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The Effect of Liquidity, Profitability and Leverage Ratios on Stock Prices in Food and Beverage Companies Listed on The Indonesia Stock Exchange For The 2017-2021 Period

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Abstract

This research aims to analyze and determine the influence of L ikuiditas, Profitability and Leverage on Harga Saham partially and simultaneously on food and beverage sub-sector companies listed on the Indonesia Stock Exchange peroide 2017-2021. This type of research uses qualitative research. The determination of samples in this study used purposive sampling which contained 95 samples. Multiple Linear Regression is the analytical method used in this study. The results showed that in this research, partially the ratio of Liquidity, Profitability and Leverage affects the stock price. Simultaneously the ratio of Liquidity, Profitability, and Leverage affects the stock price.

Keyword:
Leverage, Liquidity, Profitability and stock price

1. Introduction

A company can grow if it is able to compete in the business world. Competition can be seen from the level of stability of the company to obtain profit (profit). High profits are able to attract attention to external parties of the company such as stakeholders, investors, kerditors and the government as a consideration in making decisions to invest their shares. The development of a company's profit is presented in the capital market. Capital market awareness can be presented as a reference to see how much business dynamism drives economic policies such as fiscal and monetary. The existence of information asymmetry will encourage managers to present information that is not true, especially if the information is related to measuring the performance of managers Yusrianto & Agus (2021).

Stock price is one of the indicators of successful management in a company. When the stock price increases, potential investors or inventors can judge that the company has successfully managed the company. So the confidence of an investor and potential investor who wants to invest in it, has an impact on many opportunities in making profits (profits). These advantages are also presented in the financial statements. Where financial statements act as a tool that describes the financial condition of a company and also as information for the user of the report in making decisions. Financial statements can be measured using financial ratios, including liquidity, profitability, and leverage (debt ratio). The ratio greatly affects the company's stock price.

One of the variables is believed to be able to drive stock prices, namely liquidity. The ability to pay off obligations as soon as they mature is called liquidity. High liquidity indicates that the company has no problem paying off its liabilities because it has a lot of current assets. On the contrary, low liquidity indicates that the company has a problem paying off its maturity obligations. According to Mujiono & Prijati (2017) investors like companies with high profits due to maintained liquidity levels.

The next variable , namely Profitability according to Tjahjono (2017) states that the profitability ratio is a ratio that describes the company's ability to make a profit. The profitability ratio is used to measure how efficient the company is in making a profit. This ratio measures the efficiency of the company in using its own capital to make a profit. The profitability ratio will also describe the company's performance, where the company's performance is able to influence the stock price in the capital market. If the company's performance increases, the company's value will also be higher, so the company will also be appreciated by the market because it is caused by an increase in its stock price. The measuring instruments used in the profitability ratio are ROA (Return On assets) and ROE (Return On Equity). With this, if the higher the ROA, the more effective the company will be in utilizing its assets to generate net profit after tax. This study uses ROA (return on assets) as a proxy for profitability because it wants to find out whether profitability affects stock prices.

Leverage is the use of assets and sources of funds by companies that have fixed costs by increasing profits for shareholders. And companies that use Leverage have the goal that the profit achieved is greater than fixed costs (fixed expenses). According to Hantono (2017) Debt to Equity Ratio is a ratio that shows the extent to which own capital guarantees all debt. This ratio can also be read as a comparison between outside funds and the funds of company owners. DER (Debt to Equity Ratio) is a ratio used to assess debt by equity. This research uses DER as a proxy for Leverage because it wants to know the effect of debt risk on stock prices.

Based on the background above, the problem formulation is as follows:

1. Does Liquidity partially affect the stock price of food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2017 – 2021 period?
2. Does profitability partially affect the share price of food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period ?
3. Does Leverage partially affect the share price of food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2017 – 2021 period ?
4. Does Liquidity, Provitability, and Leverage simultaneously affect the share price of food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2017 – 2021 period?

2. Methodology

2.1. Types of research

The data type in this study uses quantitative data types and the data sources in this study use secondary data sources. Secondary data is data related to the problem under study, but the data obtained is not directly, namely through an intermediary. The secondary data in this study uses financial statements in the food and beverage sector for the 2017-2021 period by accessing the website of the Indonesia Stock Exchange, namely www.idx.co.id.

2.2. Population and Sample

A population is a collection of all elements to which conclusions will be drawn. The sample is a portion of the population taken and used for research. The population used in this study is food and beverage companies that published their financial statements on the Indonesia Stock Exchange (IDX) in the 2017-2021 period. The sampling method used in this study is the Purposive Sampling method. Purposive Sampling method is a method of sampling research by paying attention to certain criteria that are based on the purpose of the study. The criteria used in this study are:

1. Food and beverage companies listed on the IDX successivelyin 2017 – 2021
2. A food and beverage company that publishes financial statements as of December 31 in full and has been audited for 2017 – 2021.
3. Food and beverage companies that use the rupiah currency value for 2017 – 2021.

