


# The Effect of DER And PBV on Stock Price in Companies Listed of The Consumer Cyclical Sector

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Article Info	ABSTRACT
<b>Keywords:</b> Debt to Equity Ratio and Price to Book Value	This study analyzes the effect of Debt to Equity Ratio (DER), and Price to Book Value (PBV) on Stock Price in Companies Listed of the consumer cyclical sector period on 2021-2023. By using hypothesis testing, the research sample consisted of 126 companies. The results showed that DER does not have a significant influence on the stock prices of companies in the Consumer Cyclical sector and PBV had an effect on Stock Price. Simultaneously, these two variables have a significant influence with an Adjusted R <sup>2</sup> of 9%, indicating that other factors also affect Stock Price.
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## INTRODUCTION

The capital market is one part of financial markets such as stocks, bonds, and contracts on assets. The capital market is one of the main pillars in the financial system in a country. By following the existing developments, the capital market has become one of the modern financial systems that functions to transfer funds from parties who have funds or investors to parties who need funds (Dewi Lubis et al., 2024). The capital market can be used as a measure of the national economic level of a country. The more developed the capital market in a country, the more developed the country can be said to be.

In the capital market, there are various places to buy and sell shares for investors, one of which is the IDX. Indonesia Stock Exchange categorizes these companies into several sectors, one of which is the Consumer Cyclical sector. The Consumer Cyclical sector is a category of stocks that is highly dependent on business cycles and economic conditions as it includes companies that manufacture or distribute products and services that are generally sold to consumers that are cyclical or secondary goods.

investors can make offers and requests for shares, investors can first analyze public companies using information related to the prospects of a company in the future. if a company has a good financial performance report, then the company has a good ability to maximize company profits so that it can have a positive impact on investor welfare. Financial performance reports are obtained from analyzing company financial data using certain financial ratios.

One way to assess this performance is to use the Debt-to-Equity Ratio (DER) ratio analysis. Debt to Equity Ratio (DER) provides information about the amount of capital used as

debt collateral by the company (Nurimansyah., 2022). while Price to Book Value (PBV) is the relationship between stock prices and book value per share (Sari & Jufrizen, 2019). Price to Book Value (PBV) reflects the book value of the shares, PBV which has increased makes investors confident to invest in the company and vice versa, this results in a decrease in shares and reduces the share price (Aprilia Puri Astuti & Erma Setiawati, 2024) and The stock price is the price set by a company for other entities that want to have share ownership rights over the company (Lisdiana et al., 2024).

### METHOD

This study applied quantitative research methods. quantitative method is a research method based on the philosophy of positivism, which is used to examine certain populations or samples, data collection using research instruments, with the aim of testing predetermined hypotheses (Sugiyono, 2024, p.16-17). The method used in this research is the associative method, that the associative method is research based on the relationship between variables, associative trying to find a causal relationship between related variables (Aiman et al., 2022, p.3-4).

The data collection method in this study uses documentation techniques by collecting information about research from various sources in the form of financial reports and stock prices. Financial report data is obtained through the official website of each stock listed in the Consumer Cyclical sector on the site (IPOTNEWS.com) and (Stockbit.com).

In this study, the population studied include all the companies listed in the Consumer Cyclical sector during the 2021-2023 period. With a total of 163 companies. According to (Sugiyono, 2024, p.127) the sample is part of the number and characteristics of the population. The sampling technique used is nonprobability sampling with the sampling technique used is purposive sampling. Purposive sampling is a sampling technique with certain considerations (Sugiyono, 2024, p.133). the sample used in this study amounted to 126 companies listed in the Consumer Cyclical Sector during the 2021-2023 period.

**Table 1.** Sample Selection Process

No	Sample Selection Criteria	Total
1	Companies listed on the Consumer Cyclical sector period 2021-2023	163
2	Companies that do not consistently publish financial reports during the 2021-2023 period	(37)
	Number of samples that meet the X criteria during the 3-year research period	126 x 3
	Total samples	378

### RESULTS AND DISCUSSION

#### Normality Test

The normality test aims to test whether in the regression model, the dependent variable and the independent variable both have a normal distribution or not. The conclusion

to determine whether a data follows a normal distribution or not is by assessing its significant value. According to Ghozali in (Sujarweni, 2019, p.225) if significant > 0.05 then the variable is normally distributed and vice versa if significant < 0.05 then the variable is not normally distributed.

**Table 2. Normality Test  
 One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual	
N		343	
Normal Parameters <sup>a,b</sup>	Mean	.0000000	
	Std. Deviation	1.32984886	
Most Extreme Differences	Absolute	.051	
	Positive	.051	
	Negative	-.036	
Test Statistic		.051	
Asymp. Sig. (2-tailed)		.032 <sup>c</sup>	
Monte Carlo Sig. (2-tailed)	Sig.	.328 <sup>d</sup>	
	99% Confidence Interval	Lower Bound	.315
		Upper Bound	.340

The Normality Test results in the table above use the One-Sample Kolmogorov-Smirnov method using Monte Carlo to analyze how the normality test functions on data with very extreme characteristics such as high skewness or sharp distribution peaks. (kurtosis). Thus, this study can evaluate whether the normality test remains valid and robust when the data significantly deviates from the assumption of a normal distribution. normal distribution. So based on table 2 which shows that the residual value of the independent variable and the the number of data (N) of 343 is 0.328. Means data in this study is normally distributed because the residual value of the Monte Carlo residual value from Monte Carlo is greater than the significance of 0.05 or 0.328 > 0.05. So it can be concluded that the data is normally distributed.

