



## Impact of *Current Ratio* and *Debt to Equity Ratio* on Stock Prices of Energy Sector Companies

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### INFO ARTIKEL

### Abstract

Keywords:

*Current Ratio, Debt to Equity Ratio, Harga Saham*

*Sector companies energy has the main goal, namely making a profit . Share price is a measure of a company's ability to generate profits . The increase and decrease in share prices is influenced by CR and DER, where CR is the current ratio which compares the current set with current debt. Meanwhile, DER is a debt ratio that compares all total debt compared to capital. This research aims to find out whether the Current Ratio (CR) has an effect on stock prices and the Debt to Equity Ratio (DER) has an effect on stock prices . The population in this research is energy sector companies listed on the IDX in 2018-2022. The sample determination method was total sampling, so that the sample in this study was 7 companies. The data analysis method is multiple linear regression, with partial hypothesis testing. The results of this research show that CR partially has a significant positive effect on share prices, the value obtained from the current ratio variable is  $6.219147 > t_{table} 1.69389$  . Based on partial test results, it shows that DER does not have a significant effect on share prices, the value obtained from the debt to equity ratio variable is  $- 0.163554 < t_{table} 1.69389$  .*

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E-ISSN: 2797-0167

DOI :

### Introduction

Energy sector companies in Indonesia have a crucial role in the country's economy. This sector is responsible for the production, distribution and utilization of energy resources which are the backbone of Indonesia's economic growth. Therefore, the share prices of energy sector

companies are a major concern for investors and market players, because the financial performance of these companies has a significant impact on the overall performance of the Indonesian capital market. High stock prices offer potential profits in the form of capital gains, namely the difference between the selling price of shares and the buying price of shares which is profitable for investors (Septiano & Mulyadi, 2023) . On the other hand, a low share price can be an indication that the company is experiencing capital losses or underperforming. In this research, a more specific analysis will be carried out on the influence of *the current ratio* and *debt to equity ratio* on the share prices of energy sector companies on the Indonesia Stock Exchange (BEI) during the 2018-2022 period. Thus, it is hoped that the results of this research can provide more accurate and useful insights for investors and market players in making smarter and more effective investment decisions in the capital market. The expected aim of this research is to determine the effect of *the Current Ratio* (CR) on prices shares in sector companies energy listed on the IDX in 2018 - 2022 , to determine the effect of *Debt to Equity Ratio* (DER) on prices share in sector companies energy listed on the IDX in 2018 - 2022.

*Signaling theory* is Wrong One theory most importantly For understand management finance. *signaling theory* aim For show that parties in environment company usually own information Which more Good about circumstances And prospect period front company than party external like investors, holder share, And country. Signal Which given by company can form signal positive nor negative. Whatever signal that company intended For send something with hope market And investors will change perception they to company (Fauziah, 2017) . Market capital Indonesia own role Which very big in economy country, market capital ( *capital market* ) possible para investors Which excess fund For invest the money on various *securities* . On moment Which The same, company Which need financing can use fund the For develop project (Suriayu & Septiano, 2023) . *Current Ratio* is metric Which measure ability company For pay obligation period short or debt period short when billed in a way full (Lailatus Sa'adah, 2020) . *Debt to Equity Ratio* is a ratio used to compare all debt with all equity. This ratio is to determine the amount of funds provided by creditors to company owners (Morris, 2022) . The share price is the price of shares available on the capital market which can be used as an investment. By buying company shares, it means investing capital/funds which will later be used by management to finance the company's operational activities (Tambunan, 2007)

## RESEARCH METHODS

In the this research researchers use type study quantitative . This research uses quantitative research because the variables *current ratio*, *debt to equity ratio* and stock prices are taken from annual financial records and

contain numerical data. The company that will be used as the object of this research is an energy company listed on the Indonesian stock exchange consecutively during the 2018-2022 period , the data that will be taken is the company's annual report . The type of data used in this research is panel data regression and the data source used in this research is secondary data . Data collection carried out in this research is documentation and data processing carried out in this research using eviews software. In this research the dependent variable is price shares . The independent variables in this research are the *current ratio and debt to equity ratio*. Deep data analysis techniques this research , namely analysis statistics descriptive , Formation Model, Testing Appropriateness Model Effect (Test Next), Testing Assumption Classical , panel data regression analysis , and testing hypothesis .

