Implementation of Liquidity, Profitability, Solvency and Activity on Stock Prices of Food and Beverages Sub Sector Companies Listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 Period

Sutopo

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Purpose: Determine the effect of liquidity ratios, profitability, solvency and activities of food and beverage sub-sector companies listed on the Indonesia Stock Exchange on stock prices.

Design/methodology/approach: The analysis carried out is quantitative analysis using multiple linear regression to answer the problem formulation and determine the effect of predetermined variables.

Findings: Profitability, solvency and activity variables partially affect stock prices, liquidity variables partially have no effect on stock prices. Simultaneously, the variables of liquidity, solvency, profitability and activity affect the stock price of banking companies listed on the Indonesia Stock Exchange.

Practical implications: Intensify business in the economic field

Originality/value: This paper is original

Paper type: Research paper

Keywords: *Activity, Liquidity, Profitability, Solvency, Stock Price*

I. INTRODUCTION

Economic growth is a measure of the success of the development of the Berseni State. An economy is considered to be in high growth if all Raheel allowances for Berseni's production factors in a year are greater than the income received by the community in the previous year (Istanti, Negoro, & GS, 2021). Financial statements play a very important role in analyzing a company (Istanti, 1), et al., 2021).

The current economic development is very rapid due to globalization which makes every company must be able to compete to provide the best for its customers (Istanti et al., 2022). In analyzing the company's performance which is closely related to the financial statements, financial ratio analysis is used (Istanti, Negoro, & Gs, 2021). Financial ratios can help business people and the government in analyzing and evaluating the company's past, present financial condition and projecting future results or profits. In general, financial ratios can be grouped into the ratio of Liquidity, Profitability, Solvency and Activity to Stock Price.

So that this sector more accurately reflects the situation of the capital market, the Indonesia Stock Exchange. Because the stock prices of these industrial enterprises rise annually, many investors prefer to place their money in the food and beverage sector. However, the stock price of the food and beverage sector is extremely unpredictable. Additionally, the status of the Indonesian economy has a significant impact on how much the stock price of the food and beverage sector fluctuates. Similar to a few years ago, when there was a global crisis, the stock values of companies in the food and beverage sector dropped. Rising inflation and higher interest rates were the main factors contributing to the drop in stock prices.

The increase in inflation led to an increase in raw material prices as well as an increase in operating costs. In addition, this increase in inflation causes interest rates to also increase so that investors prefer to invest their

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funds in deposits rather than investing in the capital market. The purchasing power of the people also decreased when the global crisis occurred and caused a decline in sales for the food and beverage industry companies. The decline in sales accompanied by rising prices of raw materials and operating costs resulted in a decrease in net income of most food and beverage industry companies.

Food and averages companies are the ones that will be under investigation on the Indonesia Stock Exchange (IDX). The company has a strong business foundation, as seen by the growth of its assets year after year and the size of its marketing footprint. A company's assets do not, however, guarantee that it will be successful in all of its endeavours. An evaluation and analysis that can inform interested parties on the company's development is conducted to determine whether there has been advancement in the organization. The researchers are interested in undertaking additional research using the title rates based on the description above. "The Influence of Liquidity, Profitability, Solvency, and Activity on Stock Prices in Food and Beverages Sub-Sector Companies listed on the IDX for the 2017-2021 Period".

A. Literature Review
1. Liquidity

Liquidity is the company's ability to meet its short-term obligations, or financial obligations that must be met immediately (Kasmir, 2019). This study uses a liquidity ratio represented by the Current Ratio (CR) which is a comparison between current assets and current liabilities, describing how the current assets are able to finance their current liabilities.

According to Munawir (2011:74) Because inventory takes a while to turn into cash, the quick ratio measures the company's capacity to meet its obligations without taking inventory into consideration. Due to the fact that it exclusively contrasts highly liquid assets (those that can be quickly liquidated or cashed) with current liabilities, this ratio is sharper than the current ratio. Thus, how many resources can currently be accessed to cover the expected temporary obligations soon. Now Proportion can also be said as a structure to measure the degree of security (edge) of an organization (Poniwatie et al., 2021).

