

INFLUENCE OF ECONOMIC FACTORS ON THE SHARE'S VALUE THROUGH THE CONCEPTS OF THE LIFE CYCLE: THE CASE OF INDONESIA

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ABSTRACT

The article aimed to substantiate the differentiated impact of critical internal factors of the economic activities on the market value of shares for joint-stock companies accounting for the organizational development cycle. Using the Company's Financial Statements in the Automotive and Component subsectors listed on the Indonesia Stock Exchange for 2008-2021, the Chow test, path analysis, and t-criterion, we determined the features of the relationship between the share price and the economic performance indicators of joint-stock companies are determined. We used path analysis for modeling to assess the relationship between the price of shares and the number of dividend payments per share, asset turnover, and net profit per share built. A differentiated nature of the relationship between the indicators depending on the accounting company's life cycle has been established. Knowing the stage of the business, the company can develop the most effective dividend strategy and determine the appropriate management method.

Keywords: Indonesia; economic factors; organization life cycle; joint stock company; market value; shares

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INTRODUCTION

Indonesia is one of the largest economies in Southeast Asia. The country's development is based on implementing the 20th Development Plan for 2005-2025 (President of the Republic of Indonesia, 2007). The economy ranks tenth in purchasing power parity worldwide and has made remarkable strides in achieving sustainable development goals and alleviating poverty (The World Bank, 2022). But the COVID-19 pandemic and the war in Ukraine made

adjustments to achieve the set goals of economic development: return to the status of a country with an income below the middle, the loss of knowledge, a decreasing the quality of human capital, The disruption of global food supply chains, rising energy prices, and inflation contributed to a significant slowdown in the national economy (The World Bank, 2022). The current realities of Indonesia's development have led to a deterioration in the investment climate in the country, which has become a

driver for the economy's decline.

For revitalizing the country's economies and restoring growth rates of more than 5.8% of GDP in 2023 should be an increase in the efficiency of the stock market and the functioning of the business environment through intensifying investment in corporate sector securities (Bank Indonesia, 2022).

World-famous theories of financial market development substantiated the stock market's positive impact on economic growth (Yang, 2022; Wahidin, Akimov & Roca, 2021). The stock market mechanisms stimulate the interaction of the fundamental and financial sectors in the national economy by accumulating household funds and transforming them into helpful production capital (Yang, 2022).

In recent years the Indonesian stock exchange has performed well due to significant share acquisitions by domestic and foreign investors. In 2017 Indonesia got investment grade status from all three critical international credit rating agencies on the level BBB (Fitch Ratings, Standards & Poor's, Moody's Investors Service) (Indonesia Investments, 2022). And this is despite the global volatility of the external economic environment (Bank Indonesia, 2022).

It stimulates the investment capital flow to Indonesia and generally increases investor confidence in the national economy. Nevertheless, the stock market in Indonesia at the present stage of development is characterized by insignificant capitalization and low liquidity (Kristanti et al., 2022). Due to underdeveloped hedging technology, high capital market volatility, and limited intermediation by non-bank financial institutions, the potential of the Indonesian stock market has been underutilized. It raises funds for business development in the country through portfolio investment in stocks and bonds of Indonesian enterprises. In the medium-term economic outlook, investing in corporate securities becomes one of the main priorities in restoring Indonesia's macroeconomic stability in the face of increased global economic uncertainty (International Monetary Fund, 2022).

But despite the stock market's effectiveness as a tool for the redistribution of capital, investments in securities, especially in shares, are characterized by significant risk. Because their cost is sensitive to the impact of various

exogenous and endogenous factors, most of these factors are beyond the control of both issuers and investors. Value volatility is an integral part of investing in stocks, and if you do not have the perfect tools for analyzing market conditions, you can suffer significant losses. (Chen, Lu & Wang, 2022). As investors, we must know what information is the basis for the formation of the stock price so that we can decide to buy or sell the shares based on the shape of the value of the company's stock price.

