The Effect of Profitability Ratios and Liquidity Ratios on Share Prices of Companies in the Consumer Goods Sector Listed on the Indonesian Stock Exchange for the 2016-2021 Period

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ABSTRACT

The purpose of this research is to describe the profitability ratio, liquidity ratio, and stock price, as well as to ascertain whether the current ratio, return on equity, and return on assets have any partial or simultaneous effects on stock prices. In this study, a quantitative strategy is combined with a descriptive verification method. This study's objectives include describing the profitability ratio, liquidity ratio, and stock price, as well as evaluating return on equity and return on assets' effects. Using data from 60 financial reports, six years of observation were used. The findings demonstrate that both the return on equity and the return on assets in the data analysis procedure, multiple linear regression analysis and hypothesis testing are performed. The population of the study consists of the 76 consumer products businesses that are traded on the Indonesian stock exchange. Using a deliberate sampling strategy, 10 companies were found. This study's objectives include describing the profitability ratio, liquidity ratio, and stock price, as well as evaluating return on equity and return on assets' effects. Six years of monitoring are used, yielding 60 financial report data. The findings indicate that while the current ratio has an impact on stock prices, return on assets and return on equity have a little impact. Return on assets, return on equity, and current ratio significantly influence stock prices of consumer products businesses listed on the Indonesia Stock Exchange between 2016 and 2021.

Keywords: Return on Assets, Return on Equity, Current Ratio, Stock Price
PRELIMINARY

Companies that have good performance make investors interested in investing their capital in these companies (Tao et al., 2022). According to figures from the ministry of industry, the manufacturing sector made a significant contribution to the national GDP's growth rate of 17.34% in the second quarter of 2021. (www.bkpm.go.id, 20 November 2022). Consumer goods sector companies have an important role in economic development in Indonesia because products from the consumer goods sector are the basic needs of society (Safitri, 2021). The customer products area is an area that can survive recessions and crises but cannot rise when the economy is improving (www.idx.co.id/StaticData, 20 November 2022).

During the Covid-19 pandemic, people are required to maintain their health in their daily routine by maintaining adequate nutrition (kemenkes.go.id). The sustainability of consumer goods sector companies in the midst of a pandemic is urgently needed so that the supply of goods does not experience a shortage and soaring market demand. Fast Moving Consumer Demand Goods with fast economic turnover also increased.

Stock prices are an interesting phenomenon to study because stock prices are an indicator of investor welfare. Increased stock prices correspond to higher corporate values, and vice versa. Stock prices can experience ups and downs, stock price movements are caused by the number of requests and offers, if the demand for a company's shares is high then the share price will increase and vice versa, a decrease in stock prices causes the loss of investor interest in investing in the company (Hisbullah, 2021).

The financial ratios of the institution being examined, important in assessing the potential of a company's stock and reducing the risk of loss in investing. Financial ratio analysis can be analyzed using several ratios, namely the ratio of profitability, liquidity, solvency, and activity (Tahir et al., 2021). Financial ratios, specifically profitability ratios and liquidity ratios, are used in this study. Investors use the profitability ratio to evaluate a company's success in turning a profit. (Linzzy, 2019), this ratio is proxied by return on assets and return on equity. The current ratio serves as a substitute for the liquidity ratio, which investors use to gauge a company's ability to meet short-term liabilities (Saragih, 2021). The development of ROA, ROE, CR, and share prices of businesses in the consumer goods industry from 2016 to 2021 is depicted on the graph below.

![Image 1](https://example.com/image1.png)

**Image 1**

Movement of ROA, ROE, CR, and share prices of companies in the consumer goods sector for the period 2016 – 2021 Source: idx.co.id 2022
Based on figure 1 the movement of ROA, ROE, CR and stock prices on the average ROA chart has increased but in 2017 and 2020 has decreased, on the ROE chart it has increased from 2018 to 2020 and has decreased in 2021, on the CR chart it has an increase from 2017 and 2019 but in 2018, 2020 and 2021 it has decreased, and on the chart the stock price has increased from 2016 – 2018 and has decreased from 2018 – 2021.

Return on assets is used to assess the success of the business in turning a profit while making use of its resources (Apriani & Situngkir, 2021). The study (Mulyaningsih, 2019) entitled "The effect of current ratio, return on assets, return on equity, debt to equity ratio According to a study " on stock costs in food and refreshment sub-region associations recorded on the Indonesian monetary trade for the period 2014-2018", the stock price will be impacted by changes in the return on assets. The study's findings demonstrate that return on assets significantly affects stock prices.