2. Profitability

Profitability is a reflection of the company's ability to generate profits (Rahardja, Pratama and Manurung, 2008). Net Profit Margin is the component of this ratio. The amount of net profit brought in by sales is indicated by this ratio. The ability of a business to turn a profit in relation to sales, total assets, and own capital is known as profitability. Therefore, this profitability study will be of great interest to long-term investors. For instance, shareholders will see profits that are really paid out as dividends (Weston, 2020).

3. Solvency

The debt-to-equity ratio (DER), which compares the total amount of debt and equity held by the company, is one measure of the company's long-term viability. This ratio indicates the proportion of debt to equity held by the company (Kasmir, 2012). Activity is a company's ability to demonstrate efficiency in the use of its assets. This ratio is used to assess the efficiency with which the company uses and manages the company's resources. This ratio is a measure that shows the company's ability to perform day-to-day activities such as sales, debt collection, inventory management, working capital management, and management of all assets.

4. Stock price

Stocks are one of the securities traded on the IDX, as well as bonds and certificates (Istanti, 2022). According to Baridwan (2015) The shares are a deposit of a sum of money by the owner as proof of ownership which is presented to the subjects who manage the capital pool and have rights based on the type of shares held.

II. METHODS

A. Population

The population of this study is made up of agribusiness manufacturing companies listed on the Indonesian Stock Exchange (IDX) for the period 2012-2016. The total population is 12 companies. The sample of this research is composed of 7 agribusiness manufacturing companies listed on the Indonesian Stock Exchange (IDX) for the period 2012-2016.The analysis used is a quantitative analysis. An explanation of the relationship model in this study used multiple linear regression analysis.

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B. Types of research

This research was designed using quantitative data analysis and using questionnaire data collection methods. This research is categorized as causal research type because one variable is correlated with other variables i.e. independent variable and dependent variable. According to Sugiyono (2019) causal relationship when there is a dependent variable (variable of influence) and a dependent variable (variable of influence). This study uses a quantitative approach. Based on Sugiyono (2019) The quantitative research method is research that uses research data in the form of numbers and analysis using statistics.

III. RESULTS AND DISCUSSION

A. Descriptive statistics

The following presents the results of descriptive data on liquidity, profitability, solvency and activity on stock prices in manufacturing companies in the Food and Beverages sector for five consecutive years in 2017-2021:

Table 1. Descriptive Statistics of Stock Prices of Manufacturing Companies in the Food and Baverages Sector Listed on the IDX in 2017-2021

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CRA (X1)	35	,16784	4,84364	1,8075709	,88402483
ROA (X2)	35	,021109	,175107	,08112063	,041513992
DER (X3)	35	,214937	1,719018	1,04503986	,399910102
TATO (X4)	35	697603	13,255210	1,88679591	2,069991292
Share Price (Y)	35	180	30500	4793,74	7389,637
Valid N (listwise)	35				

Source: Researcher (2022)

B. Analysis of Research Results and Hypothesis Testing
1. Normality test

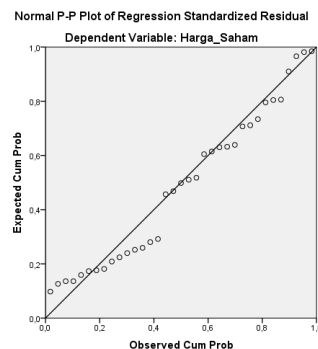The results of normality testing in this study are shown in the following figure:

Figure 1. Normality test

Source: Data processed

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Based on Figure 1, the data is known to spread around the diagonal line and follow the direction of the line or if the histogram graph shows a normal distribution pattern, the regression model satisfies this assumption.

