JISS Journal of Indonesian Social Science

Vol. 5, No. 8, August 2024
E-ISSN: 2723-6692
P-ISSN: 2723-6595
http://jiss.publikasiindonesia.id/

Effect of Current Ratio, Debt to Equity Ratio, and Return on Assets on Stock Prices of Property and Real Estate Companies on the Indonesia Stock Exchange (2018-2023)

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KEYWORDS
Current Ratio; Debt to Equity Ratio; Return on Asset; Stock Prices

ABSTRACT
This research aims to analyze the impact of the CR, DER and ROA on stock prices of companies in the property and real estate sector listed on the IDX during the 2018-2023 period. The data used in this research were collected through documentation methods by accessing the companies' annual financial reports published on the Indonesia Stock Exchange. Using multiple linear regression analysis, the study found that the current ratio and debt-to-equity ratio do not have a significant impact on stock prices. On the other hand, return on assets was found to have a significant impact on stock prices. The results of this study indicate that investors pay more attention to the profitability of companies, as reflected in the return on assets, rather than liquidity or capital structure when determining stock values in the property and real estate sector.

1. Introduction

The property and real estate segment is one of the vital segments in a country's economy, including Indonesia. This division incorporates a broad range of exercises related to the possession, improvement, and administration of property, such as arriving, buildings, and framework. The industry has an vital part in giving lodging, commercial space, and framework required by the community. Inquire about by LPEM FEB College of Indonesia appears that the property, genuine domain, and building development divisions made a noteworthy commitment to the national Net Household Item (GDP) within the 2018-2022 period, which is around Rp 2,349 trillion to Rp 2,865 trillion per year, proportionate to 14.63-16.3 percent of the full national GDP (Grahadyarini, 2023). In a press conference in Jakarta on September 19, 2023, the Planning Serve for Economic Affairs of the Republic of Indonesia, Airlangga Hartarto, expressed that within the moment quarter of 2023, the property industry contributed 9.43% to the development sector and 2.40% to the genuine bequest segment to national GDP. The number of companies within the property and real estate domain segment recorded on the IDX counting the most board category in 2023 is 33 companies.

Venture within the property and genuine domain division is one of the alluring segments for financial specialists, both residential and outside. Speculations in this industry not as it were give alluring potential returns but too play an imperative part in driving national financial development and making employments. Be that as it may, the marvel of stock cost changes within the current capital advertise frequently happens. Fluctuating levels of request and supply can affect stock price changes.

The stock cost could be esteem shaped from the flow of supply and request within the stock advertise; as a rule, the closing cost of the stock advertise amid a certain perception period for each stock tested, which is at that point taken note by financial specialists (Wilyaka & Pujiarti, 2022). The stock costs of property and real estate domain companies can, moreover, carry a tall level of chance and be vulnerable to eccentric showcase changes. Figure 1 is the stock cost information of the property and genuine bequest segment for the period July 2018-March 2024.

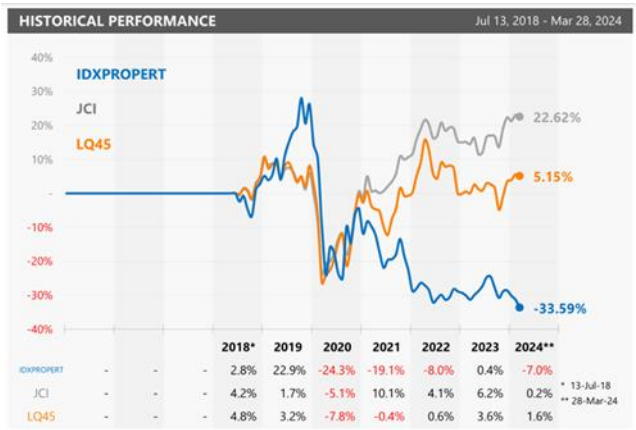

Figure 1 Property and Real Estate Sector Stock Prices

Source: https://www.Idx.co.id

Based on Figure 1, in 2019, the share price of the property sector experienced a high increase of 22.9%. However, during the Covid-19 outbreak and post-pandemic, the property sector experienced a decline for three consecutive years (2020-2022). In 2023, the property sector began to show signs of recovery with an increase of 0.4%, but again declined by 7% in the first quarter of 2024. Therefore, to predict the future movement of the property industry, investors must first grasp the elements that influence its actual performance.

