

# ANALYSIS OF THE EFFECT OF LEVERAGE RATIO AND PROFITABILITY RATIO ON STOCK PRICES IN FOOD AND BEVERAGE INDUSTRY SUB-SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE (BEI) FOR THE PERIOD 2019 - 2023

Eka Sutisna, Raihana Oktaviani

Universitas Islam Jakarta

ekasutisna5432@gmail.com; raihanaoktaviani@gmail.com

**Abstract:** *This study aims to determine, assess and analyze the effect of Leverage Ratio and Profitability Ratio on Stock Price in food and beverage industry sub-sector companies listed on the Indonesia Stock Exchange. The dependent variable of this study is the Stock Price as measured by the Annual Closing Stock Price. Meanwhile, the independent variables of this study are the Leverage Ratio as measured using the Debt to Equity Ratio (DER) and the Profitability Ratio as measured using Return on Equity (ROE). The analysis method used is a descriptive method with a quantitative approach, which is research that aims to analyze data in the form of numbers from financial reports and then provide certain conclusions that can provide an assessment of the problem. The samples used in this study were 6 Food and Beverage Companies listed on the Indonesia Stock Exchange for the period 2019 - 2023. The data analysis techniques used in this study are Descriptive Statistical Analysis Test, Classical Assumption Test, Multiple Linear Regression Analysis Test, and Hypothesis Test using the SPSS version 29 program to determine the influence and relationship of each variable. Based on the results of the analysis and discussion, it can be concluded that simultaneously the Leverage Ratio and Profitability Ratio have a positive and significant effect on Stock Prices. While partially, the Leverage Ratio has a positive but insignificant effect on Stock Prices and the Profitability Ratio has a negative and significant effect on Stock Prices.*

**Keywords:** *Leverage Ratio, Profitability Ratio, Stock Price.*

## Introduction

The development of an increasingly advanced era has made economic growth in Indonesia in this era of globalization quite rapid. This will lead to a very tight competition in the company. This competition occurs because of the increasing number of entrepreneurs in Indonesia, so that with this competition each company is required to be able to develop its business and continue to improve the company's performance so that in the future it can continue to carry out its operations so that it can survive in competition. One of the efforts in developing the Indonesian economy is through the Capital Market.

Law Number 8 of 1995 Article 1 Number 13 explains that the capital market is an activity related to public offerings and securities trading, public companies related to the securities they issue, as well as institutions and professions related to securities. Based on the official website of the Financial Services Authority / OJK ([www.ojk.go.id](http://www.ojk.go.id)), the capital market performs two functions, namely the economic function and the financial function. In the economic function, companies get loans from investors and are used for business development, additional working capital, expansion and others. Meanwhile, in the financial function, the capital market becomes a means of

public investment in financial instruments, such as stocks, bonds, mutual funds, and others.

The official institution that organizes and provides sales offering facilities in Indonesia is the Indonesia Stock Exchange ([www.idx.co.id](http://www.idx.co.id)). Financial instruments traded in the capital market are stocks, bonds, sukuk, mutual funds, derivative instruments, asset-backed securities (EBA), and real estate investment funds (REITs). One of the most popular instruments for investors is stocks.

The share price is the price set to a company for other parties who want to have share ownership rights. The value of stock prices is always changing - changing every time. The amount of stock price value is influenced by the demand and supply that occurs between sellers and buyers of shares. In the financial statements of a company that can explain the strengths and weaknesses of a company are financial ratios. Two comparisons can be made based on financial ratios, the first is being able to compare a company's financial ratios over time to observe current trends and the second can compare a company's financial ratios with other companies still operating in the same industry over a certain period of time. The financial ratios used in this study are Leverage Ratio and Profitability Ratio.

Leverage ratio is a ratio used to measure the company's ability to meet all its obligations, both short-term and long-term obligations (Herry, 2018: 162). Researchers proxy the Leverage Ratio with Debt to Equity Ratio (DER). According to Sujarweni (2020), Debt to Equity Ratio (DER) is the ratio between debt and equity in company funds and shows the ability of the company's own capital to meet all obligations. The DER approach illustrates the extent to which capital can pay debts to outside parties. The smaller the ratio, the better.

Profitability ratio is the company's ability to make a profit from the results of its business. The issue here is the effectiveness of management in using total assets or net assets (Kenneth, 2022). Researchers proxy the Profitability Ratio with Return on Equity (ROE). According to M. Hanafi and Abdul Halim (2016: 82), Return on Equity (ROE) is a ratio that measures the company's ability to generate profits based on certain share capital. This ratio is a measure of profitability from a shareholder perspective..

The results of Eka Sutisna's research (2024; 66) say that Inflation, GDP, DAR, DER, and BOPO have a significant positive effect on the dependent indicator, namely profitability (ROA) and partially DAR has a positive effect on profitability and DER has a negative and insignificant effect on profitability.

