

ANALYSIS OF FACTORS AFFECTING THE STOCK PRICE OF MANUFACTURING COMPANIES IN THE FOOD AND BEVERAGE SUB-SECTOR LISTED ON THE IDX IN 2020-2022**Intan Puspita Rini, Dwi Muhammad Naufal, Muhammad Syahrul Kanji, Tiara Amelia, Esa Nurjannah**

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Abstract

The purpose of this journal is to investigate the influence of profitability and liquidity on the stock prices of manufacturing companies, particularly in the food and beverage subsector listed on the Indonesia Stock Exchange (IDX) during the period 2020-2022. The background of this journal stems from increased competition in the business world, prompting companies to adapt to avoid bankruptcy. One way to enhance capital is through the sale of stocks. The data sources for this journal are financial reports of manufacturing companies, specifically in the food and beverage subsector listed on the IDX from 2020 to 2022. The type of data used is secondary data derived from financial reports of companies in the food and beverage subsector listed on the IDX during the period 2020-2022, with a population consisting of 87 companies. The sampling method employed was purposive sampling, resulting in a total of 23 companies and 69 research samples from 2020 to 2022. This journal employs data analysis techniques including various regression analysis methods. Based on the research findings from various methodologies, it is found that profitability (Net Profit Margin) significantly influences stock prices. However, liquidity (Current Ratio) does not significantly affect food and beverage companies listed on the Indonesia Stock Exchange (IDX).

Keywords: Stock Price, Liquidity, and Profitability.

INTRODUCTION

In the increasingly advanced business world, Indonesia is one of the countries that offers promising market potential in investment, especially in the manufacturing industry. As a work unit that produces products, a company must utilize the right sources of internal and external funding to increase production capacity and other investments. Before investing in the capital market, of course, investors do careful calculations and considerations. Understanding the magnitude of the influence of variables that can affect the effect of fluctuations on purchases requires gathering a variety of information. Changes in supply and demand can affect stock prices. For investors, stock price is a

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benchmark of a company's good or bad performance. Companies must operate in pursuit of maximum profits and share those profits with investors to create mutual wealth.

The capital market is an effective platform to increase fund growth through investment, where investors invest capital in the form of stocks, bonds, mutual funds, and other securities which are then sold and bought in the capital market. Therefore, the capital market can be considered as like the goods and services market in general, there are buying and selling transactions between business entities and investors. One way that entrepreneurs can use to raise funds is by investing in the capital market. When a company makes an investment, it receives funds from investors who have invested their capital in the company with the aim of increasing the development and growth of the company.

Stocks are one of the most common financial products and can be traded by the general public through stock exchanges and investment companies. The advantages of investing in stocks can be divided into two categories: dividends and capital gains. Dividends are a part of the profits distributed by the company to investors as a result of the profits earned by the company. Meanwhile, Capital gain is the result of the subtraction of the price at the time of buying with the price at the time of sale. On the other hand, the risks of investing in stocks include the risk of liquidation and Capital Loss.

The stock price itself continues to fluctuate, so investors are expected to conduct a comprehensive analysis to minimize risk and increase profits. An important factor in analyzing stock prices is the availability of financial statements of public companies. Many accounting procedures included in financial statements serve as a means of interaction between real financial events, the activities of business organizations, and shareholders (stockholders).

According to (Simanjuntak, 2024), several fundamental factors affect stock prices as independent variables, namely *Earnings Per Share* (EPS), *Dividend Per Share* (DPS), *Net Profit Margin* (NPM), *Return On Assets* (ROA), and *Price Earning Rition* (PER). They are considered a good indicator for investment decision-making. These factors significantly influence a stock's price level, so it cannot be assumed that the stock price will be stable or fluctuate depending on the company's performance. Companies in the food and beverage industry need to maintain financial performance and maintain business performance in order to achieve the goals of their establishment and attract investors to invest their money. The financial performance of a company is a comprehensive picture of the company's financial position, which is analyzed using financial analysis tools. The various types of financial performance analyzed include liquidity ratios, activity, solvency, profitability, and profitability. Financial ratio analysis involves calculating and interpreting financial ratios obtained from financial information contained in financial statements. These financial ratios are used to reflect the financial state of the company and provide a clearer picture of the company's financial position. Therefore, ratio analysis can be used as an effective tool to predict the financial status and future performance of a company. The financial condition of a company plays an important role when analyzing stock price performance.

