

Examining the Impact of Fundamental Factors and Systemic Risk on Share Prices in the Indonesian Manufacturing Sector (2019-2021)

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Abstract. The manufacturing sector plays a crucial role in driving economic growth and development in Indonesia. This study investigates the influence of fundamental factors, namely Return on Assets (ROA), Debt to Equity Ratio (DER), and Return on Equity (ROE), as well as systemic risk, on the share prices of manufacturing companies listed on the Indonesian Stock Exchange (IDX) during the period of 2019-2021. Employing a quantitative approach and multiple linear regression analysis, the research examines data from five manufacturing companies over the specified timeframe. The findings reveal a positive and significant relationship between ROA and share prices, as well as between ROE and share prices. However, no significant associations were found between DER, systemic risk, and share prices. The study emphasizes the importance of well-defined communication protocols, with 82.30% of respondents highlighting their significance. Additionally, the use of visual aids (46.40%), contract templates, and alternative dispute resolution mechanisms are identified as effective strategies for enhancing communication and mitigating conflicts. By identifying key factors influencing share prices and proposing mitigation strategies, this research provides valuable insights for investors, policymakers, and stakeholders in the Indonesian manufacturing sector.

Keywords: Fundamental Factors, Systemic Risk, Share Price

1. Introduction

Manufacturing company is a company which used machines in producing the goods which are made from raw materials and the components which have an important role to increase the standard of life of people. In its process, the company contributes to the environment problem. Production activity which is not based on sustainability in manufacturing companies because of this. In 1987 Brundtland commission introduced the concept of sustainable development to approach the development so that it could fill the needs of population in the world which increased without any influence of earth's carrying capacity and the needs of the next generation (Brundtland, 1987). Manufacturing companies are sure to have a big impact on the development of the economic sector. The countries which can grow economically without investing in the manufacturing industry are only a little. Manufacturing sector has the ability to strengthen and support industrialization. So, the development of industrialization where there is application of technology, tools, and modern machines for producing useful goods and services to decrease the problem of people and increase the standard of life. Modern manufacturing operations can see high innovation of technology, business skill development and management, and increasing technical skills so that the productivity and workers welfare improve (Obioma, et al., 2015).

Manufacturing company performance is a good step for reaching growth and development of the country's economy. Financing sustainable national development can be done as a catalyst for reaching the efficiency which is needed for the growth and economic development. Financing development is an effort of a country to support and catalyze expansion through public investment and private infrastructure, reconstruction, business and industry development (Nasieku & Olukayode, 2021). Central Bureau of Statistics (2023) showed GDP in the manufacturing sector where in 2017 was 4,29, then in 2018 was 4,27, in 2019 was 3,8, in 2020 was -2,93, in 2021 was 3,39, and in 2022 was 4,89. The development of the manufacturing industry will decrease in 2020. Then, in 2021 and 2022, it was back again, grew and developed (Wolok et al., 2023). Determining the success of macroeconomic studies and planning could be seen from the Gross Domestic Product (GDP) of the country, even from the basic price or constant price. The score of GDP shows the achievement of development which has been applied (Sholiha et al., 2017). Indonesia must increase its economic growth. Because of that, the manufacturing sector has a big role for structural transformation in Indonesia (Asian Development Bank and Bappenas, 2019).

Share price represents the wealth of a country, changing, or fluctuation is determined by supply and demand in the stock market (Fahmi, 2018). It is a guide for the success of the company in running a business. If it is increasing, investors and potential investors have opinion that the company has done the operational well. Investors' belief and the potential investors are really important for the issuer. It causes the people's belief to increase the investors' belief and they want to invest in that company. Share price is also influenced by many factors. Two of them are fundamental factors and systemic risk (Astuty, 2017; Rufiqoh & Mukaffi, 2020). There are many factors which influence share price in a company, such as politics, macroeconomics, and economic global conditions. It can systematically influence the share price as a whole. Fundamental factors also influenced the decision of investors in a company in the long term. In other side, there are many information can influence share price such as; government economic data, politic, global economy which can change anytime. Financial ratios which is used as the consideration in fundamental analysis are price to earnings (PER), price to book (PBV), dividend per share (DPS), earnings per share (EPS), debt to equity rasio (DER), return to equity (ROE), return on asset (ROA) and net profit margin (NPM) (Nugroho, et al., 2022). The ratio which is used in analyzing fundamental factors can be counted based on the report data of finance and share price in a certain company (Iqbal et al., 2021; Suerz et al., 2021). The fundamental is used to analyze the information which is given by the company about the company performance and giving knowledge about the achievement of the management in company operations. It focuses on the main metric from finance reports and share price well, so that it relates to economic health of a company (Pamella, et al., 2017).

