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The Influence Of Liquidity And Profitability On Stock Prices Of Food And Beverage Companies Listed In Indonesia Stock Exchange

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Abstract

The purpose of this study is to determine: (1) the effect of liquidity and profitability simultaneously on stock prices, (2) the effect of partial liquidity on stock prices, 3) the effect of overall profitability partial to stock prices in food and beverage companies listed on IDX for the 2015-2019 period. The population of this study is food and beverage companies listed on IDX for the 2015-2019 period as many as 26 companies. The sample of this research includes 16 companies. Data was obtained using the company's annual report with a sampling technique that is purposive sampling. This study uses data analysis techniques, namely multiple linear regression analysis and uses SPSS Version 25. This study shows the results that: (1) liquidity and profitability simultaneously have a significant effect on stock prices, (2) liquidity partially has no significant effect on stock prices, (3) profitability partially has a significant effect on stock prices in food and beverage companies listed on IDX for the 2015-2019 period.

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INTRODUCTION

The number of people who have invested in the capital market in recent years has increased. The increasing public interest in investing may be due to the increasing number of companies offering their shares and the increasing public confidence in the capital market. In 2019 the number of investors in the Indonesian capital market was 1.9 million and 952,000 of them were stock investors when compared to the achievement at the end of 2018, the number increased by 19 percent. The total number of investors throughout 2018 was 1.6 million, which grew 44 percent from 2017 which was 1.1 million. In the previous period, IDX recorded an investor growth of 26 percent. In 2018, the number of stock investors reached 854,000. The total is up 36 percent compared to 2017 of 630,000 (Movanita, 2019).

The capital market is a trading of securities such as stocks, stock certificates, and bonds (Rokhmatussa'dyah & Suratman, 2010:166). Based on this understanding, the capital market can be said as a place or place that can be used by potential investors to make investments. In addition, shares traded in the capital market become an opportunity for the public to gain more benefit from a company.

The capital market contributes to economic growth because it can help increase people's income by investing their capital in a particular company (Kriste, Rahmawati & Rubiyatno, 2022:2).

To invest in the capital market, accurate information is needed. Accurate information needed is about what factors can affect stock prices. One of the information that can be considered in making investment decisions is the company's financial information. Investors will see and analyze the company's financial statements to determine the investment feasibility in the company. Understanding the company's financial information is also an important part for potential investors to minimize risk.

Two analytical techniques can be used by potential investors if they want to invest in the capital market, namely fundamental analysis and technical analysis. Fundamental analysis takes into account various factors such as company performance, business competition analysis, industry analysis, macro-micro economic, and market analysis (Wira, 2011:3). Technical analysis is a technique that analyzes stock price fluctuations within a certain time span (Wira, 2011:3). Basically, fundamental analysis focuses on the company's financial performance. Therefore, by knowing the company's financial performance, potential investors can determine and understand the company's financial information that can affect the stock price of the company.

According to Pike 2013 (in Astawinetu & Handini, 2020:56), current stock prices are not only a reflection of current dividend income but also dividend expectations; whether it is larger or smaller than the current dividends. If the company's income increases and is estimated to increase, the possibility of dividends also increases and someone willingly pays for the company's shares higher than the stock whose earnings are estimated to decrease. Thus, it can be concluded that companies with good performance will have a great demand of investors and cause an increase in share prices in the company. Conversely, companies that have poor performance will exhibit less attractive shares for the investors and cause a decrease in the share price of the company. High and low stock prices are some of the considerations for potential investors in making investment decisions (Noviyanti, Rahayu & Rahmawati, 2021:72).

