



The Effect of Current Ratio, DER, ROE, and Total Assets Turnover on Stock Prices (Empirical Study of Manufacturing Companies in the Consumer Goods Sector Listed on the IDX in 2018-2020)

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ABSTRACT: Shares are equity participation as a form of Company/Company ownership. The company needs additional funds to make its operations sustainable, therefore the company creates a share system in order to carry out its company's operations. Stocks are an investment instrument that has been chosen by many investors because stocks are able to provide an attractive rate of return. In looking at stock prices there are several analyzes that need to be done, one of which is financial ratio analysis. Therefore the authors take an analysis of the influence of the current ratio, debt to equity ratio (DER), return on equity (ROE), and total assets turnover in conducting an analysis of stock prices in manufacturing companies in the consumer goods sector in 2018-2020. The population in this study were 183 companies, the sampling method in this study was purposive sampling. The data used as samples in this study amounted to 110 companies. Data analysis used in this study is multiple linear regression analysis. Based on the results of this study it can be stated that return on equity (ROE) has an effect on stock prices, while the current ratio, debt to equity ratio (DER), and total assets turnover have no effect on stock prices.

Keywords: Current Ratio; DER; ROE; Total Assets Turnover; Stock Price .

I. INTRODUCTION

The capital market is a market financial system that operates in an organized manner where there are trading activities in securities or securities that are traded. The capital market is a means of funding for companies, besides that the capital market is used as a tool for investing for those who have funds (investors) and those who lack funds (issuers) with the aim of mutual gain. Thus, the capital market can also be said as a means of connecting.

The capital market has an economic function because it provides facilities that bring together two interests, namely those who have excess funds (investors) and those who need funds (issuers). With the existence of a capital market, parties with excess funds can manage their funds so that they can continue to rotate and get rewards or profits. Investors hope that by buying shares, they can receive profits (dividends) when the shares are resold. However, they do not rule out the possibility that they can get a loss when the price of the shares they bought falls in price. Investing in the capital market not only requires understanding a lot of information, but also requires extra thought.

People who invest their capital in a company are generally called shares. Shares are a form of ownership of a person or entity in a company or limited liability company. By including capital in a company, the owner of

capital can be said to own part of the company's rights. The form of shares is a piece of paper that explains that the owner of the paper is the owner of the company that issued the securities. The portion of ownership is determined by how much investment is invested in the company (Darmadji & Fakhruddin, 2001: 5).

Basically, there are two advantages that investors will get by buying shares, namely dividends and capital gains. Dividend is a distribution of profits given by the company and comes from the profits generated by the company. Capital gain is the difference between the purchase price of shares and the selling price of shares. One way that is commonly used to assess a company or stock price is fundamental analysis. Fundamental analysis is a technique for analyzing stocks in the future by using historical company data, especially in annual report data. This is done with the aim of analyzing the company's prospects in the future and as a reference for investors in buying the company's shares.

In general, the analysis used as a reference in detecting stock prices is by looking at the Company's financial statements. One of them is by looking at the analysis of financial ratios obtained from financial reports. In this case the researcher uses several ratios contained in financial ratios to determine stock prices, among others are current ratio, DER, ROE, and total assets turnover.

II. MATERIAL AND METHODS

2.1. Agency Theory

According to R.A Supriyono (2018: 63) the concept of agency theory is the contractual relationship between principal and agent. Agency theory is to give authority to business owners (business owners) to company management in carrying out the company's operational business in accordance with an agreed agreement. In general, the company and the management of the company work together in advancing and increasing the value of the company. Company owners consist of business owners and shareholders. While the management of the company is a human resource that is used in order to run the company's operational system.

2.2. Stock

Stock are one form of ownership of a person or entity in a company. Stocks are in the form of sheets and are sold publicly on the capital market. The stock price of a company will determine how effective the company is in carrying out its operations. In general, it can be said that the higher or maximum the company's stock price, the higher the company's value and if the stock price is low or falls, the company's value is low. Stock prices are influenced by many factors, one of which is financial ratios.

2.3. Current Ratio

The current ratio is the ratio obtained from the results between current assets and short-term liabilities. According to Kasmir (2016: 134) the current ratio is a ratio to measure a company's ability to pay short-term obligations or debts that are due soon when billed as a whole. The current ratio also provides clues to the user whether the company is experiencing problems or not in paying off current liabilities using its current assets. If an entity can fulfill its obligations on time then the entity can be said to be liquid, but if on the contrary, the entity can be said to be illiquid. Based on research conducted by Nadya Clarissa Demor, Paulina Van Rate, and Dedy N. Baramuli (2021), the results showed that the Current Ratio (CR) proved to have a positive and significant effect on stock prices.

