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Effect of Financial Ratios on Stock Prices in Cigarette Companies

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Abstract

This study examines the effect of financial ratios on stock prices in cigarette companies listed on the Indonesian Stock Exchange (IDX) for the period (2015-2019). The population in this study were cigarette companies listed on the Indonesia Stock Exchange in the 2015-2019 study period, which totaled four companies. The sampling technique in this study used the census sampling method. The data source used in this study is secondary data obtained from the Indonesia Stock Exchange through stock prices and financial ratios. The data that has been collected will be analyzed through several stages of testing, namely calculating financial ratios, determining stock prices, classic assumption tests consisting of (the normality test, multicollinearity test, heteroscedasticity test, autocorrelation test) and multiple linear regression analysis. The results showed that the Current Asset Ratio (CAR) and Total Asset Turnover (TATO) variables had a negative but not significant effect on the share prices of cigarette companies listed on the Indonesia Stock Exchange for the 2015-2019 period. While the Debt Equity Ratio (DER) and Return on Equity (ROE) variables have a positive but not significant effect on the share prices of cigarette companies listed on the Indonesia Stock Exchange for the 2015-2019 period.



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Introduction

Economic development in Indonesia must be connected to the development of the Indonesian capital market. The more advanced and developed the capital market in Indonesia, the more the economy will be pushed forward and developed (Dini & Pasaribu, 2021). The capital market in Indonesia is one of the sources where domestic and foreign investors invest their money. Moreover, currently, Indonesia is included in the top five best countries for investment purposes, with second place after Poland, Malaysia, and Singapore. The results of this survey were obtained from m.liputan6.com. Every year US News and World Report releases a list of the best countries for investment. This opportunity makes the Indonesian capital market attractive to investors.

Every investor or potential investor has the main motive in investing, sure to get finances from the funds invested. The advantages of investing in stocks are capital gains and dividends. In investing in stocks, investors need to know the financial performance of companies going public in Indonesia and their effect on share prices. This is done so that investors gain knowledge and confidence in the company's ability to continue to grow and develop in the future (Wicaksono, 2015).

Stock prices occur according to market demand and supply. Demand for shares is influenced by investors' expectations of the company issuing the shares. The better the company's performance, the higher the expectations of investors (Ratih et al., 2014; Vedd & Yassinski, 2015). This causes the stock to be increasingly in demand and the stock price to be higher. Conversely, if a company's financial performance is not good, investors' expectations will be low, so investors are not interested in investing in these stocks. This causes the stock price to fall (Pandansari, 2012).

The company's financial performance can be done by analyzing the financial statements. One of the analyses of financial statements is to analyze financial ratios. Financial ratios are grouped into five, namely liquidity ratios, solvency ratios, activity ratios, profitability ratios, and market ratios (Indriawati & Nurfadillah, 2020). Each of these groups can be represented by the Current Asset Ratio, Debt Equity Ratio, Total Asset Turnover, and Return on Equity. Meanwhile, to analyze a company's stock price, you can use fundamental and technical analysis. The fundamental analysis pays attention to stock prices in the future by estimating the value of fundamental factors that affect stock prices in the future by applying the relationship between these variables (Trisnawati, 2013).

Technical analysis is an investment approach by studying historical data from stock prices and connecting them with the trading volume that occurred and the economic conditions at that time. This analysis only considers the movement of stock prices without regard to the performance of the company that issued the shares. The movement of the stock price is related to events at that time. Technical analysis is used by speculators (Nugraha & Sudaryanto, 2016). Technical analysis is an attempt to estimate stock prices by observing stock price changes in the past period and determine when investors should buy, sell or hold shares by using technical indicators or chart analysis.

According to investment experts, fundamental analysis is better used for long-term investments, so researchers are interested in discussing stock prices by utilizing company financial reports. If financial ratios positively influence stock prices, this will affect investors' decisions to invest in the company. If these financial ratios have a negative effect on stock prices, this will affect investors' decisions not to invest in the company (Rahmawati, 2018). Previous research conducted by (Nugraha & Sudaryanto, 2016) showed that simultaneously financial performance consisting of the Dividend Payout Ratio (DPR), Debt

to Equity Ratio (DER), Return on Equity (ROE), and Total Asset Turnover (TATO) and effect on share prices in essential industrial and chemical companies listed on the IDX. While the study's results (Rahmawati, 2018) show that partially the ROE variable has a significant effect on stock prices, CR, TATO and DER have no significant effect on stock prices in pharmaceutical industry companies on the Indonesia Stock Exchange.

