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The Affect of Return on Equity, Debt to Equity Ratio and Net Profit Margin Against Company's Stock Price

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Abstract: The purpose from this research is to explore on how the influence of the independent variables, namely Return On Equity, Debt To Equity Ratio, and Net Profit Margin towards the dependent variable, such as stock prices in 10 Food And Beverages companies that listed on the Indonesia Stock Exchange. The research objects which used in this research is a food and beverage company that already listed on the Indonesia Stock Exchange. The analytical method used is descriptive statistical analysis and multiple linear regression analysis. With data processing tool through the Eviews 10.0 program. The test results partially indicates that Return on Equity variable has a positive and significant affect on the stock prices from those food and beverages companies. While Debt To Equity Ratio variable has a negative and insignificant affect towards it and Net Profit Margin has a positive and insignificant affect to the share price of food and beverages companies. These research results are simultaneously shows that the Return On Equity, Debt To Equity Ratio, and Net Profit Margin variables are capable to explain stock prices on those 10 food and beverages companies listed on the Indonesia Stock Exchange.

Keywords: Return On Equity, Debt To Equity Ratio, Net Profit Margin and Stock Prices.

INTRODUCTION

The stock price is an indicator of achieving goals in the management of a company. In other words, when the company's stock price continues to arise, investors or potential investors would determine the successful of a company. The trust from potential investors and investors are very conducive to the company. Because the more people trust to the company, the stronger the desire to invest in the company. The more demand for a company's shares, the higher the share price. Maintaining a high stock price could be increase the confidence of potential investors towards the company and increase the value of the company. On the other hand, if the share price continues to fall, it will reduce the value of the company in the eyes of investors and potential investors.

Before investing in shares, investors have to look at the company’s performance. Company performance is an very important. Because it is influential and can be used as a tool in order to discover if a company is developing or vice versa. The published performance of the company can be seen from the published financial statements. Income information is the most visible and systematic information of various groups, especially investors. The benchmark in assessing a company is to look at the share price. If a company can achieve good performance, then the company’s shares can attract many investors. To evaluate the performance and achievement of a company, investors need to analyze the financial statements as consideration in determining the share prices. Financial statement analysis requires several benchmarks to assess the financial position of a company. One of the most commonly used as benchmarks is the ratio or index that connects two financial data.

Profitability is to assess the company's ability to seek profit (Hutabarat and Riwayati, 2021). By Measuring the level of management effectiveness of a company. This indicated by the profit generated from sale of investments, the point is that the use of this ratio shows the efficiency of the company (Kasmir, 2019). The indicators that could be use in measure profitability in this research are Return On Equity (ROE). The higher the Return On Equity, the greater the funds recovered from equity into profit, through this the company's performance would be considered good in increasing the company's share price. The higher the return or income obtained, the better the position the owner of the company (Syamsuddin, 2016).The level of ROE has a positive correlation with share prices because the amount of ROE indicates that the returns received by investors will be high so that investors will be interested in buying the shares and those are reason why the stock market price to tend to rise (Husnan, 2 015).

One of the ratios which are predicted to have an affect on stock prices is Debt to Equity Ratio. Debt to Equity Ratio (DER) can be measured through a comparison between the company’s debt and equity. The larger the DER, the more unprofitable because the greater the risk borne for failures that may occur in the Company (Kasmir, 2019). The higher the profit that should be distributed to shareholders, but when it less to used to pay off the company’s debt, investors would be less interested in investing. Net Income Margin (NPM) is designed to measure the company’s ability to generate profits so that NPM becomes an effective factor in supporting companies to invest in stocks, because investment candidates see which companies are able to anticipate soaring raw materials, operational costs, and increases in employee salaries. The greater the NPM, the higher the company’s performance, thereby increasing investor confidence to invest in the company.

Research that is relevant to this results has been done by many previous researchers. Research on the affect of Return On Equity (ROE) on stock prices has been carried out by Pratama (2019); Wulandari et al. (2020) which stated that ROE has a significant positive affect on share prices. The higher ROE ratio of the company that could be able to increase the share price of the company itself. Different results were found by Yuliana and Hastuti (2020) through their research they stated that ROE had a significant negative affect on stock prices. These results indicates that the higher ROE ratio causes the company’s share price to decrease which can be caused by several things. It is opposite to the results from research by

Dini and Pasaribu (2020); Hutabarat and Riwayati (2021) defined that ROE did not have a significant affect on stock prices.

