The Influence Of Microeconomic Factors And Macroeconomic Factors On Stock Price Volatility In KOMPAS 100 Index Companies Listed On The Indonesia Stock Exchange For The Period 2019-2022

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ARTICLE INFO
ISSN: 2723-1097

ABSTRACT

Research Aims: This study aims to determine the effect of dividend payout ratio, firm size, leverage, earning volatility, exchange rate, inflation, and interest rate on stock price volatility in KOMPAS 100 index companies listed on the Indonesia Stock Exchange for the period 2019-2022.

Design/methodology/approach: The type of data used is quantitative data sourced from secondary data. The population in this study is the KOMPAS 100 index company listed on the Indonesia Stock Exchange for the 2019-2022 period. The technique used in this sampling is purposive sampling and 33 companies were obtained as samples in this study. The data was analyzed using multiple linear regression and calculated with SPSS Version 25 software.

Research Findings: The results showed that earning volatility, inflation, and interest rates have a significant positive effect on stock price volatility. Meanwhile, firm size and exchange rate have a significant negative effect on stock price volatility. However, dividend policy proxied by the dividend payout ratio and leverage proxied by debt to equity ratio have no significant effect on stock price volatility. Therefore, companies included in the KOMPAS 100 index should optimize total assets to increase profitability, and also stabilize profits, cost efficiency both operational and non-operational and assess financial risk to minimize investment risk and to overcome the impact macroeconomic conditions, so that companies are able to control the level of stock price volatility.

Theoretical Contribution/Originality: This study provides new insights into how the influence of microeconomic factors explained by dividend payout ratio, firm size, leverage, and earning volatility, as well as macroeconomic factors explained by exchange rate, inflation, and interest rate on stock price volatility.

Keywords: Dividend payout ratio; Firm size; Leverage; Earning volatility; Exchange rate; Inflation; Interest rate

Introduction

The country’s economic growth determines investment growth in a country. The better a country's economy is, the more prosperous its people are (Putra, 2016). According to the Indonesian Central Securities Depository (KSEI), the total capital...
market investors were 6.43 million in September 2021. This figure has increased by 65.73% from the previous year, 2.9 million people are stock investors, and 571.79 are investors in Government Securities (SNB). These figures increased by 71.58% from the end of 2020 (Malik, 2021).

Shares are investment instruments in the form of securities or a form of capital ownership in the form of money invested in an institution or company accompanied by rights and obligations for shareholders. (Fahmi, 2012). According to Safrani & Kusumawati (2022), one of the investment instruments in the capital market with high liquidity value is stocks, where stocks can generate greater returns than other instruments. The value of all companies listed on a country's stock market is influenced by the global economic situation and the country's prospects. This implies that changes in stock prices will be related to economic changes that occur or are expected by the market (Peiró, 2016).

Stock price volatility is the phenomenon when stock prices differ from the average level, either up or down. (Chaudry et al., 2015). The level of stock price volatility is vital to consider when making investment decisions because it can indicate the amount of risk that will be borne. According to Priana & Muliartha (2017), high stock price volatility tends to cause the stock price to rise and fall rapidly. Stock price volatility also occurs in KOMPAS 100 index companies listed on the Indonesia Stock Exchange. Where during the period 2019-2022, the movement of KOMPAS 100 stock prices has a different pattern from the movement pattern of the Composite Stock Price Index (JCI), which reflects the performance of the stock market in Indonesia as a whole and has a different pattern from the Investor33 Index which has similar criteria and stock assessment as the KOMPAS 100 index.

