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THE IMPACT OF FUNDAMENTAL FACTORS ON THE SHARE PRICE OF MICRO-SIZED NASDAQ LISTED TECHNOLOGY COMPANIES

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ABSTRACT

The paper aims to examine the impact of fundamental factors on the share price of the companies in the sector of technology. Therefore, the study has selected eighteen micro-size technology companies listed in NASDAQ with a market capitalization between $50 million and $300 million. The data have been obtained from these companies' annual reports, NASDAQ, and SEC ranging from 2015 to 2019. The study evaluates the influence of firm size, earning per share, debt equity ratio, current ratio, operating cash flow ratio, return on equity, assets turnover ratio, return on assets, and the net profit margin on the share price of the selected companies. Moreover, the study uses multiple regression analysis, ANOVA, Pearson correlation, normality, multicollinearity, heteroscedasticity, autocorrelation test to find the effect of predictor variables on the share price. The results show that the operating cash flow ratio has a positive insignificant effect while debt equity ratio, net profit margin, and return on equity have a negative insignificant impact on the share price. However, return on assets, earning per share, and firm size have a positive significant relationship with share price, whereas the current ratio and the asset turnover ratio have a negative significant relationship with the share price. In conclusion, although the variables have a more negative insignificant effect than the positive insignificant impact on the share price, the variables have a more positive significant effect than a negative significant influence. Overall, the fundamental factors collectively have a significant impact on the share price of the experimented companies.

Contribution/Originality: This study is one of the very few studies which have investigated the effect of the fundamental factors on the share price of the eighteen micro-size technology companies listed in NASDAQ over the period from 2015 to 2019.

1. INTRODUCTION

The financial sector is considered to have a central role in the process of developing any economy in the world, and the growth of the financial sector contributes to the development of the economy (Gautam, 2017). This can be observed from the global financial crisis which had an adverse effect on the global economy by the end of 2007, caused a financial loss of about 32 trillion US dollars to equity markets (Sharif, Purohit, & Pillai, 2015). Hence, the stock exchange plays a pivotal role in the economic development of a country (Al Qaisi, Tahtamouni, & Al-Qudah, 2016).

The companies get admission to a stock exchange through an initial public offering in order to maximize the value of their market share price. The wealth of a stockholder is determined by the value of the share price of equity

stock. Therefore, an investor makes an investment decision to buy a stock with the expectation to gain profit due to the enhancement in the share price (Medyawati & Yunanto, 2020). The stock market is very important to investors and stakeholders. The market share price of a listed company is a major factor that impacts the stock buying and selling decision of investors. In other words, the share price helps investors to decide whether to invest in a stock or not (Uddin, Rahman, & Hossain, 2013).

It is, therefore, essential to examine the internal factors or fundamental factors when it comes to assessing the performance and growth of a company. The corporate financial indicators predict the success, future direction, and movement of a firm. These factors are taken into consideration by investors at the time to purchase the shares of a company (Khan, Tahir, Nasir, & Mushtaq, 2019).

These fundamental factors include companies' profitability, assets, revenues, liabilities, and potential growth. In order to analyze the factors, financial ratios, such as Liquidity, Leverage, Efficiency, Profitability, and Cash Flow, are used to determine whether the company is strong or weak, and also help the investors to predict the share price (Tamunu & Rumokoy, 2016). Similarly, Astuty (2017) explains that the fundamental analysis is based on examining these factors from the previous and recent financial statements of the firms to evaluate the "intrinsic value" of the securities. By using fundamental analysis, the future estimated share price is obtained by taking the estimation of the value of the fundamental factors and identifying the relationship of the predictor variables, which impact the future stock price (Bintara & Tanjung, 2019).

Globally, a large number of empirical pieces of evidence have shown that the fundamental factors have a significant effect on the stock price (Nautiyal & Kavidayal, 2018). Numerous studies have used these financial ratios, such as leverage ratio, return on equity, current ratio, debt to equity ratio, earning per share, return on asset, operating cash flows, net profit margin, firm size, and total assets turnover, to evaluate their impact on the share price (Araújo & Machado, 2018; Chasmi & Fadaee, 2016; Gautam, 2017; Khan et al., 2019; Medyawati & Yunanto, 2020; Milošević-Avdalović, 2018; Ramadianto & Fuadati, 2019; Vijayakumar, 2010).