This research is expected to assist investors in forming the most optimal investment choices in obtaining returns, namely obtaining high returns from the decisions taken. High return is the primary motivation of investors in investing. The last phenomenon that occurred in the world of stocks was the collapse of the Matahari Department Store (LPPF) stock price; this was due to an increase in the cost of goods sold; the growth rate of the cost of goods sold was higher than the revenue growth. This affects the decline in the company's financial ratios and causes foreign investors and domestic investors to withdraw funds that have been invested in this company (Ratih et al., 2014). This will happen if we know whether financial ratios affect stock prices. Therefore, this study aims to determine the effect of financial ratios on stock prices in cigarette companies listed on the Indonesia Stock Exchange (IDX) for the period (2014-2019).

Theoretical Framework and Hypotheses

Financial Management

Financial management is the activity of planning, organizing, directing, and supervising financial activities such as procurement and utilization of company funds. Financial Management is a combination of science and art that discusses, examines, and analyzes how a financial manager uses all company resources to raise funds, manage funds, and distribute funds to provide profit or prosperity for shareholders and sustainability (sustainability). Business for companies (Dewi & Solihin, 2020). Financial management is defined as the duties and responsibilities that financial managers must carry out. The primary responsibilities of a financial manager are planning, procuring, and using funds to maximize company value (Mussalamah, 2015).

Financial

Reports Financial reports are written reports that provide quantitative information about the financial position, its changes, and the results achieved during a specific period. Financial reports can be used as a medium used to examine the health condition of the company, where the financial statements consist of a balance sheet, income statement, and statement of financial position. Financial statements are the primary or result of an accounting process which is the material for company data or activities (Banchuenvijit, 2016; Rosyada, 2013). Financial reports are a solution to financial problems and problems mainly depending on the perspective of the parties involved, the relative importance of the problem, and the nature and reliability of the information available (Nur'aidawati, 2018). Financial reports are the end product of a series of processes for recording and summarizing business transaction data. An accountant is expected to organize all accounting data to produce financial reports and must be able to interpret and analyze the financial reports he makes (Widayanti & Colline, 2017).

Purpose of Financial Reports

The Financial reports provide information concerning the financial position, performance, and changes in the financial position of an enterprise that is useful to many users in making economic decisions. Financial statements are prepared to provide information regarding the financial position, performance, and changes in a company's financial position that is useful for many users in making economic decisions (Wuryaningrum & Budiarti, 2015). Financial reports generally aim to provide financial information about a company at a particular time or period. What is clear is that financial reports can provide financial information to parties inside and outside the company who are interested in the company (Kasmir, 2015; Ligocká & Stavárek, 2019).

Types of Financial Statements

In general, there are three types of financial reports produced by a company (Ligocka, 2019; Rusli & Dasar, 2016), namely: 1. Balance Sheet, which can be described as a portrait of the financial condition of a company at a particular time, which is covered by assets (resources or resources) the company claims for these assets (covering its debt and shares. 2. Profit and Loss Report, sourced from two things, namely profits and costs; if the costs are too high, then it shows that the report has more significant losses than profits, and so and vice versa. The company's total assets change due to investing, financing, and operational activities within a certain period. Assets increase if the company buys a new factory or constructs a new building 3. A statement of Cash Flows is a report describing cash receipts and disbursements for a certain period. The statement of cash flows represents the actual cash flow generated throughout the company ng years known during a specific period.

Investment

Investment has a relationship with consumption activity. The delay in consumption activities at this time can be interpreted as an investment for consumption activities in the future. According to Nisa (2018), an investment is an investment for one or more assets owned and usually for a long time with the hope of getting profits in the future. Meanwhile, according to Permatasari (2018) investment is delaying current consumption to be included in productive assets for a certain period. With the existence of productive assets, delaying current consumption to be invested in these productive assets will leave total utility.

