THE EFFECT OF CURRENT RATIO (CR), RETURN ON ASSETS (ROA), AND DEBT TO EQUITY RATIO (DER) ON STOCK PRICES IN ENERGY SECTOR COMPANIES LISTED ON JII 70 FOR THE PERIOD 2019 – 2023

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Abstract: This study investigates the effect of Current Ratio (CR), Return On Assets (ROA), and Debt to Equity Ratio (DER) on the share price of energy sector companies listed on the Jakarta Islamic Index 70 (JII 70) in the 2019-2023 period. Using a quantitative approach, this study used purposive sampling to analyze companies that consistently published audited financial statements during the specified period. The main tool used is Eviews 12 software. The research findings reveal that while CR and DER have no significant impact on stock prices, ROA shows a significant positive influence. Collectively, the three independent variables significantly influenced stock prices, indicating that profitability is an important determinant of investor interest. This analysis suggests that energy companies should prioritize increasing ROA through operational efficiency and strategic debt management to increase investor confidence. Further research is recommended to include additional independent variables, such as Earnings Per Share (EPS) or Book Value Per Share, to strengthen the predictive power of the model and explore a broader industry context.

INTRODUCTION

The capital market plays an important role in a country's economy as a means for companies to obtain funds from investors and for investors to invest. One of the popular investment instruments in the capital market is stocks. Stock prices are an important indicator for investors in making investment decisions (Brigham, EF, & Houston, 2019).

Stock price is one of the important indicators that reflects the condition and performance of a company in the capital market. The price of shares listed on the stock exchange at a certain time is determined by market players through the mechanism of supply and demand. Generally,

stock prices in the market reflect the performance of the company. Increased investor demand for certain shares will drive up the price of those shares. The better the company's performance in gaining profits, the higher its reputation in the eyes of investors (Purwaningtyas, 2019).

In various studies conducted by several researchers, there are different but interrelated focuses on the relationship between stock prices and various company performance variables and economic conditions. Research conducted by Arifa et al., (2024) examines how stock prices affect Return On Assets (ROA), Inflation, and the Rupiah Exchange Rate, aiming to understand the interaction between company performance and macroeconomic variables. And another study conducted by Rahmadewi & Abundanti, (2018) investigated the relationship between stock prices and various performance indicators such as Earning per Share (EPS), Current Ratio (CR), Return on Equity (ROE), and Price Earning Ratio (PER), providing a broader perspective on market valuation of company performance. Through these studies, the complexity of the relationship between stock prices and various aspects of company performance, as well as their impact on overall economic stability, can be understood.

Research conducted by Nurhidaya et al., (2024) examines the effect of Liquidity on Stock Prices, focusing on how stock price fluctuations can affect a company's ability to meet its short-term obligations and obtain results. Liquidity affects Stock Prices. Meanwhile, research by Kartiko Aji & Mauludi AC, (2021) also links stock prices with financial indicators such as Liquidity, Profitability, and Solvency, but the results are no effect. Therefore, this study will use Stock Price as the dependent variable.

The differences in the research results indicate the need for further research on stock prices. Therefore, this study aims to analyze stock prices in companies listed on the Indonesia Stock Exchange. The researcher chose the Current Ratio (CR) variable, for the independent variable and added independent variables with Return On Assets and Debt to Equity Ratio. This study will be conducted to determine the effect of Current Ratio on Stock Price, Return On Assets on Stock Price, Debt to Equity Ratio on Stock Price.

Current Ratio (CR) is a company's liquidity ratio used to consider in determining dividend obligations. Because for companies, dividends are cash outflows, where the greater the company's overall cash position and liquidity, the greater the company's ability to pay dividends (Wartono, 2018). Current Ratio is useful for determining how strong a company is in paying off short-term debt and for measuring how capable current assets are to cover its current liabilities. One of the studies conducted by Nurhidaya et al., (2024) in his research he stated that there is a positive and significant influence of the Current Ratio on the company's

stock price . And supported by research from Novalddin et al., (2020) which states that the Current Ratio (CR) has a significant positive effect on Stock Prices, this is due to Because the higher Current Ratio company shows the taller also the company's ability For finish his obligation so that for investors feel safe For investing capital in the company will increase the price share of the company that has a Current Ratio that high. This is in contrast to Verawati et al., (2024) who stated that the current ratio has no effect on stock prices.

