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The Influence of Earning Volatility, Leverage, Exchange Rate, and Inflation of Stock Price Volatility

Evelyn Reca[1]; Tanto Tanto[2*]
[1,2] Accounting Department, Faculty of Economic and Business
[1,2]Universitas Widya Dharma Pontianak
Jl. Hos Cokroaminoto No.445, Darat Sekip, Kec. Pontianak Kota, Pontianak, West Kalimantan, Indonesia, 78243
[1]eevelin642@gmail.com; [2*]tanto_wd@yahoo.com

****Corresponding Author***

***Abstract*— Stock price volatility measures how the price of a stock or currency changes due to changes in supply and demand. The purpose of this study is to understand how the stock price volatility of the banking companies in the sub-sector listed on the Indonesia Stock Exchange (IDX) from 2020 to 2022 is affected by income volatility, debt, exchange rate, and inflation. This study adopts a causal quantitative design. The data used in this study is secondary data and a research method called multiple regression is used. All research methods are conducted using IBM SPSS Statistics 26. The results show inflation, leverage, and exchange rates do not influence the volatility of stock prices and the volatility of business profits has a detrimental impact on the volatility of stock prices. The study adopted a purposive sampling method and selected 47 companies in the banking sub-sector as the research subjects and the remaining 37 companies. It is expected that the results of this study can serve as a source of information for further research to gain various insights and draw new conclusions about related variables.**

Keywords—earning volatility; exchange rate; inflation; leverage; stock price volatility; volatility

I. INTRODUCTION

Banks are business entities that operate in the financial sector. Banks are financial institutions that collect money from people, channel it back to others, and provide a variety of other banking services (Kasmir, 2014). As financial institutions that play an important role in economic growth and national development, banks must demonstrate good financial performance. As financial institutions that play an important role in economic growth and national development, banks must demonstrate good financial performance.

In the investment world, investors can choose from a variety of sources of funds. Many investors know that stocks are one of the most common investments. Companies that need funds from investors will start issuing shares. The interaction between supply and demand shapes stock prices. If many investors sell a stock, the stock price will decrease; on the other hand, if many investors make many purchases, the stock price will increase (Hidayati & Sukmaningrum, 2021). This will result in stock prices experiencing price changes every time. These changes are what we can call stock price volatility.

The amount of statistics used to calculate the change in stock prices over a given period is known as volatility (Rohmawati, 2017). Stock trading volume is crucial for investors, reflecting the capital market dynamics that can significantly affect stock prices. Studies have also shown that macroeconomic factors such as inflation, exchange rates, and interest rates affect stock prices. A rise in inflation can induce more restrictive economic policies, which can be detrimental to stock prices. This negative impact then creates uncertainty in price movements, increasing the level of volatility.

Earnings volatility reflects the dynamics of corporate earnings fluctuations from one period to the next. The higher this volatility, the more inconsistent the company's financial performance. This instability may indicate greater risk for investors and stakeholders, demanding more careful risk management strategies to maintain business sustainability amid market uncertainty. Companies must consider various factors affecting earnings volatility in an increasingly competitive business environment. Factors such as changes in market demand, unexpected production costs, currency fluctuations, and global economic conditions can

play an essential role in creating earnings instability. Companies must have a solid financial monitoring system, high adaptability, and effective diversification strategies to face these challenges. Thus, a deep understanding of the factors affecting earnings volatility and the implementation of appropriate risk mitigation strategies can help companies survive and thrive in the long run. Managing volatility wisely can give investors more confidence and ensure that the company is ready to face various challenges that may arise in the future. According to (Sirait et al., 2021), earnings volatility positively affects stock price volatility.

The funding that investors provide to a company to support its operations is known as leverage. These funds can generate interest, which becomes a financial burden for the company. Companies with high levels of debt face risks that can make investors hesitate to invest their capital. In short, leverage is an essential factor that investors consider before investing in a company. Therefore, wise management in managing leverage can be the key to attracting investor interest and ensuring sustainable company growth. In addition, high leverage is often associated with greater share price volatility, as small revenue fluctuations can significantly impact net income. This makes the stocks of highly leveraged companies tend to be more volatile, affecting the perception of risk in the eyes of investors. According to (Rosyida et al., 2020), leverage has a positive effect on stock price volatility.

