

THE EFFECT OF LIQUIDITY RATIO, PROFITABILITY RATIO ON THE COMPANY'S STOCK PRICE IN JAKARTA ISLAMIC INDEX 70 (JII70)

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Abstract

The purpose of this study was to determine the effect of Current Ratio, Cash Ratio, Earning Per Share, Return On Equity on stock prices listed on the Jakarta Islamic Index 70. This study uses a quantitative approach in the form of secondary data from the company's financial statements. The population in this study were companies listed on JII70 for the period 2018-2021 and a sample of 28 companies. The analysis tool uses EViews 12 using panel data regression. The panel data estimation model chosen is the random effect model. The results showed that CR, EPS, ROE simultaneously had a negative and insignificant effect on stock prices, while the cash ratio had a positive effect and had no significant effect on stock prices. The coefficient of determination is 0.005538, this shows the percentage of the influence of the independent variable on the variable is 0.55%.

Keywords: Current Ratio, Cash Ratio, Earning Per Share, Return On Equity, Share Price

INTRODUCTION

The share price is the price set by a company to other parties who want to own shares in the company. The stock price is used as an indicator of assessing the success rate of a company on the stock exchange by selling and buying shares on the stock exchange (Liber, Friska, et al, 2021). The share price is influenced by the demand and supply of a company, the higher the demand for investors to invest, the higher the share price of a company and vice versa. For Muslim investors, it is highly encouraged to choose ethimen in the sharia stock index listing as a financial instrument. Since the covid-19 case was announced in Indonesia on March 02, 2020, the share price in the JII70 has increased by 12.3% compared to where before covid-19 the performance of the JII70 eroded 18.4%. The JII70 index since 2020 has decreased by 14.13% and in 2021 has decreased by 11.01% from 220.21 at the end of 2020 to 195.96 at the end of 2021.

Jakarta Islamic Index 70 is the most liquid Islamic stock, companies that have high capitalization in the past year and companies whose capitalization has decreased will be shifted by other companies. Capitalization value is used to designate the overall price of a stock. The following can be presented the market capitalization value in the Islamic index market on the IDX in 2018 - 2021 on JII70:

Table 1.1 Market capitalization value on the Jakarta Islamic Index 70

Year	Capitalization Rate
2018	2.715.815,74
2019	2.800.001,49
2020	2.539.123,39
2021	2.525.932,33

Source: Financial Services Authority, 2022

Based on table 1.1, the capitalization value of the Islamic capital market from 2018 to 2021 has fluctuated. The JII70 index has increased from 2018 to 2,800,001.49 in 2019, but has decreased in 2020 during the Covid-19 pandemic in Indonesia which affects investors in investing and in general the Islamic stock index on June 30, 2021 has decreased. The JII70 index experienced a decrease of 12.09% in 2021 and a decrease of 9.17% in market capitalization value.

The company's performance can be seen from the company's financial statements which can be seen from the company's financial which is seen from various aspects. Financial performance can be seen from the liquidity ratio which describes the company's ability to meet its short-term

obligations, the profitability ratio in measuring the company's ability to generate corporate profits. The higher the liquidity ratio, the company is considered capable of paying off its short-term debt in a timely manner because it shows the company's current assets are higher (Epriliana & Suwandi, 2022). A high Current Ratio shows a good value for the company and a good company is considered capable of attracting investors because in accordance with the law of supply and demand, if investor demand increases, it can increase the share price of the company and vice versa. Cash Ratio in the company is used to calculate the cash available to pay off short-term debt. The smoother the company is in paying its short-term debt, it can be said that the company's performance so that the company's stock price rises and becomes a positive value in attracting potential investors.

Company profitability is used to measure the profit of a company. Measurement with Return On Equity to see the competition of a company to create profits using the equity that has been invested by investors. Return On Equity is used to measure the effectiveness of the company by utilizing the equity owned. Earning Per Share shows the profit earned by investors per share which is reduced by dividends for company owners. The higher the EPS value indicates that the company has succeeded in increasing shareholder prosperity.

Based on previous research conducted by Nadiah Ayu Salsabila and Titis Miranti (Salsabila et al., 2021), found that partially Earning Per Share has a significant effect on stock prices while Current Ratio has no significant effect on stock prices. In contrast to Rinny Meidiyustiani and Hakam Ali Niazi (Meidiyustiani et al., 2021) found that Current Ratio and Return On Equity partially have a significant effect on stock prices. Meanwhile, research according to Fauziah Husain (Husain, 2021) found that partially Return On Equity has no significant effect on stock prices.

