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## The Influence of Fundamental Factors on Stock Trading Volume and Share Prices of Conventional Finance Companies Listed on the Indonesian Stock Exchange

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**Abstract:** This study aims to analyze the effect of fundamental factors (Financing and Profitability Ratios) on stock trading volume and share prices of conventional finance companies listed on the Indonesia Stock Exchange for the 2011-2021 periods. The sample technique used in this study was purposive sampling with 12 conventional financing companies on the IDX. The data analysis technique used is the structural equation modeling approach and path analysis with AMOS version 26 software. The results show that partially Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Debt to Equity Ratio (DER), Debt to Asset Ratio (DAR) has no significant effect on Trading Volume Activity (TVA). Return on Equity (ROE) has a significant effect on stock prices. Debt to Equity Ratio (DER) has a significant effect on stock prices. Trading Volume Activity (TVA) has a significant effect on stock prices. Meanwhile, Return On Assets (ROA), Net Profit Margin (NPM), and Debt to Asset Ratio (DAR) have no significant effect on stock prices. Trading Volume Activity is unable to mediate the relationship between Return on Assets, Return on Equity, Net Profit Margin, and Debt to Equity Ratio and Debt to Asset Ratio to Share Prices of Conventional Financing Companies Listed on the Indonesia Stock Exchange.

**Key words:** ROA, ROE, NPM, DER, DAR, TVA, Stock Price.

### INTRODUCTION

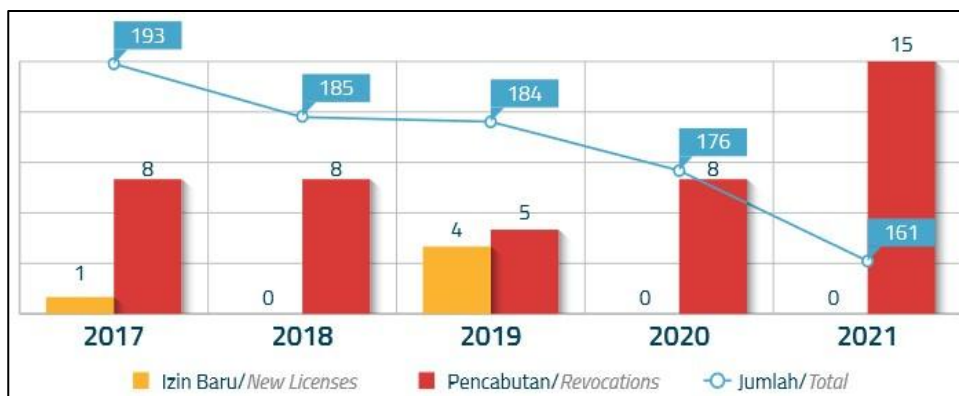
#### Background

The current economic conditions in Indonesia are increasingly uncertain and it is no longer surprising. The existence of a high inflation rate, as well as the decline in the rupiah exchange rate and the large number of unemployed are several indicators indicating the instability of the Indonesian economy. The role of small and medium industries in Indonesia is very important, small and medium industries are able to improve the Indonesian economy, especially in providing jobs. According to POJK NUMBER 29/POJK.05/2014 Concerning the Implementation of a Financing Company Business, that a Financing Company is a business entity that carries out Financing activities for the procurement of goods and/or services. The finance company began its history in 1974 based on the decree of 3 ministers namely: Minister of Finance, Minister of Industry, and the Minister of Trade of the Republic of Indonesia on February 7, 1974, concerning "Leasing Business Licensing" and has continued to develop to date. IDX notes that up to the time this research was written, there were 31 finance companies that issued bonds/shares/EBA.

Meanwhile, the Financial Services Authority, as of December 2021, recorded 161 finance companies with total assets of 433 trillion Rupiah.

Changes in stock prices can provide clues about the excitement and sluggishness of capital market activities and investors in buying and selling shares. Stocks have become an attractive alternative for investors to serve as their investment object and are one of the most popular financial market instruments. Stocks have added options for local investors, who previously only invested their money in banking institutions. In general, the expectation of investors investing in stocks is to obtain capital gains or dividends. Capital gain is the excess of the stock price when selling and buying shares. Dividends are profits distributed to shareholders.

Ratio analysis allows financial managers and interested parties to evaluate financial conditions and interested parties to evaluate financial conditions will indicate whether a company is healthy or not. Throughout 2021, there were 15 Financing Companies whose licenses had been revoked. Thus, the number of Financing Companies by the end of 2021 will be 161 companies. Figure Graph 1 below shows the number of Financing Companies for the last five years.



Graphic Image 1. Number of Financing Companies in 2017-2021

Source: OJK, Financing Institution Statistics (2021)

Of the 161 Financing Companies, there are 24 companies that have assets of more than IDR 5 trillion and dominate all of the Financing Company assets, amounting to IDR 301.95 trillion or 69.75%.

The growth of assets, liabilities and equity of financing companies can be seen in Figure 2 which shows the categories of financing companies based on assets in 2021.