Changes in currency rates directly affect the prices of a country's products and services. Changes in exchange rates also affect currency appreciation and depreciation fluctuations. In developed and developing countries, the level of currency trading is fundamental because it encourages efforts to maintain the stability of the country's cash exchange rate. A country's choice of exchange rate composition affects the stability of its money conversion standard. With today's rapid economic development, there is a continuity between countries that affect each other and is expected to promote economic stability in various countries. According to Faustine & Ananda (2022), the exchange rate has a positive effect on stock price volatility. Developing countries often face economic challenges like skyrocketing inflation and sluggish economic growth. One of the significant economic indicators is inflation, a constant increase in the price of goods and services that always seeks to remain low and stable to avoid macroeconomic turmoil that can destabilize the economy. While inflation has both good and bad sides, careful management is crucial to ensuring a healthy and sustainable economy. Maintaining this stability is an essential task for policymakers so that the country can move toward greater prosperity.

According to Wati and Puspitaningtyas (2023), inflation has a negative effect on stock price volatility. In the context of global economic interdependence, fluctuations in currency exchange rates can create ripple effects that influence international trade and investment. This interconnectedness means that a significant change in one country's exchange rate policy can have broader implications, potentially affecting global markets and economic relations. For instance, a strong appreciation of a country's currency may make its exports more expensive and less competitive abroad, while a depreciation can make imports more costly, potentially leading to inflationary pressures. Moreover, exchange rate policies are not only about economic management but also about strategic decisions that reflect a country's broader economic goals.

For example, some countries may adopt a fixed exchange rate system to maintain low inflation and foster international investment confidence, while others might prefer a floating exchange rate to allow more flexibility in responding to economic shocks. Each approach comes with its own trade-offs, influencing how effectively a country can manage its economic stability and growth. In addition to domestic economic policies, international monetary cooperation plays a crucial role in stabilizing exchange rates and fostering global economic stability. Organizations like the International Monetary Fund (IMF) work to facilitate cooperation among countries to mitigate the adverse effects of exchange rate volatility. By providing financial assistance and policy advice, these international bodies help countries navigate the complexities of global economic interactions, aiming to promote sustained economic growth and reduce the risk of financial crises.

II. RESEARCH METHODS

A. Research Form

This investigation implements causal quantitative methodologies. In order to ascertain whether there is a substantial effect, this investigation investigates the influence of numerous independent variables on a dependent variable. This investigation not only examines the correlations between variables but also

endeavors to comprehend the potential mechanisms and factors that induce these effects. The objective of this work is to offer a comprehensive comprehension of causal dynamics by means of a rigorous statistical analysis, thereby generating valuable knowledge in the field..

B. Collection Technique

The study employed secondary data sourced from the banking subsector, specifically obtained from the official website of the Indonesia Stock Exchange (IDX) between 2020 and 2022. The information provided is obtained from the official publications of IDX, which can be accessed at www.idx.co.id Moreover, employing secondary data from a dependable and authorized source guarantees the credibility and dependability of the conclusions. The research endeavors to reveal significant patterns and trends within the banking sector by examining this extensive dataset. The findings will provide valuable insights to guide future strategies and decisions.

C. Population and Sample

This study examines 47 sub-sectors of corporations in the financial sector that are listed on the Indonesia Stock Exchange (IDX). The purposive sampling method was employed to choose the sample for the study, with the following selection criteria: (i) Banking companies that were listed prior to 2019, (ii) Companies that have submitted financial reports for 2020 to 2022, (iii) Publicly listed conventional banks in the banking sector, and (iv) Nationally listed banking companies. The survey encompassed 37 companies in accordance with these criteria. The purposive sampling method guarantees that the selected sample precisely represents the target population, which leads to more precise and pertinent results. This method assists in highlighting organizations that consistently disclose financial information, thereby enhancing the reliability of the research findings. Furthermore, the investigation delves into the performance and development of the banking sector over a specific period by exploring nationally listed conventional banks. This comprehensive examination can offer significant insights to policymakers and constituents who are concerned with the financial stability and compliance of the Indonesian banking sector.

D. Research Variables

The research variables used in this study are stock price volatility as the dependent variable and earnings volatility, leverage, exchange rates, and inflation as independent variables.

