The Effect of Liquidity and Leverage on Share Prices in Metal Subsector Manufacturing Companies Listed on BEI Th 2018-2021

Frisca Widya Diningsih[1], Teti Chandrayanti[1], Delori Nancy Meyla[1]

[1]Fakultas Ekonomi Universitas Ekasakti, Indonesia

✉ Friscawidya@yahoo.com *

Abstract

The average condition of share prices in metal sub-sector manufacturing companies in 2018 - 2021 was fluctuating, a significant decline in share prices occurred in 2021 with a nominal value of 568.19. The decline in shares in the capital market was marked by a decline in investor interest in several sectors and also a decline in the manufacturing index which resulted in a weakening of the national economy. The aim of the research is to determine the effect of liquidity and leverage on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021. The data collection method is Library Research. The type and source of data is secondary data. Population is a whole or set of similar objects. The population in this study were 17 metal sub-sector manufacturing companies listed on the IDX 2018-2021. The sample used in this research was 11 companies using company financial reports for the period 2018 to 2021. So the total sample in this research was 11 companies x 4 periods = 44 financial reports. The analytical method used is multiple linear regression analysis, coefficient of determination and hypothesis testing t and F. The results of the research found: (1) liquidity has a significant positive effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021. (2) Leverage has a positive effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021, (3) together the liquidity and leverage variables have an insignificant effect on share prices in metal sub-sector manufacturing companies listed on the BEI 2018-2021.

INTRODUCTION

In general, company value is described by the development of the company's share price in the capital market. The higher the share price of a company, the higher the value of the company. Share prices in the capital market are influenced by several factors. Among other things, the company's overall performance, especially the company's future prospects and the profits generated. Apart from that, dividends distributed to shareholders, bank interest rates, and the rate of price changes are considered quite influential. All of these fundamental factors are influenced by general economic conditions (Harjito, 2017).

Changes in share prices are one of the interesting things for investors because when the share price increases, investors can achieve large profits from the share price, and if the share price decreases, investors will also experience losses. The share price is the value of shares which is determined by the strength of the supply and sale of shares in a particular market mechanism and is also the selling price from one investor to another. In this way, investors who want to invest in an industrial company expect a balanced profit every year. Share price is an indicator of success in managing a company. Success in generating high profits will make investors feel satisfied and will attract new investors. Increasing share prices will give the company a good image in the eyes of investors, making it easier for the company to obtain investment from outside. The share price reflects whether the company's performance is good or not. The better the financial performance, the better the profits generated, this will influence the increase in the company's share price due to the large demand for these shares (Helfert, 2018: 223).

Share prices are influenced by several factors, including the ratio *liquidity* and leverage ratio. Liquidity ratios measure a company's ability to meet its short-term obligations. In measuring the ability of a company's short-term liquidity ratio by looking at the company's current assets relative to its current liabilities (Fahmi, 2018:116). The company's ability to fulfill its short-term obligations (debt) will receive a positive response from the market. With a high level of liquidity, the market will have confidence in the company, that the company can maintain its level of liquidity. Which means the company has good performance (Anwar, 2019). Apart from the liquidity ratio, another factor that influences share prices is leverage. Ratio *leverage* is a ratio to assess the company's ability to pay off all its short-term and long-term obligations with collateral for assets or wealth owned by the company so that the company is closed or liquidated (Harjito, 2017: 177).

Of several groups of companies, manufacturing companies are the sector that is most frequently used as the object of research because manufacturing companies have large business risks and *less regulated,* as an example of the uncovering of a case at a fairly large manufacturing company, namely a state-owned company which operates in the export and import sector of metal, PT. Krakatau Steel Tbk, recorded losses for 8 consecutive years from 2014 to 2021 and it got worse in the last year, in the third quarter of 2021 Krakatau Steel posted a loss of US$ 211.91 million or IDR 2.97 trillion (assuming an exchange rate of IDR 14 thousand per dollar US), thus causing the management of the company PT Krakatau Steel (Persero) Tbk, to announce debt restructuring of US$ 2.2 billion or IDR 30 trillion (assuming an exchange rate of IDR 13,663 per US dollar) (CNN Indonesia, 2019). With the debt restructuring, it is hoped that the interest burden and principal payment obligations will become lighter, thus helping to improve the company's financial performance and strengthening the company. This shows that a good capital structure composition is important to maintain the company's financial performance.