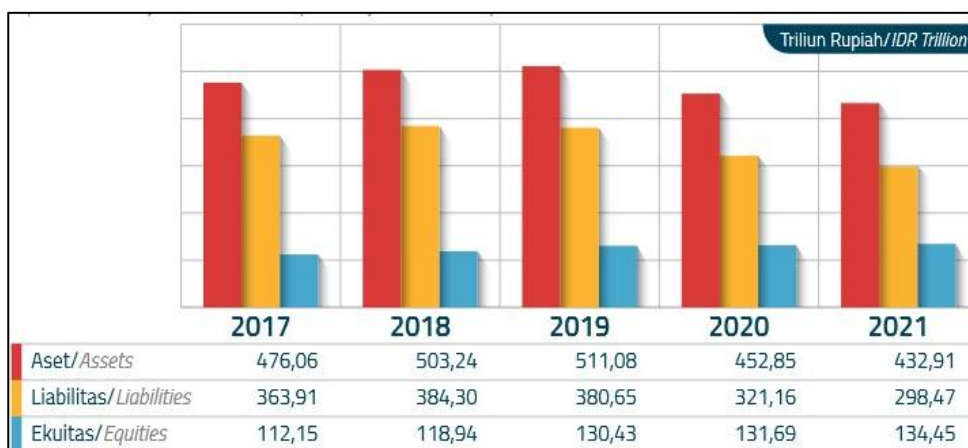
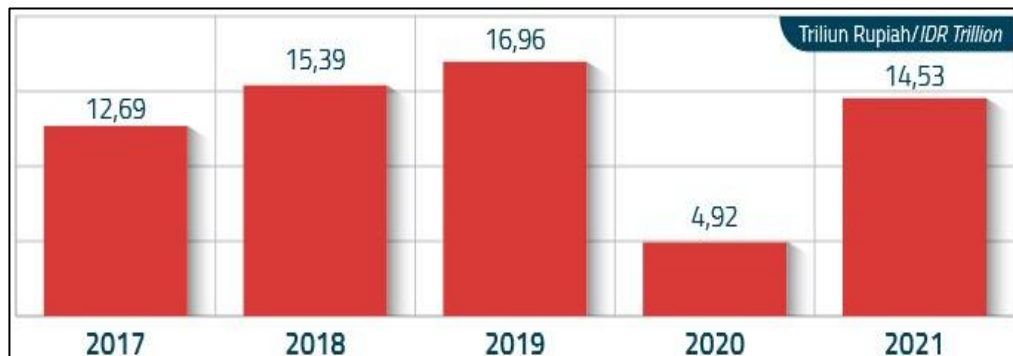


Figure Graph 2. Assets, Liabilities, Equity of Financing Companies in 2017-2021

Source: OJK, Financing Institution Statistics (2021)

Based on the Audited Financial Report for 2021, the assets and liabilities of Finance Companies have decreased compared to the previous year, namely by 4.40% and 7.07% respectively. Meanwhile, the equity of Financing Companies increased compared to the previous year by 2.09%.

The net profit of finance companies can be seen in Figure 3 which shows the categories of financing companies based on assets in 2021.



**Graphic Figure 3. Financing Company Net Income for 2017-2021**

*Source: OJK, Financing Institution Statistics (2021)*

Based on the 2021 Audited Financial Report, the finance company's net profit is Rp. 14.53 trillion, an increase of Rp. 9.61 trillion or 195.33% from the previous year, which was Rp. 4.92 trillion (Graph 3). External factors that affect the ups and downs of a company's stock price. Macroeconomic Fundamental Conditions such as rising or falling interest rates caused by the policies of the US Federal Reserve. Increases or decreases in Bank Indonesia's (BI) benchmark interest rates and export-import values have a direct impact on the rupiah exchange rate against the US dollar. The inflation rate is also a factor in macroeconomic conditions. In addition to these factors, the relationship between banking interest rates and stock price movements is also very clear. When bank interest rates soared, stock prices traded on the exchange will tend to fall sharply. This can happen due to several possibilities. First, when bank interest rates rise, many investors divert their investments to banking instruments such as deposits. With the increase in interest rates, investors can reap more profits. Second, for companies, when bank interest rates rise, they will tend to minimize losses resulting from increased costs. This happens because most companies have debt to banks. Investors can reap more profits. Second, for companies, when bank interest rates rise, they will tend to minimize losses resulting from increased costs. This happens because most companies have debt to banks. Investors can reap more profits. Second, for companies, when bank interest rates rise, they will tend to minimize losses resulting from increased costs. This happens because most companies have debt to banks.

**Internal factors,** Company fundamentals are the main factors that cause stock prices to rise or fall which must always be observed when investing in stocks. Stocks from companies that have good fundamentals such as Profitability, Leverage will cause the stock price trend to rise. Meanwhile, stocks from companies that have bad fundamentals will cause the trend of their stock prices to fall. The following is Table 1. Average financial ratios of profitability and leverage at 12 conventional finance companies listed on the Indonesia Stock Exchange for the 2011-2021 period.

**Table 1. Average ROA, ROE, NPM, DER, DAR ratios for conventional finance companies listed on the Indonesia Stock Exchange**

Average	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
ROA	5,9	5,6	5,3	5,2	3,5	4,8	5,1	6,8	6,6	4,2	4,6
ROE	14,6	14,2	13,8	12,1	7,7	8,9	11,0	-5,9	7,4	2,7	5,9
NPM	26.5	21.5	18.0	20,3	13,6	17,6	19,8	3,5	13,3	-2,8	-0.6
DER	311.8	322.0	312.8	343.0	235.7	280.6	275.7	301.0	199.5	153.7	112.8
DAR	65,3	66,1	65,3	74.8	60.0	58,7	60,1	61.3	52,4	41.8	33,9

Source: Secondary data, processed (2023)

From the background of the problems described above, the research formulation is obtained, The Influence of Fundamental Factors on Stock Trading Volume and Share Prices of Financing Companies Listed on the Indonesia Stock Exchange.

### Research purposes

1. To analyze the Return on Assets effect on the Trading Volume Activity of finance companies listed on the Indonesia Stock Exchange.
2. To analyze Return on Equity effect on Trading Volume Activity of finance companies listed on the Indonesia Stock Exchange.
3. To analyze the Net Profit Margin effect on the Trading Volume Activity of finance companies listed on the Indonesia Stock Exchange.
4. To analyze the Debt to Equity Ratio affects the Trading Volume Activity of finance companies listed on the Indonesia Stock Exchange.
5. To analyze the Debt to Asset Ratio affects the Trading Volume Activity of finance companies listed on the Indonesia Stock Exchange.
6. To analyze Return on Assets effect on Stock Prices through Trading Volume Activity in finance companies listed on the Indonesia Stock Exchange.
7. To analyze Return on Equity effect on Stock Price through Trading Volume Activity in finance companies listed on the Indonesia Stock Exchange.
8. To analyze the effect of Net Profit Margin on Stock Price through Trading Volume Activity in finance companies listed on the Indonesia Stock Exchange.
9. To analyze the Debt to Equity Ratio has an effect on Stock Prices through Trading Volume Activity in finance companies listed on the Indonesia Stock Exchange.
10. To analyze the Debt to Asset Ratio has an effect on Stock Prices through Trading Volume Activity in finance companies listed on the Indonesia Stock Exchange.
11. To analyze the Trading Volume Activity has an effect on Share Prices in finance companies listed on the Indonesia Stock Exchange.

