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The influence of profitability, liquidity and company growth on share prices in construction service companies listed on the Idx for the 2019-2022 period

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Abstract

This research was conducted by a Construction Services Company listed on the Indonesia Stock Exchange. The purpose of the study is to determine and analyze how the effect of profitability is proxied by the price earning ratio, liquidity proxied by the current ratio and company growth proxied by the assets growth ratio (AGR) on stock prices proxied by closing prices. This research was conducted from 2019 to 2022. The number until this study was 16 companies with a period of 4 years so that the total was up to 64 financial statements. This study used quantitative data processed with the Eviews application with a panel data linear regression model. The data source used secondary data taken from the Indonesia Stock Exchange website. The results showed that partially the price earning ratio (PER) had a positive and significant effect on stock prices. The current ratio (CR) has a positive but not significant effect on stock prices. Asset growt ratio (AGR) has a positive and significant effect on stock prices. While simultaneously the price earning ratio (PER), current ratio (CR) and assets growt ratio (AGR) simultaneously, have a positive and significant effect on stock prices.

Keywords: Price Earnings Ratio; Current Ratio; Assets Growth Ratio; Closing Price

1   Introduction

The capital market has an important role for a country's economy because the capital market performs two functions, namely as a means for business funding or as a means for companies to get funds from the investor community or investors. The stock price is the price set by a company against another entity that wants to have shareholding rights over the company [1]. Stock price is a company management indicator used by investors to offer and request shares [2] The higher the company's stock price, the better the company will be at providing profits. Fluctuations in the stock price of the capital market make the stock exchange attractive to some investors. On the other hand, increases and decreases in stock prices can occur due to fundamental, psychological, and external factors. There are several macro factors that affect stock investment activities on the Indonesia Stock Exchange, including inflation rates, interest rates, foreign exchange rates, and others.

Investment decisions begin with the analysis process carried out to see what phenomena cause price movements of a stock. The higher the share price of a company, the higher the value of the company. Maximizing corporate value is very important for a company, because by maximizing company value means also maximizing shareholder welfare which is the main goal of the company [3]. If a company has a high *value*, investors will glance and invest in the company [4].

Stock investment is very attractive to investors because it promises high returns. However, behind these high profits there are also high risks. Investors must be able to understand financial statements because financial statements are the business language of a company [5]. By understanding financial statements, it means that investors can find out how a company's financial performance is. The better the company's performance, the greater the impact on the increase in

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stock price. Financial statement analysis aims to determine the company's performance. The growth of stock prices is inseparable from the growth of a company's performance. Financial statement analysis includes calculations using financial ratios. Profitability is one of the financial ratios used to measure the level of a company's ability to make a profit. Profitability is a measuring tool used by management in managing assets and equity to generate the maximum possible profit [5]. The higher the level of profitability of the company, the higher the net profit generated by the company. In this study, the ratio used to see the level of profitability of the company is the *Price Earning ratio (PER).*

The second financial ratio is the liquidity ratio. Liquidity is a ratio used to show a company's ability to pay off its short-term debt. This ratio is used to see how liquid a company is. If the liquidity value is high, it means that the company is able to pay off its short-term debt. Liquidity can be measured using the *current ratio* (CR) [6]. *The current ratio* shows how the company's ability to pay off current debt using the company's current assets.

The stock price is also affected by the growth of the company. Information about the company's growth is responded positively by investors, so it will increase the stock price. Growth is how far a company places itself in the overall economic system or the economic system for the same industry. There are various kinds of companies that issue shares on the Indonesia Stock Exchange, one of which is the Contrusion Services Sub-Sector company. Construction and Building Sector Companies are included in the Service Sector Companies group on the Indonesia Stock Exchange (IDX). In its development, the Construction Sector undeniably has a strategic role in development. These strategic roles include employment, wide supply chain coverage, drivers of supporting sectors, and even mobilizers of national product growth in both goods and services. This strategic role makes the construction sector referred to as an economic driver or "engine of growth" in the national economy. This can be seen from the support of the construction sector on the issue of food security and smooth production processes, increasing accessibility and mobility space to the community for social and economic activities.

