The Effect of Liquidity, Profitability, and Solvency Ratios on Stock Pricesin Mining Companies Listed on the Indonesia Stock Exchange (IDX)

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ABSTRACT: This research aims to determine the effect of liquidity, profitability, and solvencyratios on share prices in mining companies on the Indonesia Stock Exchange (IDX). The type of this research is quantitative research. The data collection methods used were library research, collecting, and recording annual report data from the sample of company. Thetechnique analysis that used in this research is quantitative using descriptive statistical analysis methods, classical assumption tests, normality tests, multicollinearity tests, autocorrelation tests, heteroscedasticity tests, multiple regression analysis, and multiple correlation coefficients (R^2).

The result of this research revealed that in the multiple regression test, the sig. value ofeach variable is (0.388) for liquidity, (0.000) for profitability, and (0.134) for the solvency variable. Based on the result, it can be concluded that the independent variable which has an influence on the stock price is a profitability variable because the sig. value is <0.05. In simultaneous testing (F -test), a sig. value was 0.000, which means there were significant effect of all independent variables toward stock prices. So, it can be concluded that the liquidity ratio and solvency ratio did not have a significant partial effect in stock prices, while the profitability ratio had a partial effect in stock prices and the liquidity, profitability and solvency ratios had a simultaneous effect in stock prices.

KEYWORDS: Share Price, Liquidity, Profitability, Solvency. Mining Sector

INTRODUCTION

According to Marlinda Dewi (2020), the capital market is considered an economic indicator in a country. When the capital market shows an increase, it can be an indicator that the country's economy is showing development. On the other hand, if the capital market is sluggish, it can be an indicator that the country's economy is experiencing a decline. According to Jogiyanto (2008:167 in Hutapea 2017) the share price is a share that occurs on theStock Exchange market at a certain time which is determined by market players and isdetermined by the demand and supply of the shares concerned in the capital market. Share price means the value of the share itself.

According to Amanah Raghilia (2014), the aim of a company investing in shares is to obtain business capital which will be used for the company's operational activities. Thecompany always tries to maximize the value of its shares so that many investors are interested in investing their capital in the company. One way the value of these shares can be measuredis based on the share price. One way of determining share prices is based on company performance. The company's performance can be seen from its financial reports. According to Ayu Ria (2021) , to make it easier to assess financial reports, it is necessary to carry out financial ratio analysis which will be used as a basis for evaluating financial performance in order to reach a decision. In this study, researchers measured seen from the liquidity, profitability, and solvency ratios.

The phenomenon occurs because of the conflict between Russia and Ukraine, which is currently very hyped, which has a positive impact on the JCI. This is because foreign investors still recorded net purchases during the past week. Therefore, the stock index can still survive amidst the onslaught of the Russia-Ukraine war. On the other hand, tensions between Russia and Ukraine have caused the prices of mining commodities such as oil, gold, and coal to become a positive sentiment for the shares of mining issuers. So the shares of foreign mining issuers could also rise, due to sentiment from the increase in mining prices themselves, therefore market players must be able to take momentum by buying shares in the mining sector while still paying attention to commodity prices.

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The objectives of this research are:

1. To find out and describe the influence of liquidity ratios on share prices in miningcompanies in the Indonesia Stock Exchange (IDX)
2. To find out and describe the influence of profitability ratios on share prices in miningcompanies listed in the Indonesia Stock Exchange (IDX)
3. To find out and describe the influence of solvency ratios on share prices in miningcompanies listed in the Indonesia Stock Exchange (IDX)
4. To find out and describe liquidity ratios, profitability and solvency have a significanteffect in share prices simultaneously. The significance of this research are as follows:

1. Theoretical
   a. For readers

It is hoped that this research will increase knowledge, understanding and can be used as a knowledge reference, discussion material and further study material regarding the liquidity ratio toward stock prices.

b. For academics

This research is a literature study for those who need it.

c. For researchers

1) This research is to increase insight and knowledge about liquidity, solvency andprofitability ratios on share prices.
2) It is one of the requirements for researchers to obtain a bachelor's degree.

2. Practical

It can be an input for the Indonesian Stock Exchange regarding the influence ofliquidity, profitability, and solvency ratio in share prices.

The Nature of Liquidity Ratio

Liquidity Ratio is an indicator of a company's ability to pay all short-term financial obligations when they are due using available current assets or in other words, it can illustratea company's ability to meet short-term obligations/debts. Liquidity ratio is used to determine the ability of the related entity to pay short-term debt. A liquid company is a company that hastotal current assets greater than total current liabilities (short term). A high company liquidity ratio shows that the company's performance is better in paying off short-term debt using the company's current assets.