In addition, in considering investment decisions, investors can see the financial information owned by the company. Financial information used to analyze stock prices can be done by calculating the company's financial ratios including the value of liquidity and profitability. The liquidity ratio is a financial ratio that describes the company's ability to pay its short-term debt (Kasmir, 2016:110). The better the company's liquidity management will have an impact on the company's operational activities, which also includes the company being able to pay its short-term debt. Therefore, investors will be more interested in investing in the company because the company can pay off its short-term debt. The more investors who invest, the higher the company's stock price. The types of liquidity ratios according to Hery (2015:178) are the current ratio, quick ratio, and cash ratio. This study uses a liquidity ratio in the form of the current ratio.

Tamara, Milan & Jovan (2019:76) state that the current ratio is a financial ratio used to see the company's capability to meet short-term debt. The higher the current ratio indicates the company can meet its short-term debt. Thus, the current ratio is useful for showing the company's operational capabilities, namely for the smooth production process. Therefore, if the company has good operational capabilities, investors will be more attracted to invest in the company so that it can increase stock prices.

According to Mareta & Yanti (2019: 195) profitability ratios are financial ratios used to measure the company's capabilities so that they can obtain maximum profits. The company's profit can be seen from this profitability ratio. The greater the profits obtained by the company, it indicates the company's performance is good. This can attract potential investors to invest. The more investors who want to own shares of the company, the company's share price can increase. According to Hery (2015: 228), the types of profitability ratios are return on assets, return on equity, gross profit margin, operating profit margin, and net profit margin. The profitability ratio used in this study is proxied by Return on Assets (ROA). The ROA is a financial ratio that describes the level of profit on the use of company assets so that it can obtain a net profit. The greater the ROA value reflects the company will get a larger amount of net profit as well. Conversely, the smaller ROA value reflects the company will get a smaller amount of net profit as well. Therefore, the greater the ROA value will make investors more confident and interested in buying company shares and result in the company's share price increasing.

The food and beverage company is one of the manufacturing industry sectors in IDX and one of the companies that offers its shares to investors to invest in the capital market. Food and drink are one of the basic human needs which in its implementation must be met first of other needs. In addition, food and beverages are important for human health and endurance so that they can carry out their daily activities. In Indonesia, the food and beverage industry is one of the industries that boost economic growth in Indonesia. In 2019 the food and beverage industry grew by 8.6%. Meanwhile, in the period from January to June 2018 the export growth rate of the food industry increased by 2.51% as well as the export growth rate of the beverage industry increased by 8.41% (Rosmayanti, 2020). Thus it can be said that the performance achievement of food and beverage companies shows good development in terms of productivity and exports. The better the performance of the company and the more people who use food and beverage products, the more investors willingly invest in the capital market. Therefore, the object of research used by the researcher is a food and beverage company that has been registered on the IDX during the period 2015 to 2019.

This research was conducted because researchers are motivated by the importance of maintaining the company's operational sustainability, where the company has the capability to pay off its short-term debt and can earn a profit. However, sometimes the company is not able to maintain harmony between the two things which if the company only pays attention to its liquidity, the company's profitability will decrease. Meanwhile, for companies that only pay attention to profitability, it can cause the trust of outsiders to decrease in the company. So it is necessary to balance liquidity management and profitability so that the company's survival is guaranteed and can develop.

Several previous studies on the effect of liquidity and profitability on stock prices gave different results. Research conducted by Amanah, Atmanto & Azizah (2014) and Santoso (2017) shows that liquidity and profitability partially affect stock prices. Unlike Supredi, Jonathan & Barus's (2018) research shows that liquidity has no significant effect on stock prices. Meanwhile, research conducted by Fitriana, Elva & Styaningrum (2019) shows that profitability has no significant effect on stock prices. The implications of the results of this study are expected for investors and potential investors to pay more attention to liquidity and profitability before making investment decisions, especially in food and beverage companies. So that it can increase the demand for company shares because investors' interest in investing is getting higher and will have an impact on increasing the company's share price. Based on these phenomena and research gaps, the researchers are interested in conducting research on the Effect of Liquidity and Profitability on Stock Prices in Food and Beverage Companies Listed on IDX in 2015-2019.