However, there have not been many conclusive results provided by the previous studies conducted to determine the relationship between these variables and share price (Saleh, 2015). Therefore, the paper aims to fill this gap by contributing the empirical results to the existing research on fundamental factors affecting the share price. Moreover, there is no previous study that has analyzed the impact of financial performance on the share price of micro-size NASDAQ listed technology companies. Also, this study will enhance the knowledge of researchers in the field of finance, besides; it will be very helpful for the investor when it comes to making an investment decision, particularly, to invest in the micro-size NASDAQ listed companies in the sector of technology.

The research paper section arrangement is in the following way: 2) literature review, 3) methodology, 4) results and discussion, and 5) conclusion.

2. LITERATURE REVIEW

There are previous studies that have also been conducted to evaluate the factors affecting the share price. In 2016, a study was conducted to find the effect of factors affecting the market share price of twenty insurance companies listed on the Amman Stock Exchange. The simple and multiple linear regression results showed that the market price was influenced by the age of the company, return on asset, debt ratio, and firm size, while return on equity did not have any effect on the market price of these insurance companies (Al Qaisi et al., 2016). Conversely, return on equity positively influenced the share price of LQ45 Company (Sakia & Sugiyono, 2019). Also, Milošević-Avdalović (2018) applied the Ordinary least square method and explored that return on assets had a positive impact on the share price of insurance companies listed on the Belgrade stock exchange.

Al-Malkawi, AlShiab, and Pillai (2018) proposed that the fundamentals factors, including price-earnings ratio, return on equity, earning per share, and book value per share positively influenced the share price of 277 companies listed in the seven different regions of the Middle East and North Africa. Also, the size of the company had a

significant positive relationship with the share price. Similarly, Asmirantho and Somantri (2017) disclosed that earning per share had a positive significant impact on the share price. However, the total asset turnover ratio had a negative insignificant impact, while the current ratio, debt equity ratio, and return on asset had a positive insignificant impact on the stock price of the sampled Indonesia Stock Exchange-listed pharmaceutical companies.

Vijayakumar (2010) identified that book value, growth rate, and earnings per share were found to be positively related to market price, and price-earnings ratio and dividend per share were found to be negatively related to the share price. While Islam, Arafin, and Zohora (2017) concluded that divided did not have much effect on the share price of cement companies listed on the Dhaka Stock Exchange.

Moreover, Saleh (2015) investigated that there is a positive relationship between return on equity and stock returns, whereas the return on assets and net profit margin have a negative relationship with stock returns. Likewise, Tawakkal and Sugiyono (2018) found that net profit margin to be negatively insignificantly related to the share price of Indonesian cigarette companies. On the contrary, Julianto and Syafarudin (2019) reviewed that the fundamental factors, including price-earnings ratio, return on asset, debt equity ratio, and current ratio, have a positive insignificant relationship with the share price of companies listed on the Indonesia Stock Exchange.

Dang and Tran (2018) conducted a study on Vietnam Stock Exchange-listed 273 companies and applied multiple regression on the variables. The results showed that the firm size, earnings per share, cash flow from operating activities, and book values were positively related to the share price of the selected companies. Similarly, Macharia and Gatuhi (2013) there is a significant impact of financial performance indicators, profit before tax, total asset, net advances, deposits, and total liabilities, on the market price of shares of Kenyan commercial banks.

Alam, Miah, and Karim (2016) considered both technical and fundamental factors in the study and it was proposed that price-earnings, earning per share, net asset value per share, and consumer price index were found to be significantly related to the share price of cement companies listed on Dhaka Stock Exchange. In contrast, Andikasari and Sugiyono (2018) concluded that earning per share and price-earnings ratio had an insignificant relationship with the share price. Whereas return on equity and firm size had a significant relationship.

