



## The Effect of Current Ratio (Cr) and Profit Margin (Npm) on the Share Price of Milk Industry and Trading Company Tbk

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**Abstract:** This research is the effect of current ratio and net profit margin on the share price of Milk Industry and trading company Tbk. The method used for this research is a descriptive method with a quantitative approach. The type of data used in this research is quantitative data. The data source used is secondary data, namely data taken from publications made by the Indonesia Stock Exchange. Namely in the form of the Financial Statements of Milk Industry & Trading Company Tbk. in 2013, 2014, 2015, 2016 and 2017. The highest *Current Ratio* in 2016 was shown at 484.36% and the highest *Net Profit Margin* in 2008 was shown at 22.29%. *Current Ratio* and *Net Profit Margin* do not have a significant effect on stock prices. For investors, *Current Ratio* and *Net Profit Margin* do not have a significant influence in making decisions on whether investors will buy, hold or sell shares. In this case, investors want to get dividends from the company's profits and get capital gains from the positive difference between the purchase price and the selling price of the shares. *Current Ratio* and *Net Profit Margin* together or simultaneously do not have a significant effect on stock prices.

**Keyword:** Current Ratio, Net Profit Margin, Share Price, Industry

### INTRODUCTION

The rapid development of the Indonesia Stock Exchange (IDX) has made it a preferred alternative for companies to seek funds. In its development, besides being seen by the increasing number of stock exchange members, it can also be seen from changes in the price of shares offered. Changes in stock prices can provide clues about capital market activity and investors in buying and selling shares.

For investors, *stocks* have become an attractive alternative for their investment and are one of the most popular parts of the financial market. Stocks have added options for local investors, who previously only invested their money in banking institutions. The expectation of investors in general investing in stocks is to obtain *capital gains* or *dividends*. *Capital gain* is the difference between the share price when selling and buying shares. *Dividends* are profits distributed to shareholders.

Safe investment requires careful analysis, thorough and supported by accurate data so

as to reduce the risk for investors in investing. One alternative for investors is the evaluation of financial performance to be more thorough in knowing the right time to sell or buy shares. By using financial statement analysis, investors can evaluate the financial performance of a company. Where financial statement analysis can be done using financial ratios. The ratios used to assess the company's financial performance, such as liquidity ratios, one of which is *Current Ratio* (CR), and profitability ratios, one of which is *Net Profit Margin* (NPM), are often used as benchmarks for investors in determining stock investment. Like previous research conducted by Yoga Dwi Kurnia, Sri Beti Kurniasih, Laras Kurniasih, and others, almost the average effect on Stock Prices. *Current ratio* is one of the liquidity ratios used to reveal the company's security against short-term creditors. If the ratio of current debt exceeds current assets, the company is said to have difficulty paying off its short-term debt.

*Net Profit Margin* (NPM) is one of the profitability ratios used to measure net profit compared to sales. If the NPM ratio is large, it shows that the company has good performance, because it can generate a large net profit from sales activities. The occurrence of the global crisis in the past few years has made stock trading sluggish, the crisis that initially occurred in the United States has spread to all sectors, from banking to capital markets. This can be seen from the panic of world investors in an effort to save money in the stock market. Investors sold shares so that the stock market fell dramatically. The sector that is considered to be able to survive the global crisis is the consumption sector, especially the food and beverage industry. The reason is, since the global crisis that occurred in mid-2008, according to [ekonomi.kompas.com](http://ekonomi.kompas.com) (2009) "The food and beverage industry is the best and survived the global crisis". The food and beverage industry can survive by not relying on export raw materials and using more domestic raw materials. With the food and beverage industry not being affected by the global crisis that occurred, the shares in the food and beverage company group attracted more investor interest because the level of public consumption will increase in line with the demands of increasingly complex human needs. In addition, one of the most important consumer goods is food and beverages, which is one of the major tax collectors in Indonesia.

In this relationship between the company and the owner, it is necessary to assess whether *entity theory* will always be relevant in all forms of business. Because in each form of business, there is still a desire for the owner to be part of the management and operate the business. However, the *American Accounting Association (AAA)* cited by Wolk, Francis, and Tearney (1991) in their book *Accounting Theory: a Conceptual and Institutional Approach* states that: "*Although the entity theory provides a good description of the relationship between the firm and its owners, its duality relative to income and owner's equity in the traditional form has probably been responsible for the fact that the entity theory does not provide a good description of the relationship between the firm and its owners. its precepts have not taken a strong hold in committee reports and releases of various accounting bodies.*"

Swardjono (1986) states that what is meant by the *business entity concept* has the consequence that the financial statements are the responsibility of the company and not the responsibility of the owner, thus income and costs are seen as changes in the company's wealth rather than changes in the owner's wealth. As an implication in good corporate administration, Swardjono (1986) states that it is very important to separate corporate transactions and personal transactions.

In other administration, especially in treating costs, all costs that are actually incurred in the company are appropriate to be recorded as part of the total wealth (assets or liabilities) of the company. "So, the cost of establishing the company, the cost of issuing shares, and the costs associated with this are elements of the company's assets (Swardjono, 1986), which is clear that this concept has gained legitimacy by being recognized in the form of a Limited Liability Company (PT) legally.

