



Original Article

The Effect of Liquidity, Solvability, and Profitability on Stock Prices in the Mining Subsector

Muhamad Revy Ramadhan^{1✉}, Matyani², Ashari Sofyaun³

^{1,2,3}Universitas Balikpapan.

Correspondence Author: muhamadrevy3011@gmail.com✉

Abstract:

The purpose of this study is to determine the effect of the variables Current Ratio, Debt to Equity ratio and Return on Assets both simultaneously and partially on Stock Prices. The data used are existing sources, both internal and external data and data can be accessed via the internet and information publications. The data used are the financial reports of mining subsector companies listed on the Indonesia Stock Exchange for the period 2021-2024. This study uses a quantitative approach and for analysis tools using SPSS version 25. The data analysis method uses multiple linear regression analysis, classical assumption test, anova test and t test. The results of the analysis show that the Current Ratio variable has a positive and insignificant effect on stock prices, Debt to Equity Ratio has a negative and insignificant effect on stock prices, and Return On Assets has a positive and significant effect on stock prices.

Keywords: Current Ratio, Debt to Equity Ratio, Return On Assets

Introduction

Stock price is price per sheet share companies issued on the stock exchange, where price share is sufficient factors important thing to do determined moreover first by investors who want to to plant the capital to issuer, because price sheet share is exposure performance issuer the (Sari & Laksmiwati, 2024).

Liquidity is one of the factor the driving force that can give changes in price shares. If Liquidity increases, it provides an industry with the ability to fulfill all its business responsibilities. Liquidity is measured by the current ratio. The current ratio provides the company with the ability to pay short-term debts using current assets in the Company (Putri, 2023). The liquidity ratio commonly used is the Current Ratio. In the results of previous research, there were results which stated that liquidity had a significant positive effect on share prices (Husain, 2021). However, this is inversely proportional to research results which state that liquidity has a negative and insignificant effect on stock prices (Nabella et al., 2022).

Solvability (leverage) is a metric used to assess how much of a company's assets are financed by debt. Essentially, solvency is used to determine how capable a company is of



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paying all of its debts in the event of liquidation. In studies this, solvency measured use Debt to Equity Ratio (DER). DER is ratio between debt and equity ([Komala & Muhaimin, 2022](#)).

On the results study previous there is the results stated that solvability influential positive and significant to price share ([Marsela & Yantri, 2021](#)). But compared to backwards with results research that states that solvency influential negative and no significant to price share ([Thea & Sulisty, 2021](#)).

Ratio profitability is ratio used for measure ability company in produce profit from normal business activities. In addition, this ratio is a ratio that evaluates the company's ability to generate profits. The profitability ratio can also be a benchmark for the effectiveness of a company's management. This is indicated by sales profits and investment income. The essence of using this ratio is basically to show the efficiency of the Company ([Artavia & and Manunggal, 2023](#)). This ratio uses a measuring tool, namely Return On Assets (ROA). Previous research results stated that profitability has a positive and significant effect on the same price ([Fitriani & Indra, 2022](#)). However, compared to backwards with results research that states that profitability influential negative and no significant to price share ([Sembiring et al., 2023](#)).

Methods

In this study, data analysis was conducted quantitatively, where data was analyzed by processing numbers to obtain relevant information in decision making, especially in preventing or overcoming problems. Multiple linear regression analysis is the main technique used to calculate the relationship between independent and dependent variables. The stages of data analysis are as follows:

Normality Test

Kormogorov-Smirnov normal test is used to determine normality in this study. If the significance value is >0.05 , then the data is normally distributed. As is known, the t and F tests assume that the residual values follow a normal distribution. If this assumption is violated, the statistical test becomes invalid for small sample sizes.

Multicollinearity Test

Multicollinearity test aiming for know or test whether in the regression model found existence correlation between variable variable free (independent). A good regression model should not have correlation between independent variables. If the independent variables are correlated with each other, then these variables are not orthogonal. Orthogonal variables are independent variables whose correlation value between independent variables is equal to zero. For detect existence multicollinearity done with see mark tolerance and VIF (Variance Inflation Factor) ([Ghozali, 2018, p. 107](#)).