Debt to Equity Ratio (DER) is also an internal factor of a company that can affect stock price. Research on the affect of Debt to Equity Ratio (DER) on stock prices has been carried out by previous researchers including Yuliana and Hastuti (2020) which shows that DER has a positive impact on stock prices. The results from Yuliana and Hastuti (2020) provides an anomaly results which indicates that the higher the company's debt ratio, the higher stock price would be. In contrast to the research results of Wulandari et al. (2020) which defined that DER has a negative affect on share prices. These results may indicate that the higher the company's debt ratio (DER), the lower the company's stock price. While the research which conducted by Pratama (2019); Dini and Pasaribu (2020); Aspriyadi (2020) obtained that DER had no affect on stock prices. The rise and fall of the company's share price would not be determined by the debt ratio of the company.

In addition to the Return On Equity (ROE) and Debt to Equity Ratio (DER) variables, according to Manulang et al. (2021). Net Profit Margin (NPM) is also one of the factors that can affect the company's stock price. Sonya (2019); Yuliana and Hastuti (2020) conducted research on the affect of Net Profit Margin (NPM) on share prices and found that NPM had a significant positive affect on stock prices. These results are different from the research of Wulandari et al. (2020) whom declared that NPM has a negative affect on stock prices. However, according to research conducted by Wulandari et al. (2020) NPM also has no significant affect on stock prices.

Recently, Indonesia has facing an epidemic condition called the corona virus or covid 19 virus. According to an explanation from the WHO (World Health Organization) website, the corona virus is a group of viruses that can cause disease in humans or animals. Several types of coronavirus are known to cause respiratory tract infections in humans ranging from coughs and colds to more serious ones such as Middle East Respiratory Syndrome (MERS) and Severe Acute Respiratory Syndrome (SARS). A new type of coronavirus found to cause the disease COVID-19. This corona virus or covid 19 is the latest virus and was an unknown disease before the outbreak in Wuhan China in December 2019 and entered Indonesia in March 2020. Indirectly this virus has an impact on the Indonesian state, especially in the Food & Baverge industry. According to Moka's internal survey results, it was found that the food & Beverage industry was the most affected industry. Surabaya and Bali are the cities with the most significant decrease in daily income compared to other cities with a decrease of 26 percent for Surabaya and 18 percent for Bali, respectively. Meanwhile, Food & Beverage in the Greater Jakarta area also experienced a significant decrease in revenue, although not like Surabaya and Bali. The most significant affected areas are in the Greater Jakarta area (Jakarta, Bogor, Tangerang, Bekasi), namely Tangerang, East Jakarta, West Jakarta, and Depok. Recommendations from the government not to leave the house to slow the spread of Covid-19, make people stay at home and change people's behavior so that the purchase of take-away food were increases by 7 percent from January to February 2020. Given the importance of the role of food and beverages industry in meeting consumer needs, the authors chose the object of research for the food and beverages industry. Based on this fact, food and beverage companies are considered to continue to survive.

Every investor certainly can do their own research before finally deciding to buy, hold, or sell a stock. One of the analyzes which available to investors is fundamental analysis. This analysis deals with information from the annual and quarterly financial statements. The information in the annual and quarterly financial reports were also an important information in understanding the company's developments and stock prices in the market. Analysis is very necessary in supporting investor decision making in order to evaluate the performance of a company properly. The analysis used by investors to predict stock prices based on financial reporting is called fundamental analysis. Based on the definition above, the purpose of this research were to determine the affect of Return On Equity (ROE), Debt to Equity Ratio (DER) and Net Profit Margin (NPM) on stock prices from food and Beverage companies listed on the IDX.

LITERATURE REVIEW

Signaling Theory

Signaling theory or signal theory defined that business companies would have better information about the company and can share those information with potential investors in order to lift increase the company's share price. so that those information released and announced will provide a signal for investors to make investment decisions. If the announcement is positive, it is expected by the market to react when the market receives the announcement. After the information is released and accepted by all market participants, they would interpreted the information as a good signal (good news) and a bad signal (bad news). If the announcement of information is used as a good signal that investors will be interested in trading stocks, then the volume of stock trading would change (Suwardjono, 2010).