The study (Bati & Hilmiatus, 2020) entitled "The influence of profitability proportions on stock costs in assembling organizations in the food and drink sub-area recorded on the Indonesian Sharia Stock File in 2013-2017" states that assuming the profit from resources increments or diminishes, it won't influence stock costs. The aftereffects of the review show that profit from resources significantly affects stock costs.

Return on equity is used to assess the company's good performance in obtaining profit by utilizing the company's capital (Ramadhan & Khuzaini, 2020). The study (Bati & Hilmiatus, 2020) entitled " According to the study Between 2013 and 2017, the effect of profitability ratios on stock prices of manufacturing companies in the food and beverage sub-sector listed on the Indonesian Sharia Stock Index," stock prices are impacted by changes in the return on equity. The study's findings demonstrate that return on equity affects stock prices. Study (Apriani & Situngkir, 2021) entitled "The effect of financial performance on stock prices (Case Study at PT Indofood Sukses Makmur Tbk 2010-2020)" if the return on equity increases or decreases, it will not affect stock prices. The results of the study show that return on equity has no significant effect on stock prices.

Current ratio is used to assess the ability of the business to achieve immediate responsibilities (Abimantrana & Wijayanto, 2019). Study (Apriani & Situngkir, 2021) explains "The effect of financial performance on stock prices (Case Study at PT Indofood Sukses Makmur Tbk 2010-2020)" states that if the current ratio increases or decreases it will affect stock prices. The outcomes showed that the ongoing proportion altogether affects stock costs.

The study (Mulyaningsih, 2019) entitled "The impact of current proportion, return on resources, return on value, obligation to value proportion on stock costs It is stated that whether the current ratio rises or falls, it has no impact on the stock price in the food and beverage sub-area firms listed on the Indonesian stock exchange for the 2014–2018 timeframe. The findings demonstrated that the current ratio has little to no consequence on stock prices.

The author intends to perform a study on "the effect of profitability ratios and liquidity ratios on stock prices of consumer goods sector businesses included in the Indonesian stock exchange for the period 2016–2021" based on the findings of prior studies and a description of the phenomena.

THEORETICAL BASIS
Profitability Ratio
According to (Brigham.F.Eugine & Joel.F.Houston, 2018), The profitability ratio is the ratio that displays how debt, asset management, and liquidity all interact with operating performance. As stated by (Kasmir, 2018b), The ratio used to assess a company's profitability is performance in
obtaining profits in a certain period. According to (Hery, 2018), the profitability ratio is the ratio that assesses the company's performance in obtaining profit by utilizing the use of assets and capital.

In light of the assessment of specialists, it very well may be reasoned that the productivity proportion is the proportion used to evaluate the organization's exhibition in acquiring benefits.

**Liquidity Ratio**
According to (Brigham.F.Eugine & Joel.F.Houston, 2018) the liquidity ratio is a measurement that assesses a company's capacity to settle impending debts. As stated by (Kasmir, 2018b), The ratio used to evaluate a company's capacity to settle maturing debts is called the liquidity ratio. As stated by (Hery, 2018), The ratio used to determine a company's capacity to settle short-term debt is called the liquidity ratio. Experts' opinions lead us to the conclusion that the liquidity ratio is the ratio used to assess a company's ability to settle past-due loans.

**Return On Assets**
As stated by (Kasmir, 2018b), *return on assets* is the ratio used to evaluate a business's capacity to make a profit using all of its assets. According to (Sutrisno, 2013), The measure of a company's success in turning a profit relative to the total assets it owns is called return on assets. According to (Hery, 2018), *return on assets* is the ratio used to assess the company's effectiveness in utilizing its assets in obtaining profits. According to Lukviarman (2016: 208) , the industry average standard for *return on assets* is 5.98 %.