H1: Current Ratio (CR) has an effect to stock prices.

2.4. Debt to Equity Ratio

Debt to Equity Ratio (DER) is the ratio obtained from the result between total liabilities (long term and short term) and total equity. According to Kasmir (2017:157-158) DER is the ratio used to calculate debt to equity. This ratio measures the ability of a company to the amount of total liabilities and total equity in the company. If total liabilities exceed total equity, then the obligation to finance the capital of the owner of the company or company has more obligations than the owner's capital. Based on research conducted by Dyah Ernawati and V. Titi Purwantini (2018), it was found that the Debt to Equity Ratio (DER) has proven to have an effect on stock

prices.

H2: Debt to Equity Ratio (DER) has an effect to stock prices.

2.5. Return on Equity (ROE)

Return On Equity (ROE) is the ratio obtained from the results between profit and capital. This ratio calculates the company's ability to generate profits based on the company's capital. Brigham and Houston (2006) explain Return On Equity (ROE) in principle measures the return on investment from shareholders. The higher the value of this ratio will attract the attention of investors to invest in the company. Based on research conducted by Heny Ratnaningtyas (2020), the results show that Return On Equity (ROE) has proven to have an effect on stock prices.

H3: Return On Equity (ROE) has an effect to stock prices.

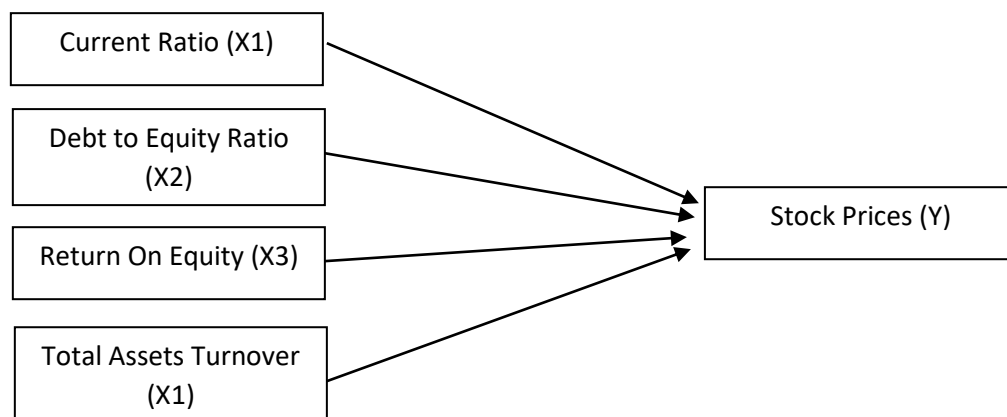
2.6. Total Assets Turnover

Total asset turnover is an activity ratio in financial ratios that shows the effectiveness of a company in managing its assets to generate income. The greater the value of total asset turnover, it can be said that the better the company is in running its operational system. This is because the company is able to utilize or manage its assets to generate profits. If the value of this ratio is getting bigger, it will also make investors interested in buying company shares. Based on research conducted by Siti Aiyah (2020), the results show that total asset turnover has proven to have an effect on stock prices.

H4: Total asset Turnover has an effect to stock prices.

III. Conceptual Framework

This research model is focused on knowing the effect of the current ratio, DER, ROE, and total assets turnover on stock prices. The following is the framework of this research:



IV. Research Method

The population in this study uses consumer goods manufacturing companies listed on the Indonesia Stock Exchange in 2018-2020. In this study there was a population of 183 manufacturing companies in the consumer goods sector which were listed on the Indonesia Stock Exchange from 2018 to 2020. After using the purposive sampling method, the results obtained were 110 companies that met the criteria. The criteria for selecting the sample in this study were:

1. Manufacturing companies in the consumer goods sector are listed on the IDX for the 2018-2020 period
2. Manufacturing companies in the consumer goods sector that publish annual reports for the 2018-2020 period.

3. Manufacturing companies in the consumer goods sector that use the rupiah currency in their annual reports for the 2018-2020 period.
4. Companies that have variable data needed in research.