Return on Assets (ROA) is one of the profitability ratios in financial statement analysis, this ratio is most often highlighted, because it is able to show the success of the company in generating profits (Wartono, 2018). ROA is able to measure the company's ability to generate profits in the past to then be projected in the future. Return On Assets or ROA can also be called Return on Investment, because Return On Assets determines the investment made in order to return the targeted profit. One of the studies conducted by Kartiko Aji & Mauludi AC, (2021) which states that Return On Assets does not have a significant effect on Stock Prices. And research from Alaagam, (2019) states that Return On Assets has no significant relationship to Stock Prices. While research conducted by Arifa et al., (2024) in his research, he stated that Return On Assets (ROA) has a significant effect on stock prices. And in line with the research of Putri & Septianti, (2020) which states that Return On Assets (ROA) has a positive and significant effect on stock prices.

Debt to Equity Ratio (DER) is a type of solvency ratio or leverage ratio that functions to measure the extent to which a company's assets are financed by debt (Wartono, 2018). Debt to Equity Ratio is useful in assessing how much money is guaranteed by debt. Arison, (2019) in his research to put forward Debt to equity ratio has an effect on stock prices because DER can measure the ability of a company to fulfill debt obligations. And the latest research findings from Ibrahim & Bala, (2017) that the debt to equity ratio (DER) has a significant influence on stock prices. The company's price share will be your maximum m if the company can reduce costs using various types of funding sources. Therefore, companies must collaborate between their own capital with external funding sources that will reduce capital costs of the company into the most appropriate proportion, which will then increase the price of company shares. This is in contrast to a study conducted by Verawati et al., (2024) which stated that the Debt to Equity Ratio has no impact on stock prices, but its analysis shows a beneficial impact.

A pandemic phenomenon that has hit the world since early 2020 has had a significant impact on various economic sectors, including the energy sector in Indonesia. This study aims to explore how this global health crisis affects the stock prices of energy companies listed on

the Indonesia Stock Exchange, especially stocks included in the Jakar ta Islamic Index 70 between 2019 and 2023, as well as to understand changes in investor behavior amidst uncertainty . market certainty. The IDX Energy Sector Index fell by 40% in March 2020. Companies such as PT Adaro Energy Tbk (ADRO) and PT Bukit Asam Tbk (PTBA) experienced severe pressure due to the decline in domestic and global energy demand. (OJK, 2021). And the fluctuation of global coal prices between 2019 and 2023 has a significant impact on the stock prices of coal mining companies listed on the Indonesia Stock Exchange (IDX). Companies such as PT Indo Tambangraya Megah Tbk (ITMG) have experienced sharp fluctuations in their stock prices, reflecting changes in coal prices and export policies issued by the government. (Ministry of Energy and Mineral Resources, 2023).