Financial statements that are reflect good performance are a signal or sign that the company is doing well. The market reaction is very dependent on the basic signals issued by the company, so that outsiders also respond to good signals. Investors would funds their capital when they believe that they can add more value to their invested capital than if the company invested elsewhere. For this reason, investors' attention has focused on the company's capabilities as reflected in the financial statements issued by the company. If the owner or investor is satisfied with the management's performance and the signal receiver interprets the company's signal as positive, then a good correlation will continue to rise

Stock Prices

The stock price used is the annual closing price of companies listed on the Indonesia Stock Exchange (IDX). The price demanded by the sellers or buyers at the end of the transaction in rupiah is closing price. Stock prices fluctuate over time. This change is depends on the ability of supply and demand. If there is an excess demand for shares, the share price will increase (Manulang et al., 2021). The researcher refers to a valid data source, namely the company's financial statements obtained from the IDX's official website, namely www.idx.co.id. It should be noted that the closing or the resulting stock price should be converted first to the natural logarithm (Ln) in order to balance with other variables because the resulting stock price value is relatively larger than the other variables in this research. To reveal whether stock prices on the IDX are influenced by the level of Return On Equity, Debt to Equity Ratio and Net Profit Margin, it is necessary to formulate a hypothesis. A hypothesis is a temporary answer to a problem that is still suspected, because it still has to be proven true.

Fahmi (2018) defined that Return on Equity is an assessment of the income available to the company, both ordinary shares and preferred shares for the capital invested in the company (Syamsuddin, 2016). This ratio focuses on the extent to which the company uses as its resources to achieve return on equity (Fahmi, 2018). The theory from the influence of Return on Equity (ROE) on stock prices is the ratio of measuring net income after tax with own capital, that is more better. This means that the owner of the company is getting stronger and conversely (Kasmir, 2019). A higher return on equity means a higher net profit for every dollar invested in equity. Conversely, a lower return on equity means lower net income for each dollar invested in equity. According to research conducted by Wulandari et al. (2020) research results shows that ROE has a significant positive affect on share prices. In this research, the higher ROE in the company, the better the company's performance in managing its capital to generate profits for shareholders. Companies can be effectively and efficiently use shareholder capital to generate profits.

Debt-to-Equity Ratio (DER) is a ratio used to assess the ratio between total debt and total capital (Hery 2016). This ratio would helps to understand the amount of funds provided by the borrower (creditor) to the owner of the company. This ratio used to find each rupiah of own capital that is used as debt security. The higher the value of this ratio, the less profitable for creditors, due to the risk of failure that can be experienced by the company would be getting bigger. A higher value of the company's Debt to Equity Ratio will cause the company's share price to rise, because interest payments can be used to reduce the tax burden, thus using debt for the benefit of the company's owners, which affects investors' assessments and therefore those share prices will fall. The company's capital is dependent on foreigners. In addition, this affects the interest of investors in the company's shares, because investors would be attracted to the shares of companies that do not owe too much. Debt To Equity Ratio is a ratio that measure the amount of debt versus equity. The smaller this ratio, the better for the company and it does conversely. It is recommended that the amount of debt does not exceed the company's equity (Manulang et al., 2021). According to Kasmir (2019), for banks (creditors), the higher this ratio, the more unprofitable, because the greater the risk for the company. But for companies, the higher the ratio, the better. The opposite is true in the case of low interest rates: the higher the self-financing, the greater the security for the borrower in the event of a loss in asset value. This ratio always provides a general indication of the sustainability and financial risk of the company. According to research by Yuliana and Hastuti (2020), DER has a significant negative affect on share prices, meaning that higher levels of DER value in companies will result in a decrease in the company's share price. It also shows that most investors want short-term gains in the form of capital gains, so considering a company's DER when buying shares, it follows market trends. This may be because investors fail to see the importance of using leverage or paying back interest and capital when invested, which ultimately did not affect investors' perceptions of future profits.

Net Profit Margin is a ratio used to measure the percentage or comparison of net profit after tax and interest earned from each rupiah of sales or income. The more allocations the company has, the better it is at generating profit (Manulang et al., 2021). According to Weygandt et al. (2016) Net Profit Margin is the percentage used in sales for the profits generated by taking into account net income and net sales. A higher NPM value indicates a more productive company performance, so that investors' would confidence to invest in the company increases. This ratio shows the percentage of net profit earned from each sale. The higher this ratio, the more profitable the company is. This statement is supported by Sonya (2019); Yuliana and Hastuti (2020) whom declared that Net Profit Margin has a significant positive affect on Share Prices in Food and Beverage Sub-sector Companies listed on the Indonesia Stock Exchange. The increase in Net Profit Margin shows the productive performance of a company with high profits through a certain level of sales, which can increase investor confidence in investing in a company, thereby causing an increase in demand for company shares, which then automatically boost the share prices for food and beverage sub-sector companies listed in The Indonesia Stock Exchange during the period 2014-2017. in other words, the higher the net profit margin, the higher the share price would be.

