

## DETERMINANTS ON SHARE MARKET PRICE OF MINING COMPANIES (CASE STUDY IN INDONESIA)

**Moh. Taufan Nugroho\*<sup>1</sup>, Maria<sup>2</sup>, Luqman Hakim<sup>3</sup>**

<sup>1,2,3</sup> Faculty of Economics and Business - Postgraduate Doctor of Management Science  
University of Persada Indonesia Y.A.I- Jakarta

\*Email: [taufan8001@gmail.com](mailto:taufan8001@gmail.com)

### ABSTRACT

The mining industry including coal production has a significant contribution to state income. Therefore, the financial performance must be maintained as well as the market value. The aim of this research is to explore the determinants of share market price of mining sector in Indonesia. Several independent variables are used like corporate social responsibility, good corporate governance, financial performance, and macroeconomic variables. This study uses 22 coal mining companies in 2018 - 2021 by using purposive sampling. The research method used linear multiplier regression by conducting various tests, including descriptive statistics, determination, regression equation, and hypothesis tests. This study finds the Inflation, Exchange Rate, Profitability, and Firm's Size have a significant effect on Share Market Price. Whereas, Corporate Social Responsibility, Good Corporate Governance, and Liquidity have not an influence on Share Market Price. The research's usefulness is terribly important for several sides include managers, companies, and policymakers interested in addressing mining companies, improving financial performance and mitigation strategies. The study highlighted that Share Market Price is not only related to internal factors but also external factors, hence it might be obtained of competitive advantage. This study has limitedness, including internal and external factors and research period. It is recommended to enhance it to obtain better results.

### Keywords:

responsibility, corporate governance, liquidity, profitability, currency, inflation, size, share price

### I. Introduction

Even though in 2018 the share market price of mining companies in Indonesia has strengthened slightly, in 2019 it has declined drastically, including entering the Covid period, most mining companies in Indonesia have not encouraged market capitalization (IDX Statistic). However, in line with the global issues, some mining companies were also struggling to face the decrease in commodity prices that affected and caused a decline in financial performance significantly. In this research period, the Central Statistics Agency of Indonesia recorded the growth is not encouraging, although there was a slight profitability increase at the same time. Coal is a crucial source of energy for Indonesia as a power plant. Abundant national coal reserves make Indonesia one of the largest coal producers in the world. It is the most potential natural commodity resource because it is able to provide a large contribution to the country's economy. Coal mining has been one of the issues that has led to pros and cons in Indonesia. Research shows that mining activities are one of the factors that affect people's incomes and local and national economic development [1]. With great potential, Indonesia is one of the largest coal producers and exporters in the world [2]. In connection with that, good management is needed. However, there is a need for transparency from the authorities in terms of CSR program [3]. In the coal mining industry, sustainability should be understood the same way so that it has to reduce the environmental impact of mining and minimize the footprint its activities throughout the mining cycle [1], because mining is a lucrative activity that leads to construction booms that attract population growth and lead to deforestation, thus affecting the environmental conditions of a region.

In fact, until 2017, the weight of the mining sector, including the coal production index, was still relatively minimal even though it started up slowly in 2018. [4]. During those years, the negative sentiment occurred with the lowest weight. Certainly, the development of the index can affect the share market price. In agency theory, all the information disclosure, including internal and external factors, could be used by investors as a tool to consider their investment [5]. To identify the factors influencing share market price were conducted in various studies. These factors are known, such as Corporate Social Responsibility (CSR), Good Corporate Governance (GCG), Corporate financial performance, macroeconomics. According to Brigham, 2016 [6], the high or low value of shares is reflected by the company's performance as a financial accomplishment. An empirical study found the magnitude of Corporate Social Responsibility and Good Corporate Governance on corporate value [7]. Then, most of the financial information ratios, including the liquidity and profitability, can be used to assess the company's performance in predicting and determining the upcoming share price trends [8]. In research by Yang, 2019 [9] finds that liquidity and profitability have significant

**Volume 2 No.3 (2023)**  
**Determinants On Share Market Price Of Mining Companies**  
**(Case Study In Indonesia)**

Moh. Taufan Nugroho<sup>1</sup>, Maria<sup>2</sup>, Luqman Hakim<sup>3</sup>

effects on a company's value. Return on Assets has an effect on stock prices, as well as a firm's size [10]. As the external factor determinant of macroeconomics, it can affect the company's performance. In Kusnadi, 2018[11], examined the liquidity, profitability and macroeconomic indicators that have influences on stock returns. In accordance to Sutriani, 2014 [12] studies the exchange rate as the price of a country's currency will fluctuate at any time and will become a risk to the company's financial performance involving the market share. Quoting to Setiawan, 2009 [13], the exchange rate affects the flow of capital or investment and international trade where the transactions occur with different currencies. This shape will also affect the mining company's performance. Besides liquidity and profitability, inflation also has an influence on market share [14]. Regarding the Central Bank of Indonesia, which stated the average inflation rate in Indonesia for some years in this research period was greater than the global average inflation, the consequence is decreasing the people's purchasing power involved in mining demand. In this context, inflation also influences a company's performance, including market value. Afterwards, the size of a company can be used as a reference for investors to invest in their fund. When affect the company has a large size, the investors will offer a high share price, so it can affect the company's market price. As observed by Pervan, 2012 [15], reveals that the large company has a higher profitability compared to the small company due to the condition of the scale of an economy, market power, and experience. Based on the above descriptions, this paper will be to study how to explore the influences of Corporate Social Responsibility, Good Corporate Government, Liquidity, Profitability, Exchange Rate, Inflation Rate, and Asset Value on the Share Market Price. This study used some mining companies listed on IDX, 2018 to 2021. Hopefully, this paper can contribute to some decision-makers, including the company managers, and even to the literature of determinants on that share price, which, if any, the dimensions of emerging countries like Indonesia.

