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THE EFFECT OF INTERNAL FACTORS AND EXTERNAL FACTORS ON STOCK PRICE OF PT. SMARTFREN TELCOM PERIOD 2018-2022

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ABSTRACT

This study aims to determine the effect of Internal Factors as measured by Current Ratio, Total Asset Turn Over, Return On Asset, Debt to Equity Ratio, Price Earning Ratio, and Price to Book Value, and External Factors as measured by Interest Rates and Inflation on Stock Prices. The research method used is descriptive verification method with classical assumption test, linear regression analysis, correlation coefficient analysis, determination coefficient analysis, t test and F test. Partial research results through the t test show that Current Ratio, Total Asset Turn Over, and Price Earning Ratio have no significant effect on Stock Prices. Return On Asset, Price to Book Value, and Interest Rates have a significant positive effect on Stock Prices. Debt to Equity Ratio has a significant negative effect on Stock Price. Inflation has a negative and insignificant effect on Stock Prices. Simultaneously through the F test shows that internal factors and external factors have a significant effect on stock prices. Internal factors and external factors affect stock prices by 98.2% while the remaining 1.8% is thought to be influenced by other variables not included in the study.

Keyword: Internal Factors, External Factors, Stock Prices.

1. INTRODUCTION

Investment in a company is very important so that the company can continue to operate. One element of investment in the capital market is the stock price. The stock price can be considered a sign of the company's success that market forces on the exchange are indicated by the existence of stock trading activities based on investor observations about the company's achievements in increasing profits (Hendrarini, 2019). Stock prices also reflect the value of a company. stock prices always fluctuate so that an approach needs to be taken to determine the share price to be invested in (Mehrabadi et al., 2019)**.**

One of the companies in Indonesia experiencing stock price fluctuations is PT Smartfren Telecom, Tbk. PT Smartfren Telecom, Tbk known as the smartfren brand, is one of the telecommunications service providers that has a cellular license and limited mobility (fixed wireless access), and has the largest CDMA EV-DO network (mobile network equivalent to 3G broadband) in Indonesia.

Stock price fluctuations are influenced by internal factors and external factors where investors will see these factors as a reference in making investments. Investors will be interested in investing their share capital if their internal factors and external factors are in good condition because this will create demand for shares and increase share prices (Gunawan, 2019).

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Table 1 : Data on CR, TATO, ROA, DER, PER, PBV, Interest Rates, Inflation, and Stock Prices at PT. Smartfren Telecom for the period 2018-2022

Year	CR (%)	TATO (x)	ROA (%)	DER (%)	PER (x)	PBV (x)	Interest Rate (%)	Inflation (%)	Stock Prices (Rp)
2018	32,51	0,22	-14,01	102,55	-3,78	1,07	6	3,13	78
2019	29,00	0,25	-7,95	117,11	-13,69	2,36	5	2,72	138
2020	31,44	0,24	-3,95	212,83	-11,58	1,43	3,75	1,68	67
2021	24,18	0,24	-1,00	242,66	-67,03	2,31	3,5	1,87	87
2022	27,31	0,24	2,29	195,01	-20,80	1,40	5,5	5,51	66

Source : Self Proceed

Internal factors are factors that come from within the company related to company performance and in general these factors can be controlled by the company. In 2018 the company Smartfren was included in the top losers where the top losers are the worst performing stocks characterized by stock prices that continue to decline. there are external factors where external factors are factors that affect the company's activities that come from macroeconomic performance and other factors outside the company such as interest rates, exchange rates, inflation economic growth and other (Abdillah, 2013). The year 2022 is a very bad year for investment performance. While large drops in stock prices are sometimes expected, simultaneous large drops in bond prices are not unusual. To blame is the unexpectedly high inflation and aggressive interest rate hike policy.

The author's objectives in conducting this research are first to determine whether internal factors and external factors affect the share price of PT Smartfren Telecom, Tbk for the period 2018-2022 partially, and whether internal factors and external factors affect the share price of PT Smartfren Telecom, Tbk for the period 2018-2022 simultaneously.

2. LITERATURE REVIEW

Current Ratio
current ratio is a ratio that shows the company's ability to pay off short-term debt using current assets (Putri & Mesrawati, 2020).

Total Asset Turn Over
Total Asset Turn Over is a ratio used to measure the turnover of all assets owned by the company and measure how many sales are obtained from each rupiah of assets (Kasmir, 2019, p. 178).