The results of many scientific studies have shown the direct impact of global factors on the national stock market (Yang, 2022). But this influence is short-term. Over the long term, the market is more influenced by actual economic events, not politics and the news background (Shi, 2022). The state of the economy affects the situation in the issuer's industry and determines the issuer's economic results. The task of any business is to generate profit by minimizing involved resources. It is reflected in the growth of the company's revenue, the development of its net profit, the high return on equity, etc. (Neskorodeva & Pustovgar, 2015b). The influence of many indicators of the issuer's economic activity on the share's value has been studied quite profoundly.

Nevertheless, it should be noted that the results of the economic activity of the issuer also depend on the time the company enters the stock market, that is, on its life cycle. Therefore, the scientific priority of this study was the substantiation of key endogenous indicators of the economic activity of joint-stock companies, which affects the market value shares. Based on empirical results, we interpreted the patterns of influence of indicators on the share value, depending on the company's organizational development stage. The example of Automotive and Component Sub-Sector Companies on the Indonesia Stock Exchange for 2008-2021.

LITERATURE REVIEW

Several studies have been conducted to determine how financial ratios affect stock prices. Therefore several research results show differences in research results, among others: Research shows that dividend payout per Share (DPR) has a positive relationship and has a significant effect on stock prices (Hunjra et al., 2014).

The higher the return on investment

obtained, the higher the risk faced. To minimize the risk obtained, investors tend to choose the distribution of profits in cash dividends. Investors prefer the distribution of cash dividends compared to the difference in the sale of shares. Because the distribution of dividends tends to be more specific and has a low-risk level, companies with a dividend payout ratio are certainly much sought after by investors. So in the stock market, investors consider companies with a high cash dividend payout ratio. A process of demand and supply will occur, which will cause the company's stock price to increase. Each company announces a dividend policy to demonstrate the company's performance. If the company announces an increase in dividends, it will have an impact on the rise in the stock price (Hossain, Sheikh & Akterujjaman, 2015; Neskorođeva & Pustovgar, 2015a).

The distribution of high dividends is also not spared by the lack of production costs because the company has a more profit difference if it can manage its resources effectively and efficiently. Looking at the Total Asset Turnover owned by the company will certainly show whether the company is effective or not in managing its resources. A high-profit level with minimal production costs will increase the difference in revenue receipts. And it will also have an impact on the Stock Price, which is assessed from its profit.

Dividend policies given to shareholders give variables a positive and significant influence on the Stock Price (Margaretha & Firzitya, 2015). An investor will invest in the company if it can provide a profit guarantee for investors. Investors will consider giving significant dividends. Because they always want to prioritize their welfare over the investment they provide. A high Dividend Payout Ratio will also give investors the impression that the company has a pretty good value. Of course, the number of investors choosing the company will also increase the value of the company's stock price (Margaretha & Firzitya, 2015). The profit obtained from each share will also affect the company's dividend distribution. Where if the income from shares increases, the company will also consider how the dividend policy will be carried out to benefit all parties. Of course, investors will be happy to see companies with increased profits because, in the eyes of

investors, it is a positive signal that will provide investor welfare. Therefore, investors will immediately choose companies with high yields, so there is demand and supply activity that will increase the Stock Price.

Another determinant of stock price changes is inventory turnover. Inventory as a company asset is undoubtedly better if it continues to experience turnover in and out of warehouses so there is no buildup. To avoid accumulation, the company must continue to make sales from inventory because there are instruments to measure the turnover rate of the company's assets. (Total Asset Turnover). Asset turnover is a ratio for measuring the efficiency of the turnover of all assets owned by a company and estimating how much to generate sales per rupiah of assets. The higher the value of TATO, the more effectively the company uses its resources. It can reduce production costs and increase profits. (Yusena, Rahayu & Yohana, 2019; Zaman, 2021)

Total Assets Turnover has a positive influence on stock prices. The more effectively and efficiently the company manages its assets, the more the company receives profits. Because with minimized costs, the company will produce maximum yield. With this ratio, it can be described that the company has a good management level in the welfare of its shareholders. TATO shows how much asset routing occurs in the company. The profit gain will become more outstanding if the assets are more significant. So that the distribution of dividends that shareholders will obtain also increases (Simanjuntak, 2016). In contrast to the research of Rahayuningtyas (2014), where TATO harms the Dividend Policy, there is likely an increase in profits obtained from the effectiveness of the company being reinvested for business development the value of the DPR becomes decreased.