2. Multicollinearity Test

The results of multicollinearity testing in this study are shown in the following table:

Table 2. Multicollinearity Test

Coefficients^a

Model		Correlations			Collinearity Statistics	
		Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)					
	CRA	,354	,259	,200	,646	1,549
	ROA	,419	,469	,397	,585	1,708
	DER	-,357	-,489	-,419	,963	1,039
	TATO	-,043	,405	,331	,644	1,552

Source: Researcher (2022)

Based on the data in the table, it can be concluded that the tolerance number is greater than 0.1 and the VIF value is less than <10, so it can be interpreted that there is no multicollinearity between the variables independents and the regression model. These data show that the multicollinearity hypothesis is satisfied.

3. Heteroscedasticity Test

Table 3. Heteroscedasticity Test

Coefficients^a

Model		Unstandardized Coefficients		Beta	T	Sig.
		B	Std. Error			
	(Constant)	,547	,298		1,838	,076
	CRA	-,382	,214	-,361	-1,784	,085
1	ROA	,143	,230	,132	,621	,539
	DER	,318	,181	,291	1,757	,089
	TATO	,066	,235	,057	,280	,781

Source: Researcher (2022)

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Based on the results above, the significance value of the four variables is above 0.05 so it can be concluded that this regression model passes the heteroscedasticity test.

4. Autocorrelation Test

The following are the results of the autocorrelation test in this study:

Table 4. Autocorrelation Test Results

Model Summary

Model	Change Statistics			Durbin-Watson
	df1	*df2*	*Sig. F Change*	
1	4[a]	30	,001	1,287

Source: Researcher (2022)

Based on the results of the Durbin Watson test in the table above, the value of Durbin Watson is at 1.287, which means that there is no autocorrelation problem in the sample of this study.

5. Multiple Linear Regression Analysis

Table 5. Regression Analysis

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	*Std. Error*	*Beta*		
(Constant)	4,939	,588		8,396	,000
CRA	,621	,424	,249	1,467	,153
1 ROA	1,324	,455	,519	2,909	,007
DER	-1,097	,357	-,427	-3,070	,005
TATO	1,129	,465	,413	2,426	,021

Source: Researcher (2022)

The model used in multiple linear regression: $Y = 4.939 + 0.621X1 + 1.324X2 - 1.097X3 + 1.129X4 + e$

6. Coefficient of Determination

Table 6. Coefficient of Determination (R2)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	,664[a]	,440	,366	,47446	,440	5,904

Source: Researcher (2022)

The value of the coefficient of determination or R2 is used to measure the extent to which the model's ability to explain the change in the dependent variable or dependent variable (Y) is the share price variable. The level of objection to the determination ratio (R2) is 0.440 or 44%. This shows that 44% of the share price can be explained by the Liquidity, Profitability, Solvency and Asset variables. While the rest (100% - 44% = 56%) is explained by other reasons outside the model.

C. Hypothesis testing
1. Statistical t test

Table 7. t test

Coefficients[a]

	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	4,939	,588		8,396	,000
	CRA	,621	,424	,249	1,467	,153
1	ROA	1,324	,455	,519	2,909	,007
	DER	-1,097	,357	-,427	-3,070	,005
	TATO	1,129	,465	,413	2,426	,021

Source: Researcher (2022)

The confidence level is 5% or 0.05. The table above shows that the results of the t test for the variable "Liquidity" has a value of 1.467 with a significance of 0.153 > 0.05, for the variable "Profitability" a value of 2.909 with a significance of 0.007 < 0 .05, the "Solvency" variable receives a value of -3.070 with a significance of 0.005 < 0.05. the activity variable was given a value of 2.426 with a significance of 0.021 < 0.05.