Looking at stock prices from 2018 to 2021, during this period the company maintained its financial condition due to the COVID-19 pandemic. These four years were a time when the company struggled to survive in a severely depressed economic situation caused by the COVID-19 disaster. The metal sub-sector experienced a decline in average stock prices. In 2018, the company's condition was still stable, with an average stock price of 746.85 in 2019, which declined to 642.07 in 2020 and further declined to 568.19 in 2021. The decline in the average share price of companies in the metal sub-sector may be due to fluctuations in company earnings.

Grafik 1.1 Harga Rata-Rata Saham Perusahaan Sektor Logam
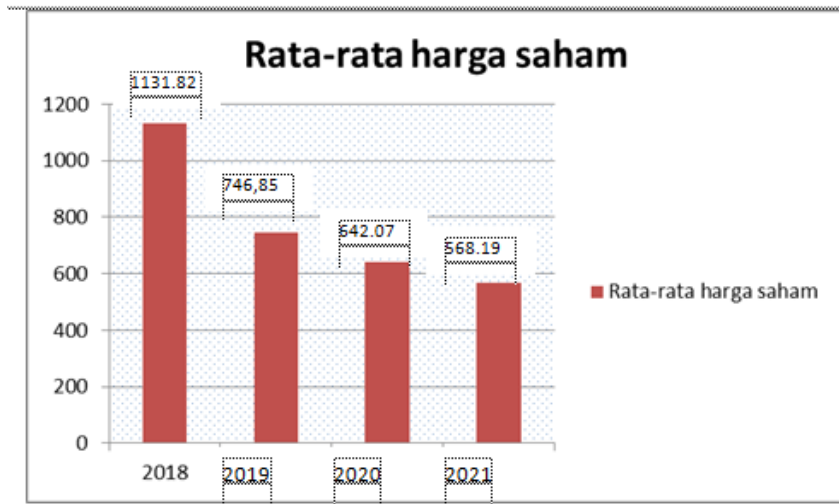
Sumber: Data yang diolah sendiri, diambil dari www.idx.co.id, 2024

Judging from the share price side from 2018-2021, because during this period the company maintained the company's financial condition due to the Covid 19 factor, during this 4 year period it was a period when the company struggled to survive in a very declining economic condition due to the Covid 19 disaster. Sub-sector companies metal experienced a decline in the average share price, in 2018 the company's condition was still stable where the average share price was where in 2019 the average share price was 746.85 and in 2020 it decreased 642.07 and in 2021 the share price will decrease again to 568.19. The decline in the average share price in metal sub-sector companies could have been caused by the level *earning* companies experiencing fluctuations.

Based on Graph 2, there has been an increase and decrease in the financial condition of metal sub-sector companies listed on the IDX

Graph 1.2 Average Value *Current Ratio* Metal Sub Sector Companies
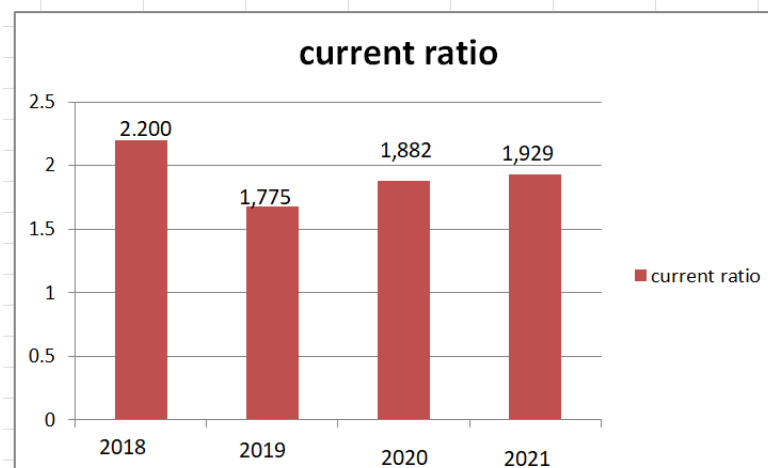
Source: Self-processed data, taken from www.idx.co.id, 2024