Good regression model is a model that is not happen multicollinearity

1. If mark Tolerance ≥ 0.10 and VIF value ≤ 10 , then can concluded that No There is multicollinearity between variable free in the regression model.
2. If mark Tolerance ≤ 0.10 and VIF value ≥ 10 , then can concluded that There is multicollinearity between variable free in the regression model.

Autocorrelation Test

Autocorrelation test aiming test whether in the linear regression model there is correlation between error disturbance in period t with error disturbance in period t-1 (previous). If it occurs correlation, then named There is autocorrelation problem. The way that can be done for detect There is or whether or not autocorrelation with the

Durbin- Waston test (DW test). This test only used For autocorrelation level one (first order autocorrelation) and requires existence intercept (constant) in the regression model and not There is variable Again between variable independent (Ghozali, 2018, pp. 111–112) . The hypothesis to be tested is :

H_0 = no autocorrelation ($r = 0$)

H_a = there is autocorrelation ($r \neq 0$)

Heteroscedasticity Test

Heteroscedasticity test aiming test whether in the regression model there is imbalance *variance* from residual one observation to observation other. If *the variance* of the residual is one observation to other observations remain, then called Homoscedasticity and if different called Heteroscedasticity. Good regression model is homoscedasticity or no happen heteroscedasticity. Most *cross-section* data contain situation heteroscedasticity because of data *cross section* contain situation heteroscedasticity because of this data collect representative data various size (small , medium , large) (Ghozali, 2018, p. 137) .

Multiple Linear Regression Analysis

Multiple regression analysis is carried out by researchers to predict changes in the value of the dependent variable if two or more values of the independent variables are increased or decreased (Ghozali, 2021) . The equation of multiple linear regression in this study is as follows

$$Y = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3 + e_i$$

Coefficient of Determination (R^2)

The determination coefficient test is basically carried out to measure a summary that shows how well and how much influence the independent variables used in the resulting regression equation can provide an explanation or contribution (influence) the variation of the dependent variable. The magnitude of the determination coefficient (R^2) lies between 0 and 1 or $0 < R^2 < 1$. if the determination coefficient value approaches 1 it is an indicator that shows the increasing influence of changes in variable X on changes in variable Y (Ghozali, 2021) .

Hypothesis Test (t-Test)

The t-statistic test basically shows how far the influence of one explanatory/independent variable individually in explaining the independent variable (Ghozali, 2021) . The null hypothesis (H_0) to be tested is whether a parameter (b_1) is equal to zero, or $H_0 = b_i = 0$. This means whether an independent variable is not a significant explanation of the dependent variable. The alternative hypothesis (H_a) is that the parameter of a variable is not equal to zero.

Results

Normality Test

If the significance value is > 0.05 then the data is normally distributed. It can be seen in table 4.8 below:

Table 1
Normality Test Results

One Sample Kolmogorov-Smirnov	Signification	Significance Conditions	Information
Monte Carlo Sig. (2-tailed)	0.263	> 0.05	Normally Distributed

			Data
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Source: Spss Output and Processed Data, 2025

In table 1 above, it can be seen that the significance value of the Kolmogorov-Smirnov Normality test, the Unstandardized Residual value of all independent variables is 0.263, this shows that it is greater than 0.05. So it can be concluded that the data is normally distributed in a form of a regression model.

Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a correlation or relationship between independent variables. The regression model is declared free from multicollinearity if the tolerance value is > 0.10 and $VIF < 10$. The results of the multicollinearity assumption test for this research variable can be seen based on the VIF value and Tolerance value.

Table 2
Multicollinearity Test Results

Variables	Collinearity Statistics		Standard Tolerance	Standard VIF	Information
	Tolerance	VIF			
CR (X_1)	0.959	1.043	> 0.10	< 10	No Happen Multicollinearity
DER (X_2)	0.841	1.189			
ROA (X_3)	0.868	1.152			

Source: Spss Output and Processed Data, 2025

In table 2 above can seen that mark *Tolerance* for all independent variables have values more from 0.10 and for its VIF value not enough from 10. So can concluded that variable independent (X) of dependent (Y) no found symptom multicollinearity in the regression model This.

