

## The Effect of Audit Opinion, Size of Public Accounting Firms, Profitability, And Inflation on Stock Prices In Healthcare Sector Companies Listed (Indonesia Stock Exchange)

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### Abstract

This study aims to determine the effect of audit quality, profitability, and inflation on stock prices. This research uses secondary data from the audited financial statements of healthcare sector companies listed on the Indonesia Stock Exchange (IDX) for 2020-2023. The population used in this study consists of 34 healthcare companies listed on the IDX during the years 2020-2023. There were 18 sample companies obtained by purposive sampling. The analysis method used is multiple regression analysis with IBM SPSS Statistics 25 as the tool to process the data and test the variables of audit quality, which is proxied by audit opinion and the size of the public accounting firm, profitability measured by earnings per share, and inflation on stock prices. The results of the study prove that partially, only the profitability variable has a significant positive effect on stock prices. Meanwhile, audit quality, proxied by audit opinion and the size of the public accounting firm, as well as inflation, do not have a significant effect on stock prices, both partially and simultaneously.

### Introduction

Technological transformation in the world has an impact on all activities of people in the world, especially in business activities. Along with the rapid development of technology, the world capital market is also growing with the easier to invest online and the emergence of various innovations in the capital market. This progress will support capital market movements that provide benefits for every capital market player. In addition, positive movements in the capital market will have an impact on economic growth.

Capital market dynamics are familiar to the Indonesian people. Since the reactivation of the Indonesian Capital Market by the Government of the Republic of Indonesia, it has been 47 years since the Indonesian Capital Market took part. Throughout the year, the Indonesian Capital Market made a positive contribution to the country's economic progress. Based on the results of the press release conducted by the Indonesia Stock Exchange (IDX), namely PR No: 050/IDX. SPR/08-2024 states that as of August 9, 2024, the average daily transaction value (RNTH) reached IDR 11.8 trillion and the market capitalization reached IDR 12,302 trillion. Then, the Indonesian Capital Market also recorded a new record where the Composite Stock Price Index (JCI) reached the highest of 7,433,315 on March 14, 2024. In addition, the results of the EY Global IPO Trends Q2 2024 analysis show that the Indonesia Stock Exchange (IDX) has experienced significant growth in initial public offering (IPO) volume since 2018, placing it in seventh position globally among other stock exchanges. This achievement strengthens the IDX's role as the center of capital market activity in the ASEAN region and contributes to the development of the investment ecosystem in Indonesia. During an 82% decline in the number of IPOs in Asia-Pacific between the 2nd quarter of 2023 and the 2nd quarter of 2024, the Indonesia Stock Exchange managed to continue to contribute positively with its development. This shows that the company's interest in finding alternative funding in the capital market is quite high.

According to Law of the Republic of Indonesia No. 8 of 1995 concerning the Capital Market, it is defined that the capital market is an activity related to the offering and trading of securities, public companies related to the securities they issue, as well as institutions and professions related to securities. Capital market or securities instruments are securities in the form of commercial securities, bonds, shares, proof of debt, units of participation in collective investment contracts, futures contracts on securities, and any derivatives of securities. The main goal of the capital market is to encourage the country's progress by balancing economic growth, maintaining national economic stability and improving the quality of life of the people. Therefore, the capital market has a strategic role for companies, including medium and small businesses, in obtaining funds to develop their businesses. Considering that the capital market is a forum for the public to get financing and invest, supervision is needed so that these activities can be carried out carefully, regularly, and optimally. In Indonesia, there is a Capital Market Supervisory Agency (BAPEPAM) which is responsible for fostering, regulating, and conducting daily supervision of capital market activities.

The development of the capital market in Indonesia is also supported by people's interest in investing. The Indonesian Central Securities Depository (KSEI), which is an institution that functions as a trustee and recorder of securities transactions in Indonesia, stated that the public's enthusiasm for investing continues to increase, especially young investors ([www.ksei.co.id](http://www.ksei.co.id)). Based on data from the Indonesian Central Securities Depository (KSEI) as of September 2024, there has been a significant growth trend in the number of investors in the Indonesian Capital Market since 2021. The calculation of the number of investors is based on a single investor identification (SID) recorded in the KSEI system. As of September 2024, investors in the capital market grew to 13.94 million SID. In detail, the growth of capital market investors from the last 3 years and as of the 3rd quarter of 2024 is supported by an increase in investors in Mutual Funds, where the latest data in September 2024 increased by 2.12% compared to June 2024. Furthermore, it was followed by an increase in investors in Stocks and Other Securities by 1.51% and Government Securities (SBN) by 1.20%.

