

The Effect of Current Ratio, Debt-to-Equity Ratio, and Return on Assets on Stock Prices of Food and Beverage Companies Listed on the Indonesia Stock Exchange (IDX) 2022-2024

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Abstract

This study examines the effect of the Current Ratio (CR), Debt-to-Equity Ratio (DER), and Return on Assets (ROA) on the stock prices of food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the 2022–2024 period. Using a quantitative approach and multiple linear regression analysis, the study analyzed 32 companies selected through purposive sampling from a population of 68 firms. The results indicate that all three financial ratios have a significant effect on stock prices. Partially, the Current Ratio significantly influences stock prices ($p = 0.001$), suggesting that a stronger liquidity position increases investor confidence. Return on Assets also has a significant effect ($p = 0.002$), indicating that higher profitability contributes positively to stock valuation. Likewise, the Debt-to-Equity Ratio significantly affects stock prices ($p = 0.004$), reflecting the importance of capital structure in investors' assessments. Simultaneously, CR, DER, and ROA jointly have a significant effect on stock prices ($p = 0.030$), demonstrating that liquidity, profitability, and leverage collectively influence market valuation. These findings provide empirical evidence that financial performance indicators play an important role in determining stock prices in the food and beverage sector. The study offers practical implications for investors in evaluating investment opportunities and for corporate managers in improving financial performance to enhance firm value. Overall, maintaining sound liquidity, profitability, and capital structure is essential for supporting favorable stock price performance and attracting investor interest in the capital market.

Keywords: *Current Ratio, Debt to Equity Ratio, Return on Assets, Stock Price, Food and Beverage Companies*

Introduction

The capital market plays a strategic role in modern financial systems by facilitating the efficient allocation of financial resources between investors and companies seeking funding for business expansion and operational activities. Through this mechanism, capital markets contribute to economic growth, employment creation, and financial stability. Stocks are among the most popular investment instruments because they represent ownership rights and provide opportunities for capital gains and dividends. Consequently, stock prices are often used as indicators of firm value, investor confidence, and overall market performance (Purnamasari, 2025).

Stock price movements are influenced by both macroeconomic and firm-specific factors (Marpaung & Pangestuti, 2024; Jayatri & Soma, 2025). Macroeconomic conditions such as inflation, exchange rates, interest rates, and economic growth affect investor behavior and market sentiment, while firm-specific factors reflect the company's operational and financial performance (Marpaung & Pangestuti, 2024; Jayatri & Soma, 2025). Investors generally rely on

financial statements to assess corporate performance through financial ratio analysis (Febriani et al., 2024). Financial ratios provide important information regarding liquidity, solvency, profitability, and operational efficiency, which are essential considerations in investment decision-making (Lisdiana et al., 2025; Rahman et al., 2025).

Among the financial ratios frequently used by investors are the Current Ratio (CR), Debt-to-Equity Ratio (DER), and Return on Assets (ROA) (Maradiana et al., 2026). The Current Ratio measures a company's ability to meet its short-term obligations using current assets and serves as an indicator of liquidity strength (Ilham et al., 2025). The Debt-to-Equity Ratio reflects the proportion of debt financing relative to shareholders' equity and is commonly used to evaluate financial risk and capital structure (Irwan et al., 2024). Meanwhile, Return on Assets measures a company's ability to generate profits from its total assets and reflects managerial efficiency in utilizing company resources (Laia & Sianipar, 2023).

The relationship between financial performance and stock prices can be explained through signaling theory (Connelly et al., 2023). According to this theory, information disclosed by companies serves as a signal that helps investors evaluate future prospects and firm performance (Connelly et al., 2023). Positive financial indicators such as strong liquidity and profitability tend to attract investors and increase stock prices, while unfavorable financial conditions may reduce investor confidence and negatively affect market valuation (Utami & Darmawan, 2021). In addition, agency theory suggests that financial performance indicators are used by shareholders to monitor managerial effectiveness in maximizing firm value and shareholder wealth (Alareeni & Hamdan, 2020).

