variations.

LITERATURE REVIEW

Signal Theory

Signal theory explains that management conveys information to external parties to reduce information asymmetry. Financial information, dividend policies, debt usage, and asset developments can serve as signals about the company's condition and prospects (Michael Spence, 1973; Brigham & Houston, 2019). Positive signals can boost investor confidence and stock demand, while negative signals can lower market valuation.

Stock Price

The stock price is the price formed in the market at a certain time through the interaction of supply and demand (Jogiyanto, 2017). This price reflects investors' expectations of cash flows, risks, and the company's prospects. In this study, the stock price is measured using the company's year-end closing price.

Current Ratio

The current ratio is a comparison of current assets to current liabilities. This ratio shows a company's ability to meet short-term obligations. A high value can indicate good payment capability, but it can also suggest that current assets are not being used productively (Kasmir, 2019; Fahmi, 2020).

Return on Equity

Return on Equity compares net income with equity and shows a company's ability to generate profits from shareholders' capital. A rising ROE can be a signal of efficient use of equity, although in capital-intensive industries, investors also consider cash flow and project sustainability (Ross et al., 2022).

Debt to Equity Ratio

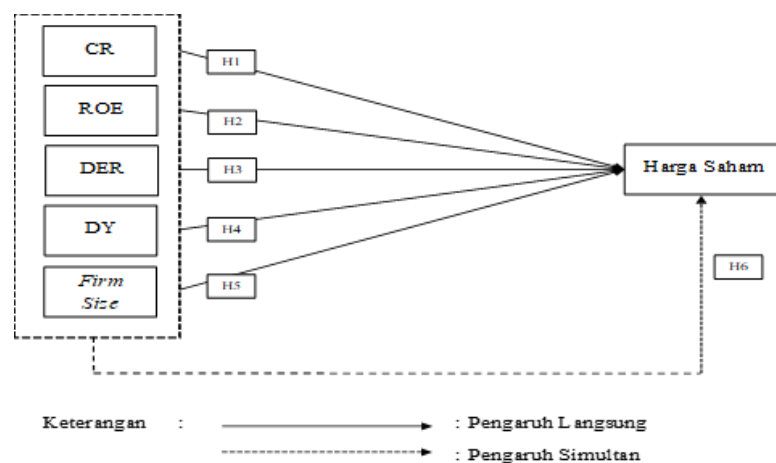
The Debt to Equity Ratio compares total debt with total equity. DER shows how much a company relies on borrowed funds. Debt can boost investment capacity, but it also increases risk and financial burden if not managed productively.

Dividend Yield

Dividend Yield compares the dividend per share with the stock price. This ratio shows the cash return that investors receive from their stock investment. In growing companies that need a lot of funding, profits might be retained more to finance expansion, so the dividend rate isn't the only thing investors consider (Miller & Modigliani, 1961; Ross et al., 2022).

Firm Size

Firm Size shows how big or small a company is, and in this study, it is measured using the natural logarithm of total assets. Big companies generally have stronger resources, access to funding, business diversification, and operational stability, which can increase investor confidence (Nasution & Sari, 2020).



Gambar 2. Model Hipotesis Penelitian

Research Hypothesis Model

- H1. The Current Ratio (CR) variable partially affects the stock price of companies in the infrastructure sector.
- H2. The Return on Equity (ROE) variable partially affects the stock price of companies in the infrastructure sector.
- H3. The Debt to Equity Ratio (DER) variable partially affects the stock price of companies in the infrastructure sector.
- H4. The Dividend Yield (DY) variable partially affects the stock price of companies in the infrastructure sector.
- H5. The Firm Size variable partially affects the stock price of companies in the infrastructure sector.
- H6. The variables Current Ratio (CR), Return on Equity (ROE), Debt to Equity Ratio (DER), Dividend Yield (DY), and Firm Size simultaneously affect the stock price of companies in the infrastructure sector.

METHODOLOGY

This study uses an explanatory quantitative approach with secondary data. The data was obtained through documentation of audited annual financial reports, issuer data, and stock prices of infrastructure sector companies listed on the Indonesia Stock Exchange during 2021-2025. Data processing was done using IBM SPSS Statistics 25.