Meanwhile, in terms of demographics, millennials and generation Z dominate capital market growth. Where according to data processed by KSEI, there are 79.31% of the age under 30 years and 31-40 years of the total investors as of September 2024. This is also in line with the number of investors with a history of high school education level being the largest number of investors with a percentage of 51.93%. In addition, in terms of student employment, it is in 2nd place at 23.98% and is preceded by the employment of civil servants, private and teachers at 32.42% of the total investors in the Indonesian capital market.

Based on the increase in public enthusiasm in transacting in the capital market, especially with a demographic dominated by millennial genes and genes, it is a challenge to the development of the capital market in Indonesia. One of the biggest challenges is the level of financial literacy in Indonesian society. According to the Financial Services Authority (OJK) in 2023, limited access to capital market information is the main barrier that causes low financial literacy for investors. The rapid development of technology can be used by the government to support investors' understanding so that they can make the right decisions in investing. With that, KSEI has been innovative by implementing an online GMS called eASY since 2020. The use of technology supports efficiency, convenience and transparency as well as security for investors in decision-making. KSEI also collaborates with the Financial Services Authority (OJK) to realize its commitment to supporting capital market development in Indonesia with an initiative plan outlined in 34 work programs. In addition, the Indonesian capital market, namely the Indonesia Stock Exchange (IDX), also contributes by providing education and socialization to the public through the Capital Market School (SPM), establishing an Investment Gallery (GI), and inviting the public with #AkulInvestorSaham campaigns. The initiatives and strategies of the Indonesia Stock Exchange to educate the public, especially the younger generation, to understand and be interested in investing from an early age will be an important foundation in building

a healthy and sustainable capital market, as well as encouraging the country's economic growth (Financial Services Authority, 2023).

The importance of understanding financial information will help investors to make decisions and avoid losses from the rise and fall in the price of capital market instruments, especially stock prices. Changes in stock prices are natural because they are influenced by supply and demand levels. According to Sukartaatmadja et al. (2023), there are 2 factors that affect stock prices, namely internal factors and external factors. Internal factors are related to the company's performance as presented in financial statements and financial ratios. Meanwhile, external factors are related to the country's economic conditions such as inflation, changes in interest rates and government policies. Stock price fluctuations are crucial for companies and investors. When a company's stock price occurs, a continuous decline will have an impact on the company's image because investors will be hesitant to continue investing in the company.

Basically, an investor wants to get a return on his investment so that they will avoid losses by avoiding companies with stock prices that decline drastically over a long period of time. To increase investor confidence in the company's performance, the company needs to publish its performance results by presenting them in financial statements. The financial statements are not limited to pouring out the results of the company's performance, but must also be audited by an independent party, namely the auditor. Based on the Audit Standard (SA) 200 Revised 2021 issued by IAPI, the purpose of financial statements must be audited is to increase the confidence of financial statement users by providing an opinion by the auditor on whether the financial statements prepared are in accordance with the applicable financial reporting framework. A statement regarding an audit opinion issued is the duty and responsibility of the auditor in formulating an opinion on the results of the evaluation of the audit evidence obtained. An auditor must also be part of a Public Accounting Firm that has been established based on laws and regulations and has obtained a business license based on Law No. 5 of 2011 concerning Public Accountants.

In addition to transparency of company information, audits in financial statements also aim to ensure accuracy and detect fraud or errors in the presentation of financial information. Cases of financial statement fraud can harm the company's internal and external parties. In Indonesia, one of the fraud cases that has recently been in the spotlight is the case of audit irregularities in the company PT Indofarma Tbk (INAF) which cost the state Rp371.8 billion. BPK found indications of irregularities in the financial statements of PT Indofarma and its subsidiaries from 2020 to 2023. The result of this case had an impact on the drastic decline in the share price at INAF and was suspended since July 2024 with 126 as its last closing price. Therefore, it is important for investors to understand the movement of the company's stock price and the factors that can affect the rise or fall of the stock price. The trick is to ensure the accuracy and quality of financial statements through the audit opinion issued. Then, the company's ability to provide independent auditors to provide the reliability of audit results to the company through the size of a public accounting firm.