Investors typically begin their choice of investment by assessing the company's ability to manage its assets profitably. Investors will assess the company's performance as an initial step. Sukayasih et al. (2019) stated that one of the determining factors in stock price is the firm's performance. This analysis aims to obtain accurate information about companies that are expected to have optimal performance so that they can provide profits for investors in the next period. Financial statements and yearly reports can be analyzed to assess the company's success. Financial statements provide insights into the company's financial situation and serve as a decision-making tool. Financial statement analysis is required to analyze management's achievements in recent times

and is a considering in preparing the business's future. One of the most common analyses of financial statements is the analysis of financial ratios such as profitability ratio, solvency ratio, and liquidity ratio.

Table 1 Stock Price Data, CR, DER, and ROA on Property and Real Estate Sector Companies Listed on the IDX in 2022-2023

Company Name	Code	Year	Share Price (Rp)	Current Ratio (%)	Debt to Equity Ratio (%)	Return on Asset (%)
Agung Podomoro Land Tbk.	APLN	2022	154	195,80	67,90	7,80
		2023	129	130,10	110,60	4,10
Bekasi Asri Pemula	BAPA	2022	95	358,00	5,00	-3,00
		2023	67	271,00	7,00	-2,00
Bumi Citra Permai Tbk.	BCIP	2022	68	450,00	90,00	1,93
		2023	60	450,00	90,00	1,90
Bhuwanatala Indah Permai Tbk.	BIPP	2022	51	231,38	74,53	-0,04
		2023	50	198,03	84,67	-2,31
Natura City Developments Tbk.	CITY	2022	142	1173,00	9,28	-2,28
		2023	63	768,00	13,42	0,20
Duta Agganda Realty Tbk.	DART	2022	172	10,00	167,50	-6,50
		2023	128	20,00	199,40	-5,40
Trimitra Propertindo Tbk.	LAND	2022	50	96,10	56,00	-1,10
		2023	15	88,10	62,00	-1,60
Modernland Realty Tbk	MDLN	2022	82	80,00	146,00	0,15
		2023	62	88,00	155,00	-0,77
Summarecon Agung Tbk	SMRA	2022	605	150,00	50,00	2,70
		2023	575	132,00	59,00	3,30
Indonesia Prima Property Tbk	OMRE	2022	810	45,26	26,17	-5,91
		2023	498	28,11	11,42	-4,09

Source: www.idx.com processed data, 2024

Based on Table 1, it can be seen that the share prices of 10 (ten) companies in the property and real estate sector fluctuated every year from 2018 to 2023, wherein 2023, all companies experienced a decline in stock prices allegedly caused by a decrease in the Current Ratio (CR), an increase in the Debt to Equity Ratio (DER), and a decrease in Return on Asset (ROA).

The CR is a ratio used to analyze a company's capacity to meet its short-term liabilities or debts that would shortly mature when charged in all (Mayasari et al., 2024). Sumarsan (2021) states that a higher CR implies a more significant capability to satisfy short-term liabilities, while a lower ratio shows a lesser ability. This can result in a reduction in the company's stock price. The industry standard ratio for the CR is 200% or 2 times; if it is more than 200% or 2 times, then the better it is, and if it is less than 200% or 2 times, then it is said to be wrong (Dewi & Dana, 2017).