Risk in the market is usually known as systematic risk. It cannot be separated and omitted through ways of diversification and universalization. This thing is caused by fluctuating systemic risk which is influenced by macroeconomic factors which involve the entire market (A.Halim, 2005). Systemic risk is explained as the risk of difficulties in some companies. It showed a significant level of loss in most of the companies (Oh & Patton, 2018). There are two risks in the market, they are systematic risk and systemic risk. Systematic risk refers to the risk of market uncertainty for the result of the next investment which can influence company operations. Meanwhile, non- systematic risk refers to a unique risk factor in each business which influences company operations in small groups. If the investors want to buy the share price of a company, they want a high return. But the investors must be ready to receive high risk. So, the investors in the capital market in considering investment not only focus on the benefits but also the failure. Risk factors are measured by stock beta. The highest stock beta is in a company, the highest its systematic risk (Astuty, 2017). Determination of systemic problems is considered by some points of view. Many experts focus on measurement and determination of systemic risk (Liu et al., 2020). The degree of systemic risk is measured by the systemic risk index which is called stock beta. Stock beta showed the sensitivity of share price which influences market conditions commonly. Beta Index is determined by the comparison of high risk in a share price with the risk of share price in all of it that has been noted (Kamaludin, 2011). Systemic risk can influence the decision which will be taken by the investors in buying share price which causes fluctuation of it (Rafiqoh & Mukaffi, 2020). Based on the explanation above, this study investigates the influence of fundamental factors, namely Return on Assets (ROA), Debt to Equity Ratio (DER), and Return on Equity (ROE), as well as systemic risk, on the share prices of manufacturing companies listed on the Indonesian Stock Exchange (IDX) during the period of 2019-2021.

2. Research Method

This research was categorized as quantitative research with multiple linear regression analysis. This research used secondary data for the finance report in a manufacturing company which registered in IDX. Automotive company and components which were used by 5 companies in 2019 – 2021. Technique of purposive sampling was used to take the samples of the research. So, it was known that the samples in this research were 15. The framework of thinking of the research was in figure 1, and table 1 showed the name of the companies in this research.

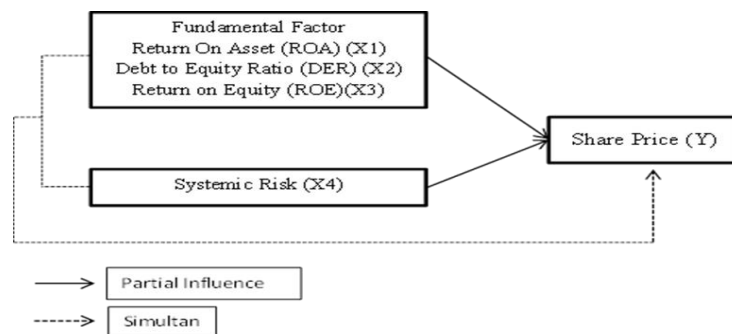


Fig.1: Framework of Thinking

	code	CompanyName
1	ASII	Astra International Tbk.
2	MASA	Multistrada Arah Sarana Tbk.
3	BOLD	Garuda Metallindo Tbk.
4	PRAS	Prima Alloy Steel Universal Tbk.
5	SMSM	Selamat Sempurna Tbk.

3. Results And Discussion

Results

Normality

The data which was not distributed was normal. It caused a dependent or independent variable to have the wrong form or another variable which was missing and so on. The checking of normality data was done in every sample separated without any consideration of group (Orcan, 2020). In many ways, a normality test could be done. The most common was Kolmogorov-Smirnov dan Shapiro-Wilk (Park, 2008; Razali & Wah, 2011). The testing by using Kolmogorov-Sminorv, the data could be said to be distributed normally if it had a score of Asym.Sig > 0.05. Figure 2 explained the result of the normality test in the form of a plot. Next, the result of the normality test with Kolmogorov-Sminorv in table 2.