2.3. Data Analysis Methods

The data collection method is the most strategic step in research because the main purpose of the research is to obtain data (Sugiyono, 2015). The methods used to collect data in this study are documentation methods and literature studies. The data analysis techniques used in this study are classical assumption test, multiple linear regression, hypothesis test (t test and f test).

3. Results and Discussion

3.1. Results Description of statistical variables

Descriptive statistical analysis is to provide an overview or description of a data seen from the average value (mean), standard deviation, variance, maximum, minimum (Ghozali Imam, 2016). Descriptive statistical analysis is intended to provide an overview and data characteristics of the sample used.

Table 1. Description of statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Liquidity	77	.0344	132.6726	4.846689	15.1827113
Profitability	77	-.1544	.5990	.091660	.1185194
Leverage	77	.0758	3.3389	.810508	.6019775
HargaSaham	77	4.5643	9.6803	7.374430	1.2912894
Valid N (listwise)	77				

Based on the statistical descriptive table, it can be described that liquidity obtained a total sample of 77 and obtained the lowest value of 0.0344 and the highest value of 132.6726 with an average value of 4.846689 and a standard deviation of 15.1827113.

For the profitability variable, the number of samples was 77 and obtained the lowest value of -0.1544 and the highest value of 0.5990 with an average value of 0.091660 and a standard deviation of 0.1185194.

For the leverage variable, it obtained a sample number of 77 and obtained the lowest value result of 0.0758 and the highest value of 3.3380 with an average value of 0.810508 and a standard deviation of 0.6019775.

For the stock price variable, the number of samples was 77 and obtained the lowest value of 4.5643 and the highest value of 9.6803 with an average value of 7.374430 and a standard deviation of 1.2912894.

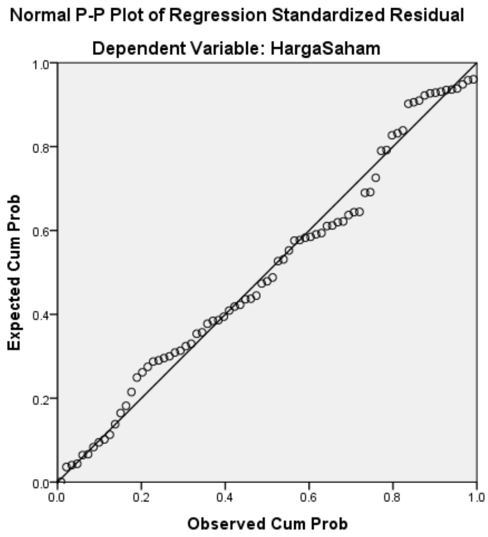

Figure 1. normality test

From the results of figure 5.1, it can be concluded that if the data (points) spread around the diagonal line and follow the direction of the diagonal line, it means that it shows a normal distribution pattern so that the regression model can meet the assumption of normality.

3.2. Multicollinearity Test Results

Table 2. Multicollinearity test

Coefficientsa								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	BRIGHT
1	(Constant)	7.455	.260		28.686	.000		
	Liquidity	-.015	.009	-.172	-1.672	.099	.948	1.055
	Profitability	4.561	1.095	.419	4.164	.000	.989	1.011
	Leverage	-.528	.221	-.246	-2.394	.019	.945	1.059

a. Dependent Variable: Stock Price

Based on the results of the multicollinearity test, it can be seen that each research variable has a tolerance value of > 0.10 and a VIF (Variance Inflation Factor) value of < 10 which means that in this regression model there is no multicholinearity.

3.3. Autocorrelation Test Results

Table 3. Autocorrelation Test

Model Summaryb										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.520a	.270	.240	1.1256289	.270	9.005	3	73	.000	1.207

a. Predictors: (Constant), Leverage, Profitability, Liquidity
b. Dependent Variable: Stock Price

Based on the results of the autocorrelation test, a Durbin-Watson value of 1.207 was obtained, which obtained no autocorrelation results because the Durbin Watson number was between -2 and 2.