High Total Asset Turnover shows good company performance, meaning that the company's assets can rotate faster and sell faster and faster in making profits. Increased effectiveness in the company will increase the company's profitability. Thus, investors will be more interested in the condition of companies with a high-profit level (Neskorođeva & Pustovgar, 2015a). So investors prefer to invest in the form of shares in the company. That way, the profit obtained per share will increase.

To increase investor's confidence by providing significant dividends, it is necessary to consider the efficiency of asset management and also look at the achievement of profits obtained from the number of shares outstanding, namely the ratio of Earnings per share or Earnings per Share (EPS). Earnings per share indicate the amount of net profit ready to be channeled to all shareholders in the company. High EPS values can attract investors to invest because the company's profits will increase. Earnings through earnings per share depend on the size of the offer and stock offering on the stock exchange (Lusiana, 2020).

Asset Turnover (TATO) also affects earnings per Share (EPS), where faster asset acquisition will result in greater profits. Increased revenues will certainly increase earnings per share, but it differs from studies where TATTO results harm EPS (Pouraghajan et al., 2013).

Previous research has shown that EPS significantly positively affects stock prices for variable EPS. The greater the earnings per share obtained by the company, it increases the interest of investors to buy shares so that the share price increases (Hunjra et al., 2014). In contrast to other studies, it has been shown that EPS does not affect stock prices (Rahmadewi & Abundanti, 2018).

The profit obtained from the sale per share can increase the level of profit of the company itself. The higher the EPS value, the higher the stock price on the stock exchange (Kristanti et al., 2022).

Profit earned by the company can be obtained from the sale of each share. Every rupiah from each share is very useful for the company to increase the expected profit. Investors will be more interested in the ability of the company that can increase its profit (Kristanti et al., 2022). If profits increase, the initial budget for company spending can be budgeted into dividends for shareholders.

The different result of EPS does not affect the stock price. It is explained that some investors do not use fundamental analysis in making decisions to buy stocks. However, psychological factors and following the bookie's speculation experience can influence the decision-making of buying or selling stocks (Rahmadewi & Abundanti, 2018).

Earnings per Share (EPS) positively influence the Dividend Policy (DPR). Any increase in eps

value will increase the value of DPR (Diantini & Badjra, 2016).

In recent years, new views have emerged in the scientific community on the internal factors determining the price of shares. Such modern approaches to issues include the company's life cycle theory. (Rijsdijk et al., 2022).

At an early stage of its development, the company has growth potential and many investment opportunities. At this stage, companies usually do not pay dividends, preferring to reinvest retained earnings to develop the company further. (Budiarsoa, 2017). However, over time, the company's investment opportunities decreased due to the transition from the high-growth phase to the maturity phase. Companies begin accumulating a sizeable free cash flow, which they pay out in dividends (Bhattacharya, Chang & Li, 2020).

Maturity theory was based on the fact that a company's transition from a high growth phase to a lower development stage is accompanied by systematic risk. This, in turn, affects asset turnover and earnings per Share (Bhattacharya, Chang & Li, 2020). That is, the stage of the life cycle factor is crucial in assessing the impact of internal economic indicators of the company on the value of shares, as it significantly influences the requirements of profitability (Budiarsoa, 2017). The farther from the Stability stage, the higher the yield requirement. When the required rate of return becomes higher, the value/price of the company becomes lower, and business performance decreases, and vice versa.

Identification of the development stages of the company is carried out as a result of crucial changes in internal factors that determine the organization's financial results. The company's life cycle theory allows relying on several quantitative indicators to more accurately assess its economic state at a particular stage of its development. Also, following this theory, it can be assumed that the value of the company's shares significantly depends on the phase of the company's life cycle. And the nature of the impact on the company's value varies depending on the stage of its development. (Bhattacharya, Chang & Li, 2020; Budiarsoa, 2017). This, in turn, predetermines the features of the company's dividend policy.