Shares

Shares prove to own a company where the owner is also known as a shareholder (shareholder or stockholder). Proof that a person or party can be considered as a shareholder is if they have been recorded as a shareholder in the Shareholder Register (DPS). Fahmi (2012) states that shares are proof of ownership of capital or funds in a company. This paper clearly states the nominal value, the name of the company, and, followed by rights and obligations explained to each holder, inventory ready for sale. Meanwhile, Sari (2016) clarifies that shares are proof or a sign of ownership of a share of capital in a company.

Factors Affecting Stock

Prices Stock prices constantly fluctuate, both increasing and decreasing in stock prices. The supply and demand for these shares influence the price of shares in the capital market. The more people buy a

stock; the share price tends to increase. Moreover, vice versa, if more and more people sell shares of a company, then the stock price will decrease. According to Fahmi (2018), the conditions that trigger stock price fluctuations are a. Micro and macroeconomic conditions. b. The company's policy in deciding to expand (business expansion), such as opening branch offices and sub-branch offices both domestically and abroad. c. A sudden change of directors. d. There are directors or company commissioners involved in criminal acts, and the case has gone to court. e. The company's performance continues to decline over time. f. Systematic risk is a form of risk that occurs as a whole and has contributed to the company's involvement. g. The effect of market psychology suppresses the technical conditions of buying and selling shares.

Financial Ratios

In evaluating a company's financial condition and performance, financial analysis needs to examine various aspects of the company's financial health. Using financial statement analysis tools, especially for business owners and management, matters related to finance and company progress can be known. The tools that are often used during audits are financial ratios. According to Kasmir (2021), financial ratios compare the numbers in the financial statements. Comparisons can be made between one component and the components in one financial report. Then, the numbers being compared can be numbers in one period or several periods.

The effect of the current ratio on stock prices. A low Current Asset Ratio (CAR) will cause a decrease in the market price of the relevant share price. On the other hand, a CAR that is too high is not necessarily good because, under certain conditions, it shows that many company funds are idle (little activity), which can ultimately reduce the company's ability. A high Current Ratio can be caused by uncollectible receivables and unsold inventories, which cannot be disbursed at any time without experiencing a decrease in their market value (selling securities). Companies with this position often have disrupted liquidity, so investors prefer to buy shares of companies with low current asset values. The greater the current ratio, the greater the company's ability to meet its operational needs, especially working capital, which is essential for maintaining the company's performance, which ultimately affects stock price performance (Pražák & Stavárek, 2017). Investor profits can be in the form of dividends or capital gains. The company's value is also one factor that determines changes in the price of shares traded on the stock exchange. The study's results (Dewi & Solihin, 2020) found that the current ratio positively and significantly affects stock prices.

H1: The current ratio has a positive and significant effect on stock prices in cigarette companies listed on the Indonesia Stock Exchange

Effect of Debt Equity Ratio on Stock Prices. Debt Equity Ratio is a comparison between total assets and total capital. This ratio compares a loan or debt funds and capital to develop the company. If the company's DER is high, it indicates that its capital structure uses more debt or invested capital by investors. The more outstanding the Debt-to-Equity Ratio indicates that the company's risk is relatively high. The high DER also indicates that the company's risk is that the profits earned will be used to pay

the company's obligations rather than distributing them in the form of dividends to shareholders. With a high DER of a company, investors are reluctant to buy shares or invest in the company. This is because investors want to get profits that are distributed in the form of dividends that can be received regularly (Hutapea & Saerang, 2017).

However, if the DER is low, investors' risks are low. With the low risk faced by the company, it will attract investors to invest their capital: the lower this ratio, the more excellent the opportunity for shareholders to receive dividends. With the distribution of dividends to shareholders, the percentage of dividends received will increase. Thus, it will attract the attention of investors to buy the company's shares which will increase the demand for the company. The increase in company demand will increase the share price, but the supply remains. The study's results (Mussalamah, 2015) show that the debt-equity ratio negatively affects stock prices.