According to Aulia and Havidz (2013: 4) Company Theory at first, the company is seen as a business that maximizes profit as its main goal: namely the owner-manager of the company is assumed to be trying to maximize the company's short-term profit. Subsequently, the emphasis on profit was expanded to include uncertainty and the time dimension. In this more complete theory, the primary goal of the firm is seen as expected value maximization rather than short-term profit maximization. The goal of maximizing expected value is now seen as the primary objective of business in economic theories of firm behavior. Managers of *modern* firms get maximum sales after a sufficient level of profit is earned to satisfy *stakeholders*.

*Agency theory* is a concept that explains the contractual relationship between *principals* and *agents*. The principal is the party that gives a mandate to another party, the agent, to carry out all activities on behalf of the principal in his capacity as a decision maker (Sinkey, 2002: 78). In agency relationships, managers, as parties who have direct access to company information, have asymmetric information towards external parties, such as creditors and investors. Where there is information that is not disclosed by management to external parties, including investors.

To minimize information asymmetry, the management of the company must be supervised and controlled to ensure that management is carried out in full compliance with various applicable rules and regulations. This effort gives rise to so-called *agency costs*, which according to this theory must be incurred in such a way that the cost of reducing losses arising from non-compliance is equivalent to an increase in enforcement costs.

These *agency costs* include the costs of oversight by shareholders; the costs incurred by management to produce transparent reports, including the costs of independent audits and internal controls; as well as the ~~cost~~ caused by decreasing the value of shareholder ownership as a form of '*bonding expenditures*' granted to management in the form of options and various benefits for the purpose of aligning the interests of management with shareholders.

Agency theory predicts that companies with higher *leverage* ratios will disclose more information, as the agency costs of companies with such capital structures are higher. Additional information is needed to eliminate bondholders' doubts about the fulfillment of their rights as creditors. Therefore, companies with high *leverage* ratios have an obligation to make broader disclosures than companies with low *leverage* ratios. Another opinion says that the higher the leverage, the more likely the company will experience a violation of the debt contract, so managers will try to report higher current earnings than future earnings. With higher reported earnings, it will reduce the possibility of the company violating the debt agreement. Managers will choose accounting methods that will maximize current earnings. Debt contracts usually contain provisions that the company must maintain a certain level of *leverage* (debt/equity ratio), *interest coverage*, working capital and shareholders' equity. Therefore, the higher the level of *leverage* (debt/equity ratio), the more likely the company will violate the credit agreement so that the company will try to report higher current earnings. In order to report high earnings, managers must reduce costs (including the cost of disclosing information).

### **Liquidity Ratio**

Liquidity Ratio according to Hery (2015: 175) is: "The ratio used to measure the company's ability to meet its short-term debt obligations." Liquidity Ratio according to Fahmi (2015: 121) is: "The ability of a company to meet its short-term obligations in a timely manner." Based on the above opinion, it can be concluded that the liquidity ratio is the ratio used by the company to determine how much its short-term debt obligations will be due soon. One of the liquidity ratios is the *Current Ratio*. According to Fahmi (2015: 121) says that: "*Current ratio* is a commonly used measure of short-term solvency, the ability of a company to meet debt needs when due."

Formula:

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

### Profitability Ratio

The definition of profitability ratio according to Fahmi (2013: 135) is: "The profitability ratio is to show the company's success in generating profits. Potential investors will carefully analyze the smooth running of a company and its ability to make a profit. The better the profitability ratio, the better it illustrates the company's high profit-making ability."

According to Agus Sartono (2010: 122) the definition of profitability ratio is the company's ability to earn profits in relation to sales, total assets, and own capital. Thus, long-term investors will be very interested in this profitability analysis. One of the profitability ratios is *Net Profit Margin*. According to Fahmi (2015: 136) says that: "The *Net Profit Margin ratio* is also called the ratio of income to sales."

### Shares

The definition of shares according to Tjiptono and Hendy (2006: 6) is: "Securities issued by a company in the form of a company commonly called an issuer, which states that the owner of the shares is also part owner of the company. In simple terms, shares can be defined as a sign of participation or a sign of ownership of a person or business entity in a company, or a proof in the form of securities as a statement of participating in owning the share capital of a company ". The definition of profitability ratio according to Fahmi (2013: 81) is: a) Proof of capital/fund ownership participation in a company, b) A paper that clearly states the face value, the name of the company and is followed by the rights and obligations described to each holder, c) inventory that is ready for sale.

## METHOD

The method used for this research is a descriptive method with a quantitative approach. The type of data used in this research is quantitative data. The data source used is secondary data, namely data taken from publications made by the Indonesia Stock Exchange. Namely in the form of the Financial Statements of Milk Industry & Trading Company Tbk. in 2013, 2014, 2015, 2016 and 2017.

### 1.1. Analysis Design and Hypothesis

According to Sulaiman (2004: 58) that: a model will produce a good estimation model parameter value if the classical regression assumptions are met, namely the assumptions of normality, multicollinearity, and heterokedastitas, linearity test and autocorrelation test.

#### 1. Normality Test

Normality or normal distribution test is carried out to determine whether in a regression model, the dependent variable, independent variable, or both have a normal distribution or not. Normality detection is done by looking at the distribution of data (points) on the diagonal axis of the normality test graph. The basis for decision making is if the data spreads around the diagonal line and follows the direction of the diagonal line, then the regression model fulfills the assumption of normality.