Based on the results of previous studies whose results are still different, further research is needed. Researchers are interested in testing the effect of liquidity ratios and profitability ratios on the share prices of companies listed on the JII70.

Pendahuluan ditulis dengan Book Antiqua-12 tegak, dengan spasi antarbaris *1,5 lines*.

LITERATURE REVIEW

Signaling Theory

Signalling theory explains why companies have an urge to provide company financial report information to outsiders, because companies know more about the company's financial condition than outsiders (Hardini & Mildawati, n.d.).

The relationship between signal theory and Current Ratio is that if the liquidity is higher, it shows good value for investors so that it affects the stock price. A high Cash Ratio shows the company's good ability and is used as a reference for investors in buying shares and can affect the share price according to the law of supply and demand. The high Earning Per Share relationship shows that the company has succeeded in increasing shareholder prosperity, this is a positive signal for investors to buy shares and can push up the share price.

Stock Price

The share price according to Najib (Salsabila et al., 2021) is the price formed from the interaction of sellers and buyers of shares based on the company's profit expectations. The share price is used as an indicator of the success of company management and is influenced by the stock market itself so that it can influence investors as a consideration for investing their capital.

Liquidity Ratio

Liquidity ratio is the company's ability to pay short-term obligations that are due. The liquidity ratio is a ratio that shows the company's ability to pay short-term debt that is due, or the company's ability to pay short-term debt that is due a ratio that determines the company's ability to fund and fulfill its obligations when billed (Husain, 2021). To measure the liquidity ratio in this study using the Current Ratio and Cash Ratio as explained as follows:

1. Current Ratio is a current ratio to measure the company's ability to pay short-term obligations that are due immediately when billed. That is, current assets available to cover current debt that will mature (Husain, 2021). The current ratio formula used is:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

2. Cash Ratio is a ratio used to calculate the amount of cash available to pay short-term debt. This ratio is used as a reference to measure the potential of issuers to pay off current debt. The cash ratio formula is as follows:

$$\text{Cash Ratio} = \frac{\text{Cash or Cash Equivalents}}{\text{Current Liabilities}}$$

Profitability Ratio

Profitability ratio is a ratio to assess the company's ability to seek profit. This ratio provides a measure of the effectiveness of a company's management (Noordiatmoko et al., 2020). To measure the profitability ratio in this study using Earning Per Share and Return On Equity as explained below:

1. Earning Per Share is a ratio to measure the success of management in achieving profits for shareholders

$$\text{Earning Per Share} = \frac{\text{Net Income After Tax}}{\text{Current Liabilities}}$$

2. Return On Equity is the ratio of measuring net profit after tax with own capital.

$$\text{Return On Equity} = \frac{\text{Net Income}}{\text{Equity}}$$

The framework that connects Current Ratio, Cash Ratio, Earning Per Share, Return On Equity and Stock Price is as follows:

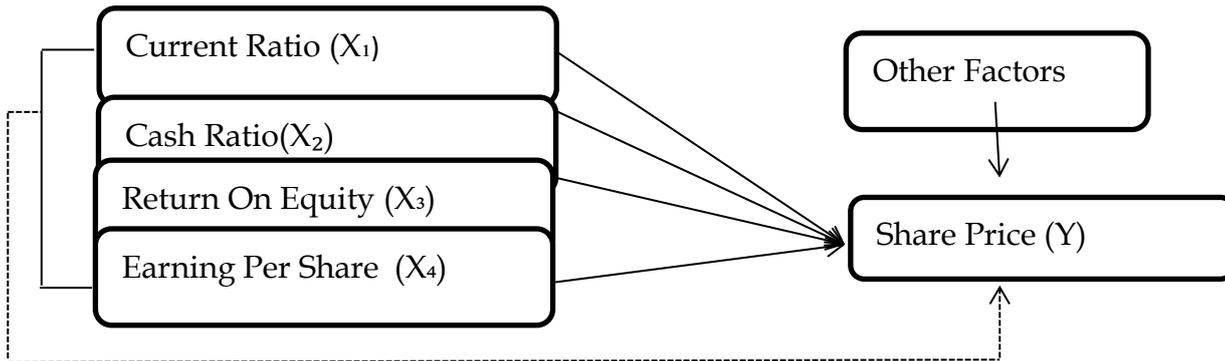


Figure 1. Framework of Thought

Based on the theoretical study and review of previous research, the hypotheses in this study are:

- H1: Current Ratio has a significant effect on the Share Price of companies listed on the JII70
- H2: Cash Ratio has a significant effect on the Stock Price of companies listed on JII70
- H3: Earning Per Share has a significant effect on the Stock Price of companies listed on JII70
- H4: Return On Equity has a significant effect on the Stock Price of companies listed in JII70
- H5: Current Ratio, Cash Ratio, Earning Per Share and Return On Equity have a significant effect on the Share Price of companies listed in JII70.

Relationship between Variables

1. Current Ratio (CR) Relationship to Stock Price

The current ratio is used to measure the company's ability to pay its short-term debt. A high Current Ratio will show a good value for the company because the company is considered capable of attracting investors in accordance with the law of supply and demand if investor demand to invest increases can increase stock prices (Meidiyustiani et al., 2021).

2. Relationship between Cash Ratio and Stock Price

Cash Ratio describes the company's cash ability to meet its short-term obligations. A high Cash Ratio can affect the share price of a company which also increases in accordance with the law of demand (Liber, Friska, et al, 2021).

3. Earning Per Share (EPS) Relationship to Stock Price

EPS shows the company's ability to generate profit for each share. The higher the EPS of a stock, this indicates that the company has succeeded in increasing the prosperity of shareholders. The higher the investor's demand to buy the company's shares, the higher the company's stock price (Fauza, 2016).

4. Relationship between Return On Equity (ROE) and Stock Price

Return On Equity is a ratio to measure net profit after tax with own capital. The higher the ROE shows the greater the profit earned by the company and can increase the company's share price (Tutun, Yoyo, et al, 2021).

RESEARCH METHODS

The type of research in this study uses a quantitative approach, namely research that asks about the relationship between two or more variables with secondary data from the reports of each company. The population in this study were companies listed on the JII70 which amounted to 70 companies. The sample used 28 companies with purposive sampling method. Purposive sampling is used to select samples subjectively (Haris, 2010). So that the research sample is obtained as follows:

Table 1. Research Sample

No	Code Stock	Company Name
1.	AALI	Astra Agro Lestari Tbk.
2.	ACES	Ace Hardware Indonesia Tbk.
3.	ADHI	Adhi Karya (Persero) Tbk.
4.	ADRO	Adaro Energy Tbk
5.	ANTM	Aneka Tambang Tbk.
6.	BMTR	Global Mediacom Tbk.
7.	BRPT	Barito Pacific Tbk.
8.	CPIN	Charoen Pokphand Indonesia Tbk.
9.	CTRA	Ciputra Development Tbk.
10.	DMAS	Puradelta Lestari Tbk.
11.	ICBP	Indofood Cbp Sukses Makmur Tbk.
12.	INDF	Indofood Sukses Makmur Tbk.
13.	INTP	Indocement Tunggul Prakarsa Tbk.
14.	ITMG	Indo Tambangraya Megah Tbk.
15.	JPFA	Japfa Comfeed Indonesia Tbk.
16.	KLBF	Kalbe Farma Tbk.
17.	LINK	Link Net Tbk.
18.	LSIP	Pp London Sumatra Indonesia Tbk.
19.	MIKA	Mitra Keluarga Karyasehat Tbk.
20.	PTPP	Pp (Persero) Tbk.
21.	PWON	Pakuwon Jati Tbk.
22.	SCMA	Surya Citra Media Tbk.
23.	SMRA	Summarecon Agung Tbk.
24.	TLKM	Telekomunikasi Indonesia (Persero) Tbk.
25.	TPIA	Chandra Asri Petrochemical Tbk.
26.	UNTR	United Tractors Tbk.
27.	UNVR	Unilever Indonesia Tbk.
28.	WIKA	Wijaya Karya (Persero) Tbk.

Source: processed by researchers, 2022

The data collection technique used by the research is to collect the necessary data from the website <https://www.idx.co.id>, the official website of each company listed on the Jakarta Islamic Index 70 (JII70) and through documentation studies to obtain information as a theoretical basis related to the research conducted (Sugiyono, 2009).