The general purpose of liquidity ratio or working model ratios for long-term creditors is very important to analyze and interpret short-term financial positions, to prevent the effectiveness of working capital used in the company. As for shareholders or owners, it is useful to know the prospects for future interest payments and the dividends they will receive. One type of liquidity ratio is the Quick ratio.

The quick ratio is calculating the company's ability to pay current obligations or debt with current activities without considering the inventory value. according to Kasmir (2012: 136) states that the quick ratio is a quick test ratio that shows the company's ability to pay short-term liabilities with current assets without taking into account the inventory value. The quick ratio formula is as follows:

The Nature of Profitability Ratio

According to Kasmir (2017) the profitability ratio is a ratio to assess a company's abilityto make a profit. The profits obtained by the company are a benchmark for assessing companyperformance. Profit is very important; this is of course because the aim of establishing a company is to make a profit so that it can survive in an industry. This ratio also provides a measure of the level of effectiveness of a company's management. The type of profitability ratio is Return on Assets.

Return on assets is a ratio that shows how much assets contribute to create net profit. In other words, this ratio is used to measure how much net profit will be generated from each rupiah of funds embedded in total assets. This ratio is calculated by dividing net profit by totalassets. The higher the return on assets means the higher the net profit generated from each rupiah of funds embedded in total assets. Conversely, the lower the return on assets means the lower the net profit generated from each rupiah of funds embedded in total assets.

The formula used to calculate the return on assets:

The Nature of Sovability Ratio

According to Kasmir (2017:151), the solvency ratio or leverage ratio is a ratio used to measure the extent to which company assets are financed with debt. It means how much the company's debt compared to its assets. In a broad sense, it is said that the solvency ratio is used to measure a company's ability to pay all its debts, both short term and long term if the company is dissolved (liquidated). According to Hery (2016) the solvency ratio is a ratio used to measure how much debt the company must bear in order to meet its assets. According to Kasmir (2012) one type of solvency ratio is the Debt to Asset Ratio (Debt Ratio)

Debt to Asset Ratio (Debt Ratio) is a debt ratio used to measure the comparisonbetween total debt and total assets.

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Share Price

Changes in share prices are influenced by the forces of demand and supply that occur in the secondary market. The more investors who want to buy or hold a share, the more the price will rise, and vice versa. According to Ayu and Edy Handoyo in Clarensia, Rahayu, and Azizah (2013:78) the share price is the price contained in the capital ownership certificate based on market assessments which are influenced by demand and supply on the stockexchange. According to Kesuma in Clarensia, Rahayu and Azizah (2013:78) share price is the closing nominal value or participation or ownership of a person or entity in a company or limited liability company which applies regularly on the Indonesian capital market.

THEORETICAL FRAMEWORK

The following is a form of thinking framework used in this research, as follows:
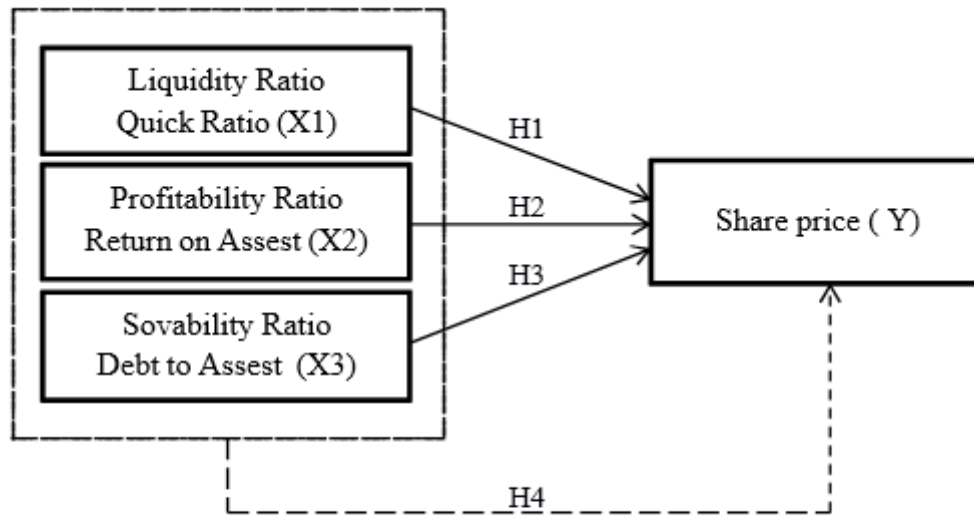
Description:

———————→ : Partial Effect

— — — — → : Simultaneous Effect

RESEARCH METHODS

The type of this research is quantitative research. The type of data used is quantitative with the data source in the form of secondary data. In collecting the data, the researcher used library research, collecting, and recording annual report data on the companies sampled in thisresearch. The analysis technique used in this research is quantitative descriptive statistical analysis methods by conducting classical assumption tests, normality tests, multicollinearity tests, autocorrelation tests, heteroscedasticity tests, multiple regression analysis, multiple and correlation coefficients (R^2). Hypothesis testing includes the F-Test and T-test.
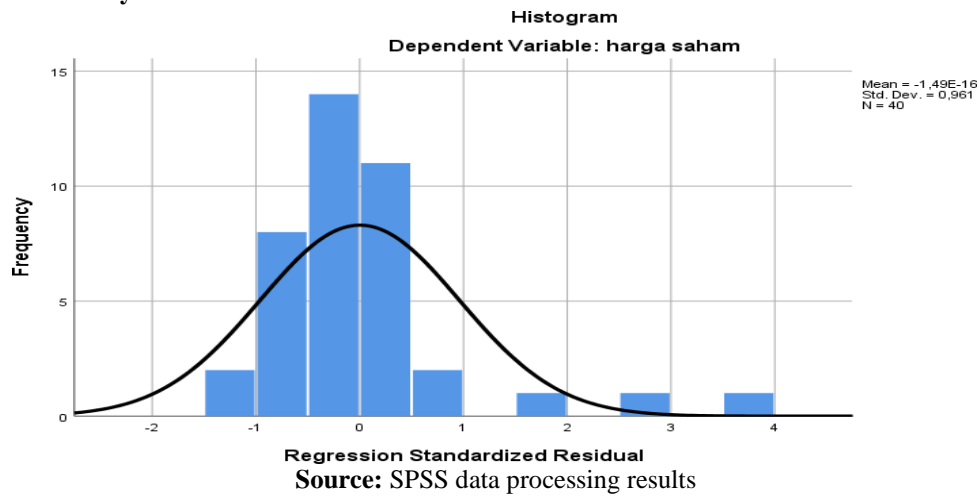
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RESULT AND DISCUSSION
Statistical Analysis
Normality test
Histogram of Data Normality Test

Source: SPSS data processing results

Based on the histogram graph above, it can be concluded that the histogram graph provides distributed residual data normal because it can be seen from the curve shaped like a bell.

Source: SPSS Data Results

In the normal PP-Plot graph the residual data is normally distributed because the dots spread around the diagonal line, and follow the direction of the diagonal line, both above and below the diagonal line.

Multicollinearity Test
Multicollinearity Test Results
Coefficients ᵃ

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	Collinearity Statistics	
		B	Std. Error				Tolerance	VIF
1	(Constant)	823,357	1637,631		,503	,618		
	Liquidity	436,223	499,460	,118	,873	,388	,798	1,253
	Profitability	32338,091	6301,816	,623	5,132	,000	,989	1,011
	Solvency	-3197,484	2085,463	-,207	-1,533	,134	,804	1,244

a. Dependent Variable: y
Source: SPSS Data Results

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Based on the test results above, it can be seen that the tolerance values of the Liquidity (X1), Profitability (X2) and Solvency (X3) variables are each > 0.10 with respective values of 0.789, 0.989 and 0.804. This shows that there is no multicollinearity or relationship between the independent variables. This is further reinforced by the VIF value which shows the VIF value of each independent variable < 10 with the VIF value of each variable being Liquidity (1.253), Profitability (1.011), and Solvency (1.244). The VIF value shows that there is no relationship between the independent variables from the test.

Autocorrelation Test
Autocorrelation Test Results
Model Summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,689 [a]	,475	,431	3743.43765	1,920

a. Predictors: (Constant), x3, x2, x1
b. Dependent Variable: y
Source: SPSS Data Results

In table 4.6 above showed that a Durbin-Watson value of 1.920. If the value of d < dL or d > 4-dU, it means there is autocorrelation. If the value of dU < d and (4-d)>dU, it means autocorrelation does not occur. If dL < d < 4-dL, then there is no conclusion. Based on the testabove with a comparison between d calculated and the Durbin Watson table, it can be seenthat dU (2.431) > d (1.920) and (4 -2.661 > 2.431. So, it can be concluded that there is no autocorrelation.