Return On Asset
Return On Asset is a ratio that describes the turnover of assets as measured by sales volume. This means that assets rotate faster and achieve profits (Hasnawati & Kufepaksi, 2021, p. 28).

Debt to Equity Ratio
Debt to Equity Ratio is a ratio to measure the company in paying debts whose payment period is more than one year (Sekartaji & Prabowo, 2021).

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Price Earning Ratio
Price Earning Ratio is a ratio to measure the amount of investors to be paid from the company's earnings (Sumarsid, 2020, p. 53).

Price to Book Value
Price to Book Value is a ratio used to assess whether a stock is undervalued or overvalued (Sumarsid, 2020, p. 53).

Interest Rate
The interest rate is the price paid for capital investment or capital loans, expressed as a percentage of the funds invested or loaned (Permatasari & Yuneline, 2018).

Inflation
Inflation is a general and continuous increase in the prices of goods and services over a period of time (www.bi.go.id).

Stock Price
Stock Price is the value set by the company to value each share issued (Artiyanto, 2019, p. 200).

3.   METHOD

The research methods used in this study are descriptive and verification methods with a quantitative approach. The analysis methods used are classical assumption tests (normality tests, multicollinearity, heteroscedasticity, and autocorrelation), multiple linear regression analysis, correlation coefficient analysis, determination coefficient, t test and F test.

The population in this study is the entire financial statements of PT. Smartfren Telecom, and all inflation and interest rate data at Bank Indonesia. The sample used is the financial statements of PT. Smartfren Telecom, and interest rate and inflation data at Bank Indonesia for 5 years, from 2018 to 2022.

4.   RESULT, AND DISCUSSION

Classical Assumption Test

Table 2 : Classical Assumption Test Result

Test Type	Model	Result
Normality Test	Asymp. Sig. (2-tailed)	.200
Multicollinearity Test	Tolerance	All variables are above 0,10
	VIF	All variables are below 10
Heteroscedasticity Test	Scatterplot	Does not form a regular pattern and the dots spread randomly.
Autocorrelation Test	Run Test	0,818

Source : IBM SPSS, 2024

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Normality Test

Based on table 2, using the One Sample Kolmogorov- smirnov Test, the Asym. Sig (2-Tailed) 0.200, which means 0.200>0.05. the data is greater than 0.05, it can be concluded that the regression residual normally distributed is accepted, thus the regression equation obtained meets the assumptions and can be used to make decisions.

Multicollinearity Test

Based on table 2, it can be seen that the tolerance value shows that none of the independent variables (CR, TATO, ROA, DER, PER, PBV, Interest Rates, Inflation) have a tolerance value above 0.10 and the tolerance value is below 0.10, and the calculation results are below 10. So it can be concluded that there is no multicolonierity between the independent variables in the regression model.

Heteroscedasticity Test

Based on table 2. It can be seen that the point spreads above and below the zero line (0) and does not gather in one place, so it can be concluded that in this regression test there is no heteroscedasticity problem.

Autocorrelation Test

Based on table 2.by using the Runs Test (Runs-Test) obtained the value of Asym. Sig (2-Tailed) 0.818, which means 0.818 > 0.05. The data is greater than 0.05, so it can be concluded that there are no symptoms of autocorrelation.

Multiple Linear Regression Analysis

Table 3 : Multiple Linear Regression Analysis Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	120.437	40.820		2.950	.013
	CR	-1.237	.961	-.080	-1.287	.225
	TATO	-83.762	53.590	-.078	-1.563	.146
	ROA	3.882	1.457	.218	2.665	.022
	DER	-.542	.087	-.381	-6.224	.000
	PER	.007	.016	.023	.419	.683
	PBV	43.959	4.182	.685	10.512	.000
	Interest Rate	19.264	8.477	.253	2.272	.044
	Inflation	-10.422	5.137	-.179	-2.029	.067

Source : IBM SPSS, 2024

Based on the table, the regression formula can be obtained as follows:

$$Y = 120{,}437 - 0{,}1{,}237\,X_1 - 83{,}762 X_2 + 3{,}882\,X_3 - 0{,}542\,X_4 + 0{,}007\,X_5 + 43{,}959\,X_6 + 19{,}264\,X_7 - 10{,}422\,X_8$$

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Correlation Coefficient Test and Determination Correlation Test
Table 4. Result of Correlation Coefficient and Coefficient of Determination Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.991a	.982	.968	13.32785

Source : IBM SPSS, 2024

Correlation Coefficient Test

Correlation coefficient analysis aims to determine how much strength the relationship between the independent variable and the dependent variable (Rukajat, 2019, p. 70). Based on table 5. Showing that the correlation coefficient (R) is 0.991, there is a very strong relationship between Current Ratio, Total Turn Over Ratio, Return On Assets, Debt to Equity Ratio, Price Earning Ratio, Price to Book Value, Interest Rates and Inflation as independent variables to Stock Price as a dependent variable, because there is a coefficient interval of 0.80-0.100.