1) Stock Price Volatility

A statistical measure that quantifies the degree to which a stock's price fluctuates over a specific period of time is stock price volatility, as per Firmansyah (2006). Rising and falling stock prices are more probable when stock prices are more volatile. The primary cause of stock price volatility is the dissemination of new information in the market or stock exchange. Price levels fluctuate swiftly in an efficient market, which leads to the establishment of prices that accurately reflect new knowledge. Stock price volatility is a source of concern for market participants, as it has an impact on their investment strategies (Dewi & Suaryana, 2016). The cited source is Baskin (1989). As per this source, the following is an explanation of stock price volatility:

$$PVOL = \sqrt{\sum \frac{[\frac{Hi - Li}{(\frac{Hi + Li}{2})}]^2}{n}}$$

2) Earning Volatility

Earnings volatility is the term used to describe fluctuating earnings that reflect the level of risk involved with a company's operating activities. Forecasting revenue becomes increasingly difficult, and the effort is further exacerbated by significant levels of uncertainty (Antoniou et al., 2008). Obtaining external capital can become challenging when a company's profitability undergo substantial changes. According to Bradley et al. (1984), investors typically experience greater increases in the value of their investments when company earnings are at their highest. As a result, they tend to retain their shares for the following time. Earnings volatility not only influences investor behavior but also has an impact on the company's strategic decisions and long-term planning. Companies experiencing significant fluctuations in their earnings may need to use more cautious financial strategies and uphold greater levels of liquidity to protect against potential downturns. The adoption of a prudent strategy can have a significant impact on the company's investment in potential areas of growth and subsequently influence its overall competitiveness. stated earning volatility can be formulated as follows:

$$EVOL = STD\,\frac{Earning\ Before\ Interest\ and\ Tax}{Total\ Aset}$$

3) Leverage

Maryam (2014) defines leverage as the utilization of a company's assets or capital at a predetermined price. In layman's terms, organizations utilize their debt to fund their assets. Businesses are adversely affected by excessive debt as a consequence of high leverage, which leads to a burdensome debt load that is challenging to repay (Fahmi, 2015). Use the equity ratio formula to quantify leverage by calculating the debt-to-equity ratio. The leverage variable is quantified using the subsequent formula::

$$Debt\ to\ Equity\ Ratio = \frac{\text{Total Liabilities}}{\text{Total Equity}}$$

4) Exchange Rate

The exchange rate is the ratio of the value of one country's currency to that of another. The exchange rate is essential for making informed purchasing decisions, as it facilitates the conversion of prices in numerous countries into a standardized unit (Krugman & Obstfeld, 2004). Hady (2016) implements the mid-market exchange rate formula in this investigation to quantify the exchange rate. The exchange rate is essential for international trade and investment, in addition to its significance in spending decisions. Additionally, the exchange rate has a substantial influence on inflation and interest rates within an economy. In order to preserve economic stability and growth, policymakers and central banks frequently evaluate fluctuations in exchange rates when developing monetary policies:

$$Mid\ Rate = \frac{Ask\ Price + Bid\ Price}{2}$$

5) Inflation

Inflation is increasing the overall cost of products and occurs relentlessly. According to (Nopirin, 1996), inflation is a phenomenon that consistently occurs when the price of goods increases. According to Bank Indonesia, the factors that cause inflation are Cost-Push Inflation, Demand Inflation, and inflation expectations.

Table 1. Inflation Rate

Year	Inflation
2020	1,68
2021	1,87
2022	5,51

Source: www.bi.go.id (2024)

E. Data Analysis Method

This investigation implemented descriptive statistical analysis and multiple linear regression methodologies. IBM SPSS Statistics 26 was employed to conduct these calculations, with a significance level of 5%. This investigation implements the subsequent equation for multiple linear regression: In addition to the primary analytical methods, this study also incorporated diagnostic tests to confirm the regression model's accuracy and robustness. Assessing multicollinearity, heteroskedasticity, and autocorrelation are critical components of regression analysis that guarantee the reliability of the results. Furthermore, descriptive statistical analysis offers a thorough depiction of the data's properties, such as measures of central tendency, dispersion, and distribution pattern. This preliminary analysis assists in the identification of potential anomalies or outliers in the data, thereby facilitating a more thorough comprehension of the relationships between the variables under investigation and a more precise interpretation of the regression results..:

$Y = \alpha + \beta_1X1 + \beta_2X2 + \beta_3X3 + \beta_4X4 + \varepsilon$
$PVOL = \alpha + \beta_1.EVOL + \beta_2.DER + \beta_3.ER + \beta_4.INF + \varepsilon$