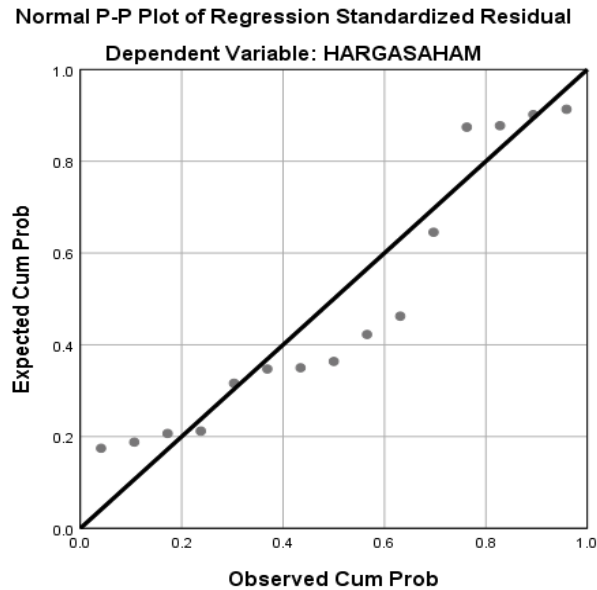


Table 2. Normality Test Results

	Unstandardized Residuals
N	15
Kolmogorov-Smirnov	0.221
Asymp. Sig (2-tailed)	0.070

Normality test was done in SPSS version 25 using Kolmogorov-Smirnov analysis. Table 2 showed the result. It explained the score of sig (2 tailed) from the data that has been collected 0.70 > 0.05. Data in the table showed the data has been distributed well and ready to have adding analysis. It also showed no pattern which formed from the data in the diagonal line. In other words, it can be said that the data is distributed normally

Multicollinearity

Multicollinearity happens when a regression model consists of many variables which are correlated not only for dependent variables but also others (Young, 2017). If Multicollinearity happens, it increases the error standard for each coefficient model. It causes many important variables becomes not significant statistically (Pedhajur, 1997). Determination of multicollinearity data can be seen from VIF score and tolerance. Variance Inflation Factor is used for determining how big the increasing variety of estimation of regression coefficients if independent variables are correlated. Tolerance score is inversely proportional to VIF. The lowest tolerance score explains an existence of multicollinearity between variables (Shrestha, 2020). Data can be said to be independent of multicollinearity if the tolerance score is more than 0,10 and VIF less than 10. Table 3 showed the result of the multicollinearity

test by using SPSS version 25.

Table 3. Result of multicollinearity test by using SPSS version 25.

Variable	Tolerance	VIF
X1	0.318	3.146
X2	0.318	3.146
X3	0.124	8.061
X4	0.661	1.513

If there was no collinearity in regression mode, the regression could be accepted with $VIF < 10$ and tolerance score $> 0,1$. Return On Asset (ROA) (X1), Debt to Equity Ratio (DER) (X2), Return on Equity (ROE)(X3), and Systemic Risk (X4) which was an independent variable in this research. It did not happen multicollinearly. $VIF\ ROA\ 3.146 < 10$, $DER\ 3.146 < 10$. $VIF\ ROE\ 8.061 < 10$ and $VIF\ Systemic\ Risk\ 1.513 < 10$.

Heteroscedasticity

The existence of heteroscedasticity has a role to see if the regression model in the research has the same variety with one and another. Regression model can be accepted if it does not have heteroscedasticity. Scatterplot can be used to see it. The model can be accepted if there is no pattern for the spreading plot. The result of heteroscedasticity test by using SPSS version 25 was shown in figure 3.