The Composite Stock Price Index (JCI) and Investor33 Index have a pattern of stock price movements that tend to increase since 2021. since 2021, the JCI has had an increasing stock price movement until it reached a value of 7,272.80 in 2023. Likewise with the Investor33 index from 2021 to 2023, the Investor 33 index also steadily increased to a value of 498.66 in 2023. A different pattern is shown by the Kompas 100 index, where the movement pattern slopes down from 2020 to 2022 by reaching a value of 1,155.95. Nevertheless, the Kompas 100 index had a positive increase of 1.03% year to date at the end of 2023 (Mulyana, 2023). Based on this phenomenon, the KOMPAS 100 index was chosen as the research object to determine the factors that influence stock price volatility by testing several research variables. Stock prices are influenced by both macroeconomic and microeconomic factors. Micro factors come from within the company, in this case, indicated by the variables dividend payout ratio, firm size, leverage, and earnings volatility. Macro factors, on the other hand, come from both the external and internal conditions of a country and have a direct impact on the company's stock performance. This is indicated by the exchange rate, inflation and interest rate variables. So it is hoped that this research will be able to identify gaps and differences from previous research.
Previous research has identified several microeconomic factors that affect stock price volatility, such as Chaudry et al. (2015), which suggests that DPR has a significant positive effect on stock price volatility. Marini & Dewi (2019) express a different view that the dividend payout ratio has a significant negative effect on stock price volatility. Meanwhile, Mehmood et al. (2019) concluded that DPR has no significant effect on stock price volatility. Mehmood, Ullah, & Sabeeh (2019) suggest that firm size has a significant positive effect on stock price volatility. Another finding from Safrani & Kusumawati (2022) is that firm size has a significant negative effect on stock price volatility. At the same time, Ullah et al. (2016) suggest that firm size does not affect stock price volatility. Priana & Muliartha (2017) also stated that leverage has a significant negative effect on stock price volatility. While Rosyida et al. (2020) found leverage has a significant positive effect on stock price volatility. Dewi & Suarraya (2016) found different results, where leverage does not affect stock price volatility.

According to Mehmood et al. (2019), earning volatility has a significant negative effect on stock price volatility. In contrast, Ullah et al. (2016) suggest that earning volatility has a significant positive effect on stock price volatility. Yanti & Dominika (2019) also showed that earning volatility has no significant effect on stock price volatility. Previous research also shows the influence of macroeconomic factors on stock price volatility, such as Nkoro & Uko (2016) state that the exchange rate has a significant negative effect on stock price volatility. While Purwanto & Simbolan (2018) provide different results, namely, the exchange rate can have a significant positive effect on stock price volatility. However, Yulinda et al. (2020) stated that the exchange rate has no significant effect on stock price volatility. Kohar et al. (2018) found that the inflation rate has a significant negative effect on stock price volatility. However, Simbolon & Purwanto (2018) found that inflation has a significant positive effect on stock market volatility. Azura et al. (2018) concluded that inflation does not affect stock price volatility. Kohar et al. (2018) found that the interest rate has a significant positive effect on stock price volatility. Simbolon & Purwanto (2018) suggest different results, where the interest rate has a significant negative effect on stock market volatility. Meanwhile, Azura et al. (2018) found that interest rates cannot affect stock price volatility.

**Literature Review**

**Signaling Theory**

Ross (1977), suggests that signaling theory can provide signals to investors with information related to the company's condition. Brigham & Houston (2014), assumes that this theory is a form of signal for investors based on information regarding the development and growth of the company provided by management. Company management has access to more information about the company's prospects than investors. Investors will need comprehensive and accurate information to determine
the right investment decision regarding a company's shares. (Safrani & Kusumawati, 2022).

Company management presents its information in issuing financial statements at each specific period. The report includes various information related to the company's financial performance as an indicator of investment decisions (Fahim et al., 2016). The annual report published by the company is not only about financial information but also non-financial information that is relevant and important to know. When the company's financial and operational performance is said to be good, it will be considered capable of generating maximum profit. This gives a positive sign or signal for investors to make investment decisions. This theory is gaining popularity as it addresses the key challenge for strategic decision-makers to reduce uncertainty in investing through signals. (Bergh et al., 2014).

Investors' investment decisions will be related to the size of the demand and supply of shares. According to Sartono (2001), this demand and supply will affect the share price. When the market for a stock is high, but the number of shares traded is limited, the demand cannot be met, so the stock price increases. Conversely, investors will sell their shares in the capital market when the company's performance decreases so that it cannot provide the expected return. As a result, the supply of these shares will increase compared to the demand, so the share price will decrease. The reaction to the rise and fall of stocks will affect stock price volatility (Safrani & Kusumawati, 2022). So, signalling theory can be used as a theoretical basis for testing the effect of each microeconomic and macroeconomic variable on stock price volatility in a company.

**Stock Price Volatility**

Stock price volatility is a situation where stock prices deviate (up or down) from the average index (Safrani & Kusumawati, 2022). According to Hull (2018), stock price volatility can be used to show price increases and decreases in a short period of time, but it does not measure price levels. Stock prices with high volatility can fluctuate rapidly and are difficult to predict. Meanwhile, low volatility refers to stock prices that remain stable or rarely change (Kohar et al., 2018).