In addition, the company's capabilities can be analyzed by paying attention to stock price movements sectorally and firmly. Based on IDX Yearly Statistics 2024, there are several sectors that have performed well in the last 5 years. One of them is the healthcare sector which ranks in the top 4 below the energy, technology and infrastructure sectors. The healthcare sector has a percentage of 30.91% and is above the IDX composite index of 12.39%. This position shows that the healthcare sector has performed better than the market average, indicating that the sector is more resistant to general market fluctuations and has higher growth potential. Furthermore, profitability shows the company's ability to manage the company from the capital provided by investors in the overall activity so that it can generate returns for investors (Kusumaningrum et al., 2022). In fact, investment activities can be said to be profitable if investment increases investor prosperity or makes investors richer. Investors will choose companies with higher profits than companies whose profits are lower and even show losses. One way that can be done to find out the

probability of profits that investors will get is to analyze the profit ratio of the targeted company.

The growth of the company's profit ratio in the healthcare sector shows a varied performance and a fairly volatile value movement in each company from 2020 to 2023. The highest profit ratio value is owned by SIDO in 2021 at 31.40%, while the lowest value is KAEF's profit ratio in 2023 of -10.36%. On average, there will be a decline in profitability in these healthcare sector companies in 2023. However, in 2022 it was not in line with the movement of the stock price of the healthcare sector, which was the highest value, while the average company experienced a decline in the profit ratio. The analysis shows that when companies with consistent and high ROA growth tend to be more attractive to investors compared to companies with declining ROA. However, the movement of these stocks does not only depend on an internal perspective, but there are other external factors that can affect their movements. Furthermore, one of the external factors that has an impact on stock price fluctuations is inflation. The increase in inflation has caused the price of raw materials and labor to increase so that there is a decrease in consumer purchasing power and private individuals also do not dare to increase the selling price of their products. This causes the company's profits to also decrease. The decline in the company's profit rate has resulted in a decrease in dividend payments to investors. Therefore, relatively speaking, inflation provides a negative signal for investors that makes them shift their capital to companies that are unable to provide good returns (Dwijayanti, 2021). Thus, inflation is high, purchasing power decreases and stock prices tend to be depressed. On the other hand, low inflation increases purchasing power, thus driving up stock prices. However, there is a difference of opinion from the results of previous research, according to Mauliddiyah (2021) stating that inflation does not partially affect stock prices. This statement was also found in a study conducted by Maulani & Riani (2021). This shows that there is a difference of opinion on the actual theory.

A lot of research on stock prices has been done. This shows how important fundamental factors are in influencing stock prices. However, the results of previous studies gave different results. Therefore, the researcher wants to conduct follow-up research to research companies with the healthcare sector. The selection of the research object is also supported by fluctuations in sectoral stock price movements based on the Jakarta Composite Index and Sectoral Indices Movement. In 2023, the healthcare sector decreased 10th from the previous year which was in 3rd position with a percentage value of -12.07%. However, in 2024 the healthcare sector will rise to 5th place with a percentage of 8.60%. Thus, the researcher is interested in conducting a study with the research title "The Influence of Audit Opinion, Public Accounting Firm Size, Profitability and Inflation on Stock Prices (Empirical Study on Healthcare Companies Listed on the Indonesia Stock Exchange in 2020-2023)."

## Hypotheses

### 1. The Effect of Audit Opinion on Stock Prices

Audit opinion represents an independent assessment of the fairness of a company's financial statements. From the perspective of signaling theory, independent auditors function as credible signalers who convey reliable financial information to financial statement users, particularly investors, through the issuance of audit opinions. A favorable audit opinion serves as a positive signal, enhancing investors' confidence in the reliability and credibility of a firm's financial reports. This confidence influences investors' decisions to buy or sell shares, which in turn affects stock price movements. Increased investor demand for a company's shares tends to drive stock prices upward, thereby generating potential gains for investors.