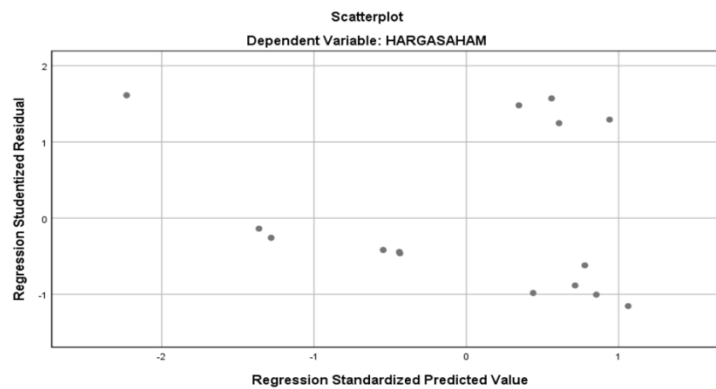


Fig.3: Heteroscedasticity Test Results

An acceptable model should not have heteroscedasticity. Plots that were scattered and had no pattern were model indications of no heteroscedasticity. Based on figure 3, it was known that the data in this research spread and did not have a pattern. Because of that, the data in this research has fulfilled the requirement to be done the next testing because it did not have heteroscedasticity.

The result of hypothesis test

T test

Statistics which were used in testing had significant effects from independent variables partially. The purpose is to test the hypothesis that there is no difference significantly between 2 average scores randomly from the same population. The finding of t test in each independent variable was shown in table 4.

Table 4. Multiple Linear Method Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	std. Error	Betas		
1 (Constant)	-1.398	0.316		-4,420	0.001
Return On Asset (ROA) (X1)	0.559	0.099	0.849	5.652	0.000

Debt to Equity Ratio (DER) (X2)	0.88	0.141	0.094	0.626	0.543
Return on Equity (ROE)(X3)	0.590	0.099	0.849	5.667	0.004
Systemic Risk (X4)	80.63	110.6	0.233	0.729	0.661

$$Y = -1.398 + 0.559X_1 - 0.88X_2 + 0.559X_3 + 80.63X_4 + e$$

1. Constant, share price (Y), it happened but it did not impact by independent variables even Return On Asset (X₁), accounting conservatism (X₂), Return on Equity (X₃) and Systemic Risk (X₄) -1.398.
2. X₁ = 0.559 showed positive influential and significant which were given by Return On Asset (ROA) (X₁) was 0.559 to the dependent variable of share price (Y). If there was increasing, so the influence of Return On Asset (ROA) (X₁) to share price (Y) was 0.559. Meanwhile, if there were two increasing so the influence that will be given is 1.118
3. Debt to Equity Ratio (DER) (X₂) impacted 0.88 to the share price. If there is one increase of DER, so the influence which is given is 0.88. Next, it is increasing double, so the influence which is given by DER is 1.76 for the share price.
4. Return on Equity (ROE)(X₃) impacted 0.590 to the share price. If there is one increase of ROE, the influence will be given 0.590. Next, if the increase is double, so the influence that will be given 1.18 to the share price.
5. Systemic Risk (X₄) impacted 80.63 to the share price. If there is one increase for Systemic Risk, so the influence which is given is 80.63. Next, if the increase doubles, the influence will be given by Systemic Risk 161.12 to the share price.

Determination coefficient

Determination coefficient (R²) has the role to determine the relationship score of independent variable and dependent variable. R² score is around 0,0 until 1,0. If the determination coefficient has 0,0, so it will be a known independent variable, dependent variable cannot be predicted. This thing explains that there is no linear correlation between independent variable and dependent variable. So, the line is horizontal. The line which passes through the main value of the dependent variable will be horizontal. The line which passes the mean is dependent. If the determination coefficient shows 1,0, it shows that the points in line do not have scatter points. If variable independence is known, then we can see dependent variables can be predicted well (Chayalakshmi, et al., 2018). Table 5 showed the determination coefficient score which has been processed by SPSS version 25.

Table 5. Coefficient of Determination (R²)

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	0.695a	0.324	0.053	0.22430

Table 5 explained that there was influence which was given by independent variable such as Return On Asset (ROA) (X₁), Debt to Equity Ratio (DER) (X₂), Return on Equity (ROE)(X₃) and Systemic Risk (X₄) to the share price (Y). The influence that has been given by independent variables toward dependent variables was 69.5%. Next, 30.5% of others were influenced by other factors outside of the research.