**Dividend Payout Ratio**

Companies tend to see a negative market reaction if dividend payments are reduced or even eliminated. As a result, companies must continue to pay dividends regularly to their shareholders in order to continue funding the company's capital (Yanti & Dominika, 2019). Dividends are shareholders' share of profits for the capital cost of their investment (Ali & Waheed, 2017). One of the measuring tools for dividend distribution is the dividend payout ratio (DPR). Dividend Payout Ratio (DPR) is the proportion of profit distributed to shareholders in the form of cash dividends, where a company’s financial condition influences this DPR (Ardiyanti, 2015). Dividends are one of the tools to distribute the company's surplus profits
(Mehmood et al., 2019). The high dividend payout ratio indicates a stock's more unstable price (Priana & Muliartha, 2017). The dividend payout ratio can provide positive or negative signals for investors to decide to invest and will affect stock price volatility (Baskin, 1989).

H1 : Dividend Payout ratio has a positive affects the stock price volatility of KOMPAS 100 index companies listed on the IDX in 2019-2022.

**Firm Size**

Firm size is a measuring tool that classifies the company's size, based on total assets, sales and market capitalization (Murniati, 2015). Hashemijoo et al. (2012), explained that large companies diversify their activities. Therefore, information related to the company will be easier for the public to obtain. Company size is a measure of how big a company is. In this study, total assets are used to determine the size of a company. Company size is one of the most widely considered factors by company shareholders before making investment decisions (Chaudry et al., 2015). Large companies tend to have easier access to capital markets, so investors believe large companies have good performance that will generate large profits. (Rosyida et al., 2020) According to Mehmood et al., (2019), a large company size can provide easy access to company information. Thus, this can be a positive or negative signal that causes stock prices to fluctuate.

H2 : Firm Size has a negative affects the stock price volatility of KOMPAS 100 index companies listed on the IDX in 2019-2022.

**Leverage**

Leverage is the scale of the company's capability in fulfilling its obligations in the form of short-term and long-term debt (Wiagustini, 2014:85). According to Horne & C (1994), leverage is related to the source of funds used by the company in bearing the fixed costs of operational activities to increase profits. Leverage is proxied by Debt to Equity Ratio (DER). The high DER indicates how much the company is dependent on external loans (Sudana, 2009). Based on Marini & Dewi (2019), companies with a lot of debt funding or a high level of DER will be at greater risk of experiencing a decline in financial performance due to bloated debt and interest payments. This risk will discourage investors, so stock price volatility is high. Funding with debt incurs fixed costs in the form of fixed interest that must be paid regardless of the company's income level (Firmansyah & Yunidar, 2020). Therefore, debt funding can reduce company profits and increase investment risk.

H3 : Leverage has a positive affects the stock price volatility of KOMPAS 100 index companies listed on the IDX in 2019-2022.

**Earning Volatility**

Earning volatility is a percentage that describes the movement of profit a company earns (Jannah & Haridhi, 2016). According to Antoniou et al. (2008),
fluctuations in earnings indicate an unstable state of the company, so it will be detrimental to the company because of the difficulty in obtaining external financing. Earnings Volatility fluctuates a company's income related to its operational activities (Theresia & Arilyn, 2015). The high level of earning volatility suggests the instability of the company's earnings. The impact will be seen from the reaction to investors' decisions to sell their shares, causing the stock price to fluctuate (Jannah & Haridhi, 2016). Earnings reflect changes in the value of the company for common equity shareholders over a period of time. If earnings fluctuate, then it is likely that the stock price will change, therefore corporate earnings information is important for investors to make investment decisions (Dissanayake & Wickramasinghe, 2016).

H4 : Earning volatility has a positive affects the stock price volatility of KOMPAS 100 index companies listed on the IDX in 2019-2022.

Exchange Rate

The exchange rate is an important price in international trade that will affect the current account and other macro factors. An exchange rate is a comparison between the currencies of two different countries, and exchange rates also fluctuate over a period of time (Aslam, 2014). Meanwhile, according to Mishkin, (2008), the exchange rate is a unit of domestic currency in units of foreign currency. Exchange rates are divided into two namely nominal exchange rates and real exchange rates. The nominal exchange rate refers to the rate used to exchange one country's currency for another country's currency. The real exchange rate is representative of the exchange rate of goods and services between countries (Putra, 2016). Domestic currency depreciation encourages investors to move funds from domestic assets to foreign currency assets, thereby lowering stock prices. Exchange rates are highly fluctuating and impossible to predict with certainty in the current (floating) exchange rate system. As such, these fluctuations will have a significant impact on financial markets (Mechri et al., 2019).

