

THE EFFECT OF CURRENT RATIO AND RETURN ON ASSETS ON THE STOCK PRICE OF PT DUTA PERTIWI TBK FOR THE 2013–2023 PERIOD

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ABSTRACT

This study aims to analyze the influence of the Current Ratio (CR) and Return on Assets (ROA) on the stock price of PT Duta Pertiwi Tbk during the 2013–2023 period. The method used is a descriptive quantitative approach with secondary data obtained from the company's financial reports. The independent variables include CR, which reflects the company's ability to meet short-term obligations, and ROA, which indicates the efficiency of asset utilization in generating profits. The dependent variable is the stock price, measured based on the closing price in the capital market. The analysis results show that partially, CR has a significant influence on stock prices, with a positive coefficient. This indicates that an increase in the company's liquidity can boost investor confidence, thereby driving up stock prices. Conversely, ROA does not significantly affect stock prices. Simultaneously, CR and ROA explain 43.9% of the variability in stock prices, while the remainder is influenced by other factors outside the research model. This study highlights the importance of CR as a key indicator in determining stock prices, although other variables, such as macroeconomic factors or corporate strategies, also play a significant role. These findings provide insights for investors and corporate management in managing financial performance to enhance stock value in the capital market.

Keywords: Current Ratio, Return on Assets, Price, Liquidity, Profitability.

1. INTRODUCTION

Over the past few years, many businesses have demonstrated significant performance improvements in their efforts to maintain competitiveness in the manufacturing industry, particularly in the real estate and construction sectors. This improvement holds substantial potential to enhance Indonesia's economy.

The increasing number of industries listed on the Indonesia Stock Exchange (IDX) indicates that medium- and long-term investments in the real estate and construction sectors are feasible due to the growing demand for property and Indonesia's population growth. One way for companies in this sector to attract investors to purchase their shares is by showcasing the company's stock price. The market evaluates a company comprehensively based on its current stock price. Good management can achieve corporate success through both the prosperity of the company's owners and a high market stock price. Therefore, companies must have a strategic financial plan.

When investing in stocks, investors aim to realize desired stock adjustments in the capital market. The rapid development of the Indonesian capital market plays a significant role in activating public assets. Investors who want to invest in the capital market and purchase company shares generally seek dividends (profits distributed after tax) and capital gains (increases in stock prices), both of which must be greater than or at least equal to the expected return (compensation) by shareholders. This motivates investors to invest in stocks. To assess and select stocks, investors require financial information about the company, which is usually based on the company's financial performance reports.

However, in the past two years, the world was shocked by the emergence of the Coronavirus Disease 2019 (COVID-19), which appeared at the beginning of 2020. Previously, the global economy was in good condition, with low inflation, low unemployment, and stagnant growth rates. After the COVID-19 virus spread worldwide, the economic condition changed drastically, experiencing an extraordinary decline. One of the most affected sectors was the property sector, which serves as a driving force for global economic growth. The property sector itself has successfully supported development and economic welfare in almost all countries, particularly in poor and developing countries.

Indonesia, as one of the countries impacted by COVID-19, has nonetheless experienced an increase in investment activities compared to previous years. According to data on domestic investment (PMDN), the three largest sectors include transportation, warehousing, and telecommunications; construction; and food crops,

plantations, and livestock. Meanwhile, the three largest sectors for foreign investment (PMA) are the basic metal industry, metal goods, machinery, and equipment; electricity, gas, and water; and transportation, warehousing, and telecommunications (Badan Koordinasi Penanaman Modal, 2020).

The capital market, as an instrument, cannot be separated from various impacts, particularly those from economic environments. Microeconomic influences include factors such as company performance, announcements in financial statements, or dividend distributions. Meanwhile, macroeconomic impacts encompass changes in trade exchange rates, reserve funds, borrowing costs, as well as government economic policies and exemptions. These factors significantly influence capital market fluctuations, drawing the attention of financial stakeholders.