Therefore, this research will find out if there are any effects of these independent factors on dependent variables, and try to identify the important sides that could determine between the two classified variables. The structure of this article is as follows: first is briefly reviewing the existing literature. Then, we present the research method, prepare the results and discussion conducted, and the final section is to provide the conclusion.

## **II. Literature Review**

Some literature has addressed related issues of asymmetric information and the effect of various factors on companies' market share regarding stockholders. In this situation, the manager should be prepared information of the company's prospects for interested parties [11]. According to Sharp in Geovanni D (1999) concentrates on the notion that high quality firms are information captured by related sides[16]. The reality is that managers often have better information than outside investors. It is called asymmetric information, and has an important impact on the optimalization of companies' value. [6]. To achieve the best business policies, managers must adopt these parties to improve shareholder welfare, need to be given a portion, so their position to become equal. However, shareholders cannot oversee all policies and activities carried out by managers, so the policies will likely be aimed at the manager's interests and harm shareholders [17]. The Indonesian coal mining industry also supplies the rapidly growing domestic market, mainly for electricity generation. However, the industry has now been through a challenging period of falling export demand and low prices, impacting miners' income and contributing to a significant reduction in exploration. [1]. It has a large contribution to the country's GDP [2].

The main issues regarding determinants of a company's performance and value have been studied in various articles. As an ordinary issue, CSR is a business sustainable effort to contribute to economic development and improve the quality of community life and can have an effect on profitability [18]. Then, Yahya et al, 2017 [19] argues that it is important to respond to the regulations of environmental responsibility as an announcement of the particular authorities. The sustainability of CSR can be measured if all assets and natural capital as a part of a country's wealth are considered as an important stage to get a better outcome, although most of these countries do not want to involve the environment and services [20]. Hence, every company must have their own goals to increase productivity and efficiency in achieving profitability, which can affect the company's market price. As known, CSR is a commitment to social society which is carried out ethically. According to Alkhairani, 2020 [21], implementing CSR is the main goal of the company and that must be done early. That's why an organization has to develop and implement their strategy to encourage that. In Indonesia, it has been implemented two decades ago. Regarding the regulation of Ministry of State – Owned Entities, the decree in 1999, and Law Number 19 , 2003 that stated all companies must be allocated 4% of net income to small and medium enterprises for their partnerships and for environmental management programs [22]. Meanwhile, Good Corporate Governance is a set of rules which govern the relationship between shareholders, managers, creditors, government, employees, and other stakeholders to become balanced in rights and obligations. The expectation of implementing the GCG is to increase or maximize the company's value. According to Novitasari, 2017 [23], it mentions that the policy, namely the GCG mechanism, must consist of Managerial Ownership, Institutional Ownership, Independent Commissioners, Board of Directors Size, and Audit Committee. Liquidity is a complex concept. One source of illiquidity is exogenous such as brokerage fees,



order-processing costs, or other transactions. Every time a security includes shares, is traded according to market price. Another source of illiquidity is demand pressure [24]. Liquidity risk is the unfailing shadow that precedes any severe market value crisis. It is always the ultimate fuse carrying the spark which explodes the market and risks [25]. Employees and trade commodities are concerned about the liquidity level of the company. Because they need to know whether the company can meet its employee-related obligations—salary, operating expenses, provident fund, etc.[26]. An important component of the firm's financing decision is the stochastic process for the firm's profitability. For values below the critical value, the borrowing constraint that prevents immediate default binds [27]. For a firm, equity-financed firm, the whole of its profit is a benefit to the shareholders informed of dividends and retained earnings. The profitability of a firm measures its gains over its operative years and has higher leverage for income they shield from taxes [28]. Inflation is a topic that is so broad as to be almost co-extensive with monetary economics [29]. Theories of the cause of inflation are generally classified into two major groups: "cost push inflation and demand pull inflation" [30]. The exchange rate has recently exhibited considerable volatility and, together with price, has failed to conform with the prediction of purchasing power parity theory [31]. On the supply side, changes in the exchange rate are both anticipated and unanticipated. As the domestic currency depreciates, decreasing domestic output and increasing the cost of production and, hence, the aggregate price level [32]. The firm size measurement can be carried out in several methods, namely through sales, employees, assets or value-added features [33]. It can be measured in different ways and by applying different methods. However, one of the most widely applied methods refers to financial analyses [15]. Several previous studies were conducted related factors on market shares. Expanding the scope of the CSR program is not only for its social environment, but for the community as a whole and increases the company's value [20]. Economic Disclosure in Corporate social Responsibility Disclosure affected significantly stock prices [34]. The nature of a corporation's ownership structure will affect the nature of the agency problems between managers and outside shareholders, and among shareholders [35]. In research by Wiariningsi, 2019 [36] proves that GCG, namely managerial ownership, institutional ownership, independent board of directors and audit committee, have no significant effect on the value of the company. The other factor, namely profitability, has an effect on market price [37]. The other analysis that was carried out by Nabella, 2022 [38] found that the results of the liquidity and profitability variables partially have a significant effect on stock prices simultaneously. There are compelling reasons why liquidity constraints become more severe if firm size decreases [39]. The analysis in 2022 [40] reveals the liquidity ratio and profitability have a significant effect on stock prices. The company's performance, which gets the main attention from investors and creditors, viewed from the financial statements, included net profit, because the performance is able to better describe the company's economic conditions and future growth [41]. The recommendation of research by Hakim and Kusmanto, 2020, [41] analyses that companies need to consider company policy can affect stock price movement and become an alternative investment decision-making for investors. In a study by Alamsyah, 2019 [42] examines that Ln total asset has a significant effect on the dependent variable share price.