In Indonesia, the food and beverage manufacturing subsector represents one of the most important sectors in the national economy. The industry contributes significantly to economic growth and remains relatively resilient during economic fluctuations because its products fulfill basic consumer needs. Despite its defensive characteristics, stock prices within the sector continue to experience fluctuations due to changes in company performance, investor sentiment, and macroeconomic conditions (Akhmad & Marsuni, 2019; Abdullah & Muchran, 2026).

The post-pandemic period has introduced new challenges and opportunities for companies operating in the food and beverage industry. Changes in consumer behavior, supply chain disruptions, rising production costs, and inflationary pressures have affected business performance and investment decisions. At the same time, economic recovery has created opportunities for firms capable of maintaining strong financial performance and operational efficiency. Consequently, investors increasingly pay attention to financial indicators when evaluating investment opportunities in this sector (Agustin et al., 2022; Purnamasari, 2025).

Previous studies investigating the relationship between financial ratios and stock prices have produced inconsistent findings. Current Ratio, Debt-to-Equity Ratio, Return on Assets, and Return on Equity significantly affect stock prices in food and beverage companies listed on the Indonesia Stock Exchange (Darmarani et al., 2023). Similarly, that CR, DER, and ROA significantly influence stock prices in food and beverage firms. Apriani and Situngkir (2024) also found that liquidity-related financial ratios positively affect stock prices (Sariyanto, 2023).

Other studies have reported different results. That Debt-to-Equity Ratio has a significant effect on stock prices in manufacturing companies (Irwan et al., 2024). whereas that profitability, particularly Return on Assets, is a stronger determinant of stock prices than other financial indicators (Laia & Sianipar, 2023). Further confirmed that profitability indicators significantly

influence stock prices, highlighting the importance of earnings performance in investor decision-making (Pawulandari & Nurasik, 2024). Meanwhile found varying effects of liquidity and leverage ratios on stock prices among companies included in the LQ45 index (Zulkarnain et al., 2023).

More recent studies continue to show inconsistent findings. That Current Ratio and Debt-to-Equity Ratio significantly affect stock prices in healthcare companies (Komalasari & Syarif, 2025). In contrast, that Return on Assets significantly influences stock prices, while Debt-to-Equity Ratio does not (Syafar et al., 2025). Similarly, concluded that the effects of CR, DER, and ROA on stock prices vary across industrial sectors (Yusuf et al., 2023). Also emphasized that financial performance indicators affect firm value and stock prices differently depending on industry characteristics and market conditions (Hendra et al., 2025).

These inconsistent findings indicate the existence of an empirical gap regarding the influence of liquidity, leverage, and profitability on stock prices. Furthermore, many previous studies relied on data collected before or during the COVID-19 pandemic, limiting their ability to explain current market dynamics. Research focusing specifically on food and beverage manufacturing companies during the post-pandemic period remains relatively limited, despite the sector's strategic importance and unique characteristics.

This study seeks to analyze the effect of Current Ratio (CR), Debt-to-Equity Ratio (DER), and Return on Assets (ROA) on the stock prices of food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the 2022–2024 period. The novelty of this study lies in three aspects. First, it utilizes recent post-pandemic data reflecting current economic conditions. Second, it focuses specifically on the food and beverage manufacturing subsector, which remains underexplored in recent literature. Third, it simultaneously examines liquidity, leverage, and profitability variables to provide a more comprehensive explanation of stock price determinants. The findings are expected to contribute to the development of financial management and capital market literature while providing practical insights for investors, managers, and policymakers.

Method

This study employs a quantitative research design to examine the effect of financial performance on stock prices. A quantitative approach is considered appropriate because the objective of this study is to test hypotheses and analyze the causal relationship between independent variables namely Current Ratio (CR), Debt to Equity Ratio (DER), and Return on Assets (ROA) and the dependent variable, namely stock price. The research adopts an explanatory research design, aiming to identify and measure the magnitude of influence among variables using statistical techniques. This design is suitable for answering the research questions because it allows objective measurement, hypothesis testing, and generalization based on numerical data derived from company financial statements.