H2: Debt equity ratio has a negative effect on stock prices in cigarette companies listed on the Indonesia Stock Exchange

Effect of return on equity on stock prices. Return On Equity is a comparison between profit after tax and own capital. This ratio indicates the success or failure of management in maximizing the rate of return on shareholder investment and emphasizes the return on income about the amount invested. ROE is one of the most often used by investors to increase their profitability. The greater the profitability obtained, the greater the funds available to shareholders. Thus, with the increase in ROE, it is likely that the company will pay higher dividends so that it has a more negligible risk. With an increase in ROE, the percentage of dividends received by shareholders also increases. An increase in the percentage of dividends received by shareholders will attract investors' attention to buy company shares. This will increase the demand for company shares (Efrizon, 2019). Increasing the share demand but not followed by a fixed offer, will increase the company's stock price. The results of the study (Mussalamah, 2015) found that return on equity has a positive effect on stock prices.

H3: Return on equity has a positive effect on stock prices in cigarette companies listed on the Indonesia Stock Exchange

Effect of total asset turnover on stock prices. TATO is a comparison between sales and total assets. The higher the TATO value means that the turnover owned by the company is getting better; the total assets owned by the company can get sales effectively and efficiently. So that the higher the TATO value, the more investors will like the company because it is considered that it can manage its assets optimally. Signaling Theory says that a high TATO value indicates that the effectiveness of a company is improving; this is captured by investors as a good signal so that it can attract investors to invest in the company, which will ultimately increase the company's stock price. The results of the study (Nur'aidawati, 2018) found that total asset turnover has a positive effect on stock prices

H4: Total asset turnover has a positive effect on stock prices in cigarette companies listed on the Indonesia Stock Exchange

Research Method

This research is a type of quantitative research. In this study, the target population was cigarette companies listed on the Indonesia Stock Exchange in the 2015-2019 study period, which totaled four companies. The sampling technique in this study used the census sampling method. The researcher took the entire population as a sample, namely four cigarette companies listed on the Indonesia Stock Exchange. The data source used in this study is secondary data obtained from the Indonesia Stock Exchange through stock prices and financial ratios. The data collection method used is documentation. The data that has been collected will be analyzed through four stages of testing. The first stage is to calculate financial ratios. The second stage is to determine the stock price. The third stage is the classical assumption test (normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test). The fourth stage tests all the hypotheses proposed through multiple linear regression analysis.

Table 1. List of Samples

No	Code	Company Name
1	GGRM	Gudang Garam Tbk.
2	HMSP	H.M. Sampoerna Tbk.
3	RMBA	Bantoel Internasional Investama Tbk.
4	WIIM	Wiamilak Inti Makmur Tbk.

Tabel 2. Operasional Variabel

Variable	Indicator	Reference
Current Asset Ratio (CAR)	$\text{Current Asset Ratio} = \frac{\text{Current asset}}{\text{Current Debt}}$	(Khasanah & Suwanti, 2022; Rahmani et al., 2017)
Debt to Equity Ratio (DER)	$\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Own Capital}}$	(Khasanah & Suwanti, 2022; Putra et al., 2021)
Return On Equity (ROE)	$\text{ROE} = \frac{\text{Net Profit After Tax}}{\text{Total Own Capital}}$	(Hutapea & Saerang, 2017; Sari, 2016)
Total Asset TurnOver (TATO)	$\text{TATO} = \frac{\text{Sale}}{\text{Total Net Assets}}$	(Nur'aidawati, 2018; Widayanti & Colline, 2017)

Data Analysis and Discussion

Data Analysis

The first stage is to calculate the financial ratios. This study aims to examine the influence of financial ratios on stock prices so that this research can be an alternative for investing. Tests in this study using SPSS.