In addition to stock prices, investors also require other information. According to the Financial Accounting Standards (SAK) amended on July 1, 2009, all companies, especially public companies, are expected to provide financial reports, including quarterly interim reports (unaudited) and annual reports (audited). The audited annual financial reports, distributed through the Capital Market Directory (ICMD), include financial records, profit and loss statements, and notes to the financial statements. By reviewing financial reports, investors can assess a company's performance from the perspective of its shareholders.

After understanding a company's progress through its financial statements, it is more effective for investors to analyze these reports using financial ratios. According to Fahmi (2017:2) in Saputri (2019), "Financial performance is an analysis conducted to determine the extent to which a company has implemented established rules in utilizing financial resources properly and effectively." This is why the researcher chose listed companies on the IDX as the focus of study, given that stock investment is a relatively new but increasingly popular endeavor that offers substantial profits alongside significant risks. This study aims to assist individuals or companies interested in investing by helping them identify public companies with strong performance for the future.

By understanding a company's financial indicators, we can determine its actual financial condition and performance development. This knowledge enables institutions or individuals, as creditors, to decide whether to provide financing to their clients. Therefore, the researcher decided to use the Current Ratio (CR) to assess a company's ability to settle short-term debts due imminently if fully demanded. This ratio also measures a company's safety margin. Additionally, the Return on Assets (ROA) indicates the profitability derived from all company activities.

According to Kasmir (2018:134), "The ability of a company to meet short-term liabilities that are immediately due if fully collected is measured by its current ratio (CR). This ratio is determined by evaluating current assets and short-term liabilities as a whole." Meanwhile, ROA reflects the company's ability to generate profits from its assets (Kasmir, 2016:202).

These two factors are believed to be critical considerations for investors when purchasing company shares, as they influence stock prices and provide profit opportunities. Below is a table showing the scores for Current Ratio (CR), Return on Assets (ROA), and Stock Prices of PT Duta Pertiwi Tbk for the 2013–2023 period.

Table 1. Current Ratio (CR), Return on Assets (ROA), and Stock Prices of PT. Duta Pertiwi Tbk for the 2013–2023 Period

Years	CR (%)	ROA (%)	Stock Price
2013	187,60	9,3	3.050
2014	351,21	10,13	4.475
2015	376,04	8,74	4.880
2016	362,39	7,44	6.400
2017	388,74	8,67	6.000
2018	379,39	6,13	5.400
2019	360,41	8,91	4.390
2020	383,18	9,35	5.000
2021	319,63	4,64	3.800

2022	326,67	4,76	3.390
2023	243,38	5,44	4.140

Based on the analyzed data, the company exhibited significant fluctuations in its financial performance and stock market behavior during the 2013–2023 period. The Current Ratio increased from 187.6% in 2013 to its peak of 388.74% in 2017, before gradually declining to 243.38% in 2023. This decline was influenced by an increase in corporate debt that outpaced current assets, negatively impacting financial stability.

Meanwhile, the Return on Assets (ROA) also showed a fluctuating pattern, with a significant drop to 4.64% in 2021 after reaching 9.35% in 2019. The primary factor behind this decline was suboptimal pricing management, which adversely affected the company's operational efficiency.

On the other hand, the company's stock prices mirrored this volatility, peaking at Rp6,400 in 2016 before plunging to Rp3,800 in 2021, driven by the COVID-19 pandemic and the implementation of public activity restrictions (PPKM).

These fluctuations underscore the complex relationship between Current Ratio, ROA, and stock prices. Previous studies have yielded mixed results regarding the influence of the Current Ratio on stock prices; some suggest a significant effect, while others find contradictory results.

Thus, this study aims to further explore the relationship between Current Ratio and Return on Assets on stock prices to fill the existing research gap and contribute to a deeper understanding of the dynamics of financial performance and stock market behavior.