Thus, the progress of a nation's development can be measured through success in the implementation of the construction sector, especially infrastructure facilities as the basic needs of state administration. The increasing role of the construction and building sector as a conducive driver of the national economy is influenced by many factors, including through the support of government regulations, sectoral policies, *good governance*, business structure, composition of market supply and demand and economic growth. One of the main impacts of the growth of the construction and building sector is the increasing demand for jobs in construction service business entities, and the need for construction labor. The company's growth in this study is measured by *the assets growth ratio*. The following is the development of share prices in several Construction Services companies listed on the Indonesia Stock Exchange.

Table 1 Share Price of Construction Services Company for the 2017-2019 Period (in rupiah)

No.	Issuer Code	Company Name	Year		
			2017	2018	2019
1.	ACST	PT Acset Indonusa, Tbk	2460	1555	970
2.	ADHI	PT Adhi Karya (Persero), Tbk	1885	1585	1175
3.	DGIK	PT Nusa Konstruksi Enjiniring, Tbk	58	50	50
4.	IDPR	PT Indonesia Pondasi Raya, Tbk	1050	890	368
5.	NRCA	PT Nusa Raya Cipta, Tbk	380	386	384
6.	PTPP	PT PP (Persero), Tbk	2640	1805	1585
7.	SSIA	PT Surya Semesta Internusa, Tbk	515	500	655
8.	WIKA	PT Wijaya Karya (Persero), Tbk	1550	1655	1990

Source: www.idx.co.id (Data Processed by the Author, 2024)

Based on Table 1., it is seen that stock price movements fluctuate. In some of the periods seen in the table above, stock prices have decreased in most companies. Stock prices are influenced by many factors, there are internal factors and there are also external factors. Companies cannot control external factors because they occur outside the company, but can control internal factors that occur within the company so that their stock prices do not fall, including by paying attention to company performance. The financial statements analyzed are financial statements derived from the balance sheet and income statement. Investors can use data from the income statement and balance sheet to find out the

company's performance calculated using financial ratios. The following is the growth of net profit of Construction Service Companies listed on the Indonesia Stock Exchange for the 2017-2019 period.

Table 2 Net Profit of Construction Services Company for the 2017-2019 Period (in rupiah)

No.	Issuer Code	Year		
		2017	2018	2019
1.	ACST	153.791.000.000	21.419.000.000	1.131.849.000.000
2.	ADHI	524.579.489.861	645.029.449.105	665.048.421.529
3.	DGIK	15.467.633.459	-146.308.895.868	1.223.668.094
4.	IDPR	114.258.186.025	31.180.315.557	-3.509.738.431
5.	NRCA	153.443.549.305	117.967.950.221	101.155.011.330
6.	PTPP	1.723.852.894.286	1.958.993.059.360	1.208.270.555.330
7.	SSIA	1.241.357.001.429	89.833.255.584	136.311.060.539
8.	WIKA	1.356.115.489.000	2.073.299.864.000	2.621.015.140.000

Source: www.idx.co.id (Data Processed by the Author, 2024)

Information on the net profit of a company becomes an investor's parameter in assessing profit management prospects and the company's ability to pay dividends. Thus, investors have an overview in making investment decisions and encourage investor interest in buying shares, so the demand for company shares is high and causes an increase in stock prices. The size of a company's stock price is influenced by the demand and supply of the stock. If the demand for the stock is much stronger than the supply, the stock price will also rise.

1.1 Agency Theory

Agency theory is the contractual relationship between principals and agents [7]. This relationship is carried out for a service where the princial authorizes the agent to make the best decision for the principal by prioritizing the interests of optimizing the company's profits so as to animalize the burden including the tax burden by doing tax avoidance. Agency theory is a theory that deals with agreements between members in the company [8]. This theory explains the monitoring of different types of costs and imposing relationships between these groups.