Table 1 shows that companies in the Property and Real Estate sector have experienced a decrease in current ratio in 2023; in addition to experiencing a decline, there are 5 (five) companies

with current ratios below standard or 200%, namely Agung Podomoro Land Tbk, Bhuwanatala Indah Permain Tbk, Trimitra Properindo, Tbk, Summarecon Agung Tbk, and Indonesia Prima Property Tbk. Meanwhile, Duta Anggada Realty Tbk and Modernland Realty Tbk have experienced an increase in the current ratio in 2023. However, these figures are far below the standard of only 20% and 88%, respectively. This contradicts Sumarsan (2021) theory and research (Mayasari et al., 2024), which suggest that the CR has a beneficial effect on stock prices, with rising current ratios resulting in higher stock prices. In contrary to Verawati et al.'s (2024) findings, which suggested that the CR had a negative impact on stock prices, stock prices rise when the current ratio falls. Meanwhile, Aryani et al. (2024) concluded that the CR has no substantial effect on stock prices.

Debt to Equity Ratio (DER) is a measure that determines the proportion of debt to equity by comparing total debt to equity. This ratio determines the ratio between funds borrowed from creditors and capital provided by company owners (Oktawianto & Laksmiwati, 2023). The higher the DER, the greater the danger to the company. This makes investors view the company as high-risk, and they tend to avoid purchasing shares in companies with a high DER. As a result, the greater the DER, the lower the company's stock price, and vice versa (Liza et al., 2022). Sukamulja (2019) states that the ideal DER value is below 1 or less than 100%. Table 1 shows that several companies experienced an increase in the DER figure in 2023. This indicates poor management of the company's capital structure and increased risk to the company. Furthermore, in Table 1, it can be seen that the company Bumi Citra Permai Tbk has not experienced a change in DER, but this company has experienced a decrease in the share price. This is not by the theory put forward by Liza et al. (2022) and previous findings by Ristiya et al. (2024), which stated that the Debt Equity Ratio significantly influences stock prices. However, this statement contradicts the findings by Aryani et al. (2024).

The Return on Asset Ratio (ROA) is a metric that determines how efficiently a company generates money from its assets. This ratio demonstrates the ability of firm management to manage assets and make profits (Shiddigie & Priyanto, 2021). This ratio is a profitability indicator that measures how much net profit is obtained from using a company's assets (Lestari et al., 2023). According to Kasmir (2019), the ROA that are considered good and healthy for a company are the ones that reach a positive number and are above 5.98%. In Table 1, it can be seen that there is a decrease in ROA in several companies In addition, 5 (five) companies in 2023 had ROA figures below the standard, they even reached negative numbers and make the company's share price decreased. This is not according to the theory put forward by Kasmir (2019), which states that "High Return On Asset will provide an indication of a good company's prospects and can trigger investors to increase demand for shares so that stock prices increase." This aligns with Fazriati and Herlinawati's (2024). Meanwhile, Verawati et al. (2024) stated that ROA does not significantly affect stock prices.

The purpose of this paper is to find out and analyze the influence of Current Ratio (CR), Debt to Equity Ratio (DER), and Return on Assets (ROA) on the share price of companies in the property and real estate sectors listed on the Indonesia Stock Exchange during the 2018-2023 period.

2. Materials and Methods

The research method used in this study is quantitative with a descriptive and 2 verifiable approach. This approach is utilized to describe and evaluate CR, DER, ROA on Share Price in Property and Real Estate companies during 2018-2023.

This study's data collection technique uses a documentation method, using data derived from existing documents. The population used in this study is all 37 Property and Real Estate companies listed on the IDX in 2018-2023. The sampling technique used in this study is purposive sampling. Some of the criteria for obtaining samples using purposive sampling are shown in the table.

Table 2 Sample Criteria

No	Sample Criteria	Total
1	Companies included in the Property and real estate sectors that are listed consecutively on the IDX during the 2018-2023 period	37
2	Companies that contain complete financial statements for the 2018-2023 period	33
3	Companies that did not experience a decline in stock prices in 2023	(16)
4	Companies that have financial statements with declining stock prices and unhealthy CR, DER ROA in 2023	10
Total of Companies Used as Samples		**10**
Observation Year 2018-2023		**6 Years**
Total Sample Units		**60**

Based on the sampling criteria using the purposive sampling method, 10 companies from the Property and Real Estate sector were selected that met the specified criteria. The data analysis techniques employed in this study consist of descriptive analysis and verifiable analysis. The testing process will be conducted with the assistance of the Eviews 13 software.