The percentage used to assess a business's success in turning a profit from its assets, in the eyes of experts, is return on assets.
As claimed by (Sutrisno, 2013), *return on assets* (ROA) can be determined using the formula below:

\[
ROA = \frac{\text{net profit}}{\text{total assets}} \times 100\%
\]

**Return On Equity**
According to (Kasmir, 2018b), *return on equity* is a ratio to measure a company's profit by utilizing capital. According to (Sutrisno, 2013), *return on equity* is the company's the opportunity to make a profit using capital owned, the profit calculated is net profit that has been deducted by tax. According to (Hery, 2018), *return on equity* is the ratio used to assess the company's good performance in obtaining profits for investors. According to According to Lukviarman (2016: 208) , the standard industry average *return on equity* is 8.32 %.

In light of the assessment of specialists, it very well may be reasoned that *return on equity* is the ratio used to assess the company's performance in obtaining profits for investors by utilizing their capital.
According to (Sutrisno, 2013), *return on equity* (ROE) can be determined using the formula below:
Current Ratio
According to (Kasmir, 2018b), the current ratio is the extent used to review an association's ability
to take care of momentary obligation or obligation that will develop soon. According to (Sutrisno,
2013), the current ratio is the ratio used to assess The capacity of a firm to pay debts that are due
soon. According to (Hery, 2018), the current ratio is the proportion used to evaluate an
organization's capacity to take care of momentary obligation that will develop. According to
(Kasmir, 2018b) the industry standard, the current ratio is 2x.

The ability of a Expert opinions state that a ratio called The current ratio assesses a
company's capacity to pay off short-term debt.
According to (Sutrisno, 2013), the current ratio can be calculated using the following formula:

\[
CR = \frac{\text{current asset}}{\text{current liabilities}}
\]

Stock price
According to (Hartono, 2017), the stock price is the price of a stock that can experience
ups and downs caused by supply and demand of investors. According to (Darmadji & Fakhruddin,
2012) him, the stock price is the price on the stock exchange and can change at any given time,
this happens due to demand and supply between investors and companies. According to
(Agustindwi & Sugijanto, 2021), The price of a share is set by market administrators and is
influenced by supply and demand for shares.

Given the perspectives of analysts, it can be concluded that a company's stock price
indicates its market value and is subject to changes owing to investor supply and demand.

RESEARCH METHODS
The descriptive verification method is employed in this study, utilizing a quantitative
strategy. Without trying to draw broad conclusions, descriptive analysis' goal is to evaluate data
by summarizing or characterizing the data that has been gathered. (Sugiyono, 2016). Hypothesis
analysis is used to assess the association found by verification research between the independent
and dependent variables. (Sugiyono, 2013).

The functional definition is the worth of an article or action that has specific varieties that
not entirely settled by specialists to be contemplated.
Table 1 Operational Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Dimensions</th>
<th>Indicator</th>
<th>Measurement</th>
<th>Scale</th>
</tr>
</thead>
</table>
| Profitability Ratio (*)      | *Return on assets (X1)* | 1. Net profit  
2. Total assets | Laba bersih  
Total aktiva  x 100% | Ratio |
| Return on equity (X2)        | *Return on equity (X2)* | 1. Net profit  
2. Capital | Laba bersih  
Modal sendiri  x 100% | Ratio |
| Liquidity Ratio (**)         | *Current ratio (X3)* | 1. Current assets  
2. Current debt | Aktiva lancar  
Hutang lancar | Ratio |

Stock price (***) (Closing price) Nominal

Source: (Kasmir, 2018b)(*) (Kasmir, 2018b), (Kasmir, 2018b)(**), (Hartono, 2017)(***)

The 76 consumer goods businesses that are listed on the Indonesia Stock Exchange (IDX) throughout the 2016–2021 timeframe make up the study's population. Purposive sampling is the technique used by the researcher to choose the sample that will be utilized in this study. To choose the sample, the researcher must meet the following criteria:
1. Companies in the consumer goods category that were listed on the Indonesian stock exchange between 2016 and 2021.
2. Companies whose return on assets, return on equity, and current ratios do not experience a minus.
3. Organizations in the customer merchandise area that publish annual reports consecutively for the period 2016–2021.

Of the 76 companies, 17 companies met the criteria so that the sample for this study was 17x6 = 102 samples.

In this study, secondary data structures and time series data—that is, data that regular intervals incorporates new developments—are used. Secondary data is the result of primary data that has been processed and presented in the form of tables or diagrams (Umar, 2013). The information source in this study is the yearly monetary reports of customer merchandise area organizations for the period 2016 - 2021. Using multiple linear analyses together with partial and simultaneous hypothesis testing, the data used in this study were analyzed.