Autocorrelation Test

The following are the results of the autocorrelation test in the table below.

Table 3
Autocorrelation Test Results

Durbin Watson Values	dL	dU	4-dL	4-dU	Provision	Information
2,319	1.6513	1.7536	2.3487	2.2464	Du < Dw < 4-Du	No Autocorrelation Occurs

Source: Spss Output and Processed Data, 2025

In table 3 above, we can it is said that mark Durbin Watson amounting to 2,319. Conditions taking decision in autocorrelation test can known through comparison mark table Durbin Watson with mark Durbin Watson on the summary model, then obtained dL value = 1.6513 and the value dU = 1.7536. Based on hypothesis zero in taking the decision that sufficient provision is $du < d < 4-du$ or $1.7536 < 2.319 < 2.2464$ which shows No There is autocorrelation positive and negative so that can concluded that No happen autocorrelation in the regression model.

Heteroscedasticity Test

The results of the Glejser test in the study This shown in table 3 below This :

Table 4
Results of Glejser Heteroscedasticity Test

Variables Free	Signification	Standard Significant	Information
Current Ratio	0.282	> 0.05	No Happen Heteroscedasticity
Debt To Equity Ratio	0.272		
Return On Asset Ratio	0.134		

Source : Spss Output and Processed Data , 2025

In table 4 above can seen that mark significance from all variable free on or more big of 0.05. The value of *Current Ratio* is 0.282, while mark *Debt to Equity Ratio* is 0.272 and the value *Return on Asset* of 0.134. Can concluded that all variable free show No happen heteroscedasticity in a way statistics to variable bound with ABRESID value.

Analysis Regression Multiple

Analysis multiple linear regression for see how much influence variable independent (*Current Ratio Ratio*, *Debt to Equity Ratio* and *Return On Asset Ratio*) towards variable dependent (*Stock Price*). After processing use SPSS application obtained table results regression as following.

Table 5
Results of Multiple Linear Regression Analysis Test

Model		Unstandardized Coefficients		Unstandardized Coefficients
		B	Std. Error	Beta
1	(Constantine)	5,766	0.207	
	CR	0.015	0.027	0.044
	DER	-0.034	0.059	-0.049
	ROA	5,556	0.903	0.517

Source: Spss Output and Processed Data Author, 2025

Based on table 5 above, the following regression equations are obtained:

$$\text{Share Price} = 5,766 + 0.015 \text{ CR} + -0.034 \text{ DER} + 5,556 \text{ ROA} + e$$

Based on the equation above, it can be explained as follows:

- constant value a of 5.766 indicates *Current Ratio*, *Debt to Equity Ratio*, and *Return on Asset Ratio* considered constant, then mark price mining subsector stocks is 5,766.
- Coefficient regression *Current Ratio* (X_1) is of 0.015, this show that If *Current Ratio* (CR) increases One unit, then price share will increase of 0.015, with assumption other variables remain constant.
- Coefficient regression *Debt To Equity Ratio* (X_2) is -0.034. This show that If *Debt To Equity Ratio* (DER) has a negative value of -0.034, then if DER increase one unit so price share will experience decline of -0.034.
- Coefficient regression *Return On Asset Ratio* (X_3) is 5.556, this show that If *Return On Asset* (ROA) increased One unit , then price share will increase of 5,556, with assumption other variables remain constant .

Determination Coefficient Test (R^2)

Coefficient test determination aiming for measure how much big ability variable independent in explain variation from variable dependent. In regression analysis, in addition to measuring the strength of the relationship between two or more variables, it also shows the direction of the relationship between the dependent variable and the independent variable.

Table 6
Anova Test Results

Model	R	R Square	Adjusted R Square	F Table	F
1	0.538	0.289	0.271	2.68	15,715

Source: Spss Output and Data Processed by the Author, 2025

Based on table 6 , the coefficient of determination (R^2) with an R square value of 0.298 means that the variables Current Ratio, Debt To Equity Ratio, and Return On Asset Ratio on Stock Prices have an influence of 29.8% while the remaining 70.2% is influenced by other independent variables that were not studied.