H5 : Exchange rate has a negative affects the stock price volatility of KOMPAS 100 index companies listed on the IDX in 2019-2022.

Inflation

Inflation refers to the continuous rise in the prices of goods and services throughout a country's economy. Repeated price increases reduce the purchasing power of fixed-value assets, causing economic distortions and uncertainty (Al-Abbadi & Abdul-Khaliq, 2017). Inflation and the stock market have a very close relationship. According to Jepkemei (2017), the stock market suffers the most when inflation occurs. Inflation is a state in the economy of a country, when there is a persistent rise in the aggregate level of prices of goods as well as services (Al-Abbadi & Abdul-Khaliq, 2017). According to Megaravalli & Sampagnaro (2018), the higher the inflation, the more it will affect the company's profits, which is due to an increase in the company's borrowing costs, which in turn reduces dividends and thus reduces
investor interest in investing in the stock. This will reduce the stock price, and stock price volatility will increase.

H6: Inflation has a positive affects the stock price volatility of KOMPAS 100 index companies listed on the IDX in 2019-2022.

Interest Rate

Interest is a fee from banks to customers based on conventional principles who have bought or sold their products (Kasmir, 2016:114). According to Tandelilin (2010:343), the high and low interest rate will affect the current value of the company's cash flow. This study uses the BI rate to measure interest rates. The BI rate is a policy rate that reflects Bank Indonesia's monetary policy stance and is announced by the Board of Governors at each monthly meeting. According to Kohar et al. (2018), a high interest rate can reduce the present value of future cash flows. As a result, investors' interest in investing decreases, so stock prices become increasingly volatile. Investors prefer to save their money in the bank when interest rates rise. This is because the benefits of savings interest are more significant than the benefits of annual dividends paid to shareholders, so the share price will fluctuate (Putra, 2016).

H7: Interest rate has a positive affects the stock price volatility of KOMPAS 100 index companies listed on the IDX in 2019-2022.

Conceptual Model

![Conceptual Model](image)

Figure 1. Conceptual Model

Method

This study uses quantitative data with annual financial report documentation techniques as a secondary data source from the official IDX website and report data from the Bank Indonesia website. The population in the study was KOMPAS 100 index companies listed on the IDX for the 2019-2022 period, with a sample of 33 companies determined using purposive sampling technique, with criteria: (1) Companies listed on the IDX and consistently included in the Kompas 100 index.
from January 2019 - December 2022; (2) Non-bank companies included in the Kompas 100 index from January 2019 - December 2022; (3) Kompas 100 index companies that use nominal rupiah in financial statements during the 2019-2022 period; (4) Companies that did not carry out a stock split in the 2019-2022 period. The data analysis technique in this study uses multiple linear regression analysis. In this study, the multiple linear regression equation can be written as follows:

\[ Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + b_5x_5 + b_6x_6 + b_7x_7 + e \]

**Stock Price Volatility**

Stock price volatility is measured using the annual range of stock prices divided by the average of the highest and lowest prices in that year (Ahmad et al., 2018). This is also in line with the formula used by (Baskin, 1989):

\[
Stock \text{ Price Volatility} = \sqrt{\frac{\sum_{t=1}^{n}((H_t-L_t)/\bar{H_t+L_t})^2}{n}}
\]

**Dividend Payout Ratio**

According to Marini & Dewi (2019), dividend payout ratio is the percentage of the calculation of Dividend Per Share (DPS) and Earning Per Share (EPS), or it can be said to be the return that investors get per share.

\[
Dividend \text{ Payout Ratio} = \frac{Dividend \text{ per Share}}{Earning \text{ per Share}}
\]

**Firm Size**

Firm size can be calculated using total operating assets (Selpiana & Badjra, 2018). A large amount of assets can attract investors because it reduces the risk of investment failure.

\[
Firm \text{ Size} = \ln(Total \text{ Assets})
\]

**Leverage**

Husnan & Pudjiastuti (2012:72), mention DER as a percentage between the loan amount or debt of own capital. DER can indicate financial risk and affect earnings because the company is obliged to pay debt and interest (Harahap, 2009:303).

\[
Debt \text{ to Asset Ratio} = \frac{Total \text{ Debt}}{Total \text{ Assets}}
\]

