

THE EFFECT OF CURRENT RATIO, DEBT TO EQUITY RATIO, NET PROFIT MARGIN AND TOTAL ASSETS TURNOVER ON STOCK PRICES IN FOOD AND BEVERAGE SUB-SECTOR COMPANIES LISTED ON THE IDX IN THE 2019-2023 PERIOD

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ABSTRACT

The purpose of this study is to determine and analyze the partial effect of the Current Ratio on Stock Prices; to determine and analyze the partial effect of the Debt to Equity Ratio on Stock Prices; to determine and analyze the effect of the Net Profit Margin on Stock Prices; to determine and analyze the effect of the Total Asset Turnover on Stock Prices; and to determine and analyze the simultaneous effect of the Current Ratio, Debt to Equity Ratio, Net Profit Margin, and Total Asset Turnover on Stock Prices. This study uses a quantitative approach. The population consists of all financial reports of Food and Beverage Sub-Sector Companies listed on the Indonesia Stock Exchange (IDX) for the period 2019–2023. The sampling technique used is purposive sampling or judgment sampling. The analytical technique applied is multiple linear regression and panel data regression using Eviews 12 software. The results of this study indicate that the Current Ratio (CR) partially has no significant effect on Stock Prices. The Debt to Equity Ratio (DER) partially has a negative and significant effect on Stock Prices. The Net Profit Margin (NPM) partially has a positive and significant effect on Stock Prices. The Total Asset Turnover (TATO) partially has no significant effect on Stock Prices. However, simultaneously, CR, DER, NPM, and TATO together have a significant effect on Stock Prices.

Keywords: *Current Ratio, Debt to Equity Ratio, Net Profit Margin, Total Assets Turnover, Food and Beverage Sub Sector*

INTRODUCTION

Companies in Indonesia are beginning to recognize the importance of investors. The higher a company's stock price, the greater the shareholders' prosperity and the greater the company's value. The annual financial reports of companies listed on the capital market are crucial for validating their performance assessments. Food and beverage companies listed on the Indonesia Stock Exchange (IDX) play a vital role in supporting the national economy. However, in recent

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years, these companies' financial performance has fluctuated due to various factors, such as changes in raw material prices, market competition, inflation, and consumer spending dynamics.

Tabel 1.1
Data Inflasi Tahunan Indonesia

Tahun	Inflasi (%)
2019	2,72%
2020	1,68%
2021	1,87%
2022	5,51%
2023	2,61%

Sumber Badan Pusat Statistik, 2023

Based on Indonesia's annual inflation data from 2019 to 2023, fluctuations reflect national economic conditions that also impact company performance, including those in the food and beverage sub-sector listed on the IDX. In 2019, inflation was recorded at 2.72%, then decreased significantly in 2020 and 2021 to 1.68% and 1.87%, respectively, due to the impact of the COVID-19 pandemic, which suppressed economic activity and public purchasing power. However, inflation jumped sharply to 5.51% in 2022 in line with rising global energy and food prices. In 2023, inflation fell again to 2.61% as the economy began to recover.

This inflationary condition can affect the company's financial ratios such as Current Ratio (CR), Debt to Equity Ratio (DER), and Net Profit Margin (NPM). During times of high inflation, operating costs tend to increase, which can put pressure on profit margins (NPM) and liquidity (CR), especially if the company experiences difficulty adjusting selling prices. On the other hand, companies may increase their use of debt to maintain cash flow, potentially increasing the DER.

A company's financial performance can be evaluated through financial reports prepared each period. According to Kasmir (2016), financial reports provide information about a company's financial condition at a specific point in time, including assets, liabilities, equity, and profits. Analysis of these reports allows for business evaluation, decision-making, identification of strengths and weaknesses,

and performance comparisons with similar companies. According to Fahmi (2016:136), stock prices are an important indicator reflecting market perception of a company's value. Stock prices are influenced by various factors, including a company's financial performance, as reflected in its financial reports. Therefore, understanding financial reports is crucial for investors to make informed investment decisions. The following table shows: CR, DER NPM, TATO and Stock prices of companies in the Food and Beverage Sub-Sector listed on the IDX for the 2019-2023 period.

Problem Formulation

Based on the phenomena and research background, the results are as follows:

1. Is it Current Ratio influence on stock prices?
2. Is it Debt to Equity Ratio influence on stock prices?
3. Is it Net Profit Margin influence on stock prices?
4. Is it Current Ratio, Debt To Equity Ratio And Net Profit Margin together affect the stock price?