Prior empirical studies provide mixed evidence regarding the relationship between audit opinion and stock prices. Several studies document a positive and significant effect of audit opinion on stock prices, suggesting that audit opinions reduce information asymmetry and better reflect a firm's true financial performance. However, other studies report a positive but insignificant effect, no significant effect, or even a negative relationship between audit



opinion and stock prices. These inconsistencies indicate that the impact of audit opinions on stock prices remains an open empirical issue.

Based on signaling theory and the predominance of prior findings that support a positive relationship, this study proposes the following hypothesis:

**H1: Audit opinion has a positive effect on stock prices.**

2. The Effect of Public Accounting Firm Size on Stock Prices

Differences in the size of public accounting firms are associated with variations in audit quality. Large and well-established public accounting firms, particularly those affiliated with the Big Four, are commonly perceived as having higher levels of auditor competence, expertise, and audit credibility, which may influence the quality of the audit opinion issued. From a signaling perspective, the reputation of a Big Four-affiliated audit firm serves as a credible signal to financial statement users, especially investors, regarding the reliability of a company's financial information.

Prior empirical evidence provides mixed results concerning the effect of public accounting firm size on stock prices. Some studies document a positive and significant relationship, suggesting that audits conducted by Big Four-affiliated firms enhance investor confidence and positively influence stock prices. However, other studies find no significant effect, indicating that audit firm size is not a primary consideration for investors in their investment decisions and thus has a limited impact on stock price movements.

Given the theoretical argument that audit firm reputation reduces information asymmetry and enhances market confidence, this study proposes the following hypothesis:

**H2: The size of the public accounting firm has a positive effect on stock prices.**

3. The Effect of Profitability on Stock Prices

Profitability reflects a firm's ability to generate earnings and serves as an important indicator for investors in evaluating company performance. According to signaling theory, firms with strong profitability convey positive signals to the market, which are interpreted by investors as indicators of future financial prospects. When profitability information suggests higher potential returns, investors are more likely to purchase the firm's shares, thereby influencing stock price movements. One commonly used measure of profitability is Earnings per Share (EPS), which indicates the amount of profit attributable to each outstanding share. A higher EPS reflects greater profitability and is expected to be positively associated with stock prices.

Prior empirical studies largely support a positive relationship between EPS and stock prices, demonstrating that higher earnings per share enhance investor confidence and increase share demand. However, some studies report insignificant effects, suggesting that the influence of EPS on stock prices may vary across industries and periods.

Based on signaling theory and the predominant empirical evidence, this study formulates the following hypothesis:

**H3: Earnings per Share (EPS) has a positive effect on stock prices.**

4. The Effect of Inflation on Stock Prices

Inflation refers to a sustained increase in the general price level, which reduces consumers' purchasing power and creates broader economic pressures. From an investment perspective, rising inflation is generally perceived as a negative signal, as declining purchasing power may suppress consumer demand and reduce corporate profitability, while production costs continue to increase. Lower profitability weakens firms' ability to distribute dividends, leading to unfavorable stock valuations. Consequently, higher inflation is expected to exert downward pressure on stock prices.

Empirical evidence regarding the impact of inflation on stock prices remains mixed. Several studies document a negative relationship, indicating that inflation adversely affects stock prices. In contrast, other studies find a positive or insignificant relationship, suggesting that the effect of inflation may vary across sectors and economic conditions. These inconsistent findings highlight a research gap concerning the role of inflation in stock price determination.

Based on signaling theory and the argument that inflation represents an adverse economic signal for investors, this study proposes the following hypothesis:

**H4: Inflation has a negative effect on stock prices.**

### Methodology

There are 34 companies in healthcare sector companies listed in the Indonesia Stock Exchange ([www.idx.co.id](http://www.idx.co.id)) during 2020-2023 used as population. This study uses 72 observations from 18 samples. The purposive sampling used with criteria as follows: (1) Healthcare companies publish complete audited financial statements on the Indonesia Stock Exchange during 2020-2023; (2) Healthcare sector companies that are not under special monitoring

Independent variables or independent variables are variables that are independent of many things. Independent variables are variables that cause and influence changes or the emergence of dependent variables. In this study, the independent variables used were audit opinion ( $X_1$ ), size of public accounting firm ( $X_2$ ), profitability ( $X_3$ ), and inflation ( $X_4$ ). Meanwhile, the dependent variable studied is the stock price ( $Y$ ).