LITERATURE REVIEW

Capital Market

The capital market is a vehicle for bringing together sellers and buyers to carry out demand and supply activities for trading securities in the long term (Samsul, 2015:57). The objectives and uses of the capital market are divided into 3 points of view Sunaryah (2011:15) namely (1) the government's point of view (the capital market is built with the intention of moving the economy of a country through private power and reducing the burden on the State); (2) company point of view (the capital market is a means to seek additional capital and companies that enter the capital market will be more famous because every stock exchange their names appear on television news, radio, and newspapers); and (3) the community's point of view (the capital market is a good means to invest in small amounts for most people).

Stock

Shares are a letter that proves ownership of a capital in the company (Herawati & Putra, 2018:319). The stock price is the price determined by the company through supply and demand that occurs on the stock exchange floor of a capital market (Kusnandar & Sari, 2020:267). According to Alwi 2003 (in Purnamasari, 2017:519), several factors influence stock prices or stock price indexes, namely: (1) internal factors (microenvironment such as funding announcements, announcements of the management board of directors and investment announcements) and external factors (macro environment). such as legal announcements and government announcements).

Liquidity

The liquidity ratio describes the company's capability to be able to pay its short-term debt

(Kusumawati & Setiawan, 2019:139). There are several types of liquidity ratios, namely the current ratio, quick ratio and cash ratio. The overall objectives and benefits of liquidity are (1) to describe the company's capability to meet its short-term debt; (2) to describe the company's capability to meet its short-term debt by looking at the total number of current assets of the company; (3) to describe the company's capability to meet its short-term debt by looking at the total number of very current assets of the company; and (4) to describe the capital adequacy of the company through cash so that it can meet its short-term debt (Adisetiawan & Atikah, 2018:685).

Profitability

Profitability is a financial ratio used to describe the company's capability to gain profit from the capabilities that exist in the company (Saefullah, Listiawati & Abay, 2018:20). The profitability value can be proxied in several ways, namely Return on Assets (ROA), Return on Equity (ROE), Gross Profit Margin, Operating Profit Margin and Net Profit Margin (NPM). According to Christine & Apriliana (2021:585), profitability ratios can be used both for issuers and external parties, namely (1) to describe the profits obtained by the company in the short term; (2) to compare the company's profit in the previous period with the current period; (3) to describe the profit growth obtained by the company from year to year; (4) to describe the amount of net profit after tax (EAT) compared to the capital owned by the company; and (5) to describe the company's operational activities obtained from debt and capital owned by the company.

Hypothesis Development

Simultaneous Effect of Liquidity and Profitability on Stock Prices

According to Weston 2004 (in Septiana, 2019:65) the liquidity ratio is the ratio used to measure the company's capability to pay its short-term debt and debt that will soon mature. The greater the level of a company's liquidity ratio, the more interested investors will be to invest so that the company's stock price will increase. The increasing share price illustrates the trend of the company's good performance so that more and more investors will believe and invest in the company.

Gunawan, Pituringsih & Widyastuti (2018:110) states that the profitability ratio aims to determine the company's ability to generate profits during a certain period. Companies that have high profits mean the company has good performance. If the performance of a company is good, investors will be more attractive to own shares of the company so that this can affect the increase in the company's share price. Based on this description, the following hypotheses can be formulated:

H_1: Liquidity and profitability simultaneously affect stock prices of food and beverage companies listed on IDX in 2015-2019.

Partial Effect of Liquidity on Stock Prices

The liquidity ratio describes the company's capability to pay its short-term debt and debt that is due soon (Raj & Putri, 2021:80). Companies that have good liquidity management can affect the company's operational activities well, for example, the company's capability to pay all its debts. Investors will invest in companies that can pay all of their debts, so that more investors want to own shares of the company. This causes the company's stock price to increase significantly. Research conducted by Amanah, Atmanto & Azizah (2014), Santoso (2017) and Sari & Hikmah (2020) shows that liquidity has a partial effect on the company's stock price. Based on this description, the following hypotheses can be formulated:

H_2: Liquidity has a partial effect on stock prices of food and beverage companies listed on IDX in 2015-2019.