Population and Sample

The research population consisted of 70 companies in the infrastructure sector. The sample was chosen using purposive sampling with the criteria of companies registered in the infrastructure sector during the research period, listed on the Main Board of the IDX, and having issued complete audited financial statements for five consecutive years. Based on these criteria, 17 companies and 85 company-year observations were obtained.

Types of Data

Quantitative data, which is data presented in numerical form (numbers) so that it can be processed and analyzed statistically. The quantitative data used in this study covers a period of five years, from 2021 to 2025. The data consists of financial reports of companies included in the infrastructure sector on the Indonesia Stock Exchange (IDX).

Data Analysis Techniques

The analysis includes descriptive statistics, the Kolmogorov-Smirnov normality test, multicollinearity tests based on tolerance values and Variance Inflation Factor (VIF), Glejser heteroscedasticity test, and Durbin-Watson autocorrelation test. The effect of the independent variables is analyzed using multiple linear regression, partial significance test, simultaneous significance test, and the coefficient of determination. The equation used is:

$$Y = \alpha + \beta_1 CR + \beta_2 ROE + \beta_3 DER + \beta_4 DY + \beta_5 \text{Firm Size} + \varepsilon$$

Note: Y is the stock price, α is a constant, β_1 - β_5 are the regression coefficients, CR is the Current Ratio, ROE is Return on Equity, DER is the Debt to Equity Ratio, DY is Dividend Yield, Firm Size is the natural logarithm of total assets, and ε is the error.

RESULTS

Descriptive Statistics

Table 1. Descriptive Statistics Results

<i>Descriptive Statistics</i>					
	N	Minimum	Maximum	Mean	Std. Deviation
<i>Current Ratio</i>	85	.19	10.70	1.7152	2.19594
<i>Return on Equity</i>	85	-1.86	.44	.0786	.24961
<i>Debt to Equity Ratio</i>	85	.38	8.98	1.5032	1.42307
<i>Dividend Yield</i>	85	.00	.27	.0292	.04106
<i>Firm Size</i>	85	28.09	33.33	30.5587	1.50775
<i>Harga Saham</i>	85	82.00	4870.00	1326.3294	1172.64374
<i>Valid N (listwise)</i>	85				

Sumber: Data diolah (SPSS25)

A total of 85 observations were analyzed. Stock prices had a wide range, from IDR 82 to IDR 4,870, with an average of IDR 1,326.33. The Current Ratio and Debt to Equity Ratio also showed quite a bit of variation. ROE had a negative minimum value, indicating that some companies experienced losses during the observation period. Firm Size was relatively more stable compared to the other ratio variables.

Results of the Classical Assumption Test

Results of the Normality Test

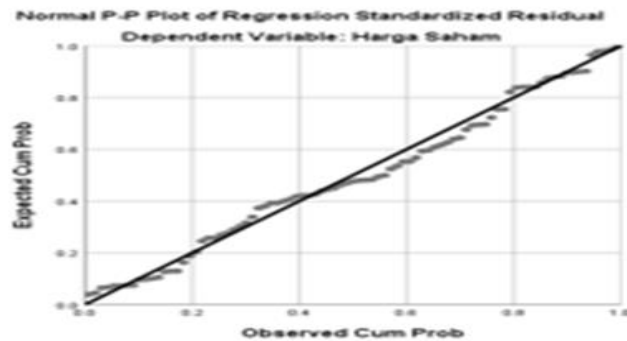


Figure 3. Normal P-P Plot Test Results

Source: Processed Data (SPSS25)

Table 2. Normality Test Results

Description	Value
N	85
Test Statistic	0,066
Asymp. Sig. (2-tailed)	0,200

Sumber: Data diolah (SPSS25)

The significance value of 0.200 is greater than 0.05, so the residuals are considered to be normally distributed. The dot pattern on the Normal P-P Plot graph follows the diagonal line, as shown in Figure 3.