In Srinivasan (2012) examined the fundamental determinants of the share price of a manufacturing company. In this empirical study, the dividend per-share has a negative and significant impact on the share price, and a firm's size has a significant effect in determining the share prices. Research by Malhotra, et al (2013) indicates that firms' book value, earnings per share, and price-earnings ratio have a significant positive effect on the firm's stock price. Although Gatua (2013) argues that there is no model to determine share price, in some studies the company's policies can create the value of shareholders by increasing dividends per-share, and earnings per-share (Samuel Tabot. 2016). The study of Almumani (2020) investigated that dividend per share, earnings per share, book value, and price earnings are determining the share prices. Moreover, research by Abdelkarim, et al (2014) reveals that there is a significant relationship between book value and the price earning ratio to market value. By using some factors that determine share price ROE, CR, DER, DPR, Firm Size and Sales Growth in the study result of Handayani, et al (2018), stated that just sales growth has a significant positive effect on share price volatility. Furthermore, according to Hartono (2015), stock price volatility is also influenced by financial performance and can also be influenced by the characteristics of company itself.

Some main issues regarding determinants of a company's performance and value have been studied in various articles. As an ordinary issue, CSR is a business sustainable effort to contribute to economic development and improve the quality of community life (Dewi, et al. 2016). Then, Abdul Hakim, et al (2015) argues that it is important to respond to the regulations of environmental responsibility as an announcement by the particular authorities. The sustainability of CSR can be measured if all assets and natural capital as a part of a country's wealth are considered as an important stage to get a better outcome, although most of these countries do not want to involve environmental capital, goods, and services (Hanifa. 2015). Hence, every company must have their own goals to increase productivity and efficiency in achieving profitability, which can affect the company's market price. Therefore, the CEO can maximize their share prices by watching their company's policy and performance.

Besides the two above things, the others are about financial performance. The study of Uwuigbe, et al. (2012) examined the determinants of share prices by using judgmental sampling techniques. This study found a significant positive relationship between firms' financial performance and the market value of share prices, and concluded that dividend payouts, and financial leverage have significant determination of the market value. As in the

**Volume 2 No.3 (2023)**  
**Determinants On Share Market Price Of Mining Companies**  
**(Case Study In Indonesia)**

Moh. Taufan Nugroho<sup>1</sup>, Maria<sup>2</sup>, Luqman Hakim<sup>3</sup>

resulting study by Silvia MW, et al. (2019) indicates that financial performance like dividend per share, equity ratio, total asset turnover, and dividend yield have a significant effect on share prices, while the return on equity, earnings per share, and dividend payout ratio have no effect on share price.

In a study by Aurangzeb (2012), it shows that foreign direct investment and exchange rates have a significant positive impact on the performance of the stock market, while the interest rate has a negative and significant impact on the performance of the stock market. It also recommended that in order to take full advantage of the stock market, the company should manage macroeconomic policies like interest and inflation rates. As a part of macro factors, the macro-economy, which studies the aggregate issues as a whole system of exchange rates, inflation rates, and others, this external factor can affect the market value of companies. Meanwhile, the tendency of rising prices makes goods and services go discontinuously and it can reduce the purchasing power and reduce the national income (Langi, et.al. 2014). Furthermore, a study by the Central Bank of Indonesia, revealed that low and stable inflation is a prerequisite for sustainable economic growth that ultimately provides benefits for improving people's welfare (CBI. 2018). The importance of controlling that because it is in accordance with the consideration of an unstable or negative impact on socio-economic circumstances, including the capital market. Subsequently, the inflation rate will affect people's purchasing power and the company's market price.

Based on the conceptualization theories and previous studies, some hypotheses were developed in order to determine the influence of independent factors on share prices.

The following hypotheses are formulated for the study.

