The Influence of Liquidity Ratio, Leverage, Activity Ratio and Profitability on Stock Prices (Empirical Study on Consumer Goods Industry Subsector Companies Listed on the Indonesia Stock Exchange for the Period 2017-2022)

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Abstract. *Investment is a tool to earn income in the future. With so much uncertainty in generating income, it encourages someone to do something that will benefit themselves in the future. So that those who invest in the right way will feel calm about facing the lives of themselves and their families in the future. For investors, this research involved 54 companies and 11 companies were selected as samples through purposive sampling. The data analysis tools used in this research are classical assumption testing, multiple linear regression analysis, correlation analysis, coefficient of determination analysis, and hypothesis testing. The results of this research indicate that partially the Liquidity, Activity Ratio and Profitability variables have a significant effect on share prices. Leverage has no significant effect on stock prices. Simultaneously, the ratio variables Liquidity, Leverage, Activity and Profitability have a significant influence on Share Prices of 88.2% and the remaining 11.8% is influenced by other variables.*

Keywords: *Liquidity (CR), Leverage (DER), Activity (TATO), Profitability (ROA).*

1. BACKGROUND

The Indonesian economy is inseparable from the capital market. Many companies offer company ownership in the form of shares to the public. Through activities carried out in the capital market, both sellers and buyers of shares certainly expect to gain profits. Shares are one of the financial instruments issued by companies as a means of corporate funding. There are two advantages if investors buy shares, namely getting dividends and capital gains. If investors are not careful in analyzing the company, then the investor's risk can be in the form of capital loss or the company invested in experiencing delisting.

In analyzing stocks, there are two ways, namely: technical analysis and fundamental analysis. Generally, investors use fundamental analysis to analyze stocks by analyzing the intrinsic value of the company. To analyze the intrinsic value of the company, it is necessary to analyze the financial ratio. Financial ratios are divided into five (Brigham and Houston, 2019), namely: a) Liquidity Ratio, b) Activity Ratio, c) Leverage Ratio, d) Profitability Ratio, and e) Market Ratio

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2. THEORETICAL STUDY

Stock Price

Stock price is the price of a stock that occurs on the stock exchange at a certain time determined by market players and determined by the demand and supply of the shares concerned in the capital market (Yulianti, et al., 2015: 105). The indicators used to measure the price of a stock are as follows:

Harga Saham	:	$\frac{\text{Logaritma Natural (LN)}}{\text{Harga Saham}}$

Source: Wijaya 2017:164)

Liquidity

Liquidity ratios describe the company's ability to settle its short-term obligations. These ratios can be calculated through sources of information on working capital, namely current assets and current liabilities (susilawati, 2012: 167). The indicators in this study are:

Current Ratio :	$\frac{\text{Aktiva Lancar}}{\text{Hutang Lancar}}$

Source: Rinnaya (2016)

Perputaran Total Aset	:	$\frac{\text{Penjualan}}{\text{Total Aset}}$

Source: Suhadi (2009)

Leverage

Leverage examines the company's capital structure, including long-term funding sources and the company's ability to meet investment obligations and long-term debt (ulupui, 2010: 4). The indicators in this study are:

DER :	$\frac{\text{Total Hutang}}{\text{Total Modal}}$

Source: Sushmitha (2015)

Activity Ratio

Ambarwati, et al (2015:3) stated that "Activity ratio describes the company's ability to utilize assets owned in obtaining income through sales." The indicators used in this study are:

Profitability Ratios

Profitability is a measurement of a company's *earnings* (profit) relative to *revenue* (sales) and invested capital . (ulupui, 2010: 4). The indicators used in this study are:

$$ROA \quad : \quad \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Aktiva}}$$

Source: Rinnaya et al (2016

Framework of thought

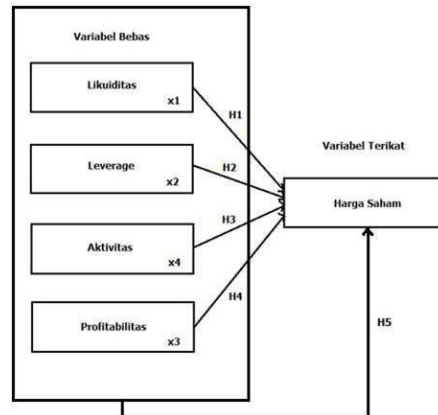The framework of thought in this research is as follows:

Figure 1, Theoretical Framework of Thought

Hypothesis

Liquidity is the ability of a company to pay its short-term financial obligations on time. A company that is able to meet its financial obligations on time means that the company is in a liquid state and has more current assets than debts. The hypothesis proposed is:

H1: Liquidity Ratio has a positive effect on Stock Prices

An increase in debt will affect the amount of net profit available to shareholders as well as the amount of dividends that will be received because the company prefers to prioritize paying off existing debt rather than distributing dividends and ultimately the dividend distribution ratio will be smaller.