Multicollinearity Test Results

Table 3. Results of the Multicollinearity Test

<i>Coefficients^a</i>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Current Ratio	.734	1.362
	Return on Equity	.570	1.754
	Debt to Equity Ratio	.541	1.849
	Dividend Yield	.791	1.265
	Firm Size	.908	1.102
<i>a. Dependent Variable: Harga Saham</i>			

Sumber: Data diolah (SPSS25)

All tolerance values are greater than 0.10 and the VIF values are less than 10. Therefore, the model does not show signs of multicollinearity.

Heteroskedasticity Test Results

Table 4. Heteroskedasticity Test Results using the Glejser Test

<i>Coefficients^a</i>						
Model		<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	t	Sig.
		B	Std. Error	Beta		
1	<i>Current Ratio</i>	-.040	.024	-.201	-1.625	.108
	<i>Return on Equity</i>	-.427	.243	-.246	-1.757	.083
	<i>Debt to Equity Ratio</i>	-.031	.044	-.103	-.717	.475
	<i>Dividend Yield</i>	- 1.359	1.255	-.129	-1.083	.282
	<i>Firm Size</i>	-.036	.032	-.125	-1.128	.263
a. Dependent Variable: ABS_RES						

Sumber: Data diolah (SPSS25)

The significance values of all variables are greater than 0.05, so the model does not experience heteroskedasticity.

Autocorrelation Test Results

Table 5. Autocorrelation Test Results

<i>Durbin-Watson</i>
1,728

The Durbin-Watson value of 1.728 is within the range of -2 to +2. Based on the criteria used in the study, the model does not show signs of autocorrelation.

Regression Analysis and Partial Test

Table 6. Results of Regression Analysis and Partial Test

Variabel	B	Std. Error	Beta	t	Sig.	Kesimpulan
Konstanta	-13.041,368	2.103,716	-	6,199	0,000	-
<i>Current Ratio</i>	-83,885	52,303	0,157	1,604	0,113	Tidak signifikan
<i>Return on Equity</i>	1.005,039	522,113	0,214	1,925	0,058	Tidak signifikan
<i>Debt to Equity Ratio</i>	-50,522	94,019	0,061	0,537	0,593	Tidak signifikan
<i>Dividend Yield</i>	1.134,322	2.694,920	0,040	0,421	0,675	Tidak signifikan

Variabel	B	Std. Error	Beta	t	Sig.	Kesimpulan
<i>Firm Size</i>	473,693	68,509	0,609	6,914	0,000	Positif signifikan

Based on the coefficients in Table 6, the regression equation is as follows: $Y = -13041.368 - 83.885CR + 1005.039ROE - 50.522DER + 1134.322DY + 473.693Firm\ Size$. CR has a negative direction and is not significant. ROE and DY have a positive direction but are not significant. DER has a negative direction and is not significant. Firm Size has a positive coefficient of 473.693 and has a significant effect at the 5% level.

Simultaneous Test Results

Table 7. Simultaneous Test Results

Sumber Variasi	Sum of Squares	df	Mean Square	F	Sig.
<i>Regression</i>	51.248.802,26	5	10.249.760,45	12,601	0,000
<i>Residual</i>	64.259.038,52	79	813.405,551		
Total	115.507.840,80	84			

An F-value of 12.601 with a significance of 0.000 shows that CR, ROE, DER, DY, and Firm Size simultaneously have a significant effect on stock prices.

Results of the Determination Coefficient Test

Table 8. Results of the Determination Coefficient Test

R	R Square	Adjusted R Square
0,666	0,444	0,408

An R value of 0.666 shows a strong relationship between fundamental variables and stock prices. R Square is 0.444, while Adjusted R Square is 0.408. This means that 40.8% of stock price variations can be explained by the study variables, and 59.2% are explained by other factors outside the model.

