

## THE EFFECT OF PROFITABILITY, LIQUIDITY, AND LEVERAGE ON STOCK PRICES OF FOOD AND BEVERAGE SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE DURING 2022–2024

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I Putu Arik Suadnyana<sup>1</sup>, Ni Nyoman Suriani<sup>2</sup>, Ida Ayu Dinda Priyanka Maharani<sup>3</sup>

Management Study Program, Faculty of Economics and Business, Warmadewa University, Indonesia

Corresponding author: I Putu Arik Suadnyana<sup>1</sup>

E-mail: [4121k.arik@gmail.com](mailto:4121k.arik@gmail.com)

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### Abstract:

This study aims to examine the effect of profitability, liquidity, and leverage on the stock prices of food and beverage sector companies listed on the Indonesia Stock Exchange during 2022–2024. The population comprised 32 food and beverage companies listed on the Indonesia Stock Exchange over the 2022–2024 period. The sampling technique employed was purposive sampling, resulting in a final sample of 16 companies. The findings indicate that profitability, liquidity, and leverage simultaneously have a positive effect on the stock prices of food and beverage sector companies listed on the Indonesia Stock Exchange during 2022–2024. Profitability, proxied by Return on Equity, has a positive and significant effect on stock prices. Liquidity, proxied by the Current Ratio, has a positive but insignificant effect on stock prices. Meanwhile, leverage, proxied by the debt to equity Ratio, has a positive and significant effect on stock prices.

**Keywords:** Profitability, Liquidity, Leverage, Stock Price

## INTRODUCTION

financial sector in facilitating the flow of funds from investors to parties in need of capital. One of the most important instruments supporting this capital mobility is the capital market. In Indonesia, the capital market managed by the Indonesia Stock Exchange (IDX) holds a strategic position as an indicator of national economic growth and development. The capital market is a mechanism that brings together parties requiring long-term funds, such as companies and governments, with investors intending to invest in various financial instruments (Purnamasari, 2025). Indonesia's capital market has experienced rapid growth over the last two decades, in line with the increasing participation of both domestic and foreign investors. The Indonesia Stock Exchange has recorded significant growth in the number of listed companies as well as in market capitalization value (Azkiya et al., 2025). The Indonesian capital market offers a wide range of investment instruments, such as bonds, mutual funds, shares, and other securities, which investors may choose according to their needs and risk profiles. This development has also encouraged the capital market to become one of the main sources of corporate financing to support business expansion and improve company performance.

Among the various instruments available in the capital market, stocks are the most popular and widely preferred by investors. According to Haris (2021: 28), stocks are securities that indicate ownership in a company, and shareholders are entitled to claim dividends or other distributions made by the company. For investors, the primary attraction of stock investment lies in its potential to generate high returns, both through dividend distribution and stock price appreciation (capital gains). A company's value in the eyes of investors is largely determined by its stock price in the



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market. Haris (2021: 30) defines stock price as the price formed in the stock exchange at a particular time, determined by market participants through the interaction of supply and demand. Stock prices reflect how market participants assess a company’s current performance and future growth prospects. Therefore, stock price serves as an important indicator for investors in evaluating how effectively management operates the company. In line with this, Akbar et al. (2025) state that stock prices also reflect the level of investor confidence in management performance, where rising stock prices indicate positive market perceptions of the company’s success.

One sector that makes a significant contribution to Indonesia’s capital market is the food and beverage sector. According to Sukmahayati and Suwaidi (2021), this sector plays an important role in driving national economic growth and is categorized as a stable industry that is relatively resilient to various crises, particularly economic crises. This is because food and beverage products are classified as basic necessities, making their demand relatively stable. In addition, Sukmadiana and Faeni (2025) state that the food and beverage subsector has become a major contributor to Indonesia’s industrial Gross Domestic Product (GDP). Based on the Ministry of Industry report, in the second quarter of 2022, this subsector contributed approximately 38.38% of the total non-oil and gas manufacturing GDP. This makes it one of the most promising sectors for both the government and investors. Its stable growth has made food and beverage company stocks a preferred option for investors seeking investments with relatively lower risk. Nevertheless, despite being known for its stability, stock prices in this sector still experience fluctuations.