Profitability is a company's ability to generate profits that shows that the company can meet its obligations to lenders and is an important element in determining the company's future prospects. Profitability is a measure used to assess a company's ability to generate profits as stated by Kasmir in 2018. To maintain stability and existence in the business world, every company certainly strives for high profitability, which determines the company's survival in the future. In addition, profitability also affects investor policies and investments. If a company has good profitability, then many investors will invest in the company or invest in its shares. To measure the size of the profit margin, the *net profit margin* (NPM) is used. This ratio shows what percentage of net profit is generated from each sale. *Net profit margin* is a ratio used to measure the ratio of net profit to net sales (Mustakim, 2021).

At the same time, in increasing the profit of a company, the company's management must be able to reduce costs effectively and efficiently so that the increase can run smoothly. If a company has high profitability, it must be accompanied by a good level of liquidity ratio. This makes it easier for the company to allocate dividend funds to shareholders, while strengthening its liquidity position. (Aryanto, 2023) explained that the liquidity ratio measures a company's ability to meet its short-term obligations. This ratio is very important because failure to pay obligations can lead to the bankruptcy of the company. This ratio measures a company's short-term liquidity capacity by looking at current assets against its liabilities.

To measure the level of liquidity, researchers use *the Current Ratio* (CR) which can measure the liquidity status of a company and also as an indicator to find out and predict the extent of the company's ability to meet its financial obligations. The current ratio can show the ability of a company's current assets to cover its short-term liabilities (Harahap, 2018).

From the results of a previous study by Hakim, Pasaribu, Gulo, Katharina, & Kalsum, (2023) the study discussed how *Earnings Per Share*, *Return On Equity*, and *Net Profit Margin* affect the stock prices of consumer goods industry companies listed on the Indonesia Stock Exchange (Harahap, 2011; Lutfi & Sunardi, 2019). The results of the partial test (t-test) show that Earnings Per Share has a significant influence on the stock price. Meanwhile, the Ratio on Equity does not have a significant effect on the stock price, and the Net Profit Margin also does not have a significant effect on the stock price. In the research of Haryani, (2021) they discussed how liquidity, profitability, and solvency of companies affect the stock prices of banking companies listed on the Indonesia Stock Exchange (IDX). The study shows that *the Current Ratio*, *Return on Asset*, and *Debt to Equity Ratio* have a significant influence on the Stock Price simultaneously. But on the other hand, *the Current Ratio* and *Debt to Equity Ratio* do not have a significant influence on stock prices (Tangngisalu, 2022).

Based on the previous studies mentioned above, there is a difference (*research gap*) in the results of these studies. Therefore, the researcher is interested in examining the influence of profitability (*net profit margin*) and liquidity (*current ratio*) of manufacturing

companies on stock prices in the food and beverage subsector listed on the IDX from 2020 to 2022.

RESEARCH METHOD

This type of research uses quantitative research. According to Sugiono, (2019), quantitative research is a research method based on the philosophy of positivism, which is considered a scientific method because it has fulfilled the rules concretely or empirically, objectively, measurably, rationally, and systematically.

The type of data source for this research is secondary data derived from the financial statements of manufacturing companies listed on the Indonesia Stock Exchange (IDX) in the food and beverage subsector for the period 2020 to 2022. The sampling method used in this study is *the purposive sampling* method, so that a sample of 69 data was obtained from 2020 to 2022 as seen in Table 1.