Stock prices can go up or down very quickly from time to time. This may be due to the large number of orders that enter the JATS system. A fairly high share price can benefit the company because it can easily get funds from investors. There are several ratios that can affect stock prices, one of which is Return on Equity, Debt to Equity Ratio and Net Profit Margin. This is in line with the research results of research by Yuliana and Hastuti (2020) which defined that return on equity, debt to equity ratio and net profit margin are appropriate to explain stock prices. Based on the theory and research results that have been carried out by previous researchers, the following hypothesis can be formulated as:

H_1: Return on Equity (ROE) has a positive affect on stock prices.

H_2: Debt to Equity Ratio (DER) has a negative affect on stock prices.

H_3 : Net Profit Margin (NPM) has a positive affect on stock prices.

H_4: Return on Equity, Debt to Equity Ratio and Net Profit Margin are appropriate to explain stock prices.

RESEARCH METHOD

The approach in this research used a quantitative method because it refers to the calculation and analysis of numerical data. The type of research used is the associative method. The associative method used to examine the correlation between one variable and another or how one variable affects others. This research aims to determine the affect or correlation between two or more variables. According to the data used, namely Return on Equity (ROE), Debt to Equity Ratio (DER), Net Profit Margin (NPM) and Stock Prices in food and beverages companies within the scope of this research, this research was conducted for 3 (three) years, which is from 2018-2022.

The research population is 26 food and beverage sub-sector companies that listed on the Indonesia Stock Exchange (www.idx.co.id). According to the identified data criteria, the data can be used to study as many as 10 samples of food and beverages industry sub-sector companies listed on the Indonesia Stock Exchange during 3 (three) years with quarterly data so that the data used in this research are 120 sample data.

The type of data used In this research are secondary data in the form of data on the financial statements from companies listed on the Indonesia Stock Exchange. The data are included in quantitative data on quarterly financial statements and closing prices of each company which obtained from share prices, namely the average value of total close shares for each quarterly data on the Indonesia Stock Exchange. The source of the data was gained from www.idx.co.id.

The data collection method used in this research is the documentation research method which is carried out by collecting secondary data by downloading the quarterly financial report (Annual report) through the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id to obtain data regarding the report from food and beverages sub-sector companies that have been published and audited. Meanwhile, share price data is obtained from the yahoo finance website (https://finance.yahoo.com) which contains the company's share price and takes the share price at the average closing price for the quarter, namely at the closing price during the research period.

The data analysis technique used is quantitative data analysis. The quantitative data analysis technique according to Sugiyono (2019) is an activity after data from all respondents (population/sample) is collected. The author uses software in the form of Ms. Excel 2010 and E-Views 10. Data analysis techniques used in answering questions in the formulation of questions and examine the hypothesis which presented in this research.

FINDING AND DISCUSSION

In this research, the object used are food and beverages companies listed on the Indonesia Stock Exchange (IDX). Whereas the company presents a complete quarterly financial report containing data on return on equity, debt to equity ratio, net profit margin and stock prices. The financial reports were obtained from www.idx.co.id and the websites of related companies itself.

Table 1/ Results of Descriptive Statistical Analysis

Sample: 1 120

	Stock prices	ROE	DER	NPM
Mean	780.2278	4.194368	0.664687	3.705939
Maximum	1825.000	145.4829	1.965740	93.89409
Minimum	50.00000	-68.44853	-2.636333	-50.29547
Std. Dev.	573.3594	16.13376	0.983993	15.28534
Observations	120	120	120	120

Source: Output Eviews 10

The sample from this research was 10 companies with 120 data, namely 10 companies multiplied by the quarterly research period for 3 (three) years of the research period. Return on Equity variable, the minimum value generated is -68.44 percent from the company PT Tiga Pilar Sejahtera Food Tbk (AISA) in the fourth quarter of 2019 (fourth), the maximum value generated is 145.48 percent from the company PT Tiga Pilar Sejahtera Food Tbk (AISA) in the fourth quarter of 2020 (fourth), with an average value of 4.19 percent with standard deviation of 16.13 percent, meaning that the higher the standard deviation, causing the data may vary. As for the variable Debt to Equity Ratio, the minimum value generated is -2.63 times that of the company PT Tiga Pilar Sejahtera Food Tbk (AISA) in 2020 quarter 1 (one), and the maximum value generated is 1.96 times that of the company PT Tri Banyan