Test Coefficient of Determination

The Coefficient of Determination (R^2) is used to measure how much the ability of the independent variable contributes to the dependent variable (Mardiatmoko, 2020). Showing the coefficient of determination (R Square), the magnitude of R Square is 0.982. This means that 98.2% of the dependent variables of stock price can be explained by the eight independent variables namely Current Ratio, Total Turn Over Ratio, Return On Asset, Debt to Equity Ratio, Price Earning Ratio, Price to Book Value, Interest Rate and Inflation. While the remaining 1.8% was influenced by other factors outside this study.

Test Partially (t-test)

The t-test is used to partially test the regression coefficient of its independent variable. To determine the t-statistic value of the table, it is determined with a significance level of 5% with degrees of freedom df = (n-k-1), where n is the number of observations and k is the number of variables.

Table 5. Test Partially Result

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	120.437	40.820		2.950	.013
	CR	-1.237	.961	-.080	-1.287	.225
	TATO	-83.762	53.590	-.078	-1.563	.146
	ROA	3.882	1.457	.218	2.665	.022
	DER	-.542	.087	-.381	-6.224	.000
	PER	.007	.016	.023	.419	.683
	PBV	43.959	4.182	.685	10.512	.000
	Interest Rate	19.264	8.477	.253	2.272	.044

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	Inflation	-10.422	5.137	-.179	-2.029	.067

Source : IBM SPSS, 2024

Current Ratio

From the results of the table, a significant value of 0.225 (0.225 ≥ 0.05) and t-Test of -1.287 (-1.287 ≥ -2.201). From these results, it can be interpreted that there is no influence between the independent variable Current Ratio and the dependent variable Stock Price.

FREN companies from 2018 to 2022 get a current ratio less than 100% then the company shows the existence of term debt short used to finance assets other than current assets. even though FREN companies have a current ratio below 100%, companies can experience increases and decreases in the share price in which the company earns the increase in stock price in 2019 and in 2020. Therefore, Investors or capital market participants do not see the current ratio in election/decision in buying a share to be purchased.

Total Asset Turn Over

From the results of the table, a significant value of 0.146 (0.146 ≥ 0.05) and t-Test of -1.563 (-1.563 ≥ - 2.201). From these results, it can be interpreted that there is no influence between the independent variable Total Asset Turn Over and the dependent variable Stock Price.

TATO of FREN companies from 2018 to 2022 is less than 2x and does not even touch 1x, but even though the company is said that the company's performance tends to be less good because it is below 2x. FREN companies can increase the company's share price in 2019 and 2021. Therefore, investors or capital market participants do not see TATO in the selection / decision to buy a share to be purchased.

Return On Asset

From the results of the table, a significant value of 0.022 (0.022 ≤ 0.05) and t-Test of 2.665 (0.665 ≥ 2.210). From these results, it can be interpreted that there is an influence between the independent variable Return On Asset and the dependent variable Stock Price.

FREN companies in 2018 to 2021 suffered consecutive losses in those 4 years, and in 2022 FREN companies earned profits after 4 years of losses. In 2019, FREN company experienced a decrease in losses in the previous year and received an increase in stock price in 2020 after the company fell enough from the previous year and finally got an increase in stock price due to a decrease in losses in the previous year. The company gains the trust of investors because it can reduce the losses lowered by the company. Therefore, investors or capital market participants see ROA in the selection / decision to buy a share to be bought.

Debt to Equity Ratio

From the results of the table, a significant value of 0.000 (0.000 ≤ 0.05) and t-Test of -6.224 (-6.224 ≤ -2.201). From these results, it can be interpreted that there is an influence between the independent variable Debt to Equity Ratio and the dependent variable Stock Price.

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FREN companies from 2018 to 2021 experienced an increase in DER and fell again in 2022. In 2018, the company obtained a low DER compared to the next 4 years and obtained an increase in share price in the following year compared to the previous year. However, in 2021 the company obtained a high DER causing a decline in its share price in the following year. Therefore, investors or capital market participants see DER in the selection / decision in buying a share to be purchased.