Research purposes

The purpose of this research is to:

1. To find out and analyze the influence Current Ratio partially on Stock Price.
2. To find out and analyze Debt to Equity Ratio partially on Stock Price.
3. To find out and analyze the influence Net Profit Margin to the Stock Price.
4. To find out and analyze the influence Current Ratio, Debt To Equity Ratio And Net Profit Margin in a way simultaneously on Stock Prices.

LITERATURE REVIEW

1. Capital Structure Policy

According to Weston and Brigham (2010) "Capital structure is the proportion of long-term debt, preferred stock, and equity in a company's long-term financial structure." According to Kasmir (2010) "Capital structure is the comparison between total long-term debt and equity, which reflects the company's policy in funding its operational and investment activities."

2. Stock Price

According to Jogiyanto (in Hutapea 2017), share price is the price of a share on the stock exchange at a specific time, determined by market participants and determined by the supply and demand for the shares in question in the capital

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market. Share price refers to the value of the share itself. Shareholders will receive a return on their capital in the form of dividends and capital gain

3. Current Ratio (CR)

According to Untung (2016:58), current measures the company's ability to utilize current assets to meet short-term obligations that must be paid immediately.

Current Ratio is a ratio that is often used to assess a company's liquidity, namely its ability to meet short-term obligations without experiencing financial constraints (Harahap, 2016:301).

4. Capital Structure

Capital structure is the comparison between external capital in the form of debt (debt) with own capital (equity) (Weygandt, et al. 2019). According to Dewi and Wirama (2017), capital structure refers to the proportion of a company's funding sources in the form of equity and debt, where the company must determine a combination of capital structures that can optimize the company's value. Capital structure is very important because the financial stability and risk of bankruptcy of a company depend on the sources of financing and the types and quantities of various assets it owns.

5. Net Profit Margin (NPM)

Net Profit MarginNet Profit Margin (NPM) is a ratio that measures the relationship between net profit after tax and total sales, reflecting the percentage of revenue that remains after deducting operating expenses, interest, and taxes. NPM indicates how much profit a company earns from each unit of sales. The higher the NPM, the more efficient the company's performance, which in turn increases investor confidence and can increase stock prices. Companies with a high NPM are considered to be performing well, while an increase in NPM can also attract more investors, as it reflects higher profit potential (Rahmani, 2019).

6. Stocks

Fahmi (2016:79) explains that stocks, as a means of obtaining additional funds, have spurred the development of stock-related studies and analysis, both from a fundamental and technical perspective. Various literature offers

recommendations with a similar goal: to maximize shareholder profits and ensure sustainable decision impact.

Framework of thinking

Based on theoretical studies and previous researchers, the following framework of thought was chosen:

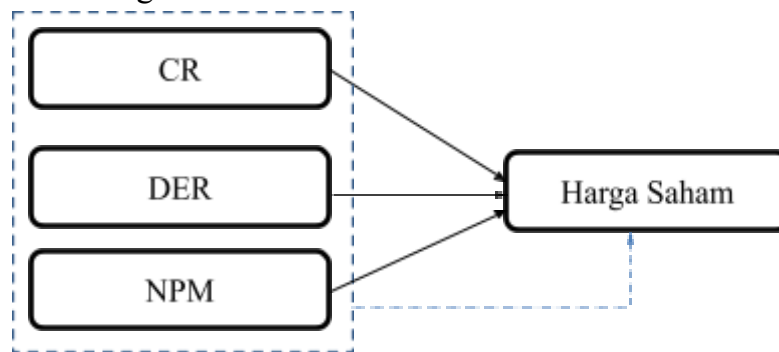


Figure 1 Research thinking framework

Hypothesis

Based on the formulation of the problem and the framework of thought put forward, the hypothesis proposed by the author is:

H1: There is an influence Current Ratio to the Stock Price.

H2: There is an influence from Debt to Equity Ratio to the Stock Price.

H3: There is an influence Net Profit Margin to the Stock Price.