### LITERATURE REVIEW

#### Financial performance

According to Hery (2016: 13) financial performance is a business formal way to evaluate the efficiency and effectiveness of a company in generating profits and a particular cash position. By measuring financial performance, it can be seen the prospects for growth and development of the company's finances from relying on the resources it has. The company is said to be successful if the company has achieved a certain predetermined performance.

## Financial Statement Analysis

According to Harmono (2017: 104) Analysis of financial statements is an analysis tool for company financial management that is comprehensive, can be used to detect/diagnose the soundness of the company, through analysis of cash flow conditions or the company's organizational performance both partially and overall organizational performance.

### Stock price

Shares are letters that show ownership of the company's assets. According to Saud Husnan (2005:35) the assets of a company that has issued shares, both in the form of preferred shares and ordinary shares. Shares can be obtained during an IPO (Initial Public Offering) or on the secondary market. According to Bodie (2017) shares are divided into 2 types, namely common stocks and preferred stocks. The share price is the present value of the amount of funds that will be received by the shareholder in the future. The share price is the money spent to obtain proof of participation or ownership of a company. Stock prices are prices that are formed on the stock exchange and always fluctuate from time to time.

### Stock Trading Volume

Stock trading volume is defined as the number of shares traded on a given day (Halim and Hidayat, 2010). Trading a stock with a large trading volume shows that the stock is favored by investors and also means that the stock is traded quickly. The more active a stock is traded or the greater the trading volume of a stock, the lower the cost of owning the stock.

### Return on Assets

According to Fahmi (2012: 98) states return on assets shows the company's ability to use all the company's capabilities by using all of its assets to generate profit after tax.

$$\text{Return on Assets} = \frac{\text{Net Profit After Tax}}{\text{Total Asset}} \times 100\%$$

### Return on Equity

According to Fahmi (2012: 99), the ratio of net profit after tax to own capital is used to measure the rate of return on the investment of shareholders.

$$\text{Return on Equity} = \frac{\text{Net Profit After Tax}}{\text{Total Ekuiti}} \times 100\%$$

### Net Profit Margins

According to Jumingan (2014: 140) Net Profit Margin is obtained by comparing operating profit with sales. The higher the value of this ratio, indicates that the company's profitability is getting better so that investors are interested in investing their capital.

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}}$$

### Debt to Equity Ratio

According to Mudrajat Kuncoro (2016: 288) the Debt to Equity Ratio (DER) serves to determine the size of the comparison between the amount of funds provided by creditors and the amount of funds originating from company owners.

$$\text{Debt to Equity Ratio} = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

### Debt to Asset Ratio

According to Hery (2016: 166) Debt to Asset Ratio (DAR) is a ratio used to measure how much a company's assets are financed by debt or how much a company's debt affects asset financing.

$$\text{Debt to Asset Ratio} = \frac{\text{Total Liabilities}}{\text{Total Asset}}$$

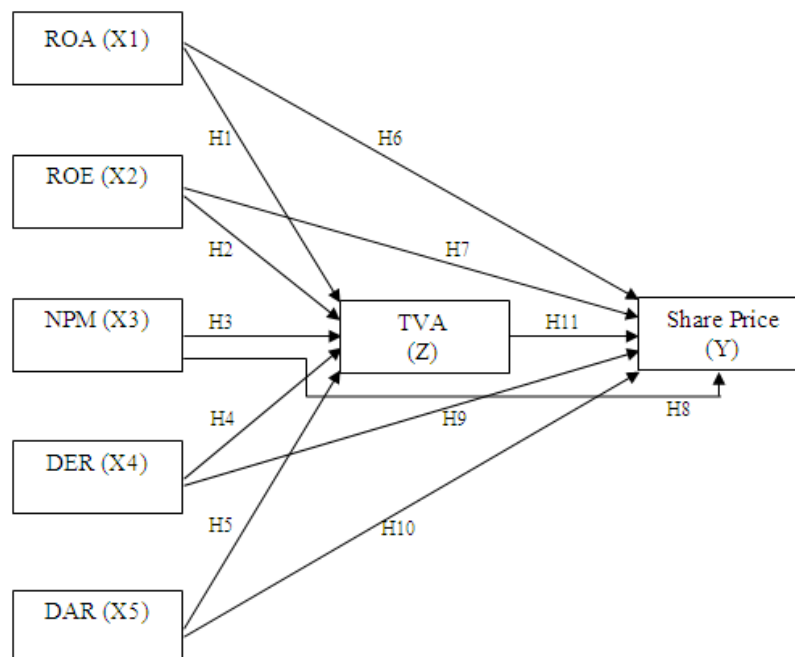
### Previous research

Ramadhan I. M, Putri A. L (2023) in this study entitled analysis of company financial performance on stock prices. Research results where return on assets and net profit margins do not have a positive effect on stock market prices all sectors of non-financial companies listed on the Indonesia Stock Exchange (IDX) in 2017-2020.

Choiriya C, Fatimah F, Agustina S, Ulfa A. F (2020) in this study entitled the effect of return on assets, return on equity, net profit margin, earnings per share, and operating profit margin on stock prices of banking companies in Indonesia Stock Exchange. The results of the research reveal that only PBV does not have a statistically significant effect on the stock price. The variation of the independent variables can explain the 64.02% variation of the stock price. PER as a moderating variable can strengthen the EPS variable to influence the stock price. Among those independent variables, EPS is the most significant variable in its effect on the stock price.

Hutajulu R. I, Fachrudin A. K, Silalahi S. A (2020) in this study entitled analysis of the effect of financial ratios and corporate social responsibility on stock prices with company size as a moderating variable in food and beverage industry companies listed on the Indonesia Stock Exchange. The results show that simultaneously leverage, profitability liquidity and corporate social responsibility have a significant effect on the stock prices of the Food and Beverage Industry that are listed on the Indonesia Stock Exchange. Partially liquidity has a positive and significant effect on stock prices, profitability has a negative and significant effect on stock prices, leverage and corporate social responsibility have no significant effect on stock prices.