H2: Leverage Ratio has a negative effect on Stock Prices

Activity ratio is a ratio used to measure a company's ability to manage its assets effectively and efficiently. The company's activity ratio shows how effectively the company manages its resources or assets (Rinnaya, 2016:2).

H3: Activity Ratio has a positive effect on Stock Prices

Profitability describes a company's ability to earn profits through all existing capabilities and resources such as sales activities, cash, capital, number of employees, number of branches, and so on.

H4: Profitability has a positive effect on stock prices

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3. RESEARCH METHODS

Based on its nature, this research problem can be categorized into the descriptive research category. Data were analyzed using quantitative paradigms and statistical techniques. The facts show that accounting knowledge and knowledge of financial statements in Private Junior High Schools in Subrayon 05 in Bekasi Regency (Cakabubungin, Pebayuran, Muara Gembong, Sukatani, and Sukawangi Districts) have a relationship to financial statement information.

4. RESEARCH OBJECT

The following are the objects of this research:

Table 1. Sample Selection Criteria

No.	Keterangan	Jumlah
1.	Perusahaan barang konsumsi yang tercatat dalam Bursa Efek Indonesia (BEI) periode 2012 sampei dengan 2015.	54
2.	*Initial public offering* setelah tahun 2015 atau baru listing	(17)
3.	Perusahaan yang mengalami kerugian	(12)
4	Tanggal *submit* laporan keuangan ke bursa efek tidak tercantum	(13)
	Sampel Penelitian	12

Source: Processed IDX data

4 RESULTS AND DISCUSSION

Classical Assumption Test

Normality Test

Table 2. K-Smirnov Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		48
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.54506395
Most Extreme Differences	Absolute	.118
	Positive	.118
	Negative	-.098
Test Statistic		.118
Asymp. Sig. (2-tailed)		.092[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

From the results of processing table 4.8 shows the output results of SPSS Kolmogorov-smirnov test shows a significance value (Asymp.Sig 2-tailed) of 0.092. Because the significance is more than 0.05 (0.092 > 0.05), then the residual value is normal.

Glacier Test

Table 3. Glacier Test Results

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.504	.208		2.419	.020
	Likuiditas	.251	.225	.291	1.116	.271
	Leverage	-.077	.197	-.139	-.388	.700
	Aktivitas	-.109	.154	-.180	-.705	.485
	Profitabilitas	-.059	.146	-.110	-.406	.687

a. Dependent Variable: ABS_Res

In strengthening the results of heteroscedasticity testing, a glejser test was carried out. From the results of the data processing above, the sig. value of each variable was obtained, namely Liquidity of 0.271, Leverage of 0.700, Activity of 0.485, Profitability of 0.678, the four independent variables have sig. values greater than 0.05 (sig.> 0.05), then Ho is accepted and Ha is rejected. So from these results it can be concluded that there is no heteroscedasticity.

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Multicollinearity Test

Table 4. Multicollinearity Test Results

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	5.970	.318		18.792	.000		
	Likuiditas	1.942	.343	.613	5.658	.000	.327	3.062
	Leverage	.277	.301	.137	.921	.362	.173	5.772
	Aktivitas	.821	.235	.369	3.492	.001	.342	2.920
	Profitabilitas	-.454	.223	-.229	-2.031	.048	.300	3.329

a. Dependent Variable: Harga_Saham

Based on table 4, the variance inflation (VIF) value of each variable can be seen, namely Liquidity of 3,062, Leverage of 5,772, Activity of 2,920, Profitability of 3,329. The four variables have a VIF value of less than 10 and the tolerance value of the four independent variables is more than 0.1, so there is no symptom of multicollinearity.

Autocorrelation Test

Table 5. Autocorrelation Test Results

Runs Test	
	Unstandardized Residual
Test Value[a]	-.07031
Cases < Test Value	24
Cases >= Test Value	24
Total Cases	48
Number of Runs	20
Z	-1.313
Asymp. Sig. (2-tailed)	.189

a. Median

From the table above, the Run Test results show that the Asymp Sig value (2 tailed) > 0.05, which means that there are no autocorrelation problems in the data being tested.

Data Testing Analysis

t-test

Table 6. T-Test Results

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	5.970	.318		18.792	.000
	Likuiditas	1.942	.343	.613	5.658	.000
	Leverage	.277	.301	.137	.921	.362
	Aktivitas	.821	.235	.369	3.492	.001
	Profitabilitas	-.454	.223	-.229	-2.031	.048

a. Dependent Variable: Harga_Saham

1. Testing the regression coefficient of the Liquidity variable

The result of the comparison between the t-count and the t-table is t-count (5.658) > (2.015) or using a probability of 0.000 less than 0.05 (0.000 < 0.05), so from these results it can be concluded that partially (individually) there is a significant influence between Liquidity and Stock Price, so H1 is accepted.