#### 2. Multicollinearity Test

Multicollinearity test is needed to determine whether or not there is a correlation between independent variables in one model. This relationship is called multicollinearity. Multicollinearity testing is done by looking at the tolerance value and its opposite, VIF (variance inflation factor). The general money value used to indicate the presence of

multicollinearity is a tolerance value > 0.10 with a VIF value < 10.

### 3. Heteroscedasticity Test

The purpose of the heteroscedasticity test is to test whether in a regression model there is an inequality of variance from the residuals of a particular regression model. observation to another observation. If the variance of the residuals from one observation to another is constant, it is called homoscedasticity, and if it is different it is called heteroscedasticity. A good regression model is one that is homokedastisitas which means there is no heterokedastisitas.

### Autocorrelation Test

Testing autocorrelation in a model aims to determine whether there is a correlation between confounding variables in a certain period (t) and confounding variables in the previous period (t-1). A good regression model is a regression that is free from autocorrelation.

In general, the following benchmarks can be drawn:

- a. A Durbin Watson (D-W) number below -2 means there is autocorrelation.
- b. A Durbin Watson (D-W) number between -2 and 2 means there is no autocorrelation.
- c. A Durbin Watson (D-W) number above 2 means there is negative autocorrelation.

### Hypothesis Test

Hypothesis testing in this study uses regression analysis. The regression coefficient model is as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + e$$

Where:

Y = Stock Price a = Constant

$\beta_1$  = Regression coefficient of *Current Ratio* (CR) variable

$\beta_2$  = Regression coefficient of *Net Profit Margin* (NPM) variable X1 = *Current Ratio* (CR)

X2 = *Net Profit Margin* (NPM) e = Error

There are two types of regression coefficients that can be performed, namely the F-test and t-test.

### F-test (simultaneous significant test)

This test was conducted to determine how far the effect of *Current Ratio* (CR) and *Net Profit Margin* simultaneously on stock prices.

H0 is accepted if F count < F table at  $\alpha = 5\%$  Ha is accepted if F count > F table at  $\alpha = 5\%$ .

### T-test (partial test)

Used to test the regression coefficient individually. This test is conducted to determine whether partially each variable, namely *Current Ratio* (CR) and *Net Profit Margin*, has a significant effect or not on stock prices. After obtaining the t value, the t value is compared with the t table value at a significant level ( $\alpha$ ) = 5%. Hypothesis assessment criteria in this t-test: Accept H0 if  $-t \text{ table} < t \text{ count} < t \text{ table}$ . Reject H0 (accept H1) if  $t \text{ count} > t \text{ table}$  or  $t \text{ count} < -t \text{ table}$

## RESULTS AND DISCUSSION

### Research Results

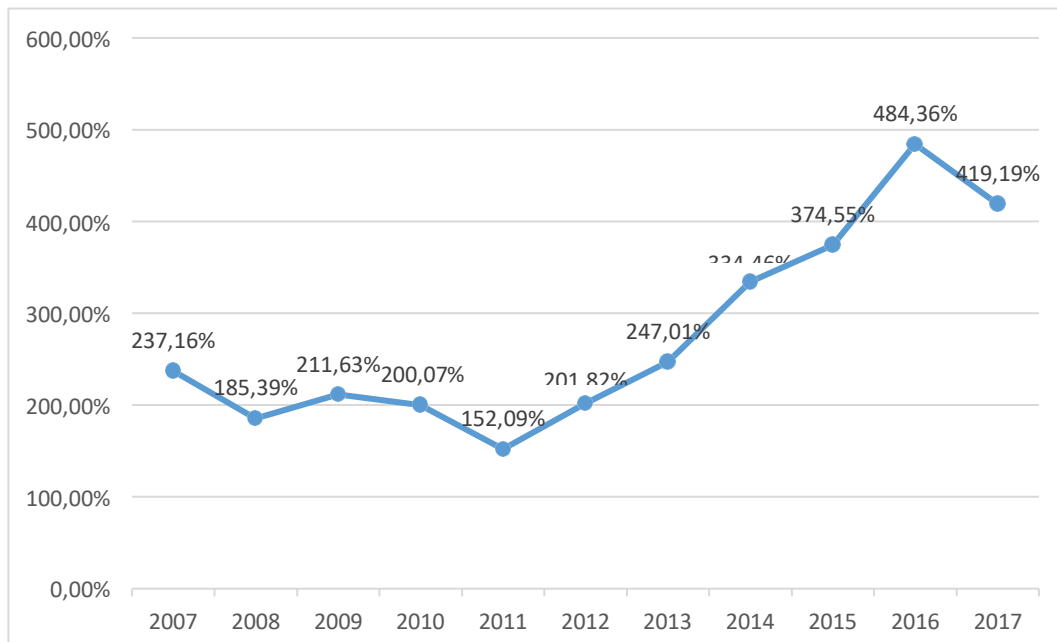
#### Current Ratio (CR) and Net Profit Margin in the Company

#### Current Ratio (CR)

A ratio that is often used to measure a company's ability to meet its short-term liabilities that are due immediately using total available assets. In practice, a good standard current ratio is 200% or 2:1. This ratio is often considered a good or satisfactory measure of the company's liquidity level. The following are the results of the calculation of *Current Ratio* (CR) at Milk Industry & Trading Company Tbk