Sakia and Sugiyono (2019) proposed that return on assets had a positive significant impact on the stock price of LQ45 Company. Another study (Gursida, 2017) investigated that return on assets positively significantly affected the share price, and the current ratio positively affected the share price, while total assets turnover, debt equity ratio, and earning per share showed no impact on the stock price. Tawakkal and Sugiyono (2018) argued that earning per share had a positive significant relationship with the share price. Also, Er and Vuran (2012) opposed that the financial ratios have an influence on the share price. Besides, Adebisi and Lawal (2015) conducted a survey of literature and concluded that financial ratios have a significant impact on the share price.

Nautiyal and Kavidayal (2018) analyzed that Earnings per share showed no significant relation, while dividend per share had a negative influence on the share price of companies listed on the National Stock Exchange. Haque and Faruquee (2013) supported that Earnings per share had no significant impact, in the same way, dividend per share, fixed asset to total asset, return on assets, and return on equity found to have no significant correlation between share price and these variables. In contrast, Sundaram and Rajesh (2016) disclosed that dividend per share, earnings per share, return on net worth, book value per share, firm size, and dividend yield proved to be the significant determinants to explain the fluctuation in market share price.

Nazir, Nawaz, Anwar, and Ahmed (2010) selected 73 firms and concluded that dividend yield, payout ratio, earning volatility, leverage, growth, and size had significant relation with share price volatility in Karachi Stock Exchange. In another study Robbetze, De Villiers, and Harmse (2017) identified that the basic earnings per share have a correlation with the share price of the companies listed on the Johannesburg Share Exchange for the period from 2005 to 2013. Moreover, Ozlen (2014) chose companies that have been listed on Istanbul Stock Exchange and tried to evaluate the effect of microeconomic factors on the share price in different sectors. The results of the study revealed that only book value significantly affected the share price in all the sectors, while total asset turnover ratio,

debt ratio, current ratio, price to earnings ratio, and net profit margin represented different impacts in different sectors.

Astuty (2017) used panel data regression to find the relationship between share and fundamental factors. The results showed that the earnings per share, net profit margin, and book value have a positive and significant relationship with the share price. On contrary, earnings per share and return on assets were found to be negatively related while fixed assets to total assets and return on equity were found to be positively related to the share price of the listed banks (Abdulmannan & Faturohman, 2015).

Subing and Kusumah (2017) applied Panel data regression methods to evaluate the factors affecting the share price of the listed companies in the industry of consumer goods. It was concluded that price-earnings ratio and return on assets positively influenced the share price of the experiment companies in this study. Similarly, the return on assets, current ratio, and price-earnings ratio had a positive impact, whereas the debt equity ratio had a negative effect on the share price (Bintara & Tanjung, 2019).

Tamunu and Rumokoy (2016) analyzed that the return on assets earnings per share did not affect the stock returns while the current ratio and net profit margin had a significant impact on the stock price of the listed companies in LQ45 during the period from 2011 to 2014. Zulkarnaen, Syamsun, and Maulana (2016) opposed that the return on assets, among other variables such as net profit margin and total assets turnover, dominantly influenced the share price of the companies in the residential property sector between 2010 and 2015. Moreover, the return on equity positively and significantly related while the current ratio did have an impact on the stock price of the five KOMPAS100 index listed companies in the sector of consumer goods industry over the period from 2013 to 2019 (Imansyah & Mustafa, 2021).

3. METHODOLOGY

Eighteen micro-size technology companies, displayed in Table 1, have been chosen to identify the impact of fundamentals on the year-end closing share price of these companies, which are listed on NASDAQ. According to the NASDAQ criteria, these are micro-size technology companies because the market capitalization of these companies ranges from 50 million dollars to 300 million dollars. Moreover, the data of these companies have been taken from the NASDAQ website, annual reports of the eighteen selected companies, and the U.S. Security and Exchange Commission website. The study period spans over five years from 2015 to 2019.

The ratio analysis method has been adopted for which nine independent variables, shown in Table 2, have been selected to evaluate the effect of these nine independent variables on the share price of experimented eighteen technology companies.

Table-1. The name of the selected technology companies.