Table 3. CAR calculation results

No	Code	CAR (%)				
		2015	2016	2017	2018	2019
1	GGRM	172.21	162.02	177.04	193.79	194.06
2	HMSP	152.77	656.74	523.41	527.23	266.06
3	RMBA	100.7	220.34	240.19	192.09	180.56
4	WIIM	227.49	298.38	339.42	535.59	482.96

Table 3 shows that the CAR of GGRAM companies from 2015-2019 has increased and decreased; in other words, it is fluctuating. The highest CAR calculation results were found in 2019, which was 194.06. CAR for HMSP companies from 2015 - 2019 has also experienced increases and decreases; in other words, it is fluctuating. The highest CAR calculation result was in 2016, which was 656.74. CAR for RMBA companies from 2015-2019 also experienced fluctuations. The highest CAR calculation results were found in 2017, which was 240.19. The CAR of the WIIM company from 2015-2019 also experienced fluctuations. The highest CAR calculation results were found in 2018, namely 535.59.

Table 4. DER Calculation Results

No	Code	DER (%)				
		2015	2016	2017	2018	2019
1	GGRM	0.73	0.75	0.67	0.59	0.57
2	HMSP	1.1	0.19	0.24	0.26	0.56
3	RMBA	-8.34	-5.02	0.43	0.58	0.64
4	WIIM	0.56	0.42	0.37	0.25	0.29

Table 4 shows that the DER of GGRAM companies from 2015 - 2019 has experienced increases and decreases; in other words, it is fluctuating. The highest DER calculation result was in 2016, which was 0.75. The DER for HMSP companies from 2015-2019 has also experienced increases and decreases; in other words, it is fluctuating. The highest DER calculation result was in 2015, which was 1.1. DER for RMBA companies from 2015-2019 also experienced fluctuations. The highest DER calculation results were found in 2019, namely 0.64. The DER of the WIIM company from 2015-2019 also experienced fluctuations. The highest DER calculation result was in 2015, which was 0.56.

Table 5. ROE Calculation Results

No	Code	ROE (%)				
		2015	2016	2017	2018	2019
1	GGRM	14.9	16.24	16.98	16.87	13.58
2	HMSP	75.43	32.37	37.34	37.14	30.85
3	RMBA	163.73	52.04	-22.09	-5.38	-5
4	WIIM	13.14	13.89	10.72	4.15	3.16

Table 5 shows that ROE at GGRAM companies from 2015-2019 has experienced increases and decreases; in other words, it is fluctuating. The highest ROE calculation result was in 2017, which was 16.98. ROE for HMSP companies from 2015 - 2019 has also experienced increases and decreases; in other words, it is fluctuating. The highest ROE calculation result was in 2015, which was 75.43. ROE at RMBA companies from 2015-2019 has decreased. The highest DER calculation results were found in 2015, which was 163.73. ROE at the WIIM company from 2015-2019 has also decreased. The highest ROE calculation result was in 2016, which was 13.89.

Table 6. TATO Calculation Results

No	Code	TATO (%)				
		2015	2016	2017	2018	2019
1	GGRM	1.09	1.11	1.1	1.21	0.97
2	HMSP	2.84	2.34	2.24	2.29	1.57
3	RMBA	1.37	1.32	1.42	1.43	1.14
4	WIIM	1.24	1.36	1.24	1.2	0.82

Table 6 shows that TATO at GGRAM companies from 2015-2019 has experienced increases and decreases; in other words, it is fluctuating. The highest TATO calculation result was in 2018, which was

1.21. TATO at HMSP companies from 2015-2019 also experienced increases and decreases; in other words, it fluctuated. The highest TATO calculation result was in 2015, which was 2.84. TATO at RMBA companies from 2015-2019 also experienced fluctuations. The highest TATO calculation result was in 2018, which was 1.43. TATO at the WIIM company from 2015-2019 also experienced fluctuations. The highest TATO calculation result was in 2016, which was 1.36.

The second stage is to calculate the stock price. The share price used in this study is the company's year-end closing price for 2015-2019. Table 7 shows that the GGRAM company's share price from 2014 - 2019 has increased and decreased; in other words, it has fluctuated. The results of calculating the highest share price were found in 2018, namely 83,800. The share price of the HMSP company from 2014 - 2019 has also increased and decreased; in other words, it is fluctuating. The results of calculating the highest share price were found in 2018, namely 4,730. The share price of RMBA companies from 2014-2019 has also fluctuated. The results of calculating the highest share price were found in 2014, which was 520. The share price of the WIIM company from 2014-2019 also experienced fluctuations. The highest share price was calculated in 2014, namely 625.