- a. H1 – There is a significant impact of CSR on Share Market Price
- b. H2 – There is a significant impact of GCG on Share Market Price
- c. H3 – There is a significant impact of liquidity on Share Market Price
- d. H4 – There is a significant impact of profitability on Share Market Price
- e. H5 – There is a significant impact of exchange rate Share Market Price
- f. H6 – There is a significant impact of inflation on Share Market Price
- g. H7 – There is a significant impact of firm size on Share Market Price

### III. RESEARCH DESIGN.

This study adopts a quantitative approach, linking secondary data derived from the annual financial reports of selected companies and other related sources during the period of 2018-2021, to obtain data needed, namely CSR and GCG. To measure the financial performance, use liquidity ratios such as Current Ratio. Profitability employs Return on Assets, and Firm's Size uses Total Asset. The external factors are implemented the annual inflation rate and exchange rate. These are independent variables for share price as a dependent variable is employed on the annual share market price

#### 3.1 The model research

Based on the previous explanation, this study wants to explore the determinants of internal and external factors in the shares market value of mining manufacturers.

The research model in mathematics is as follows:

$$SP_{i,t} = b_0 + b_1 CSR_{i,t} + b_2 GCG_{i,t} + b_3 CR_{i,t} + b_4 ROA_{i,t} + b_5 ER_{i,t} + b_6 INF_t + b_7 TA_t + b_8.$$

Descriptions:

SP	: Share Price
CSR	: Corporate Social Responsibility
GCG	: Good Corporate Governance
CR	: Current Ratio (Liquidity)
ROA	: Return on Asset (Profitability)
ER	: Exchange Rate
INF	: Inflation
TA	: Total Asset

**Volume 2 No.3 (2023)**  
**Determinants On Share Market Price Of Mining Companies**  
**(Case Study In Indonesia)**

Moh. Taufan Nugroho<sup>1</sup>, Maria<sup>2</sup>, Luqman Hakim<sup>3</sup>

**3.2 Estimation Model Panel Data**

This research uses a model data panel to estimate the determinants on Shares Price as dependent variable, and Corporate Social Responsibility, Good Corporate Governance, Current Ratio, Return on Asset, Exchange Rate, Inflation, and Firm Size as independent variables. Panel data is appropriate which time series and cross-section. Usually, there are some methods used in estimating the regression models using panel data, namely Pooled Least Square (Common Effect), Fixed Effect Model, and Random Effect Model approach.

**3.3 The data**

The present study is confined only to the 22 listed coal mining companies of the 45 total population registered on IDX. Employed purposive sampling to determine that the sample, such as during research issuing complete financial report online, did not carry out IPO, not delisted, merger or acquisition. The value of each item was considered for the purpose of measurement computation and analysis which are related to regression analysis. All data was collected from companies and Bank Indonesia websites which was published as a mandatory requirement from the government and the Indonesia Stocks Exchange. The type of data is annually collected from 2018 to 2021.

In research, method is a vital part. This analysis method will be a summary of how independent factors impact share prices. In order to make proper findings, data has to be analyzed and interpreted through relevant analysis techniques. Data analysis is done with the help of the software package EVIEWS. It is used for processing the data. In addition, descriptive statistics which include central tendencies like mean and medium, and dispersion measures are used to describe the dataset. While the measures for dispersion include standard deviation and variance. Then, the following statistical tools or techniques are used in the study:

**a. Determinant examination**

The coefficient of determination or R-squared ( $R^2$ ) is used to measure how much the role of independent variables CSR, GCG, CR, RAO, ER, INF, and TA. can be explicated the alteration of the dependent variable SP.

**b. Hypothesis analysis**

As a statistical analysis method which statistically measures the extent of the nature of the influence of independent variables on dependent variable. Hence, the technique is used to find out the relationship effects between those variables and their strength. The relationship between two sides variables is described through a single value, which is the coefficient and t-count, and significant values.

**IV. Results and Discussion.**

In this session, the results of statistics examination will be presented sequentially as follows:

**4.1 Descriptive Statistics**

Table 1: Descriptive Statistic.

	SP	CSR	GCG	CR	ROA	ER	INF	SIZE
Mean	1.905045	0.013023	0.040250	1.479295	0.069739	13018.45	0.045034	0.257614
Median	2.269500	0.013000	0.042000	1.610000	0.023500	13398.00	0.040000	0.258000
Maximum	4.316000	0.033000	0.067000	3.770000	0.991000	13457.00	0.064000	0.308000
Minimum	0.017000	0.006000	0.007000	0.090000	-0.190000	11884.00	0.035000	0.210000
Std. Dev.	1.130751	0.003520	0.017937	0.857328	0.196280	0.660.29	0.011606	0.023913
Skewness	-0.174548	2.037368	-0.236809	-0.064388	3.393502	-1.138356	0.939864	-0.069452
Kurtosis	2.047135	13.41765	2.059511	2.281982	14.95766	2.320606	2.080545	2.486203
Jarque-Bera	3.776005	458.8136	4.065725	1.951153	693.1802	20.69831	16.05552	1.038700
Probability	0.151374	0.000000	0.130960	0.376975	0.000000	0.000032	0.000326	0.594907
Sum	167.6440	1.146000	3.542000	130.1780	6.137000	1145624.	3.963000	22.67000
Sum Sq. Dev.	111.2379	0.001078	0.027993	63.94604	3.351731	3793153	0.011719	0.049751
Observations	88	88	88	88	88	88	88	88

Source: Output evIEWS

**4.2 Method data analysis**

From the above table 1, there are figures where there are eight research variables, namely, Share Price as a dependent variable, Corporate Social Responsibility, Good Corporate Governance (GCG), Current Ratio, Return on

