THE INFLUENCE OF CR, ROA, AND ROE ON SHARE PRICES IN COMPANIES LISTED ON THE LQ45 INDEX

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ABSTRACT
This research aims to investigate the influence of the Current Ratio, Return on Assets, and Return on Equity on stock prices. The population in this research are companies listed on the LQ45 Index for the 2022 period. The method in this research uses a quantitative approach. The sampling technique uses a purposive sampling technique, namely a sampling technique based on certain criteria. The number of samples in this research was 16 companies. The data analysis method uses descriptive statistics and multiple regression analysis. Based on the results of this research, it shows that partially the Current Ratio has no effect on stock prices, Return on Assets has an impact on stock prices, and Return on Equity has no effect on stock prices.

Keywords: Current Ratio, Return on Asset, Return on Equity, Stock Prices

INTRODUCTION

Shares are a financial instrument that attracts the interest of companies and investors. By issuing shares, the company does not have to return the capital obtained from selling shares but distributes dividends from accumulated profits each year. Meanwhile, for an investor, owning shares means having the opportunity to receive dividend income every year or sell them on a secondary exchange between investors and make a profit between buying and selling (capital gain). Earnings from capital growth can be obtained even every day. To make it easier for investors to choose shares of several companies listed on the Indonesian Stock Exchange (BEI), several indexes have been created to group these shares (Indonesia, 2022). Like the LQ45 index, this index contains the 45 most valuable stocks. Share capital shows how much the shares are realized. Shares included in the LQ45 index must meet several conditions. First, the stock must be in the top 60 of all market transactions over 12 months. Second, share capital must be more than 90% of market value. Third, it has been listed on the Indonesian Stock Exchange for at least three months. Fourth, the company's financial situation and growth prospects. For these 4 criteria, the shares included in the index are considered very profitable and have a good and safe perspective, because the LQ45 index shares will continue to be selected every 6 months.

Historically, the share price of the LQ45 index has increased, which indicates that this index can be used as a benchmark in choosing the best IDX shares (Laulita, Buntu Nasar, 2022). out an analysis so that these companies can be projected into figures. Designing a business Numbers are usually called the value of a business (Hidayat, 2021). Determining the value of a company is very important because this value is also used to determine share prices. The company's value should not be greater than the company's capabilities or usually be exaggerated. If this estimate is exceeded and the share price is too high, even though the company's performance is not good, the share price will fall and investors will suffer losses. Overvaluation can occur because investors do not have enough information about the condition of the company or company. This problem is often called information asymmetry.When the problem of information asymmetry arises, the government takes steps to reduce this problem by determining the publication of financial reports for companies listed on the Indonesia Stock Exchange (BEI) commonly called public companies (Maiyusti, 2014). Financial reports are considered to be able to communicate between a company and entities related to the company, one of which is investors (Nengsih et al., 2023). Another problem arises when

the state helps investors obtain information about standardized reference writing applications such as Zotero, Mendeley or others with the company's condition through financial reports, but not from the investors themselves (Triwahyuningtias, 2012). Not all investors have sufficient knowledge to understand the relationship between accounting and analyzing financial reports, because this requires special techniques and adequate accounting information (Maulana, 2017).

If the company's performance is getting worse or believe that the share price will fall and result in losses, then the investor will give in by selling shares. How many investors buy and sell shares depends greatly on investors' assessments of the company's prospects and the shares themselves. In this case, proper analysis must be carried out so that investors can set a reasonable price and not experience losses. One type of general analysis that focuses on evaluating a company's financial performance through financial reports is fundamental analysis. Fundamental analysis emphasizes the use of information through financial reports to understand company developments and assess the long-term prospects of the company and its shares (U. D. Pratiwi, 2017).

LITERATURE REVIEW

The share price of a company is formed by the supply and demand for these shares. Investors ask for shares when the shares are considered profitable through purchasing shares. On the other hand, if investors feel Analysis of stock prices is carried out using fundamental analysis techniques (Dalam, 2020). Fundamental analysis techniques are carried out to determine the level of company health. Fundamental analysis is carried out by assessing company performance (Rasnawati, 2021). The assessment is carried out by considering the financial statements. The indicators measuring financial reports are financial ratios. The ratios used in research are Current Ratio (CR), Return on Assets (ROA), and Return on Equity (ROE) (Dwiyanto, 2012).

The current Ratio shows the extent of the company's capability to guarantee long-term obligations. This capability can attract funders/investors to choose company shares. As a result, share prices will grow because demand increases (Nuraeni et al., 2021). Return on Assets shows the capacity of company management to utilize company assets to generate profits. A high ROA shows that the company can generate profits from the assets it owns. Returns to investors will be higher if the profits obtained also increase. So that investor confidence in the company increases. This has an impact on increasing share prices (Rinofah et al., 2022).
Return on Equity shows the capability of company management to utilize the owner's capital. A high ROE shows that the profits generated are high. Returns to investors will be higher if the profits obtained also increase. So that investor confidence in the company increases. This has an impact on increasing share prices (Nurjehan et al., 2022).