### Research Model and Hypothesis



**Figure 4. Research Model**

*Source: Theory Study and Empirical Study, 2023*

### hypothesis

1. It is suspected that Return on Assets has an effect on Trading Volume Activity
2. It is suspected that Return on Equity has an effect on Trading Volume Activity
3. It is suspected that Net Profit Margin has an effect on Trading Volume Activity

4. It is suspected that the Debt to Equity Ratio has an effect on Trading Volume Activity
5. It is suspected that the Debt to Asset Ratio has an effect on Trading Volume Activity
6. It is suspected that Return on Assets has an effect on Stock Prices
7. Allegedly Return on Equity affects the stock price
8. It is suspected that the Net Profit Margin has an effect on the stock price
9. It is suspected that the Debt to Equity Ratio has an effect on the stock price
10. It is suspected that the Debt to Asset Ratio has an effect on the stock price
11. Allegedly Trading Volume Activity affects the Stock Price

## **RESEARCH METHODS**

### **Research Approach**

This study uses a quantitative approach, namely a study to assess the relationship between variables that have a causal nature. According to Sugiyono, (2018) in causal research there are independent variables and dependent variables to find out the relationship.

### **Population and Sample**

The population in this study are conventional finance companies listed on the Indonesia Stock Exchange in 2011-2021 as many as 17 conventional finance companies; the sample in this study were 12 companies. According to Sugiyono (2012) the definition of purposive sampling is a sampling technique based on certain criteria. Certain criteria in this study are conventional finance companies that have complete annual financial reports for the 2011-2021 period and actively trade their shares on the Indonesia Stock Exchange in 2011-2021.

### **Data Types and Data Sources**

The type of data used in this study is secondary data obtained through financial reports issued by conventional finance companies listed on the Stock Exchange Indonesia (IDX) which has been published through [www.idx.com](http://www.idx.com), <http://finance.yahoo.com/>, <https://www.investing.com/>.

### **Data collection technique**

The data collection technique in this study was carried out by means of a documentation study, namely by analyzing secondary data related to this research. The method used in this study is based on published financial reports of conventional finance companies listed on the Indonesia Stock Exchange (IDX) for 2011 - 2021. Secondary data collection was obtained from internet media by downloading via the [www.idx.com](http://www.idx.com) site to obtain data related to financial reports needed in research.

### **Data analysis technique**

Research on instrument testing in this study was carried out based on hypothesis testing, assessing the criteria of goodness of fit. The analysis technique used is simultaneous equations with path analysis estimation techniques. The AMOS program is used to assist in analyzing data.

## **RESEARCH RESULTS AND DISCUSSION**

### **Research result**

#### **Normality Results**

This test is carried out by observing the value of the skewness of the data used, if the CR value of the skewness of the data is in the range between + 2.58 or at a significance level of 0.01 (1%) it can be concluded that there is no evidence that the data used has an abnormal distribution. The results of the data normality test are shown in Table 2:

**Table 2. Data Normality**

Variables	min	max	skew	cr	kurtosis	cr
<b>DAR</b>	,700	157,740	-,662	-3.103	,838	1,966
<b>DER</b>	,710	895,650	,918	4,305	-.023	-.054
<b>NPM</b>	-198,850	78,080	-3,569	-16,740	20,931	49,089
<b>ROE</b>	-121,360	35,810	-5,095	-23,898	36,016	84,465
<b>ROA</b>	.060	17,270	,869	4,076	,463	1.085
<b>TVA</b>	,000	9.206	9,474	44,435	96,665	226,701
<b>Stock price</b>	56,000	12700,000	3,273	15,350	9,864	23,134
<b>Multivariate</b>					208,647	106,778

Source: AMOS processing results, 2023

Evaluation of normality is carried out using the criteria of critical ratio skewness value and kurtosis value, showing that on a univariate basis, namely the asset structure variables profitability, DER, ROA, TVA and stock prices have a value of  $cr > 2.58$ , which means that the data is still not normally distributed. Likewise, the multivariate normality test also does not show normal data. Then it is necessary to transform the data using the natural logarithm (Ln), then remove the outlier data if it is still not normally distributed. Following are the results of the normality test after data transformation:

**Table 3. Data Normality After Natural Logarithm (LN)**

Variables	min	max	skew	cr	kurtosis	cr
<b>DAR</b>	29,080	88,820	-,441	-1,599	-,344	-,624
<b>DER</b>	41,000	794,540	,998	3,620	-,168	-,304
<b>NPM</b>	-2,560	39,450	,529	1,920	-,358	-,649
<b>ROE</b>	-1,240	24,540	,500	1,813	-,360	-,653
<b>ROA</b>	.060	9,630	,353	1,279	-1.144	-2,076
<b>LN_TVA</b>	-4,605	,000	,010	.036	-1.407	-2,552
<b>LN_Share Price</b>	4,382	7,131	,057	,209	-,366	-,665
<b>Multivariate</b>					1,298	,514

Source: AMOS processing results, 2023

Based on the test results in Table 3, it can be seen that the normality evaluation which was carried out after the transformation using the critical ratio skewness value and kurtosis value criteria, showed that in a multivariate way the data showed normal ( $CR < 2.58$ ).

### Multicollinearity Test

Multicollinearity can be tested using the correlation values between variables in Table 4:

**Table 4. Correlation Between Variables**

	DAR	DER	NPM	ROE	ROA	TVA	Stock price
<b>DAR</b>	1,000						
<b>DER</b>	,897	1,000					
<b>NPM</b>	-,587	-,572	1,000				
<b>ROE</b>	,003	-,030	,617	1,000			
<b>ROA</b>	-,532	-,557	,870	,791	1,000		
<b>TVA</b>	.036	,091	-,110	-,174	-,176	1,000	
<b>Stock price</b>	-,462	-,540	,399	,204	,396	,193	1,000

Source: AMOS processing results, 2023



Based on the results of the correlation values between variables, it shows less than 0.90 for each relationship. This indicates that there is no multicollinearity problem in the model.