No.	Name of Companies	No.	Name of Companies
1	Key Tronic Corp	10	Intellicheck, Inc
2	Kopin Corp	11	Innovative Solutions & Support Inc
3	Intevac Inc	12	Lantronix Inc
4	Aware Inc	13	Pixelworks, Inc
5	Lightpath Technologies Inc	14	Gsi Technology Inc
6	Kvh Industries Inc	15	Applied Optoelectronics, Inc
7	Radcom Ltd	16	Mtbc, Inc
8	Emcore Corp	17	Inspired Entertainment, Inc
9	Pc Tel Inc	18	Astronova, Inc

The eight independent variables have been chosen from the area of leverage, liquidity, efficiency, profitability, cash flow, and the last independent variable is firm size, which is calculated by taking the Log of total assets of the

selected companies individually. Furthermore, the multiple regression analysis, Pearson correlation, autocorrelation test, multicollinearity test, normality test, heteroscedasticity test have been applied to identify the influence of nine predictor variables on the share price of the tested companies.

Table-2. The dependent variable and independent variables for the study.

Parameters	Variables	Code	Description
Share price	Share price	SP	
Liquidity	Current Ratio	CR	Current Assets / Current Liabilities
Leverage	Debt Equity Ratio	DER	Total Liability / Total Shareholders' Equity
Efficiency	Assets Turnover Ratio	ATR	Net Sales / Average Total Assets
Profitability	Net Profit Margin	NPM	Net Income / Net Sales
	Return On Assets	ROA	Operating Income / Average Total Assets
	Return On Equity	ROE	Net Income / Average Total Shareholders' Equity
	Earnings Per Share	EPS	Net Income / Outstanding Shares
Cash Flow	Operating Cash Flow Ratio	OCFR	Operating Cash Flow / Current Liabilities
Size	Firm Size	FS	Log (Total asset)

Source: Williams (2008).

4. RESULTS AND DISCUSSION

This section shows the statistical results of Descriptive Statistics, Pearson Correlations, Multicollinearity test, Normality test, Heteroscedasticity Test, Autocorrelation Test, ANOVA, and Multiple Regression Analysis.

Table-3. Descriptive statistics for the dependent variable and independent variables.

Descriptive Statistics					
Variables	**N**	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
Share Price	90	0.400	37.820	6.7916	5.84777
Current Ratio	90	0.120	14.040	4.5639	3.16476
Debt Equity Ratio	90	-95.040	15.070	-0.6446	10.38503
Assets Turnover Ratio	90	0.000	1.400	0.5424	0.30952
Net Profit Margin	90	-1.670	0.770	-0.1509	0.37973
Return on Assets	90	-0.380	0.140	-0.0399	0.09188
Return on Equity	90	-0.750	1.510	-0.0377	0.23447
Operating Cash Flow Ratio	90	-3.120	1.980	0.0177	0.94057
Earnings Per Share	90	-5.230	3.870	-0.2043	1.11889
Firm Size	90	7.100	8.670	7.8976	0.3742

Note:
a) Dependent Variable: Share Price (SP).
b) Predictors: Firm Size, Earning Per Share, Debt Equity Ratio, Current Ratio, Operating Cash Flow Ratio, Return on Equity, Assets Turnover Ratio, Return on Assets, Net Profit Margin.

According to our study, Table 3 shows that the share price ranges from a minimum of 0.400 percent to a maximum of 37.820 percent and has an average of 6.7916 percent. Similarly, the current ratio has a minimum percent of 0.120 and a maximum percent of 14.040, having a mean value of 4.5639. However, the debt equity ratio indicates a minimum value of negative 95.040 and a maximum value of positive 15.070 with an average value of negative 0.6446. In comparison, the assets turnover ratio is showing a minimum percent of 0.000 and a maximum percent of 1.400, and a mean value of 0.5424.