The data analysis technique uses panel data regression with the help of EViews 12 software. In this test, descriptive statistics are carried out to describe the various characteristics of data derived from a sample. Descriptive statistics such as mean, median, maximum and minimum in the form of numerical and image analysis (Basuki, 2021). Classical assumption tests which include normality test, autocorrelation test, multicollinearity test and heteroscedasticity test.

Classical Assumption Test

1. Normality Test

The normality test aims to test whether in the regression model the confounding or residual variables have a normal distribution. If it is not normal, then predictions made with the model will not be good, or can give deviant prediction results (Ernawatiningsih, 2019). It is said that the data is normally distributed if the probability value is > 0.05 .

2. Autocorrelation Test

The autocorrelation test aims to test whether there is no correlation from one observation based on time sequence. A good regression model does not occur autocorrelation. Data is categorized as free from autocorrelation symptoms if the Durbin-Watson value is in the range of -2 to 2. If the Durbin-Watson value is outside this range but is between -4 and 4, the data is categorized as no decision (Sanjaya & Pratiwi, 2018).

3. Multicollinearity Test

The multicollinearity test is used to test whether the regression model has regression between independent variables. If there is no correlation between the independent variables, the regression used is good. The existence of a regression model that experiences a correlation between independent variables can be seen from the Tolerance Value of more than 0.10 or the same as the VIF value of less than 10, so there is no multicollinearity between the independent variables (Ernawatiningsih, 2019).

4. Heteroscedasticity Test

Heteroscedasticity test is a test of residuals with variance whether there is inequality of one observation with another observation in the regression model and to test the distribution of data. A good regression model is if there is no heteroscedasticity. One of the statistical tests that can be used to detect the presence or absence of heteroscedasticity is the Glejser Test which proposes to regress the absolute value of the residual against the independent variables (Ernawatiningsih, 2019). If the significance value is > 0.05 , there is no heteroscedasticity and if the significance value is < 0.05 , there is heteroscedasticity.

Research data analysis model

Panel data regression

Panel data is a combination of time series data and individual data (cross section) (Basuki, 2021). The panel data regression model equation used in this study is:

$$Y = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \varepsilon_{it}$$

Description:

Y	=Stock Price/dependent variable
α	=Constant
$\beta_1, \beta_2, \beta_3, \beta_4$	=Regression coefficient of each variable
X_1	=Current Ratio
X_2	=Cash Ratio
X_3	=Earning Per Share
X_4	=Return On Equity
ε	=Error
i	=Company
t	=Time

In the panel data regression model estimation method, it can be done with three approaches, namely the Common Effect Model (CEM), a panel data regression model that combines time series and cross section data with the smallest panel data approach and can use the Ordinary Least Square (OLS) method. Fixed Effect Model (FEM) is a panel data regression model that has different effects for each individual and can be estimated through Least Square Dummy. And Random Effect Model (REM), each company has a difference in intercept, where the intercept is a random variable (Sihombing & Indonesia, 2021).

The t test

The t test is used to test whether each independent research variable is partially significant or not to the dependent variable (Meidiyustiani et al., 2021). The t test in this study is to test hypothesis 1 to hypothesis 4 with the condition that if the sig value <0.05 and the tcount > ttable value, the hypothesis is accepted.

F test

The F test is used to determine whether the independent variables jointly affect the dependent variable. If the prob. (F) value in the model = 0.000 < alpha = 0.05, it can be that the independent variables together have a significant effect on the dependent variable (Sihombing & Indonesia, 2021).

Test Coefficient of Determination (R^2)

The coefficient of determination describes the correlation used to determine whether there is a relationship between the independent variable and the dependent variable. The R^2 value can be positive or negative. The R value explains the level of relationship between the independent variable and the dependent variable (Linanda & Afriyenis, 2018).

RESULTS AND DISCUSSION

RESEARCH RESULTS

The results of descriptive statistical analysis on each variable, namely Stock Price, Current Ratio, Cash Ratio, Earning Per Share and Return On Equity are shown in the table:

Table 2. Descriptive Statistical Analysis

	HARGA_SA...	C	CR	CASH_RATIO	EPS	ROE
Mean	4909.107	1.000000	2.552219	0.908428	138.0007	0.169348
Median	1862.500	1.000000	1.911100	0.653250	57.40000	0.110800
Maximum	27660.00	1.000000	12.76860	4.835000	1024.250	1.450900
Minimum	161.0000	1.000000	0.274800	0.016000	0.000300	0.000300
Std. Dev.	6049.390	0.000000	2.096840	0.861496	207.0670	0.242590