**Table 4. *Current Ratio* (CR) at Milk Industry & Trading Company Tbk. Period 2007-2017**

Year	Current Assets	Current Debt	<i>Current Ratio</i>
2007	IDR551 ,947	Rp232 ,730	237.16%
2008	IDR826 ,610	IDR 445 ,866	185.39%
2009	IDR 813 ,390	IDR384,341	211.63%
2010	IDR955 ,442	IDR477,558	200.07%
2011	Rp924 ,080	IDR607,595	152.09%
2012	Rp1,196,427	Rp592 ,823	201.82%
2013	IDR1,565,511	IDR 633 ,795	247.01%
2014	IDR1,642,102	Rp490 ,967	334.46%
2015	2,103,565	IDR 561 ,628	374.55%
2016	IDR 2,874,822	Rp593 ,526	484.36%
2017	Rp3,439,990	IDR820,625	419.19%



***Current Ratio* (CR) at Milk Industry & Trading Company Tbk. Period 2007-2017**

The data above can be analyzed as follows:

1. In 2007 *Current Ratio* (CR) showed a figure of 237.16%, in other words the company has

- current assets 2.37 times the total current liabilities (2.37:1) in the sense that every Rp 1 current liability owned by the company is guaranteed by Rp 2.37 current assets. The category for *Current Ratio* (CR) in 2007 is considered good.
2. In 2008 the *Current Ratio* (CR) shows a figure of 185.39%, in other words the company has current assets 1.85 times the total current liabilities (1.85: 1) in the sense that every Rp 1 current liability owned by the company is guaranteed by Rp 1.85 current assets. The category for *Current Ratio* (CR) in 2008 is considered quite good.
  3. In 2009 *Current Ratio* (CR) showed a figure of 211.63%, in other words the company has current assets 2.12 times the total current liabilities (2.12:1) in the sense that every Rp 1 current liability owned by the company is guaranteed by Rp 2.12 current assets. The category for *Current Ratio* (CR) in 2009 is considered good.
  4. In 2010 *Current Ratio* (CR) shows a figure of 200.07%, in other words the company has current assets 2.00 times the total current liabilities (2.00: 1) in the sense that every Rp 1 current liability owned by the company is guaranteed by Rp 2.00 current assets. The category for *Current Ratio* (CR) in 2010 is considered good.
  5. In 2011 *Current Ratio* (CR) showed a figure of 152.09%, in other words the company has current assets 1.52 times total current liabilities (1.52: 1) in the sense that every Rp 1 current liability owned by the company is guaranteed by Rp 1.52 current assets. The category for *Current Ratio* (CR) in 2011 is considered quite good.
  6. In 2012 *Current Ratio* (CR) showed a figure of 201.82%, in other words the company has current assets 2.80 times the total current liabilities (2.02: 1) in the sense that every Rp 1 current liability owned by the company is guaranteed by Rp 2.02 Current assets. The category for *Current Ratio* (CR) in 2012 is considered good.
  7. In 2013 *Current Ratio* (CR) showed a figure of 247.01%, in other words the company has current assets 2.80 times the total current liabilities (2.47: 1) in the sense that every Rp 1 current liability owned by the company is guaranteed by Rp 2.47 current assets. The category for *Current Ratio* (CR) in 2013 is considered good.
  8. In 2014 *Current Ratio* (CR) showed a figure of 334.46%, in other words the company has current assets 3.34 times total current liabilities (3.34: 1) in the sense that every Rp 1 current liability owned by the company is guaranteed by Rp 3.34 Current assets. The category for *Current Ratio* (CR) in 2014 is considered good.
  9. In 2015 *Current Ratio* (CR) shows a figure of 374.55%, in other words the company has current assets 3.75 times total current liabilities (3.75: 1) in the sense that every Rp 1 current liability owned by the company is guaranteed by Rp 3.75 current assets. The category for *Current Ratio* (CR) in 2015 is considered good.
  10. In 2016 *Current Ratio* (CR) shows a figure of 484.36%, in other words the company has current assets 4.84 times total current liabilities (4.84: 1) in the sense that every Rp 1 current liability owned by the company is guaranteed by Rp 4.84 current assets. The category for *Current Ratio* (CR) in 2016 is considered very good.
  11. In 2017 *Current Ratio* (CR) shows a number of 419.19%, in other words the company has current assets 4.19 times total current liabilities (4.19: 1) in the sense that every Rp 1 current liability owned by the company is guaranteed by Rp 4.19 Current assets. The category for *Current Ratio* (CR) in 2017 is considered very good. The conclusion from the data processed above can be concluded that the *Current Ratio* (CR) at Milk Industry & Trading Company Tbk. during the period 2007-2017 is categorized as good.