**Test the Goodness of Fit Model**

Goodness of fit will assess the suitability of the actual observation input with the predictions of the proposed model (Ghozali, 2017). The following table 5 results of the goodness of fit test:

**Table 5. Goodness of Fit Index**

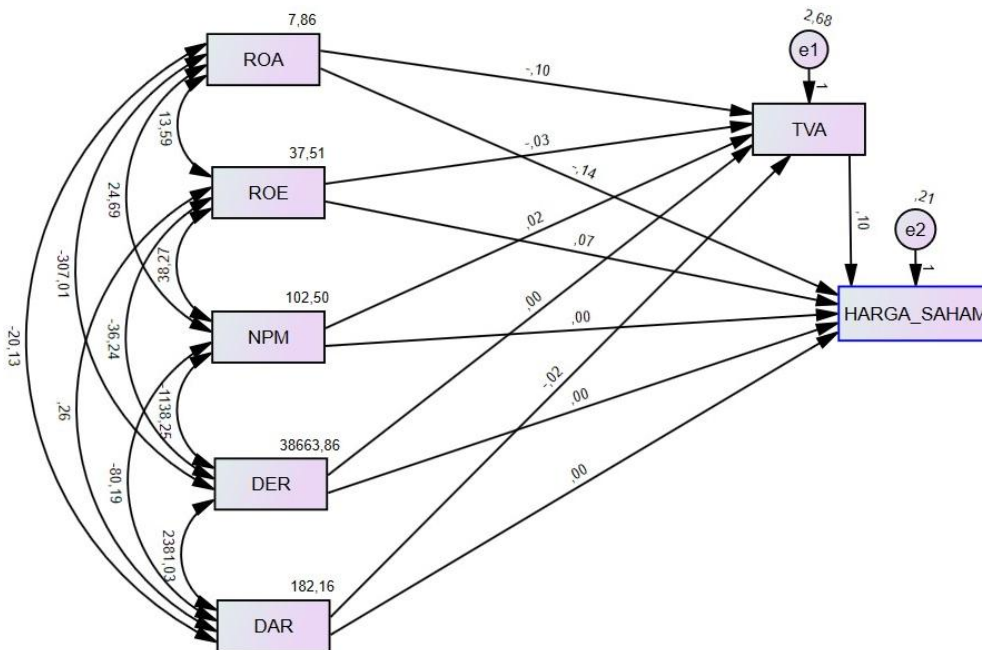
Goodness of Fit Index	Cut Off Value	Results	Criteria
Chi Square	Small Expected	0.000	Fulfilled
RMSEA	≤ 0.08	0.540	Not fulfilled
GFI	≥ 0.90	1,000	Fulfilled
AGFI	≥ 0.90	1,000	Fulfilled
TLI	≥ 0.95	1,000	Fulfilled
CFI	≥ 0.95	1,000	Fulfilled
CMIN/DF	≤ 2.00	0.000	Fulfilled

Source: AMOS processing results, 2023

Based on the test results The Goodness of Fit Index does not have a root mean square error of approximation (RMSEA) value with a result of 0.540.

**Path Analysis**

**Figure 5. Regression Coefficient**



Source: AMOS processing results, 2023

**Indirect Effects and Direct Effects**

In general, influences or effects can be divided into direct, indirect and total effects (Schumacker and Lomax, 1996).

**Table 6. Indirect Effects**

	DAR	DER	NPM	ROE	ROA	TVA
<b>TVA</b>	,000	,000	,000	,000	,000	,000
<b>STOCK PRICE</b>	-.003	,000	,002	-.003	-.011	,000

Source: AMOS processing results, 2023

For the model studied there are 5 indirect paths. For the indirect path there are 5 paths including: ROA on stock prices through the TVA intervening variable, ROE on stock prices through the TVA intervening variable, NPM on stock prices through the TVA intervening variable, DER on stock prices through the TVA intervening variable, DAR on stock prices through the TVA intervening variable. From the table it can be seen that there is no intervening of TVA on the DER on the stock price so there is no reduction or addition of the independent variable relationship to the stock price. ROA -0.011, ROE -0.003 and DAR -0.003 against the share price there is a weakening intervening from TVA -0.003 and -0.004 although small. While the NPM was 0.002 against the share price, there was an intervening increase from TVA 0.002.

**Table 7. Direct Effects**

	DAR	DER	NPM	ROE	ROA	TVA
<b>TVA</b>	-.024	,002	,022	-.031	-,103	,000
<b>STOCK PRICE</b>	,000	-.003	,004	,069	-,139	,103

*Source: AMOS processing results, 2023*

For the model studied there are 11 direct paths. The eleven direct paths include: ROA on TVA, ROE on TVA, NPM on TVA, DER on TVA and DAR on TVA then ROA on stock prices, ROE on stock prices, NPM on stock prices, DER on stock prices and TVA on stock prices. . From Table 7 it can be seen that ROA on TVA does not have a direct effect, ROE on TVA does not have a direct effect, DAR on TVA does not have a direct effect.

### Regression Weight Model

With a fit model, the parameter test as hypothesized can be interpreted. Parameter test results obtained as follows:

**Table 8. Regression Weight Model**

	Estimates	SE	CR	P	Information
TVA <--- ROA	-,103	,270	-,383	,701	Not significant
TVA <--- ROE	-.031	,093	-,332	,740	Not significant
TVA <--- NPM	,022	,039	,572	,568	Not significant
TVA <--- DER	,002	,002	,885	,376	Not significant
TVA <--- DAR	-.024	,035	-,693	,488	Not significant
HS <--- ROA	-,139	,075	-1,859	,063	Not significant
HS <--- ROE	,069	,026	2,686	,007	Significant
HS <--- NPM	,004	,011	,339	,734	Not significant
HS <--- DER	-.003	,001	-4,032	***	Significant
HS <--- DAR	,000	,010	-.045	,964	Not significant
HS <--- TVA	,103	,031	3,279	,001	Significant

*Source: AMOS processing results, 2023*

Remarks: \*\*\* Shows a Significance of 0.000

The structural equation model based on these results can be written as follows:

$$TV = -0.103 ROA + -0.031 ROE + 0.022 NPM + DER 0.002 + -0.024 + z$$

$$HS = -0.139 ROA + 0.069 ROE + 0.004 NPM + 0.003 DER + 0.000 DAR + 0.103 TVA + z1$$

1. The relationship between the coefficient of return on assets (ROA) and trading volume activity (TVA) is -0.103. This means that the return on assets of the company will potentially decrease trading volume activity (TVA).