Based on the literature review, we formulated the following scientific hypotheses within the framework of the study:

H1: At the formation stage, Total asset turnover does not affect the company's earnings per share.

H2: The amount of dividends the company pays is directly dependent on the indicators of total asset turnover and earnings per share at the growth, maturity, and decline stages and does not depend on these indicators at the formation stage.

H3: The price of company shares, depending on the life cycle stage, is affected by dividend policy, total asset turnover, and earnings per share. To the slightest extent, the price of shares depends on these factors at the formation stage.

METHODOLOGY

The study used data from the Company's Financial Statements in the Automotive and Component subsectors listed on the Indonesia Stock Exchange for the period 2008-2021, while the sample data used is the data collected, which is 14 years of financial statements for 86 companies. The total sample is 1204 data samples.

This research uses path analysis and the Chow test in EViews 10 and SPSS Statistics 22 Software. The analysis was based on identifying the relationship between the price of shares of companies and indicators that, according to most studies (Hunjra et al., 2014; Hossain, Sheikh & Akterujjaman, 2015; Margaretha & Firzitya, 2015; Simanjuntak, 2016), most affect the price of shares: dividend payout per Share (DPR), turnover of assets (TATO), and net earnings per Share (EPS).

Statistically, the choice of these indicators for the study of changes in stock prices is confirmed by path analysis using a more comprehensive list of financial indicators: absolute and current liquidity, ratios of equity and debt capital, financial risk ratio, income growth rates, expenses, profits, equity, and debt capital turnover indicators (Aydın & Kulali, 2018; Neskorođeva & Pustovgar, 2015b; Handayati, Sumarsono & Narmaditya, 2022). According to the F and t criteria, the impact of these indicators on the share price was statistically insignificant. Explaining the dynamics of prices for shares of

automotive and component sub-sector companies in Indonesia, we used indicators of the number of dividend payments per share, asset turnover, and earnings per share.

The following are the model and design of path analysis:

$$Y = P_{yDPR} \times DPR + P_{yTATO} \times TATO + P_{yEPS} \times EPS + \varepsilon \quad (1)$$

P_y = path factor;

DPR = the number of dividends paid per share, a thousand rubles. USD;

$TATO$ = total asset turnover;

EPS = Earnings per Share, thousand rubles. USD;

Y = Share price, USD;

P_{yDPR} = Dpr ratio at the share price;

P_{yTATO} = share price TATO ratio;

P_{yEPS} = Eps ratio of stock price;

e = error rate

The use of path analysis was due to the normal distribution of the studied indicators. The adequacy of the models we confirmed:

1. Sampling sufficiency: for all models, the number of observations exceeds the number of independent variables by at least 19 times;
2. F-criterion, the empirical values for all models exceed the critical importance at a significance level of 0.05.

RESULTS

The Chow test made it possible to establish a different nature of the relationship between the variables under study in different subsamples. All the companies under study alternate in the same sequence. The sizes of these subsamples differ by company, so the factor determining the specifics of the impact of financial indicators on the price of shares is not the duration of the companies' operation, not the seasonal component based on the obtained results, an assumption was made that such a factor is the life cycle stage. An in-depth analysis of the financial condition of companies confirmed the hypothesis. Characteristic features of companies' 1st stage of development are low profitability or unprofitability of activities, instability of income, and higher rates of marketing expenses,

compared with the following stages of development. These characteristics correspond to the Introduction stage (Bhattacharya, Chang & Li, 2020).

The second stage is characterized by high net income growth rates (more than 5% per annum) and company assets (more than 7%), which corresponds to the growth stage. The highest indicators of net income characterize the 3rd stage, financial results, assets, and the highest indicators of profitability and profitability for the study period, which corresponds to the stage of maturity (Bhattacharya, Chang & Li, 2020). For some companies under study, the 4th stage we singled out - is the stage of decline, where the financial results, assets, and profitability have a downward trend. According to these stages, the differentiated nature of the influence of the amount of paid dividends, total asset turnover, and earnings per share on the stock price has been determined (Tables 1-4). Scientists came to a similar conclusion, using the example of the mining industry (Rijsdijk et al., 2022).