**Earning Volatility**

This matter is also said by Ullah et al. (2016), stable earnings conditions indicate that the company is in a healthy state. The low earning volatility suggests that the company is in a stable condition and has lower risk (Safrani & Kusumawati, 2022).

\[
Earning \text{ Volatility} = STD\left(\frac{\text{EBIT}}{Total \text{ Assets}}\right)
\]

**Exchange Rate**

The calculation of the exchange rate can be obtained from changes in the middle exchange rate each year (Shapiro, 2013).

\[
\text{Exchange rate} = \frac{Kurs \text{ tengah } t-Kurs \text{ tengah } t-1}{Kurs \text{ tengah } t-1}
\]
Inflation

According to Megaravalli & Sampagnaro (2018), inflation of a country is determined by the alteration in the consumer price index. This study uses a formula that is in line with research (Khalid & Khan, 2017).

\[
\text{Inflation} = \ln \frac{\text{CPI}_t}{\text{CPI}_{t-1}}
\]

(7)

Interest Rate

This interest rate is implemented in Bank Indonesia’s monetary operations through liquidity management in the money market to achieve the operational objectives of monetary policy (Simbolon & Purwanto, 2018).

Avarage BI 7 Days Repo Rate …………………………………………………………(8)

Result and Discussion

Classical Assumption Test

In the normality test, the residual data is normally distributed, this is indicated by the presence of a pattern of dots scattered around the diagonal line on the probability plot graph and through the Komlogorov-Smirnov test a significance value of 0.054 > 0.05 is obtained. The multicollinearity test is concluded based on the tolerance value and variance inflation factor (VIF). In this test, all variables have a tolerance value > 0.1 and a VIF value < 10, meaning the regression model does not have multicollinearity. Then the heteroscedasticity test, which is carried out using the Glejser test, it shows that each independent variable has a significance value > 0.05, so it can be concluded that the regression model does not have heteroscedasticity symptoms. In addition, the autocorrelation test using the Run Test test shows a significance value of 0.062 > 0.05, so it means that in this regression model no autocorrelation symptoms occur.

Multiple Linear Regression Model

Table 1. Multiple Linear Regression Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>B</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.553</td>
<td>,151</td>
<td>3,665</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>DPR</td>
<td>-.006</td>
<td>,016</td>
<td>-.369</td>
<td>.713</td>
</tr>
<tr>
<td></td>
<td>SIZE</td>
<td>-.022</td>
<td>,005</td>
<td>-4,486</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>DER</td>
<td>.013</td>
<td>,007</td>
<td>1,950</td>
<td>.054</td>
</tr>
<tr>
<td></td>
<td>EVOL</td>
<td>2,422</td>
<td>,527</td>
<td>4,598</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>EXRATE</td>
<td>-.338</td>
<td>,114</td>
<td>-2,971</td>
<td>.004</td>
</tr>
<tr>
<td></td>
<td>INFLASI</td>
<td>.092</td>
<td>,034</td>
<td>2,659</td>
<td>.009</td>
</tr>
<tr>
<td></td>
<td>INTRATE</td>
<td>.060</td>
<td>,007</td>
<td>8,242</td>
<td>.000</td>
</tr>
</tbody>
</table>
Formulation of multiple linear regression equations based on model test results for research (9) As follows:

\[ Y = \alpha + \beta\text{SIZE} + \beta\text{EVOL} + \beta\text{EXRATE} + \beta\text{INFLASI} + \beta\text{INTRATE} + e \]  

If the value of \( \beta \) is entered into equation (10), the regression model is:

\[ PVOL = 0.553 - 0.022\text{SIZE} + 2.422\text{EVOL} - 0.338\text{EXRATE} + 0.092\text{INFLASI} + 0.60\text{INTRATE} + e \]

Hypothesis Test

<table>
<thead>
<tr>
<th>Table 2. F Statistical Test Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Based on table 2, it can show the results of the F statistical test, which is determined from the Fcount and Ftable values or the significance value of F and \( \alpha \). The results of the F statistical test show that Fcount > Ftable is 33.901 > 2.09 and the significance value of F is 0.000 < 0.05. so it is concluded that H0 is rejected. So the dividend payout ratio, firm size, leverage, earning volatility, exchange rate, inflation and interest rate simultaneously affect stock price volatility.