F- Test

F – Test has the function to see the impact of independent variable to dependent variable together (Lind et al., 2014). It can be seen from the result of a test which has a score of F count > F table and significant score < 0,05. Table 6 showed the result of F- Test which has been processed in SPSS version 25.

Table 6. F Test Results

	Model	Sum of Squares	Df	MeanSquare	F	Sig.
1	Regression	0.547	2	0.274	16.166	0.008b
	Residual	0.203	12	0.017		
	Amount	0.750	14			

Table 6 showed significant score was 0,008 T count 16,166. T table with amount of data 15 was 3.885. This result showed that variables of Return On Asset (ROA) (X1), Debt to Equity Ratio (DER) (X2), Return on Equity (ROE)(X3) and Systemic Risk (X4) impacted positively and significantly for the share price (Y). It was proven by significant score was $0.008 < 0.05$ and the score of T count 16.166 > Tabel 3.885.

H1 : The influence of Return On Asset (ROA) to the share price

This study found that there is a positive and significant effect given by Return On Asset (ROA) on stock prices in 5 manufacturing companies listed on the Indonesia Stock Exchange (IDX). This is evident from the statistical analysis which shows a calculated value of 5.652, which is greater than the T table of 2.228, and a p-value of 0.000 which is smaller than 0.05, so that hypothesis H1 is accepted. This finding shows that financial performance as measured by ROA can be a strong indicator in predicting the stock price of manufacturing companies (Samalam, 2021). The positive and significant effect of ROA on stock price means that the higher the ROA of a company, the higher the company's stock price in the market (Choiriyah, 2020). ROA itself is a financial ratio that measures the company's ability to generate profits from its assets. In other words, companies that are able to optimize their assets to generate high profits will be more appreciated by investors, which is reflected in the increase in their share price. This research is in line with the findings conducted by Wijaya (2024) which also states that ROA has a positive and significant influence on stock prices. Wijaya shows that companies with high ROA tend to have higher share prices because efficiency in using assets to generate profits attracts investors. This shows the consistency in empirical findings related to the effect of ROA on stock prices in various studies.

In the context of the stock market, Return On Asset (ROA) is one of the key indicators used by investors in assessing company performance (Tudose, 2022). ROA measures the efficiency of a company in using its assets to generate profits. The higher the ROA, the better the company's performance in utilizing its assets to create profits. Therefore, ROA is an important benchmark for investors who want to assess whether the company's management is able to manage existing resources effectively and efficiently (Rajindra, 2021). Investors tend to look for companies with high ROA because this indicates management's ability to manage the company's assets effectively to generate profits. A company with a high ROA indicates that its assets are being used optimally to create profits. This provides a positive signal to investors regarding the company's financial health and future prospects (Kalbuana, 2021). Investors are usually more interested in investing in companies with high ROA because of the potential for better returns and lower risk than companies with low ROA (Hussain, 2020).

Thus, companies with a good ROA usually experience high demand for shares from investors, which drives up the share price. When many investors are interested in buying shares of companies with high ROA, the demand for these shares increases (Sausan, 2020). This increase in demand will result in an increase in stock prices, in accordance with the basic economic principle that prices will rise when demand increases. This explains why companies that have good financial performance

often experience significant share price appreciation. In addition, high ROA also has a positive impact on the company's reputation in the capital market. Companies that consistently show good financial performance through high ROA will be perceived as stable and profitable companies. This good reputation not only attracts individual investors but also large institutional investors who are looking for safe and profitable long-term investment opportunities. Thus, companies with high ROA not only attract new investors but also maintain the loyalty of existing investors.

The results of this study also underscore the importance of company management in improving the efficiency of asset use. Effective management in managing assets will be able to maximize the productivity and profitability of the company, which in turn will be reflected in an increase in ROA (Asogwa, 2023). With an increase in ROA, companies show that they can optimally use existing resources to generate greater profits. This not only improves the financial health of the company but also gives investors confidence in management's ability to achieve financial targets (Włodarczyk, 2024). Management that is able to increase ROA not only improves the company's financial performance but also increases the attractiveness of the company in the eyes of investors. Thus, focusing on increasing ROA is not just about improving financial numbers but also about building trust and reputation in the market. Management that is committed to improving efficiency and profitability through the optimal use of assets will see the results in the form of increased share prices and higher market value. Investors who respond positively to strong financial performance will help maintain the company's stability and growth over the long term, making it an attractive and profitable investment option.