According to Agoes (2016), an audit opinion is an opinion made by an auditor about how the financial statements of the institution or company in which they conduct the audit are submitted. In analyzing financial statements, investors will see audited financial statements, where the financial statements also contain audit results. Audit opinion is the result of an audit as a form of fairness in the financial statements made by the company. A reasonable opinion without exception in financial statements is a reference for shareholders because it has provided a true picture of the company's financial performance so that it can reduce information asymmetry (Challen, 2023). Increasing investor confidence in reasonable opinions without exceptions issued will affect the increase in stock prices. To measure the variables of the audit opinion, you can use dummy variables with a nominal scale. The scale used is as shown in the table below.

**Table 1. Audit Opinion Measurement Indicators**

Indicators	Value
Fair Opinion Without Exception	1
Opinions other than Reasonable Without Exception - (Opinions are fair with exceptions, opinions are not natural, opinions do not provide opinions)	0

Source: Anggraini et al. (2024), Challen (2023), and Belinda & Lahaya (2022)

The indicators above use a nominal scale and are in line with the measurements used in the research of Anggraini et al. (2024), Challen (2023), and Belinda & Lahaya (2022).

According to Colbert et al. (1999) The size of the public accounting firm is a distinction between accounting firms by classifying them into large or small sizes based on the number of clients and professionals they have. Then, Arens et al. (2014) also group large public accounting firms and public accounting firms based on the number of partners or members joined, clients served and public accounting firm income. To prove the reliability of financial statements, an audit is required that it is examined by an independent auditor. The ability of independent auditors who are in large public accounting firms or affiliated with the Big Four is considered to have good quality and reputation in auditing

(Challen, 2023; Juniarti et al., 2023). A large public accounting firm will have extensive offices and resources so that it can maintain the reputation of the public accounting firm with the Audit Opinion, the Size of the public accounting firm generated. With evidence of the accuracy of audit results based on the size of the public accounting firm, it will increase investor confidence in the audit results presented so that it will influence investors' decisions to invest in companies that have good and reliable audit results. To measure the size variables of public accounting firms, this study adopted the measurements used by Anggraini et al., (2024), Challen, (2023) and Belinda & Lahaya (2022), namely using dummy variables with indicators listed in the table below.

Table 2. Public Accounting Firm Size Measurement Indicator

Indicators	Value
Public Accounting Firms affiliated with <i>the Big Four</i>	1
Public Accounting Firms that are not affiliated with the <i>Big Four</i>	0

Source: Anggraini et al. (2024), Challen (2023), and Belinda & Lahaya (2022)

According to Ross et al (2018), profitability is a measurement that shows how effectively a company uses assets in its operations to generate profits. To measure profitability there are many types of calculations. In this study, profitability will be linked to stock prices. The most relevant calculation to connect these variables is earnings per share (EPS). According to Tandililin (2016) Earning per Share (EPS) is the net profit of the company that is ready to be distributed to shareholders and divided by the number of shares of the company circulating in the market. The EPS value can show the company's ability to earn profits per share. When investors' interest in stocks decreases, they tend to sell those stocks (Ananti et al., 2024). Therefore, EPS can affect stock price variations. When EPS increases, investors tend to take chances and buy them, and vice versa. In this study, the calculation of profitability variables uses earnings per share (EPS) with the following formula:

$$\text{Earnings per Share (EPS)} = \frac{\text{Net Profit after tax}}{\text{Number of shares outstanding}}$$