3. Result and Discussion

Descriptive Analysis

Table 3 Results of Descriptive Analysis

	Y_HARGA_SAHAM	X1_CR	X2_DER	X3_ROA
Mean	288.3833	287.5045	69.24333	-0.115333
Median	128.5000	143.5000	76.29500	0.035000
Maximum	1790.000	2488.000	199.4000	9.530000
Minimum	15.00000	10.00000	5.000000	-11.88000
Std. Dev.	351.3341	414.5756	47.33705	3.778771
Observations	60	60	60	60

Table 3 shows that the average value (mean) of the Stock Price is 2888.3833 with a standard deviation of 351.3341 shows that the data is not well distributed due to the level of deviation greater

than the average value. In this case, it indicates that share prices in the Property and Real Estate sector have fluctuated considerably, reflecting instability and uncertainty in the market. The highest (maximum) value of 1790 was owned by Indonesia Prima Property Tbk in 2018, while the lowest value (minimum) of 15 was owned by Trimitra Propertindo Tbk in 2023.

The mean value of the CR is 287.50% with a standard deviation of 414.58%, indicating that the data is not well distributed due to a deviation greater than the average value. The highest value (maximum) is 2488% owned by Bekasi Asri Pemula Tbk in 2019, while the lowest value (minimum) is 10% owned by Duta Anggada Realty Tbk in 2021 and 2022. A good standard value for the Current Ratio is 200% or above, indicating that the company is in good condition in meeting its short-term obligations, and the average for Property and Real Estate companies is 287.50, reflecting a positive condition as it is above 200%.

The mean value of the is 69.24% with a standard deviation of 47.34%, suggesting that the data is well dispersed because the level of deviation is less than the average value. The highest value (maximum) is 199.40% owned by Duta Anggada Realty Tbk in 2023, while the lowest value (minimum) is 5% owned by Bekasi Asri Pemula Tbk in 2021 and 2022. A good standard value for Debt Equity Ratio is below 1 or below 100%, indicating good company fundamentals, and the average for Property and Real Estate companies is 69.24%, reflecting a positive condition as it is below 100%.

The mean value of ROA is -0.11% with a standard deviation of 3.77%, indicating that the data is not well distributed due to a deviation rate greater than the average value. The highest value (maximum) is 9.53% owned by Natura City Developments Tbk, while the lowest value (minimum) is -11.88% owned by Modernland Realty Tbk. A good standard value for Return on Assets is to achieve a positive number. It is above 5.98%, while the average ROA of property and real estate companies is -0.11%, which indicates poor conditions because the value is below standard.

Model Selection Test

Panel data regression can be performed using three analysis models: common effect, fixed effect, and random effect. The analysis model selection is dependent on meeting the necessary statistical data processing requirements so that the outcomes may be statistically accounted for. As a result, the first step is to select the appropriate model among the three available. The Chow Test and the Hausman Test were used to select the best appropriate estimating model.

Chow Test

The Chow test determines whether a standard or fixed effect model is more suitable for estimating panel data. The hypotheses in the Chow Test are as follows:

a. If the probability of chi-square < 0.05, then the model chosen is a fixed effect model.

b. If the probability of chi-square > 0.05, the chosen model is a standard effect model.

Table 4 Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	9.915134	(9,47)	0.0000
Cross-section Chi-square	63.854554	9	0.0000

Table 4 shows that the probability of chi-square is 0.0000, meaning it is less than 0.05, according to the Chow Test hypothesis criteria chosen, namely the fixed model.

The Hausman Test

The Hausman test determines whether a fixed or random effect model will be used. The hypotheses in the Hausman Test are as follows:

a. If the probability of cross-section < 0.05, then the model chosen is a fixed effect model.

b. If the probability of cross-section > 0.05, then the model chosen is a random effect model.