Tirta Tbk (ALTO) in the fourth quarter of 2020 (fourth), with an average value of 0.66 times and standard deviation value of 0.98 times, meaning that the higher the standard deviation, may causing the data will vary. Net Profit Margin minimum value generated is -50.29 percent from the company PT Bumi Teknokultura Unggul Tbk (BTEK) in 2020 quarter 4 (fourth), the maximum value generated is 93.89 percent from the company PT Tiga Pilar Sejahtera Food Tbk (AISA) in the 4 (fourth) quarter of 2020 and the average value is 3.7 percent with the standard deviation value is 15.28 percent, meaning that the higher the standard deviation, the data will vary. The resulting for minimum share price is Rp 50 from the company of PT Bukti Teknokultura Unggul Tbk (BTEK) in 2020 quarters 1-4 (one – four), and the maximum value is Rp 1,825 from the company of PT Wilmar Cahaya Indonesia Tbk (CEKA) in 2020 quarter 3 (three), the average value at Rp 780, and the standard deviation value is Rp 573 meaning that the higher the standard deviation, the data may be vary.

After done with this classical assumptions test and knowing the fixed effect method is feasible to use based on research that has been done priorly. Then thing that should be done for next step is to examine whether the independent variable (independent) affects the dependent variable partially or simultaneously. Regression analysis could be used to test a hypothesis in this research. Multiple regression analysis of panel data used in this research was conducted to analyze whether Return on Equity, Debt to Equity Ratio, Net Profit Margin affect the stock prices. The panel data regression analysis aims to see whether there is impact of return on equity, debt to equity ratio and net profit margin towards share prices. From the Chow test to the Hausman test but the feasible or best used in this research is the fixed effect.

Table 2. The Results of Fixed Model Panel Data Regression

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROE	2.375736	0.594653	3.995165	0.0001
DER	-65.75494	38.11909	-1.724987	0.0874
NPM	0.337316	0.608356	0.554472	0.5804
C	812.7194	29.38046	27.66190	0.0000

Source: Output Eviews 10

The results of the partial test calculation from the affect of Return on Equity on stock prices of the food and beverages sub-sector manufacturing companies the profitability value in the table is 0.0001 which is smaller than 0.05, so Hypothesis 1 (H_1) is accepted. These results indicates that there is a significant affect of the Return on Equity variable on stock price of food and beverages sub-sector industry. The probability value of the influence of Debt to Equity Ratio towards share prices of the food and beverage sub-sector industry, which is 0.0874 greater than 0.05, so Hypothesis 2 (H_2) is rejected. This shows that there is no significant affect of Debt to Equity Ratio variable on the share price of food and beverages sub-sector industry. The results from the partial test calculation from the affect of Net Profit Margin (NPM) on stock prices on the food and beverage indus sub-sector, it obtained a profitability value of 0.5804 which is greater than 0.05, so Hypothesis 3 (H_3) is rejected. These results can be interpreted that there is no significant affect occurred from Net Profit Margin (NPM) variable on stock prices.

The higher the return on equity owned by manufacturing companies of the food and beverages sub-sector industry, the higher the stock price. The results of this research are in line with the results of from Wulandari et al. (2020) which stated that ROE has a significant positive affect on stock prices. In this research, the higher the ROE of a company, the more efficient the company in managing its capital to generate returns for shareholders. Companies can efficiently and effectively use shareholder capital to generate profits. The results opposites to the results found by Yuliana and Hastuti (2020) whom stated that ROE has a significant negative affect on share prices. It is different from the results of Dini and Pasaribu's research (2020); Hutabarat and Riwayati (2021) stated that ROE did not have a significant affect on share prices. The Return on Equity ratio is simply the extent to which a company uses as resources to generate a return on equity. The theory of the affect of return on equity (ROE) on share prices is that the return on equity is the ratio of equity capital to measure net income after tax which shows efficiency of use. In the case of equity capital, the higher this ratio the better. This means that the owner of a company has a stronger position in the eyes of investors because it has excellent performance in generating profits. When company profits increase, this can also lead to higher stock prices.