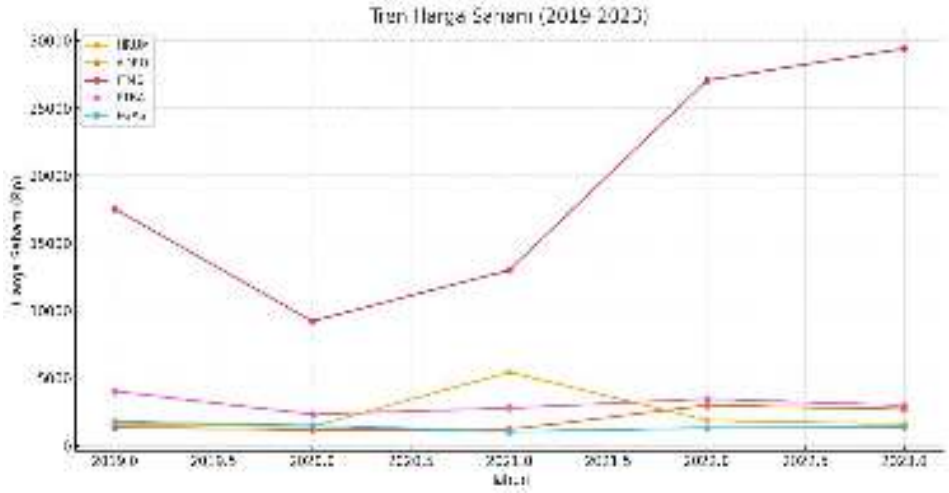

Figure 1: stock price trend

The object of research in this study is a company involved in the energy sector listed on the Jakarta Islamic Index 70 (JII 70). The researcher chose observations from 2019-2023, because the researcher believes that within a period of 5 years the results obtained will be more effective and specific. Therefore, the researcher took the title "The Effect of Current Ratio (CR), Return On Assets (ROA), and Debt to Equity Ratio (DER) on Stock Prices in Energy Sector Companies Listed on JII 70 for the Period 2019 - 2023".

RESEARCH METHODS

This study uses a quantitative approach to test the effect of Current Ratio, Return on Assets, and Debt to Equity Ratio on Stock Prices. The objects of this study are energy sector companies listed on the Jakarta Islamic Index 70 (JII 70) during the 2019-2023 period. This study uses the Purposive Sampling technique with the criteria of companies that publish complete and consecutive audited annual financial reports during the 2019-2023 period. The

main materials of this study are financial reports and stock price data of sample companies. The main tool used is Eviews 12 software. The study was conducted by taking secondary data from the Indonesia Stock Exchange (IDX) and the official websites of sample companies. Data was collected using the documentation method, namely collecting secondary data in the form of financial reports and stock prices from official sources such as the IDX website (www.idx.co.id) and the websites of sample companies. Operational Definition of Variables in this study: Dependent Variable is Stock Price with the indicator of the closing stock price at the end of the year and Independent Variables include Current Ratio (CR), Return on Assets (ROA), Debt to Equity Ratio (DER). The analysis techniques used for hypothesis testing include: Descriptive statistical analysis, Selection of panel data regression models (Common Effect, Fixed Effect, or Random Effect), Classical assumption tests (normality, multicollinearity, heteroscedasticity, autocorrelation), Panel data regression analysis, Hypothesis testing (t-test, F-test, and coefficient of determination) (Winarno, 2017).

RESULTS AND DISCUSSION

A. Descriptive Statistical Analysis

	X1	X2	X3	Y
Mean	2.199333	9.449778	1.094667	3696.267
Median	1.840000	5.240000	0.900000	1475.000
Maximum	10.07000	45.45000	5.400000	39025.00
Minimum	0.350000	0.000000	0.100000	50,00000
Std. Dev.	1.799801	9.356374	0.982029	7421.248

Table 1: processed with eviews

Based on the calculation results above, it is known that the average Stock Price (variable Y) of the 45 data is 3696.267, with the highest value of 39025.00 and the lowest value of 1475.000. Furthermore, the independent variables that will be studied for their effect on Stock Price are (CR) as X1, (ROA) as X2 and (DER) as X3. Descriptive data on variable For descriptive data , variable While for descriptive data, variable

B. Model Selection Test

1. Chow Test Results

Redundant Fixed Effects Tests

Equation: Untitled
Cross-section fixed effects test

Effects Test	Statistics	df	Prob.
Cross-section F	19.730150	(8.33)	0.0000
Cross-section Chi-square	78.972035	8	0.0000

Table 2: processed with eviews

Based on the chouw test table above, both prob values are 0.0000 < 0.05. So the selected model in stating the regression equation is the Fixed Effect Model (FEM) model.

2. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Cross-section random effects test

Test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob.
Random cross section	1.786542	3	0.6179

Table 3: processed with eviews

Based on the Hausman test table above, the probability value is 0.6179 > 0.05. So the selected model in stating the regression equation is the Random Effect Model (REM) model.

3. Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects
Null hypothesis: No effects
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided
(all others) alternatives

	Hypothesis Testing		
	Cross section	Time	Both
Breusch Pagan	46.05826 (0.0000)	0.856688 (0.3547)	46.91494 (0.0000)
Honda	6.786623 (0.0000)	-0.925574 (0.8227)	4.144388 (0.0000)
King Wu	6.786623 (0.0000)	-0.925574 (0.8227)	3.162531 (0.0008)
Standardized Honda	8.112762 (0.0000)	-0.663223 (0.7464)	2.187800 (0.0143)
Standardized King Wu	8.112762 (0.0000)	-0.663223 (0.7464)	1.134452 (0.1283)
Gourieroux, et al.	--	--	46.05826 (0.0000)

Table 4: processed with eviews

Based on the Lagrange multiplier test table above, the probability value is 0.0000 < 0.05. So the selected model in stating the regression equation is the Random Effect Model (REM) model.

C. Classical assumption test

1. Multicollinearity Test

	X1	X2	X3
X1	1	0.2024501356000656	-0.4156212742505551
X2	0.2024501356000656	1	-0.4150164285679777
X3	-0.4156212742505551	-0.4150164285679777	1

Table 5: processed with eviews

The results of the table show that the correlation coefficient between X1 and X2 is 0.2024501356000656 < 0.9, the correlation between X1 and This ensures that the

regression model does not have data redundancy problems between independent variables.

2. Normality Test

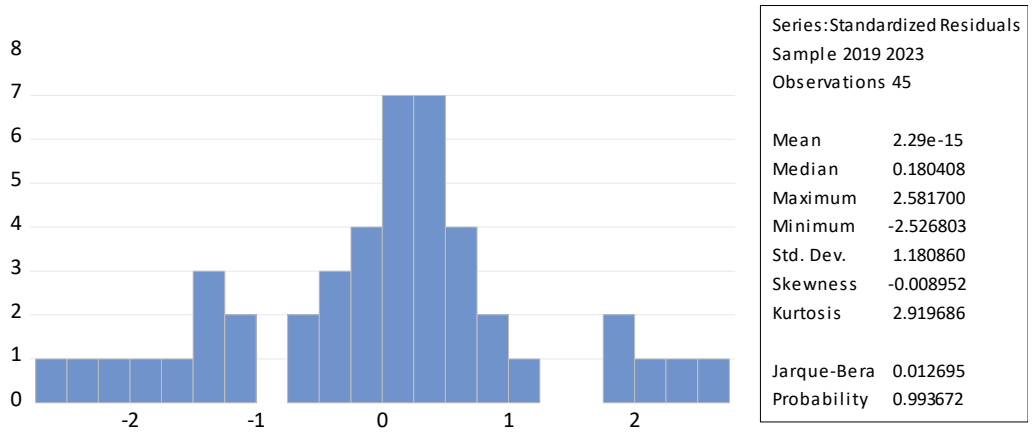

Table 6: processed with eviews

Based on the table above, it can be concluded that the Jarque Bera Probability value shows 0.993672 > 0.05, which means that in this study the results of the data normality test are normally distributed.

D. Panel Data Regression Equation

$$Y = -1032.167 + 329.9232*X1 + 396.2982 *X2 + 235.5897 *X3$$

The explanation is as follows:

1. The constant value of 1032.167 means that if the variables CR (X1), ROA (X2), and DER (X3) remain one unit on average, then the Stock Price variable (Y) will experience an increase of 1032.167.
2. the coefficient value of the CR variable (X1) is positive at 329.9232, which means that if the X1 variable increases by one unit, the Y variable will also increase by 329.9232.
3. The regression coefficient value of the ROA variable (X2) is positive at 396.2982, which means that if the X2 variable increases by one unit, the Y variable will also increase by 396.2982.
4. The regression coefficient value of the ROA variable (X3) is positive at 235.5897, which means that if the X2 variable increases by one unit, the Y variable will also increase by 235.5897.