Table 1 Sampling Criteria

No.	Kriteria	Total
1.	Food and beverage sub-sector companies listed on the IDX for the period 2020-2022	87
2.	Companies that do not publish complete financial statements	(58)
3.	Companies that are not profitable from 2020-2022	(6)
Sample Size		23

Source: Data processed

The population in this study consists of company data totaling 87 companies. Based on the specified sampling criteria, a sample of 23 company data was obtained. The sample of company data collected from 2020 to 2022 amounted to 69.

The data analysis of this study includes the Classical Assumption Test, Model Conformance Test, Multiple Linear Regression Test, and Hypothesis Test. This analysis was carried out using the SPSS22 application, which is known to have high statistical calculation capabilities (Hustia, Arifai, Afrilliana, & Novianty, 2021). The model framework in this study is:

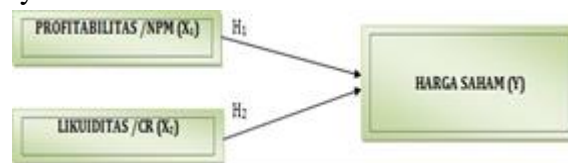


Figure 1. Research Model

Based on the research model used, the hypothesis generated for this study is:

H1 : Profitability (X1) has a significant influence on the stock price (Y).

H2: liquidity (X2) has a significant influence on stock price(Y).

Transformasi data menggunakan SPSS adalah upaya yang bertujuan untuk Scaling the size of the original data into another format that meets the assumptions of diverse analysis. There are three reasons why data is transformed according to Ghozali, (2013), namely: (1) errors in data input, (2) failure to specify the existence of *missing*

values in computer programs, (3) the existence of extreme values that are not distributed normally. In this study, the transformation used is *Log Natural* (LN) in SPSS.

RESULT AND DISCUSSION

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		69
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	2547.68255332
Most Extreme Differences	Absolute	.184
	Positive	.184
	Negative	-.101
Test Statistic		.184
Asymp. Sig. (2-tailed)		.000 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Figure 1 Normality Test Results

Source : Results of data processing through SPSS ver.22, 2024

In Figure 1 above, the results of the normality test show that the significance value (*p-value*) of 0.000 is less than or below 0.05, so the combined test data shows that the data is not normally distributed. In Statistics, if the data is not normally distributed, then data transformation can be carried out to change the scale of the original data size into another form that meets the underlying assumptions of statistical analysis. The purpose of SPSS data transformation is to change the size scale of the original data into another form that allows for more effective statistical analysis (Ghozali, 2013). The results of the data normality test after removing the outlier and using SPSS version 22 can be seen in the following table:

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		68
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	1.02068273
Most Extreme Differences	Absolute	.089
	Positive	.074
	Negative	-.089
Test Statistic		.089
Asymp. Sig. (2-tailed)		.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Figure 2 Results of the normality test after the transform

Source : Results of data processing through SPSS ver.22, 2024

In table 2.2, the significance value (*p-value*) obtained is greater than the significance level of 0.05, which is 0.200. Therefore, it can be seen that the normality test data is normally distributed according to the outlier data.

Model Summary ^a				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.519 ^a	.269	.247	2585.996

a. Predictors: (Constant), X2, X1
b. Dependent Variable: Y

Figure 3 Determination Test Results (R2)

Source : Results of data processing through SPSS ver.22, 2024

Based on figure 3, the *adjust R-squared value* is obtained at 0.269. This value shows that 26.9% of the stock price variation (Y) in this study can be explained by the independent variables of *net profit margin* (NPM) and *current ratio* (CR). While the remaining 73.1% is explained by other variables that are not included in the model studied.

Model	Coefficients ^a					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	9.345	.393		23.806	.000
	LN_X1	.772	.105	.699	7.354	.000
	LN_X2	-.159	.196	-.077	-.813	.419

a. Dependent Variable: LN_Y

Figure 4 Partial Test (t-Test) of NPM and CR Variables After Transform

Source : Results of data processing through SPSS ver.22, 2024

Based on Table 2.5, *t* calculated the NPM variable (X1) has a value of 7.354 and a significance of 0.000. Since his Significance value was less than 5% alpha, H_a was accepted and H_o was rejected. This shows that NPM (X1) as an individual has a significant influence on the stock price. On the other hand, *the t* calculation variable CR (X2) has a value of -0.813 and a significance of 0.419. Because the significance exceeded 5% alpha, H_a was rejected and H_o was accepted. This means that CR (X2) does not have a significant influence on the stock price individually.