Partial Effect of Profitability on Stock Price

The profitability ratio is a ratio to assess the company's ability to seek profit (Mulyana, Zuraida & Saputra, 2018:10). Profitability ratios are the company's way of generating profits. Companies that have high profits mean the company has good performance. If the performance of a company is good, investors will be more attractive to own shares of the company so that this can affect the increase in the company's share price. Research conducted by Amanah, Atmanto & Azizah (2014), Santoso (2017) and Sari & Hikmah (2020) shows that profitability partially affects the company's stock price. Based on this description, the following hypotheses can be formulated:

H_3: Profitability has a partial effect on stock prices of food and beverage companies listed on IDX in 2015-2019.

Based on the reference to the theoretical foundation, figure 1 presents the conceptual frameworks.

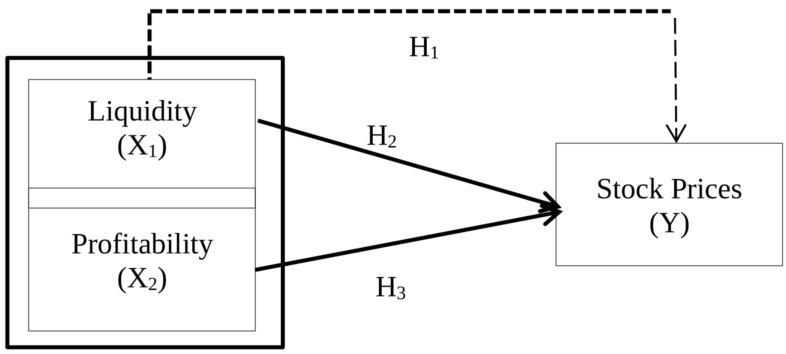

Figure 1. Conceptual Framework

RESEARCH METHODS

This study includes quantitative descriptive analysis research because it intends to find the effect of the independent variable (liquidity and profitability) on the dependent variable (stock price). This study also uses a population of 26 companies, namely food and beverage companies that have been registered with IDX from 2015 to 2019. The sample of this study includes food and beverage companies that have been registered with IDX in the period 2015 to 2019 with the sampling criteria determined by the researcher. Table 1 shows the number of research samples is 16 companies. The sampling technique used in this research is non-probability, namely by using purposive sampling technique. The sampling criteria for this research are food and beverage companies listed on the Indonesia Stock Exchange for the 2015-2019 period, the food and beverage companies consistently publish financial reports consistently during the 2015-2019 period as well as food and beverage companies that have data on stock market prices continuously (uninterrupted) during the research period, namely 2015-2019. The considerations referred to in the study can be seen in Table 2.

Table 1. Food and Beverage Companies That Become the Research Sample

No	Code	Company Name
1.	ADES	Akasha Wira International Tbk
2.	AISA	Tiga Pilar Sejahtera Food Tbk
3.	ALTO	Tri Banyan Tirta Tbk
4.	BUDI	Budi Starch & Sweetener Tbk
5.	CEKA	Wilmar Cahaya Indonesia Tbk
6.	DLTA	Delta Djakarta Tbk
7.	ICBP	Indofood CBP Sukses Makmur Tbk
8.	INDF	Indofood Sukses Makmur Tbk
9.	MLBI	Multi Bintang Indonesia Tbk
10.	MYOR	Mayora Indah Tbk
11.	PSDN	Prasidha Aneka Niaga Tbk
12.	ROTI	Nippon Indosari Corpindo Tbk
13.	SKBM	Sekar Bumi Tbk
14.	SKLT	Sekar Laut Tbk
15.	STTP	Siantar Top Tbk
16.	ULTJ	Ultra Jaya Milk Industry & Trading Company Tbk

Source: www.idx.co.id (2021)