**Volume 2 No.3 (2023)**  
**Determinants On Share Market Price Of Mining Companies**  
**(Case Study In Indonesia)**

Moh. Taufan Nugroho<sup>1</sup>, Maria<sup>2</sup>, Luqman Hakim<sup>3</sup>

Assets, Exchange Rate, and Inflation as independent variables. CSR has a minimum value of 0.006, a maximum at 0.03, an average at 0.013, and a standard of deviation at 0.003. This reveals the fluctuation of CSR is still low compared to the fluctuation of SP, and most companies are on the above mean value. GCG has a minimum value of 0.007, the maximum is 0.991, the average is 0.040, and a deviation standard of 0.01. The fluctuation of GCG is lower than the fluctuation of SP, and the majority are at the above mean values. CR has a minimum value of 0.009, maximum at 3.770, average at 0.069, and the standard of deviation is 0.857. The fluctuation of CR is still low compared to SP, evenly are on the unfortunately condition regarding to average industry financial ratio of 1.55. The minimum of ROA is -0.190, the maximum at 0.03, the average at 0.013, and deviation standard is at 0.196. This shows that the fluctuation of ROA is still low compared to SP, and most in companies are in an unfortunate condition because the industrial standard of ROA is 0.025. ER has a minimum value of 11.884, the maximum is 13.457, an average of 13.018, and standard of the deviation standard is 0.060. The fluctuation of ER is still low if compared to SP. Inflation has a minimum of 0.035, the maximum at 0.064, the average is 0.045, and the deviation standard is 0.011. This indication revealed that INF is lower than the fluctuation of SP.

**4.3 Selected Regression Model.**

After conducting some classic assumptions like multicollinearity, heterokedascity, and autho correlation tests, where all of these tests indicate that there hetero problems with that assumption. Hence, we can continue to conduct the regression examination and hypothesis test by using the Common Effect Model as a selected regression model (Table 2).

Table 2: Common Effect Model.

Dependent Variable: SP  
Method: Panel Least Squares  
Date: 08/22/22 Time: 17:35  
Sample: 2018 2021  
Periods included: 4  
Cross-sections included: 22  
Total panel (balanced) observations: 88

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	18.02983	3.783092	1.490302	0.0753
CSR	3.547483	6.093270	0.903924	0.9759
GCG	-3.209002	7.909329	-1.873620	0.1035
CR	-0.367833	0.389737	-1.673890	0.1513
ROA	5.890201	3.030829	2.471403	0.0465
ER	-6.091203	0.390923	3.620298	0.0055
INF	13.69032	7.392924	2.733732	0.0161
SIZE	5.967203	4.909332	2.143273	0.0186

  

Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.765030	Mean dependent var	1.780955	
Adjusted R-squared	0.750949	S.D. dependent var	2.902370	
S.E. of regression	1.893022	Akaike info criterion	3.350911	
Sum squared resid	35.20928	Schwarz criterion	2.405991	
Log likelihood	-238.9207	Hannan-Quinn criter.	3.103459	
F-statistic	2.038930	Durbin-Watson stat	2.590032	
Prob(F-statistic)	0.000219			

Source: Output evIEWS

**4.4 Multiple Linear Regression Analysis**

Based on table 2, the multiple linear regression model was conducted to determine the effect of independent variables on Share Prices, as follows:

**Volume 2 No.3 (2023)**  
**Determinants On Share Market Price Of Mining Companies**  
**(Case Study In Indonesia)**

Moh. Taufan Nugroho<sup>1</sup>, Maria<sup>2</sup>, Luqman Hakim<sup>3</sup>

$$SP = 18.02 + 3.54*CSR - 3.20*GCG - 0.36*CR + 5.89*ROA - 0.691*ER + 13.69*INF + 5.966*FS + \epsilon$$

The above equation can be interpreted as the constant value is 18.02. That means, if all independent variables are zero, consequently, the SP is 18.02. The coefficient of CSR is 3.54. It shows that for every increase of CSR by 1, the magnitude of the Share Price will increase by 3.54, assuming that the other variables are constant. Similar ways can be conducted to the other variables.

#### 4.5 Determination Analysis

As mentioned, the coefficient of determination or R-squared ( $R^2$ ) is useful to measure how much the role of independent variables CSR, GCG, CR, RAO, ER, INF, and FS can be explicated by the alteration of dependent variable SP. In table 2 shows the R-squared value is 76.50%, the ability of all independent variables to explain and determine SP is 76.50% simultaneously, while the remaining of 24.50% is explained by other factors are not examine in this study.

#### 4.6 Hypothesis test results

Based on the above results, the t-table of the free degree (df)  $n-2k$ , or  $88 - 2 = 86$  significance level  $\alpha = 0.05$  of 1.983. Referring to this provision, there are three independent factors which have no significant effect on Share Prices, namely, CSR, GCG, and Firm Size have t-counts of 0.9039, 1.8736, and -1.6738, which are less than t-table of 1.663. Likewise, for each p-value of 0.9759, 1035, and 0.1513 above 0.05. It concludes that each variable has not a significant effect on Share Price. However, for other factors like Return on Asset, Exchange Rate, Inflation and Size, achieved t-count of 2.4714, 3.6202, 2.7337, and 2.1432 above 1.6738, and the significant p-values are 0.0465, 0,0055, 0,0161, and 0.0186 which are less 0.05, and indicate have a significant effect on share price.