The company's debt ratio or Debt to Equity Ratio (DER) in this research cannot affect the high and low stock prices of food and beverages sub-sector industry. This is in line with the results of research conducted by Pratama (2019); Dini and Pasaribu (2020); Aspriyadi (2020) states that DER has no significant affect on stock prices. The size of the DER value of a company cannot affect the rise and fall of stock prices. And also shows that most investors want short-term profits in the form of capital gains, so they don't consider the company's DER when buying shares and following market trends. This happens because when investing, investors fail to realize the importance of using leverage or paying back interest and capital debt, which in the end does not affect investors' perceptions of future profits. Debt to Equity Ratio is the ratio used to measure the ratio of total liabilities to total capital. This ratio helps to know how much money the borrower (creditor) has given to the owner of the company. This ratio is to find all rupiah from own capital which is used as debt guarantee. A higher value for this ratio increases the risk of failure that the company may experience, making it less profitable for creditors. However, the results of this research indicate that the DER ratio has no affect on share prices because share prices depend on the supply and demand of the company. When the demand is high, the share price goes up, when the supply is low, the share price goes down. The results of this research are different from the results of research conducted by Yuliana and Hastuti (2020) which shows that DER has a positive influence on share prices. In contrast to the research results of Wulandari et al. (2020) which states that DER has a negative affect on stock prices.

High Net Profit Margin (NPM) value indicates more productive company performance, so that it will increase investor confidence to invest in the company. This ratio shows how big the percentage of net profit earned from each sale. The greater this ratio, the better the company's ability to earn high profits. The increase in Net Profit Margin means a productive company performance that generates high profits through a certain number of sales. This can increase investor confidence in investing in the company and increase the demand for company shares. However, the results of this research were indicates that the NPM ratio cannot affect share prices, because stock prices depend on external factors such as Indonesian economic conditions, fluctuations in the Indonesian exchange rate, inflation rates, government policies and others so that an increase in net income cannot affect stock prices. The results of this research tells the value of Net Profit Margin in the food and beverages sub-sector industry cannot affect the high and low of the company's share price. The results of this research are in line with the research results from Wulandari et al. (2020) which states that the NPM value has no impact on share prices. In contrast to the results from research by Sonya (2019); Yuliana and Hastuti (2020) who obtained that Net Profit Margin had a significant positive affect to the company's stock price. The results were different from those what Wulandari et al. (2020) stated that NPM has a negative affect on stock prices.

The results from model feasibility test (F test) in this research were indicate that the Return on Equity, Debt to Equity Ratio, and Net Profit Margin variables are feasible and capable to explain the share prices of food and beverages sub-sector manufacturing companies during the research period. The value from the coefficient of determination (Adjusted R Square) known to be 0.942590 or about 94.26 percent. This shows that 94.26 percent of share price variations can be explained by independent variables, namely Return on Equity, Debt to Equity Ratio, and Net Profit Margin, and the remaining 5.74 percent could be explained by other factors outside this research model. There are macroeconomic variables which are expected to affect the share prices of food and beverages sub-sector manufacturing companies.

CONCLUSION AND RECOMMENDATION

Return on Equity (ROE) at food and beverages sub-sector manufacturing companies listed in the Indonesia Stock Exchange during the research period, has a significant positive affect on the company's share price. Debt to Equity Ratio (DER) and Net Profit Margin (NPM) have no affect on the company's stock price during research period. The results from model feasibility test (F test) in this research indicates that the variables in this research are feasible to explain the stock price index of food and beverages sub-sector manufacturing companies listed in the Indonesia Stock Exchange for the period 2018 to 2020. Based on the adjusted R-square value of 0.942590 then the independent variable in this research can explain the dependent variable, namely the share price at food and beverages companies by 94.2590 percent and the remaining 5.741 percent is explained by other variables which not examined in this research.

Future research are expected to conduct this research on companies that are more diverse, such as inflation, economic conditions, and external factors that affect share prices, such as the unemployment rate. And that results obtained will compare several sectors by drawing conclusions apart from food and beverages companies listed on the Indonesia Stock Exchange and further research are also expected to be able to conduct this research through time series data with a longer period of time, therefore the results would be more accurate. The author suggests that companies should not only focus on obtaining profits or benefits from loans, because this has a huge risk that results in default because there is an interest expense that must be borne by the company, instead the companies need to utilize the assets that they have or obtain funds from investors' funds, so that the risk will becomes smaller and the interest borne not too much. Thus, the investors would be more interested to invest their capitals on the company.

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