Based on the description of the background of the problem above, the problem formulations in this study are: 1) Do Debt to Equity Ratio (DER) and Return on Equity (ROE) simultaneously affect the Stock Price. 2) Does Debt to Equity Ratio (DER) affect the Stock Price. 3) Does Return on Equity (ROE) affect the Stock Price.

While the objectives to be achieved in this study are: 1) To find out the effect of Debt to Equity Ratio (DER) and Return on Equity (ROE) on stock

prices. 2) To determine the effect of Debt to Equity Ratio (DER) on Stock Price. 3) To Know the Effect of Return on Equity (ROE) on Stock Price.

## **THEORETICAL OVERVIEW**

### **Financial Report**

Financial statements are the final result of the accounting process, where the accounting process includes recording, classifying, summarizing, then compiling into financial statements that reflect the state of assets, debts, capital, expenses and results in a company. In general, the types of financial statements commonly used are: Income Statement, Balance Sheet, Statement of Cash Flow. Financial statements have 2 (two) characteristics, namely historical and comprehensive. The other parties with an interest in the financial statements and development of a company are company owners, government, management, and employees.

### **Financial Ratios**

In analyzing the financial condition of a company, one way is to calculate the desired financial ratios. Financial ratios are analytical tools used to measure and evaluate the financial performance of a company. This ratio is calculated based on data contained in financial statements, such as the Balance Sheet, Income Statement, and Cash Flow Statement. Financial ratios provide important information about certain aspects of a company's finances, such as profitability, liquidity, efficiency, and solvency. According to Cashmere (2018: 110) the types of financial ratios are as follows: 1) Liquidity Ratio, 2) Profitability Ratio, 3) Solvency Ratio, 4) Activity Ratio, and 5) Investment Ratio.

### **Leverage Ratio**

According to Cashmere (2018: 151), the Leverage Ratio is a ratio used to measure the extent to which the company's assets are financed with debt. In a broad sense it is said that the leverage ratio is used to measure the company's ability to pay all its obligations, both short and long term if the company is dissolved (liquidated). The factors that can affect the leverage ratio are sales growth rate, cash flow stability, profit stability, actvia structure, management attitude and lender attitude. Here are some types of Leverage Ratios, which are as follows: 1) Debt to Assets Ratio, 2) Debt to Equity Ratio, 3) Debt to Capital Ratio, and 4) Debt to Gross Profit Ratio (Debt to EBITDA Ratio).

### **Profitability Ratio**

Profitability ratios are ratios used to measure the efficiency of a company in utilizing its assets and managing its operations. Profitability ratios are a group of ratios that show the combined effects of liquidity, asset management, and debt on operating results. This ratio is also used to determine the company's ability to generate profits. According to Hery (2018: 193), the types of profitability ratios commonly used to measure a company's ability to generate profits, namely: 1) Return on Assets (ROA), 2) Return on Equity

(ROE), 3) Gross Profit Margin (GPM), 4) Net Profit Margin (NPM), 5) Return on Sales (ROS). 6) Return on Capital Employed (ROCE), and 7) Return of Investment (ROI)

### **Share Price**

Stock Price is the price set by a company for other entities that want to have share ownership rights over the company. This share price is volatile, so it can change every time. There are types of stock prices, namely: Nominal Price, Prime Price, Market Price, Opening Price, Closing Price, Highest Price, Lowest Price, and Average Price. According to Eduardus Tandelilin (2017: 35) there are 3 (three) share price assessments, namely as follows: 1) Book Value, 2) Market Value, and 3) Intrinsic Value of Shares.

### **Effect of Leverage Ratio on Stock Price**

Leverage ratio is a ratio used to measure the extent to which the company's assets are financed by debt, meaning how much debt the company bears compared to its assets (Kasmir, 2017). The higher the leverage ratio of a company, the higher the level of company capital financed by debt, so the higher the risk of default faced by the company. This will reduce investor confidence to invest in the company, so that demand for the company's shares will decrease. As a result, the company's share price will also decline along with the decline in market demand for these shares. This shows that the leverage ratio has a negative influence on stock prices.

### **Effect of Profitability Ratio on Stock Price**

Profitability ratio is a ratio used to measure the ability of a company to generate profits from its business results. The profitability ratio value is the norm for measuring the health of the company. The higher the profit earned, the better the company's performance, so that it will attract investors to invest their capital and this will make the share price higher (Urwaningtyas, 2019). The greater the value of the profitability ratio, the greater the rate of return expected by investors. So, companies that have a high profitability ratio will have a positive influence on investors to hunt for the company's shares and of course the share price will also increase.

