THE INFLUENCE OF ECONOMIC FACTORS ON THE STOCK PRICE OF KIMIA FARMA COMPANIES ON THE INDONESIAN STOCK EXCHANGE

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ABSTRACT

This scientific work aims to analyze the effect of economic factors on the stock price of the Farma chemical company on the Indonesia Stock Exchange. This research is based on the understanding that economic factors have an important role in determining the behavior of a company's stock price.This study uses a linear regression analysis method to examine the relationship between economic factors and the stock price of the Farma chemical company. The economic factors studied included macroeconomic variables such as economic growth, inflation and interest rates, as well as microeconomic variables such as company performance and industrial factors that influenced the Farma chemical sector.The data used in this study is historical data on the stock prices of Kimia Farma companies and data related to economic factors during a certain period. Data were analyzed quantitatively using the relevant statistical software.The results of this study are expected to provide a better understanding of the influence of economic factors on the stock price of the Farma chemical company on the Indonesia Stock Exchange. These findings can be a source of information for investors, decision makers and other related parties in anticipating changes in share prices and managing investment risk in the Farma chemical sector.The conclusion of this study is expected to provide new insights about the relationship between economic factors and the stock price of the Farma chemical company. This research can also provide input for the Farma chemical company in planning a more effective and sustainable investment strategy. In addition, the results of this study can form the basis for further research in the same or related fields in the future.

Keyword : ***The influence of economic factors, stock prices, Farma chemical company,Indonesia stock exchange,Economic growth, inflation rate,Company performance,Industry factors,Linear regression ,capital market efficiency***

INTRODUCTION

The chemical company Farma is one of the leading pharmaceutical companies in Indonesia which is listed on the Indonesia Stock Exchange (IDX). As a public company, the share price of the Farma chemical company is heavily influenced by economic factors operating in and around the Indonesian capital market. Therefore, it is important to understand the influence of economic factors on the stock price of Farma Kimia company in order to provide better insights for investors, decision makers and other related parties in managing investment risk. The Indonesian capital market, including the IDX, is an integral part of the national economic system and is an important indicator in measuring a country's economic performance. The stock price is a reflection of investors' assessment of the company's performance and its future prospects. Therefore, changes in the share price of the Farma chemical company can be considered as a response to changing economic conditions. One of the macroeconomic factors that affect stock prices is economic growth. Strong economic growth tends to have a positive impact on the capital market, including rising stock prices. Conversely, economic uncertainty or a slowdown in economic growth can lead to a decline in stock prices. Therefore, an understanding of the relationship between economic growth and the

stock price of Farma chemical companies can help investors and decision makers in anticipating market changes (Putri Rahmayani,2023).

In addition to economic growth, inflation also has a significant effect on stock prices. High inflation can reduce people's purchasing power and result in a decline in stock prices in general. However, some sectors, such as the pharmaceutical sector, may experience a different impact on inflation. For example, government policies related to drug prices and regulations in the pharmaceutical sector can affect the share price of Farma chemical companies. Therefore, it is important to identify and analyze the effect of inflation on the share price of Kimia Farma companies(chairul Rizal,2023). In addition to macroeconomic factors, microeconomic factors can also play a role in determining the share price of Farma's chemical company. Company performance, such as profit and revenue, is an important factor that is used as the basis by investors to assess the value of the company and determine its share price. In addition, industrial factors that affect the Farma chemical sector, such as government regulations, industry competition, and product innovation, can also affect the company's share price(hastanti listya ningtyas,2023).

Although there are many studies on economic factors that influence stock prices in the capital market, there is still limited research specifically on the effect of economic factors on the share price of Farma chemical companies on the IDX. Therefore, this study aims to fill this knowledge gap and make a significant contribution to the understanding of this relationship. In this study, a linear regression analysis method will be used to examine the relationship between economic factors and the stock price of the Farma chemical company on the IDX. Historical data on company stock prices and data related to economic factors during a certain period will be analyzed quantitatively. The results of this study are expected to provide new insights about the influence of economic factors on the stock price of Farma Kimia companies and can become a basis for investors, decision makers and other related parties in planning a more effective and sustainable investment strategy in this sector. With a better understanding of the influence of economic factors on the share price of Farma chemical companies, it is hoped that it will increase the efficiency of the Indonesian capital market and support the growth of the pharmaceutical sector in the country. Ktheoretical Framework And Hypotheses Development.

Market Efficiency Theory

Hypothesis: The share price of the Farma chemical company reflects all available information on the market, including economic factors affecting the company and the pharmaceutical industry.

Economic Growth Theory

Hypothesis: Positive economic growth contributes to an increase in the share price of the Farma chemical company on the Indonesia Stock Exchange.

Inflation Theory

Hypothesis: The low inflation rate has a positive impact on the share price of the Farma chemical company on the Indonesia Stock Exchange.

Theory of Firm Performance and Industry Factors

Hypothesis: Good financial performance and positive industry factors are associated with an increase in the share price of the Farma chemical company on the Indonesia Stock Exchange.

Capital Market Theory

Hypothesis: Significant economic factors affect the stock price of Kimia Farma, and capital market efficiency strengthens the relationship between economic factors and stock prices.