Regardless of the life cycle stage, the total asset turnover growth positively affects the number of dividend payments. It was confirmed and reflected through the positive value of the Beta indicator (Table 1).

Table 1: The model assessing the impact of total asset turnover on the number of dividend payments per share for automotive and component sub-sector companies

Variable	Unstandardized Coefficient B	Standardized Coefficient Beta	t	Sig.
<i>Introduction stage</i>				
Number of observations: 57, F=13.31				
Constant	6.84		4.25	0.00
TATO	5.31	0.15	0.98	0.84
<i>Growth stage</i>				
Number of observations: 204, F=30.42				
Constant	3.31		2.33	0.02
TATO	17.25	0.75	1.76	0.09
<i>Maturity stage</i>				
Number of observations: 395, F=42.53				
Constant	3.14		1.94	0.06
TATO	23.84	0.83	2.56	0.01
<i>Decline stage</i>				
Number of observations: 204, F=21.52				
Constant	3.19		2.31	0.02
TATO	19.11	0.77	1.80	0.08

Source: Authors' finding

The turnover of companies' assets growth creates opportunities for increasing profits, which is the source of dividend payments. The amount of dividend payments is more sensitive to asset turnover at the Maturity stage (statistically significant dependence at a significance level =0.05) at the Growth and Decline stages – at a significance level = 0.1. A statistically significant relationship between the indicators was not determined at the Introduction stage. We can explain this pattern by the fact that at the Introduction and Growth stages, it is necessary to raise capital to expand the activities of companies. The priority of using net profit is not to increase dividend payments but to reinvest profits. At the Decline stage, the company's primary task is to increase financial stability and restore solvency. Therefore, reinvesting profits is preferable at the Growth and Introduction stages.

Based on table 2, total asset turnover has a positive value, which means that if incremental asset turnover increases, earnings per share will increase.

Table 2: The model assessing the impact of total asset turnover on earnings per share for automotive and component sub-sector companies

Variable	Unstandardized Coefficient B	Standardized Coefficient Beta	t	Sig.
<i>Introduction stage</i>				
Number of observations				
Constant	50.12		2.81	0.00
TATO	11.63	0.61	1.56	0.13
<i>Growth stage</i>				
Number of observations: 204, F=17.43				
Constant	50.11		1.77	0.07
TATO	12.05	0.64	1.70	0.08
<i>Maturity stage</i>				
Number of observations: 395, F=15.72				
Constant	47.63		3.05	0.00
TATO	12.57	0.73	3.15	0.00
<i>Decline stage</i>				
Number of observations: 204, F=11.62				
Constant	49.13		1.68	0.09
TATO	12.11	0.66	1.78	0.07

Source: Authors' finding

At the Maturity stage, the effect of total asset turnover on earnings per share is statistically significant = of 0.01. At the stages of growth and

decline, the impact is substantial =0.1. At the Introduction stage, it is not essential due to a broader range of expenses that create a more noticeable difference between the amount of income and profit. These are marketing costs for market development and fees associated with payments on borrowed funds. At the formation and growth stage, the costs associated with expanding production. The obtained results proved hypothesis H1.

Earnings per share has positive value coefficients, meaning if earnings per share increases, dividend payout per share will increase. And if earnings per share decreases, the dividend payout per share will decrease (Table 3).