### **Previous Research References**

First, Ismi Fajriati, M. Wahyudin Zarkasyi (2022) with the title "The Effect of Liquidity, Profitability, and Leverage on Stock Prices (Empirical Study of Food and Beverage Industry Sub-Sector Companies Listed on the Indonesia Stock Exchange 2016-2020)". The Research Results Show That Liquidity Proxied By Current Ratio Has No Partial Effect On Stock Prices, Profitability Proxied By Return On Asset Has A Partial Effect On Stock Prices, Leverage Proxied By Debt To Equity Has A Partial Effect On Stock Prices, And The Effect Of Liquidity, Profitability, And Leverage Simultaneously Affects Stock Prices.

Second, Roky Yonatan, Martinus Robert Hutauruk, Novi Yanti (2023) with the title "The Effect of Leverage, Sales Growth and Profitability on Stock Prices in Food and Beverage Companies Listed on the Indonesia Stock Exchange for the 2017-2021 Period". The results of the research analysis show that partially leverage has a positive effect on stock prices, sales growth has a negative and insignificant effect on stock prices, and profitability has a negative and insignificant effect on the stock price of food and beverage companies. Simultaneously Leverage, Sales Growth and Profitability Have a Positive Effect on Stock Prices.

Third, Sefia Fahrauri Fairurachma (2023) with the title "The Effect of Profitability, Liquidity, and Leverage on the Share Price of the Food and Beverage Sub-Sector Listed on the IDX". The results of hypothesis testing show that profitability has a positive effect on stock prices, while liquidity and leverage have no effect on stock prices.

Fourth, Minah Jayanti, Bambang Hadi Santoso (2019) with the title "Analysis of the Effect of Liquidity, Leverage, Profitability, and Market Ratios on Stock Prices". The results of hypothesis testing (T test) state that Current Ratio has a significant effect on stock price, Debt To Equity has a significant effect on stock price, Return On Equity has a significant effect on stock price and Earning Per Share has a significant effect on stock price.

Fifth Edi Suhara, Eka Sutisna (2024) Profitability dividend payout ratio on stock returns (Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange (IDX) 2015 - 2021) Results Say The results showed that simultaneously profitability and Dividend Payout Ratio (DPR) had no effect on stock returns. Partially, the profitability variable has a negative and significant effect on stock returns and the Dividend Payout Ratio (DPR) has a negative and significant effect on stock returns.

### **Research Hypothesis**

1. Based on the problems that have been stated, the research hypothesis can be formulated as follows:
2. Debt to Equity Ratio (DER) and Return on Equity (ROE) have a positive and significant effect on Stock Price.
3. Debt to Equity Ratio (DER) has a positive and significant effect on Stock Price.
4. Return on Equity (ROE) has a positive and significant effect on Stock Price..

### **Method**

The type of research used in this research is quantitative research. Quantitative research is research conducted by obtaining data that can be measured on a numerical scale (numbers). This research aims to see the relationship of variables to their objects, so that the dependent variable (bound) and the independent variable (free) are obtained. The data in this study comes from secondary data. The data source used in this study is the Annual Financial

Report of the food and beverage industry sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2019 - 2023.

### **Operationalization of Research Variables**

According to Sugiyono (2019: 69), free variables are variables that affect changes in the dependent variable. Meanwhile, the dependent variable is a variable that is influenced by the independent variable.

#### **Independent Variable (free)**

In the book "Quantitative and Qualitative Research Methodology and R&D" by Sugiyono, it is stated that Independent or free variables are variables that affect or cause changes or the emergence of dependent variables (bound). In general, independent variables are denoted by the letter symbol 'X'. The Independent Variables in this study are Leverage Ratio and Profitability Ratio.

##### **• *Leverage Ratio (X1)***

Leverage ratio is a ratio used to measure the company's ability to meet all its obligations, both short-term and long-term obligations (Herry, 2018: 162). In this study, the authors used the leverage ratio as measured using the Debt to Equity Ratio (DER). According to Sujarweni (2020), Debt to Equity Ratio (DER) is a comparison between debt and equity in company funds and shows the ability of the company's own capital to meet all obligations. This ratio can be formulated as follows:

##### **• *Profitability Ratio (X2)***

Profitability ratio is the company's ability to obtain profit (profit) from the results of its business. For shareholders, this ratio shows the level of income they invest (Jonick, 2017). In this study, the authors used the profitability ratio as measured by using Return on Equity (ROE). According to M. Hanafi and Abdul Halim (2016: 82), Return on Equity (ROE) is a ratio that measures the company's ability to generate profits based on certain share capital. This ratio is a measure of profitability from a shareholder perspective. This ratio can be formulated as follows:

#### ***Dependent Variable (bound)***

The dependent or bound variable is the variable that is influenced or becomes the result because there is an independent (free) variable. That way, the value of this variable depends on the independent variable. In general, the dependent variable is denoted by the letter symbol 'Y'. The dependent variable in this study is the Stock Price.