Table 5 Hausman Test Results

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

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	12.061692	3	0.0072

Table 5 shows that the cross-section probability is 0.0072, which means it is less than 0.05. By the hypothesis criteria of the Hausman Test, the model chosen is a fixed effect model. Therefore, based on the results of selecting the panel data regression model with the Chow Test and the Hausman Test, the two tests showed the same results, namely choosing a fixed effect model. Therefore, in this study, the fixed effect model will be used to assess the regression test of panel data in research decision-making.

Classical Assumption Test

1. Normality Test

The normality test in this study uses the Jarque-Bera test. If the significance level > alpha 5%, then the data is distributed normally, vice versa.

Table 4 Results of the Normality Test

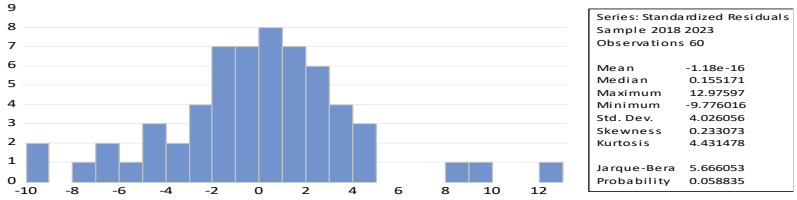

Table 4 shows that the Jarque-Bera value is 5.666053 with a probability value greater than α (0.058835 > 0.05). These results indicate that the distributed data is normal. The normal distribution of the data is achieved after data transformation using natural logarithms (logs).

2. Multicollinearity Test

Table 5 Multicollinearity Test Results

	X1_CR	X2_DER	X3_ROA
X1_CR	1.000000	-0.490681	0.255157
X2_DER	-0.490681	1.000000	-0.210903
X3_ROA	0.255157	-0.210903	1.000000

Table 5 shows that all correlation values between independent variables do not have a value of more than 0.80, meaning that in this regression model, there is no multicollinearity.

3. Heteroscedasticity Test,

The White test was carried out to test heteroscedasticity. If the probability of Obs*R-squared is less than 5% (alpha), then the data indicates heteroscedasticity, and vice versa (Winarno, 2017).

Table 6 Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	168.8887	60.50770	2.791193	0.0076
X1_CR	0.024932	0.052914	0.471173	0.6397
X2_DER	-0.785249	0.796873	-0.985414	0.3295
X3_ROA	9.107774	5.316385	1.713152	0.0933

Based on Table 6, it can be seen that the data shows that the probability value of each variable is more than 5%, namely CR of 0.6397, DER of 0.3295 and ROA of 0.0933. So it can be concluded that in this model there is no heterokedasticity.

4. Autocorrelation Test

Regression models are said to be free from autocorrelation if they have a Durbin-Watson value between -2 and +2 (Santoso, 2010).

Table 7 Autocorrelation Test Results

R-squared	0.728274	Mean dependent var	288.3833
Adjusted R-squared	0.658897	S.D. dependent var	351.3341
S.E. of regression	205.1932	Akaike info criterion	13.67492
Sum squared resid	1978900.	Schwarz criterion	14.12869
Log likelihood	-397.2475	Hannan-Quinn criter.	13.85241
F-statistic	10.49736	Durbin-Watson stat	1.320747

Prob(F-statistic)	0.000000

Table 7 reveals that the Durbin-Watson value is 1.230747, which ranges from -2 to +2. This implies that the regression model in this investigation has no autocorrelation.