Table 3: The model assessing the impact of earnings per share on the number of dividend payments for automotive and component sub-sector companies

Variable	Unstandardized Coefficient B	Standardized Coefficient Beta	t	Sig.
<i>Introduction stage</i>				
Number of observations: 57, F=10.64				
Constant	0.84		3.04	0.00
EPS	0.70	0.51	1.05	0.75
<i>Growth stage</i>				
Number of observations: 204, F=12.64				
Constant	0.42		1.58	0.13
EPS	0.82	0.66	1.90	0.06
<i>Maturity stage</i>				
Number of observations: 395, F=23.64				
Constant	0.96		1.41	0.24
EPS	1.05	0.73	3.35	0.00
<i>Decline stage</i>				
Number of observations: 204, F=19.05				
Constant	0.41		1.69	0.09
EPS	0.82	0.71	1.99	0.05

Source: Authors' finding

The results in table 3 confirm the assumptions made using Tables 1-2 that the closest relationship is between the number of dividends paid per share, the profitability of claims, and the companies' profitability at the maturity stage. At the stages of Growth and Decline, this relationship is less significant due to the orientation of issues toward self-financing. There is no statistically significant relationship at the Introduction stage, which proves the H2 hypothesis (Table 4).

Table 4: The model assessing the impact of financial factors on the stock price for automotive and component sub-sector companies

Variable	Unstandardized Coefficient B	Standardized Coefficient Beta	t	Sig.
<i>Introduction stage</i>				
Number of observations: 57, F=8.38				
Constant	9.85		2.75	0.00
DPR	0.09	0.14	0.53	0.82
TATO	0.28	0.22	1.53	0.15
EPS	0.90	0.28	1.80	0.08
<i>Growth stage</i>				
Number of observations: 204, F=11.64				
Constant	4.63		1.30	0.25
DPR	0.25	0.30	1.48	0.14
TATO	0.30	0.41	1.67	0.09
EPS	0.94	0.78	1.97	0.05
<i>Maturity stage</i>				
Number of observations: 395, F=37.71				
Constant	2.64		0.95	0.82
DPR	1.04	0.84	3.33	0.00
TATO	0.39	0.41	1.95	0.06
EPS	0.98	0.66	1.98	0.04
<i>Decline stage</i>				
Number of observations: 204, F=18.55				
Constant	6.37		1.69	0.08
DPR	0.31	0.26	1.62	0.11
TATO	0.32	0.30	1.70	0.08
EPS	1.15	0.82	2.99	0.00

Source: Authors' finding

At the Introduction stage, among the studied financial indicators, only earnings per share had a statistically significant effect on the share price. Other factors are insignificant = 0.1. The analysis showed that the price of shares at the Introduction stage is growing, despite the low profitability rates, profitability, and the absence of dividends.

We calculated the indicators: ratio of the growth share prices rate to the growth rate of earnings per Share ($\Delta Y/\Delta EPS$), to the growth rate of dividends paid ($\Delta Y/\Delta DPR$), to the growth rate of asset returns ($\Delta Y/\Delta TATO$) (Table 5) The difference between the indicators at the Introduction stage compared to other life cycle stages was statistically significant by t-test. Empirical values exceed the critical importance of the t-test, which was 1.97 at a significance level of 0.05 (Cunningham, Weathington & Pittenger, 2013).

Table 5: Dynamic of stock prices ratio to the dynamic of financial for automotive and component sub-sector companies

Indicators	Average values according to life cycle stages			
	Intr	Grow	Mat	Dec
$\Delta Y/\Delta EPS$	1.37	1.06	0.99	0.77
$\Delta Y/\Delta DPR$	2.15	1.95	1.05	0.81
$\Delta Y/\Delta TATO$	1.72	1.11	1.01	0.9
t-test values for independent samples for $\Delta Y/\Delta EPS$				
	Intr	Grow	Mat	Dec
Intr	-	6.08	3.44	2.00
Grow	-	-	0.58	0.95
Mat	-	-	-	0.69
t-test values for independent samples for $\Delta Y/\Delta DPR$				
	Intr	Grow	Mat	Dec
Intr	-	2.17	3.14	3.26
Grow	-	-	2.49	2.72
Mat	-	-	-	0.45
t-test values for independent samples for $\Delta Y/\Delta TATO$				
	Intr	Grow	Mat	Dec
Intr	-	3.43	6.43	3.00
Grow	-	-	0.71	0.73
Mat	-	-	-	0.44

Intr – Introduction stage; *Grow* – Growth stage; *Mat* – Maturity stage; *Dec* – Decline stage

Source: Authors' finding

At the Introduction stage, share prices are "overpriced" compared to the factors that affect it due to positive investor expectations. The results obtained overlap with the study (Rijsdijk et al., 2022).