1.2 Signaling Theory

Signaling theory was first put forward by [9] explaining that the sending party (owner of information) provides a signal or signal in the form of information that reflects the condition of a company that is beneficial to the recipient (investor). Signal theory explains management's perception of the company's future growth, which will affect the response of potential investors to the company [10]. The signal is in the form of information that explains the management's efforts in realizing the wishes of the owner. This information is considered an important indicator for investors and business people in making investment decisions.

1.3 Shares

Shares can be defined as a sign of participation or ownership of a person or entity in a company or limited liability company. The form of stock is a piece of paper that explains that the owner of the paper is the owner of the company that issued the letter. Stocks are one of the most popular capital market instruments by investors, because they are able to provide attractive returns [11]. Stock is a sign of participation or ownership of a person or entity in a company or limited liability company [12]. Shares are tangible pieces of paper that explain that the owner of the paper is the owner of the company that issued the securities.

1.4 Share Price

The market value of a security is the market price of the security itself. The stock price is defined as the price on the real market and is the price that is most easily determined because it is the price of a stock in the ongoing market or if the market is closed, then the market price is its closing price [13]. In management theory, it is explained that the goals and objectives used as standards in providing an efficient assessment or not of a financial decision can be seen from the

value of the company. The company that issued the shares, the value of the company i.e. the value of the shares plus the market value of the debt.

1.4.1 Financial Ratio Analysis

Financial ratios are analytical tools to explain certain relationships between one element and another element in a financial statement. According to [14] financial ratios, it is an activity to compare the numbers in the financial statements by dividing one number by another. Comparisons can be made between one component and another component in one financial statement or between components that exist between financial statements. Then, the numbers compared can be numbers in a period or several periods. According to [15] financial ratios are numbers obtained from the results of comparisons between one financial statement item with other items that have a relevant and significant relationship. Comparisons can be made between one item of financial statements with another post or between items between financial statements.

1.4.2 Liquidity Ratio

The liquidity ratio is a ratio that describes the company's ability to settle its short-term obligations. In other words, the liquidity ratio is a ratio that can be used to measure to what extent the company's ability to pay off its short-term obligations that will soon mature [15]. The measurement of liquidity ratio in this study is current ration. Current ratio is a ratio to describe the company's ability to pay its current debts that are due with their current assets. In other words, the current ratio compares the company's total current assets with its total current assets. The formula for finding the current ratio is as follows [15]:

$$Current\ Ratio = \frac{Aktiva\ Lancar}{Kewajiban\ Lancar}$$

1.4.3 Profitability Ratio

Profitability Ratio can provide information about the company's financial performance. This profitability ratio is a calculation that aims to determine the level of profit obtained by the company based on the components in the company. In general, every company aims to make a profit or profit. The management of the company is required to be able to achieve the planned targets. According to [16] the definition, the profitability ratio is the company's ability to earn profits in relation to sales, total assets, and own capital. The measurement of profitability in this study is the Price Earning Ratio (PER). Price Earning Ratio (PER) is a ratio or comparison between stock prices to company earnings. Investors will calculate the number of times (multiplier) the value of earnings reflected in the price of a stock. The formula for calculating the PER of a share is to divide the company's stock price by the earnings per share. Mathematically, the formula for calculating PER is as follows:

$$Price\ Earning\ Ratio = \frac{Harga\ Saham}{Earning\ Per\ Lembar\ Saham}$$

1.4.4 Company Growth

Company growth is a reflection of a company. Growth that occurs in a company will have a positive impact on several parties, both internal and external. According to (Gunawan, 2013) Company growth is an increase in assets or company size. Meanwhile, according to [17] the growth variable, it can be seen in terms of sales, assets and net profit of the company. Net profit is profit that has been reduced by costs that are the company's expenses in a certain period including taxes [18]. Meanwhile, according to [19] the position that if revenue is greater than expense, the difference is called net income or net profit. The growth of the company reflects the growth of resources in the form of assets owned by the company and is measured by the difference in the total value of assets each year. Company growth is an increase or decrease in total assets owned by the company. According to [17] the growth of the company can be calculated by the formula, as follows:

$$Assets\ Growth\ Ratio = \frac{Total\ Aset\ t - Total\ Aset\ t - 1}{MTotal\ Aset\ t - 1}$$

2 Material and methods

In this study the approach used by researchers is quantitative research and uses statistical formulas to help analyze the data and facts obtained. In general, research using a quantitative approach is a large sample research, because the

quantitative approach is carried out in inferential research, namely in the context of testing hypotheses and relying conclusions on a probability of error rejection of null hypotheses.

The population in this study specializes in construction service companies listed on the Indonesia Stock Exchange as many as 17 companies. Determination of samples in this study using the purposive sampling method, which is a sample used to estimate population characteristics based on certain criteria. Companies meet the sampling criteria, namely the entire population of 16 companies, the period taken from 2019 to 2022, which is 4 years. Thus the number of N in this study is 16 x 4 = 64.

The analysis method used in this study is to conduct quantitative analysis expressed by numbers in the calculation using statistical methods assisted by the statistical data management program E-Views v. 10 [20]. Data analysis techniques used to analyze the data that have been collected in this study,

3 Results and discussion

3.1 Descriptive Statistical Testing Analysis

Descriptive statistical analysis is used to determine the description of a data seen from the mean, median, maximum, minimum value, value and standard deviation value. In this study, the variables used in descriptive statistical calculations are PER, CR, *assets growth ratio* and *closing price*. The results of the descriptive analysis can be seen in the Table, as follows:

Table 3 Descriptive Statistical Analysis

	CLOSING_PRICE	PER	CR	AGR
Mean	322.0625	2.625625	3.135781	2.588438
Median	253.0000	2.370000	2.820000	1.025000
Maximum	855.0000	9.630000	7.930000	9.990000
Minimum	129.0000	1.020000	1.070000	0.140000
Std. Dev.	161.1365	1.478594	1.739546	2.895722
Skewness	1.566546	2.767273	0.853185	1.223435
Kurtosis	4.710917	11.83104	2.974418	3.066902
Jarque-Bera	33.98267	289.6494	7.766279	15.97772
Probability	0.000000	0.000000	0.020586	0.000339
Sum	20612.00	168.0400	200.6900	165.6600
Sum Sq. Dev.	1635794	137.7332	190.6394	528.2680
Observations	64	64	64	64

Source: Eviews v. 13 Output Results (Data Processed by the Author, 2024)

Based on Table 3 above, the mean value in the closing price variable is 322.0625, the median value is 253.000, the maximum value is 855.000, the minimum value is 129.000 and the std value. deviation of 161.1365. The mean value in the PER variable is 2.625625, the median value is 2.370000, the maximum value is 9.630000, the minimum value is 1.020000 and the std value. The deviation is 1.478594. The mean value in the CR variable is 3.135781, the median value is 2.820000, the maximum value is 7.930000, the minimum value is 1.070000 and the std value. deviation of 1.739546. The mean value in the variable assets growt ratio is 2.588438, the median value is 1.025000, the maximum value is 9.990000, the minimum value is 0.140000 and the std value. deviation of 2.895722.