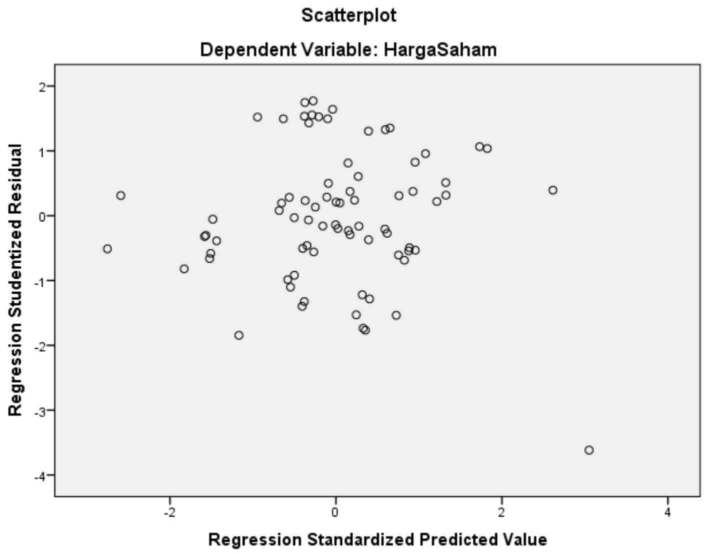

Figure 2. Heterodacity

Based on scatterplot charts. it can be seen that the dots spread randomly and are scattered both above and below the zero (0) on the Y axis, do not gather in one place, and do not form a certain pattern so that it can be concluded that heteroskedasticity does not occur.

3.4. Multiple Linear Regression Results

Table 4. Multiple Linear Regression

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	T	Itself.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	Bright
1	(Constant)	7.455	.260		28.686	.000		
	Liquidity	-.015	.009	-.172	-1.672	.099	.948	1.055
	Profitability	4.561	1.095	.419	4.164	.000	.989	1.011
	Leverage	-.528	.221	-.246	-2.394	.019	.945	1.059

a. Dependent Variable: Stock Price

Based on the table of results of multiple linear regression analysis obtained the following equation:

$$Y = 7.455 - 0.015\ X\ 1 + 4.561\ X\ 2 - 0.528X3$$

Based on the results of the multiple linear regression equation, it can be analyzed as follows:

a. The constant of 7.455 states that if the variables of liquidity, profitability, leverage are considered constant, then it shows an increase in the stock price of 7.455.
b. The calculation results of the multiple linear regression test liquidity variables (X1) have a regression coefficient value of -0.015. The coefficient is negatively marked which means that each addition of an audit delay of 1 unit will lower the share price by 0.015 units of calculation.
c. The calculation results of the multiple linear regression test of the profitability variable (X2) have a regression coefficient value of 4.561. The coefficient is positively marked which means that each additional profitability of 1 unit will increase the share price by 4,561 units of calculation.
d. The calculation result of the multiple linear regression test of the leverage variable (X3) has a regression coefficient value of -0.528. The coefficient is negatively marked which means that each additional leverage of 1 unit will lower the share price by 0.528 units of calculation.

3.5. Hypothesis Test Results

Table 5. Hypothesis Test

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Itself.
1	Regression	34.231	3	11.410	9.005	.000b
	Residual	92.494	73	1.267		
	Total	126.725	76			

a. Dependent Variable: Stock Price
b. Predictors: (Constant), Leverage, Profitability, Liquidity

Based on the results of the F test table, it can be seen that the simultaneous test results (Test F) have a significance value of 0.000 to less than 0.01 (1%) (0.000 < 0.01) thus indicating that simultaneously liquidity, profitability, leverage affect stock prices.

3.6. T-test results

Table 6. T-test

Model		Unstandardized Coefficients		Coefficientsa Standardized Coefficients	t	Itself.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	BRIGHT
1	(Constant)	7.455	.260		28.686	.000		
	Liquidity	-.015	.009	-.172	-1.672	.099	.948	1.055
	Profitability	4.561	1.095	.419	4.164	.000	.989	1.011
	Leverage	-.528	.221	-.246	-2.394	.019	.945	1.059

a. Dependent Variable: Stock Price

Based on the results of the t test table, it can be known the partial test results (t test) as follows:

a. The liquidity variable has a significance value of 0.099 to less than 0.10 (10%) (0.099 < 0.10) so that it shows that partially the liquidity variable affects the stock price.
b. The profitability variable has a significance value of 0.000 to less than 0.01 (1%) (0.000 < 0.01) thus indicating that partially the profitability variable affects the stock price.
c. The leverage variable has a significance value of 0.019 to less than 0.05 (5%) (0.019 < 0.05) thus indicating that partially the leverage variable affects the stock price.

4. Conclusion

4.1. Conclusion

Based on the results of the research and discussion in the previous chapter, several conclusions can be drawn as follows:

1. The results of testing the first hypothesis (H1) show that liquidity affects stock prices
2. The results of testing the second hypothesis (H2) show that profitability affects the stock price
3. The test results against the third hypothesis (H3) show that leverage affects the stock price
4. The test results against the fourth hypothesis (H4) show that liquidity, profitability and leverage have a simultaneous effect on stock prices.

4.2. Limitations

This research has been tried as much as possible, but there are still limitations in this study, including:

1. During the data tabulation process, there were several companies that did not publish financial statements during the research year so that the company was not included in the sample.

4.3. Suggestion

Based on the conclusions and limitations obtained, the advice that can be given by the researcher is as follows:

1. Subsequent research should not only consider liquidity, profitability and leverage but also use other information that was not used in this study.
2. The next research should expand the research sample, namely by creating an entire company on the Indonesia Stock Exchange

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