Based on this description, the relationship between variables will be shown in the following research model:
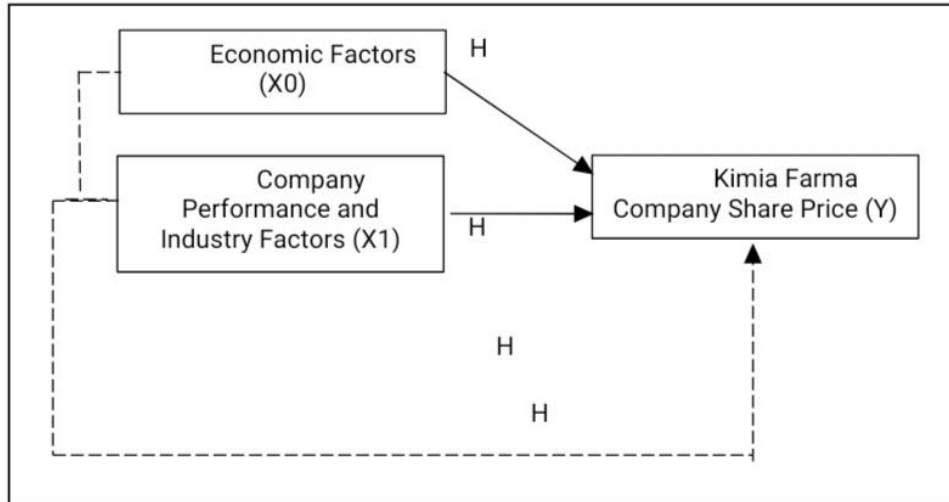
Picturear 1: Conceptual Framework

Based on the theoretical framework above, hypothesis development can be done as follows:

H0 (Null Hypothesis):There is no significant influence of economic factors on the share price of the Farma chemical company on the Indonesia Stock Exchange.

H1 (Alternative Hypothesis):There is a significant influence of economic factors on the share price of the Farma chemical company on the Indonesia Stock Exchange.

The hypothesis developed will be tested through linear regression analysis to see the extent to which economic factors, such as economic growth and inflation rates, as well as company performance and industry factors, can explain variations in the stock price of the Farma chemical company on the Indonesia Stock Exchange.

RESEARCH METHOD
Data Collection

Stock price data,Historical data on the price of Farma Kimia Farma's shares on the Indonesia Stock Exchange will be collected from reliable sources such as stock trading platforms or financial institutions.Data on economic factors,Data on economic factors such as economic growth and inflation rates will be collected from sources such as national statistical agencies, central banks or relevant government agencies.Data on company performance and industry factors,Data on company performance such as profit, revenue, and industry factors such as regulation and competition will be collected from company financial reports, news sources and related industry publications.

Processing And Analysis Of Data

Descriptive Statistical Analysis,Historical data on Farma's chemical company stock prices will be analyzed descriptively to get an overview of stock price variations over time.Linear Regression Analysis, Linear regression analysis will be carried out to examine the effect of economic factors, company performance, and industry factors on stock prices. The stock price variable will be used as the dependent variable, while economic factors, company performance and industrial factors will be the independent variables. Through this analysis, a regression coefficient will be found which describes the effect of each independent variable on stock prices.

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RESEARCH RESULTS AND DISCUSSION
Classic assumption test

    a.   Normality test

To test the normality of the data in this study, it is detected through Graphic analysis and statistics generated through regression calculation With SPSS.

    1. Histogram, namely testing using the provisions that the data Normal bell-shaped. Good data is data

Which has a normal distribution pattern. If the data is skewed to the right o Slanted to the left means that the data is not distributed Normally.

    2.The Normality Probability Plot graph, the conditions used are:

a) If the data spreads around the diagonal line and follows the direction diagonal line, the regression model meets the assumption of normality.

b) If the data spreads far from the diagonal and/or does not follow the directio diagonal line, the regression model does not meet the assumption of normality.

Multicollinearity Test

The multicollinearity test is intended to detect correlation symptoms or The relationship between the independent or independent variables in the regression model Assumption Multicollinearity states that the independent variable must be free from symptoms Multicollinearity. Multicollinearity test can be done by: if the tolerance value

➤ 0.1 and VIF (Variance Inflation Factors) value < 10, it can be concluded that There is no multicollinearity between independent variables in the regression mmode Ghozali, 2011: 160). Heteroscedasticity Test The heteroscedasticity test is a data test that has a Sig value. Less than 0.05 (Sig. < 0.05) ie if the data has a value smaller than the Sig. 0.005 then Data has heteroscedasticity and a way to detect its presence or absence Heteroscedasticity in the study was carried out using the Glajser test, the Glajser test Is one of the statistical tests performed by regressing the variables Free from absolute value, (Sukardi, 2008:172).

Statistic test

    a.   Multiple Linear Regression Analysis

Multiple regression analysis, namely the analytical method used for Determine the effect of two or more independent variables on the variable Multiple linear regression models using the SPSS 23.00 software program

For windows namely:

$Y = a + \beta1X1 + \beta2X2 + e$

Where :

Y = Dependent variable (firm value)

X1 = Independent variable (Capital structure)

X2 = Independent variable (TATO)

A = Constant

B1,2,3 = Regression Coefficient

E = Standard error (error rate), namely 0.1 (10%)

Autocorrelation test

This test is to analyze statistics that are carried out to find out if there is The correlation of the variables in the prediction model with changes in time. Because that is, if the autocorrelation assumption occurs in a prediction model, then the value Distukbance no longer pairs independently, but pairs independently Autocorrelation. On this occasion, we will only focus on the autocorrelation test tutorial With SPSS. However, we will discuss other important principles briefl Solid and easy to understand.

CONCLUSION

This study investigates the effect of economic factors on the stock price of the Farma chemical company on the Indonesia Stock Exchange. By using linear regression analysis, it was found that economic factors, company performance, and industrial factors have a significant influence on the stock price of Kimia Farma companies. Strong economic growth, high corporate profits, and positive industry factors are associated with rising stock prices. Conversely, high inflation rates can reduce stock prices. These findings provide insights for investors, company management, and regulators in making investment decisions and business strategies.

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