##### **• *Stock Price (Y)***

Stock price is the value of a stock that illustrates the wealth of the company that issued the stock, where changes or fluctuations are largely determined by the forces of supply and demand that occur on the exchange. In this study, the authors used stock price data measured using the Annual Closing Stock Price.

### **Population and Research Sample**

In this study, the authors chose the Food and Beverage Industry Sub-Sector Companies listed on the Indonesia Stock Exchange (IDX) to serve as the research population. Based on data taken from the official website of the Indonesia Stock Exchange ([www.idx.co.id](http://www.idx.co.id)), there are 125 listed companies listed on the Indonesia Stock Exchange as food and beverage industry sub-sector companies from 2019 to 2023.

The research sample in this study will use 6 companies from a total of 125 listed companies in the food and beverage industry sub-sector companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023.

### **Data Collection Technique**

The data collection technique used in this research is to use documentation techniques. In this study, the documentation method was carried out by collecting quantitative secondary data, namely in the form of Financial Ratios from the company's annual report and other necessary information from 2019 to 2023. The data is then processed and used in research.

### **Data Analysis Technique**

#### **Descriptive Statistical Analysis Test**

Descriptive Statistical Analysis is the activity of collecting, structuring, summarizing and presenting data in the hope that the data is more meaningful, easy to read and easy to understand by data users. Descriptive statistics provide an overview or description of data that can be seen from the mean (average), median (middle value), standard deviation (standard deviation), variance (variation), maximum (maximum), minimum (minimum), sum (amount), range (difference), kurtosis, and skewness (distribution) (Ghozali, 2018).

### **Classical Assumption Test**

#### **Data Normality Test**

The Data Normality Test is used to test whether the regression model, confounding or residual variables have a normal distribution (Ghozali, 2018). A good regression model is one that has a normal or near normal distribution. To test the normality of the data, you can use Graph Analysis and Statistical Analysis. For graph analysis, you can use a histogram graph and a normal probability plot graph. Histogram Graph, to determine the normality of the data by looking at whether the histogram position is in the middle or not. If the histogram position is slightly tilted to the left or right, the data is not normally distributed. Normal Probability Plot Graph, to determine the normality of the data by looking at the graph, if the points are close to the diagonal line, it shows a normally distributed pattern. Conversely, if the points move away from the diagonal line, it shows a pattern that is not normally distributed. While statistical analysis can use the One Sample Kolmogorov-Smirnov Test. The One Sample Kolmogorov-Smirnov Test aims to determine whether the independent variable is normally distributed with the dependent

variable, or both, with a test criterion = 0.05. If the value of , it means that the sample data is normally distributed. Conversely, if the value of , it means that the sample data is not normally distributed.

### **Multicollinearity Test**

Multicollinearity test is designed to test whether or not there is a correlation between independent variables in a regression model. A good regression model should not have a correlation between the independent variables. In statistical identification, the presence or absence of multicollinearity symptoms can be determined by calculating the tolerance value and the Variabe Inflation Factor (VIF) value. If the tolerance value > 0.10 or < 1 and VIF < 10, it can be said that there are no symptoms of multicollinearity (Ghozali, 2018).

### **Heteroscedasticity Test**

Heteroscedasticity test is used to test for unequal variance in residuals from one observation to another in a regression model. If the residual variance from one observation to another is still there, it is called homoscedasticity, and if it is different it is called heteroscedasticity.

### **Autocorrelation Test**

The Autocorrelation test is used to test whether there is a correlation between confounding errors in period t and confounding errors in period t-1 in a linear regression model. If there is a correlation, it can be said that there is an autocorrelation problem. Symptoms of autocorrelation can be detected using the DurbinWatson (DW) Test. This test produces DW count (d) and DW table values (dL and du) (Ghozali, 2018).

### **Multiple Linear Regression Analysis Test**

According to Ghozali (2021: 8), Multiple Linear Regression Analysis is a statistical method to test the effect of several independent variables (free) on a dependent variable (bound). This method is used to determine the relationship between variables, it can be understood as a method used to determine the relationship between the independent variable and the dependent variable. Multiple linear regression analysis in this study was used to determine the effect of Leverage Ratio (X1) and Profitability Ratio (X2) on stock price (Y). The equation used in this study:

$$Y = a + bx_1 + bx_2 + e$$

### **Hypothesis Test**

#### **Correlation Test**

Correlation analysis aims to measure the strength of the linear association (relationship) between two variables. Correlation does not indicate a functional relationship or in other words, correlation analysis does not distinguish between the dependent variable and the independent variable (Ghozali, 2018). Calculation criteria: 1) If the coefficient interval is 0.00 - 0.199,



it illustrates that the level of relationship is very low, 2) If the coefficient interval is 0.20 - 0.399, it illustrates that the level of relationship is low, 3) If the coefficient interval is 0.40 - 0.599, it illustrates that the level of relationship is moderate, 4) If the coefficient interval is 0.60 - 0.799, it illustrates that the level of relationship is strong, and 5) If the coefficient interval is 0.80 - 0.100, it illustrates that the level of relationship is very strong.