The population of this study consists of all manufacturing companies in the food and beverage subsector listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. Initially, the population includes 68 companies. However, not all companies meet the criteria required for analysis; therefore, a purposive sampling technique is applied to determine the final sample. The sampling criteria are as follows: (1) companies consistently listed on the IDX during the 2022–2024 period; (2) companies publishing complete annual financial statements throughout the observation period; (3) companies providing complete data related to CR, DER, ROA, and annual closing stock prices; and (4) companies not experiencing suspension or delisting during the study period. Based on these criteria, 32 companies are selected as the

research sample, resulting in 96 firm-year observations over three years. The purposive sampling technique ensures that the selected data are relevant, complete, and reliable for analysis.

The data used in this research are secondary data obtained from publicly accessible sources. Financial statement data are collected from the official website of the Indonesia Stock Exchange at [Indonesia Stock Exchange](#) and supported by company annual reports. The data include balance sheets, income statements, and annual closing stock prices required to calculate the research variables. Data collection is conducted using documentation techniques, in which financial information is systematically collected, recorded, classified, and analyzed according to the research objectives. In addition, literature studies are conducted to strengthen the theoretical framework and support the interpretation of empirical findings. The use of secondary data enhances the objectivity and replicability of the study because all data sources are publicly available and verifiable.

The variables in this study are operationalized based on established financial concepts and formulas. The Current Ratio (CR) is measured by comparing current assets with current liabilities to indicate the firm's liquidity capability in meeting short-term obligations. The Debt to Equity Ratio (DER) is calculated by dividing total debt by total equity, reflecting the degree of leverage and financial risk borne by the company. Return on Assets (ROA) is measured as net income divided by total assets, indicating the firm's efficiency in generating profits from its assets. Meanwhile, stock price is measured using the annual closing stock price of each company listed on the Indonesia Stock Exchange. All variables are measured quantitatively to ensure consistency, comparability, and accuracy across all observations.

To ensure the validity and reliability of the research instrument and data processing procedures, expert validation was conducted prior to data analysis. The validation process involved academic experts in financial management and capital market studies who evaluated the appropriateness of the research variables, operational definitions, analytical procedures, and data collection techniques. The validation assessment focused on the relevance, clarity, and suitability of the research indicators with the objectives of the study. The expert validation results were quantified using a Likert scale ranging from 1 to 5, where 1 indicated "very inappropriate" and 5 indicated "very appropriate." The validity score was calculated using the following formula:

$$\text{Validity Percentage} = \frac{\text{Total Score Obtained}}{\text{Maximum Score}} \times 100\%$$

The interpretation criteria for validity were categorized as follows: 81–100% = very valid, 61–80% = valid, 41–60% = moderately valid, 21–40% = less valid, and below 20% = invalid. Based on expert evaluations, the research instrument achieved a validity level within the "valid" category, indicating that the variables and analytical framework were appropriate for further analysis. The feasibility and practicality of the research procedures were also evaluated to ensure that the data collection and analytical processes could be effectively implemented.

Feasibility assessment was conducted by examining the accessibility of financial reports, data completeness, and compatibility of the selected variables with the research objectives. Practicality testing referred to the ease of applying the analytical procedures and the consistency of data processing using SPSS software. The practicality score was calculated using the formula:

$$\text{Practicality Percentage} = \frac{\text{Total Practicality Score}}{\text{Maximum Score}} \times 100\%$$

The practicality categories were determined as follows: 81–100% = very practical, 61–80% = practical, 41–60% = sufficiently practical, 21–40% = less practical, and below 20% = impractical. The research procedures were classified as “practical” because the data collection process, variable measurements, and statistical analyses could be conducted systematically and efficiently. Furthermore, effectiveness testing was carried out to evaluate whether the analytical model used in this study effectively explained the relationship between financial performance and stock prices.

The effectiveness level was measured using the coefficient of determination (R^2) and the significance of the regression model obtained from hypothesis testing. The effectiveness percentage was interpreted using the following criteria: 81–100% = very effective, 61–80% = effective, 41–60% = moderately effective, 21–40% = less effective, and below 20% = ineffective. A model was considered effective if the independent variables significantly explained the variation in stock prices and produced statistically significant results at the 5% significance level.