Information:
PVOL = Stock Price Volatility
α = Constant

$\beta_{1,...,}\beta_4$ = Regression Coefficient
EVOL = Earning Volatility
DER = Leverage
ER = Exchange Rate
INF = Inflation
ε = Residual Error

III. RESULT AND DISCUSSION

A. Research Data and Sample

The following table displays the outcomes of the purposive sample conducted on banking subsector firms listed on the Indonesia Stock Exchange between 2020 and 2022. A research sample including 37 companies was chosen. The table not only presents a concise summary of the chosen organizations, but also aids in comprehending the composition of the sample and the criteria employed for their selection. This information is crucial for ensuring the transparency and reproducibility of the research methodology. Moreover, the detailed listing of the sampled companies allows for a more granular analysis of their financial performance and characteristics. By examining the specific attributes of these companies, the study can identify patterns and trends within the banking subsector, contributing to more targeted and actionable insights..

Table 2. Research Sample

No	Sample Criteria	Total
1	Banking companies listed on the IDX during 2020-2022	47
2	Islamic banking companies listed on the IDX	(4)
3	BPD banking companies listed on the IDX	(3)
4	Go public after 2020	(3)
5	Companies that do not publish financial reports on the IDX	(0)
Total sample		37
Total sample during the study period (2020-2022)		111

Source: Processed data (2024)

B. Descriptive Statistical Analysis

Descriptive statistics offer a comprehensive analysis of the data by presenting the mean, maximum, minimum, and standard deviation values for each variable under investigation. Table 2 displays the outcomes of the IBM SPSS Statistics 26 data analysis. Descriptive analysis is crucial for comprehending the distribution and central tendency of the data, in addition to presenting these statistics. This fundamental comprehension is instrumental in the identification of inconsistencies and unusual data points that may influence subsequent research. Furthermore, it functions as a foundation for the assessment and comparison of various variables and their associated consequences. Additionally, descriptive statistics provide valuable insights that aid in the interpretation of regression analysis results. The researcher can draw more informed conclusions about the relationships and overall patterns between the variables in the data set by having a comprehensive comprehension of the fundamental statistical properties of the data. This initial phase is essential for guaranteeing the precision and robustness of the research results:

Table 3. Descriptive Statistics Analysis Results

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Earning Volatility	111	-.1959	.0504	.004463	.0301803
Leverage	111	.4791	16.0786	5.192708	2.7777014
Exchange Rate	111	14105	15731	14701.67	734.236
Inflation	111	.0168	.0551	.030200	.0177040
Stock Price Volatility	111	.0000	.1716	.027113	.0283895
Valid N (listwise)	111				

Source: Processed data (2024)

Table 3 contains 111 data points. The stock price volatility of the dependent variable ranges from 0.0000 to 0.1716. The stock price volatility has a mean of 0.027113 and a standard deviation of 0.0283895. The four indicators of inflation, exchange rate, leverage, and earnings volatility depict independent variables. The earnings volatility variable has a mean of 0.004463 and a standard deviation of 0.0301803, with a range of -0.1959 to 0.0504. The debt variable is a variable that spans from 0.4791 to 16.0786. The debt variable has a mean of 5.192708 and a standard deviation of 2.7777014. 14,105 to 15,731 is the range of the exchange rate variable. The standard deviation is 734.236, and the mean is 14,701.67. The inflation variable has a mean of 0.030200 and a standard deviation of 0.0177040, with a range of 0.0168 to 0.0551. Furthermore, it is crucial to comprehend the significance of these statistical metrics. The standard deviation and stock price volatility are indicators of the degree to which stock prices fluctuate during the analysis period. A higher standard deviation indicates a higher degree of volatility, which may suggest that there is market instability or external economic factors that influence stock prices. Furthermore, the analysis of the independent variables can offer valuable insights into the factors that contribute to these fluctuations, as well as the fluctuations in stock prices. For instance, the leverage variable's substantial and extensive variability implies that the organizations under investigation have varying degrees of financial risk. Furthermore, the discrepancy between inflation and exchange rates can function as a macroeconomic indicator that may influence the volatility of stock prices and the performance of companies. Investors and policymakers can make more informed and intelligent decisions by gaining a comprehensive understanding of these relationships.

C. Classic Assumption Test

The investigation employed Statistical Products and Services Solutions (SPSS) software to evaluate the conventional hypotheses. The data set for the analysis consisted of 111 samples. The dependent variable was stock price volatility, while the independent variables were earnings volatility, leverage, exchange rate, and inflation. The classical acceptance test was effectively passed by the study, as the residual values were demonstrated to be normally distributed. Furthermore, the regression model did not exhibit any heteroskedasticity or autocorrelation issues.

D. Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine whether and how much the influence of two or more independent variables linearly on dependent variables. The results of the multiple linear regression of the study are presented in the following Table 4:

Table 4. Multiple Regression Test Result

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.009	13.907		-.001	.999
	EVOL	-2.594	1.199	-.212	-2.164	.033
	DER	.004	.013	.029	.294	.769
	ER	.000	.001	-.252	-.124	.901
	INF	6.134	42.873	.290	.143	.887

a. Dependent Variable: PVOL

Source: Processed data (2024)

From the output results in Table 3, the multiple linear regression equation can be obtained as follows:

$$PVOL = -0{,}009 - 2{,}594.EVOL + 0{,}004.DER + 0{,}000.ER + 6{,}134.INF + \varepsilon$$

The following is an explanation of how independent variables affect dependent variables based on the influence of the multiple regression model mentioned earlier:

1. The regression coefficients demonstrate the correlation between the volatility of earnings, debt, exchange rate, and inflation (independent factors) and the volatility of stock prices (dependent variable) for the banking sub-sector companies listed on the Indonesia Stock Exchange from 2020 to 2022. It is indicative of a positive or one-way correlation between the independent variable and the dependent variable when the coefficient of each independent variable exceeds 0.05. Conversely, if the coefficient

of each independent variable is less than or equal to 0.05, it suggests that there is no statistically significant relationship between the independent variable and the dependent variable. Therefore, the dependent variable will also increase as the independent variable increases...

2. A negative constant value of -0.009 is present in the regression equation. The stock price volatility variable would be -0.009 percent if the variables for earnings volatility (X1), leverage (X2), exchange rate (X3), and inflation (X4) are all fixed to 0.
3. The regression coefficient for the variable X1, which denotes earnings volatility, is -2.594. This indicates that fluctuations in earnings have a negative effect on the volatility of stock prices. Therefore, in the event that all other variables remain constant, a one-unit increase in the earnings volatility variable will lead to a decrease of 2.594 units in the stock price volatility variable...
4. The coefficient of regression for the leverage variable (X2) is 0.004, suggesting that it has a positive impact on the volatility of stock prices. As a result, a one-unit increase in the leverage variable will result in a 0.004 unit increase in the stock price volatility variable, provided that all other variables remain constant..
5. The leverage variable (X2) has a regression coefficient of 0.004, suggesting that it increases the volatility of stock prices. As a result, the stock price volatility variable will increase by 0.004 units if the leverage variable increases by one unit, provided that all other variables remain constant..
6. The inflation variable (X4) has a regression coefficient of 6.134, suggesting that it has a positive impact on stock price volatility. Assuming that all other variables remain constant, the stock price volatility variable will increase by 6.134 units if the inflation variable increases by one unit..

E. F Test

The hypothesis's adoption is contingent upon the comparison between the calculated F value and the F table value. Significance values below 0.05 suggest that all independent variables have a simultaneous impact on the dependent variable, whereas significance values above 0.05 suggest that the independent variables do not have a simultaneous impact on the dependent variable. Conversely, the hypothesis is rejected if the calculated F value is less than the F table value, which suggests that the independent variables do not influence the dependent variable concurrently. Furthermore, it is imperative to comprehend the results of the F test in order to verify the entire model. A significant F-test result confirms the hypothesis that the combined effect of the independent variables is significant, thereby directing further analysis of the contribution of individual variables. Furthermore, the simultaneous assessment of the variables can facilitate the development of a more robust model and the formulation of more well-informed decisions by enabling a comprehensive comprehension of their collective impact. It ensures that the analysis encompasses the interactions between the variables and offers a thorough comprehension of the factors that influence the dependent variable. Table 5 displays the results of the F test:

Table 5. F Test Result

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.669	4	.167	1.204	.314[b]
	Residual	14.314	103	.139		
	Total	14.983	107			

a. Dependent Variable: Stock Price Volatility
b. Predictors: (Constant), Inflation, Leverage, Earning Volatility, Exchange Rate

Source: Processed data (2024)

The F test results indicate that the stock price volatility of banking subsector companies listed on the IDX from 2020 to 2022 is not attributable to earnings volatility, leverage, exchange rates, or inflation. This rejection of Hypothesis 4 implies that further research is required to comprehend the specific conditions and external influences that could affect stock price volatility in the banking sector. This comprehension is essential for the development of strategies that account for the multidimensional character of stock price fluctuations by policymakers and investors.