Partial Test (t-Test)

The t-statistic test basically shows how far the influence of one explanatory/independent variable individually in explaining the independent variable. The null hypothesis (H_0) to be tested is whether a parameter (b_1) is equal to zero, or $H_0 = b_1 = 0$.

Table 7
Partial Test Results (T Test)

Independent Variables	t count	t table	R partial	Sig.	Information
Current Ratio	0.548	1,658	0.207	0.585	Not Significant
Debt To Equity Ratio	-0.574		0.059	0.567	Not Significant
Return On Asset Ratio	6.154		0.903	0.000	Significant

Source: Spss Output and Data Processed by the Author, 2025

Influence Current Ratio to Stock Price

Based on results study This found that $t_{\text{count}} < t_{\text{table}}$ $0.548 < 1.658$ and the significant value is $0.585 > 0.05$, this indicates that the Current Ratio (CR) variable does not have a positive and insignificant effect on Stock Prices. This indicates that companies that have a high Current Ratio value indicate an excess of current assets, which will have a negative effect on the company's performance. A high Current Ratio indicates a high idle fund, so that the company is less able to manage its current assets which can cause opportunity lost (loss conditions). Despite such a situation, it can be concluded that the size of the CR value does not affect investors' decisions to buy or invest in stocks, and does not affect stock price movements.

The results of this study are in line with the research ([Febby Trinanda Partomuan, 2021](#)), which explains that the Current Ratio does not have a positive and insignificant effect on stock prices, but is inversely proportional to the results of the study ([Nur'aeni & Manda, 2021](#)), which explains that the Current Ratio has a negative and significant effect on stock prices.

The Influence of Debt to Equity Ratio on Stock Prices

Based on the results of this study, it was found that $t_{\text{count}} < t_{\text{table}} -0.574 < 1.658$ and the significance value is $0.567 > 0.05$, this indicates that the Debt To Equity Ratio (DER) variable does not have a negative and insignificant effect on Stock Prices. This indicates that the size of the DER in the company has not been able to affect the high and low stock prices. The high and low levels of debt do not always affect investor interest in investing in its shares, because investors see the company's ability to use debt to finance its operations. If the company succeeds in utilizing its debt agreement, it will have a positive impact on investors who invest in the company. Thus, the stock price will increase. Conversely, if the company fails to utilize its debt, investors will not be interested in investing in the company.

The results of this study are in line with research ([Sandiawati & Hidayati, 2023](#)), which states that Debt To Equity Ratio does not have a negative and insignificant effect on Stock Prices, but is inversely proportional to the results of research ([Syahrani et al., 2025](#)), which states that Debt To Equity Ratio has a positive and significant effect on Stock Prices.

The Effect of Return On Asset Ratio on Stock Prices

Based on the results of this study, it was found that $t_{\text{count}} > t_{\text{table}} 6.154 > 1.658$ and the significance value is $0.000 < 0.05$, this indicates that the Return On Asset Ratio (ROA) variable has a positive effect on Stock Prices. This shows that when a company's ROA is high, the net profit generated is also high, so it can affect stock prices, namely increasing. This can also be an attraction for investors because with a high level of net profit, the higher the level of return that will be obtained by shareholders, followed by increasing stock prices. Investors will tend to invest their capital in companies that have a high ROA level.

The results of this study are in line with the results of the study ([Sari, 2021](#)), which states that the Return On Asset Ratio variable has a positive and significant effect on Stock Prices, but is inversely proportional to the results of the study ([Fadhil, 2023](#)), which states that the Return On Asset Ratio variable does not have a negative and insignificant effect on Stock Prices

Conclusion

1. Current Ratio (CR) has an effect positive and significant to Return on Assets (ROA) in the company subsector transportation. This is show that ability company in fulfil obligation term in short contribute real to improvement profit on assets.
2. Total Asset Turnover (TATO) has an effect positive and significant to ROA. This show that effectiveness company in use his assets for produce income capable increase profitability in a way significant.
3. Debt to Asset Ratio (DAR) has an effect negative and no significant to ROA. This means that, even though debt increase does not as well as immediately lower profitability, but debt is also not yet capable contribute in a way real to improvement performance finance in form profit on assets.

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