2. Testing the regression coefficient of the Leverage variable

The results of the comparison between the t-count and the t-table are t-count (0.921) < (2.015) or using a probability of 0.362 more than 0.05 (0.362 > 0.05), so from these results it can be concluded that partially (individually) there is no significant influence between the Leverage Ratio and Stock Price, so H2 is rejected.

3. Testing the regression coefficient of the Activity variable

The results of the comparison between the t-count and the t-table are t-count (3.492) > (2.015) or using a probability of 0.001 which is smaller than 0.05 (0.002 < 0.05), so from these results it can be concluded that partially (individually) there is a significant influence between Activity and Stock Price, so H3 is accepted.

4. Testing the regression coefficient of the Profitability variable

The result of the comparison between the t-count and the t-table is the t-count (-2.268) < (-2.015) or using a probability of 0.029 less than 0.05 (0.048 < 0.05), so from these results it can be concluded that partially (individually) there is a significant influence between Profitability and Stock Price, so H4 is accepted.

Goodness Of Fit Test

Table 7. F Test Results

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	70.258	4	17.565	72.716	.000[b]
	Residual	9.420	39	.242		
	Total	79.679	43			

a. Dependent Variable: Y
b. Predictors: (Constant), X4, X1, X3, X2

From table 4.16, it is known that the F-count is 72,342 while the F-table is 2,810, in this case the F-count is greater than the F-table, which is F-count (72,342) > F-table (2,810). or it can be seen from the magnitude of the probability, which is 0.000. because the significance is less than 0.05 (0.000 <0.05), then the statistical test is in the area where Ho is rejected. This means that the regression model is suitable for use in research (Goodness Of Fit Model).

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Interpretation of Research Results

Level of Influence of Liquidity (X1) on Stock Price (Y)

A company that is able to meet its financial obligations on time means that the company is in a liquid state and has current assets greater than its current liabilities (Clarensia et al., 2016:74). This will make the company's ratio healthy and provide a positive signal for investors to invest and increase stock prices. This is in accordance with previous research conducted by Clarensia et al. (2016). The results of the study showed that liquidity has a positive effect on stock prices.

Level of Leverage Influence (X2) on Stock Price (Y)

The results of the study contradict the hypothesis which states that the higher the leverage, the lower the share price will be because companies usually use their debt to fulfill operational activities that generate profits so that the company can pay dividends to its shareholders.

Level of Influence of Activity (X3) on Stock Price (Y)

The results of this study are in accordance with the hypothesis which states that the higher the activity, the higher the dividend payments that will be received by the company's shareholders. This will increase investors' desire to invest and increase share prices.

Level of Influence of Profitability (X4) on Stock Price (Y)

The results of this study contradict the hypothesis which states that the higher the profitability, the higher the share price that will be received by the company's shareholders. This is because high earnings per share indicate high net profit. Usually, companies use part of their net profit as retained earnings so that the company only distributes part of the net profit for dividend distribution to shareholders.

5. CONCLUSION

The conclusion of this study is as follows; liquidity, activity ratio and profitability partially affect stock prices. *Leverage* partially does not affect stock prices . Liquidity, Leverage, Activity and Profitability together have a significant influence on stock prices.

Research Limitations

This study has several limitations, namely; This study only has 4 independent variables, namely Liquidity, Leverage, Activity, and Profitability that can affect Stock

Prices. This study was only conducted on consumer goods industry companies listed on the Indonesia Stock Exchange (IDX). The research period was only 4 years, namely 2015 to 2018. Previous research references are still minimal

Managerial Implications

The research is expected to provide benefits regarding the description of the influence of the related variables studied on the reality or reality that occurs for companies or investors as a consideration in investing and assessing company performance for management As input for company management in the consumer goods industry sub-sector, it is so important that financial information is published so that financial reports are presented fairly. For theoretical / academics, it provides contributions or contributions regarding the development of corporate science and technology, As a reference for further researchers in similar fields, Practical benefits As a consideration for investors in making decisions related to buying and selling shares

Suggestions

This study provides some input or suggestions to parties related to dividend policy, including the following; For investors, the results of the study provide information on several considerations in making investments by looking at the performance of a company. For further researchers, it is hoped that they can conduct research by adding other dependent variables and adding years of research with the latest, more relevant period. Further researchers are expected to be able to conduct research with more references from previous researchers.

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