F. t-Test

Conversely, the independent variable does not individually affect the dependent variable when the significance value exceeds 0.05. In order to verify the research hypothesis and assess the significance of

the impact of independent variables on the dependent variable, we implemented the t-test. An independent variable's partial influence on the dependent variable is deemed significant when the significance value is less than 0.05:

Table 6. t-Test Result

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
	Model	B	Std. Error	Beta	T	Sig.
1	(Constant)	-.009	13.907		-.001	.999
	Earning Volatility	-2.594	1.199	-.212	-2.164	.033
	Leverage	.004	.013	.029	.294	.769
	Exchange Rate	.000	.001	-.252	-.124	.901
	Inflation	6.134	42.873	.290	.143	.887
a. Dependent Variable: Stock Price Volatility						

Source: Processed data (2024)

Based on Table 6, it can be concluded that:

1. Earnings Volatility:

The earnings volatility variable has a significance level of 0.033. This result is consistent with the research conducted by Rowena and Hendra (2017), which supports the hypothesis that stock price volatility is reduced when earnings volatility is increased. Consequently, it is conceivable to deduce that the volatility of the stock prices of banking subsector companies listed on the IDX from 2020 to 2022 is substantially reduced by earnings volatility.

2. Hypothesis 2 Rejected:

The t-count value of 0.294 is less than the t-table value of 1.98260, and the leverage variable has a significance level of 0.769, which is greater than 0.05. Consequently, it is conceivable to infer that leverage does not have a substantial impact on the volatility of stock prices in banking subsector companies that are listed on the IDX from 2020 to 2022. This outcome is in accordance with the findings of Dewi (2020), which indicate that leverage does not significantly influence the volatility of stock prices in this context.

3. Hypothesis 3 Rejected:

The t-count value of -0.124 is less than the t-table value of 1.98260, and the exchange rate variable has a significance level of 0.901, which is greater than 0.05. Consequently, it is feasible to conclude that the exchange rate does not exert a substantial impact on the volatility of stock prices in finance subsector companies that are listed on the IDX from 2020 to 2022. Research conducted by Safrani and Kusumawati (2022) supports this conclusion, suggesting that stock price volatility in this sector is not significantly influenced by exchange rate fluctuations.

4. Hypothesis 4 Rejected:

The inflation variable has a significance level of 0.887, which is greater than 0.05, and the t-count value of 0.143 is lower than the t-table value of 1.98260 (2020). These findings suggest that inflation does not have a significant impact on the volatility of stock prices in this industry. As a result, it is possible to infer that inflation does not have a substantial impact on the volatility of stock prices in finance subsector companies listed on the IDX from 2020 to 2022..

IV. CONCLUSION

Inflation, leverage, and exchange rates do not influence the volatility of stock prices. Nevertheless, the current data analysis and discussion indicate that the volatility of business profits has a detrimental impact on the volatility of stock prices. Limitations of this investigation include: (1) It comprises four independent variables: inflation, leverage, earnings volatility, and exchange rate. (2) It is insufficient to encompass all sectors of companies enrolled on the Indonesia Stock Exchange (IDX) in the research object. (3) The investigation period does not include the organization's long-term condition from 2020 to 2022.

Future research proposals may include the incorporation of supplementary variables that have the potential to influence stock price volatility. This could offer a more thorough comprehension of the variables that affect stock price fluctuations. (2) Increasing the number of sectors evaluated to enhance the accuracy of the depiction of all sectors of companies listed on the Indonesia Stock Exchange (IDX). This method would improve the generalizability of the results across a diverse range of industries. (3) Extending the research period to be longer than three years in order to acquire results that more accurately reflect the company's long-term condition. Short-term studies may be unable to identify trends and patterns that an extended timeframe would enable them to capture.

In addition to these recommendations, qualitative methodologies could enhance quantitative analyses in future research. This mixed-method approach has the potential to provide more profound insights into the fundamental causes of stock price volatility. Furthermore, conducting an examination of the impact of macroeconomic variables and global economic events could significantly improve the analysis. In order to fully understand the influence of regional factors on stock price volatility, researchers should also consider conducting comparative studies across a variety of countries..

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