Data analysis in this study was conducted using Statistical Package for the Social Sciences (SPSS) software and involved several stages. First, descriptive statistical analysis was performed to provide an overview of the data distribution, including minimum, maximum, mean, and standard deviation values for each variable. This analysis helps describe the characteristics of the data and identify potential irregularities. Second, classical assumption tests were conducted to ensure that the regression model met the required statistical assumptions. These tests included normality testing using the Kolmogorov–Smirnov test to determine whether residuals were normally distributed, multicollinearity testing using the Variance Inflation Factor (VIF) to identify correlations among independent variables, heteroscedasticity testing using the Park test to examine variance consistency, and autocorrelation testing to assess the independence of residuals across observations.

After the classical assumptions were fulfilled, multiple linear regression analysis was applied to examine the simultaneous and partial effects of CR, DER, and ROA on stock prices. The regression model is formulated as follows:

$$Y = \alpha + \beta_1 CR + \beta_2 DER + \beta_3 ROA + \varepsilon$$

where Y represents stock price, α is the constant term, β_1 , β_2 , and β_3 are regression coefficients, and ε represents the error term. This model allows the researcher to estimate the extent to which each financial ratio affects stock prices while controlling for the influence of other variables. The coefficient of determination (R^2) was used to measure the explanatory power of the regression model, indicating the proportion of variation in stock prices explained by the independent variables. Hypothesis testing was conducted using t-tests to determine the partial effect of each independent variable and F-tests to examine the simultaneous effect of all independent variables. The significance level applied in this study was 5% ($\alpha=0.05$).

A hypothesis was accepted if the significance value (p-value) was less than 0.05, indicating a statistically significant effect. Overall, the research procedures were systematically designed to ensure validity, practicality, effectiveness, reliability, and replicability. The selected research design, sampling technique, data sources, validation procedures, feasibility assessments, and

statistical analyses provide a robust methodological framework for examining the relationship between financial ratios and stock prices in food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the 2022–2024 period.

Results

Descriptive Statistics

This section presents the results of descriptive statistical analysis for all variables used in this study, namely Current Ratio (CR), Debt to Equity Ratio (DER), Return on Assets (ROA), and Stock Price. Descriptive statistics provide an overview of the data distribution, including the minimum, maximum, mean, and standard deviation values for each variable.

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Current Ratio	96	0.56	13.40	2.4404	2.24215
Debt to Equity Ratio	96	0.01	4.94	0.6074	0.69057
Return on Assets	96	0.00	0.26	0.0769	0.05683
Stock Price	96	2.02	11107.00	2113.2194	2942.59203
Valid N (listwise)	96				

The dataset consists of 96 observations. The Current Ratio ranges from 0.56 to 13.40, with an average value of 2.4404 and a standard deviation of 2.24215. The Debt to Equity Ratio has a minimum value of 0.01 and a maximum of 4.94, with a mean of 0.6074 and a standard deviation of 0.69057. Return on Assets ranges between 0.00 and 0.26, with a mean of 0.0769 and a standard deviation of 0.05683. Meanwhile, stock prices show substantial variation, ranging from 2.02 to 11107.00, with an average value of 2113.2194 and a standard deviation of 2942.59203.

Classical Assumption Tests

Normality Test

The normality test is conducted to examine whether the residuals of the regression model are normally distributed. The Kolmogorov-Smirnov (K-S) test is applied as a non-parametric statistical method.

Table 2. One-Sample Kolmogorov-Smirnov Test

Statistic	Value
N	96
Test Statistic	0.269
Asymp. Sig. (2-tailed)	0.200

The test results show that the Asymp. Sig. (2-tailed) value is 0.200, which is greater than the significance level of 0.05. In addition to statistical testing, graphical analysis is also used to assess normality.