H4: There is an influence Current Ratio, Debt to Equity And Net Profit Margin simultaneously on Stock Prices

METHODS

This research uses a quantitative approach. Quantitative research is a method for testing certain theories by examining the relationships between variables. Sugiyono (2018) explains that quantitative research methods interpret data in the form of numbers and analyze it using statistics. Data collection uses research instruments, and data analysis is carried out in published reports with the aim of testing predetermined hypotheses. In this study, the influence of each variable will

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be tested. The variables to be tested are: influence Current Ratio, Debt to Equity, Net Profit Margin And Total Asset Turnover on the Stock Price.

- Operational Variables

Table 2
Operational Variables

No	Variables	Operational Definition	Indicator	Scale
1.	X ₁ (Current Ratio)	The current ratio is the ratio of current assets to short-term liabilities (current liabilities). This ratio is a measure of liquidity (short-term solvency).	$CR = \frac{\text{Current asset}}{\text{Current Liabilities}} \times 100\%$ Source: Hery (2016:152)	Ratio
2.	X ₂ (Debt to Equity Ratio)	The debt ratio is used to measure the comparison between total debt and total equity.	$THE = \frac{\text{Total Debt}}{\text{Equity}} \times 100\%$ Source: Harahap (2016:158)	Ratio
3.	X ₃ (Net Profit Margin)	This ratio describes the amount of net profit obtained by the company from each sale made.	$NPM = \frac{\text{Net profit}}{\text{Net sales}} \times 100\%$ Source: Kasmir (2018:201)	Ratio
4.	AND (Stock Price)	Stock price is the selling value of a share in the market which is determined by supply and demand, and is influenced by company performance and market conditions.	Closing stock price Source: Widiatmojo (Rohmah, et al. 2017)	Ratio

- Population and Sample

Sugiyono (2019:126) explains that population is a generalization area consisting of objects or subjects that have certain quantities and characteristics determined by the researcher to be studied and then conclusions drawn. In this study, the population used was all reports. Financial Statements of Food and Beverage Sub-Sector Companies Listed on the IDX for the 2019-2023 Period.

According to Sugiyono (2018:120), "A sample is the number and characteristics possessed by the population." Meanwhile, according to Arikunto (2020:131), "A sample is a portion or representative of the population being studied." The sampling of this study uses purposive sampling or judgement sampling.

Table 3
Sample Selection Data

Criteria	Violate	Amount
Food and Beverage Sub-Sector Companies Listed on the IDX in 2019-2023.		44
Food and Beverage Sub-Sector Companies that published financial reports on the Indonesia Stock Exchange for 2019-2023.	(15)	29
Food and Beverage Sub-Sector Companies that submit their data completely according to the required information.	(16)	13
Food and Beverage Sub-Sector Companies that did not experience losses in 2019-2023.	(0)	13
Food and Beverage Sub-Sector Companies that use the Rupiah currency in 2019-2023.	(1)	12
Amount	12	
Number of data (N) (12 x 5)	60	

Data Collection Methods used are Literature Study, Financial Reports, Journal-Journals and Documents.

RESULTS AND DISCUSSIONS

The food and beverage sub-sector in Indonesia is part of the manufacturing industry, producing various consumer products, from processed foods and soft drinks to ready-to-drink packaged products. This sector plays a strategic

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role. deepeconomy because the demand for food and beverage products is constant and tends to increase along with population growth and changes in people's lifestyles.

RESULTS

The descriptive statistics table shows all research variables used in the panel data regression analysis model, namely variable Y as the dependent/bound variable, namely Stock Price, and variable X as the independent/free variable, which consists of CR, DER, NPM and TATO.

Based on the results of descriptive statistics, the variables Current Ratio (CR) has an average value (mean) of 3.43, which shows that in general the sample company has the ability to pay current liabilities of 3.43 times its current assets. maximum CR reached 13.31, indicating a company with very high liquidity, while the maximum of 1.27 indicates a company with relatively low liquidity. Meanwhile, the value-standard deviation of 2.85 indicates that there is considerable variation or difference between companies in terms of their ability to meet their short-term obligations..

Based on the results of descriptive statistics, the variables Debt to Equity Ratio (THE) has an average value (mean) as big as 0,6026, which shows that in general the sample companies have a relatively moderate proportion of debt to equity. The maximum DER value reaches 1,2560, reflecting companies with a high level of leverage highest in the sample, while the minimum value is 0,1217 indicates the existence of companies with very low debt usage. The standard deviation is 0,3374 indicates that there is a fairly moderate variation in DER levels between companies in the food and beverage sub-sector in Indonesia during the study period.