Table 2. Sample Selection Criteria

Sample Criteria	Total
Food and beverage companies listed on IDX for the 2015-2019 period.	26
The food and beverage company consistently publishes financial reports consistently during the 2015-2019 period.	19
Food and beverage companies that have data on stock market prices continuously (uninterruptedly) during the research period, namely 2015-2019.	16
Number of Samples	**16**

This study uses the independent variable and the dependent variable. The independent variables used in this study consisted of:

(a) Liquidity is measured using the Current Ratio (CR) proxy. According to Kasmir (2016:134) Current Ratio is a financial ratio used to describe the company's capability to meet its short-term debt. The formula used to determine the value of this liquidity ratio is:

$$\mathit{Current\ Ratio}\ (\mathrm{CR}) = \frac{\mathit{Current\ Assets}}{\mathit{Current\ Liabilitas}}$$

(b) Profitability is measured using the Return on Assets (ROA) proxy. According to Kasmir (2016:201) Return on Assets is a financial ratio used to describe the level of profit obtained from the total number of assets used for the company's operational activities. The formula used to determine the value of this profitability ratio is:

$$Return\ on\ Asset\ \text{(ROA)} = \frac{Net\ Profit}{Total\ Assets}$$

The dependent variable used in this study is the stock price. According to Darmadji & Fakhrudin (2012:102), it is stated that the stock price is the price set by the company based on the demand and supply on the stock exchange floor at a certain time. The stock price used in this study is the closing stock price. According to Salim (2003:7), close is the closing price or the last trading price for a period.

This study uses data sources, namely secondary data obtained from the Indonesia Stock Exchange website (www.idx.co.id.). The data collection technique used in this study is documentation by looking at writing in the form of documents obtained from the annual reports of food and beverage companies that have been registered with IDX in the period from 2015 to 2019. This study also uses data analysis techniques in the form of multiple linear regression analysis with the SPSS program.

RESULTS AND DISCUSSION

Results

Multiple Regression Analysis

Based on the results of multiple linear regression calculations between liquidity (CR), profitability (ROA) and stock prices using the SPSS program, the following results are obtained:

Table 3. Multiple Linear Regression Test Results
Coefficients

Model	Unstandardized Coefficient		T	Sig
	B	Std. Error		
Constant	9.802	.424	23.143	.000
CR	.287	.189	1.523	.133
ROA	.972	.144	6.752	.000

Dependent Variable: Stock Prices
Source: Processed secondary data (2021)

Table 3 above shows the constant value of the multiple linear regression equation is 9.802. The liquidity variable has a positive regression coefficient which indicates that the greater the CR value, the higher the stock price will be. While the profitability variable has a positive regression coefficient which indicates that the greater the ROA value, the higher the stock price will be. Based on the results of the data analysis presented in Table 3 above, the following regression equation is obtained:

$$Y= \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

$$\text{Stock Prices} = 9{,}802 + 0{,}287\ CR + 0{,}972\ ROA$$

Based on the multiple linear regression equation above, it can be seen that the constant value (α) is 9.802 with a positive sign stating that if the liquidity (CR) and profitability (ROA) variables are considered constant, the Y value (Stock Prices) is 9.802. The regression coefficient value of the CR variable (X_1) is 0.287 with a positive sign indicating if the CR level increases by one unit assuming the other independent variables are constant, then the stock price will increase by 0.287. The regression coefficient value of the ROA variable (X_2) is 0.972 with a positive sign indicating that if the ROA level increases by one unit assuming the other independent variables are constant, then the stock price will increase by 0.972.

Hypothesis Testing

The results of testing the effect of liquidity and profitability simultaneously on stock prices as in Table 4 below shows that the sig value of 0.000 is smaller than 0.05 and the calculated F is 27.308 greater than the F table which is 3.14. So it can be concluded that liquidity and profitability simultaneously have a significant effect on stock prices.