Price Earning Ratio

From the results of the table, a significant value of 0.419 (0.419 ≥ 0.05) and a calculation of 0.683 (0.683 ≤ 2.201). From these results, it can be interpreted that there is no influence between the independent variable Price Earning Ratio and the dependent variable Stock Price.

FREN companies in 2018 to 2021 suffered consecutive losses in those 4 years, and in 2022 FREN companies earned profits after 4 years of losses. In 2022, FREN companies received a positive PER of 20.80 because the company previously received a negative PER consecutively. Although the company received a positive PER in 2022, their stock price still decreased compared to the previous year which received a negative PER, and in 2018 the PER received negative results, but in the following year the company's stock price increased in the previous year. Therefore, investors or capital market participants do not see PER in the selection / decision to buy a share to be purchased.

Price to Book Value

From the results of the table, a significant value of 0.000 (0.000 ≤ 0.05) and a calculation of 10.512 (10.512 ≥ 2.201). From these results, it can be interpreted that there is an influence between the independent variable Price to Book Value and the dependent variable Stock Price.

Company value is essential to know whether the company's shares are worth buying or not by investors. An indicator to determine the value of the company is to use the Price Book Value (PBV) ratio and a good PBV Standard is if the value is >1. It can be seen that FREN companies in 5 consecutive years the company has obtained PBV results above 1. Therefore, investors or capital market participants do not see PBV in the selection / decision to buy a share to be bought.

Interest Rate

From the results of the table, a significant value of 0.044 (0.044 ≤ 0.05) and a calculation of 2.272 (2.272 ≥ 2.201). From these results, it can be interpreted that there is an influence between the independent variables of Interest Rate and the dependent variable of Stock Price.

Interest rates have a significant positive effect on stock prices, this proves that every increase in interest rates, the company's stock price will increase. When interest rates in 2018 reached 6% in the following year there was an increase in stock prices, and in 2019 the company experienced a decrease in interest rates, in the following year it experienced an increase in stock prices. When interest rates rise, it will have an impact on improving economic development so that investors will be interested in investing in the capital market and the government to attract investors to save in stocks or capital markets.

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Inflation

From the results of the table, a significant value of 0.067 (0.067 ≥ 0.05) and a calculation of -2.029 (-2.029 ≥ -2.201). From these results, it can be interpreted that there is an influence between the independent variable of Inflation and the dependent variable of Stock Price.

In 2022, FREN companies made a profit after several years of losses, and in 2022 inflation and interest rates soared quite high. However, FREN companies can provide evidence of good company performance compared to previous years. However, although the company earned a net profit after several years of net loss, the company received a decrease in stock price in that year due to a significant increase in inflation from 1.87% to 5.51% because when high inflation makes the interest in the purchasing power of a person to a good will decrease which will affect the condition of the capital market. Therefore, investors or capital market participants see inflation in the selection / decision to buy a share to be bought.

Test Simultaneously (F-test)

Table 6. F test Result

	Sum of Squares	df	Mean Square	F	Sig.
Regression	104049.252	8	13006.156	73.220	.000b
Residual	1953.948	11	177.632		
Total	106003.200	19			

Source : IBM SPSS, 2024

In table 6, obtained F-Statistic value of 73.220, the result obtained from the comparison of F-Statistic with F-Test is F-Statistic ≥ F-Test (73.220 ≥ 2.948) and a significant level of 0.000 is smaller than the 5% alpha level of 0.000 ≤ 0.05,It can be concluded that the Current Ratio, Total Turn Over Ratio, Return On Assets, Debt to Equity Ratio, Price Earning Ratio, Price to Book Value, Interest Rates and Inflation simultaneously have a significant effect on the Stock Price at PT. Smartfren Telcom, Tbk for the period 2018-2022.

4.   **CONCLUSION**

It can be concluded from the explanation above that the t-test shows that the Current Ratio, Total Asset Turn Over, and Price Earning Ratio do not have a significant effect on the Stock Price. Return On Assets, Price to Book Value, and Interest Rates have a significant positive effect on Stock Prices. Debt to Equity Ratio has a significant negative effect on Stock Price. Inflation has a negative and insignificant influence on Stock Prices. Simultaneously, the F test shows that internal factors and external factors have a significant effect on stock prices. Internal factors and external factors affect the stock price by 98.2% while the remaining 1.8% is thought to be influenced by other variables not included in the study

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