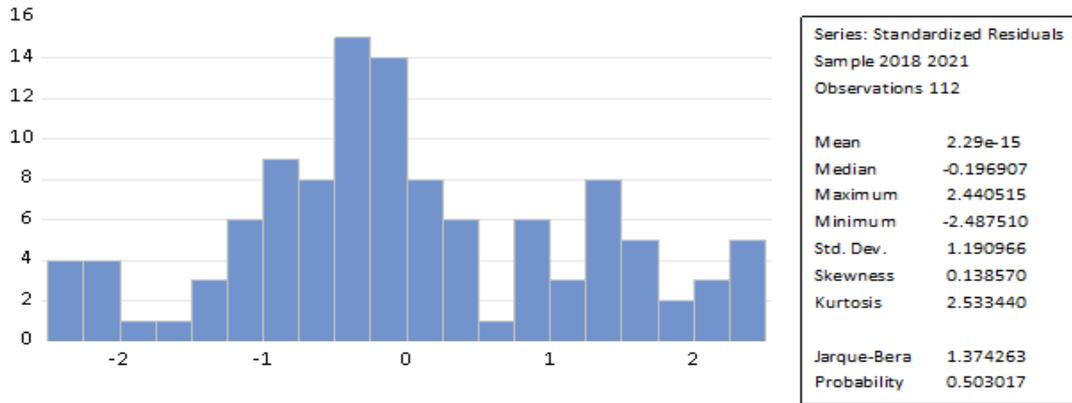
Source: Eviews 12 Processed Data

Descriptive statistics provide an overview of the mean, minimum, maximum, median and standard deviation values of each variable (Noviana et al, 2023). Based on the table above, it is obtained that the stock price as the dependent variable has a minimum value of 161,000, a maximum value of 27660,00, a median value of 1862,500, a mean value of 4909,107 and Std. Dev 6049.390. The minimum value of Current Ratio is 0.274800, the maximum value is 12.76860, the median value is 1.911100, the mean value is 2.552219 and Sat. Dev 2.096840. The minimum value of Cash Ratio is 0.016000, the maximum value is 4.835000, the median value is 0.653250, the mean value is 0.908428 and Sat. Dev 0.861496. The minimum value of EPS is 0.000300, the maximum value is 1024.250, the median value is 57.40000, the mean value is 138.0007 and the Sat. Dev 207.0670. Minimum ROE value is 0.000300, maximum value is 1.450900, median value is 0.110800, mean value is 0.169348 and Sat. Dev 0.242590.

Classical Assumption Test

Normality Test

Figure 2. Normality Test



Source: Eviews 12 Processed Data

Based on the graph above, the results of the normality test using histogram normality with Eviews 12 show a probability value of $0.503017 > 0.05$. A test is said to be normal if the significance value is > 0.05 , while if the significance value is < 0.05 it is said to be not normally distributed (Bosawer et al., 2023). So the data test results can be concluded that the residuals are normally distributed.

Autocorrelation Test

Table 3. Autocorrelation Test

Root MSE	1423.415
Mean dependent var	578.6419
S.D. dependent var	1452.522
Sum squared resid	2.27E+08
Durbin-Watson stat	1.721818

Source: Eviews 12 Processed Data

From the results above, the Durbin Watson number is obtained, which is 1.721818, then based on the Durbin Watson criteria, this value ranges from -2 to +2 (Sanjaya & Pratiwi, 2018). So it can be concluded that there are no autocorrelation symptoms in this study.

Multicollinearity Test

Table 4. Multicollinearity Test

	CR	CASH_RATIO	EPS	ROE
		O		
CR	1	0.70287542810 3996	- 0.23619880398	- 0.13984378208

			61678	78122
CASH_RATIO	0.70287542810		0.23621817979	0.19161896601
	3996	1	56972	63303
EPS	0.23619880398	0.23621817979	1	0.21164050712
	61678	56972		11954
ROE	0.13984378208	0.19161896601	0.21164050712	
	78122	63303	11954	1

Source: EViews 12 Processed Data

The test results above, it can be seen that the correlation coefficient of each independent variable <10 , so it can be said that there is no multicollinearity.