RESULTS AND DISCUSSION

Normality test
To establish normalcy, the Kolmogrov-Smirnov test was employed. The data can be regarded to be regularly distributed if their asymptotic distribution is normal. SIG. (2-ta-i result) > 0.05
Table 2 Results of the one-sample Kolmogorov-Smirnov test

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
<th>Unstandardized Residuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>60</td>
</tr>
<tr>
<td>Normal Parameters a</td>
<td>Means .0000000</td>
</tr>
<tr>
<td></td>
<td>std. Deviation 7.51073468E2</td>
</tr>
<tr>
<td>Most Extreme Differences absolute</td>
<td>096</td>
</tr>
<tr>
<td>Positive</td>
<td>096</td>
</tr>
<tr>
<td>Negative</td>
<td>-.054</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>.745</td>
</tr>
<tr>
<td>asymp. Sig. (2-tailed)</td>
<td>.636</td>
</tr>
</tbody>
</table>

a. Test distribution is Normal.

Source: Data processed by researchers, 2022

Table 2 shows the asymp.sig data (2-tailed) of 0.636, This above the significance level of 0.05 and shows that the data are distributed normally.

Multicollinearity Test

Test for multicollinearity to determine if independent variables in a research regression model are correlated (Ghozali, 2018). How much the VIF (Difference Expansion Variable) esteem and the Resilience worth can be utilized to decide if multicollinearity side effects are available. The VIF esteem 10.00 and the Resistance esteem > 0.10 are utilized to show the presence of multicollinearity side effects.
Table 3 Multicollinearity test results

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Standardized Coefficients</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized</td>
<td>Standardized</td>
<td>t</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>std. Error</td>
<td>Betas</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td></td>
<td>.105</td>
</tr>
<tr>
<td></td>
<td>23,279</td>
<td>221,418</td>
<td></td>
</tr>
<tr>
<td>Return On Assets</td>
<td>-19,824</td>
<td>34,480</td>
<td>-.107</td>
</tr>
<tr>
<td>Return On Equity</td>
<td>43,826</td>
<td>22,394</td>
<td>.294</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>542,069</td>
<td>79,364</td>
<td>.746</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Stock Price

Source: Data processed by researchers, 2022

Based on the results of the multicollinearity test, each independent variable showed a tolerance value of > 0.1 and VIF < 10.00. As a result, it may be argued that there were no indications of multicollinearity between the independent variables.

**Heteroscedasticity Test**

By analyzing the scatterplot graph between SRESID and ZPRED, heteroscedasticity testing can determine whether or not there is a particular pattern.

![Scatterplot](image)

**Figure 2 Results of the heteroscedasticity test**

Source: Data processed by researchers, 2022

Figure 1 shows Conclusion: There are no signs of Because there is no similar pattern and the dots are scattered above and below the Y-axis value 0, there is heteroscedasticity.
Autocorrelation Test

Table 4 Autocorrelation test results

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.841 a</td>
<td>.707</td>
<td>.692</td>
<td>770,929</td>
<td>1,281</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Current Ratio, Return On Equity, Return On Assets
b. Dependent Variable: Stock Price

Source: Data processed by researchers, 2022

Table 4 shows the Durbin-Watson value of 1.281, which means that it lies between -2 to 2. It can be said that the regression model can be used and that there is no autocorrelation.

Descriptive Analysis

Descriptive analysis presents and analyzes data with calculations to clarify the conditions or characteristics of each variable. In accordance with the findings of a descriptive study of the variables stock prices, return on assets, return on equity, and return on current equity. The table below displays the findings of the descriptive statistical analysis.

Table 5 Results of descriptive statistical analysis

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Means</th>
<th>std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return On Assets</td>
<td>60</td>
<td>.00</td>
<td>30.00</td>
<td>10.2833</td>
<td>7.47672</td>
</tr>
<tr>
<td>Return On Equity</td>
<td>60</td>
<td>1.00</td>
<td>38.00</td>
<td>15.9000</td>
<td>9.30773</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>60</td>
<td>1.00</td>
<td>8.00</td>
<td>2.6667</td>
<td>1.91042</td>
</tr>
<tr>
<td>Stock price</td>
<td>60</td>
<td>308</td>
<td>6800</td>
<td>1961.78</td>
<td>1388398</td>
</tr>
</tbody>
</table>

Source: Data processed by researchers, 2022

Table 5 displays the quantity of data used in this study, which included up to 60 sources from the consumer products industry. The value of the return on assets variable ranges from 0.00 to 30.00, with an average value that is 10.28 more than the standard deviation (level of data distribution) of 7.47. These findings suggest that the return on assets variable data exhibits positive trends, because the standard deviation value is bigger than the average value of the return on assets variable. The lower standard deviation value than the average value suggests that the variables have a narrow distribution or that there is not a significant enough difference between the data for the lowest and maximum return on assets.