#### 4.7 Discussion

A study on the factors influencing the stock price of the company has been done. There are several factors that affect the share price, one internal and three external factors. These factors can directly affect the share price, including ROA, ER, Inflation, and Firm Size.

When viewed from the two internal company's policy, factors indicate no effect on share market price. Presumably, it happened because the investors mostly assessed the company's financial performance, not considering the policy involving of Current Ratio.

Profitability proxied by Return on Asset indicates a significant positive effect. It reveals that there is a unidirectional relationship between the two variables. Large-scale companies have greater opportunities to expand and develop their businesses, so it is natural for these companies to generate higher profits. Capital market respond positively where Return on Asset is a representation of the companies' performance. The investors are interested in buying the shares at a higher price with the expectation of high returns from such securities trading.

The exchange rate reveals a significant negative impact. The relationship is at a cross-purposes. When the exchange rate rises, the stock price experiences the opposite, and vice versa. If the exchange rate of one country's currency goes up, then the owners of funds are more interested in doing business in the money market, so that stock price decreases, because the profits obtained are less than from the money market.

The influence of Inflation on stock prices is significantly positive, indicating that there is a unidirectional relationship. Inflation reflects changes in the prices of goods and services in the market. It reflects the interaction between the money market and the commodity market. When inflation increases, investors prefer to invest in the capital market. This indicates that they have more funds after they have fulfilled their basic needs.

Firm size has a significant positive on Share market prices. Large-scale companies could gain market reliance and respond positively. Investors are more interested in investing in large companies since there is a better guarantee for their investments. Confidence will make investors willing to invest, so that the stock prices move up.

#### V. Conclusion

Pertaining to the results of this study, there are four independent factors that can be concluded. Return on Asset, Exchange Rate, Inflation and Firm Size have significant effect on Share market price, while Corporate Social Responsibility, Good Corporate Governance, and Current Ratio have no significant effect. Hence, those companies should be observed to all determining factors particularly the profitability and firm size including exchange rate and inflation factors regarding to the ability in gaining profit through size asset as the important issue that could provided benefits by boosting company value that make investors interest to invest. Likewise, outside factors like the

**Volume 2 No.3 (2023)**  
**Determinants On Share Market Price Of Mining Companies**  
**(Case Study In Indonesia)**

Moh. Taufan Nugroho<sup>1</sup>, Maria<sup>2</sup>, Luqman Hakim<sup>3</sup>

fluctuation of exchange rates, which can be a major consideration for investors in doing capital business, because in a global economy, it is deemed influenced by mechanisms of supply and demand always affect the capital market, and inflation must be anticipated to avoid a decrease in stock prices. As explained, the main goal is to increase the value of the company. However, in practice, the manager often pays attention to the factors that affect stock prices, such as Firm Size, which has become an important part of increasing the firm's value, because large-scale companies get more trust from investors in the long run, and must take strategic steps to increase profit and face uncontrollable factors. However, this research will only examine the limited variables and periods. That's why it is recommended to add it to get better results regarding the mining industry, especially coal production.