DISCUSSION

The Influence of Current Ratio on Stock Prices

The Current Ratio does not have a significant effect on stock prices and shows a negative direction. This result indicates that liquidity levels are not yet a main factor that investors respond to in the infrastructure sector. High current assets can indicate the ability to meet short-term obligations, but can also reflect funds that are not being used productively. In infrastructure companies, investors pay more attention to the company's ability to manage projects, generate cash flow, and earn returns from long-term assets. This finding aligns with Cholisna (2019) as well as Pranandyasari & Munari (2023), but differs from Ponggohong et al. (2016) and Arifin & Agustami (2017).

The Effect of Return on Equity on Stock Prices

Return on Equity has a positive direction but does not have a significant impact. The profitability generated from equity is not yet a strong enough signal to change stock prices during the observation period. The long-term nature of infrastructure projects means investors consider not just one period's profit, but also the continuity of the project, cash flow stability, business risks, and growth potential. These results support Umar & Savitri (2020) and Ariyanti et al. (2016), but differ from Nasution & Sari (2020), Salsabila & Efendi (2021), and Hardiyanti & Munari (2022).

The Impact of Debt to Equity Ratio on Stock Prices

The Debt to Equity Ratio has a negative trend and does not significantly affect stock prices. Using a large amount of debt is a common trait in infrastructure companies because projects and fixed assets require substantial funding. Investors seem to consider not only the size of the debt ratio but also how effectively the funds are used, the company's ability to meet obligations, and operational sustainability. This finding aligns with Ponggohong et al. (2016) and Ariyanti et al. (2016), while Arifin & Agustami (2017) and Hardiyanti & Munari (2022) found a significant impact.

The Effect of Dividend Yield on Stock Prices

Dividend yield has a positive direction, but it doesn't have a significant impact. The amount of dividends hasn't become a main consideration for investors when evaluating stocks in the infrastructure sector. Companies in this sector need large funds for expansion, network development, and project completion, so profits are retained to support investment. Investors may be more focused on capital gains and long-term value growth rather than periodic dividend income. These results align with Akuba (2021), but differ from Pebri & Sari (2024).

The Influence of Firm Size on Stock Prices

Firm Size has a positive and significant effect on stock prices. Companies with larger total assets are considered to have stronger resources, funding capacity, reputation, and operational resilience. A larger size also boosts investor confidence that the company can carry out strategic projects and handle business uncertainties. These findings align with Nasution & Sari (2020) as well as Salsabila & Efendi (2021), but differ from Pranandiyasari & Munari (2023) and Arifin & Agustami (2017).

The Influence of Financial Fundamental Factors on Stock Prices

Overall, CR, ROE, DER, DY, and Firm Size significantly affect stock prices. These results indicate that investors view fundamental information as a whole. Even though four variables are not individually significant, a combination of liquidity, profitability, funding structure, dividend rate, and company size still provides an overview of the company's condition, risks, and prospects. This aligns with signaling theory because financial statements provide information that the market uses to form perceptions of a company. The Adjusted R Square value of 0.408 also shows that external factors, macroeconomic conditions, market sentiment, government policies, and project characteristics still explain a fairly large portion of stock price changes.

CONCLUSIONS AND RECOMMENDATIONS

Based on the research on 17 infrastructure sector companies with 85 observations during 2021-2025, the Current Ratio has no significant effect and shows a negative direction on stock prices. Return on Equity and Dividend Yield have a positive direction but are not significantly influential. Debt to Equity Ratio has a negative direction and is not significantly influential. Firm Size has a positive and significant effect on stock prices. Simultaneously, Current Ratio, Return on Equity, Debt to Equity Ratio, Dividend Yield, and Firm Size significantly affect stock prices with an F value of 12.601 and a significance of 0.000. The model explains 40.8% of the variation in stock prices, while 59.2% is explained by other factors outside the study.

FURTHER STUDY

The research implications suggest that investors in the infrastructure sector need to thoroughly evaluate fundamental indicators and pay attention to the company's scale and resource capabilities, not just a single financial ratio. Company management needs to maintain asset quality and operational stability so that the market interprets the company's size as the ability to generate value. Future research is recommended to extend the period, broaden the sector, use panel data regression, and add macroeconomic factors, business risks, governance, and other market indicators.

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