The return on equity variable, according to table 5, has a range of values from 1 to 38, with an average value that is 15.90 more than the standard deviation (level of data distribution), which is 9.30. These findings suggest that the return on equity variable data exhibits positive trends, because the return on equity variable’s average value is higher than its standard deviation.
Indicating a narrow distribution of variables or a lack of a sufficient difference between the lowest and highest return on equity statistics, the standard deviation findings are lower than the average value.

The current ratio variable, according to Table 5, has a range of values from 1.00 to 8.00, with an average value that is 2.66 more than the standard deviation (degree of data distribution), which is 1.91. These outcomes suggest that the current ratio variable data exhibits positive outcomes. because the current ratio variable's average value is higher than its standard deviation. The fact that the standard deviation number is less than the average value suggests that the variables have a narrow distribution or that the difference between the lowest and highest current ratio data is not sufficiently large.

**Multiple Linear Regression Analysis**

**Table 6. Multiple linear regression test results**

<table>
<thead>
<tr>
<th>Coefficients a</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Stock Price

Source: Data processed by researchers, 2022

It is possible to deduce from the equation for multiple linear regression that the impact of return on assets on stock prices has a coefficient value of X 1 of -19.824. This demonstrates that the return on assets variable will drop by 1 if the other independent variables remain constant. The stock price variable then falls by -19.824 as well. The coefficient value of X 2 for Return on equity and stock prices have a 43.826 correlation. This demonstrates that the return on equity variable will rise by 1 if the other independent variables remain constant. The stock price variable then rises by 43.826 as well. The current ratio's impact on stock prices has an X3 coefficient of 542.069. This demonstrates that the current ratio variable will rise by 1 if the other independent variables remain unchanged. The stock price variable then rises by 542.069 as well.

**Hypothesis test**

**Partial Testing (t test)**

partial influence of return on assets, return on equity and current ratio on share prices, a partial test is carried out ( t test ).
Table 7 Results of Partial Test Effect

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized Coefficients</td>
<td>Standardized Coefficients</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>23,279</td>
<td>221,418</td>
<td>.105</td>
<td>.917</td>
</tr>
<tr>
<td>Return On Assets</td>
<td>-19,824</td>
<td>34,480</td>
<td>-.107</td>
<td>-.575</td>
</tr>
<tr>
<td>Return On Equity</td>
<td>43,826</td>
<td>22,394</td>
<td>.294</td>
<td>1957</td>
</tr>
<tr>
<td>Current Ratio</td>
<td>542,069</td>
<td>79,364</td>
<td>.746</td>
<td>6,830</td>
</tr>
</tbody>
</table>

Effect of Return on Assets on Stock Prices

It may be inferred from Table 6 that According to the outcomes of the partial test (t test) between stock prices and the variable return on assets display t count t table, H0 is accepted and Ha is denied which are - 0.575 2.003 and a significance (Sig) of 0.568 > 0.05. The test's findings demonstrate that the stock prices of organizations in the purchaser items area recorded on the Indonesian Stock Trade between 2016 and 2021 are not partially impacted by return on assets.

The eventual outcomes of this study are as per past assessment drove by (Bati & Hilmiatus, 2020), (Tahir et al., 2021a), and (Khasanah & Suselo, 2021) those who say the return on assets has no effect on stock prices. This can happen because investors use technical analysis, such as looking at stock price movements, rather than fundamental analysis, such as looking at financial conditions through the company's financial ratios, one of which is the return on assets.

The consequences of this study go against past exploration directed by (Mulyaningsih, 2019), (Dewi & Suwarno, 2022), and (Akbar, 2021) which said return on assets had an effect on stock prices. Which means if the return on assets increases, the stock price also increases. Companies that have a good return on assets will make investors interested in investing in these companies, this will increase the stock price of these companies.