**REFERENCES**

- [1] K. I. I. Afkarina, S. Wardana, and P. Damayanti, "Coal Mining Sector Contribution To Environmental Conditions and Human Development Index in East Kalimantan Province," *J. Environ. Sci. Sustain. Dev.*, vol. 2, no. 2, pp. 192–207, 2019, doi: 10.7454/jessd.v2i2.1025.
- [2] G. N. Nathanael, "Industri Batubara Dari Sisi Ekonomi, Politik, Dan Lingkungan," *Parapolitika J. Polit. Democr. Stud.*, vol. 2, no. 1, p. 2021, 2021.
- [3] Siska, "Dampak Industri Batubara Terhadap Sosial Ekonomi Masyarakat di Sekitar Desa Jembayan Kecamatan Loa Kulu Kabupaten Kutai Kertanegara," *eJournal Adm. Negara*, vol. 1, no. 2, pp. 473–493, 2013.
- [4] Central Statistics Bureau (2018). Statistics Yearbook of Indonesia. Available: [www.bps.go.id/publication](http://www.bps.go.id/publication)
- [5] C. Nuswandari, "Pengungkapan Pelaporan Keuangan Dalam Perspektif Signalling Theory," *Kaji. Akunt.*, vol. 1, no. 1, pp. 48–57, 2009.
- [6] Eugene F Brigham, Michael C. Financial Management: Theory and Practice.
- [7] L. SA'ADAH, C. Aninditha, and M. Soedarman, "Pengaruh Corporate Social Responsibility Dan Good Corporate Governance Terhadap Nilai Perusahaan," *Meas. J. Akunt.*, vol. 16, no. 2, pp. 151–158, 2022, doi: 10.33373/mja.v16i2.4586.
- [8] R. Arifiana and S. O. Khalifaturafi'ah, "the Effect of Financial Ratios in Predicting Financial Distress in Manufacturing Companies," *J. Ris. Bisnis dan Manaj.*, vol. 15, no. 2, pp. 103–108, 2022, doi: 10.23969/jrbm.v15i2.5838.
- [9] B. Yang, T. Di, and B. E. I. Tahun, "Pertambangan Sub Sektor Pertambangan Batu," vol. 2, no. 3, pp. 520–530, 2019.
- [10] R. Robin and D. Andores, "Analisis Faktor-Faktor yang Mempengaruhi Harga Saham di Sektor Pertambangan," *Comb. Manag.*, vol. 1, no. 1, pp. 2057–2068, 2021, [Online]. Available: <https://journal.uib.ac.id/index.php/combines/article/view/4744>.
- [11] D. N. Kusnadi and A. Kurniasih, "Analysis the Effect of Macro-Economic and Financial Performance on Stock Returns on the Indonesia Stock Exchange: Evidence from Selected Stocks in the Mining Sector," *Int. J. Sci. Res.*, vol. 7, no. 11, pp. 1119–1125, 2018.
- [12] Anis Sutriani, "Pengaruh Profitabilitas, Leverage, Dan Likuiditas Terhadap Return Saham Dengan Nilai Tukar Sebagai Variabel Moderasi Pada Saham Lq-45," *J. Bus. Bank.*, vol. 4, no. 1, pp. 67–80, 2014, [Online]. Available: [www.bi.go.id](http://www.bi.go.id).
- [13] P. Setiawan, "Faktor-Faktor Yang Mempengaruhi Kurs Mata Uang Suatu Negara," *Jibeka*, vol. 9, pp. 76–86, 2009, [Online]. Available: <http://eprints.ums.ac.id/id/eprint/5268>.
- [14] P. Sari and A. Budiarti, "Pengaruh inflasi, kurs, cr dan roe terhadap harga saham pada perusahaan pertambangan logam," *J. Ilmu dan Ris. Manaj.*, vol. 7, pp. 2–16, 2018.
- [15] M. Pervan and J. Višić, "Influence of Firm Size on Its Business Success," *Croat. Oper. Res. Rev.*, vol. 3, pp. 213–223, 2012.
- [16] G. Dell'Ariceia, "Asymmetric Information and the Market Structure of the Banking Industry," *IMF Working Papers*, vol. 98, no. 92. p. 1, 1998, doi: 10.5089/9781451951547.001.
- [17] B. Sudiyatno, E. Puspitasari, T. Suwanti, and M. M. Asyif, "Determinants of Firm Value and Profitability: Evidence from Indonesia," *J. Asian Financ. Econ. Bus.*, vol. 7, no. 11, pp. 769–778, 2020, doi: 10.13106/jafeb.2020.vol7.no11.769.
- [18] R. R. Dewi and D. Pitawati, "Pengaruh CSR, GCG, Inflasi terhadap Profitabilitas pada Perusahaan High Profile di Indonesia," *J. Ris. Akunt.*, vol. 08, no. 1, pp. 20–30, 2018.
- [19] A. Yahya, A. Hakim, M. R. K. Muluk, and E. Setyowati, "Determining Factors in the Implementation of Corporate Social Responsibility (CSR) Policy of Partnership Program on the State-Owned Enterprise (SOE)," *Int. J. Manag. Adm. Sci.*, vol. 5, no. 01, pp. 1–12, 2017.
- [20] D. A. Oktina, E. S. Sari, I. A. Intan Angelina Sunardi, L. N. Hanifah, and V. F. Sanjaya, "Pengaruh Penerapan Strategi Csr (Corporate Social Responsibility) Dalam Meningkatkan Citra Perusahaan Pada Pt. Pertamina (Persero) Tahun 2018," *Competence J. Manag. Stud.*, vol. 14, no. 1, pp. 184–202, 2020, doi:



**Volume 2 No.3 (2023)**  
**Determinants On Share Market Price Of Mining Companies**  
**(Case Study In Indonesia)**

Moh. Taufan Nugroho<sup>1</sup>, Maria<sup>2</sup>, Luqman Hakim<sup>3</sup>

10.21107/kompetensi.v14i1.7170.