Heteroscedasticity Test

Table 5. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5500.762	1316.277	4.179032	0.0001
CR	-176.8099	127.3943	-1.387895	0.1681
CASH_RATIO	286.9021	405.2847	0.707903	0.4805
EPS	-1.355697	1.329256	-1.019892	0.3101
ROE	-1254.974	2524.619	-0.497094	0.6201

Source: Eviews 12 Processed Data

The basis for making heteroscedasticity test decisions is if the probability value > 0.05 then there is no heteroscedasticity (Sanjaya & Pratiwi, 2018). From the test results above, it is known that the Prob value. Current Ratio of 0.1681, Cash Ratio of 0.4805, Earning Per Share of 0.3101 and Return On Equity of 0.6201, showing > 0.05 , it can be concluded that there are no symptoms of heteroscedasticity.

Panel Data Regression Analysis

Based on various stages of testing the selection of panel data regression models, the best model used is random effect, with the following results:

Table 6. Random Effect Model

Dependent Variable: HARGA_SAHAM
 Method: Panel EGLS (Cross-section random effects)
 Date: 06/22/23 Time: 12:42
 Sample: 2018 2021
 Periods included: 4
 Cross-sections included: 28
 Total panel (balanced) observations: 112
 Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5475.753	1309.874	4.180365	0.0001
CR	-174.9952	127.5190	-1.372307	0.1728
CASH_RATIO	286.8898	406.2609	0.706171	0.4816
EPS	-1.371753	1.328398	-1.032637	0.3041
ROE	-1129.834	2453.523	-0.460495	0.6461

Effects Specification		S.D.	Rho
Cross-section random		6170.391	0.9466
Idiosyncratic random		1465.588	0.0534

Weighted Statistics			
Root MSE	1423.822	R-squared	0.030697
Mean dependent var	578.9359	Adjusted R-squared	-0.005538
S.D. dependent var	1452.692	S.E. of regression	1456.709
Sum squared resid	2.27E+08	F-statistic	0.847156
Durbin-Watson stat	1.721885	Prob(F-statistic)	0.498383

Unweighted Statistics			
R-squared	-0.012070	Mean dependent var	4909.107
Sum squared resid	4.11E+09	Durbin-Watson stat	0.095099

Source: EViews 12 Data Processing Results

From the table above, the panel data formula used in this study is obtained as follows:

$$Y = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \varepsilon_{it}$$

$$Y = 5475.753 - 174.9952X_1 + 286.8898X_2 - 1.371753X_3 - 1129.834X_4 + \varepsilon$$

Can be interpreted:

1. The constant value of variable Y, namely the stock price, shows that when the variable Current Ratio (CR), Cash Ratio, EPS, ROE is 0, the stock price is 5475.753.
2. The coefficient value of variable X1, namely CR of -174.9952, means that every 1%

increase in CR reduces the stock price by -174.9952.

3. The coefficient value of the X2 variable, namely Cash Ratio, is 286.8898. This means that every 1% increase in Cash Ratio will increase the stock price by 286.8898.
4. The coefficient value of variable X3, namely EPS, is -1.371753. Every 1% increase in EPS will reduce the stock price by -1.371753.
5. The coefficient value of variable X4, namely ROE, is -1129.834. This means shows that every 1% increase in ROE will reduce the stock price by -1129.834.

Test t (simultaneous)

Table 7. Test t

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5475.753	1309.874	4.180365	0.0001
CR	-174.9952	127.5190	-1.372307	0.1728
CASH_RATIO	286.8898	406.2609	0.706171	0.4816
EPS	-1.371753	1.328398	-1.032637	0.3041
ROE	-1129.834	2453.523	-0.460495	0.6461

Source: Eviews 12 Processed Data

The t test is conducted to test whether the independent variable is able to explain the dependent variable well separately, provided that if the sig value is <0.05 and the tcount $>$ ttable value, the hypothesis is accepted (Sanjaya & Pratiwi, 2018). CR, Cash Ratio, EPS, ROE have no effect on stock prices.

F test (partial)

Table 8. F test

R-squared	0.030697
Adjusted R-squared	0.005538
S.E. of regression	1456.709
F-statistic	0.847156
Prob(F-statistic)	0.498383

Source: Eviews 12 Processed Data

If the probability value <0.05 then H_0 is rejected (Iciah & Kurniawan, 2020). Based on the F test, the Fcount value is 0.847156 with a probability value (Prob (F-statistic) of 0.498383. Because the

probability value of $0.498383 < 0.05$ (α) and F count (0.847156) $>$ F table (0.05538), it can be concluded that the dependent variables current ratio, cash ratio, EPS, ROE together have no significant effect on stock prices.