2. METHODS

This study employs a descriptive quantitative approach to analyze the influence of the Current Ratio (CR) and Return on Assets (ROA) on the stock price of PT. Duta Pertiwi Tbk during the 2013–2023 period. This approach aims to systematically describe the data without making generalizations, in line with Sugiyono's (2018:147) definition of descriptive research, which is used to portray data as they are.

The data utilized in this study are secondary data, including financial statements of PT. Duta Pertiwi Tbk, such as income statements, balance sheets, and closing stock price data. These data were obtained from the company's official website, <https://www.dutapertiwi.com>, and were collected to provide an overview of the company's financial performance over the past ten years, from 2013 to 2023.

The research variables consist of two independent variables, Current Ratio (X1) and Return on Assets (X2), and one dependent variable, stock price (Y). The Current Ratio measures the company's ability to meet short-term obligations, while Return on Assets indicates the efficiency of the company's assets in generating profit. The stock price as a dependent variable is measured based on the closing price in the capital market.

Data collection was conducted using a non-participant observation method, where the researcher did not directly engage in the data recording process but acted as an observer. Documentation techniques were employed to collect data on company profiles, financial statements, and stock prices, while a literature review was conducted to understand relevant theories and prior research supporting the analysis in this study.

Data processing was performed using SPSS version 26 to ensure the accuracy of the analysis results. The initial stage involved descriptive analysis aimed at providing a general overview of data characteristics, such as minimum, maximum, mean, and standard deviation values. This was followed by classical assumption tests to ensure the data met the requirements for regression analysis, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests.

3. RESULT AND DISCUSSION

A. Descriptive Statistics

Table 2. Descriptive Statistics

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Cr	11	187,60	388,74	334,4209	63,98900

Roa	11	4,64	10,13	7,5918	2,00481
Price Stock	11	3050,00	6400,00	4613,1818	1051,30460
Valid N	11				

In this study, descriptive statistical analysis was conducted to understand the characteristics of the data from the three main variables: Current Ratio (CR), Return on Assets (ROA), and stock prices of PT. Duta Pertiwi Tbk, taken from 11 samples during the 2013–2023 period.

Based on descriptive statistical analysis, the Current Ratio (CR) of PT. Duta Pertiwi Tbk shows a minimum score of 187.60 and a maximum score of 388.74. The mean CR value is 334.4209, with a standard deviation of 63.98900. This indicates a significant variation in the company's ability to meet short-term obligations during the study period. Return on Assets (ROA) recorded a minimum score of 4.64 and a maximum score of 10.13. The average ROA was 7.5918, with a standard deviation of 2.00481. These data reflect that the company's efficiency in utilizing its assets to generate net profit tends to be stable, despite moderate fluctuations. The stock prices of PT. Duta Pertiwi Tbk ranged from a minimum of Rp3,050.00 to a maximum of Rp6,400.00. The average stock price was Rp4,613.1818, with a standard deviation of 1051.30460. The substantial variation in stock prices reflects significant fluctuations in the company's market value during the study period, which may be influenced by various factors, including the company's financial performance.

B. Classic Assumption Test

1. Normality Test

Table 3. One Sample Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized
N		11
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	704,09546115
Most Extreme Differences	Absolute	,207
	Positive	,207
	Negative	-,102
Test Statistic		,207
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.		

In Table 3, it can be seen that the Kolmogorov-Smirnov test data are considered normally distributed if the standardized residuals have an Asymp-Sig score > 0.05 . From the table above, the Asymp score is $0.200 > 0.05$. Therefore, the data are normally distributed and meet the normality assumption.