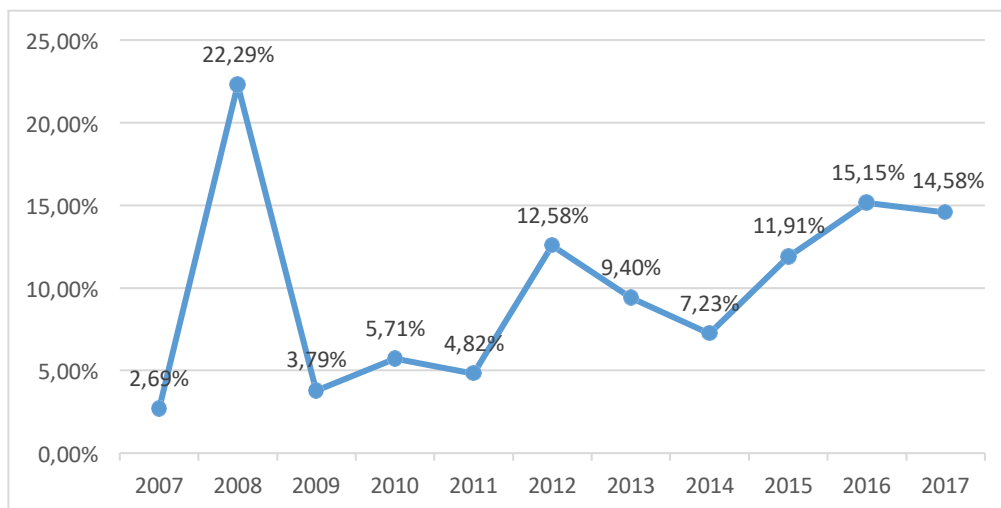
### **Net Profit Margin**

Profitability ratio is the ratio used by the company to determine how much profit the company gets which is useful for investor consideration in investing in a company. The

following are the results of the calculation of *Net Profit Margin* at Milk Industry & Trading Company Tbk

**Table 5. *Net Profit Margin* at Milk Industry & Trading Company Tbk. Period 2007-2017**

Year	Net Profit	Net Sales	<i>Net Profit Margin</i>
2007	IDR30 ,318	IDR1,126,800	2.69%
2008	IDR303 ,712	IDR1,362,607	22.29%
2009	IDR61 ,153	IDR1,613,928	3.79%
2010	IDR 107 ,339	IDR1,880,411	5.71%
2011	IDR101 ,323	IDR 2,102,384	4.82%
2012	IDR353 ,432	2,809,851	12.58%
2013	Rp325,127	Rp3,460,231	9.40%
2014	IDR283 ,061	Rp3,916,789	7.23%
2015	IDR 523 ,101	IDR4 ,393,933	11.91%
2016	IDR709 ,826	IDR4 ,685,988	15.15%
2017	IDR711 ,681	IDR 4 ,879,559	14.58%



***Net Profit Margin* at Milk Industry & Trading Company Tbk. Period 2007-2017**

The data above can be analyzed as follows:

1. In 2007 Milk Industry & Trading Company Tbk. Has a *Net Profit Margin* of 2.69 %
2. In 2008 Milk Industry & Trading Company Tbk. there was an increase in *Net Profit Margin* of 19.6% so that the *Net Profit Margin* in 2008 was 22.29%.
3. In 2009 Milk Industry & Trading Company Tbk. there was a decrease in *Net Profit Margin* of 18.5% so that the *Net Profit Margin* in 2009 became 3.79%.
4. In 2010 Milk Industry & Trading Company Tbk. there was another increase in *Net Profit*



- Margin of 1.92% to 5.71%.
5. In 2011 Milk Industry & Trading Company Tbk. there was a decrease in *Net Profit Margin* again by 0.89% to 4.82%.
  6. In 2012 Milk Industry & Trading Company Tbk. there was another increase in *Net Profit Margin* of 7.76% to 12.58%In 2013 Milk Industry & Trading Company Tbk. there was a decrease in *Net Profit Margin* again by 3.18% to 9.4%.
  7. In 2014 Milk Industry & Trading Company Tbk. there was a decrease in *Net Profit Margin* again by 2.17% to 7.23%.
  8. In 2015 Milk Industry & Trading Company Tbk. there was another increase in *Net Profit Margin* of 4.68% to 11.91%.
  9. In 2016 Milk Industry & Trading Company Tbk. there was another increase in *Net Profit Margin* of 3.24% to 15.15%.
  10. In 2017 Milk Industry & Trading Company Tbk. there was a decrease in *Net Profit Margin* again by 0.57% to 14.58%.

### Classical Assumption Test

#### Normality Test

This test is used to determine whether the data population is normally distributed or not. This study uses the *Normal P-P Plot* approach. The normality test results are as follows:

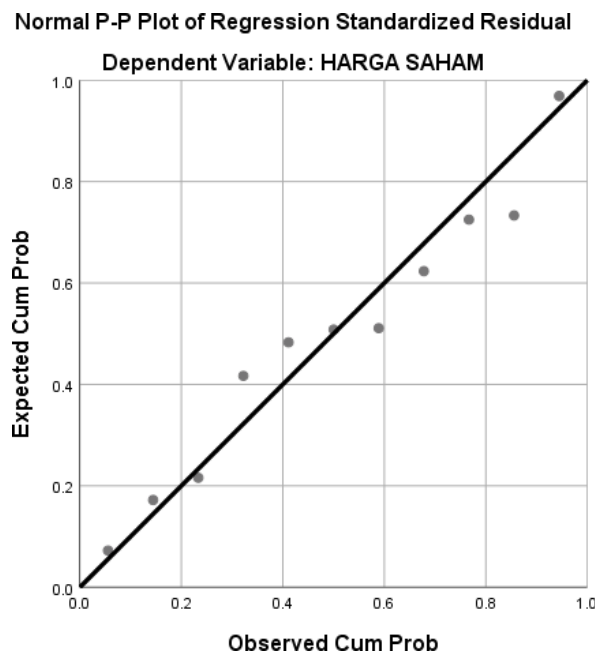


Figure 2. Normality Test

From the picture above, it can also be seen that the data is normally distributed. It can be seen that the points in the figure have followed and / or approached the direction of the diagonal line, so the regression model has met the assumption of normality.