#### **Determination Coefficient Test**

The coefficient of determination essentially measures how far the model's ability to explain the variation in the dependent variable. The coefficient of determination is between zero and one. A small value means that the ability of the independent variables to explain the variation in the dependent variable is very limited. A value close to one means that the independent variables provide almost all the information needed to predict variations in the dependent variable (Ghozali, 2018).

#### **Simultaneous Test (Statistical Test)**

According to Ghozali (2018), the Simultaneous Test is used to determine whether the independent variables jointly affect the dependent variable and to measure the accuracy of the sample regression function in estimating the actual value through goodness of fit. The hypothesis will be tested with a significance level of 0.05. Make a comparison between F count and F table. When the value is rejected and accepted. Conversely, if the value is then accepted and rejected.

#### **Individual Parameter Significance Test (Statistical Test)**

The t Statistical Test basically shows how far the influence of one explanatory/independent variable individually in explaining the variation in the dependent variable. The t statistical test has a significance of 5%. Comparing the statistical value with . When it is rejected and accepted by stating that an independent variable partially affects the dependent variable. Conversely, if then it is accepted and rejected by stating that an independent variable partially does not affect the dependent variable.

### **RESEARCH RESULTS AND DISCUSSION**

#### **Descriptive Statistical Analysis Test Results**

From the data processing carried out using the SPSS programme, the following are the results of the descriptive statistical analysis test contained in table 2.

**Table 2**  
**Descriptive Statistical Analysis Test Results**

<b>Descriptive Statistics</b>						
	N	Minimum	Maximum	Mean	Std. Deviation	
Debt to Equity Ratio	30	12.17	251.23	85.7330	56.31099	
Return on Equity	30	-95.12	24.85	1.6800	25.84560	
Share Price	30	103	7925	1695.60	2415.823	

Valid N (listwise)	30
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Source: Data processed by researchers, 2024

Based on table 2 above, the interpretation of the descriptive statistical analysis test results is as follows:

- The results of descriptive statistical analysis testing on the Leverage Ratio variable as measured by Debt to Equity Ratio (DER) show that the minimum value is 12.17, for the maximum value of 251.23, for the average leverage ratio variable of 85.7330 and for the standard deviation of 56.31099.
- The results of descriptive statistical analysis testing on the Profitability Ratio variable as measured by Return on Equity (ROE) show that the minimum value results are -95.12, for the maximum value of 24.85, for the average profitability ratio variable of 1.6800 and for the standard deviation of 25.84560.
- The results of descriptive statistical analysis testing on the Stock Price variable show that the minimum value result is 103, for the maximum value of 7,925, for the average stock price variable of 1,695.60 and for the standard deviation of 2,415.823.

### Classical Assumption Test Results

#### Data Normality Test Results

From the data processing carried out using the SPSS programme, the following are the results of the data normality test contained in table 3.

Table 3

#### Data Normality Test Results

One-Sample Kolmogorov-Smirnov Test				
				Unstandardised Residual
N				30
Normal		Mean		.0000000
Parameters <sup>a,b</sup>		Std. Deviation		1.10116542
Most	Extreme	Absolute		.156
Differences		Positive		.156
		Negative		-.119
Test Statistic				.156
Asymp. Sig. (2-tailed) <sup>c</sup>				.062
Monte Carlo Sig. (2-Sig.				.060
tailed) <sup>d</sup>	99%	Confidence	Lower	.054
	Interval		Bound	
			Upper	.066
			Bound	
a. Test distribution is Normal.				
b. Calculated from data.				
c. Lilliefors Significance Correction.				

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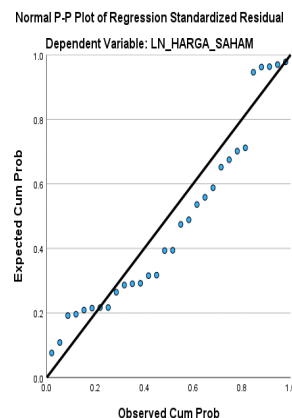
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 299883525.