**Table 1.** Stock Prices of Companies in the Food and Beverage Sector During the 2022–2024 Period

No.	Stock Ticker	Stock Price (IDR)		
		2022	2023	2024
1.	ADES	7.175	9.675	9.100
2.	AISA	143	144	105
3.	ALTO	50	50	16
4.	BEEF	66	248	148
5.	BOBA	184	169	175
6.	BUDI	226	278	226
7.	CAMP	306	402	256
8.	CEKA	1.980	1.845	2.080
9.	CLEO	555	710	1.575
10.	CMRY	4.250	4.010	5.400
11.	COCO	268	175	82
12.	DLTA	3.830	3.530	2.150
13.	FOOD	111	103	116
14.	GOOD	525	430	412
15.	HOKI	103	173	113
16.	ICBP	10.000	10.575	11.375
17.	INDF	6.725	6.450	7.700
18.	KEJU	1.430	1.155	810
19.	MLBI	8.950	7.750	6.100
20.	MYOR	2.500	2.490	2.780
21.	NASI	101	77	78
22.	PANI	950	4.900	16.000

23.	PMMP	410	262	75
24.	PSDN	83	90	75
25.	ROTI	1.320	1.150	970
26.	SKBM	378	314	454
27.	SKLT	1.950	282	199
28.	STTP	7.650	9.375	13.625
29.	TAYS	466	102	50
30.	TBLA	695	695	615
31.	TGKA	7.100	6.450	6.000
32.	ULTJ	1.475	1.600	1.805

Source: *Annual Report* Companies on the Indonesia Stock Exchange (IDX) (Data processed, 2025)

Based on Table 1, the stock prices of food and beverage sector companies during 2022–2024 experienced considerable fluctuations. The table shows that several companies recorded substantial stock price declines over the three-year period. The largest decline was experienced by SKLT, whose stock price fell sharply from IDR 1,950 in 2022 to IDR 199 in 2024, representing a decline of 89.79%. The second-largest decline was recorded by TAYS, whose stock price decreased from IDR 466 in 2022 to IDR 50 in 2024, equivalent to an 89.27% decline. These stock price fluctuations were influenced by several internal factors, including financial performance as reflected in profitability, liquidity, and leverage ratios. Financial performance information disclosed in annual reports serves as an important signal for investors in assessing company prospects before making investment decisions. Such reports not only provide an overview of a company's financial condition and performance but also function as signals to investors and shareholders regarding future prospects, which in turn influence investment decisions (Dharma & Riswan, 2025).

The first factor affecting stock prices is profitability. Profitability is a ratio used to measure a company's ability to generate profit over a certain period. In this study, profitability is proxied by Return on Equity (ROE). ROE is a ratio that measures a company's ability to generate profit after tax using its own capital (Kasmir, 2019: 206). This ratio indicates how efficiently the company uses shareholders' funds to generate profits; the higher the ROE, the better the position of the company owners. The use of ROE is considered relevant because it focuses on returns on shareholders' investment, which is the primary objective of investors in the capital market. The relationship between profitability (ROE) and stock price is based on the assumption that companies with high returns on equity are perceived to have strong growth prospects. High profitability sends a positive signal to the market that the company is managed effectively and efficiently, thereby increasing investor confidence. High investor confidence may lead to greater demand for shares, which in turn drives stock prices upward (Andini & Cahyono, 2021).