Multiple Regression Analysis

Table 8 Multiple Regression Analysis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	371.5902	108.6351	3.420536	0.0013
X1_CR	0.003569	0.095001	0.037566	0.9702
X2_DER	-1.161909	1.430700	-0.812127	0.4208
X3_ROA	32.76094	9.544999	3.432262	0.0013
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.728274	Mean dependent var		288.3833
Adjusted R-squared	0.658897	S.D. dependent var		351.3341
S.E. of regression	205.1932	Akaike info criterion		13.67492
Sum squared resid	1978900.	Schwarz criterion		14.12869
Log likelihood	-397.2475	Hannan-Quinn criter.		13.85241
F-statistic	10.49736	Durbin-Watson stat		1.320747
Prob(F-statistic)	0.000000			

Based on Table 8, the values of constants and regression coefficients are derived, allowing for the formation of the following regression equation:

Y = 371.5902 + 0.003569 X1 - 1.161909 X2 + 32.76094 X3

The above equation can be interpreted as follows:

1. The constant (α) of 371.5902 indicates that if the CR, DER, and ROA are valued at 0 or no change, then the Stock Price will be worth 371.5902 units.
2. The value of the CR (X1) variable has a regression coefficient of 0.003569, meaning that if CR increases by one unit. At the same time, DER and ROA are constant, and the stock price increases by 0.003569 units.
3. The value of the DER (X2) variable has a regression coefficient of -1.161909, meaning that if the DER increases by one unit while the CR and ROA are constant, the Stock Price decreases by 1.161909 units.
4. The value of the ROA (X3) variable has a regression coefficient of 32.76094, meaning that if the ROA increases by one unit while the CR and DER are constant, the Stock Price increases by 32.76094 units.

Multiple Correlation Coefficient Analysis

Table 9 Multiple Correlation Coefficient Test Results,

Cross-section fixed (dummy variables)			
R = 0.853389 R-squared	0.728274	Mean dependent var	288.3833
Adjusted R-squared	0.658897	S.D. dependent var	351.3341
S.E. of regression	205.1932	Akaike info criterion	13.67492
Sum squared resid	1978900.	Schwarz criterion	14.12869
Log-likelihood	-397.2475	Hannan-Quinn criter.	13.85241
F-statistic	10.49736	Durbin-Watson stat	1.320747
Prob(F-statistic)	0.000000		

Based on Table 9, the relationship between the CR, DER, and ROA with the Stock Price is 0.853389. According to the correlation criteria table, this value falls within the range of 0.80-1.00, which indicates a strong and unidirectional relationship. Since the results are positive, it can be concluded that any increase in CR, DER, and ROA will increase the Stock Price.

Determination Coefficient Analysis

The analysis results show that the value of R square (R^2) is 0.728274. This figure indicates that together, the variables CR, DER, and ROA contribute 72.82% to the Stock Price variable. The rest, namely 27.18%, was influenced by other variables that were not investigated in this study.

Hypothesis Testing,

Table 10 T Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	371.5902	108.6351	3.420536	0.0013
X1_CR	0.003569	0.095001	0.037566	0.9702
X2_DER	-1.161909	1.430700	-0.812127	0.4208
X3_ROA	32.76094	9.544999	3.432262	0.0013

Based on Table 10 with a significance level of α = 0.05, the hypothesis testing decision is as follows:

1. Testing the Hypothesis of the Effect of CR on Stock Price: With a probability value of 0.9702 and a t-value of 0.0950, CR's effect on stock price is insignificant, as both values do not meet the criteria for a significant influence (probability > 0.05 and t-value < 1.6725). Thus, H0 is accepted, and H1 is rejected.
2. Testing the Hypothesis of the Effect of DER on Stock Prices: DER also shows no significant effect on stock price, with a probability value of 0.4208 and a t-value of -0.812127. These values do not support a significant influence, leading to the acceptance of H0 and rejection of H2.

3. Testing the Hypothesis of the Effect of ROA on Stock Prices: ROA significantly influences stock price, with a probability value of 0.0013 and a t-value of 9.5449. Both values exceed the significance threshold (probability < 0.05 and t-value > 1.6725), resulting in the rejection of H0 and acceptance of H3.