Table 4
Descriptive Statistics of Research Variables

	CR_X1	DER_X2	HRG_SHM_ Y	NPM_X3
Mean	3.430668	0.602609	2778.200	0.106025

Median	2.522461	0.566077	1310.000	0.085648
Maximum	13.30906	1.256014	11150.00	0.384235
Minimum	1.272071	0.121670	157.0000	0.000455
Std. Dev.	2.850489	0.337492	3179.969	0.083558
Observations	60	60	60	60

Source: Processed data (2024)

Based on the results of descriptive statistics, the variable Net Profit Margin (NPM) has a value mean of 0.106025, which indicates that the average net profit level of food and beverage sub-sector companies during the research period was in the range of 10.6% of sales. The maximum NPM of 0.384235 indicates a company's best performance in generating net profit, while the value minimum of 0.000455 reflects the presence of a company with very low net profit. Meanwhile, the standard deviation A value of 0.083558 indicates moderate variation between companies in their ability to generate net profit. This finding suggests that although the sector's profitability is generally good, performance differences between companies are still quite significant.

Based on the results of descriptive statistics, the variable Total Asset Turnover (TATO) has an average value (mean) of 1.067224 with a maximum value of 1.952818 and a minimum value of 0.445778. The median value is 1.084143, indicating that most companies have stock prices relatively lower than the average. The standard deviation of 0.397834 indicates differences in asset utilization efficiency between companies, but not too extreme. Overall, these statistics illustrate that most companies in the sample are at a moderate to fairly good level of efficiency in utilizing all assets to generate income, although there are still performance gaps between companies.

Based on the results of descriptive statistics, the stock price variable has an average value (mean) of 2,778.20 with a maximum value of 11,150 and a minimum value of 157. The median value is 1,310, indicating that most companies have stock prices relatively lower than the average. The standard deviation of 3,179.97 indicates a significant variation in stock prices between companies in the study sample. This reflects differences in market performance of each food and beverage sub-sector company listed on the IDX.

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a. Selection of Regression Model

The summary of the panel data regression method selection test is as follows:

Table 5
Panel Data Regression Method Selection Test

Test	Test results	Selected model
Uji Chow	$0.000 < 0.05$	fixed effect
Hausman test	$0.006 < 0.05$	Random Effect
TestLagrange Multiplier	$0.000 < 0.05$	Random Effect

Source: Data Processed by Researchers, 2025

a. Multiple Linear Regression Model

The method used for regression in this study is the multiple linear regression method, where according to Kutner et. al (2014), the method that can be used to estimate the parameters of a simple linear regression model or a multiple linear regression model is the least squares method (Ordinary Least Square/OLS) and the maximum likelihood method (Maximum Likelihood Estimation/MLE). The multiple linear regression test is used to determine the magnitude of the influence of an independent variable on the related variable. The following is a multiple linear regression test for the variables CR and DER. and NPM Against Stock Prices using the normal method on software Eviews 12.

Table 6
Multiple Linear Regression Test

Dependent Variable: HRG_SHM_Y

	Coefficient			
Variable	t	Std. Error	t-Statistic	Prob.

C	1473.916	946.5952	1.557071	0.1265
CR_X1	242.6098	131.1833	1.849396	0.0710
DER_X2	-2286.535	952.0042	-2.401812	0.0205
NPM_X3	17447.39	4063.117	4.294089	0.0001

Source: Data processed by Eviews 12.0

Based on the results of processing the Eviews 12 data above, the regression equation is as follows:

$$Y = 1473.916 + 242.6098X_1 - 2286.535X_2 + 17447.39X_3$$

- 1) The constant value of 1473.916 means that if CR(X_1), DER(X_2) and NPM(X_3) then the value of the Share Price (Y) is 1473.916.
- 2) The value of the variable regression coefficient CR (X_1) of 242.6098, meaning that every increase CR (X_1) by 1 unit, it will increase the Stock Price (Y) by 242.6098.
- 3) The value of the variable regression coefficient THE (X_2) of -2286.535 means that every increase THE (X_2) by 1 unit, it will reduce the Stock Price (Y) by -2286.535.
- 4) The value of the variable regression coefficient NPM (X_3) of 0.005751 means that every increase NPM (X_3) by 1 unit, it will increase the Stock Price (Y) by 0.005751.

Hypothesis Testing

1). Partial Test (t)

Table 7.