3.2 Model Data Panel

In the regression model, panel data must be tested to select the right regression model to be used in this study. In conducting model testing can be done with 3 (three) alternative methods, namely methods with *common effect models* (CEM), *fixed effect models* (FEM), and *random effect models* (REM). Here are the test results, as follows:

3.2.1   Testing Using Common Effect Models (CEM)

Table 4 Results of Common Effect Models

Dependent Variable: CLOSING_PRICE				
Method: Panel Least Squares				
Date: 11/25/23 Time: 06:52				
Sample: 2019 2022				
Periods included: 4				
Cross-sections included: 16				
Total panel (balanced) observations: 64				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	294.8421	66.89361	4.407627	0.0000
PER	11.07488	14.39375	0.769423	0.4447
CR	3.799677	12.46114	0.304922	0.7615
AGR	-5.320972	7.391715	-0.719856	0.4744
R-squared	0.018104	Mean dependent var		322.0625
Adjusted R-squared	-0.030991	S.D. dependent var		161.1365
S.E. of regression	163.6144	Akaike info criterion		13.09336
Sum squared resid	1606179.	Schwarz criterion		13.22829
Log likelihood	-414.9876	Hannan-Quinn criter.		13.14652
F-statistic	0.368755	Durbin-Watson stat		0.945298
Prob(F-statistic)	0.775807			

Source: Eviews v. 13 Output Results (Data Processed by the Author, 2024)

Based on Table 4., in this estimation approach, regression results in common *effect models* (CEM) models found that the value of the coefficient at PER was 11.07488, CR was 3.799677 and *assets growt ratio* was negative negative 5.320972, with R-squared of 0.018104.

3.2.2   Testing Using Fixed Effect Models

Table 5 Results of Fixed Effect Models

Dependent Variable: CLOSING_PRICE				
Method: Panel Least Squares				
Date: 11/25/23 Time: 08:16				
Sample: 2019 2022				
Periods included: 4				
Cross-sections included: 16				
Total panel (balanced) observations: 64				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	331.0617	64.76800	5.111502	0.0000
PER	4.444450	15.56398	0.592807	0.0265

CR	2.243334	13.84907	0.217570	0.0861
AGR	4.647117	7.718361	0.602086	0.0105
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.553179	Mean dependent var		322.0625
Adjusted R-squared	0.374451	S.D. dependent var		161.1365
S.E. of regression	127.4456	Akaike info criterion		12.77479
Sum squared resid	730906.8	Schwarz criterion		13.41570
Log likelihood	-389.7931	Hannan-Quinn criter.		13.02728
F-statistic	3.095083	Durbin-Watson stat		2.058260
Prob(F-statistic)	0.001084			

Source: EViews Software Results 10, 2024

Based on Table 5., in this estimation approach, regression results in *fixed effect models* (FEM) models found that the value of the coefficient in PER is 4.444450, CR is 2.243334 and assets growt ratio is 4.647117, with R-squared of 0.553179.

3.2.3 Testing Using Random Effect Models

Table 6 Results of Random Effect Models

Dependent Variable: CLOSING_PRICE				
Method: Panel EGLS (Cross-section random effects)				
Date: 11/25/23 Time: 07:46				
Sample: 2019 2022				
Periods included: 4				
Cross-sections included: 16				
Total panel (balanced) observations: 64				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	319.4617	67.63814	4.723101	0.0000
PER	4.685294	13.99250	0.334843	0.7389
CR	0.873894	12.31832	0.070943	0.9437
AGR	-4.806531	7.062218	-0.680598	0.4987
	Effects Specification			
			S.D.	Rho
Cross-section random			117.1248	0.4579
Idiosyncratic random			127.4456	0.5421
	Weighted Statistics			
R-squared	0.010010	Mean dependent var		153.9160
Adjusted R-squared	-0.039489	S.D. dependent var		122.2977
S.E. of regression	124.6890	Sum squared resid		932841.0

F-statistic	0.202234	Durbin-Watson stat		1.612234
Prob(F-statistic)	0.894450			
	Unweighted Statistics			
R-squared	0.014442	Mean dependent var		322.0625
Sum squared resid	1612170.	Durbin-Watson stat		0.932879

Source: EViews Software Results 10, 2024

Based on Table 6, in this estimation approach, regression results in *random effect models* (REM) models found that the value of the coefficient at PER was 4.685294, CR was 0.873894 and *assets growt ratio* was negative 4.806531, with R-squared of 0.010010.