The Indonesian Central Statistics Agency (2016) defines inflation as a state of the country's economy where the prices of goods and services tend to increase due to an imbalance in the flow of money and goods. Continuously increasing inflation will adversely affect a company's fixed income because inflation causes price increases and currency value declines. The price increase can have an impact on production costs and cause high costs. As a result, the company's profit decreases and so does the interest of investors in investing in the company (Sukartaatmadja et al., 2023). Consumer Price Index (CPI) data is obtained through Bank Indonesia's official website, namely [www.bi.go.id](http://www.bi.go.id). Therefore, the inflation rate must remain stable to maintain economic sustainability. In this study, inflation measurement uses the following formula:

$$\text{Inflation} = \left( \frac{\text{CPI} - \text{CPI}_{n-1}}{\text{CPI}_{n-1}} \right) \times 100\%$$

Dependent variables or bound variables are variables that depend on or are determined on many other factors. In other words, these variables are variables that are the result of the influence of other things, such as independent variables. In this study, the independent variable used was the stock price (Y)

According to Hartanto (2018), the stock price is a value recorded or shown in various financial instruments that

shows the share of ownership of a company or the way the company is owned in the capital market. In other words, a stock price is the price of a stock on the stock market at a certain time set by market participants and is influenced by the supply and demand of shares in the capital market. Stock price movements in the capital market are related to the demand and supply of shares (Juniarti et al., 2023). In this study, the stock price used is the closing stock price. Stock data is taken on the official website of the Indonesia Stock Exchange (IDX), namely [www.idx.co.id](http://www.idx.co.id).

## Result And Discussion

### Results

Descriptive statistical analysis aims to provide a clear and concise picture of the data that has been collected. In the statistical analysis, the minimum values, maximum and average values and standard deviations are presented. The results of descriptive statistical analysis can be seen in table 3.

**Table 3. Descriptive Statistics**

	N	Min	Max	Mean	Std Dev
Audit Opinion	72	0	1	.97	.165
Size of Public Accounting Firm	72	0	1	.46	.502
Profitability	72	0	1	.46	.502
Inflation	72	-2.90	3.64	-.0275	2.40286
Stock Price	72	88	9200	2075.64	2086.812
Valid N (listwise)	72				

Source: Data Process SPSS (2025)

Based on the table 3, this study analyzes 72 observations from 18 companies over the 2020–2023 period using descriptive statistical analysis. The results show substantial variability in stock prices, with values ranging from 88 to 9,200 and a standard deviation exceeding the mean, indicating a highly heterogeneous distribution. Audit opinions demonstrate strong homogeneity, with most firms receiving unqualified opinions, as reflected by a mean of 0.97 and low variability. In contrast, the size of public accounting firms exhibits considerable dispersion, suggesting a balanced mix between Big Four and non-Big Four auditors among the sampled companies. Profitability, measured by earnings per share, also displays high heterogeneity, evidenced by its wide range and large standard deviation. Inflation data similarly show notable variation across the four-year period. Overall, the descriptive statistics indicate that most independent variables—except audit opinion—are characterized by high variability, underscoring the diverse financial conditions of the companies included in the study.

**Table 4. Normality Test**  
**One-Sample Kolmogorov-Smirnov Test**

	Unstandardized Residual
N	72
Test Statistic	.102
Asymp. Sig. (2-tailed)	.062

Source: Data Process SPSS (2025)

Normality test result on Table 2 show that the value of Asymp. Sig. (2-tailed) value obtained is 0.062, meaning the value is greater than 0.05 and the residuals are normally distributed. To address this issue, a data transformation was performed. The following section presents the normality test results after the transformation.

According to Ghazali (2018), multiple linear regression analysis is a method to test the influence of two or more independent variables on one dependent variable. In this study, it was used to find out how much influence each



independent variable has on the dependent variable. The following are the results of multiple linear regression analysis in Table 5.

**Tabel 5. Multiple Linear Regression Analysis Results**

		Coefficient			
		Unstandardized Coefficients		Standardized Coefficients	
Type		B	Std. Error	Beta	t
1	(Constant)	39.401	13.138		2.999
	Audit Opinion	-7.650	13.646	-.062	-.561
	Size of Public Accounting Firm	6.728	4.451	.164	1.512
	Profitability	.069	.016	.471	4.217
	Inflation	-.123	.916	-.014	-.134

a. Dependent Variable: Stock Price

Based on table 6 above, the results of multiple linear regression analysis can be systematically written as follows:

$$Y = 39.401 - 7.650X_1 + 6.728X_2 + 0.069X_3 - 0.123X_4$$

## Discussion

### The Effect of Audit Opinion on Stock Price

An audit opinion is an opinion made by an auditor about how the financial statements of the institution or company where they conduct the audit are submitted (Agoes, 2016). In this study, audit opinions were assisted by using dummy data. Based on the results of the partial test (t-test), it is known that the significance value of the audit opinion is 0.577 and is above 0.05, indicating that there is no influence of the audit opinion on the stock price. Meanwhile, the beta coefficient of the audit opinion shows a negative direction with a value of -7,650. Based on these results, it can be concluded that the stock price is not influenced by the audit opinion of healthcare sector companies, so the H1 hypothesis is rejected. It can be interpreted that whether or not the results of the audit opinion produced in the company do not have an impact on the company's share price in the healthcare sector. The results of this study are also consistent with the findings researched by Anggraini et al. (2024), Rindika & Setyaningsih (2021).

These results are not in accordance with signal theory because the audit opinion seen from the publication of financial statements does not have the ability to have an impact on the stock price. Signal theory implies that a quality audit opinion can trigger a positive perception in investors. This positive perception will increase investors' confidence in the company's performance and encourage investment decisions. The positive information contained in the audit opinion is also expected to reduce information asymmetry and increase investment interest.

### The Effect of Public Accounting Firm Size on Stock Prices

The size of a public accounting firm is one way to find out how big a public accounting firm is. In this study, the size of public accounting firms was processed with the help of dummy data. From the results of the partial test (t-test), it is known that the significance value of the size of the public accounting firm is 0.135 and is above 0.05, thus showing that there is no influence of the size of the public accounting firm on the stock price. Although the beta coefficient of the size of the public accounting firm showed a positive direction with a value of 6.728, the results of the t-test showed no effect. Based on these results, it can be concluded that the stock price is not influenced by the size of the public accounting firm in the healthcare sector company, so the H2 hypothesis is rejected. These results can be interpreted that whether or not the results of the public accountant's measurements produced in the company do not have an impact on the company's share price in the healthcare sector. This research is in line with the results of

research conducted by Challen (2023) and Juniarti et al. (2023).

The results also indicate that the size of public accounting firms is less able to explain its impact on stock prices. This shows that investors do not rely on the size of public accounting firms as the basis for investors' decisions in investing in stocks. Thus, the reputation of the size of a public accounting firm does not always provide a positive signal for investors to make their decision to buy or sell their shares in a company.

### **The Effect of Profitability on Stock Prices**

Profitability is a measurement that shows how effectively a company uses assets in its operations to generate profits (Ross et al, 2018). Profitability can describe a company's ability to generate profits in a given period. In this study, profitability measurement is using earnings per share (EPS). Based on the results of the t-test and H3 testing, it is shown that profitability has a positive effect on stock prices. The results were inferred through the significance value on the t-test of 0.000 which was smaller than 0.05. In addition, the beta coefficient value in the profitability variable depicts a positive direction with a value of 0.069. The positive influence by profitability on stock prices suggests that there is a one-way relationship. These results illustrate that when a company has a high EPS value, it indicates that the company can provide maximum profit to the company. This gives a positive signal to investors, because the high profit will indicate good company performance and can also increase profits in dividend distribution to investors. Based on these positive signals, investors will invest their shares in the company so that they can increase the company's share price. On the other hand, if the company has low profitability, it will give a negative signal to shareholders regarding financial performance which has an impact on the possibility of a decrease in profits that will be obtained. The results of this study are also in line with the studies studied by Dani, R. (2024), Ananti et al. (2024) and Maulani et al. (2021).

### **The Effect of Inflation on Stock Prices**

Inflation is an increase in the price of goods and services that is generally continuous over a certain time period (Bank Indonesia, 2020). Inflation is one of the external factors that can cause changes in stock prices. Based on the results of the partial test (t-test), it is known that the significance value of the audit opinion is 0.893 and is above 0.05, indicating that there is no effect of inflation on the stock price. On the other hand, the beta coefficient of the audit opinion shows a negative direction with a value of -12.321. Based on these results, it can be concluded that the stock price is not affected by inflation in healthcare sector companies, so the H4 hypothesis is rejected. Thus, the rise or fall of inflation every year does not have an impact on the company's share price in the healthcare sector. The results of the study that inflation does not affect stock prices are also in line with the findings researched by Ananti et al. (2024) and Maulani et al. (2021).