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Source: Data processed by researchers, 2024

Based on table 3 above, the *One Sample Kolmogorov-Smirnov* Test results show that the magnitude of the significant value on Asymp. Sig. (2-tailed) is 0.062. These results can be concluded that the residual values in this regression model are normally distributed and suitable for use in research because the significant value is above 0.05 ( $\text{sig} > 0.05$ ). In addition, the data normality test can also be done using graphical analysis (normal probability plot graph and histogram graph). From the data processing carried out using the SPSS programme, the following are the results of the normal probability plot graph contained in Figure 1.

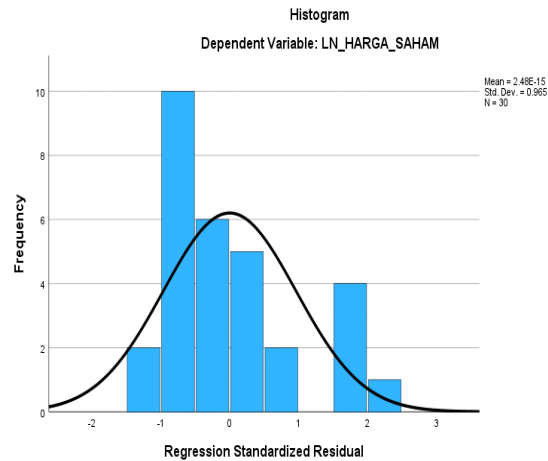
**Figure**  
**Normal Probability Plot Graph**



Source: Data processed by researchers, 2024

Based on Figure 1 above, the results of the normal P-P Plot of Regression Standardised Residual graph show that the data spreads around the diagonal line and follows the diagonal line, so it can be concluded that the data is normally distributed or suitable for use in research. Furthermore, testing the normality of the data in this study also uses a histogram graph. From the data processing carried out using the SPSS programme, the following are the results of the histogram graph contained in Figure 2.

**Figure  
Histogram Graph**



Source: Data processed by researchers, 2024

Based on Figure 2 above, the results of the histogram graph show that the histogram position is in the middle, so it can be concluded that the data is normally distributed.

### Multicollinearity Test Results

From the data processing carried out using the SPSS programme, the following are the results of the multicollinearity test contained in table 4.

**Table 4  
Multicollinearity Test Results**

Coefficients <sup>a</sup>								
		Unstandardised Coefficients		Standardised Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.775	1.004		7.741	<,001		
	LN_DER	.321	.242	.221	1.331	.194	.872	1.147
	LN_ROE	-.921	.242	-.634	-3.813	<,001	.872	1.147

a. Dependent Variable: LN SHARE PRICE

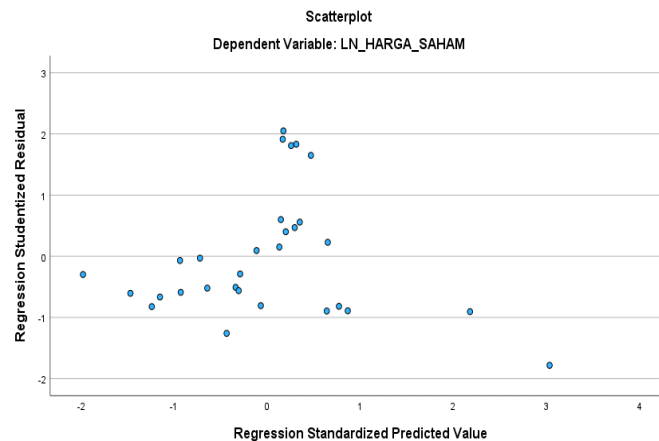
Source: Data processed by researchers, 2024

Based on table 4 above, it shows that all independent variables (free) have a *tolerance* value > 0.10 and a VIF value < 10 so it can be concluded that this study does not experience symptoms of multicollinearity between one independent variable and another.

- Heteroscedasticity Test Results**

From the data processing carried out using the SPSS programme, the following are the results of the heteroscedasticity test contained in Figure 3.

**Figure**  
**Heteroscedasticity Test Results**



Source: Data processed by researchers, 2024

Based on Figure 3 above, it can be seen that the points on the *scatterplot* graph spread randomly and do not form a certain pattern above and below the number 0 on the Y axis. These results can be concluded that there are no symptoms of heteroscedasticity in this regression model and can be used for further analysis.

- **Autocorrelation Test Results**

From the data processing carried out using the SPSS programme, the following are the results of the autocorrelation test contained in table 5.

**Table 5**  
**Autocorrelation Test Results**

<b>Model Summary<sup>b</sup></b>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.592 <sup>a</sup>	.350	.302	1.14122	.999
a. Predictors: (Constant), LN_ROE, LN_DER					
b. Dependent Variable: LN_SHARE PRICE					

Source: Data processed by researchers, 2024

Based on table 5 above, it shows that the *Durbin Watson test* value is 0.999. DW table ( $dL = 1.284$  and  $du = 1.567$ )  $> Durbin\ Watson\ test (0.999) < 4-du (2.433)$ , or it can be said that the DW test value is smaller than the DW table value and the 4-du value. Based on this interpretation, it can be concluded that there are positive autocorrelation symptoms in this regression model (autocorrelation coefficient  $> 0$ ).