The net profit margin has an average value of negative 0.1509 with a minimum value of negative 1.670 and a maximum value of 0.770. In the same way, return on assets has a minimum value of negative 0.380 and a maximum

value of 0.140 indicating a mean value of negative 0.0399. Likewise, return on equity is noticed to have an average value of negative 0.0377 with a maximum value of 1.510 and a minimum value of negative 0.750. Also, earning per share is found to have a minimum value of negative 5.230 and a maximum value of 3.870, showing a mean value of negative 0.2043.

Conversely, the firm size has a positive mean value of 7.8976, having a minimum value of 7.100 and a maximum value of positive 8.670. Also, the Operating Cash Flow Ratio varies from a minimum value of negative -3.120 to a maximum value of positive 1.980 with a positive mean value of 0.0177.

Table-4. Pearson Correlations coefficient for the dependent variable and independent variables.

Pearson Correlations										
Variables	**SP**	**CR**	**DER**	**ATR**	**NPM**	**ROA**	**ROE**	**OCFR**	**EPS**	**FS**
SP	1.000									
CR	-0.114	1.000								
DER	-0.037	0.090	1.000							
ATR	0.041	-0.474**	0.050	1.000						
NPM	0.314**	0.086	0.058	0.372**	1.000					
ROA	0.487**	0.114	0.006	0.251*	0.787**	1.000				
ROE	0.246*	0.050	-0.313**	0.045	0.450**	0.499**	1.000			
OCFR	0.274**	0.081	-0.041	0.272**	0.802**	0.748**	0.398**	1.000		
EPS	0.322**	0.242*	0.172	0.275**	0.372**	0.253*	0.150	0.132	1.000	
FS	0.542**	-0.128	-0.131	0.086	0.306**	0.361**	0.276**	0.302**	0.016	1.000

Note:
** Correlation is significant at the 0.01 level (2-tailed) * Correlation is significant at the 0.05 level (2-tailed)
a) **Dependent Variable**: Share Price (SP)
b) **Predictors**: Firm Size, Earning Per Share, Debt Equity Ratio, Current Ratio, Operating Cash Flow Ratio, Return on Equity, Assets Turnover Ratio, Return on Assets, Net Profit Margin.

As per the study results**,** Table 4 illustrates the Pearson correlation coefficient for the share price and the nine independent variables. The **current ratio (CR)** has a negative relationship with the share price, which indicates that the higher the current ratio, the lower will be the share price. Similarly, the **debt-equity ratio (DER)** is negatively related to the share price which means an increase in the debt-equity ratio would cause the share price to decrease.

In comparison to the above two variables, the **asset turnover ratio (ATR)** has a positive relationship with the share price which shows that the higher the asset turnover ratio, the higher would be the share price. Similarly, the **net profit margin (NPM)** is positively significantly related to the share price identifying an increase in net profit margin causes an enhancement in the share price. Likewise, the **return on asset (ROA)** shows a positive significant relationship with the share price which indicates that the higher the return on asset, the higher will be the share price.

In the same way, the **return on equity (ROE)** is positively significantly related to the share price which reveals that the higher the return on equity, the higher will be the share price. Also, the results identify that there is a positive significant relationship between **operating cash flow ratio (OCFR)** and share price which shows that the higher the operating cash flow ratio, the higher will be the share price. Moreover, the **earning per share (EPS)** is found to be positively significantly associated with the share price which suggests that a rise in earnings per share will cause an increase in the share price. Furthermore, it is noticed from the results that the **Firm Size (FS)** has a significant positive relationship to the share price which shows that the higher the size of the company, the higher will be the share price.

There are two conditions for the criteria of tolerance. First, if the Tolerance value is greater than 0.10 (> 10), multicollinearity does not exist. Second, if the Tolerance value is equal and less than 0.10 (< 0.10), then there is multicollinearity (Perdana & Adriana, 2018).

Similarly, there are two criteria of the variance inflation factor. First, if the VIF value is more than 10 (> 10), there is multicollinearity. Second, if the VIF value is less than 10 (<10), there is no multicollinearity (Perdana & Adriana, 2018).

Table-5. Multicollinearity Test.