3.3 Panel Data Model Specification Test

3.3.1 Chow Test

In this study, to determine whether the common effect model (CEM) estimation model (CEM) or fixed effect model (FEM) in forming a regression model, the Chow Test was used. The results of the chow test can be seen in the Table, as follows:

Table 7 Chow Test Results

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistics	d.f.	Prob.
Cross-section F	3.592548	(15,45)	0.0004
Cross-section Chi-square	50.388968	15	0.0000

Source: EViews Software Results 10, 2023

Based on Table 7., the result of the Chow Test is known to be the probability value is 0.004. The result of the probability value of 0.004 < 0.05, then the estimation model used is a *fixed effect model* (FEM).

3.3.2 Hausman Test

Table 8 Hausman Test Results

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-sq. Statistics	Chi-sq. d.f.	Prob.
Cross-section random	0.432555	3	0.0334

Source: EViews Software Results 10, 2023

Based on Table 8., the result of the Hausman Test is known to be the probability value is 0.0334. Because the probability value is 0.0334 < 0.05, the estimation model used is a *fixed effect model* (FEM).

3.4 Panel Data Regression Analysis

Linear regression analysis of panel data in this study used *fixed effect models* (FEM) method. The selection of *fixed effect models* (FEM) method as a panel data analysis method in this study has previously been tested through the Chow Test and Hausman Test first, so that the most appropriate *fixed effect models* (FEM) method was chosen to test panel data in this study.

Table 9 Panel Data Regression Results

Dependent Variable: CLOSING_PRICE				
Method: Panel Least Squares				
Date: 11/25/23 Time: 08:16				
Sample: 2019 2022				
Periods included: 4				
Cross-sections included: 16				
Total panel (balanced) observations: 64				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	331.0617	64.76800	5.111502	0.0000
PER	4.444450	15.56398	0.592807	0.0265
CR	2.243334	13.84907	0.217570	0.0861
AGR	4.647117	7.718361	0.602086	0.0105
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.553179	Mean dependent var		322.0625
Adjusted R-squared	0.374451	S.D. dependent var		161.1365
S.E. of regression	127.4456	Akaike info criterion		12.77479
Sum squared resid	730906.8	Schwarz criterion		13.41570
Log likelihood	-389.7931	Hannan-Quinn criter.		13.02728
F-statistic	3.095083	Durbin-Watson stat		2.058260
Prob(F-statistic)	0.001084			

Source: EViews Software Results 10, 2024

Based on Table 6 above, the regression equation can be obtained, as follows:

Closing Price = 331.0617+4.444450(PER)+2.243334(CR)+4.647117(AGR)+e

The constant of 331.0617 means that if the *price earning ratio* (PER), *current ratio* (CR) and *assets growt ratio* (AGR) value is 0, then the amount of stock price measured by the *closing price* is 331.0617. The regression coefficient of *the price earning ratio* (PER) variable of 4.444450 means that every increase in *the price earning ratio* (PER) of 1 unit, it will increase the stock price by 4.444450 units, assuming other independent variables have a fixed value. The regression coefficient of *the current ratio* (CR) variable of 2.243334 means that every increase in *the current ratio* (CR) by 1 unit, it will increase the stock price by 2.243334 units, assuming another independent variable has a fixed value. The regression coefficient of *the variable assets growt ratio* (AGR) of 4.647117 means that every increase in *the assets growt ratio* (AGR) of 1 unit, it will increase the stock price by 4.647117 units, assuming other independent variables have a fixed value.