2. The relationship between the coefficient of return on equity (ROE) and trading volume activity (TVA) is -0.031. This means that the return on equity of the company will potentially decrease trading volume activity (TVA).
3. The correlation between the net profit margin (NPM) coefficient and trading volume activity (TVA) was 0.022. This means that the company's net profit margin will potentially increase trading volume activity (TVA).
4. The relationship between the debt to equity ratio (DER) coefficient and trading volume activity (TVA) is 0.002. This means that the debt to equity ratio of the company will potentially increase trading volume activity (TVA).
5. The relationship between the debt to asset ratio (DAR) coefficient and trading volume activity (TVA) was -0.024. This means that the debt to asset ratio of the company will potentially decrease trading volume activity (TVA).
6. The relationship between the coefficient of trading volume activity (TVA) and stock prices is 0.103. This means that the trading volume activity (TVA) of the company will potentially increase the stock price.
7. The relationship between the coefficient of return on assets (ROA) and stock prices is -0.139. This means that the return on assets of the company will potentially decrease the stock price.
8. The relationship between the coefficient of return on equity (ROE) and stock prices. obtained by 0.069. This means that the return on equity of the company will potentially increase the stock price.
9. The correlation between the net profit margin (NPM) coefficient and stock price was 0.004. This means that the net profit margin of the company will potentially increase the stock price.
10. The relationship between the debt to equity coefficient (DER) and the stock price is -0.003. This means that the debt to equity of the company will potentially decrease the stock price (HS).
11. The relationship between the debt to asset ratio (DAR) coefficient and the stock price is 0.000. This means that the debt to asset ratio of the company will potentially increase the stock price.

**Table 9. Square Multiple Correlations**

Variable	Estimates
Trading Volume Activity (TVA)	.050
Stock price	,436

*Source: AMOS processing results, 2023*

Based on Table 9 Square Multiple Correlations for the Trading Volume Activity (TVA) variable is 0.050. This means that 5% of TVA can be explained by ROA, ROE, NPM, DER, and DAR, while the remaining 95% of Trading Volume Activity (TVA) can be influenced by other variables outside the model. The Square Multiple Correlations value for the Stock Price (HS) variable is 0.436. This means that 43.60% of the stock price can be explained by ROA, ROE, NPM, DER, DAR, and TVA while the remaining 56.40% of the stock price (HS) can be influenced by other variables outside the model.

The results of testing the mediation variable Trading Volume Activity using the sobel test:

$$Z = \frac{ab}{\sqrt{(a^2SE_a^2) + (b^2SE_b^2)}}$$

### Testing Mediation Variables Using the Sobel Test

#### The Mediation Effect of Trading Volume Activity on the Relationship Between Return on Assets and Stock Prices

Based on the results of the Sobel test calculation above, a Z value of -0.37219 is obtained, because the Z value obtained is  $-0.37219 < 1.992102$  with a significance level of 5%, thus proving that trading volume activity (TVA) is unable to mediate the relationship of return on assets (ROA) on stock prices.

#### The Mediation Effect of Trading Volume Activity on the Relationship Between Return on Equity and Stock Prices

Based on the results of the sobel test calculation above, a Z value of -0.33167 is obtained, because the Z value obtained is  $-0.33167 < 1.992102$  with a significance level of 5%, thus proving that trading volume activity (TVA) is unable to mediate the relationship return on equity (ROE) on stock prices.

#### The Mediation Effect of Trading Volume Activity on the Relationship Between Net Profit Margin and Stock Price

Based on the results of the calculation of the Sobel test above, a Z value of 0.556144 is obtained, because the Z value obtained is  $0.556144 < 1.992102$  with a significance level of 5%, thus proving that trading volume activity (TVA) is unable to mediate the net profit margin (NPM) relationship. on stock prices.

#### The Mediation Effect of Trading Volume Activity on the Relationship Between Debt to Equity Ratio and Stock Prices

Based on the results of the calculation of the Sobel test above, a Z value of 0.95757 is obtained, because the Z value obtained is  $0.95757 < 1.992102$  with a significance level of 5%, thus proving that trading volume activity (TVA) is unable to mediate the debt to equity ratio (DER) relationship. ) on stock prices.

#### The Mediation Effect of Trading Volume Activity on the Relationship Between Debt to Asset Ratio and Stock Prices

Based on the results of the sobel test calculation above, a Z value of -0.67156 is obtained, because the Z value obtained is  $-0.67156 < 1.992102$  with a significance level of 5%, thus proving that trading volume activity (TVA) is unable to mediate the debt to asset ratio relationship (DAR) on stock prices.

### Discussion

#### Effect of Return on Assets on Trading Volume Activity

Based on the research results, Return on Assets (ROA) has no significant effect on Trading Volume Activity (TVA) in Conventional Finance Companies listed on the Indonesia Stock Exchange for the 2011-2021 periods. The results of the study show results that are not the same as the formulated hypothesis, namely the value of Return on Assets (ROA) has a significant effect on Trading Volume Activity (TVA). The decline in net profit after tax on conventional financing companies compared to the company's total assets actually weakens the relationship between the size of the Trading Volume Activity (TVA).

The results of this study support previous research conducted by Saputra (2018) which stated that Return on Assets (ROA) had a negative and insignificant effect on Trading Volume Activity (TVA). Meanwhile, these results are not in line with what was found in Zakiyah's research (2018) Return on Assets (ROA) has a negative and significant effect on Trading Volume Activity (TVA).