Table 4. F Test Results
ANOVA

Model		F	Sig.
1	Regression	27.308	.001[b]
	Residual		
	Total		

a. Dependent Variable: Stock Prices
b. Predictors: (Constant), CR, ROA
Source: Processed secondary data (2021)

The results of testing the effect of partial liquidity on stock prices shown in Table 5 below, obtained a sig value of 0.133, meaning that it is greater than 0.05 and the t-count value of 1.523 is less than the t-table of 1.997. So it can be concluded that partial liquidity has no significant effect on stock prices. While the results of testing the effect of partial profitability on stock prices can be shown in Table 5 below, it shows that the sig value of 0.000 means that it is smaller than 0.05 and the t-count value of 6.752 is greater than the t-table which is 1.997. So it can be concluded that partially profitability has a significant effect on stock prices.

Table 5. t-Test Results
Coefficients

Model	Unstandardized Coefficient	t	Sig

	B	Std. Error		
Constant	9.802	.424	23.143	.000
CR	.287	.189	1.523	.133
ROA	.972	.144	6.725	.000

Dependent Variable: Stock Prices
Source: Processed secondary data (2021)

Coefficient of Determination

According to Priyatno (2012: 134) the value of the coefficient of determination (R Square) is used to describe the extent to which the capability of a model used explains how much the independent variable (liquidity and profitability) contributes to the dependent variable (stock price). The value of R Square is between zero and one. A value close to one indicates the regression line is getting better because it explains the actual data

Table 6. Coefficient of Determination Results
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	676[a]	.457	.440	1.07676

a. Predictors: (Constant), CR, ROA
b. Dependent Variable: Stock Prices
Source: Processed secondary data (2021)

Based on the data analysis in table 6 above, the Adjusted R Square value is 0.440 (44%) which means that the variation in stock prices can be explained by the liquidity (CR) and profitability (ROA) variables of 44% while the remaining 56% can be explained by the variable others that were not used in this study.

Discussion

Effect of Liquidity and Profitability on Stock Prices

Based on the results of data analysis in Table 4, it can be concluded that liquidity (CR) and profitability (ROA) simultaneously affect stock prices. This is indicated by a significance value of 0.000 < 0.05 and the calculated F value is greater than the F table (27.308 > 3.14), meaning that the rise and fall of stock prices are jointly influenced by liquidity and profitability. Thus, liquidity and profitability can be used by investors in making investment decisions. The liquidity ratio represented by the current ratio indicates the company's ability to meet its short-term obligations, while the profitability ratio represented by the return on assets indicates the company's ability to generate profits. Investors in investing will see the liquidity and profitability of the company that will be the purpose of investing. A good level of liquidity will attract investors to invest in the company, so the stock price will increase. In addition, the greater the company's ability to earn profits by using its assets, the higher the company's stock price. Profit is proven to increase the attractiveness of investors to invest in the company, so that it can affect the increasing share price as well (Septiana, 2019: 120). Research conducted by Christine & Apriliana (2021), Fitriana, Elva & Styaningrum (2019), and Herawati & Putra (2018) shows that liquidity and profitability simultaneously have a significant effect on the company's stock price.

The Effect of Liquidity on Stock Prices

Based on the results of data analysis in Table 5, it shows that liquidity partially does not have a significant effect on stock prices with a significance value of 0.133 which means that it is greater than 0.05 (0.133 > 0.05) and the t-count value of 1.523 is less than the t-table which is 1.997 (1.532 < 1.997). This shows that hypothesis 2 is rejected, which means that liquidity as measured by the current ratio partially has no significant effect on stock prices of food and beverage companies listed on IDX in 2015-2019. The current ratio shows the company's ability to pay its short-term obligations. A high current ratio value indicates that the company is less efficient in managing its current assets so that many current assets are not properly optimized by the company such as cash hoarding, inventory accumulation, and the number of uncollected receivables. This situation can reduce the productivity of the company concerned. Fahmi (2015:124) states that a high current ratio is considered not good for shareholders because it means that company managers do not use current assets properly and effectively or in other words the level of creativity of company managers is low.