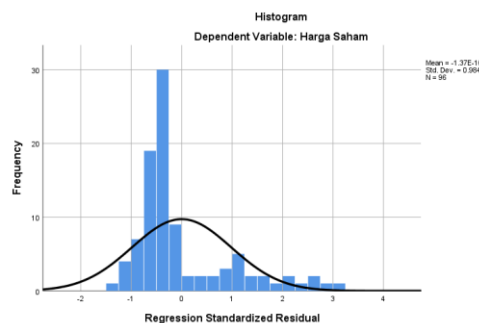


Figure 1. Histogram and P-P Plot

The histogram graph shows a bell-shaped distribution, while the P-P Plot indicates that the data points are distributed along the diagonal line.

Multicollinearity Test

The multicollinearity test is performed to determine whether there is a high correlation among independent variables. The test uses tolerance and Variance Inflation Factor (VIF) values.

Table 3. Multicollinearity Test Results

Variable	Tolerance	VIF
Current Ratio	0.892	1.121
Debt to Equity Ratio	0.796	1.257
Return on Assets	0.830	1.205

The multicollinearity test results in Table 3 evaluate whether there is a high correlation among the independent variables in the regression model. Based on the results, all variables—Current Ratio (CR), Debt to Equity Ratio (DER), and Return on Assets (ROA)—have tolerance values above 0.10 and VIF values below 10. Specifically, CR has a tolerance of 0.892 and VIF of 1.121, DER has 0.796 and 1.257, and ROA has 0.830 and 1.205. These values indicate that there is no multicollinearity problem in the model. Thus, the independent variables are not highly correlated and are suitable for regression analysis.

Heteroscedasticity Test

The heteroscedasticity test examines whether the variance of residuals is constant across observations. The test is conducted using both statistical output and scatterplot analysis.

Table 4. Heteroscedasticity Test Results

Variable	Sig.
Current Ratio	0.245
Debt to Equity Ratio	0.624
Return on Assets	0.118

The heteroscedasticity test results in Table 4 are used to determine whether the variance of residuals remains constant across observations. Based on the statistical results, the significance values for Current Ratio (0.245), Debt to Equity Ratio (0.624), and Return on Assets (0.118) are all greater than 0.05. This indicates that there is no heteroscedasticity problem in the regression model.

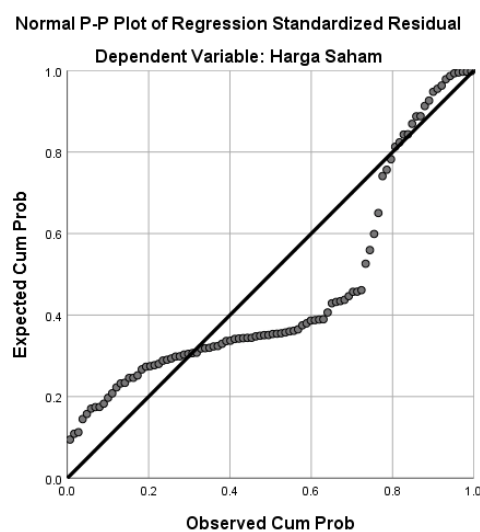


Figure 2. Scatterplot of Residuals

The scatterplot in Figure 2 supports this finding, as the residuals are randomly distributed and do not form any clear or systematic pattern. The points are spread above and below the zero line, confirming homoscedasticity. Therefore, the model satisfies the assumption of constant variance and is appropriate for further analysis.

Autocorrelation Test

The autocorrelation test is conducted using the Durbin-Watson statistic.

Table 5. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error	Durbin-Watson
1	0.823	0.873	0.843	2878.36773	1.760

The autocorrelation test results in Table 5 are evaluated using the Durbin-Watson statistic to determine whether there is correlation among residuals in the regression model. The obtained Durbin-Watson value is 1.760, which lies within the acceptable range of 1 to 3. This indicates that there is no autocorrelation problem in the model. In other words, the residuals are independent from one observation to another, meaning that past errors do not influence current errors. Therefore, the regression model meets the assumption of no autocorrelation and can be considered reliable for further statistical analysis and hypothesis testing.

Hypothesis Testing

Partial Test (t-test)

The t-test is used to examine the individual effect of each independent variable on the dependent variable.