#### Multicollinearity Test

This test is conducted to determine whether or not there is a deviation from the classic assumption of multicollinearity, namely a linear relationship between the independent variables in the regression model. The requirement that must be met is the absence of multicollinearity. The following are the results of the multicollinearity test:

**Table 6. Multicollinearity Test Coefficients<sup>a</sup>**

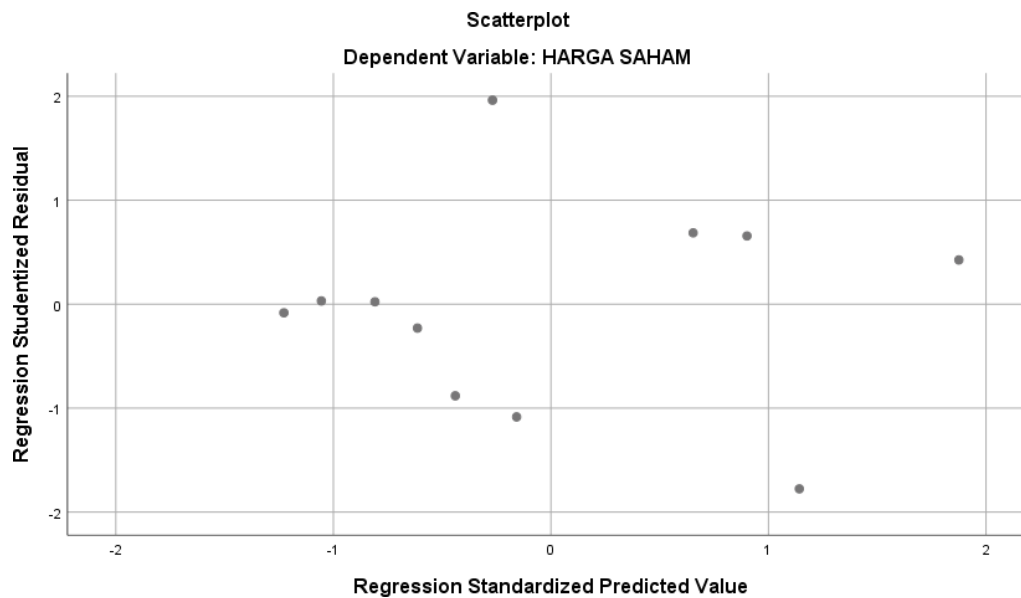
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-367.296	1257.165		-.292	.778		
	CURRENT RATIO	10.296	4.478	.679	2.299	.051	.846	1.182
	NET PROFIT MARGIN	-32.548	76.710	-.125	-.424	.683	.846	1.182

a. Dependent Variable: HARGA SAHAM

From the table above, it can be seen that the *tolerance* value of the independent variables in this study, namely *Current Ratio* (CR) and *Net Profit Margin* (NPM) is above 0.1 (> 0.1). The *tolerance* value of *Current Ratio* (CR) and *Net Profit Margin* is 0.846. In addition, it can also be seen from the VIF value of the two independent variables which is smaller than 10 (<10). The VIF value of *Current Ratio* (CR) and *Net Profit Margin* is 1.182. Independent variables can be said to be free from multicollinearity if the tolerance value is greater than 0.1 (> 0.1) with a VIF value smaller than 10 (< 10). So the two independent variables of this study are free from multicollinearity or there is no relationship, between the variables *Current Ratio* (CR) and *Net Profit Margin*.

**Heteroscedasticity Test**

The heteroscedasticity test is carried out to test whether or not there is a deviation from the classical assumption of heteroscedasticity, namely in a regression model there is an equal variance of the residuals for all observations in the regression model. The following are the results of the heteroscedasticity test:



**Heteroscedasticity Test**

Based on the figure above, the data points spread randomly above and below or around the number 0, the data points do not spread only above or below, the distribution of points is not patterned. This identifies that there is no heteroscedasticity in the regression model.

**Autocorrelation Test**

The presence or absence of autocorrelation can be seen from the Durbin-Watson value. Here are the results of the autocorrelation test:

**Table 7. Autocorrelation Test**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.640 <sup>a</sup>	.410	.262	1412.12606	1.739

a. Predictors: (Constant), NET PROFIT MARGIN, CURRENT RATIO

b. Dependent Variable: HARGA SAHAM

Based on Table 5.5 above, it can be seen that the Durbin-Watson (DW) value is 1.739. The DW value is between -2 to +2 which means there is no autocorrelation, because :

1. A Durbin Watson (D-W) number below -2 means there is positive autocorrelation.
2. A Durbin Watson (D-W) number between -2 and +2 means there is no autocorrelation.
3. A Durbin Watson (D-W) number above +2 means there is negative autocorrelation.

**Hypothesis Test**

**Regression Test**

This multiple linear regression analysis is used to determine whether there is an influence of the independent variable on the dependent variable. The effect of *independent* variables, namely *Current Ratio* (X1) and *Net Profit Margin* (X2) on the dependent variable, namely *Stock Price* (Y).