Based on Graph 2, it shows that the financial condition of companies in the metal sub-sector from 2018 to 2021 has increased, where in 2018 the average value *current ratio* 2,200, in 2019 the average value *current ratio* decreased by 1,775 and in 2020 increased by 1,882 and in 2021 the value *current ratio* increased again to 1,929. This shows that companies have different abilities in paying their obligations, some

companies are able to pay short-term obligations or debts over several years. It can be seen from graph 3 that the average decrease in leverage value in metal sub-sector manufacturing companies listed on the IDX 2018-2021 is as follows:

**Graph 1.3 Average Leverage Value of Metals Sub-Sector Companies**
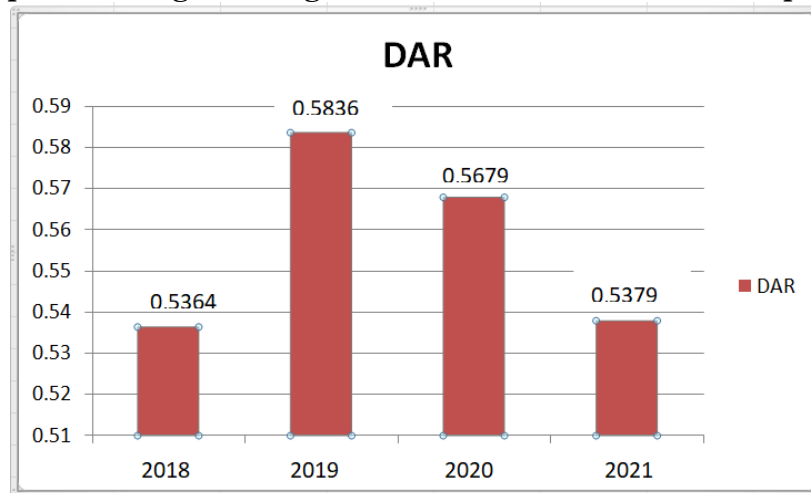
Source: Self-processed data, taken from www.idx.co.id, 2024

Based on Graph 3, it shows the average value *leverage* in metal sub-sector manufacturing companies listed on the IDX 2018-2021 experienced a decline, where in 2018 the average value *leverage* 0.5364, in 2019 the average value *leverage* 0.5836 and in 2020 it decreased by 0.5679 and in 2021 the value *leverage* decreased again to 0.5379. Based on the background description above and the fluctuating problems found in metal sub-sector manufacturing companies over the last 4 years, the author is interested in conducting further research regarding company performance assessment using ratio analysis with the title: **"THE INFLUENCE OF LIQUIDITY AND LEVERAGE ON STOCK PRICES IN METAL SUB-SECTOR MANUFACTURING COMPANIES LISTED ON THE BEI 2018-2021".**

The formulation of the problem is as follows:
1. Is there a partial liquidity effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021?
2. Is there a partial influence of leverage on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021?
3. Is there a simultaneous influence of liquidity and leverage on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021?