Previous studies by Hidayah and Triyonowati (2022), Alfiah and Rozalinda (2025), as well as Wildan and Maithy (2025), found evidence that ROE has a positive and significant effect on stock prices. This indicates that investors respond positively to increasing profits. In contrast, the study conducted by Mutakkabir et al. (2025) produced different results, finding that profitability (ROE) does not significantly affect stock prices. The second factor affecting stock prices is liquidity. According to Kasmir (2019: 129), the liquidity ratio describes a company's ability to meet its short-term obligations. In this study, liquidity is proxied by the Current Ratio (CR). The Current Ratio measures a company's ability to pay short-term obligations or debts that are due in full when



collected (Kasmir, 2019: 134). This ratio is calculated by comparing total current assets with total current liabilities.

The relationship between liquidity and stock price lies in the perception of risk and investment security. A high level of liquidity indicates that a company has sufficient current assets to cover its short-term obligations, reflecting sound operational health and a low risk of default. Liquid stocks benefit both issuers and investors because high stock liquidity enhances the issuer's reputation in the public eye. Investors tend to have greater confidence in the issuer, its performance, and its future prospects (Natsir et al., 2023). Several previous studies have shown that liquidity ratios affect stock prices. Hidayah and Triyonowati (2022), Mutakkabir et al. (2025), and Simanjuntak et al. (2025) concluded that the Current Ratio has a positive and significant effect on stock prices. On the other hand, Wildan and Maithy (2025) found that the Current Ratio does not significantly affect stock prices in manufacturing companies in the food and beverage subsector.

The third factor affecting stock prices is leverage. In this study, leverage is proxied by the Debt to Equity Ratio (DER). DER is a ratio used to assess debt relative to equity and to determine how much of each rupiah of shareholders' equity is used as collateral for debt (Kasmir, 2019: 159). This ratio measures the extent to which a company is financed by debt compared to its own capital. The relationship between leverage and stock price can be viewed from two perspectives. On the one hand, productive use of debt can increase company profits and enhance firm value. On the other hand, excessively high DER also carries substantial financial risk if the company fails to meet its obligations. Sari et al. (2023) found that DER can increase stock prices if the company successfully manages its debt and generates profits above the cost of debt. However, stock prices may decline if DER is excessively high without adequate profit growth, due to the higher probability of financial distress or bankruptcy.

Previous studies show that leverage is related to stock price movements. Hidayah and Triyonowati (2022), Fransiska et al. (2025), and Choirunnisa and Indraswari (2025) found that DER has a positive and significant effect on stock prices. However, these findings differ from Simanjuntak et al. (2025), who found that DER has no effect on stock prices, and from Koeshardjono et al. (2024), who even found that DER has a negative and significant effect. Based on the phenomenon and problems described above, and supported by the findings of previous studies, the authors are interested in conducting a study entitled "The Effect of Profitability, Liquidity, and Leverage on Stock Prices of Food and Beverage Sector Companies Listed on the Indonesia Stock Exchange During 2022–2024."

## METHODS

The object of this research is food and beverage sector companies listed on the Indonesia Stock Exchange during 2022–2024, as published on the IDX website. The variables examined in this study are profitability, liquidity, leverage, and stock prices of food and beverage sector companies listed on the Indonesia Stock Exchange during 2022–2024. The population consisted of 32 food and beverage companies listed on the Indonesia Stock Exchange over the 2022–2024 period. The sample comprised 16 food and beverage companies selected using purposive sampling. The data analysis technique employed in this study was multiple linear regression analysis, and the data were obtained through the documentation of financial statements.



## RESULT AND DISCUSSION

This study employed multiple linear regression analysis as the data analysis technique. The summary of the regression analysis results is presented in Table 2.