Test Coefficient of Determination (R^2)

Table 9. Test Coefficient of Determination (R^2)

R-squared	0.030697
Adjusted R-squared	0.005538
S.E. of regression	1456.709
F-statistic	0.847156
Prob(F-statistic)	0.498383

Source: Eviews 12 Processed Data

The coefficient of determination is used to measure how far the model's ability to explain the variation of the model in the variation of the dependent variable (Sanjaya & Pratiwi, 2018). Based on the test results above, it can be seen that the Adjusted R-squared value is 0.005538. This result shows that the independent variables, namely, Current Ratio, Cash Ratio, EPS, ROE on the dependent variable stock price are 0.55%. The figure of 0.55% indicates that the independent variable has a relationship with the stock price. The R Square value of 0.030697 or 3.06% indicates that there are changes that occur in stock prices due to Current Ratio, Cash Ratio, EPS, ROE. While the remaining 96.94% is determined by other variables not examined in the regression model in this study.

DISCUSSION

In table 7 of the t test, it is known that the probability value of the Current Ratio is 0.1728, which means that the value is greater than $\alpha = 0.05$. It can be concluded that the Current Ratio variable has no significant effect on stock prices. The coefficient of the Current Ratio variable of -174.9954 is negative, indicating a negative relationship between the Current Ratio and the stock price, this means that investors do not see the Current Ratio as a decision in buying shares. The high Current Ratio is not very good because it can indicate that the company's ability to earn profit is not maximized and does not carry out cash flow management properly so that the company cannot effectively use current assets so that existing funds become idle and are not used to generate maximum profit. So that investors see the company experiencing a decrease in

sales profit so that investor interest in investing decreases and makes the company's share price decrease. The high Current Ratio is possible that there are receivables that have not been collected so that debt repayment is not on time when due. The results of this study are in line with research (Salsabila et al., 2021), (Stya & Kabib, 2021), (Rahmadewi, 2018), (Suryawan & Wirajaya, 2017) CR has no effect on stock prices.

The t test results on Cash Ratio have a probability value of 0.4816 which means > 0.05 , meaning that it has no significant effect on stock prices. The coefficient of the Cash Ratio variable of 286.8898 is positive, indicating that there is a positive relationship between the Cash Ratio and the stock price. Companies that have a high Cash Ratio illustrate that the company has cash to pay short-term debt. However, the company's ability to pay off short-term debt with the amount of cash available and not used for the company's operating activities and its utilization is not efficient. Investors see it as a shortcoming of the company so they are reluctant to buy shares in the company. This is in line with previous research (Liber et al, 2021) which states that the Cash Ratio has no significant effect on stock prices.

The t test results on EPS have a probability value of 0.3041, which means that it has no significant effect on stock prices. The coefficient of the EPS variable of -1.371753 is negative, indicating that there is a negative relationship between the EPS variable and the stock price. This means that investors do not see EPS as a decision in buying shares, in investing psychological factors have an important role in decision making (Rahmadewi, 2018). High Earning Per Share indicates that the company does not share the profits earned in the form of dividends to investors, while the investor's goal in investing is to get a return from capital gains in the form of dividends. This research is supported by previous research (Rahmadewi, 2018) which states that EPS has no effect on stock prices.

Furthermore, the results of the t test on ROE show a probability value of 0.6461 which means > 0.05 , it can be concluded that ROE has no significant effect on stock prices. The ROE variable coefficient of -1129.834 is negative, meaning that there is a negative relationship between ROE and stock price. Return On Equity only describes the amount of return on invested capital made by shareholders, but does not describe the company's prospects so that the market does not really see the large or small value of ROE as an investment consideration that investors will make so that it reduces the share price (Rusnaeni et al., 2022). These results are in line with previous research (Djunaidi, 2016), (Husain, 2021) which found that ROE has no

significant effect on stock prices.

CONCLUSION

This study examines empirically the effect of liquidity ratios, profitability ratios on the share price of companies in the Jakarta Islamic Index 70 for the period 2018 - 2021. With panel data regression analysis using EViews 12, the research results show that there is a negative and insignificant relationship between the Current Ratio, EPS, ROE variables and stock prices. Investors do not see Current Ratio, EPS, ROE as a decision in buying stock prices and there is a positive and insignificant relationship between the Cash Ratio variable and stock prices.

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