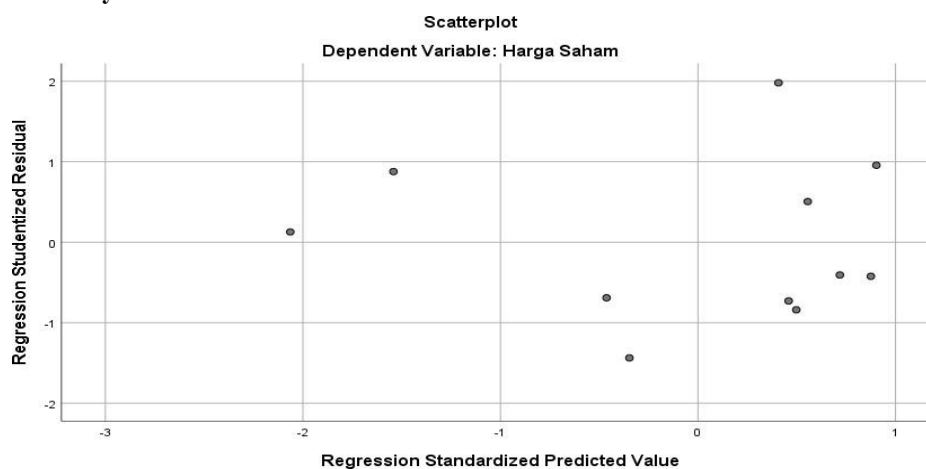
2. Multicollinearity Test

The test results show that the tolerance scores for CR and ROA are $0.973 > 0.01$, indicating no multicollinearity in the regression model. The VIF scores for CR and ROA are $1.027 < 10.00$, also indicating no multicollinearity in the regression model.

3. Autocorrelation Test

In the results of analysis, with a significance level of 5%, a sample size of 11 (n), and the number of independent variables ($k=2$), the Durbin-Watson score from the regression analysis is 1.560. Based on the theory in Table 3.3, this score falls within the third criterion (1.55–2.46), indicating no autocorrelation.

4. Heteroscedasticity Test



In the image above, it can be seen that the data are evenly distributed above and below the zero line and do not form a clear pattern, so it can be concluded that there is no heteroscedasticity in this regression test.

C. Multiple Linear Regression Analysis

The test results show that the classical assumptions have been applied, and the data obtained in the study are normally distributed with no heteroscedasticity. Therefore, the available data meet the requirements for using a multiple regression model

Table 4. Multiple Linear Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Be ta		
1	(Constant)	212,291	1515,399		,140	,892
	CR	11,715	3,943	,713	2,971	,018
	ROA	63,645	125,862	,121	,506	,627

a. Dependent Variable: Stock Price

Based on the results of the multiple linear regression analysis, the regression equation is as follows: $Y = 212.291 + 11.715 (X1) + 63.645 (X2) + e$. This equation indicates that the constant value of 212.291 suggests that if the Current Ratio (CR) and Return on Assets (ROA) are zero, the stock price will remain at 212.291. This demonstrates that even without contributions from CR and ROA, the stock price still has a baseline value. An increase of 1% in CR is estimated to raise the stock price by 11.715. This positive coefficient indicates a direct

relationship between CR and stock price, where an increase in CR corresponds to a rise in stock price. Similarly, a 1% increase in ROA will increase the stock price by 63.645. This positive relationship reflects that the higher the ROA, the greater the stock price, representing the company's asset efficiency in generating profits, which impacts market value.

Furthermore, the correlation coefficient test results illustrate the relationship between the independent variables and the dependent variable. The correlation coefficient for CR is 0.733, which, based on correlation value interpretation guidelines, falls into the strong relationship category. This confirms that CR significantly influences the stock price. Conversely, the correlation coefficient for ROA is 0.238, indicating a low relationship between ROA and stock price, consistent with the weak correlation category.

Based on the analysis results, the Adjusted R Square value of 0.439 indicates that the independent variables, Current Ratio (CR) and Return on Assets (ROA), explain 43.9% of the variation in the stock price of PT. Duta Pertiwi Tbk. The remaining 56.1% is influenced by other variables outside this research model. This result suggests that the model used has a moderate capacity to explain changes in the company's stock price.