The following regression equation can be formulated:  $Y = a + \beta_1 X_1 + \beta_2 X_2 + e$

After data processing, the results obtained are as follows:

**Table 8. Regression Test**

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-367.296	1257.165		-.292	.778		
	CURRENT RATIO	10.296	4.478	.679	2.299	.051	.846	1.182
	NET PROFIT MARGIN	-32.548	76.710	-.125	-.424	.683	.846	1.182

a. Dependent Variable: HARGA SAHAM

Based on Table 5.6 above, the regression formula can be obtained as follows:  $Y = (-367.296) + 10.296 X_1 + (-32.548) + e$

The following is the interpretation of the regression analysis results above:

1. **Constant** If all independent variables in this case CR and NPM are considered constant and have no value, then the amount of HS is (- 367,296).
2. **Current Ratio** (X1) on **Stock Price** (Y) If the *Current Ratio* increases by 1%, the *Stock Price* will increase by 10.296% and vice versa if the *Current Ratio* decreases by 1%, the *Stock Price* will decrease by 10.296%.
3. **Net Profit Margin** (X2) on **Stock Price** (Y) If *Net Profit Margin* increases by 1%, the *Share Price* will decrease by 32.548% and vice versa if *Net Profit Margin* decreases by 1%, the *Share Price* will increase by 32.548%

**T-test**

The t-test is used to determine whether the independent variables have an influence individually or partially on the dependent variable. Where the degree of significance used is

0.05. If the significant value is smaller than the degree of confidence, we accept the alternative hypothesis which states that the independent variables partially affect the dependent variable. From the results of data processing, the following results were obtained:

**Table 9. T-test**

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-367.296	1257.165		-.292	.778		
	CURRENT RATIO	10.296	4.478	.679	2.299	.051	.846	1.182
	NET PROFIT MARGIN	-32.548	76.710	-.125	-4.24	.683	.846	1.182

a. Dependent Variable: HARGA SAHAM

Based on the results of the table above, then:

1. *Current Ratio* (X1) to Stock Price (Y)

From the results of the table above, it can be seen that the *Current Ratio* (X1) has a significant value of 0.051. The significant value is greater than the profitability value of 0.05, then H01 is accepted and Ha1 is rejected. This means that there is no significant influence between *Current Ratio* (X1) on Share Price (Y) in parsial. *Current ratio* is a liquidity ratio where creditors measure the company's operations by seeing whether the company's current assets can meet its short-term obligations when these short-term obligations are immediately billed or when due. Because the higher the *Current Ratio*, the greater the company's ability to pay off its debts. Then the creditors can consider providing loans for the company. But for investors *Current Ratio* has no influence because investors only look at the company's business activities without seeing the company's liquidity.

2. *Net Profit Margin* (X2) on Stock Price (Y)

From the results of the table above, it can be seen that *Net Profit Margin* (X2) has a significant value of 0.683. The significant value is greater than the profitability value of 0.05, then H02 is accepted and Ha2 is rejected. This means that there is no significant influence between *Net Profit Margin* (X2) on Share Price (Y) partially. It can be seen that *Net Profit Margin* does not have a significant effect, investors can see from the overall financial statements in determining which companies whose shares can provide prospects to them investors.

**F-test**

The F-test is used to determine whether the independent variables have a joint or simultaneous influence on the dependent variable. Where the degree of significance used is 0.05. If the significant value is smaller than the degree of confidence then we accept the alternative hypothesis which states that the independent variables simultaneously affect the dependent variable. From the results of data processing, the following results were obtained:

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11082268.22	2	5541134.109	2.779	.121 <sup>b</sup>
	Residual	15952799.96	8	1994099.995		
	Total	27035068.18	10			

a. Dependent Variable: HARGA SAHAM

b. Predictors: (Constant), NET PROFIT MARGIN, CURRENT RATIO

**Table 10.**

Based on the results of the table above, then:

From the results of the table above, it can be seen that the significant value is 0.121. The significant value is greater than the profitability value of 0.05, then  $H_0$  is accepted and  $H_a$  is rejected. This means that there is no simultaneous influence between *Current Ratio* (X1) and *Net Profit Margin* (X2) on Stock Price (Y).

**Coefficient of Determination**

The coefficient of determination ( $R^2$ ) is used to determine how much the independent variables explain the dependent variable. The value of this coefficient is between 0 and 1, if the result is closer to 0, it means that the ability of the independent variables to explain the variation in the dependent variable is very limited. But if the result is close to 1, it means that the independent variables provide almost all the information needed to predict variable variation. From the results of data processing, the following results were obtained

**Table 11. Test Coefficient of Determination**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.640 <sup>a</sup>	.410	.262	1412.12606	1.739

a. Predictors: (Constant), NET PROFIT MARGIN, CURRENT RATIO

b. Dependent Variable: HARGA SAHAM

From the table it can be seen that the  $R^2$  value or the coefficient of determination is 0.262. This value can be interpreted that the independent variables, namely *Current Ratio* and *Net Profit Margin*, are able to explain 26.2% of the variation in the dependent variable, namely Stock Price. Thus, the remaining 73.8% is explained by other variables that are not included in the research model.