Dependent Variable: HRG_SHM_Y

Variable	Coefficien			
	t	Std. Error	t-Statistic	Prob.

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C	1473.916	946.5952	1.557071	0.1265
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DER_X2	-2286.535	952.0042	-2.401812	0.0205
NPM_X3	17447.39	4063.117	4.294089	0.0001

Source: Data processed by Eviews 12.0

H_{a1} : Influence CR on Stock Price, the calculated t is $1.849396 < t$ table 2.000, so H_{a1} is rejected, H_{o1} is accepted with a value of Sign. $0.071 > 0.05$ = So it can be concluded that the variable CR(X1) partially has no effect and is not significant on the Stock Price variable (Y).

H_{a2} : Influence DER on the stock price, the calculated t is $-2.401812 > t$ table 2.000, so H_{a2} is accepted, H_{o2} is rejected with a value of Sign. $0.020 < 0.05$ = So it can be concluded that the variable DER (X2) partially has a negative and significant effect on the Stock Price variable (Y).

H_{a3} : Influence NPM on stock prices, the calculated t is $4.294089 > t$ table 2.000, so H_{a3} is accepted. H_{o3} is rejected with a Sign Value of $0.000 < 0.05$ = So it can be concluded that the variable NPM(X3) has a partial and significant influence on the Stock Price variable (Y).

2). F Test (Simultaneous)

The simultaneous influence test (F) is used to determine whether the independent variables jointly or simultaneously influence the dependent variable.

Table 8
Simultaneous F Test

Root MSE	839.4497	R-squared	0.929133
Mean dependent variable	2778.200	Adjusted R-squared	0.907086
S.D. dependent var	3179.969	S.E. of regression	969.3130
Akaike info criterion	16.80337	Sum squared resid	5

			-489.101
Schwarz criterion	17.32696	Log likelihood	1
Hannan-Quinn			
criter.	17.00817	F-statistic	42.14244
Durbin-Watson stat	1.220347	Prob(F-statistic)	0.000000

Source: Data processed by Eviews 12.0

Based on the table above, it appears that the calculated F in this research model is 42.14244. From the results of taking the F table of 2.53, the calculated F is $42.14244 > F \text{ table } 2.53$ with a Prob f of $0.000 < \text{with a sign level of } 0.05$, it can be said that $0.000 < 0.05$, with this it can be concluded that the variable CR, DER And NPM jointly influence the Stock Price variable.

a. Coefficient of Determination Test

The coefficient of determination test is often used to see how much influence each independent variable has on the dependent variable. The range of the R-Square value is between 0 and 1 ($0 < \text{R-Square} < 1$). This coefficient of determination test can be seen in the table below:

Table 9
Coefficient of Determination Test

Root MSE	839.4497	R-squared	0.929133
Mean dependent variable	2778.200	Adjusted R-squared	0.907086
S.D. dependent var	3179.969	S.E. of regression	969.3130
Akaike info criterion	16.80337	Sum squared resid	5
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Source: Data processed by Eviews 12.0

Based on the table above, it can be concluded that the R-squared is 0.929 or 92.9%, meaning the influence of the variable CR, DER And NPM on Stock Prices by 92.9% and the remaining 7.1% is influenced by variables outside this study.

DISCUSSIONS

1. There is no influence of CR on the stock price.

Based on the results of the t-test of the variables CR(X1) partially has no effect and is not significant on the Stock Price variable (Y). CRt count $1.849396 < t$ table 2.000 then H_{a1} is rejected H_{01} is accepted with a value of Sign. As much as $0.071 > 0.05$. Based on these results, in line with research conducted by Rita Satria (2021), the results obtained partially show that the Current Ratio has no effect on stock prices.

According to Kasmir (2018), a CR that is too high can actually indicate an excess of idle or underutilized current assets, thus not significantly contributing to increasing the company's value or share price. In this context, investors may view a high CR as a sign that the company is inefficient in managing its assets, thus not directly driving share price increases.

Based on these results, this indicates that a company's liquidity level, as measured by comparing current assets to current liabilities, is not a primary factor investors consider when assessing the stock prices of companies in the food and beverage sub-sector. Capital market investors generally focus more on indicators directly related to a company's profit-generating ability, growth prospects, and dividend distribution, rather than solely on liquidity measures.