Collinearity Statistics		
Independent Variables	**Tolerance**	**(Variance Inflation Factor) VIF**
Current Ratio	0.555	1.801
Debt Equity Ratio	0.806	1.24
Assets Turnover Ratio	0.505	1.981
Net Profit Margin	0.217	4.618
Return on Assets	0.307	3.26
Return on Equity	0.612	1.633
Operating Cash Flow Ratio	0.286	3.501
Earnings Per Share	0.636	1.573
Firm Size	0.807	1.239
	Mean = 0.525667	Mean = 2.316222

Note:
Multicollinearity test results
a) **Predictors**: (Constant), Firm Size, Earning Per Share, Debt Equity Ratio, Current Ratio, Operating Cash Flow Ratio, Return on Equity, Assets Turnover Ratio, Return on Assets, Net Profit Margin.

b) Dependent Variable: Share Price.

The results of the Table 5 shows that multicollinearity does not exist in the nine independent variables, Size of Company, Earning Per Share, Debt Equity Ratio, Current Ratio, Operating Cash Flow Ratio, Return on Equity, Assets Turnover Ratio, Return on Assets, and Net Profit Margin, because the mean Tolerance value is 0.525667, which is more than 0.10, and the Variance Inflation Factor (VIF) mean value is 2.316222, which is below 10.

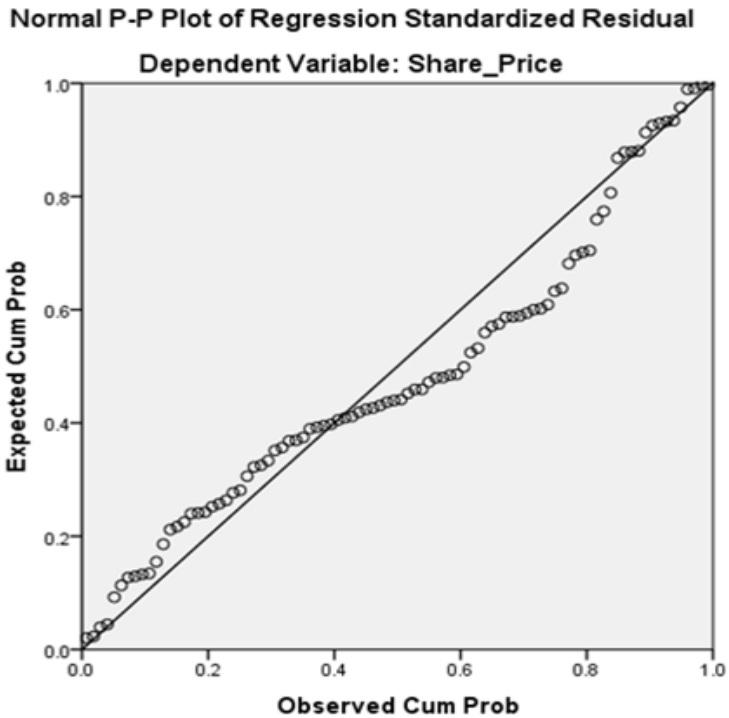

Figure-1. Normality test.

The normal probability plot, in Figure 1, shows that the dots are appearing around the diagonal line and moving along the diagonal line. Therefore, the normal probability plot indicates that the data fall under the criteria of the normal distribution and the regression model meets the normality assumption.