H2 : The influence of Debt to Equity Ratio (DER) to share price

This study found that there is no positive and significant effect given by Debt to Equity Ratio (DER) on stock prices in 5 manufacturing companies listed on the IDX. The results of statistical analysis show a T value of 0.626, which is smaller than the T table of 2.228, and a p-value of 0.543 which is greater than 0.05. Thus, the hypothesis stating that DER has a positive and significant effect on stock prices is rejected. This finding indicates that the level of leverage as measured by DER does not have a significant impact on changes in the stock prices of these companies. Research conducted by Yunus (2021) states that the Debt to Equity Ratio (DER) has a negative and significant effect on stock prices. When a company has a large debt burden, most of the company's income must be allocated to pay interest and principal. These ongoing debt payments can drain the company's cash and limit the ability to allocate funds into new investments or business development. Thus, a high debt burden can hinder a company's long-term growth and reduce its competitiveness in the market. As a result, the firm's ability to reinvest profits into new operations or projects is limited (Renaldo, 2023). Companies that must focus on debt repayment lack the financial flexibility needed to take advantage of emerging investment opportunities. This could mean missing out on opportunities to expand product lines, improve technology, or enter new markets. These limitations can negatively impact the company's future growth potential, which will ultimately be reflected in a stagnant or declining stock price.

Companies that constantly have to repay debt have little room to pay dividends to shareholders (Amoah, 2024). Low dividends or no dividends at all can make a company's stock less attractive to investors seeking cash returns on their investments. In addition, limited growth prospects may also make the stock less attractive to investors seeking opportunities for long-term gains. Overall, inefficient debt management can reduce the attractiveness of a company in the eyes of investors. Companies need to maintain a balance between using debt to fund growth and keeping financial risks under control. Investors, in turn, tend to prefer companies that have a healthy capital structure and are able to generate sufficient profits to support growth without relying too heavily on debt. As such, companies with a high debt burden should be careful in managing their liabilities so as not to dampen investor interest and hinder the rise of share prices in the market. Companies that constantly have to repay debt have little room to pay dividends to shareholders (Amoah, 2024). Low dividends or no dividends at all can make a company's stock less attractive to investors seeking cash returns on their investments. In addition, limited growth prospects may also make the stock less attractive to investors seeking opportunities for long-term gains. Overall, inefficient debt management can reduce the attractiveness of a company in

the eyes of investors. Companies need to maintain a balance between using debt to fund growth and keeping financial risks under control. Investors, in turn, tend to prefer companies that have a healthy capital structure and are able to generate sufficient profits to support growth without relying too heavily on debt. As such, companies with a high debt burden should be careful in managing their liabilities so as not to dampen investor interest and hinder the rise of share prices in the market.

Investors are interested in buying shares of a company if it has a low Debt to Equity Ratio (DER) value. A low DER indicates that the company has a smaller proportion of debt compared to its equity, which means the company is more financially stable and has a lower risk of bankruptcy (Gajdosikova, 2023). This financial stability is a major attraction for investors who are looking for safe investments that have the potential to provide stable returns. When a company has more equity than debt, it shows that the company has sufficient resources to bear risks and face financial challenges. A low DER also indicates that the company has good financial health and is able to manage its capital wisely (Suranta, 2023). Investors also see companies with low DER as more reliable entities in the long run. Companies that are less dependent on debt are more likely to weather the financial crisis better (Flores, 2023). In situations of economic uncertainty, companies with stronger capital structures can survive better than companies that have high levels of debt. Therefore, investors looking for stable long-term investments tend to prefer companies with low DER. Overall, a low DER gives a positive signal to investors regarding the company's risk management and its ability to maintain financial stability. By having a smaller proportion of debt, companies show that they can manage their finances well without relying too much on external funding. Investors who consider this aspect in their analysis will tend to give a higher valuation to companies with low DER, which in turn can be reflected in an increase in stock prices. Companies that focus on keeping DER low can build investor confidence and attract more capital, which is essential for long-term growth and success. This causes a low DER score so that the lower the risk of bankruptcy of a company (Siregar, 2020). Low bankruptcy risk makes a company more attractive to investors as it provides additional security in their investment. When the risk of bankruptcy is low, the company is more likely to survive in the long run and provide stable returns to shareholders. Thus, companies with low DER tend to experience higher demand for their shares, which can support the stability of their share price in the market.