2. F test

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Table 8. F Test Table

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	5,317	4	1,329	5,904	,001[b]
1	Residual	6,753	30	,225		
	Total	12,070	34			

Source: Researcher (2022)

The results of the aforementioned F-test show that the independent variables Liquidity, Profitability, Solvency and Asset in general or collectively significantly affect the share price. This is evident from the significance value of F of 0.001 <0.05.

3. Test that has a dominant effect on stock prices (Y)

Table 9. Dominant Affecting Variables

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	4,939	,588		8,396	,000
	CRA	,621	,424	,249	1,467	,153
1	ROA	1,324	,455	,519	2,909	,007
	DER	-1,097	,357	-,427	-3,070	,005
	TATO	1,129	,465	,413	2,426	,021

Source: Researcher (2022)

From standard (B) or normalized coefficients. The default value of the coefficient of the liquidity variable is 0.249, the profitability variable is 0.519, the default value of the coefficient of the solvency variable is -0.427, the default value of the activity coefficient is 0.413. Among some of the variable values above, the dominant variable for stock price is the profitability variable.

D. Discussion
Based on the results of the research conducted on the independent variables Liquidity, Profitability, Solvency and Asset, the value of R Square (R2) of 44% can be explained so that the share price of 44% can be explained by the independent variables of Liquidity, Profitability, Solvency and Assets, while the remaining 56% is explained by other variables outside of this study.

1. Effect of Liquidity variable on Stock Price
According to the results of the study described above, the results of the t-test table for the liquidity variable are 1.467 with a significance of 0.153 > 0.05. This figure shows that the first variable is accepted in this study, that is, liquidity has a positive impact on stock prices.

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2. The Effect of Profitability Variables on Stock Prices

According to the results of the research described above, the results of the T test for the Profitability variable obtained a value of 2.909 with a significance of 0.007 <0.05. This figure shows that the second variable in this study is accepted, meaning that profitability has a positive effect on stock prices.

3. The Influence of Solvency Variables on Stock Prices

According to the results of the study described above, the results of the T-test for the solvency variable were equal to -3.070 with a significance of 0.005 <0.05. This figure shows that the third variable is rejected in this study, which means that solvency has a significant effect on stock prices.

4. The Effect of Activity Variables on Stock Prices

According to the results of the study described above, the results of the t-test for the firm size variable reached a value of 2.426 with a significance of 0.021 < 0.05. This graph shows that the fourth hypothesis of this study is accepted, namely that activity has an impact on stock prices.

5. Effect of Liquidity, Profitability, Solvency and Activity variables on stock prices

According to the results of the study described above, the F-test results were 5.904 with a significance of 0.001 <0.05. If together a company that has large assets to guarantee its debts can make a profit, has a low risk of bankruptcy, then the investors will invest their capital in the company. For example, the Liquidity, Profitability, Solvency and Asset variables simultaneously (together) affect the Share price.

IV. CONCLUSIONS AND SUGGESTIONS

A. Conclusion

Based on the results of data analysis regarding the Effect of Liquidity, Profitability, Solvency and Activity on Stock Prices in Food And Beverages Companies listed on the IDX for the period 2017-2021, it can be concluded that:
1. The results of the study show that the Liquidity variable has no effect on the Stock Price
2. The results of the study show that the profitability variable has a positive influence on stock prices
3. The results showed that the solvency variable had a negative effect on stock prices
4. The results of the study show that the activity variable has a positive influence on stock prices
5. The results showed that the variables of Liquidity, Profitability, Solvency and Activity had a positive influence on stock prices
6. Test Results The coefficient of determination in this study obtained an Adjusted $R2$ value of 0.366. This shows that 44% of stock price variations can be explained by variations in liquidity, profitability, solvency and activity, while the remaining 56% is explained by other factors not examined in this study.

B. Suggestion

Based on the conclusions and limitations described above, some suggestions can be made as follows:
1. For Manufacturing Companies in the Food And Beverages Industry Sector

It is expected that many Manufacturing Companies will reduce Solvency and increase Profitability and Activities to have an impact on Share Prices.

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