### Hypothesis test T

The T test basically shows how far the influence of one independent variable individually in explaining the variation in the dependent variable (Ghozali, 2021, p.148-149) The T test results can be shown in the Coefficients table in the sig column. the criteria are as follows: If T count > T table, then the independent variable has a significant effect on the dependent variable and if T count < T table, then the independent variable does not significantly affect the dependent variable.

**Table 3.** Hypothesis test T  
**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std Error	Beta		
(Constant)	5.595	.082		67.837	.000
LN_DER	.024	.054	.023	.440	.660
LN_PBV	.313	.055	.302	5.688	.000

1. *Dependent Variabel: LN\_HARGA*

The t statistical test results show that the significant value of DER is 0.660 > 0.05. In addition, the calculated t value of 0.440 is smaller than the t table value of 1.967. Therefore, the H1 hypothesis is rejected, which indicates that the Debt to Equity Ratio has no significant effect on the Stock Price. according to (Andriani et al., 2022) This shows that the value of the Debt To Equity Ratio (DER) may not necessarily affect the stock price and has no influence on investors to invest in the company. The results of the t statistical test, the significance value of PBV is 0.000 < 0.05. In addition, the calculated t value of 5.688 is greater than the t table value of 1.967. Therefore, hypothesis H2 is accepted, which indicates that Price to Book Value has a significant effect on Stock Price. Stock prices can be influenced by Price to Book Value (PBV) because the higher the company value, the better the company's performance. In this case, the company's performance is good, the PBV ratio will increase higher so that demand will cause the stock price to increase (Ningrum, 2022, p.22).

**Hypothesis test F**

The f statistical test is used to prove that there is an influence between the independent variables on the dependent variable simultaneously (Sujarweni, 2019, p.228). The significance of the regression model is simultaneously tested by looking at the significance value (sig) where if the sig value is < 0.05 then the independent variable influences the dependent variable. variable Y and if f count < f table, then there is no simultaneous influence of variable X on variable Y.

**Table 4.** Hypothesis test T  
**ANOVA**

Model	Df	F	Sig
Regression	2	17.889	.000 <sup>b</sup>
Residual	340		
Total	342		

a. *Dependent Variabel: LN\_HARGA*

Based on the results of the F test above, the statistical results show a significance of 0.000, F count of 17.889 and F table of 3.02. Provided that the significant value of  $0.00 < 0.05$  and the value of F count > the value of F table means that there is a significant influence of the independent variables simultaneously on the dependent variable. In other words, DER and PBV simultaneously affect the Stock Price.

### Test Coefficient of Determination ( $R^2$ )

According to (Ghozali, 2021, p.147) the coefficient of determination  $R^2$  measures how far the model's ability to explain variations in the dependent variable. The coefficient of determination is between zero and one. A small  $R^2$  value means that the ability of the independent variables to explain the variation in the dependent variable is very limited.

**Table 5.** Coefficient of Determination ( $R^2$ )

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	.309 <sup>a</sup>	.095	.090	1.33375

a. Predictors: (Constant), LN\_DER, LN\_PBV

The regression model table above shows that the Adjusted R Square value obtained is 0.090. This situation shows that the independent variables Debt to Equity Ratio and Price to Book Value contribute 9% influence on the variable level of Stock Price, while the remaining 91% is influenced by other variables not mentioned in this study. These other factors are profitability, liquidity, and market sentiment.

### CONCLUSION

Based on the research results, Debt to Equity Ratio (DER) does not have a significant influence on the stock prices of companies in the Consumer Cyclical sector. This is indicated by the results of the t test which obtained a significance value of 0.660, greater than 0.05, and a calculated t value that is smaller than the t table. Thus, the hypothesis that DER affects stock prices is rejected. This indicates that the level of debt to the company's equity is not always the main factor considered by investors in assessing stock prices. This is in line with research (Laylia & Munir, 2022) and (Wardhani et al., 2024) where DER has no effect on Stock Prices. In contrast, Price to Book Value (PBV) is proven to have a significant effect on stock prices. The t test results show a significance value of 0.000, smaller than 0.05, as well as a calculated t value greater than the t table, which means that the hypothesis that PBV has an effect on stock prices is accepted. A higher PBV indicates that the company has a good valuation, which can increase investor confidence. This is in line with (DZAKWAN et al., 2023) and (Ardiyanto et al., 2020) which states that PBV has an effect on Stock Price. DER and PBV simultaneously affect stock prices with a significance value of 0.000 and F count greater than F table. This means that although DER does not have a significant effect individually, when combined with PBV, these two variables still have a relationship to stock prices. However, the coefficient of determination (Adjusted  $R^2$ ) of 0.090 indicates that the contribution of DER and

PBV to stock prices is only 9%, while 91% of stock price variations are influenced by other factors not examined in this study, such as profitability, liquidity, macroeconomic conditions, and market sentiment.

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