3.5   Hypothesis Testing Results

In hypothesis testing, partial influence analysis, simultaneous influence analysis and coefficient of determination (R2) analysis will be carried out, with the following results:

Table 10 Hypothesis Test Results

Dependent Variable: CLOSING_PRICE				
Method: Panel Least Squares				
Date: 11/25/23 Time: 08:16				
Sample: 2019 2022				
Periods included: 4				
Cross-sections included: 16				
Total panel (balanced) observations: 64				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	331.0617	64.76800	5.111502	0.0000
PER	4.444450	15.56398	0.592807	0.0265
CR	2.243334	13.84907	0.217570	0.0861
AGR	4.647117	7.718361	0.602086	0.0105
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.553179	Mean dependent var		322.0625
Adjusted R-squared	0.374451	S.D. dependent var		161.1365
S.E. of regression	127.4456	Akaike info criterion		12.77479
Sum squared resid	730906.8	Schwarz criterion		13.41570
Log likelihood	-389.7931	Hannan-Quinn criter.		13.02728
F-statistic	3.095083	Durbin-Watson stat		2.058260
Prob(F-statistic)	0.001084			

Source: EViews Software Results 10, 2024

3.5.1 Partial Effect Test

Based on Table 4.8., it is known that the *value of price earning ratio* (PER) has a positive and significant effect on the share price of Construction Service Companies Listed on the Indonesia Stock Exchange, with a regression coefficient value of 4.444450, probability value (Prob) = $0.0265 < 0.05$.

It is known that *the current ratio* (CR) value has a positive but not significant effect on the share price of Construction Service Companies Listed on the Indonesia Stock Exchange, with a regression coefficient value of 02.243334 and significant, with a probability value (Prob) = $0.0861 > 0.05$.

It is known that the value of *assets growt ratio* (AGR) has a positive and significant effect on the share price of Construction Service Companies Listed on the Indonesia Stock Exchange, with a regression coefficient value of 4.647117, probability value (Prob) = $0.0105 < 0.05$.

3.5.2 Simultaneous Influence Test

The simultaneous influence test aims to examine the effect of *price earning ratio* (PER), *current ratio* (CR) and *assets growth ratio* (AGR) variables simultaneously on stock price variables measured by *closing price*. Based on Table 8., it is known the value of Prob. (F-statistics), which is 0.001084 0.05, it can be concluded that the <*price earning ratio* (PER), *current ratio* (CR) and *assets growt ratio* (AGR) simultaneously, have a positive and significant effect on the share price of Construction Service Companies Listed on the Indonesia Stock Exchange.

3.5.3   Coefficient of Determination Analysis (R2)

Based on Table 4.8., it is known that the value of the coefficient of determination (R-squared) is 0.553179. This value can be interpreted as *price earning ratio* (PER), *current ratio* (CR) and *assets growt ratio* (AGR) affect the share price of Construction Service Companies Listed on the Indonesia Stock Exchange by 55.32%, the remaining 44.68% is influenced by other factors.

4   Conclusion

Companies in the construction services sector on the Indonesia Stock Exchange should pay attention and improve their financial performance so that the PER can increase. This can be achieved by increasing net income or adjusting the share price proportionally to the company's financial performance.

Although the current ratio is not significant to the stock price, companies still need to pay attention to this ratio as an important financial indicator. The Company should maintain a balance between current assets and current liabilities in order to maintain liquidity and financial stability of the company in the long term.

Construction services companies listed on the Indonesia Stock Exchange may consider focusing on the growth of their assets, as the findings show that AGR has a positive and significant effect on the share price. This can be achieved through smart investment strategies, business expansion, and efficient asset management.

Company management should consider the factors that influence PER, CR, and AGR simultaneously in strategic decision making. This includes focusing on increasing net income (to increase PER), maintaining liquidity balance (to maintain CR), and managing asset growth efficiently (to increase AGR). By paying attention to all these factors, companies can improve their financial performance and support the growth of their share price in the capital market.

Compliance with ethical standards

Disclosure of conflict of interest

No conflict of interest to be disclosed.

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