- **Multiple Linear Regression Analysis Test Results**

From the data processing carried out using the SPSS programme, the following are the results of multiple linear regression analysis tests contained in table 6.

**Table 6**  
**Multiple Linear Regression Analysis Test Results**

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7.775	1.004		7.741	<.001
	LN_DER	.321	.242	.221	1.331	.194
	LN_ROE	-.921	.242	-.634	-3.813	<.001

a. Dependent Variable: LN\_SHARE PRICE

Source: Data processed by researchers, 2024

Based on table 6 above, it can be seen that the multiple linear regression equation in this study can be formulated with the following formula:

$$Y = 7,775 + 0,321\text{DER} - 0,921$$

The interpretation of the multiple linear regression analysis test results in this equation is as follows: 1) Constant ) in this equation of 7.775 can be stated that if all independent variables (X) are zero, then the stock price as the dependent variable (Y) is 7.775. 2) Regression coefficient The regression coefficient on the Leverage Ratio variable proxied by the Debt to Equity Ratio (DER) of 0.321 indicates the direction of a positive relationship (unidirectional) between the leverage variable and the Stock Price. This means that if the leverage variable increases by 1%, it will increase the stock price by 0.321 (assuming that the coefficient value of proxied by Return on Equity (ROE) of -0.921 indicates the direction of a negative relationship (opposite direction) between the profitability variable and the Stock Price. This means that if the profitability variable increases by 1%, it will reduce the stock price by -0.921 (assuming that the coefficient value of other variables remains unchanged).

## Hypothesis Testing Results

### Correlation Test Results

From the data processing carried out using the SPSS programme, the following are the results of the correlation test contained in table 7.

**Table 7**  
**Correlation Test Results**

<b>Model Summary<sup>b</sup></b>									
Model	R	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
				R Square Change	F Change	df1	df2	Sig. F Change	
1	.592 <sup>a</sup>	.350	.302	1.14122	.350	7.270	2	27	.003

a. Predictors: (Constant), LN\_ROE, LN\_DER

b. Dependent Variable: LN\_SHARE PRICE

Source: Data processed by researchers, 2024

Based on table 7 above, the Correlation Test Results show that the significant value at Sig. F Change is 0.003. These results can be concluded that Debt to Equity Ratio (variable X1) and Return on Equity (variable X2) simultaneously (together) have a significant relationship to Share Price (variable Y) because the significant value is below 0.05 (sig <0.05).

- **Test Results of the Coefficient of Determination ()**

From the data processing carried out using the SPSS programme, the following are the results of the coefficient of determination test () which is contained in table 8.

**Table 8**  
**Test Results of the Coefficient of Determination ()**  
**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.592 <sup>a</sup>	.350	.302	1.14122
a. Predictors: (Constant), LN_ROE, LN_DER				
b. Dependent Variable: LN_SHARE PRICE				

Source: Data processed by researchers, 2024

Based on table 8 above, it can be seen that the *Adjusted R Square* value of 0.302 indicates that the share price in the food and beverage industry sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2019 - 2023 is influenced by the two independent variables, namely the Leverage Ratio and the Profitability Ratio of 30.2%. The remaining 69.8% (100% - 30.2%) is influenced by other variables that have not been examined in this study.

- **Simultaneous Test Results (Statistical Test )**

From the data processing carried out using the SPSS programme, the following are the results of the simultaneous test (statistical test) which are contained in table 9. ) contained in table 9.

**Table 9**  
**Simultaneous Test Results (Statistical Test )**  
**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.936	2	9.468	7.270	.003 <sup>b</sup>
	Residuals	35.164	27	1.302		
	Total	54.101	29			
a. Dependent Variable: LN_SHARE PRICE						
b. Predictors: (Constant), LN_ROE, LN_DER						

Source: Data processed by researchers, 2024

Based on table 9 above, the simultaneous test results (statistical test ) shows that the value > where  $7.270 > 3.35$  and the significance value obtained is  $0.003 < 0.05$ , thus accepting and reject . This proves that the Debt to Equity Ratio

(DER) and Return on Equity (ROE) simultaneously (together) have a positive and significant effect on Stock Prices (**accepted**). **Accepted**).

• **Individual Parameter Significance Test Results (Statistical Test )**

From the data processing carried out using the SPSS programme, the following are the results of the individual parameter significant test (statistical test ) which is contained in table 10.