Table 7. Stock Price Calculation Results

No	Code	Stock Price				
		2015	2016	2017	2018	2019
1	GGRM	60.700	55.000	63.900	83.800	81.050
2	HMSP	2.726	3.760	3.830	4.730	3.710
3	RMBA	520	510	484	380	312
4	WIIM	625	430	440	290	141

Normal P-P Plot of Regression Standardized Residual

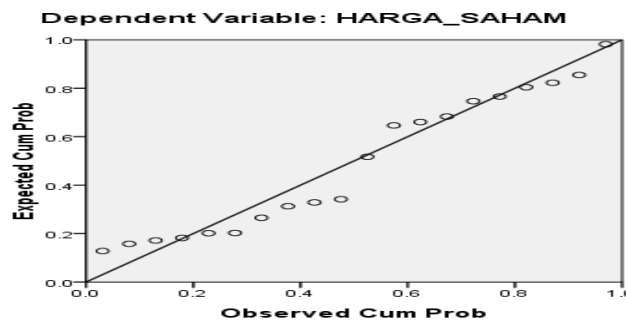


Figure 1. Normality Test Results

The third stage is the classical assumption test, which consists of a normality test to determine whether the resulting errors have a normal distribution in a regression model. In this study, the Normal P-P Plot of the Regression Standardized Residual was used to test the normality of the data. Based on Figure 1, the points follow and approach the diagonal line; this shows that the regression model meets the assumption of normality.

Furthermore, a multicollinearity test was carried out to determine whether there was a relationship between the independent variables. A good regression model requires no strong relationship between the independent variables. A regression model is considered free of multicollinearity if the test results are obtained with a VIF value of less than ten and a tolerance of more than 0.1. Based on Table 8, no variable

has a tolerance smaller than 0.01. The test results also show that all variables have a Variance Inflation Factor (VIF) of less than 10. This means that there is no multicollinearity problem in the regression model.

Table 8. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	CAR	.742	1.333
	DER	.277	3.652
	ROE	.224	4.402
	TATO	.527	1.907

Then a heteroscedasticity test was carried out to determine whether the data had the same variation. The heteroscedasticity test in this study used the Glatstjer test. A regression model is said to be free of heteroscedasticity according to the Glatstjera test if each independent variable does not significantly affect the absolute residual value of the independent variable. Table 9 shows that the probability (p) value of CAR, DER, ROE, and TATO is 0.988; 0.074; 0.158, and 0.077. The above results show that the research variable has a p-value greater than 0.05, which means that the research variable is free from heteroscedasticity.

Table 9. Heteroscedasticity Test Results
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	34622.819	7419.966		4.666	.000
	CAR	-.261	16.992	-.004	-.015	.988
	DER	4095.269	2134.901	.880	1.918	.074
	ROE	208.528	140.302	.760	1.486	.158
	TATO	-12740.168	6702.783	-.638	-1.901	.077

Furthermore, the autocorrelation test in this study was used to determine whether in a regression model there is a correlation between confounding errors in period t and errors in period t-1 (previously). A good regression model is a regression model that is free from autocorrelation disturbances. A regression model is declared free of autocorrelation if the Durbin Watson test result lies between the DU to 4DU values. Table 10 shows that the Durbin Watson value is 0.85 because the Durbin Waston value lies between (du) and 4-du; it can be concluded that there is autocorrelation.

Table 10. Autocorrelation Test Results
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.705 ^a	.497	.363	24364.57712	.852

After the results of the classical assumption, tests were carried out, and the overall results show that the regression model meets the classical assumptions; the fourth stage is to evaluate and interpret the multiple regression model. The multiple linear regression method is used to test the effect of changes in financial ratios measured by CAR, DER, ROE, and TATO on stock prices.