E. Hypothesis Testing

1. T-Test Results

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 11/17/24 Time: 22:49
Sample: 2019 2023
Periods included: 5
Cross-sections included: 9
Total panel (balanced) observations: 45
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1032.167	2235.174	-0.461784	0.6467
X1	329.9232	292.7227	1.127085	0.2663
X2	396.2982	56.80256	6.976767	0.0000
X3	235.5897	614.5047	0.383381	0.7034

Table 7: processed with eviews

The partial influence of independent variables on dependent variables is as follows:

a. The results of the t-test on the CR variable (X1) obtained a calculated t value of 1.127085 < t table, namely 2.0166922 and a sig. value of 0.2663 > 0.05, meaning that the CR variable does not have a significant effect on the Energy Sector Stock Price. This strengthens the research of Verawati et al., (2024) which states that the current ratio does not affect stock prices. However, it is different from the research of Nurhidaya et al., (2024) in his research he stated that there is a positive and significant influence of the Current Ratio on the company's stock price. And Novalddin et al., (2020) which states that the Current Ratio (CR) has a significant positive effect on Stock Prices.

b. The results of the t-test on the ROA variable (X2) obtained a calculated t value of 6.976767 > t table, which is 2.068658 and a sig. value of 0.0000 < 0.05, meaning that the ROA variable has a significant effect on the Energy Sector Stock Price. This strengthens the research of Arifa et al., (2024) that Return On Assets (ROA) has a significant effect on stock prices. And research by Putri & Septianti, (2020) which states that Return On Assets

(ROA) has a positive and significant effect on stock prices. However, it is different from the research of Kartiko Aji & Mauludi AC, (2021) which states that Return On Assets does not have a significant effect on Stock Prices and research by Alaagam, (2019) that Return On Assets has no significant relationship to Stock Prices.

c. The results of the t-test on the DER variable (X3) obtained a calculated t value of 0.383381 < t table, which is 2.068658 and a sig. value of 0.7034 > 0.05, meaning that the DER variable does not have a significant effect on the Energy Sector Stock Price. This strengthens the research of Arifa et al., (2024) that Return On Assets (ROA) has a significant effect on stock prices. And research by Putri & Septianti, (2020) which states that Return On Assets (ROA) has a positive and significant effect on stock prices. However, it is different from Arison's research, (2019) that the debt to equity ratio has an effect on stock prices. And Ibrahim & Bala, (2017) that the debt to equity ratio (DER) has a significant effect on stock prices.

2. F Test

	1
R-squared	0.555717
Adjusted R-squared	0.523209
SE of regression	2478.430
F-statistic	17.09451
Prob(F-statistic)	0.000000

Table 8: processed with eviews

The calculated F value is 17.09451 > F table 2.83274713 and the sig. value is 0.000000 < 0.05, meaning that the CR, ROA, and DER variables simultaneously have a significant effect on the Energy Sector Stock Price.

3. Determination Coefficient Test (R^2)

	1
R-squared	0.555717
Adjusted R-squared	0.523209
SE of regression	2478.430
F-statistic	17.09451
Prob(F-statistic)	0.000000

Table 9: processed with eviews

The adjusted R squared value is 0.523209 or 52.3209%. The coefficient of determination value shows that the independent variables consisting of CR, ROA, and DER are able to explain the Stock Price by 52.3209% while the remaining 47.6791% is explained by other variables not included in this research model.

CONCLUSIONS AND RECOMMENDATIONS

Based on the research results in this study related to the Effect of Current Ratio (CR), Return On Assets (ROA), and Debt to Equity Ratio (DER) on Stock Prices in Energy Sector Companies Listed on JII 70 for the 2019-2023 Period. The results showed that CR and DER did not have a significant effect on stock prices, while ROA had a significant effect. And simultaneously, the three independent variables Current Ratio (CR), Return On Assets (ROA), and Debt to Equity Ratio (DER) have a significant effect on stock prices. This finding underscores the importance of company profitability as a key indicator influencing investor interest.

From these results, the author suggests that companies in the energy sector should focus on increasing ROA by maximizing operational efficiency and asset management, managing debt composition strategically so that the Debt to Equity Ratio does not burden the company's performance, thereby increasing investor confidence, maintaining sufficient liquidity to support short-term financial stability without sacrificing investment growth potential. And for further research, the author suggests adding independent variables such as Earnings Per Share (EPS) or Book Value Per Share (BVPS) to increase the predictive power of the model, expanding the scope of industrial sectors and stock indices or conducting cross-country analysis to see the variation in the effects of financial variables on stock prices.

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