Based on the Background and Conceptual Framework, the following picture is made
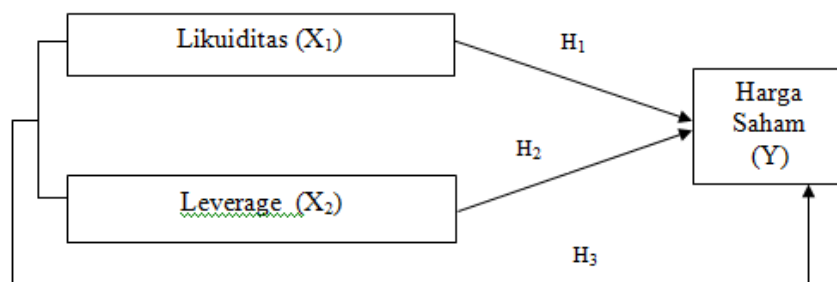
Based on the conceptual framework, the following research hypothesis can be

formulated:

1. H_1: It is suspected that liquidity has a positive effect on share prices
2. H_2: Allegedly *leverage* has a positive effect on stock prices
3. H_3: Suspected liquidity and *leverage* positive influence with Share Price

METHOD

The research object in this research is the Metal Sub-Sector Manufacturing Company listed on the IDX 2018-2021. The type of research is quantitative, the population used is 17 companies listed on the BEI, the sample of 11 companies uses purposive sampling techniques, the data collection method is from library research. The type and source of data is secondary data, the data analysis method uses multiple linear regression analysis. , Coefficient of determination , Hypothesis testing t test and F test .

RESULT AND DISCUSSION
Research result
Results of Descriptive Statistical Analysis

Descriptive statistics provide a general description of the research objects used as samples. Explanation of data through descriptive statistics is expected to provide an initial picture of the problem being studied. Descriptive statistics focus on maximum, minimum, average (mean) and standard deviation values.

Table 1 Results of Descriptive Data Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Likuiditas (CR)	44	0,85	5,79	2,1780	1,37724
Leverage (DAR)	44	0,16	1,00	0,5293	0,24167
Harga_Saham	44	0,81	2,97	0,2082	0,78385
Valid N (listwise)	44				

Source: Processed Secondary Data, 2024

Based on the results of the statistical description analysis in Table 1, it shows that the amount of data used in this research was 11 company samples x 4 years = 44 samples where each variable was in a positive number. **Liquidity Analysis** which is measured by the Current Ratio *(CR)* shows an average value of 2.1780 with an average level of deviation (standard deviation) of 1.37724. This shows that the Liquidity variable has a data distribution that is not that large because the standard deviation is smaller than the value *mean*-his. Liquidity shows the highest value (*maximum)* 5.79 while the lowest (*minimum*) 0,85.

Leverage Analysis which is measured by the Debt to Asset Ratio (DAR) shows an average value of 0.5293 with an average level of deviation (standard deviation) of 0.24167. This shows that in the variable *leverage* has a data distribution that is not so large because the standard deviation is smaller than the value *mean*-her. *Leverage* shows the highest value (*maximum) 1,00.* while the lowest (*minimum*) 0,16.

Stock Price Analysis The average value of the Stock Price variable is 0.78385 with an average deviation level of 0.2082. Highest share price value (*maximum)* 2.97 while the lowest (minimum) value is 0.81. This shows that the data on the stock price variable has a large data spread, because the standard deviation is greater than the value *mean*-her.

Results of Multiple Linear Regression Analysis

Table 2 Results of Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,423	0,789		1,804	0,079
	current_ratio	0,313	0,156	0,550	2,001	0,050
	Leverage	1,794	0,891	0,553	2,013	0,050

Source: Processed Secondary Data, 2024

Based on table 2, a multiple linear regression equation can be created as follows:
HS = 1,423 + 0,313 CR + 1,794 LV + e

From the equation in Table 2, several things can be interpreted. as follows :
a. A constant of 1.423 means that if there is no liquidity and *leverage* (CR=Lv=0) then the share price value of metal sub-sector manufacturing companies listed on the IDX 2018-2021 is 1,423 units.
b. The liquidity regression coefficient is 0.313, meaning that if liquidity increases by one unit, the share price in metal sub-sector manufacturing companies listed on the IDX 2018-2021 will increase by 0.313 units. This means that liquidity has a positive effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021.
c. The leverage regression coefficient is 1.794, where if *leverage* increases by one unit, the share price in metal sub-sector manufacturing companies listed on the IDX 2018-2021 will increase by 1,794 units. It means *leverage* has a positive effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021.