**Effect of Return on Equity on Trading Volume Activity**

Based on the research results Return on Equity (ROE) has no significant effect on Trading Volume Activity (TVA) in Conventional Finance Companies listed on the Indonesia Stock Exchange for the 2011-2021 periods. The results of the study show results that are not the same as the formulated hypothesis, namely the Return on Equity (ROE) value has a significant effect on Trading Volume Activity (TVA). Return on equity has no effect on stock trading volume. Stock trading volume is an illustration of the condition of securities traded on the capital market. The magnitude of the trading volume variable can be determined by observing stock trading activities through stock liquidity indicators as measured by trading volume activity.

The results of this study support previous research conducted by Susanti (2020) which stated that Return on Equity (ROE) had a negative and insignificant effect on Trading Volume Activity (TVA). Meanwhile, these results are not in line with those found by Akseptori, Yuniarti and Kurniasari's (2018) research Return on Equity (ROE) has a negative and significant effect on Trading Volume Activity (TVA).

**Effect of Net Profit Margin on Trading Volume Activity**

Based on the research results, Net Profit Margin (NPM) has no significant effect on Trading Volume Activity (TVA) in Conventional Finance Companies listed on the Indonesia Stock Exchange for the 2011-2021 periods. The results of the study show results that are not the same as the formulated hypothesis, namely the value of Net Profit Margin (NPM) has a significant effect on Trading Volume Activity (TVA). Net Profit Margin has no influence on stock trading volume. Trading Volume Activity or stock trading volume is used as a reference by every investor to see stock movements. Besides that TVA is also used to see whether the shares to be purchased are still actively traded or not.

The results of this study do not support previous research conducted by Dewi and Sari (2017) which stated net profit or Net Profit Margin (NPM) had a positive and significant effect on Trading Volume Activity (TVA).

**Effect of Debt to Equity Ratio on Trading Volume Activity**

Based on the research results, the Debt to Equity Ratio (DER) has no significant effect on Trading Volume Activity (TVA) in Conventional Finance Companies listed on the Indonesia Stock Exchange for the 2011-2021 period. The results of the study show results that are not the same as the formulated hypothesis, namely the value of the Debt to Equity Ratio (DER) has a significant effect on Trading Volume Activity (TVA). The rise and fall of stock trading volume is an assessment that is influenced by many factors. Such as company performance, directors' policies in other investments, economic conditions, government policies, opinion levels, inflation rates, supply and demand as well as the ability to analyze the effects of stock prices themselves are also some of the things that greatly influence stock trading volume so that there are many more actors who affect it.

The results of this study support previous research conducted by Akseptori, Yuniarti, Kurniasari (2018), and Zakiyah (2022) which had a negative and insignificant effect on Trading Volume Activity (TVA).

**Effect of Debt to Asset Ratio on Trading Volume Activity**

Based on the research results, the Debt to Asset Ratio (DAR) has no significant effect on Trading Volume Activity (TVA) in Conventional Finance Companies listed on the Indonesia Stock Exchange for the 2011-2021 period. The results of the study show results that are not the same as the formulated hypothesis, namely the Debt to Asset Ratio (DAR) value has a significant effect on Trading Volume Activity (TVA). When the company's leverage ratio is high, this indicates that the company is not solvable, meaning that the company's total debt is greater than its total assets. In this case leverage is a ratio that can be used to calculate how much funds a creditor can provide, as well as a ratio used to compare total debt to the overall assets of a company. If an investor sees

that the company's assets are high but the leverage risk is also high, then as an investor, of course, they will think twice about investing in that company, because the thing that worries investors is that when a company has high assets from the debt they have, this is likely to increase investment risk if the company cannot pay off its obligations on time.

#### **Effect of Return on Assets on Stock Prices**

Based on the research results, Return on Assets (ROA) has no significant effect on share prices in conventional finance companies listed on the Indonesia Stock Exchange for the 2011-2021 period. The results of the study show results that are not the same as the formulated hypothesis, namely the value of Return on Assets (ROA) has a significant effect on stock prices. The company's performance can be seen from the high profitability of the company, because if the company cannot generate profits, not only investors will not receive returns but the company's business development plans can be affected as well. A low ROA value will send a negative signal to investors, because it shows the company's inability to manage its asset resources to earn profits.

The results of this study support previous research conducted by Ramadhan, Putri (2023), Damayanti, Gurendrawati and Susanti (2023) which had a negative and insignificant effect on stock prices. Meanwhile, these results are not in line with the research found by Asmapane and Oktavianti (2018) which states that Return on Assets (ROA) has a positive and significant effect on stock prices.

#### **Effect of Return on Equity on Stock Prices**

Based on the research results, Return on Equity (ROE) has a significant effect on share prices in conventional financing companies listed on the Indonesia Stock Exchange for the 2011-2021 periods. The results of the study show the same results as the formulated hypothesis, namely the value of Return on Equity (ROE) has a significant effect on stock prices. With high ROE, managers will be moved to disclose company information with the aim of convincing potential investors to want to buy company shares.

The results of this study support previous research conducted by Choiriya, Fatimah, Ulfa (2023), and Damayanti, Gurendrawati, Susanti (2023) stated that Return on Equity (ROE) has a significant effect on stock prices. Meanwhile, these results are not in line with those found by Putra and Nurdiansyah's research (2022) which states that Return on Equity (ROE) has a negative and insignificant effect on stock prices.

#### **Effect of Net Profit Margin on Stock Prices**

Based on the research results, Net Profit Margin (NPM) has no significant effect on share prices in conventional finance companies listed on the Indonesia Stock Exchange for the 2011-2021 period. The results of the study show results that are not the same as the formulated hypothesis, namely the value of Net Profit Margin (NPM) has a significant effect on stock prices. Changes in the NPM ratio are not a measure for investors to purchase shares. This can be caused by the basic elements of the NPM ratio itself, where investors will usually pay more attention to the company's net sales or turnover figures when making a decision to invest.