**Table 2.** Summary of the Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	3.819	1.195			3.196	.003
Profitability	.762	.160	.576		4.763	<.001
Liquidity	.013	.114	.014		.112	.911
Leverage	.408	.202	.245		2.025	.049

a. Dependent Variable: Stock Price

Source : Data processed 2026

Based on the results of the multiple linear regression analysis, the constant value of  $\alpha = 3.819$  indicates that if Return on Equity, Current Ratio, and Debt to Equity Ratio do not change or are equal to zero, then the stock price will remain at 3.819. The coefficient value of profitability is 0.762, indicating that a one-unit increase in Return on Equity will increase stock price by 0.762 units, assuming that the other variables, namely Current Ratio and Debt to Equity Ratio, remain constant. This shows that Return on Equity has a positive effect on stock price. The coefficient value of liquidity is 0.013, indicating that a one-unit increase in Current Ratio will increase stock price by 0.013 units, assuming that Return on Equity and Debt to Equity Ratio remain constant. This suggests that Current Ratio has a positive effect on stock price. The coefficient value of leverage is 0.408, indicating that a one-unit increase in Debt to Equity Ratio will increase stock price by 0.408 units, assuming that Current Ratio and Return on Equity remain constant. This means that Debt to Equity Ratio also has a positive effect on stock price.

### Discussion

#### The Effect of Profitability, Liquidity, and Leverage on Stock Prices of Food and Beverage Sector Companies Listed on the Indonesia Stock Exchange

Based on the F-test (simultaneous test), the calculated F-value of 8.837 is greater than the F-table value of 2.82, with a significance value of 0.001, which is lower than 0.05. This indicates that profitability, liquidity, and leverage simultaneously have a positive and significant effect on the stock prices of food and beverage sector companies listed on the Indonesia Stock Exchange. These findings are consistent with the studies conducted by Hidayah and Triyonowati (2022) and Koeshardjono et al. (2024), which also found that profitability, liquidity, and leverage simultaneously have a significant effect on stock prices. This implies that investors tend to assess various aspects of a company's financial health comprehensively before making investment decisions.



### **The Effect of Profitability on Stock Prices of Food and Beverage Sector Companies Listed on the Indonesia Stock Exchange**

Based on the t-test (partial test), the calculated t-value of 4.763 is greater than the t-table value of 1.680, with a significance level of 0.001, which is lower than 0.05. This indicates that profitability has a positive and significant effect on stock price. The regression coefficient for profitability is 0.762, showing that an increase in profitability will increase the stock prices of food and beverage sector companies listed on the Indonesia Stock Exchange. A higher Return on Equity indicates a stronger ability of the company to generate net income for shareholders. High profitability sends a positive signal to the market that the company is managed efficiently, thereby increasing demand for shares and driving stock prices upward. These findings are in line with the studies of Wildan and Maithy (2025) and Alfiah and Rozalinda (2025), which also found that profitability has a positive and significant effect on stock prices.

### **The Effect of Leverage on Stock Prices of Food and Beverage Sector Companies Listed on the Indonesia Stock Exchange**

Based on the t-test (partial test), the calculated t-value of 2.025 is greater than the t-table value of 1.680, with a significance level of 0.049, which is lower than 0.05. This indicates that leverage has a positive and significant effect on stock price. The regression coefficient for leverage is 0.408, indicating that an increase in leverage will increase the stock prices of food and beverage sector companies listed on the Indonesia Stock Exchange. Higher debt usage, when managed productively, can drive business expansion and increase profits beyond the associated cost of debt. The market may respond positively to such leverage if it is perceived as a strategic move for growth, provided that the company is still considered capable of meeting its obligations with its equity base. These findings are consistent with the studies of Fransiska et al. (2025) and Choirunnisa and Indraswari (2025), which also found that leverage has a positive and significant effect on stock prices.

### **CONCLUSION**

Based on the research findings, it can be concluded that profitability, liquidity, and leverage simultaneously have a positive effect on the stock prices of food and beverage sector companies listed on the Indonesia Stock Exchange during 2022–2024. Profitability, proxied by Return on Equity, has a positive and significant effect on stock prices. Liquidity, proxied by the Current Ratio, has a positive but insignificant effect on stock prices. Meanwhile, leverage proxied by the Debt to Equity Ratio has a positive and significant effect on stock prices in food and beverage sector companies listed on the Indonesia Stock Exchange during 2022–2024

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