Table 11. Multiple Regression Calculation Results Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	63815.647	15290.107		4.174	.001		
	CAR	-34.033	40.047	-.180	-.850	.409	.748	1.337
	DER	11767.910	4667.794	.882	2.521	.024	.274	3.651
	ROE	586.941	302.537	.746	1.940	.071	.227	4.407
	TATO	-34080.036	12485.830	-.690	-2.729	.016	.525	1.904

a. Dependent Variable: Stock_Sprice

Based on table 11, the regression equation formed in this regression test is as follows:

$$\gamma = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

$$\gamma = 63815,647 - 34,033\text{CAR} + 11767,910\text{DER} + 586,941\text{ROE} - 34080,036\text{TATO}$$

Discussion

Our tests show that CAR has a negative and insignificant effect on the company's stock price. According to Kasmir (2021), a current ratio that is too high indicates poor liquidity management because the company does not use the excess funds owned by the company to pay dividends, long-term debt, and other investments that can provide a higher return for the company in the future. This may reflect the company's poor cash flow management and investment. As a result, investors are less interested in buying the company's shares, so the number of requests for shares will decrease. This will result in a decrease in the company's share price in the capital market. This study's results align with research (Trisnawati, 2013) which found that the current ratio has a negative effect on stock prices, even though the intensity of the effect is not significant.

The DER variable has a positive but insignificant effect on the stock prices of cigarette companies listed on the IDX. The debt-to-equity ratio has no significant effect on stock prices, meaning that the size of the DER value in the company cannot influence the level of stock prices. In this study, signaling theory cannot be used on the DER variable because the high and low DER is not a factor that influences the interest of investors to invest. High or low debt does not necessarily affect investors' interest in investing in their shares because investors see how much the company can use its debt for its operational costs. If the company succeeds in using debt for operational costs, it will give a positive signal for investors to invest in the company; stock prices will rise; conversely, if the company fails to utilize its debt, it will give a negative signal to investors. With the results of this study, investors must be careful in looking at the DER of each company that will invest in shares because not all companies fail to take advantage of their debt; some companies are thriving in utilizing their debt for the company's operational costs so that they

can pay their obligations properly. This study differs from (Ratih et al., 2014), which states that DER has a significant negative effect on stock prices, while research conducted (Pandansari, 2012) shows that DER has a significant positive effect on stock prices.

The ROE variable has a positive but insignificant effect on the stock prices of cigarette companies listed on the IDX. Return on equity has no significant effect on stock prices, meaning that the presence or absence of ROE has not been able to influence high and low stock prices on stock prices. These results are not by signaling theory which indicates that ROE shows management's success in maximizing the rate of return to shareholders; the higher the ROE, the better because it provides a greater rate of return to shareholders. The market will receive information on increasing ROE as a good signal that will provide positive input for investors to buy shares. This makes the demand for shares increase so that the price will rise. This research is supported by (Wicaksono, 2015), stating that ROE has no significant effect on stock prices, in contrast to research (Ratih et al., 2014) which states that ROE has a significant positive effect on stock prices.

The TATO variable has a negative but insignificant effect on the stock prices of cigarette companies listed on the IDX. By the explanation that TATO comes from total asset turnover. Total asset turnover is measured by sales volume, which means that the ability of all assets to generate sales does not necessarily increase profits; this affects part of the profits to pay off the company's debts. This study's results align with those (Ponggohong, 2016), who found that total asset turnover negatively but not significantly affects stock prices in retail companies listed on the IDX in 2010-2013.

Conclusion

Based on the results of the analysis and discussion that has been described, it can be concluded that the variables Current Asset Ratio (CAR) and Debt Equity Ratio (DER) have a negative and insignificant effect on the share prices of cigarette companies listed on the Indonesia Stock Exchange for the 2015-2019 period. At the same time, the ROE and TATO variables have a positive but insignificant effect on the share prices of cigarette companies listed on the Indonesia Stock Exchange for the 2015-2019 period. Based on the research results and conclusions, the suggestions that can be given regarding the development of the capital market in Indonesia are as follows: 1. For investors deciding to invest in shares in a pharmaceutical company, they can pay attention to the company's financial performance through financial ratios that have a significant influence on stock prices. Based on this study, all the ratios studied had an effect, but the only significant ones were DER and TATO. 2. Companies must improve financial performance to increase share prices by increasing costs effectively and efficiently. 3. In the future, researchers can add external factors that affect stock prices, add research samples, and extend the research time.

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