Testing of F-Test Hypothesis

Table 11 Test Results F

Cross-section fixed (dummy variables)			
R-squared	0.728274	Mean dependent var	288.3833
Adjusted R-squared	0.658897	S.D. dependent var	351.3341
S.E. of regression	205.1932	Akaike info criterion	13.67492
Sum squared resid	1978900.	Schwarz criterion	14.12869
Log-likelihood	-397.2475	Hannan-Quinn criter.	13.85241
F-statistic	10.49736	Durbin-Watson stat	1.320747
Prob(F-statistic)	0.000000		

Based on Table 11 with a significance level of α = 0.05, F_{table} of 2.77 and F_{cal} of 10.49736 were obtained. A probability value of F of 0.000000, which is less than 0.05, indicates that H0 is rejected and H1 is accepted. Therefore, it can be concluded that the CR, DER, and ROA simultaneously have a significant influence on the Stock Price.

Effect of Current Ratio on Stock Price

The results of the study stated that the CR did not have a significant effect on the stock price. The results of this study are in line with the research of Meilani et al. (2023) and Aryani et al. (2024), which stated that the Current Ratio does not have a significant effect on stock prices. In theory, good liquidity can signal a company's good financial health, but in this study, the results show that liquidity measured by the current ratio does not significantly affect stock prices. This can be caused by several factors, such as market conditions that pay more attention to other factors, such as profitability or company growth. In addition, investors see that high liquidity can indicate inefficient management when allocating assets. In addition, this may be due to the unique characteristics of this sector, where investments in property and real estate tend to have longer cycles, and investors may focus more on other aspects such as profitability and long-term growth potential rather than short-term liquidity.

In the context of the property and real estate sector, liquidity is not always the main factor for investors because businesses in this sector often involve long-term projects with fluctuating cash flows. Investors may pay more attention to how the company manages its long-term assets and liabilities, as well as how it can generate profits from its assets, rather than the current ratio, which only reflects short-term liquidity conditions. Therefore, the current ratio may not provide an accurate picture of a company's long-term financial health, making it less relevant in determining stock prices.

Moreover, stock prices are often influenced by various external factors such as macroeconomic conditions, changes in government policy, and market sentiment, which may be more dominant than

internal factors like liquidity ratios. In the case of property and real estate companies, investors may be more interested in the growth prospects of projects, the stability of rental income, or the value of land assets owned by the company.

The Effect of Debt to Equity Ratio on Stock Prices

The results of the study stated that the DER did not have a significant effect on stock prices. The results of this study are in line with the research of Verawati et al. (2024) and Aryani et al. (2024), which stated that the Equity Ratio does not have a significant effect on stock prices. In financial theory, high debt use can increase a company's financial risk, which in turn can affect stock prices. However, the results of this study show that DER does not have a significant effect on stock prices. This could be interpreted as investors may see the use of debt as natural and not necessarily bad, especially if the debt is used for productive financing and generates higher profits. In addition, market conditions and investors' perception of the company's risk also affect the valuation of DER. Moreover, investors may not be overly focused on capital structure when evaluating stocks in this sector, but rather pay more attention to other factors that are more relevant to the characteristics of the property industry.

The property and real estate sector has different characteristics from other sectors, where high debt usage is often necessary to finance large and long-term projects. In this context, investors may recognize that a high DER is typical and even necessary to drive business growth. Therefore, a high level of leverage may not be seen as a significant risk indicator but rather as a common operational strategy in this sector. Investors are likely more concerned with how the debt is used to generate future cash flows rather than merely focusing on the DER itself.

Moreover, stock prices in this sector are more likely to be influenced by property growth prospects, market stability, and the value of assets owned by the company, rather than simply the comparison between debt and equity. External factors such as government policies, interest rates, and macroeconomic conditions also play an important role in determining stock prices in the property and real estate sector. Thus, while DER is an important indicator in financial analysis, the study's findings suggest that in the context of Indonesia's property and real estate sector, this ratio does not have a significant impact on stock prices during the 2018-2023 period.