The results of research on liquidity ratios found by Darmawan (2016) state that the current ratio has a significant positive effect on stock prices. Meanwhile, according to research conducted by Octaviani & Komalasarai (2017) and Christine & Aprilia (2021), it was found that the current ratio does not have a significant effect on stock prices. Research conducted by Dewi (2015) shows that Return on Assets has a significantly positive effect on stock prices. Meanwhile, according to Ramadhani & Zannati (2018), they found that Return on Assets had no effect on share prices. Research by Ahmad (2023) shows that Return on Equity has a significantly positive effect on share prices. Based on this discussion, to find out the extent to which the behavior of Current Ratio, Return on Assets, Return on Equity influences the share prices of companies listed on the LQ45 Index. Furthermore, the hypothesis in this research is:
H1: Current Ratio (CR) has a positive effect on stock prices.
H2: Return on assets (ROA) has a positive effect on stock prices.
H3: Return on Equity (ROE) has a positive effect on stock prices.

Table 1. Average of CR, ROA, ROE, and Stock Price of LQ45 Companies

Company Name	CR (X1)	ROA (X2)	ROE (X3)	Stock Price (Y)
Adaro Energy Indonesia Tbk.	2,28	15,31	24,43	3.250
Sumber Alfaria Trijaya Tbk.	0,84	4,43	13,50	1.875
Aneka Tambang Tbk.	1,65	4,73	14,15	1.955
Indah Kiat Pulp & Paper Tbk.	2,18	4,27	9,58	7.600
Astra Internasional Tbk.	1,54	6,09	14,91	6.325
Indocement Tunggal Prakarsa Tbk.	2,18	1,24	5,68	9.300
Indo Tambangraya Megah Tbk.	3,20	23,34	93,67	39.600
Barito Pacific Tbk.	4,91	0,33	0,61	900
Bukalapak.com Tbk.	20,86	25,40	537,16	294
Charoen Pokphand Indonesia Tbk.	1,80	6,19	18,18	5.600
Elang Mahkota Teknologi Tbk.	5,22	6,42	58,48	1.875
Erajaya Swasembada Tbk.	1,30	3,22	5,74	498
XL Axiata Tbk.	0,26	0,81	1,10	2.370
Japfa Comfeed Indonesia Tbk.	1,90	3,66	6,24	1.445
H.M Sampoerna Tbk.	1,97	7,17	17,25	930
Harum Energy Tbk.	2,27	17,03	84,69	1.845
Indofood CBP Sukses Makmur Tbk.	2,78	2,13	4,26	8.825
Vale Indonesia Tbk.	5,68	5,75	48,18	6.100
Indofood Sukses Makmur Tbk.	1,69	2,32	4,72	6.800
Indika Energy Tbk.	2,08	5,76	8,15	2.670

METHODS

This research method is quantitative research. Quantitative research is research that uses data analysis in the form of numeric/numbers (Tampubolon, 2023). The type of data that the author uses in this research is cross-section data. Cross section is a collection of data that is viewed at a certain time by many individuals (Rahmatullah et al., 2020). This researche use the Multiple Linear Regression method. Regression analysis can be interpreted as a statistical method to determine whether there is an influence between the independent variables and the dependent variable (Arisha & Nengsih, 2024). The data source used is secondary data. This data comes from the Annual Report and Indonesia Capital Market Directory (ICMD) of LQ45 companies listed on the Indonesia Stock Exchange in 2022 (http://www.idx.co.id).

The population of this research is all LQ45 companies listed on the Indonesia Stock Exchange in 2022, with a sampling technique using the Purposive Sampling method. The qualifications for sample selection are as follows: Companies that are listed in the LQ45 Index and have been listed on the Indonesia Stock Exchange for the 2022 period, LQ45 Companies that have a complete annual report that has been published on the IDX in 2022, Insurance companies that have not experienced losses during the 2022 period, companies that do not experience delisting during the 2022 period. Hypothesis Testing Partial Test (t-test). The t-test is used to determine the effect of the independent variable on the dependent variable individually. Coefficient of Determination Test (R2). This test is carried out to determine how much ability all independent variables have in explaining the variance of the dependent variable (Samudra et al., 2014).

RESULTS

From the output of Table 2 below, we get an Adjusted R Square (Coefficient of Determination) value of 0.244, which means that the independent variables, namely Current Ratio (CR), Return on Assets (ROA), and Return on Equity (ROE) influence the dependent variable, namely share price, by 24.4%. Meanwhile, the remaining 75.6% is influenced by other factors.

Table 2. Test of the Coefficient of Determination

R	R Square	Adjusted R Square	Std. Error of the Estimate
,603ˡ	0,363	0,244	7414,53672

Source: Data Processed (2024)

Based on Table 3, the t-test results for the Current Ratio (CR) variable have a significance of 0.712, which means it is greater than 0.05, so H1 is rejected. The t-test results for the Return on Assets (ROA) variable have a significance of 0.014, which means it is less than 0.05, so H2 is accepted. The t-test results for the Return on Equity (ROE) variable have not a significance of 0.296, which means it is greater than 0.05, so H3 is rejected.