Results of Coefficient of Determination Analysis (R^2)

Table 3 Results of Determination Coefficient Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,311[a]	0,096	0,052	0,76304

From table 3, the coefficient of determination (*Adjusted R Square*) of 0.189. This means liquidity variance and *leverage* can explain the share price of metal sub-sector manufacturing companies listed on the 2018-2021 BEI by 5.2%, the results of this research show that the value of liquidity and leverage variance can explain the share price of metal sub-sector manufacturing companies listed on the 2018-2021 BEI. small, so that it can make a bigger contribution to increasing the research sample.

Hypothesis Testing

Table 4 t test results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,423	0,789		1,804	0,079
	current_ratio	0,313	0,156	0,550	2,001	0,050
	Leverage	1,794	0,891	0,553	2,013	0,050

Source: Processed Secondary Data, 2024

From the equation in table 4, several things can be interpreted. as follows:

1. The calculated t value for liquidity is 2.001 > t table 1.682 and the sig value is 0.050 ≤ 0.05, so H1 is accepted, then liquidity has a significant effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021.

2. Calculated t value *leverage* is 2.013 > t table 1.682 and the sig value is 0.050 ≤ 0.05 then H2 is accepted, then *leverage* has a significant effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021.

Uji F

Table 5 F test

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	2,548	2	1,274	2,188	0,125[b]
Residual	23,872	41	0,582		
Total	26,420	43			

Source: Processed Secondary Data, 2024

Based on the F test, it is known that the significance value is 0.125 (p>05) with a calculated f of 2.188 and an f table of 2.443 (F calculated < f table), so H3 is rejected. This means that jointly the liquidity variables and *leverage* insignificant effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021.

DISCUSSION
The Effect of Liquidity on Stock Prices

The research results found that the calculated t value for liquidity was 2.001 > t table 1.682 and the sig value was 0.050 ≤ 0.05, so H1 was accepted, so liquidity had a positive and significant effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021. Liquidity has a significant effect on share prices because high levels of liquidity attract investors to invest capital thereby increasing share prices. In this way, the company must increase the company's assets so that it can pay short-term debt and the level of liquidity will also increase and this can affect the company's share price. Share prices also reflect the value of a company. If the company achieves good performance, the company's shares will be in great demand by investors. The good achievements achieved by the company can be seen in the financial reports published by the company (issuer). Thus, if the company's liquidity capacity is good, investors do not need to worry about whether the capital they invest in the company will return and provide profits for them or not. Because if a company whose liquidity level is not good, it tends to be shunned by investors because they are afraid that the funds they invested will not return and result in losses for investors.

This research is supported by research (Shonata et al., 2020: 11–21), the liquidity variable has a positive and significant effect on stock prices. So the higher the liquidity, the higher the share price of companies in the food and beverages sector listed on the Indonesia Stock Exchange in 2014-2016. The higher the level of liquidity, the better the company's position in the eyes of creditors. Because it is very likely that the company will be able to pay its obligations on time. Good company conditions will certainly attract investors to invest their capital in the company, so that share prices will increase. If the company's liquidity level decreases, investors will think that the company has a lot of debt and is illiquid, so investors will not invest their capital in the company and share prices will decrease. Liquidity is an important financial aspect to analyze.

Influence *Leverage* Against the Share Price

The research results found that the t value was 2.013 > t table 1.682 and the sig value was 0.050 ≤ 0.05, so H2 was accepted, so *leverage* has a positive and significant effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021. Leverage is used to measure a company's ability to fulfill its obligations. According to Kasmir (2021:158) leverage is a ratio used to determine how much a company's ability is to pay all its obligations (both short-term and long-term obligations). Research According to Brigham and Houston (2017:101) leverage is the extent to which a company uses debt (financial leverage) for its funding. Leverage describes the relationship between a company's debt to its own capital and assets, so it is necessary to measure the use of debt used by the company before investing.