Heteroscedasticity Test
Heteroscedasticity Test Result

Coefficients [a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1322,023	1127,185		1,173	,249
	Quick Ratio	271,852	343,779	,128	,791	,434
	Return On Asset	12988.023	4337,551	,435	2,994	,005
	Debt To Assest	-1226,527	1435,428	-,138	-,854	,398

a. Dependent Variable: RES2   **Source:** SPSS Data Results

Based on table 4.7 above shows the significant value of all independent variables ismore than 0.05. So, it can be concluded that heteroscedasticity does not occur in this data.

Multiple Linear Regression Analysis
Multiple Linear Regression Result
Coefficients [a]

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	823,357	1637,631		,503	,618
	Quick Ratio	436,223	499,460	,118	,873	,388
	R eturn O n A ssest	32338,091	6301,816	,623	5,132	,000
	D ebt To Assest	-3197,484	2085,463	-,207	-1,533	,134

a. Dependent Variable: STOCK PRICE
Source: SPSS Data Results

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Based on table 4.8 above showed that the multiple linear regression equation asfollows: Y = 823,357 + 436,223 (Liquidity) + 32338,091 (Profitability) - 3197,484 (Solvency)

Testing HypothesisT-test

Liquidity Ratio (X1) with the Quick Ratio indicator to measure the extent to which the company can fulfill its short-term obligations. The results of the Quick Ratio t-test (X1) havea calculated t-value ≤t-table (0.873≤2.021. and a significant value > 0.05 (0.388≥0.05). So, it can be concluded that there is no a significant effect of the liquidity ratio (Quick Ratio) in share prices (Y).

Profitability Ratio (X2) with the Return On Assets (ROA) indicator to measure the company's ability to generate net profits. The results of the t-test for the Return On AssetRatio (X2) which was measured to had a t-table value of (5.132 ≥ 2.021) and a significant value > 0.05 (0.00 ≤ 0.05). So, it can be concluded that ROA has a significant effect on share prices (Y).

Solvency Ratio (X3) with the Debt To Assest (DAR) indicator to measure the comparison between total debt and total activities, in other words how much the company's debt influences the management of activities. The t test results for the Debt To Assest (X3) variable have a calculated t-value ≤t table (-1.533≤2.021) and a significant value greater than

0.05 (0.134 ≥0.05). So, it can be concluded that there is no significant effect of DAR towards share prices (Y).

F-test

F-Test

ANOVA [a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	455881976,643	3	151960658,881	10,844	,000 [b]
	Residual	504479715,205	36	14013325,422		
	Total	960361691,848	39			

a. Dependent Variable: STOCK PRICE

b. Predictors: (Constant), DAR, ROA, Quick Ratio

Source: SPSS Data Results (2022)

Based on table 4.10, it can be shown that the calculated F-Test result is 10.844 with a significance level of 0.000. The significant level is < 0.05. It means that H0 is accepted and H1 is rejected. So, it can be concluded that there were significant of effect independent variables (QR, ROA and DAR) toward the dependent variable (share price).

Coefficient of Determination

The Determination Coefficient is used to find out how much the liquidity, profitability and solvency ratios contribute to share prices. By looking at the R Square value . Followingare the test results.

Coefficient of Determination

Model Summary

Model	R	R Square	djusted RSquare	. Error of theEstimate
1	,689 [a]	,475	,431	3743.43765

a. Predictors: (Constant), DAR, ROA, Q R.

Source: Processed data (2022)

Based on the model summary table above, the R Square number is 0, or 0.475. This shows that 48% is the influence of liquidity ratios (QR), profitability (ROA) and solvency (DAR), while the remaining 52% is explained by other variables not included in the research model. The R-Square value is 48%, this shows that the variable relationship is strong.

CONCLUSION AND SUGGESTIONCONCLUSION

Based on the result of this research, it can be concluded that the liquidity ratio and solvency ratio do not have a significant partial effect toward stock prices, while the profitability ratio has a partial effect toward stock prices. The liquidity, profitability and solvency ratios have a simultaneous effect in stock prices.

SUGGESTION

Based on the result of this research, the suggestions that researchers can give are asfollows:

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1. For companies, they still provide objective financial information and other information related to financial reports that are relevant and can be tested so that investors can assess the condition of the company so that they can convince investors in making decisions about whether to buy companies' shares or not.

2. For further research, there are variables that have not been proven to have a significant influence, it is hoped that the number of samples of companies studied will be increasedor that variables can be replaced that do not have a significant influence in this research.

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