During the Growth stage, the main factors affecting the share price are earnings per share and the turnover of the company's assets. High rates of profitability and profitability provide rise to investors' positive expectations regarding the prospects for further growth in profits and dividend payments. Positive investor expectations contribute to the development of share prices.

The number of dividend payments per share at the Growth stage has not significantly impacted the share price (the effect is not essential = 0.1). Therefore, at the Growth stage, a conservative dividend policy and reinvestment of profits are more rational. This will increase the company's capital to ensure financial stability and prevent decreasing share prices. Since the positive effect of profit growth prevails over the adverse impact due to the lack of increase in dividend payments.

At the Maturity stage, the most significant

impact on the share price is the number of dividends paid. For the market value to increase at this stage, an acceptable aggressive dividend policy, which, due to the development of income and profits for companies and alternative sources of income, prevents the decrease in the financial stability of issuers.

During the Decline stage, the share price is most sensitive to earnings per share. A company's profit is the leading indicator for investors, contributing to the growth of share prices. The obtained results prove hypothesis H3.

DISCUSSION AND CONCLUSION

According to the results, we concluded that, depending on the stage of the company's life cycle, the nature and the strength of influence on the value of its shares, the goals of the dividend policy change. At the Introduction stage, only earnings per share have a statistically significant impact on the share price. At the Introduction stage, stock prices are "overstated" compared to the factors that affect them due to investors' optimistic expectations.

During the Growth stage, the main factors affecting the share price are earnings per share and the turnover of the company's assets. High rates of profitability and profitability at this stage give rise to investors' positive expectations and growth in share prices, and a conservative dividend policy for issuers is preferable.

At the Maturity stage, the most significant impact on the share price is the number of dividends paid, and a conservative dividend policy for issuers is preferable an aggressive dividend policy for issuers is preferable.

During the Decline stage, the share price is most sensitive to earnings per share. The policy of high dividend payments can decrease financial stability and negatively affect the market price of shares. An increase in the company's market value under such conditions is possible due to the restructuring of financial and economic activities, optimization of internal business processes, and marketing policy, which will enable the company to receive a stable income level.

The obtained results have proved the study's hypotheses regarding the influence of asset turnover on the company's profit and dividend policy and the impact of these factors on the share price. It correlates with studies (Hunjra et

al., 2014; Hossain, Sheikh & Akterujjaman, 2015; Margaretha & Firzitya, 2015; Simanjuntak, 2016). The most significant relationship between these indicators is at the stage of maturity, and the least effective is at the formation stage. Unlike most research (Hunjra et al., 2014; Hossain, Sheikh & Akterujjaman, 2015) proved that the dividend policy only determines the price of shares at the Maturity stage. For the Introduction stages, Growth and Decline, the impact of the number of dividends paid per share is not statistically significant = 0.1. At these stages, the share price is most elastic to changes in company earnings.

Unlike the research of (Hunjra et al. 2014; Hossain, Sheikh & Akterujjaman, 2015; Margaretha & Firzitya, 2015; Simanjuntak, 2016), we determined the peculiarities of the influence of financial factors on the price of shares depending on the life cycle stages. Proposals have been formulated for the optimal dividend policy at each stage of the life cycle, which will ensure financial stability and maximize the market value of issuers.

The results obtained can only be applied to joint-stock companies in the Automotive and Component industry since formed the analytical sample based on data from Indonesian enterprises and this industry. Also, we assessed the impact on the share price of a limited number of internal factors on the economic activity of companies (*DPR*, *TATO* и *EPS*). That does not allow substantiating the concept of dividend policy based on scientific results. But it provides grounds for further research into the influence of internal and external factors of joint-stock companies to share price into account the life cycle issues. Establishing general laws and trends will form the basis of our further research.

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