- [21] Alkhairani, Kamaliah, and A. Rokhmawati, "Analisis Pengaruh Good Corporate Governance (GCG) dan Corporate Social Responsibility (CSR) Terhadap Nilai Perusahaan Dengan Profitabilitas Sebagai Variabel Intervening pada Perusahaan Pertambangan yang Terdaftar di Bursa Efek Indonesia," *J. Ekon. KIAT*, vol. 31, no. 1, pp. 10–25, 2020, [Online]. Available: <https://journal.uir.ac.id/index.php/kiat>.
- [22] I. Republik, "Law of the Republic of Indonesia Number 27 of 2003 concerning Geothermal," vol. 16, no. 19, p. 2003, 2003.
- [23] B. Novitasari, Triana; Hisamuddin, Nur; Maharani, "Corporate Governance Dan Pengungkapan Islamic Social Reporting Pada Perbankan Syariah Di Indonesia," *Account. Anal. J.*, vol. 2, no. 2, pp. 227–232, 2017.
- [24] Y. Amihud, H. Mendelson, and L. H. Pedersen, "Liquidity and asset prices," *Found. Trends Financ.*, vol. 1, no. 4, pp. 269–364, 2005, doi: 10.1561/05000000003.
- [25] C. Acerbi and G. Scandolo, "Liquidity risk theory and coherent measures of risk," *Quant. Financ.*, vol. 8, no. 7, pp. 681–692, 2008, doi: 10.1080/14697680802373975.
- [26] K. H. I. Madushanka and M. Jathurika, "The Impact of Liquidity Ratios on Profitability (With special reference to Listed Manufacturing Companies in Sri Lanka)," *Int. Res. J. Adv. Eng. Sci.*, vol. 3, no. 4, pp. 157–161, 2018.
- [27] A. B. Abel *et al.*, "Nber Working Paper Series Optimal Debt and Profitability in the Tradeoff Theory," *Nber Work. Pap. Ser.*, 2015, [Online]. Available: <http://www.nber.org/papers/w21548>.
- [28] I. L. and A. B. O. Chechet, "Capital Structure and Profitability of Nigerian Quoted Firms : The Agency Cost Theory Perspective," *Am. Int. J. Soc. Sci.*, vol. 3, no. 1, pp. 139–158, 2014.
- [29] B. Mccallum *et al.*, "July 1987," no. 2312, 1987.
- [30] R. J. Gordon, "Recent developments in the theory of inflation and unemployment," *J. Monet. Econ.*, vol. 2, no. 2, pp. 185–219, 1976, doi: 10.1016/0304-3932(76)90033-7.
- [31] J. S. Bhandari, "A theory of exchange rate determination and adjustment," *Weltwirtsch. Arch.*, vol. 117, no. 4, pp. 605–621, 1981, doi: 10.1007/BF02708113.
- [32] M. Kandil, "Exchange Rate Fluctuations and Economic Activity in Developing Countries: Theory and Evidence," *J. Econ. Dev.*, vol. 29, no. 1, pp. 85–108, 2004.
- [33] F. O. Zadeh and A. Eskandari, "Firm Size As Company 's Characteristic and Level of Risk Disclosure : Review on Theories and Literatures," *Int. J. Bus. Soc. Sci.*, vol. 3, no. 17, pp. 9–17, 2012.
- [34] M. F. Sulaiman and H. Punawan, "Pengaruh Pengungkapan Corporate Social Responsibility Terhadap Harga Saham Perusahaan Pertambangan Yang Terdaftar Di Bei," *Balanc. J. Akunt. dan Bisnis*, vol. 2, no. 2, p. 295, 2017, doi: 10.32502/jab.v2i2.1181.
- [35] S. Claessens and J. P. H. Fan, "La gouvernance d'entreprise en Asie : Une enquête \* Corporate Governance in Asia: A Survey," *Int. Rev. Financ.*, vol. 3–2, pp. 71–103, 2002.
- [36] O. Wiariningsih, A. T. Junaidi, and H. P. Panjaitan, "Pengaruh Good Corporate Governance Dan Leverage Terhadap Kinerja Keuangan Dan Nilai Perusahaan Pada Perusahaan Pertambangan Yang Terdaftar Di Bei Tahun 2013-2016," *Procuratio*, vol. 7, no. 1, pp. 18–29, 2019.
- [37] L. Lisdawati, H. D. Nurdin, and H. M. Faisal, "Pengaruh Return on Investment (Roi), Earning Per Share (Eps), Dan Dividen Per Share (Dps) Terhadap Harga Saham Perusahaan Pertambangan Yang Terdaftar Di Bursa Efek Indonesia Periode 2012 – 2016," *J. Ilmu Manaj. Univ. Tadulako*, vol. 7, no. 3, pp. 289–299, 2021, doi: 10.22487/jimut.v7i3.246.
- [38] S. D. Nabella, A. Munandar, and R. Tanjung, "Likuiditas, Solvabilitas, Aktivitas Dan Profitabilitas Terhadap Harga Saham Pada Perusahaan Sektor Tambangan Batu Bara Yang Terdaftar Di Bursa Efek Indonesia," *Meas. J. Akunt.*, vol. 16, no. 1, pp. 97–102, 2022, doi: 10.33373/mja.v16i1.4264.
- [39] D. B. Audretsch and J. A. Elston, "Does firm size matter? Evidence on the impact of liquidity constraints on firm investment behavior in Germany," *Int. J. Ind. Organ.*, vol. 20, no. 1, pp. 1–17, 2002, doi: 10.1016/s0167-7187(00)00072-2.
- [40] A. D. A. N. Profitabilitas *et al.*, "Pertambangan Batu Bara yang Terdaftar di Bursa Efek Indonesia," vol. 16, no. 1, pp. 97–102, 2022.
- [41] L. Hakim and Kusmanto, "Determinants of stock return and its implications dividend policy in mining sector in Indonesia stock exchange," *Utop. y Prax. Latinoam.*, vol. 25, no. Extra1, pp. 208–224, 2020, doi: 10.5281/zenodo.3774619.

**Volume 2 No.3 (2023)**  
**Determinants On Share Market Price Of Mining Companies**  
**(Case Study In Indonesia)**

Moh. Taufan Nugroho<sup>1</sup>, Maria<sup>2</sup>, Luqman Hakim<sup>3</sup>

- [42] M. Fuad Alamsyah, “Pengaruh Profitabilitas, Ukuran Perusahaan dan Nilai Pasar terhadap Harga Saham pada Sub Sektor Pertambangan Logam dan Mineral di Bursa Efek Indonesia (BEI),” *J. Manaj.*, vol. 11, no. 2, pp. 170–178, 2019.