This research is supported by research (Yusrianto, 2021: 6), the research results found that there was a positive and significant influence *leverage* on the prices of food and beverage sub-sector manufacturing companies listed on the Indonesia Stock Exchange (BEI) for the 2015-2019 period. This research is supported by other researchers (Audita et al., 2023: 323–336), the research results found that there was a positive and significant influence *leverage* to the share price of Bank Panin Dubai Syariah.

Influence of Liquidity and *Leverage* Against the Share Price
The research results found a significance value of 0.125 (p>05) with a calculated f of 2.188 and an f table of 2.443 (F calculated < F table), so H3 was rejected. This means that jointly the liquidity variables and *leverage* insignificant effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021 The share price of a company is an important factor in assessing the company in the future. Share price is a certain measure used by entities to measure success in generating profits. The share price is the company's ability to explain its operational activities (Salvatore, 2017). Several factors that influence share prices in this research, namely capital structure, liquidity and company growth, are (1) Liquidity is used to measure the company's ability to fulfill its short-term obligations. (2) Leverage describes the extent to which capital owners can cover debts to outside parties. The higher this ratio, the greater the amount of loan capital used to generate profits for the company (Simamora, 2017). This research is supported by Andis et al (2021: 121–142). The research results found that liquidity and leverage had a significant effect on stock prices.

CONCLUSION
The conclusions from the research results:
1. Liquidity has a positive and significant effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021.
2. Leverage has a positive and significant effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021
3. Liquidity and leverage together have an insignificant effect on share prices in metal sub-sector manufacturing companies listed on the IDX 2018-2021.

REFERENCES
Anwar. (2019). *Dasar-Dasar Manajemen Keuangan. Perusahaan*. Kencana. Jakarta.
Audita, R. P., Mauluddi, H. A., Nurdin, A. A., & Juniwati, E. H. (2023). Pengaruh Likuiditas, Leverage, dan Profitabilitas terhadap Harga Saham (Studi Kasus pada Bank Panin Dubai Syariah). *Journal of Applied Islamic Economics and Finance, 3*.

Brigham and Houston. (2017). Dasar-Dasar Manajemen Keuangan. Salemba Empat, Jakarta.

CNN Indonesia. (2019). Ekonomi Indonesia dan Bursa Efek. *CNN Indonesia.* (2019). *Financial Accounting Theory. McGraw-Hill Book Company. Sydney.*

Fahmi, I. (2018). *Analisis Kinerja Laporan Keuangan.* Alfabeta. Bandung.

Harjito. (2017). *Manajemen Keuangan.* Ekonus. Jakarta.

Helfert, E. (2018). Teknik Analisis Keuangan, Terjemahan Edisi Kedelapan. Jakarta: Erlangga.

Kasmir. (2021). *Analisis Laporan Keuangan.* PT. Raja Grafindo Persada. Depok.

Riyanto. (2017). Dasar-Dasar Pembelanjaan Perusahaan. In *Edisi. Keenam,. Cetakan Ketujuh.* BPFE – Yogyakarta.

Salvatore. (2017). *Investment: Analysis and Management. New York.*

Shonata, I., Dwi W, E., Mudjiyono, & Arumsari, P. (2020). Pengaruh Likuiditas dan Profitabilitas terhadap Harga Saham Perusahaan Manufaktur Food and Beverages yang Terdaftar di Bursa Efek Indonesia Periode 2014-2016. *JIESA: Jurnal Ilmiah Ekonomika & Sains*, 1.

Simamora. (2017). *Akuntansi Manajemen.Jakarta : Star Gate Publisher.*

Yusrianto. (2021). Pengaruh Profitabilitas, Likuiditas Dan Leverage Terhadap Harga Saham Pada Perusahaan Manufaktur Terdaftar Di Bursa Efek Indonesia.