Table 6. Partial Test Results (t-test)

Variable	t-value	Sig.
Current Ratio	5.393	0.001
Debt to Equity Ratio	4.161	0.002
Return on Assets	5.854	0.004

The partial test (t-test) results in Table 6 assess the individual impact of each independent variable on stock prices. The findings show that Current Ratio (CR) has a t-value of 5.393 with a significance level of 0.001, Debt to Equity Ratio (DER) has a t-value of 4.161 with a significance level of 0.002, and Return on Assets (ROA) has a t-value of 5.854 with a significance level of 0.004. Since all significance values are below 0.05, each variable has a statistically significant effect on stock prices. This indicates that CR, DER, and ROA individually influence stock price variations.

Simultaneous Test (F-test)

The F-test is conducted to evaluate the joint effect of all independent variables on the dependent variable.

Table 7. Simultaneous Test Results (F-test)

Source	F	Sig.
Regression	2.499	0.030

The simultaneous test (F-test) results in Table 7 evaluate whether all independent variables jointly affect the dependent variable, namely stock price. The F value obtained is 2.499 with a significance level of 0.030. Since the significance value is less than 0.05, it indicates that the regression model is statistically significant. This means that Current Ratio (CR), Debt to Equity Ratio (DER), and Return on Assets (ROA) simultaneously have a significant effect on stock

prices. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted. These results confirm that the independent variables collectively contribute to explaining variations in stock prices.

Multiple Linear Regression Analysis

The regression analysis is conducted to estimate the relationship between independent variables (CR, DER, ROA) and the dependent variable (Stock Price).

Table 8. Multiple Linear Regression Results

Variable	Coefficient (B)	Std. Error	t	Sig.
Constant	779.403	760.093	1.025	0.000
Current Ratio	194.175	139.440	5.393	0.001
Debt to Equity Ratio	77.308	479.359	4.161	0.002
Return on Assets	10573.770	5703.738	5.854	0.004

Based on the regression output, the estimated model is expressed as:

$$Y = 779.403 + 194.175(\text{CR}) + 77.308(\text{DER}) + 10573.770(\text{ROA}) + \varepsilon$$

The multiple linear regression results in Table 8 show the relationship between Current Ratio (CR), Debt to Equity Ratio (DER), Return on Assets (ROA), and stock prices. The estimated regression equation indicates that all independent variables have positive coefficients, meaning that increases in CR, DER, and ROA are associated with increases in stock prices. The constant value of 779.403 represents the expected stock price when all independent variables are equal to zero. The coefficient of CR (194.175) suggests that a one-unit increase in CR leads to an increase in stock price by 194.175 units, holding other variables constant. Similarly, DER has a coefficient of 77.308, indicating a positive contribution to stock prices. ROA shows the largest coefficient (10573.770), implying that profitability has the strongest influence on stock price changes. All variables are statistically significant, as indicated by significance values below 0.05. This confirms that CR, DER, and ROA significantly affect stock prices.

Coefficient of Determination (R²)

The coefficient of determination is used to measure the explanatory power of the regression model.

Table 9. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error
1	0.823	0.873	0.843	2878.36773

The coefficient of determination (R²) in Table 9 shows the model's ability to explain variations in stock prices. The R value of 0.823 indicates a strong relationship between the independent variables and stock prices. The R Square value of 0.873 means that 87.3% of stock price variation is explained by the model. Meanwhile, the Adjusted R Square of 0.843 indicates that 84.3% of the variation is explained after adjusting for the number of variables. The remaining 15.7% is influenced by other factors outside the model. The standard error of 2878.36773 reflects the average prediction error of the regression model.

Discussion

The Effect of Current Ratio on Stock Prices

The results of the partial hypothesis test indicate that the Current Ratio (CR) has a positive and statistically significant effect on stock prices. This finding suggests that companies with higher liquidity levels tend to attract greater investor confidence, resulting in higher stock prices.

Liquidity reflects a company's ability to meet its short-term obligations using current assets and serves as an important indicator of financial stability. Investors generally perceive firms with strong liquidity positions as having lower financial risk and greater operational flexibility, which positively influences market valuation.