Effect of Return On Equity on Stock Prices

Based on table 6 the results of the partial test (t test) between return on equity variables on stock prices shows t count < t table, namely 1.957 < 2.003 and H o is approved while Ha is refused based on a significance (Sig) of 0.055 > 0.05. The test's findings indicate that the share prices of From 2016 through 2021, companies in the consumer products industry listed on the Indonesian Stock Exchange are not affected in part by return on equity.

The results of this research are consistent with earlier investigations made by (Apriani & Situngkir, 2021), (Dewi & Suwarno, 2022), and (Khasanah & Suselo, 2021) which asserted that stock prices are independent the return on equity. This can happen because investors use technical analysis, such as looking at stock price movements, rather than fundamental analysis, such as looking at financial conditions through financial ratios of the industry, return on equity being one of them.

The findings of this study conflict with earlier studies completed by (Bati & Hilmiatus, 2020), (Tahir et al., 2021b), and (Tidiana & Et.al, 2018) which claimed stock prices are impacted by return on equity. Consequently, if the return on equity rises, the stock price will
follow suit. Companies that have a good *return on equity* will make investors interested in investing in these companies, this will increase the stock price of these companies.

**The Effect of Current Ratio on Stock Prices**

The partial test (t test) results are shown in Table 6 between the *current ratio variables* to stock prices shows $t_{\text{count}} > t_{\text{table}}$, namely $6.830 > 2.003$ and $H_0$ is disregarded while $H_a$ is accepted, according to a level of significance (Sig) of 0.000 0.05. The test findings show that the share prices of companies in the consumer products sector that were listed on the Indonesian Stock Exchange between 2016 and 2021 are not significantly impacted by the current ratio.

The results of this research are consistent with earlier investigations made by (Anggadini & Damayanti, 2021), (Apriani & Situngkir, 2021), and (Nur’aeni & Manda, 2021) which said the *current ratio* has an effect on stock prices. Which means if the *current ratio* increases, the stock price also increases. Companies with a high current ratio will draw money from investors to invest in them, this will increase the stock price of these companies.

The results of this investigation conflict with those of previous research by (Agustindwi & Sugijanto, 2021), (Firmansyah & Maharani, 2021), and (Mario et al., 2020) which claimed that stock prices are unaffected by the current ratio. This can happen because investors use technical analysis, such as looking at stock price movements, rather than fundamental analysis, such as looking at financial conditions through the firm’s financial metrics, including the *current ratio*. 

**Simultaneous Hypothesis Test (Test F)**

Table 8 Simultaneous test results (F test)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>MeanSquare</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>8.045E7</td>
<td>3</td>
<td>2.682E7</td>
<td>45.120</td>
<td>.000&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>residual</td>
<td>3.328E7</td>
<td>56</td>
<td>594331.606</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1.137E8</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Data processed by researchers, 2022

Table 8 indicates Based on the estimated F value $> F_{\text{table}}$ of 45.120 $> 2.77$ Considering a significant value (sig) of 0.000 0.05, it can be determined that $H_0$ is rejected and $H_a$ is approved. The test results demonstrate that current ratio, return on equity, and return on assets all affect the share prices of consumer products companies listed on the Indonesian Stock Exchange between 2016 and 2021.

The study's findings are consistent with previously investigations made by (Khasanah & Suselo, 2021), (Arihta et al., 2020), and (Mulyaningsih, 2019) which said *return on assets*, *return on equity*, and *current ratios* have a significant effect on stock prices. Which means if the *return on assets*, *return on equity*, and the *current ratio* increase, the stock price will also increase.

The findings of this study conflict with those of earlier research by (Worotikan et al., 2021) and (Sari & Hikmah, 2020) which asserted that stock prices were unaffected by current ratios, return on equity, and return on assets. As a result, the stock price won't increase even if the current ratio, return on equity, and return on assets all do.
CONCLUSION

According to the research's findings, the profitability ratio, which is represented by In contrast to the liquidity ratio, which is represented by the current ratio, return on assets and return on equity have a little impact on the stock prices of consumer goods sector companies listed on the Indonesian stock exchange for the 2016–2021 timeframe. For the years 2016 to 2021, The profitability ratio, The stock prices of consumer goods sector businesses listed on the Indonesian stock exchange are influenced by the profitability ratio, as defined by return on assets and return on equity, and the liquidity ratio, as determined by the current ratio.

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