In general, rising inflation can have an impact on increasing company income and costs which encourages investors to evaluate their share ownership in a company so that it risks lowering the company's share price (Ananti et al. 2024). The negative impact caused by rising inflation gives a negative signal to investors because it can reduce the likelihood of returns that investors will get. However, unlike the results of this study, the increase or decrease in inflation has not been proven to affect stock prices in companies in the sector healthcare.

### **Conclusion and Recommendations**

Based on data analysis, this study concludes that from the variables studied, only profitability has a significant influence on the share price of healthcare sector companies on the Indonesia Stock Exchange. In contrast, the Audit opinion, the size of the public accounting firm as well as inflation did not show a significant influence. However, this study has limitations regarding the number and characteristics of the samples. For further research, it is recommended to expand the scope of the sector and enrich the model with additional variables, especially on

measurements in audits. Thus, these findings are expected to provide insight for investors and companies in making better decisions, especially regarding the importance of the company's financial performance in influencing stock prices. Based on the study's conclusions and limitations, several recommendations are offered. Future research should expand the scope beyond a single industry and consider additional internal and external variables, including audit-related measures such as auditor specialization and competence, to strengthen the generalizability of findings. For investors, the results provide useful insights for making more informed investment decisions by emphasizing the importance of evaluating audit outcomes, profitability, and macroeconomic conditions like inflation. For companies, especially in the healthcare sector, the findings highlight the need to enhance performance through resource optimization, innovation, and operational efficiency, while remaining responsive to changing business conditions. Furthermore, companies should maintain high-quality, transparent financial reporting to reinforce investor confidence.

### Limitations

Based on the results of the hypothesis testing and the preceding discussion, this study acknowledges several limitations. First, the sample size is relatively small, comprising only 72 observations, due to the limited number of healthcare sector companies that were consistently listed and published their audited financial statements on the Indonesia Stock Exchange during the 2020–2023 period. Second, the sample exhibits highly heterogeneous characteristics, with substantial variation across firms. This heterogeneity presents challenges in identifying consistent patterns and restricts the extent to which the findings can be generalized to the broader population of healthcare companies.

### Research Contribution

1. **Offers sector-specific evidence by examining stock price determinants within Indonesia's healthcare industry.** Extends empirical evidence on the determinants of stock prices by focusing specifically on the healthcare sector in Indonesia. An industry that has shown unique financial dynamics and substantial volatility during the 2020–2023 period. Unlike most prior studies that predominantly examine broader or heavily researched sectors, this study provides sector-specific insights that help clarify how internal factors such as audit opinion, audit firm size, and profitability, as well as external macroeconomic conditions like inflation, interact to influence stock valuation in healthcare companies.
2. **Contributes to audit quality research by demonstrating audit opinion and public accounting firm size.** This study enriches the body of knowledge on audit quality by providing updated evidence on the relevance of audit opinion and public accounting firm size in shaping investor responses within an emerging market. Despite theoretical expectations rooted in signaling theory, the findings reveal that audit-related indicators do not significantly affect stock prices in this sector. This contributes a nuanced understanding of investor behavior, suggesting that in the healthcare industry, investors may prioritize financial performance metrics—particularly profitability—over audit-related signals when evaluating investment decisions.
3. **Clarifies the inconsistent findings or prior research on macroeconomic effects.** This research contributes methodologically by integrating multiple internal and external variables within a single regression framework to capture a more comprehensive view of stock price determinants. The study also identifies a clear research gap where macroeconomic variables such as inflation show inconsistent effects across prior studies and industries. By demonstrating that inflation does not significantly affect healthcare stock prices during the study period, this research offers empirical clarification and provides a foundation for future studies to explore sectoral differences in macroeconomic sensitivity. Collectively, these contributions offer valuable implications for academics, investors, and practitioners seeking a deeper understanding of stock price behavior in Indonesia's healthcare sector.

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