Data Analyst

The regression model used in this study is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Information:

Y	= stock price
α	= constant
X1	= current ratio
X2	= DER
X3	= ROE
X4	= total assets turnover
E	= error

Dependent Variable

Stock Prices

The dependent variable is a variable that has the properties of the variable being influenced. The dependent variable used in this study is stock prices. According to Sasongko and Wulandari (2006) the stock price is the annual closing price on the date of issue. Shares are one form of owner participation in the company.

Independent Variable

Current Ratio

The current ratio is the ratio of liquidity in financial ratios which is considered as an entity's ability to meet its short-term obligations. Systematically according to Kasmir (2014: 135), the current ratio can be formulated as follows:

$$\text{Current Ratio} = \frac{\text{Current asset}}{\text{Current debt}}$$

Debt to Equity Ratio (DER)

Debt to Equity Ratio is the solvency ratio in financial ratios which is considered as an entity's ability to pay the amount of long-term and short-term obligations. Systematically according to Kasmir (2014: 158), the Debt to Equity Ratio (DER) can be formulated as follows:

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

Return on Equity (ROE)

Return on Equity (ROE) is a profitability ratio in financial ratios which is considered as a company's ability to earn profits in a certain period with owner's capital. Systematically according to Kodrat and Indonanjaya (2010:240), Return On Equity (ROE) can be formulated as follows:

$$\text{Return On Equity} = \frac{\text{Net Profit After Tax}}{\text{Owner's equity}}$$

Total Assets Turnover

Total asset turnover is an activity ratio in financial ratios that shows the effectiveness of a company in managing its assets to generate income. Systematically according to Kasmir (2014: 186), Total Asset Turnover can be formulated as follows:

$$\text{Total Assets Turnover} = \frac{\text{Net sales}}{\text{Aktiva Total}}$$

V. Result and Discussion

Descriptive statistics

Results of Descriptive Statistics

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
Harga Saham	110	50	5500	1128.09	1262.686
<i>Current Ratio</i>	110	0,052375223	7,832225734	2.50720272080	1,651116186652
DER	110	-1,526350776	3,338924657	0,78342092269	0,638916127036
ROE	110	-0,379804057	0,384574463	0,05977566829	0,133520079259
<i>Total Assets Turnover</i>	110	0,052221947	3,104759675	1,00307626911	0,562552693572
Valid N (listwise)	110				

The results of the interpretation of descriptive statistics are:

1. The stock price variable has a total of 110 data (N) with a minimum value of 50, a maximum value of 5500, an average value of 1128.09, and a standard deviation of 1262.686.
2. The Current Ratio variable has a total of 110 data (N) with a minimum value of 0.052375223, a maximum value of 7.832225734, an average value of 2.50720272080, and a standard deviation of 1.651116186652.
3. The DER variable has a total of 110 data (N) with a minimum value of -1.526350776, a maximum value of 3.338924657, an average value of 0.78342092269, and a standard deviation of 0.638916127036.
4. The ROE variable has a total of 110 data (N) with a minimum value of -0.379804057, a maximum value of 0.384574463, an average value of 0.05977566829, and a standard deviation of 0.133520079259.
5. The Total Assets Turnover variable has a total of 110 data (N) with a minimum value of 0.052221947, a maximum value of 3.104759675, a mean value of 1.00307626911, and a standard deviation of 0.562552693572.

Multicollinearity Test

Multicollinearity Test Result

Model	Collinearity Statistics		Information
	Tolerance	VIF	
<i>Current Ratio</i>	0,740	1,352	There is no multicollinearity
DER	0,683	1,463	There is no multicollinearity
ROE	0,713	1,402	There is no multicollinearity
<i>Total Assets Turnover</i>	0,892	1,122	There is no multicollinearity

Based on the results of the multicollinearity test in the table above, it shows that the current ratio, DER, ROE, and total assets turnover variables have a tolerance value above 0.05 and a VIF value below 0.10, so it can be concluded that in this study there was no multicollinearity

Heteroscedasticity Test

Heteroscedasticity Test Results

Variabel	Sig	Information
<i>Current Ratio</i>	0,122	There is no Heteroscedasticity
DER	0,999	There is no Heteroscedasticity
ROE	0,155	There is no Heteroscedasticity
Total Assets Turnover	0,146	There is no Heteroscedasticity

Based on the results of the heteroscedasticity test in the table above, it shows that the variables current ratio, DER, ROE, and total assets turnover have a significance value above 0.05, so it can be concluded that in this study there was no heteroscedasticity.