H3: the influence of Return on Equity (ROE) to the share price

This study found that there is a positive and significant effect given by Return on Equity (ROE) on stock prices in five manufacturing companies listed on the Indonesia Stock Exchange (IDX). This study found that there is a positive and significant effect given by Return on Equity (ROE) on stock prices in five manufacturing companies listed on the Indonesia Stock Exchange (IDX). This result is indicated by the calculated T value of 5.667 which is greater than the T table of 2.228, as well as a p-value of 0.004 which is smaller than 0.05, so the third hypothesis (H3) in this study is accepted. This finding suggests that shareholders should take into account the size of the ROE score in their evaluation. Return on Equity (ROE) is an important financial performance indicator because it measures how efficiently the company uses shareholders' equity to generate profits. The higher the ROE value, the higher the company's performance in managing and processing its shares to generate profits for shareholders. Therefore, a high ROE can attract investors to invest in the company, which in turn can increase the company's share price.

This research is in line with previous research conducted by Saputra (2023), which also found that Return on Equity (ROE) has a positive and significant effect on stock prices. This finding shows consistency in research results related to the effect of ROE on investor interest. A high ROE reflects the company's efficiency in using equity to generate profits, which is a major factor for investors in assessing the potential returns on investment (Keter, 2023). Investors tend to be more interested in companies that are able to maximize their own capital to fund their operations and expansion. This ability shows that the company has strong financial performance and is able to manage resources well.

In this context, ROE is an important indicator for investors to assess the stability and profitability of the company (Omanov, 2024). Companies with high ROE are considered more capable of facing economic and market challenges, thus attracting more investors. The importance of management in increasing ROE is also reflected in the company's long-term strategy. Management that focuses on ROE will strive to continuously improve the company's efficiency and productivity, seek new opportunities for growth, and better manage risks. This strategy not only improves ROE in the short term but also ensures the sustainability of the company's growth in the future. Management committed to improving ROE must also be transparent and accountable in reporting their financial performance. Clear and accurate information regarding ROE and the factors that influence it will help investors make better decisions. This transparency will also increase investor confidence in the company, which in turn can lead to an increase in the share price.

H4 : The influence of Systemic Risk to the share price

This study found a positive and significant influence exerted by Systemic Risk on stock prices in five manufacturing companies listed on the Indonesia Stock Exchange (IDX). However, the calculated T value of 0.729 which is smaller than the T table of 2.228, and the p-value of 0.661 which is greater than 0.05, indicate that this influence is not large. This indicates that systemic risk has little effect on stock prices. This finding shows that investors tend to see systemic risk as a less significant factor in determining stock prices. Investors focus more on other indicators in evaluating their investment. Systemic risk, although potentially affecting the market as a whole, is not considered strong enough to directly affect individual stock prices significantly (Horas, 2023).

Investors realize that the indicators used to measure systemic risk alone are not sufficient in determining investment decisions (Demunno, 2023). They also consider various other factors, such as management performance, the company's financial condition, and growth prospects. This thorough evaluation helps investors make better investment decisions and reduce the risks associated with market fluctuations. Therefore, investors find it necessary to evaluate a company's management before making an investment. Competent management that has a clear strategy in managing the company can help reduce the risks associated with investment (Hristov, 2024). Good management performance can also give investors more confidence in the future stability and profitability of the company. In addition, investors also see a company's financial performance as an important factor in their investment decisions. Companies with solid and healthy financial statements are more likely to attract investors' interest than those with financial problems. Good financial performance indicates that the company is able to generate profits and manage capital efficiently, which in turn can increase stock value (Hatane, 2023). By evaluating these various aspects, investors can lower the market risk they face. Market risk, which includes stock price fluctuations caused by external factors, can be reduced by selecting companies that have strong fundamentals. This helps investors to be more stable in the face of market uncertainty and reduces potential losses. Most stocks in Indonesia are not affected by market distress caused by systemic risk (Nugroho, 2023). This shows that the fundamental factors of the company are more dominant in determining the stock price compared to systemic risk (Zhou, 2024). Smart investors will always look for companies with solid performance and reliable management to minimize the impact of systemic risk (Li, 2023). The results of this study also provide insights for companies in their efforts to attract investors. Companies need to focus on improving their financial and management performance to increase investor confidence. By doing so, companies can increase the attractiveness of their shares in the market and reduce the impact of systemic risk. Overall, this study emphasizes the importance of thorough evaluation by investors in making investment decisions. Systemic risk, despite its influence, is not significant enough to be the main determinant of