Based on the results of the t statistical test in table 1, it can be seen that the results of testing H1, where the dividend payout ratio has a tcount and ttabel value of 0.369 < 1.98217 and a significance value of 0.713 > 0.05. This means that H1 is rejected that the dividend payout ratio (DPR) has no significant effect on stock price volatility.

For testing H2, firm size has a tcount value and ttabel of 4.486 > 1.98217 and a significant value of 0.000 < 0.05. This means that H2 is accepted that firm size has a significant effect on stock price volatility.

In testing H3, leverage has a tcount and ttabel value of 1.950 < 1.98217 and a significant value of 0.054 > 0.05. This means that H3 is rejected that leverage has no significant effect on stock price volatility.

In testing H4, earning volatility has a tcount and ttabel value of 4.598 > 1.98217 and a significant value of 0.000 < 0.05. This means that H4 is accepted that earning volatility has a significant effect on stock price volatility.

For testing H5, the exchange rate has a t-value and ttabel of 2.971 > 1.98217 and a significance value of 0.004 < 0.05. This means that H5 is accepted that the exchange rate has a significant effect on stock price volatility.

In testing H6, inflation has a t-count and t-valuetabel of 2.659 > 1.98217 and a significance value of 0.009 < 0.05. This means that H6 is accepted that inflation has a significant effect on stock price volatility.

In testing H7, interest rate has a t-count and t-valuetabel of 8.242 > 1.98217 and a significance value of 0.000 < 0.05. This means that H7 is accepted that the interest rate has a significant effect on stock price volatility.
Coefficient of Determination

Table 3. Determination Coefficient Test Results

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.829a</td>
<td>.687</td>
<td>.667</td>
</tr>
</tbody>
</table>

Source: SPSS output, processed by researchers (2024)

Based on table 3, it shows the adjusted R value of 0.667, which means that 66.7% of the variation in the independent variable can explain the variation in the dependent variable. While 33.3% is explained by other factors outside the model, such as, growth assets (Chaudry et al., 2015), dividend yield (Ahmad et al., 2018), GDP rate (Simbolon & Purwanto, 2018), trading volume (Dewi & Suaryana, 2016).

The Effect of Dividend Payout Ratio on Stock Price Volatility

Based on the results of the hypothesis testing carried out, it shows that the dividend payout ratio has no significant effect on the stock price volatility of the Kompas 100 index companies listed on the IDX in 2019-2022. This is in line with research Mehmood et al. (2019), Theresia & Arilyn (2015), Yulinda et al. (2020), and Camilleri et al. (2019). So, the ups and downs of the company's dividend payout ratio (DPR) have no role in influencing stock price volatility. Based on the results of the hypothesis testing carried out, it shows that the dividend payout ratio has no significant effect on the stock price volatility of the Kompas 100 index companies listed on the IDX in 2019-2022. So, the ups and downs of the company's dividend payout ratio (DPR) have no role in influencing stock price volatility. DPR does not give any signal to investors. This is because investors tend to ignore a company's performance, and the value of DPR is not an indicator to show a company's good and bad performance. In addition, the type of investors in the stocks of Kompas 100 index companies tend to be long-term investors. This is because the Kompas 100 index contains large issuers with strong market capitalization and fundamentals and has good company prospects and long-term performance (Rachmawati et al., 2023). This type of investor is more likely to pay attention to capital gains than cash dividends so the size of the dividend that the DPR can declare cannot affect investment decisions, so it also cannot affect the volatility of its share price. However, this finding is different from Chaudry et al. (2015), Ullah et al. (2016), and Priana & Muliartha (2017), which shows that the dividend payout ratio has a positive effect on stock price volatility. That the greater the dividend payout ratio, the greater the possibility of the company generating profits, thus attracting investor interest. As a result, the volatility of its share price is high.
The Effect of Firm Size on Stock Price Volatility

Based on the research results, firm size has a significant negative effect on the stock price volatility of the Kompas 100 index companies listed on the IDX in 2019-2022. This is in line with the findings of Safrani & Kusumawati (2022), Selpiana & Badjra (2018), and Marini & Dewi (2019). So, any increase or decrease in the value of firm size has an opposite impact on stock price volatility in Kompas 100 index companies. This finding also aligns with the signalling theory that information about the size of the firm can indicate that the company’s total assets are also large, where the proxy used in measuring the firm size is Ln Total Assets. Therefore, many assets indicate high productivity, thereby increasing the company’s profitability and profits. Increased profits can indicate that cash dividends distributed to investors will also increase. In addition, high profits also indicate low business risk. As a result, it will affect investors’ decisions to hold their shares and stock price volatility will be low. However, these findings contradict the findings of Ullah et al. (2016), Yulinda et al. (2020), and Syarifah et al. (2018), which says firm size does not affect stock price volatility.