Autocorrelation Test

Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.414 ^a	.172	.140	1170.926	1.964

Based on the results of the multicollinearity test, it can be concluded that the Durbin-Watson value is 1.964, while the dU value is 1.7651. It can be concluded that the Durbin-Watson value is greater than the dU value ($1.964 > 1.7651$) and the Durbin-Watson value is smaller than the 4-dU value ($1.964 < 2.2349$), so that there is no autocorrelation.

Multiple Linear Regression

Multiple Linear Regression Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	738.050	369.849		1.996	.049
	CR	73.058	78.979	.096	.925	.357
	DER	50.216	212.331	.025	.236	.814
	ROE	3688.444	994.634	.390	3.708	.000
	TAT	-52.787	211.138	-.024	-.250	.803

Based on the multiple linear regression analysis equation, it can be concluded that:

$$Y = 738,050 + 73,058X_1 + 50,216X_2 + 3688,444X_3 - 52,787X_4 + e$$

Based on the above, it can be concluded that:

1. The constant value is 738.050 meaning that if the variables current ratio, DER, ROE, and total assets turnover are constant then the stock price is 738.050.
2. The regression coefficient value on the current ratio variable is 73.058 and is positive. This value indicates that if the current ratio variable has an increase of 1 unit, the stock price will increase by 73.058 units.
3. The regression coefficient value on the DER variable is 50.216 and is positive. This value indicates that if the DER variable has an increase of 1 unit, the stock price will increase by 50.216 units.
4. The regression coefficient value on the ROE variable is 3688.444 and is positive. This value indicates that if the ROE variable has an increase of 1 unit, the stock price will increase by 3688.444 units.
5. The regression coefficient value on the Total Assets Turnover variable is -52.787 and is negative. This value indicates that if the Total Assets Turnover variable has an increase of 1 unit, the stock price will decrease by -52.787 units.

Statistical Test t (t test)

Statistical Test Results (t test)

Variabel	t	Sig
<i>Current Ratio</i>	0,925	0,357
<i>DER</i>	0,236	0,814
<i>ROE</i>	3,708	0,000
Total Assets Turnover	-0,250	0,830

Based on the test above, it can be concluded that:

1. Based on the results of the t test, it can be concluded that the Current Ratio variable has a significance value of 0.357 which is greater than the value of 0.05. This shows that the Current Ratio variable has no significant effect on stock prices.
2. Based on the results of the t test, it can be concluded that the DER variable has a significance value of 0.814 which is greater than the value of 0.05. This shows that the DER variable has no significant effect on stock prices.
3. Based on the results of the t test, it can be concluded that the ROE variable has a significance value of 0.000 which is less than the value of 0.05. This shows that the ROE variable has a significant effect on stock prices.
4. Based on the results of the t test, it can be concluded that the Total Assets Turnover variable has a significance value of 0.830 which is greater than the value of 0.05. This shows that the Total Assets Turnover variable has no significant effect on stock prices.

F Test

test results f

Model	F	Sig
Regression	5,438	0,001
Residual		
Total		

Based on the table above, it can be seen that the significance value is 0.01 and is less than the value of 0.05, so it can be concluded that the variables Current Ratio, DER, ROE, and Total Assets Turnover simultaneously affect stock prices.

Determination Coefficient Test (R^2)

Test results for the Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.414 ^a	.172	.140	1170.926	1.964

Based on the table above, it can be seen that the Adjusted R Square value is 0.140, so it is concluded that the variable stock price can be influenced by the variables Current Ratio, DER, ROE and Total Assets Turnover by 14%, while the remaining 86% is influenced by other variables outside the study This.

VI. CONCLUSION

Based on the results of the analysis and discussion that has been carried out in this study regarding the effect of the current ratio, DER, ROE, and total assets turnover on stock prices in manufacturing companies in the consumer goods sector in 2018-2020, it can be concluded as follows:

1. The current ratio variable has no effect on stock prices, so it can be concluded that the first hypothesis is rejected.
2. The DER variable has no effect on stock prices, so it can be concluded that the second hypothesis is rejected.
3. ROE variable affects stock prices, so it can be concluded that the third hypothesis is accepted.
4. The total assets turnover variable has no effect on stock prices, so it can be concluded that the fourth hypothesis is rejected.

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