## RESULT

**Table 1**  
**Coefficient Test Results Regression in a way Partial (T Test)**

Variable	Coefficient	t-Statistics	t-Table	Prob.	Alpha	Conclusion
C	1.014640	1.380982	1.69389	0.1812	0.05	
<i>Current Ratio</i>	0.813526	6.219147	1.69389	0.0000	0.05	H <sub>1</sub> Accepted
<i>Debt To Equity Ratio</i>	-0.014280	-0.163554	1.69389	0.8716	0.05	H <sub>0</sub> Rejected <sup>2</sup>

Source: Eviews 9 data processing , (2023)

Viewed from the partial test table on can seen influence variable independent to variable dependent in a way Partial as following :

1. Influence *Current Ratio* Against Share Prices

T test on the *Current Ratio variable* The t<sub>statistic</sub> value obtained is 1.380982 > t<sub>table</sub> 1.69389 and the probability value with an error rate of 0.05 is 0.0000 < 0.05 then H<sub>a</sub> is accepted H<sub>0</sub> is rejected. These results can be concluded that partially the *current ratio variable* influential positive significant impact on price share in sector companies energy listed on the Indonesia Stock Exchange (BEI) in 2018 - 202 2 .

2. Influence *Debt To Equity Ratio* Against Share Prices

T test against variable *Debt To Equity Ratio* obtained mark t statistics as big as  $-0.163554 < t_{table} 1.69389$  and value probability with level error of 0.05 of  $0.8716 > 0.05$  then  $H_0$  is accepted  $H_a$  is rejected . These results can concluded that in a way Partial variable *debt to equity ratio* No influential significant to price share at the company sector energy listed on the Indonesian Stock Exchange ( BEI ) in 2018 - 2022

## DISCUSSION

Based on what has been done results testing hypothesis in a way partial in this study is known that *current ratio* positive influence significant impact on the company 's share price sector energy listed on the Indonesian Stock Exchange ( BEI ) in 2018-2022. This can be interpreted as meaning that a high *current ratio indicates that the company has sufficient current assets to pay its short-term obligations*. This reduces the risk of the Company's inability to meet these obligations, so investors tend to view it as a safer investment.

Based on what has been done results testing hypothesis in a way partial in this study is known that *debt to equity ratio* No influence price shares in the company sector energy listed on the Indonesian Stock Exchange ( BEI ) in 2018-2022. Because of *the debt to equity ratio* Possible No become factor main influence \_ price share company sector energy , and factors other can own role more significant , in other words *the debt to equity ratio* just one \_ influencing factors \_ price shares . Wise investment decisions \_ in involve understanding comprehensive about industrial companies and factors external , no only focuses on one ratio finance . That's Why ratio debt sometimes No influential significant to price shares

## CONCLUSION

Research results in a way damn showing that variable free *current* influential *ratio* positive significant to price shares . It means *current* healthy *ratio* \_ in sector energy show the Company's ability to fulfil obligation period in short , reduce risk , and deliver trust to investors that the Company can manage fluctuation in sector energy with good .

The partial research results show that the independent variable *debt to equity ratio* has no effect on stock prices. This means that there is no significant influence of *the Debt To Equity Ratio* (DER) on share prices in energy sector companies listed on the Indonesia Stock Exchange (BEI) for the 2018-2022 period. Investors and market analysts may conclude that

corporate debt levels or debt financing policies may not be the main factors influencing stock prices in the energy sector.

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