From the perspective of signaling theory, liquidity serves as a positive signal regarding a firm's financial health and its ability to sustain operations under uncertain economic conditions. A high Current Ratio indicates that the company possesses sufficient resources to meet short-term liabilities, thereby reducing the probability of financial distress and increasing investor confidence (Komalasari & Syarif, 2025). This finding is particularly relevant in the post-pandemic environment, where investors tend to prioritize firms with strong liquidity due to heightened economic uncertainty and market volatility (Agustin et al., 2022).

The results of this study are consistent with previous empirical findings. Darmarani et al. (2023) found that the Current Ratio significantly affects stock prices in food and beverage companies listed on the Indonesia Stock Exchange. Similarly, Sariyanto (2023) reported that firms with stronger liquidity tend to achieve higher stock valuations. Apriani and Situngkir (2024) also concluded that liquidity-related financial ratios positively influence stock prices because they reduce investor concerns regarding short-term financial risk. Therefore, the findings confirm that liquidity remains an important consideration for investors when evaluating stock investment opportunities in the food and beverage sector (Darmarani et al., 2023; Sariyanto, 2023; Apriani & Situngkir, 2024).

From a managerial perspective, these findings imply that companies should maintain effective working capital management by optimizing cash, receivables, and inventory levels. Strong liquidity not only supports operational continuity but also enhances investor confidence and contributes to higher market valuation (Gitman & Zutter, 2015; Kasmir, 2019a).

The Effect of Debt to Equity Ratio on Stock Prices

The results indicate that the Debt-to-Equity Ratio (DER) influences stock prices, suggesting that capital structure remains an important aspect considered by investors in evaluating company performance. DER reflects the proportion of debt financing relative to shareholders' equity and is commonly used to assess financial risk and long-term solvency. A higher DER generally indicates greater financial leverage, which may increase both growth opportunities and financial risk depending on how debt is utilized by management.

According to trade-off theory, debt financing may provide tax benefits and support business expansion; however, excessive debt can increase the risk of financial distress and reduce investor confidence. Therefore, investors often evaluate whether a company's leverage level remains within an optimal range and is supported by sufficient profitability and cash flow generation (Myers, 1984; Ross et al., 2019).

The findings of this study are consistent with those reported by Irwan et al. (2024), who found that DER significantly affects stock prices among manufacturing companies listed on the Indonesia Stock Exchange. Likewise, that leverage plays an important role in shaping investor perceptions regarding firm value (Komalasari & Syarif, 2025). However, previous studies have also reported inconsistent results. That DER did not significantly affect stock prices in food and beverage companies, suggesting that the influence of leverage may depend on industry characteristics and prevailing economic conditions (Syafar et al., 2025). These mixed findings indicate that investors may interpret debt levels differently across sectors and market environments (Irwan et al., 2024; Komalasari & Syarif, 2025; Syafar et al., 2025).

In the context of the food and beverage industry, moderate leverage may be considered acceptable because demand for food and beverage products tends to remain relatively stable even during periods of economic uncertainty. Consequently, investors may focus not only on debt levels but also on the company's ability to generate profits and maintain liquidity when making investment decisions (Agustin et al., 2022).

The Effect of Return on Assets on Stock Prices

The results of the study demonstrate that Return on Assets (ROA) has a positive and statistically significant effect on stock prices. This finding indicates that companies capable of generating higher profits from their assets tend to achieve higher market valuations. ROA reflects managerial efficiency in utilizing corporate assets to generate earnings and is widely regarded as one of the most important indicators of financial performance.

From the perspective of signaling theory, profitability serves as a positive signal regarding the firm's future prospects and operational effectiveness. Companies with high profitability are generally perceived as having strong competitive advantages, effective management practices, and greater growth potential. As a result, investors are more willing to invest in such companies, leading to increased demand for shares and higher stock prices.