Effect of Return on Asset on Stock Price

The results of the study stated that ROA had a significant effect on stock price, contributing 32.76%. The findings of this study are consistent with those of Fazriati and Herlinawati (2024), who found that ROA has a considerable effect on stock prices. This conclusion is supported by study undertaken by Mayasari et al. (2024), who found that ROA has a considerable impact on stock prices. The study's findings are consistent with financial theory, which claims that high profitability shows superior corporate performance and asset efficiency, hence raising the company's worth and stock price. A high ROA implies a company's capacity to make a larger profit from its assets, prompting investors to purchase the company's shares, ultimately driving the stock price up.

The property and real estate sector often requires substantial investment in assets such as land and buildings, which are the primary sources of the company's revenue. Therefore, ROA becomes a relevant measure to assess how effectively the company is maximizing the use of these assets to

generate profit. When ROA shows an increase, it is usually interpreted by investors as a sign that the company is managing its assets well, which in turn boosts investor confidence and drives up stock prices.

Furthermore, a high ROA is typically associated with companies that have a solid business strategy and effective management, capable of managing resources well to achieve optimal profitability. In the property and real estate sector, where large projects require careful management, ROA becomes a more important indicator compared to other ratios such as liquidity or leverage. Therefore, the research findings indicating the significant impact of ROA on stock prices suggest that investors in this sector tend to place greater value on operational efficiency and the company's ability to generate profit from its assets.

The Effect of Current Assets, debt-to-equity ratio, and Return on Asset on Stock Price

The study's results expressed that the current proportion, value proportion, and return on resources at the same time had a critical impact on stock cost. This articulation is proven by the comes about of the F test, which delivered indigo Fcal > Ftabel of 10.497 > 2.77 with a noteworthiness esteem of 0.000000 < 0.05. So, H0 is rejected, and H4 is acknowledged. This study is about the adjustments to the investigation of Verawati et al. (2024), who expressed that the current proportion, debt-to-equity ratio, and return on resources all influence stock costs. The comes about of calculation of the assurance coefficient shows that the factors of Current Ratio, Debt-to-Equity Ratio, and Return on Resource have a powerful commitment of 72.82%. In comparison, the remaining 27.18% are affected by other components, including the Current Ratio, debt-to-equity ratio, and ROA.

The implications of the results of the study that show that the CR and DER are not significant to the stock price, while the ROA is significant, can be explained as follows:

1) Insignificant Current Ratio (CR): The results of the study that show that CR does not have a significant influence on the stock price can be interpreted that the company's liquidity, as measured through CR, is not the main factor that investors consider in determining the stock price. This may be due to investors focusing more on the profitability and growth aspects of the company. In addition, too high liquidity can also be interpreted as inefficient asset management, which investors do not want.
2) Debt to Equity Ratio (DER) Not Significant: The finding that DER has no significant effect suggests that the use of debt in a company's capital structure does not directly affect investors' decisions regarding stock valuation. Investors may view debt as a normal part of a company's financial strategy, especially if it is used for productive financing and potentially profitable. Market conditions and investors' perception of a company's risk can also affect how DER is considered in investment decisions.
3) Significant Return on Asset (ROA): The significant influence of ROA on stock prices confirms the importance of profitability in investment decisions. A high ROA indicates the company's ability to generate profits from its assets, which ultimately increases the attractiveness of the company's shares to investors. Investors tend to perceive companies with high ROA as more efficient and profitable, thus increasing demand and stock prices.

Overall, these findings show that in the property and real estate sector on the Indonesia Stock Exchange, profitability is a more important indicator for investors than liquidity or financial leverage in influencing stock prices.

4. Conclusion

Based on the research findings, it can be concluded that the current ratio (CR) and debt-to-equity ratio (DER) do not have a significant impact on stock prices in the property and real estate sector companies listed on the Indonesia Stock Exchange for the 2018-2023 period. This indicates that liquidity and capital structure are not the primary factors considered by investors when evaluating stocks in this sector. On the other hand, return on assets (ROA) has been proven to have a significant impact on stock prices, indicating that the efficiency of a company in generating profits from its assets is a more important indicator for investors when determining the value of stocks in property and real estate companies. These findings suggest that investors are more focused on operational performance reflecting profitability rather than liquidity and leverage when assessing stocks in this sector.

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