stock prices. Therefore, investors should consider various other aspects in assessing their potential investments. This research also shows that companies should strive to improve their performance and management to attract investor interest. By focusing on strong fundamentals, companies can reduce market risk and increase the value of their shares in the eyes of investors. This will assist companies in achieving sustainable growth and stability in a competitive market.

H5: Fundamental Factor and Systemic Risk had positive and significant influence to the share price (Y).

Testing with the F test conducted in this study shows the results of F count of 16.166, which is greater than the F table value of 3.885. This indicates that the regression model used in this study is statistically significant. In addition, the significance value (sig) obtained is 0.008, which is smaller than 0.05. Thus, these results support the hypothesis that there is a positive and significant effect of the independent variable on the dependent variable. This study focuses on analyzing independent variables in the form of fundamental factors and systemic risk on the stock price of manufacturing companies. Fundamental factors include various financial aspects of the company such as profitability, liquidity, solvency, and sales growth ratios. Meanwhile, systemic risk refers to the risk faced by the company due to macroeconomic conditions and market turmoil that cannot be avoided.

The data used in this study come from the financial statements of manufacturing companies listed on the Indonesia Stock Exchange during the 2019-2021 period. Data analysis was carried out using multiple regression methods to test the effect of fundamental factors and systemic risk on stock prices. The test results show that the two independent variables together have a significant effect on stock prices. The calculated F value which is greater than the F table confirms that the regression model used has a good fit and is able to explain the variation in stock prices of manufacturing companies significantly. The significance obtained from the F test also shows that the independent variables simultaneously affect the dependent variable, namely the stock price. Fundamental factors in this study are measured through various financial indicators that reflect the company's performance. The results showed that both fundamental factors and systemic risk have a significant influence on the stock price of manufacturing companies, this is in line with research conducted (Curcio, 2023); (Zhang, 2023). This confirms the importance of analyzing these two factors in making investment decisions. Investors need to consider a company's financial performance as well as macroeconomic conditions to make informed decisions. In addition, the results of this study also show that company managers need to pay attention to fundamental factors and systemic risk in their strategic planning. By understanding the influence of both factors, managers can take appropriate steps to improve company performance and manage existing risks.

4. Conclusion

This study has conducted a comprehensive analysis of the effect of fundamental factors and systemic risk on stock prices in the Indonesian manufacturing sector, focusing on companies listed on the IDX during the 2019-2021 period. The findings underscore the significant positive impact of Return on Assets (ROA) and Return on Equity (ROE) on stock prices, highlighting the importance of profitability and efficient capital utilization for investors. These results suggest that companies that are able to manage their assets and equity effectively can attract investors and increase the value of their shares. However, this study found no significant relationship between Debt to Equity Ratio (DER), systemic risk, and stock price, suggesting that these factors may not be very influential in the Indonesian manufacturing context during the timeframe studied. This could be due to the specific characteristics of the manufacturing sector in Indonesia, where a more conservative capital structure or variability in systemic risk is not directly reflected in stock price fluctuations.

This research has several important implications for various parties, including investors, company management, regulators, and academics. For investors, the finding that Return on Assets (ROA) and Return on Equity (ROE) have a significant influence on stock prices can be used as a basis for stock selection. This means that investors should focus more on companies with high profitability and good capital utilization efficiency. In addition, knowing that Debt to Equity Ratio (DER) and systemic risk have no significant effect on stock prices in the manufacturing sector during the period under study, investors may need to re-evaluate their approach to risk analysis in the context of this sector.

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