**Table 10**  
**Individual Parameter Significance Test Results (Statistical Test )**

<b>Coefficients<sup>a</sup></b>					
Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7.775	1.004		7.741	<,001
LN_DER	.321	.242	.221	1.331	.194
LN_ROE	-.921	.242	-.634	-3.813	<,001

a. Dependent Variable: LN\_SHARE PRICE

Source: Data processed by researchers, 2024

Based on table 10 above, the results of the significant test of individual parameters (statistical test ) shows that the value is 1.701. Then the interpretation of the significant test results of individual parameters (statistical tests ) is as follows: 1) The results of the significant test of individual parameters (statistical test ) on the Leverage Ratio variable proxied by Debt to Equity Ratio (DER) shows that the result of the value of of  $1.331 < 1,701$  and the significance value obtained is  $0.194 > 0.05$ . It can be concluded that the Leverage Ratio variable proxied by Debt to Equity Ratio (DER) has a positive and insignificant effect on Stock Price (**Rejected**). **Rejected**). 2) The results of testing the significance of individual parameters (statistical test ) on the Profitability Ratio variable proxied by Return on Equity (ROE) shows that the result of the value of of  $-3.813 < 1.701$  and the significance value obtained is  $0.001 < 0.05$ . It can be concluded that the Profitability Ratio variable proxied by Return on Equity (ROE) has a negative and significant effect on Stock Prices (**accepted**). **Accepted**).

## Discussion

### Discussion of the Effect of Leverage Ratio and Profitability Ratio on Stock Price

The test results show that the value  $>$  where  $7.270 > 3.35$  and the significance value obtained is  $0.003 < 0.05$ . This proves that the Leverage Ratio variable proxied by Debt to Equity Ratio (DER) and Profitability Ratio proxied by Return on Equity (ROE) simultaneously (together) has a positive and significant effect on Stock Price, so that it **accepts** and **rejects**. **and reject** .



### **Discussion of the Effect of Leverage Ratio (DER) on Stock Price**

The test results show that the value of  $1.331 < 1.701$  and the significance value obtained is  $0.194 > 0.05$ . This proves that the Leverage Ratio variable proxied by Debt to Equity Ratio (DER) has a positive and insignificant effect on Stock Price, **so reject and accept**.

### **Discussion of the Effect of Profitability Ratio (ROE) on Stock Price**

The test results show that the value of  $-3.813 < 1.701$  and the significance value obtained is  $0.001 < 0.05$ . This proves that the Profitability Ratio variable proxied by Return on Equity (ROE) has a negative and significant effect on Stock Price, **thus accepting the test result and reject**.

### **Conclusion**

Based on the results of data analysis and discussion described in the previous chapter, the researcher can draw several conclusions on this research including the following: 1) Test results on the value where  $7.270 > 3.35$  and the significance value obtained is  $0.003 < 0.05$ , indicating that the Debt to Equity Ratio (DER) and Return on Equity (ROE) simultaneously (together) have a positive and significant effect on Stock Prices in food and beverage industry sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2019 - 2023. The research results in this study are in line (in line) with the research hypothesis and previous research. 2) Test results on the value of where  $1.331 < 1.701$  and the significance value obtained is  $0.194 > 0.05$ , indicating that the Debt to Equity Ratio (DER) has a positive and insignificant effect on Stock Prices in food and beverage industry sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2019 - 2023. This means that the reality in the capital market is that investors do not care about the company's leverage level in making decisions to invest, especially investors who make short-term investments. Usually more capital gains are pursued. The research results in this study are not in line (not in line) with the research hypothesis and previous research. 3) Test results on the value of where  $-3.813 < 1.701$  and the significance value obtained is  $0.001 < 0.05$ , indicating that Return on Equity (ROE) has a negative and significant effect on Share Price in food and beverage industry sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2019 - 2023. The results of this study are in accordance with *signaling theory* which states that providing management *signaling* information about increasing the Profitability Ratio proxied by Return on Equity (ROE) is a good signal for investors and causes the Stock Price to increase. The research results in this study are in line (in line) with the research hypothesis and previous research.

### **Advice**

Based on the results of the discussion and conclusions obtained in this study, there are several suggestions that researchers can give, including: 1) For management, the company should be able to improve the company's performance where the company's success can improve the company's good image in the investment scope. 2) For investors and potential investors, it is

better to invest in a company to pay more attention to more detailed factors that can affect Stock Prices such as other financial ratios so that investors can benefit from the capital that has been invested. 3) For further researchers, they should be able to take different research objects, for example companies engaged in finance, companies in the basic industry and chemicals sub-sectors, and other companies. In addition, future researchers can add years of observation so that the data obtained is more diverse. Furthermore, another suggestion for future researchers is to be able to add or use other or different independent variables to see their effect on financial performance in companies that are used as research samples.

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