

CHAPTER VI

CONCLUSION

6.1 Conclusion

This research is conducted to investigate the effect of debt/equity ratio, market to book value, price to earnings ratio, book value per share and net profit margin toward stock price. This research involves 154 companies in trade, service and investment sector listed on Indonesia Stock Exchange (IDX) for the year 2015-2017. As the research shows, market to book value and book value per share give positive significant relationship toward stock price. On the other hand, this research proves the debt/equity ratio, price to earnings ratio and net profit margin do not give positive significant relationship toward stock price. Based on the result of the test and discussion, the conclusions of this research are:

1. First hypothesis shows that there is no positive significant relationship between debt/equity ratio and stock price.
2. Second hypothesis shows that there is positive significant relationship between market to book value and stock price.
3. Third hypothesis shows that there is no positive significant relationship between price to earnings ratio and stock price.
4. Fourth hypothesis shows that there is positive significant relationship between book value per share and stock price.

5. Fifth hypothesis shows that there is no positive significant relationship between net profit margin and stock price.

6.2 Limitations and Suggestions

The limitation of the research is the sector of the research which includes only trade, service and investment. The result may be different to another sector outside the research object. Moreover, this research is relatively short period that consist of three years only (2015-2017). This research has five independent variables which already represent about 54.8 % for the dependent variable. Even not all individual independent variables have significant relationship toward stock price, but the merger of these variables (debt/equity ratio, market to book value ratio, price to earnings ratio, book value per share and net profit margin) can represent the stock price for more than 50%. Suggestions for the future research are to lengthen the research period and to add more sectors.

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