The findings support previous studies that identified profitability as a major determinant of stock prices. Laia and Sianipar (2023) found that ROA positively affects stock prices in food and beverage companies. Similarly, that profitability indicators significantly influence stock valuation because investors associate higher earnings with stronger future returns (Pawulandari & Nurasik, 2024). that profitability is among the most influential financial indicators affecting stock prices (Darmarani et al., 2023; Sariyanto, 2023). Therefore, the present study reinforces existing evidence that profitability remains a primary consideration in investment decision-making (Laia & Sianipar, 2023; Pawulandari & Nurasik, 2024; Darmarani et al., 2023; Sariyanto, 2023).

From a managerial perspective, the findings suggest that improving profitability through operational efficiency, cost control, and effective asset utilization should be a strategic priority for companies seeking to enhance shareholder value and market performance. Sustainable profitability not only improves financial performance but also strengthens investor confidence and corporate reputation in the capital market.

The Simultaneous Effect of Current Ratio, Debt to Equity Ratio, and Return on Assets on Stock Prices

The results of the simultaneous test indicate that Current Ratio (CR), Debt-to-Equity Ratio (DER), and Return on Assets (ROA) collectively affect stock prices. This finding suggests that investors evaluate multiple dimensions of financial performance simultaneously rather than relying on a single financial indicator. Liquidity, leverage, and profitability provide complementary information regarding a company's financial condition, operational efficiency, risk profile, and growth prospects (Brigham & Houston, 2021).

The findings support the fundamental analysis approach, which argues that stock prices reflect both current financial performance and investor expectations regarding future performance. Investors generally analyze a combination of financial ratios before making investment decisions to minimize risk and maximize expected returns. Therefore, the interaction between liquidity, leverage, and profitability becomes essential in explaining stock price movements.

The results are consistent with previous studies demonstrating that financial ratios jointly influence stock prices. The CR, DER, ROA, and ROE simultaneously affect stock prices in food and beverage companies (Darmarani et al., 2023). Likewise, that liquidity, leverage, and profitability collectively contribute to stock price determination across manufacturing sectors (Yusuf et al., 2023). Further emphasized that financial performance indicators significantly influence firm value and market valuation when analyzed simultaneously (Hendra et al., 2025). These findings confirm that investors rely on comprehensive financial information rather than isolated indicators when assessing investment opportunities (Darmarani et al., 2023; Yusuf et al., 2023; Hendra et al., 2025).

From a practical standpoint, the findings imply that companies should adopt integrated financial management strategies by maintaining adequate liquidity, controlling leverage levels, and improving profitability simultaneously. Such a balanced approach can strengthen investor confidence, enhance firm value, and support sustainable growth in the competitive food and beverage manufacturing industry (Brigham & Houston, 2021).

Conclusion

This study aimed to examine the effect of the Current Ratio (CR), Debt-to-Equity Ratio (DER), and Return on Assets (ROA) on the stock prices of food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the 2022–2024 period. Based on the analysis of 96 firm-year observations using multiple linear regression, the findings indicate that CR and ROA have a positive and significant effect on stock prices. CR recorded a t-value of 5.393 with a significance level of 0.001, while ROA showed a t-value of 5.854 with a significance level of 0.004. DER was also found to influence stock prices, with a t-value of 4.161 and a significance level of 0.002. Simultaneously, CR, DER, and ROA significantly affected stock prices, as indicated by an F-value of 2.499 and a significance level of 0.030. Furthermore, the coefficient of determination (R^2) of 0.873 indicates that 87.3% of stock price variation can be explained by the three financial ratios included in the model.

These findings confirm that liquidity, leverage, and profitability are important determinants of stock prices and support the relevance of fundamental analysis in investment decision-making. The study implies that investors should consider multiple financial indicators when evaluating investment opportunities, while corporate managers should maintain healthy liquidity, optimize capital structure, and improve profitability to enhance firm value. This study is limited to food and beverage manufacturing companies and a relatively short observation period. Future research is recommended to include additional sectors, longer time horizons, and other variables such as firm size, dividend policy, corporate governance, inflation, interest rates, and market sentiment to provide a more comprehensive understanding of stock price determinants.

Acknowledgment

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