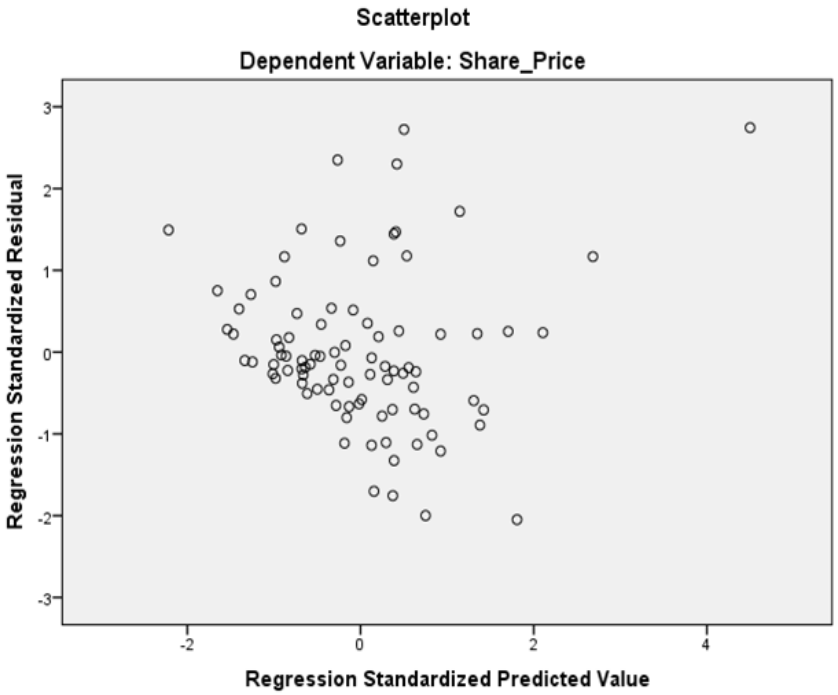

Figure-2. Heteroscedasticity Test.

The scatter plot in Figure 2 shows that the dots are appearing randomly and are scattered below and above the number zero on the residual regression axis. Also, there is no certain pattern being formed by the dots shown in the figure. Therefore, there is no heteroscedasticity in the study model. Thus, the regression model is fulfilling the assumption.

Table-6. Autocorrelation test.

Model Summary b					
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	0.765 a	0.586	0.539	3.96899	1.041

Note:
Durbin-Watson Autocorrelation Test Results
b) Predictors: (Constant), Firm Size, Earning Per Share, Debt Equity Ratio, Current Ratio, Operating Cash Flow Ratio, Return on Equity, Assets Turnover Ratio, Return on Assets, Net Profit Margin
a) Dependent Variable: Share Price

Table 6 indicates the R square value of 58.6 percent, adjusted R square value of 0.539 percent, standard error of the estimated value of 3.96899 percent, and the Durbin-Watson value of 1.041.

Here, R square means that the share price is influenced 58.6% by nine independent variables and the remainder of 41.4% is impacted by other factors. In other words, predictor variables, including firm size, earning per share, debt equity ratio, current ratio, operating cash flow ratio, return on equity, assets turnover ratio, return on assets, and net profit margin, have a combined effect of 58.6% on the share price of the identified technology companies.

Furthermore, the Durbin-Watson test has been used according to three conditions. First, if the value of the Durbin-Watson test is less than -2, then there is positive autocorrelation. Second, if the value of the Durbin-Watson test is more than 2, then there is negative autocorrelation.

Third, if the value of the Durbin-Watson test is between -2 and 2, then there is no autocorrelation (Perdana & Adriana, 2018). Table 5 shows that the resulting model does not have a problem of autocorrelation because the Durbin-Watson test value is 1.041, which is between -2 and 2.

Table-7. ANOVA Results.

ANOVA a						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	1783.243	9	198.138	12.578	0.000 b
	Residual	1260.233	80	15.753		
	Total	3043.476	89			

Note:
a) Dependent Variable: Share Price
b) Predictors: (Constant), Firm Size, Earning Per Share, Debt Equity Ratio, Current Ratio, Operating Cash Flow Ratio, Return on Equity, Assets Turnover Ratio, Return on Assets, Net Profit Margin.

The ANOVA results, in Table 7, show that the F value is 12.578 and the p-value is 0.000, which is less than (0.05) alpha level, indicating a statistically significant impact on the share price of the tested companies. This means that predictor variables, including firm size, earning per share, debt equity ratio, current ratio, operating cash flow ratio, return on equity, assets turnover ratio, return on assets, and net profit margin, collectively significantly affect the share price.

Table-8. Multiple regression analysis.