The Effect of Leverage on Stock Price Volatility

The hypothesis test results found that leverage proxied by the debt-to-equity ratio (DER) had no significant effect on stock price volatility in Kompas 100 index companies listed on the IDX in 2019-2022. This means that the size of the leverage level does not play a role in the high and low stock price volatility. Same with Dewi & Suaryana (2016), Selpiana & Badjra (2018), and Yulinda et al. (2020). This matter does not align with signaling theory, where debt equity ratio information cannot signal investors in determining their investment decisions in a company's shares. Investors only sometimes see DER as a basis for making investment decisions, but investors tend to consider the company’s capabilities and performance in earning profits and the returns that will be obtained. According to Dewi & Suaryana (2016), the good and bad performance of the company cannot be explained by DER. Companies with high levels of debt only sometimes perform well, if the rate of return from adding debt and interest rates is higher, then adding debt can have a positive financial impact (Wahyudi, 2016). This result is not in line with Meher et al. (2021), Rosyida et al. (2020), and Jannah & Haridhi (2016), which say there is a positive effect of leverage on stock price volatility. According to Rosyida et al. (2020), the high level of leverage shows the amount of company debt, so companies tend to prioritize paying off debt rather than distributing dividends; this creates a negative response from investors. In addition, high leverage affects the company's sustainability, so stock price instability is high, or it can be said that stock price volatility is high.
The Effect of Earning Volatility on Stock Price Volatility

The previous hypothesis test concluded that earning volatility has a significant positive effect on stock price volatility in Kompas 100 index companies listed on the IDX in 2019-2022. This finding is in line with research by Chaudry et al. (2015), Ullah et al. (2016), and Jannah & Haridhi, (2016), which says that high earning volatility makes the company's stock price volatility also high. The acquisition of these findings also supports the signalling theory that information related to the amount of company profits can be a signal for investors in determining their investment funds in the company. The high value of earning volatility indicates the instability of profits generated by the company, so the level of investment risk will also be high. This has an impact on investor decisions and increases stock price volatility. However, this contradicts the findings of Yanti & Dominika (2019), and Theresia & Arilyn (2015), said that the high and low earning volatility of a company does not affect the level of stock price volatility. In addition, according to Safrani & Kusumawati (2022), the level of earning volatility is not the only benchmark that investors can use in determining investment decisions, so it cannot affect stock price volatility.

The Effect of Exchange Rate on Stock Price Volatility

Based on the hypothesis test results, it is concluded that the exchange rate has a significant negative effect on stock price volatility in the Kompas 100 index company listed on the IDX in 2019-2022. When the rupiah exchange rate strengthens or appreciates, the stock price volatility decreases; if the rupiah exchange rate weakens, the stock price volatility increases. This matter is supported by research by Nkoro & Uko (2016) and Supeni & Mustofa (2020). When the rupiah depreciates, operational costs for companies that use imported production materials will be impacted. The increase in operational costs will increase the cost of goods produced; if the assumption is that the selling price of the product is fixed, it will have an impact on the low profit margin obtained by the company. Then, it can be said that the company's profit will decrease, and the return given to shareholders will decrease. In line with signalling theory, where companies provide information about company profits, that will give negative signals to investors not to invest their funds because they are considered less profitable and risky so stock price volatility will also decrease. However, different results were found by Khalid & Khan (2017), Safrani & Kusumawati (2022), and Kohar et al., (2018), which say the exchange rate does not affect stock price volatility. According to Syarifah et al., (2018), changes in currency values cannot directly affect stock prices. Increases and decreases in currency values are a signal for investors to sell or buy shares but are unable to attract investor interest. So, it can be concluded that the value of the exchange rate cannot affect stock price volatility.
The Effect of Inflation on Stock Price Volatility