The results of this study support previous research conducted by Ramadhan, Putri (2023), and Damayanti, Gurendrawati, Susanti (2023) which had a negative and insignificant effect on stock prices. Meanwhile, these results are not in line with the research found by Junianto et.al (2018) which states that Net Profit Margin (NPM) has a positive and significant effect on stock prices.

#### **Effect of Debt to Equity Ratio on Stock Prices**

Based on the research results, the Debt to Equity Ratio (DER) has a significant effect on share prices in conventional financing companies listed on the Indonesia Stock Exchange for the 2011-2021 period. The results of the study show the same results as the formulated hypothesis, namely the value of the Debt to Equity Ratio (DER) which states that it has a significant effect on stock prices. The high DER is avoided by investors to choose stocks, because the high DER illustrates

the high risk of the company. If the company has debt, the risk lies with shareholders who have high debt, which will continue to be low so that it will affect the stock price itself.

The results of this study support previous research conducted by Dadrasmoghadam and Akbari (2015) stated that Debt to Equity (DER) has a positive and significant effect on stock prices. Meanwhile, these results are not in line with the research found by Junianto et., al (2022) Debt to Equity Ratio (DER) has a negative and insignificant effect on stock prices.

### **Effect of Debt to Asset Ratio on Stock Prices**

Based on the research results, the Debt to Asset Ratio (DAR) has no significant effect on share prices in conventional finance companies listed on the Indonesia Stock Exchange for the 2011-2021 periods. The results of the study show results that are not the same as the formulated hypothesis, namely the Debt to Asset Ratio (DAR) value has a significant effect on stock prices. The higher the Debt to Asset Ratio, the greater the risk faced, and investors will ask for a higher level of profit. A high ratio indicates a low proportion of own capital to finance assets. This means that the higher the Debt to Asset Ratio of a company, the lower the company's stock price, because the greater the cost of debt can reduce the company's profitability.

The results of this study support previous research conducted by Hutajulu, Fachrudin and Silalahi (2020) stated that Debt to Asset (DAR) had a negative and insignificant effect on stock prices. Meanwhile, these results are not in line with the research found by Tannia and Suharti (2020) Debt to Asset Ratio (DAR) has a positive and significant effect on stock prices.

### **Effect of Trading Volume Activity on Stock Prices**

Based on the research results, Trading Volume Activity (TVA) has a significant effect on share prices in conventional finance companies listed on the Indonesia Stock Exchange for the 2011-2021 period. The results of the study show the same results as the formulated hypothesis, namely the value of Trading Volume Activity (TVA) has a positive and significant effect on stock prices. Trading Volume Activity has decreased accompanied by a decrease in stock prices, it can be said that the market is in a bullish state or in a strengthening state. Vice versa, it can be said that the market is experiencing a downtrend (bearish) if Trading Volume Activity has decreased and stock prices have increased.

The results of this study support previous research conducted by Ananda, Martaseli, Eriswanto (2021), and Rohmawati (2017) which stated that Trading Volume Activity (TVA) had a positive and significant effect on stock prices. Meanwhile, these results are not in line with the research found by Junianto et., al (2022) Trading Volume Activity (TVA) has a negative and insignificant effect on stock prices.

## **CLOSING**

### **Conclusion**

1. Return on Assets (ROA) has no significant effect on Trading Volume Activity (TVA) in Conventional Financing Companies on the Indonesia Stock Exchange.
2. Return on Equity (ROE) has no significant effect on Trading Volume Activity (TVA) in Conventional Financing Companies on the Indonesia Stock Exchange.
3. Net Profit Margin (NPM) has no significant effect on Trading Volume Activity (TVA) in Conventional Financing Companies on the Indonesia Stock Exchange.
4. Debt to Equity Ratio (DER) has no significant effect on Trading Volume Activity (TVA) in Conventional Financing Companies on the Indonesia Stock Exchange.
5. Debt to Asset Ratio (DAR) has no significant effect on Trading Volume Activity (TVA) in Conventional Finance Companies on the Indonesia Stock Exchange.
6. Return on Assets (ROA) has no significant effect on Stock Prices through Trading Volume Activity (TVA) in Conventional Finance Companies on the Indonesia Stock Exchange.

7. Return on Equity (ROE) has a significant effect on stock prices through Trading Volume Activity (TVA) in conventional financing companies on the Indonesia Stock Exchange.
8. Net Profit Margin (NPM) has no significant effect on stock prices through Trading Volume Activity (TVA) in conventional financing companies on the Indonesia Stock Exchange.
9. Debt to Equity Ratio (DER) has a significant effect on stock prices through Trading Volume Activity (TVA) in conventional finance companies on the Indonesia Stock Exchange.
10. Debt to Asset Ratio (DAR) has no significant effect on stock prices through Trading Volume Activity (TVA) in conventional financing companies on the Indonesia Stock Exchange.
11. Trading Volume Activity (TVA) has a significant effect on share prices in conventional financing companies on the Indonesia Stock Exchange.
12. Trading Volume Activity is not able to mediate the relationship between Return on Assets, Return on Equity, Net Profit Margin, Debt to Equity Ratio and Debt to Asset Ratio to Stock Prices.

### **Suggestion**

1. The company is expected to be able to maintain the availability of capital in its operational activities so that with this it is hoped that the Return On Assets (ROA) of conventional financing companies can be maintained and can increase the value of the company.
2. Companies can also increase their sales or increase pricesales product. This can increase the interest and confidence of investors to invest their funds, the company can also be maintained because investors can judge that the company is quite profitable.
3. The company continues to pay attention to managing its debts properly so that it can generate profits and be able to return or pay its debts according to the specified time.
4. Companies must reduce the addition of debt and increase equity morefor shareholders, so that the profits generated by the company will increase and the company can bear losses without endangering creditors. Because the higher the total liabilities, the greater the burden on the company compared to the total capital itself so that the greater the company's burden on outsiders.
5. Potential investors are expected to look more closely at the company's performance report in order to be able to assess and consider it in deciding which company to choose to invest in.
6. if parainvestors want to invest their shares to those who want to invest, investors should pay more attention to the factors that affect stock prices. The author also suggests that future research is expected to use a longer research period and add variables that are more influential on stock prices.

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