Thus, partially this study does not have a significant effect of Current Ratio (CR) on Stock Prices in accordance with the research conducted by the author in accordance with research conducted by Yoga, Laras, Masni and Ahmad Sanusi. And there is no effect of *Net Profit Margin* (NPM) on Stock Price in accordance with previous research conducted by Ahmad Sanusi.

Simultaneously from this study there is no significant effect of *Current Ratio* (CR) and *Net Profit Margin* (NPM) on Stock Price in accordance with previous research conducted by Ahmad Sanusi.

**Discussion**

**Effect of *Current Ratio* (CR) on Stock Price**

Based on the results of the research conducted in this study, from the results of the calculation, the significance value for the *Current Ratio* with the share price is  $0.051 > 0.05$ . Thus the hypothesis is rejected, it can be seen that *Current Ratio* (CR) has no effect on stock prices, because the decrease in *Current Ratio* is not followed by a decrease in stock prices. And these results contradict previous research conducted by Sri Beti Kumalasari (2017) where *Current Ratio* has a significant effect on Stock Prices.

However, this research is supported by research conducted previously by Yoga Dwi Kurnia (2017), Laras Kurniasih (2017), Mamik Trisnawati (2016), and Budi Anshori (2016) where the *Current ratio* has no effect on stock prices.

The negative effect is due to several factors caused by the company, namely the

company's performance is not enough to be healthy independently but also for the future must have good prospects. While the unstable business prospects are the result of unstable world economic conditions. In addition, *Current Ratio* has limitations where *Current Ratio* is a fixed measure that measures the resources available at a certain time to meet current liabilities. Resources available today are not sufficient to represent future cash inflows.

In addition, according to Fahmi (2015: 124) the level of liquidity or *Current Ratio* of a company can be increased in the following way:

1. With certain current debts, efforts are made to increase current assets.
2. With certain current assets, an attempt is made to reduce the amount of current debt.
3. By reducing the amount of current debt together with reducing current assets.

With this possibility, investors may be careful in choosing what ratios to consider so that there is a possibility that investors will not include the *Current Ratio* in their considerations. Thus the *Current Ratio* will not affect its decision and has no effect on the share price.

### **Effect of *Net Profit Margin* (NPM) on Stock Price**

Based on the results of research conducted in this study, from the results of the calculation, the significance value for *Net Profit Margin* (NPM) with the stock price is  $0.683 > 0.05$ . Thus the hypothesis is rejected, it can be seen that *Net Profit Margin* (NPM) has no effect on stock prices, because the decrease in *Net Profit Margin* (NPM) is not followed by a decrease in stock prices.

And these results contradict previous research conducted by Sri Beti Kumalasari (2017) where *Net Profit Margin* (NPM) has a significant effect on Stock Prices. However, this research is supported by research conducted previously by Budi Anshori (2016) where *Net Profit Margin* (NPM) has no effect on stock prices. According to Fahmi (2015: 136) net profit margin (*Net Profit Margin*) is equal to net profit divided by net sales. This shows the stability of the unit to generate revenue at a certain level of sales. By examining the profit margin and industry norms of a company in previous years, we can assess the operating efficiency of a company.

The higher the *Net Profit Margin* value, the more efficiently the company earns profit from sales. It also shows that the company is able to reduce costs well. Vice versa, a decreasing *Net Profit Margin* indicates the company's inability to earn profits on sales and manage costs for its operational activities, thus causing investors to be uninterested in investing in the company. The insignificant effect of *Net Profit Margin* on stock prices indicates that investors tend to pay less attention to *Net Profit Margin* as a ratio that can be considered in their investment decisions. It also shows that investors lack confidence in the company's ability to manage the efficiency of its operational performance. *Net Profit Margin* of property and real estate sector companies fluctuates and there are even some companies that have negative *Net Profit Margin*. This can be a consideration for investors not to use *Net Profit Margin* in choosing their investment object.

### **Effect of *Current Ratio* (CR) and *Net Profit Margin* (NPM) on Stock Price**

The *Current Ratio* and *Net Profit Margin* variables in this study together have no effect on the share price of Milk Industry & Trading Company Tbk. *Current Ratio* is indeed needed in calculating stock prices, *Current Ratio* is not the only aspect that really affects changes in stock prices, investors also take into account other ratios in making investment decisions. The results of this study are in accordance with research conducted by Budi Anshori where *Current Ratio* (CR) and *Net Profit Margin* (NPM) have no effect on stock prices. The difference in research conducted by Budi Anshori (2016) lies in more units of analysis, namely in food and beverage companies listed on the Indonesia Stock Exchange.

## CONCLUSION

The highest *Current Ratio* in 2016 was shown at 484.36% and the highest *Net Profit Margin* in 2008 was shown at 22.29%. *Current Ratio* and *Net Profit Margin* do not have a significant effect on stock prices. For investors, *Current Ratio* and *Net Profit Margin* do not have a significant influence in making decisions on whether investors will buy, hold or sell shares. In this case, investors want to get dividends from the company's profits and get capital gains from the positive difference between the purchase price and the selling price of the shares. *Current Ratio* and *Net Profit Margin* together or simultaneously do not have a significant effect on stock prices. Therefore, together they have not been able to provide information for all information users in this case not only investors (investors) but also creditors, the public, and others. So that this information cannot necessarily be used also by other parties who need information for economic decision making.

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