In addition, a company that has a small current ratio indicates that the company has little working capital or current assets to pay its short-term obligations (Hery, 2015: 179). In other words, the company lacks the capital to pay its short-term debt. Therefore, companies that are not effective in managing their current assets will have an impact on decreasing stock prices because the shares of the company are less attractive to investors. The results of this study are inconsistent with research conducted by Amanah, Atmanto & Azizah (2014), Santoso (2017) and Sari & Hikmah (2020) showing that partial liquidity has no significant effect on the company's stock price. Meanwhile, research conducted by Supredi, Jonathan & Barus (2018) shows that liquidity has no significant effect on stock prices.

The Effect of Profitability on Stock Prices

Based on the results of data analysis in Table 5, it can be concluded that profitability has a significant effect on stock prices with a significance of 0.000 meaning it is smaller than 0.05 (0.000 < 0.05) and the t-count value of 6.752 is greater than the t table which is 1.997 (6.752 > 1,997). Thus, hypothesis 3 is accepted, meaning that profitability, as measured by return on assets, has a significant effect on stock prices of food and beverage companies listed on IDX in 2015-2019. Return on assets shows the company's ability to generate profits. If the return on assets increases, the company's profitability increases, where the increased profitability can be enjoyed by investors. An increase or decrease in profitability will cause an increase or decrease in the company's stock price. The higher the profitability of the company, the higher the profit generated by the company.

Therefore, companies that have high profits will attract the attention of investors to invest because they can increase the rate of return. Thus this can increase the demand for company shares so that it will have an impact on the stock price of food and beverage companies where the share price will increase. Conversely, if the profit generated by the company is low, investors are less interested in investing. So that it will have an impact on decreasing demand for company shares which also causes a decrease in the company's share price. The results of this study are consistent with the results of research conducted by Amanah, Atmanto & Azizah (2014), Santoso (2017), and Sari & Hikmah (2020) showing that profitability partially affects the company's stock price.

CONCLUSION

Based on the results of this research data analysis, the following conclusions can be drawn: (1) liquidity and profitability simultaneously have a significant effect on stock prices; (2) partial liquidity has no significant effect on stock prices; and (3) profitability partially has a significant effect on stock prices of food and beverage companies listed on IDX in 2015-2019.

Based on the results of this study, the suggestions that researchers can give for investors and potential investors should pay more attention to profitability before making a decision to invest in a food and beverage company. This is because, the results in this study indicate that profitability has a significant effect on stock prices, meaning that the higher the company's profitability, the more guaranteed the rate of return on assets. This will increase the demand for company shares because investor interest in investing is getting higher, so it will have an impact on increasing stock prices of food and beverage companies. Meanwhile, suggestions for food and beverage companies in this study are expected to pay more attention to company profitability, because based on the results of this study profitability has an effect on stock prices of food and beverage companies. The higher the profitability of food and beverage companies, it will have a positive impact in the form of higher the investor interest in investing in food and beverage companies. Therefore, the high interest of investors to invest will affect the increase in stock prices in food and beverage companies. While suggestions for further researchers can use other sub-sector companies as research objects and should use other independent variables that are not used in this study such as solvency, activity, leverage and so on. This is because the variables in this study can only explain 44% of the variation in dependent changes so that the information collected is complete for investors.

The limitation of this research is that the researcher only uses two independent variables, namely the liquidity variable which is proxied by the current ratio, and the profitability variable which is proxied by return on assets. So the results in this study cannot reflect the condition of the food and beverage company as a whole. The next limitation of this research is that the sample used in this study is only 16 food and beverage companies from 26 companies with a span of five years starting from 2015 and ending in 2019. This causes the information collected from companies to be incomplete, so the results of the study This does not reflect the condition of food and beverage companies as a whole.

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