Table 3. Significance Test of Partial Influence (t-Test)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	-1073,69	4332,994		-0,248	0,807
Current Ratio (X1)	564,943	1505,975	0,289	0,375	0,712
ROAL (X2)	1118,814	405,655	0,945	2,758	0,014
ROE (X3)	-71,072	65,760	-0,985	-1,081	0,296

Source: Data Processed (2024)

Based on Table 4, it is known that the calculated F value is 3.041 and Sig 0.05. The Sig value is 0.059 <= 0.05. This shows that the Current Ratio (CR), Return on Assets (ROA), and Return on Equity (ROE) simultaneously have a significant effect on stock prices.

Table 4. Simultaneous Effect Test (F Test)

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	501536375,919	3	167178791,973	3,041	,05
Residual	879605676,631	16	54975354,789		
Total	1381142052,550	19			

Source: Data Processed (2024)

Discussion
The Effect of Current Ratio on Stock Prices
The higher the current value (CR), the higher the company's liquidity. High liquidity shows that the company can meet its short-term obligations. This will encourage investors to invest and increase share prices. The Current Ratio (CR) variable can be used as a basis for determining the increase or decrease in share prices. The higher this ratio, the higher the company's ability to pay its short-term debt obligations. A company's current assets

are usually used to buy things that can support the company's operational activities (T. I. Pratiwi & Rivandi, 2021).

Based on the results of hypothesis testing (t-test) for the Current Ratio (CR) variable which has a significance coefficient of 0.712, which means it is greater than 0.05 and the calculated t value is 0.375 < t table 1.99167, then H1 is rejected. Thus, it can be concluded that the Current Ratio (CR) has no significant effect on share prices. This is in line with research found by Kohalnsall et al., (2013), Octalvialni & Komallalsalrali (2017), Candra & Wardani (2021), and Christine & Aprilia (2021), which concluded that CR has no significant effect on stock prices. Meanwhile, this research contradicts research found by Saputri & Soekotjo (2016) that CR has an effect on stock prices (Tya & Triyonowati, 2023). The company's current assets are usually used to purchase things that can support the company's operational activities. The results of this research are supported by the results of research conducted by Sondakh and Mangantar (2015), that the Current Ratio has a significant effect on share prices.

The Effect of Return on Assets on Share Prices
Return on Assets (ROA) is a company's financial ratio that is related to profitability, measuring the company's ability to generate profits at certain levels of income, assets, and share capital (Sinaga & Silalahi, 2022). Based on the results of hypothesis testing (t-test) for the Return on Assets (ROA) variable which has a significance of 0.014 which means it is smaller than 0.05 and the calculated t value of 2.758 is greater than the t table of 1.99167, then H2 is accepted. Thus, it can be concluded that Return on Assets (ROA) has a significant effect on share prices. This is in line with research conducted by Dewi (2015), Muhammad & Rahim (2015), Allozi & Obeidat (2016), Sitinjak et al., (2020), and Mukhtasyam et al., (2020) that ROA has a significant effect on prices share.

The Effect of Return on Equity on Share Prices
Based on the results of hypothesis testing (t-test) for the profitability variable projected by Return on Equity (ROE), it has a significance of 0.296, which means it is greater than 0.05 and the t value of -1.081 is smaller than the t count of 1.99167, so H2 is rejected. Thus, it can be concluded that Return on Equity (ROE) does not have a significant effect on share prices. This is not in line with research researched by (Yudistira & Adiputra, 2020), that ROE has a significant effect on share prices.

CONCLUSION

The results of this research are that the Current Ratio (CR) and Return on Equity (ROE) ratios partially have no effect on share prices, this shows that if CR increases, then share prices will fall and conversely if CR falls then share prices will rise. In other words, the company's ability to use its current assets to pay current debt is not optimal. And if ROE increases or decreases, it will not affect the increase or decrease in share prices. In other words, the Company's management in mobilizing capital will not affect share price movements. While Return on Assets (ROA) partially has a significant effect on share prices, companies listed in the LQ45 Index can obtain net profit per share when starting their business. This shows that when ROA increases, the share price of companies listed on the LQ45 Index will increase, and conversely if ROA decreases, the share price will decrease. In other words, company management in empowering assets to generate profits greatly influences share price movements.

Suggestions to future researchers based on the results of this research, other researchers can continue to analyze additional variables by using variables found in behavioral finance or behavioral finance to examine the extent to which company management utilizes assets (treasures) and Equity (capital) to generate profits and see how far which the company's capability is to guarantee long-term obligations. Apart from that, the suggestion for this research is to encourage new investors to participate in

finding investment opportunities by looking at the company's health level through the Annual Report.

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