Partial hypothesis testing using the t-test revealed the following:

- a. The Current Ratio variable has a t-value of 2.971, which is greater than the t-table value of 0.70639, with a significance value of 0.018, below the 0.05 significance level. This indicates that the Current Ratio has a significant influence on the stock price of PT. Duta Pertiwi Tbk.
- b. In contrast, the Return on Assets variable has a t-value of 0.506, smaller than the t-table value of 0.70639, with a significance value of 0.627, exceeding the 0.05 significance level. This result shows that Return on Assets does not have a significant influence on the stock price.

Simultaneous testing using the F-test revealed that the F-value of 4.918 is greater than the F-table value of 4.46. However, the significance value obtained is 0.40, which is higher than the 0.05 significance level. This indicates that, together, the Current Ratio and Return on Assets variables do not significantly influence the stock price of PT. Duta Pertiwi Tbk.

In conclusion, this analysis shows that the Current Ratio plays an important partial role in influencing stock prices, while Return on Assets does not have a significant impact. Simultaneously, these two variables are not strong enough to significantly affect changes in the company's stock price. This finding suggests that other factors outside this model may have a more substantial role in determining the stock price movements of PT. Duta Pertiwi Tbk.

D. Discussion

1. The Effect of Current Ratio (CR) on Stock Prices at PT. Duta Pertiwi Tbk

In the study, the Current Ratio in the simple linear analysis showed a growth coefficient of 12.041, meaning that every 1% increase in the Current Ratio results in a corresponding increase in stock prices by 12.041. Since the coefficient is positive, a 1% growth in the Current Ratio can lead to an increase in the company's stock price. Based on the t-test calculation, the t-value for the Current Ratio is $2.971 > 0.70639$ (t-table), indicating that the Current Ratio has a significant effect on stock prices.

This finding aligns with previous research conducted by Reiner Valentino and Lana Solarto (2013), which examined the effect of ROA, CR, DER, and EPS on stock prices in manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange. Their results indicated that CR, ROE, and EPS sometimes have a significant impact on stock prices.

2. The Effect of Return on Assets (ROA) on Stock Prices at PT. Duta Pertiwi Tbk

In the study, the Return on Assets in the simple linear analysis showed a growth coefficient of 124.770, meaning that every 1% increase in ROA results in a corresponding increase in stock prices by 124.770. Since the coefficient is positive, a 1% growth in ROA could potentially increase the company's stock price.

However, the t-test calculation for ROA yielded a t-value of $0.506 < 0.70639$ (t-table), indicating that the ROA variable does not significantly affect stock prices. The significance score for ROA is $0.627 > 0.05$ (5%), leading to the conclusion that the null hypothesis (H_0) is accepted, and the alternative hypothesis (H_1) is rejected. This means that ROA does not have a significant influence on stock prices at PT. Duta Pertiwi Tbk.

This result is consistent with previous research by Fiona Mutiara Efendi and Ngatno (2018), which investigated the effect of ROA on stock prices with EPS as an intervening variable in a case study of textile and garment companies listed on the Indonesia Stock Exchange during the 2013–2016 period. Their findings revealed that ROA does not significantly affect stock prices, likely due to the company's suboptimal profitability conditions.

4. CONCLUSION

Based on the research, the Current Ratio (CR) and Return on Assets (ROA) exhibited significant fluctuations in relation to the stock prices of PT Duta Pertiwi Tbk during 2013–2023. The analysis results showed that CR had a significant partial influence on stock prices, with a positive correlation, indicating that increased liquidity can enhance stock prices. Conversely, ROA did not show a significant impact on stock prices, despite theoretically reflecting the efficiency of asset utilization in generating profits.

Simultaneous testing revealed that the combination of CR and ROA did not significantly affect stock prices, with an Adjusted R Square of 43.9%, indicating that other factors outside the model had a greater influence on stock price fluctuations. This study highlights the importance of other variables, such as macroeconomic factors or corporate policies, in understanding the dynamics of a company's stock prices to enhance investment appeal in the capital market.

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