Regression Results					
Variables	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	Beta	**Std. Error**	**Beta**		
(Constant)	-33.750	10.401		-3.245	0.0020
Current Ratio	-0.714	0.178	-0.386	-4.003	0.0000
Debt Equity Ratio	-0.018	0.045	-0.032	-0.394	0.6950
Assets Turnover Ratio	-6.800	1.913	-0.360	-3.554	0.0010
Net Profit Margin	-3.740	2.381	-0.243	-1.571	0.1200
Return on Assets	37.598	8.268	0.591	4.547	0.0000
Return on Equity	-2.432	2.293	-0.098	-1.061	0.2920
Operating Cash Flow Ratio	0.080	0.837	0.013	0.095	0.9240
Earnings Per Share	2.442	0.472	0.467	5.178	0.0000
Firm Size	6.182	1.251	0.396	4.940	0.0000

Note:
a) Dependent Variable: Share Price.
b) Predictors: (Constant), Firm Size, Earning Per Share, Debt Equity Ratio, Current Ratio, Operating Cash Flow Ratio, Return on Equity, Assets Turnover Ratio, Return on Assets, Net Profit Margin.

Table 8 illustrates the results of the Multiple Regression Analysis of the dependent variable and nine independent variables.

The results show that the current ratio has a negative significant relationship with share price indicating a percentage point increase in the current ratio will decrease share price by 0.386 percent with the assumption of keeping all independent variables constant. There was a positive insignificant impact of the current ratio on the share price (Asmirantho & Somantri, 2017; Julianto & Syafarudin, 2019).

The asset turnover ratio is negatively significantly associated with the share price showing a unit enhancement in asset turnover ratio causes a decrease of 0.360 percent in the share price while the rest of the predictor variables are at zero.

Furthermore, the debt equity ratio has a negative insignificant relationship with the share price which shows that a unit rise in the debt equity ratio will drop the share price by 0.032 percent considering all independent variables constant.

Likewise, the net profit margin is negatively insignificantly related to the share price which represents that a percentage unit increase in net profit margin will decrease the share price by 0.243 percent keeping all the predictor variables at zero. Similarly, it was concluded that the net profit margin was negatively insignificantly related to the share price (Saleh, 2015; Tawakkal & Sugiyono, 2018).

Also, the return on equity has a negative insignificant relationship with the share price which reveals that a unit rise will cause a decrease of 0.098 percent in the share price, assuming that all the independent variables are constant. This result is opposite to the study conducted by Al-Malkawi et al. (2018).

However, the return on assets is significantly positively related to the share price which means that a percentage unit increase in the return on assets will enhance the share price by 0.591 percent, considering that the rest of the predictor variables are constant. The return on assets had a positive significant association with the share price (Gursida, 2017; Sakia & Sugiyono, 2019).

Similarly, the earning per share has a significant positive relationship with the share price indicating a unit enhancement in the earning per share price will increase the share price by 0.467 percent with the assumption to keep all the predictor variables at zero. This result is supported by Alam et al. (2016).

Besides, the firm size is significantly positively related to the share price revealing a percentage point rise in the firm size will enhance the share price by 0.396 percent considering the rest of the independent variables constant. A similar result found by Andikasari and Sugiyono (2018)

Moreover, the operating cash flow ratio has a positive insignificant relationship with the share price, showing a unit increase in the operating cash flow ratio will give rise to the share price by 0.013 percent keeping all the independent variables at zero.

5. CONCLUSION

The results show that the independent variables, firm size, earning per share, debt equity ratio, current ratio, operating cash flow ratio, return on equity, assets turnover ratio, return on assets, and net profit margin, have a significant combined effect on the share price of micro-sized NASDAQ listed companies in the sector of technology. The operating cash flow ratio positively insignificantly affects the share price of the experiment companies while debt equity ratio, net profit margin, and return on equity are found to have a negative insignificant impact on the share price. However, the return on assets, earning per share, and firm size have a positive significant influence whereas both the current ratio and the asset turnover ratio have a negative significant impact on the share price. The number of ratios with negative insignificant impact is more than the number of ratios with positive insignificant impact whereas the ratios that have a positive significant impact on the share price exceed the number of ratios that have negative significant influence. Although, the negative insignificant influence is more than the positive insignificant impact, the positive significant effect of ratios is higher than the negative significant influence. Overall, the fundamental factors, collectively, have a significant impact on the share price of the tested companies.

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