Model	Coefficients ^a					
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	9.345	.393		23.806	.000
	LN_X1	.772	.105	.699	7.354	.000
	LN_X2	-.159	.196	-.077	-.813	.419

a. Dependent Variable: LN_Y

Figure 5 Multiple Linear Regression Test After Transform

Source : Results of data processing through SPSS ver.22, 2024

From the results of the regression analysis, a constant value of 9.345, a regression coefficient value to profitability (X1) of 0.772, and a liquidity coefficient value (X2) of -0.159 were obtained. In this study, the equations of the multiple regression model developed to test hypotheses are:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

$$Y = 9,345 + 0,772 (\text{NPM}) - 0,159 (\text{CR}) + 0,393$$

Information:

α = Constant

β_1, β_2 = Regression coefficient of each proxy

Y = Stock price

X1 = Profitability

X2 = Liquidity

e = error

The meaning of the resulting regression equation is:

The value of the α constant of 9.345 shows that when profitability and liquidity are valued at 0, then the stock price is 9.345.

The value of the profitability regression coefficient is 0.772 with a positive value. Thus, it can be assumed that every 1 unit increase in profitability will increase the share price by 0.772 units, with other independent variables considered constant. The value of the liquidity regression coefficient is -0.159 with a negative value. It can be assumed that every increase of 1 unit of liquidity will decrease the stock price by -0.159 units, with other independent variables considered constant.

Profitability as measured by net profit margin has a significant influence on stock prices. This is evidenced by the results of *the* t-count test of 7.354 with a significance of 0.000. Based on these facts, it can be concluded that H_a was accepted and H_o was rejected, meaning that a significant influence of NPM was found partially on the stock price. This is in accordance with previous research conducted by Widiawati & Ilat, (2016) that NPM has a significant influence on the stock price of banking companies listed on the IDX. Nainggolan, (2019) also found something similar in his research. The NPM ratio indicates a company's ability to generate net profit. When net profit increases, investors are more willing to buy the stock, causing the stock price to rise.

Liquidity measured by *the Current Ratio* does not have a significant effect on the stock price. This is strengthened by the results of the t-count test of -0.813, with a significance value of 0.419. Based on these facts, it can be concluded that if H_a is rejected and H_o is accepted, then there is no significant influence of CR on the stock price partially. The results of this study are in line with previous research conducted by (Sunardi, Husain, & Kadim, 2020) which revealed that the liquidity represented by *the Current Ratio* did not have a significant influence on the share price of manufacturing companies in the food and beverage subsector listed on the IDX in the 2020-2022 period. These findings also support previous research that shows that if a company has good liquidity, then investors do not need to worry about whether the capital invested in the company will provide profits or not. This is because investors tend to avoid companies with low liquidity because they will suffer losses. The percentage contribution of the influence supported by profitability and liquidity variables on the share price of the food and beverage subsector is 26.9%, and the remaining 73.1% is

explained by external variables (Amir et al., 2023). This can be seen from the results of the determination coefficient test with an *R-squared* value of 0.269.

CONCLUSSION

Based on this study, it was concluded that the profitability variable (X1): the probability variable measured by the net profit margin proved to have a significant influence on the stock price, so H1 was accepted. This shows that the higher the NPM, the more productive the company's performance, so that investors can be more confident in investing in the company. This conclusion is in accordance with the theory that profitability has a positive effect on stock prices. Liquidity Variable (X2): H2 was rejected because it proved that the liquidity variable (X2) measured by the Current Ratio had no effect on the stock price. This shows that the company's ability to meet its short-term obligations is not met. Generally, the higher the liquidity ratio, the greater the company's ability to meet its short-term obligations. This conclusion is different from previous research which found that liquidity has a negative effect on stock prices

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