2. There is an Influence of DER on Stock Prices

Based on the results of the t-test of the variables DER (X2) partially has a negative and significant effect on the Stock Price variable (Y). DER t count $-2.401812 > t$ table 2.000 then H_{a2} is accepted H_{02} is rejected with a value of Sign. As much as $0.020 < 0.05$.

Based on these results, in line with research conducted by Dian Indah Sari (2020), the Debt to Equity Ratio (X2) variable has a negative and insignificant effect on the Stock Price (Y) variable.

According to Kasmir (2018), a high DER ratio indicates that a company is financed more by creditors than by shareholders. This condition can reduce investor confidence because the company's net profit can be eroded by interest costs, which in turn reduces dividends. In the capital market, the increased perception of risk due to excessive debt often triggers a sell-off in shares, which depresses share prices.

Based on these results, the negative relationship between DER and stock prices reflects investors' preference for companies with healthy capital structures and manageable debt burdens. This is particularly relevant in the food and beverage subsector, which faces intense competition and fluctuating profit margins. Therefore, this study's findings confirm that prudent capital structure management, by maintaining DER at an optimal level, is crucial for maintaining investor confidence and maintaining stock price stability.

3. There is an Influence of NPM on Stock Prices

Based on the results of the t-test of the variables NPM(X3) has a partial and significant influence on the Stock Price variable (Y). NPM t count $4.294089 > t$ table 2.000 then H_{a3} is accepted H_{03} is rejected with a Sign Value of $0.000 < 0.05$.

Based on these results, in line with research conducted by Mira Widya Yuliani, Trisnia Widuri, Heru Sutapa (2023), Net Profit Margin has a positive and significant effect on Stock Prices in cement sub-sector holding companies listed on the Indonesia Stock Exchange for the 2014-2022 period.

According to Kasmir (2018), a high NPM indicates a company's ability to manage its operations effectively, maximize revenue, and minimize expenses. This condition is generally considered a fundamentally sound indicator and has the potential to boost investor confidence. In the capital market context, investors tend to view companies with high profit margins as competitive and growth-promoting, thus increasing demand for shares and driving up share prices.

Based on these results, it is known that profitability is closely related to company value because high profits can be allocated for dividends or reinvestment, both of which benefit shareholders. Therefore, an increase in NPM is often a positive trigger for the market. In the food and beverage sector, which is highly competitive but has a large market, the ability to maintain or increase profit margins is a significant determinant in attracting investor interest. This explains why NPM was shown to significantly influence stock prices in this study.

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4. There is a combined influence of CR, DER and NPM on stock prices

Based on the results of the t-test of the variables CR, DER and NPM jointly influence the Stock Price variable. The calculated F in this research model is 42.14244. From the results of taking the F table of 2.53, the calculated F is $42.14244 > F \text{ table } 2.53$ with a Prob f of $0.000 < \text{with a sign level of } 0.05$, it can be said that $0.000 < 0.05$.

Based on these results, in line with research conducted by Mira Widya Yuliani, Trisnia Widuri, Heru Sutapa (2023) Current Ratio, Debt to Equity Ratio and Net Profit Margin simultaneously have a significant effect on Stock Prices in cement sub-sector holding companies listed on the Indonesia Stock Exchange for the period 2014 – 2022.

According to Kasmir (2018), CR indicates a company's ability to meet its short-term obligations, DER measures the proportion of funding from debt to equity, while NPM illustrates a company's efficiency in generating net income from sales. When analyzed together, these three indicators can reflect a company's ability to maintain liquidity, manage financial risk, and generate profits, all of which are important considerations for investors in the capital market.

Based on these results, it is known that investors tend to assess a company's prospects holistically, rather than solely based on one specific aspect. Therefore, although any one ratio may not significantly impact stock prices, the combination of CR, DER, and NPM can provide a stronger signal regarding company value. This suggests that the relationship between financial performance and stock prices is multidimensional, where the interaction between financial ratios can strengthen their influence on market response. These findings indicate that balanced management of liquidity, capital structure, and profitability is key to maintaining and increasing stock value in the eyes of investors.

CONCLUSION

Based on the results of the research conducted, the following conclusions can be drawn:

1. CR partially has no effect and is not significant on the Stock Price variable.
2. THE partially has a negative and significant effect on the Stock Price variable.

3. NPM partially and significantly influences the Stock Price variable.
4. CR, THE and NPM jointly influence the Stock Price variable.

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