The results of this study suggest that inflation has a significant positive effect on stock price volatility in Kompas 100 index companies listed on the IDX in 2019-2022. This means that an increase in the inflation rate will be accompanied by an increase in the volatility of its share price. This matter is supported by research by Khalid & Khan (2017), Simbolon & Purwanto (2018) and Omorokunwa & Ikponmwosa (2014). When inflation increases, it indicates a decline in the currency and an increase in commodity prices for goods and services, thus encouraging investors to be vigilant and invest their funds in stock investments to secure the value of their wealth (Tandelilin, 2010:9). In addition, the selling price of commodity goods and services that increase due to inflation will have an impact on reducing people's purchasing power, thereby reducing the number of sales and reducing company profits which will have a negative impact on stock returns. As a result investors choose to sell their shares so that stock price volatility increases. In addition, inflation will cause an increase in the discount rate as a form of government monetary policy, so investors tend to choose to sell their shares to avoid the negative effects of the discount rate result in high stock price volatility. The results of these findings contradict the research by Syarifah et al. (2018) and Yulinda et al. (2020), who say inflation does not affect stock price volatility. According to Syarifah et al. (2018), when the inflation rate is still below 10%, investors do not need to worry about it. Manufacturing companies will still earn profits because manufacturing companies have high liquidity. Therefore, the inflation rate does not affect stock price volatility.

The Effect of Interest Rate on Stock Price Volatility.

According to the results of the tests that have been carried out, it is suggested that the interest rate has a significant positive effect on stock price volatility in the Kompas 100 index company in 2019-2022. The greater the interest rate, the higher the stock price volatility. This matter supports research (Kohar et al., 2018). According to Kohar et al. (2018), said the high-interest rate can burden the present value of future cash flows, which encourages investors to switch from investing in the capital market to investing in SBI because the return offered is more significant, so investors choose to sell their shares so that the stock price drops and increases stock price volatility. The high-interest rate also impacts the cost of borrowed capital, where the company’s interest expense will be higher, which will have an impact on reduced profits so that the return expected by investors is reduced and the high risk borne. This causes investors to sell their shares, which results in an increase in the volatility of the stock price. The results of this study contradict Dewi & Suaryana, (2016), Syarifah et al., (2018) and Omorokunwa & Ikponmwosa, (2014), say that interest rates do not affect stock price volatility. Indonesian investors are generally short-term investors who seek high capital gains in the capital market rather than in SBI (Dewi & Suaryana, 2016).
Conclusion

The dividend payout ratio (DPR) does not affect stock price volatility. DPR cannot signal investors to sell or buy a stock because investors tend to pay attention to the company's performance. In addition, investors in Kompas 100 index stocks tend to be long-term investors who pay attention to capital gains rather than cash dividends. This is because the Kompas 100 index has strong capitalization and fundamentals and high liquidity. Firm size has a significant negative effect on stock price volatility. The size of the company's total assets will increase productivity, which will have an impact on increasing profitability and profits earned. The higher the company's profit, the lower the business risk, so stock price volatility becomes low. Leverage does not affect stock price volatility. DER cannot indicate a company's good or bad performance, where if the debt is high but the interest rate of return is higher, it will have a positive financial effect. Therefore, leverage has no role in the level of stock price volatility. Earning volatility has a significant positive impact on stock price volatility. The earning volatility can show the instability of the company's profits, so the risk of loss or bankruptcy is higher. This affects investors' decisions to sell their shares and increases stock price volatility. The exchange rate has a significant negative effect on stock price volatility. The high rupiah exchange rate can increase production costs from imported production materials, so company profits and returns in cash dividends will decrease. This gives a negative signal to investors so that stock price volatility decreases. Inflation has a significant positive effect on stock price volatility. High inflation impacts high selling prices, reducing people's purchasing power and thereby reducing the profit earned. Inflation also raises the discount rate, so to avoid its impact, investors choose to sell shares, and stock price volatility becomes high. Interest rate has a significant positive effect on stock price volatility. High interest rates can reduce the present value of future cash flows and make investors switch from investing in the capital market to investing in SBIs. High interest rates also increase the cost of borrowed capital and interest expenses, which reduce profits. Falling profits also reduce returns. As a result, investors sell stocks, and stock price volatility is high.

Company management needs to pay attention to optimizing total assets. The amount of total assets that work optimally can increase the company's productivity and profitability, which impacts profits and stock returns that investors will obtain. Profits earned also need to be maintained to reduce investment risk, such as diversifying products, increasing operational efficiency, and expanding markets. Based on the findings of this study, company management needs to focus on increasing profits and improving the efficiency of operational and non-operational costs. The company needs to improve risk management of macroeconomic impacts not to affect the company's prospects or performance. Thus, the company can maintain the level of stock price volatility.
References
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