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Impact of Liquidity and Activity Ratios on Stock Price in Indonesia's Telecom Companies

Rendy Rizky Putra Suwardi[1], Elmira Siska[1], Dante Rio Sebastian[2]

[1]Faculty of Economics and Business, Management Study Program, Bina Sarana Informatika University, Jakarta, Indonesia
Jl. Kramat Raya No.98, RT.2/RW.9, Kwitang, Senen District, Central Jakarta City, Special Capital Region of Jakarta, Indonesia
[2]Faculty of Informatics Engineering, Information Technology Study Program, Bina Sarana Informatika University, Jakarta, Indonesia
Jl. Kramat Raya No.98, RT.2/RW.9, Kwitang, Senen District, Central Jakarta City, Special Capital Region of Jakarta, Indonesia
Email: [1]rendyrizkyputra@gmail.com, [2,*]elmira.ems@bsi.ac.id, [3]dante.dre@bsi.ac.id
Correspondence Author Email: elmira.ems@bsi.ac.id
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Abstract−In theory, liquidity and activity ratios serve as current ratioucial indices of a corporation's financial success and might impact shareholder's investment decisions. However, academics and practitioners continue to argue the link between these measures on stock price. This study investigates the role of liquidity ratio and activity ratio on stock price of telecommunications firms listed on Indonesia Stock Exchange from 2014 to 2023. This research draws on secondary data from annual reports of telecommunications corporations registered on the Indonesia Stock Exchange (IDX) from 2014 to 2023 and the data is obtained from the official websites of the relevant firms. This research's population consisted of all telecommunications firms listed on the IDX throughout the relevant timeframe. Purposive sampling was utilized, with 5 firms chosen from a list of 23 existing companies. The acquired data is subsequently analyzed with the IBM SPSS Statistic 25 tool to get the analytical findings. This research concludes liquidity ratio has a negative impact and significance effect on stock price of telecommunications firms listed on Indonesia Stock Exchange from 2014 to 2023 (t-calculated value is - 5,225 is more than the t-table value - 2,01174 and p value 0,000 < 0,05). The activity ratio has a positive impact and significance effect on the stock price of telecommunications firms listed on Indonesia Stock Exchange from 2014 to 2023 (t-calculated value 13,605 is more than t-table value is 2,01174 and p value 0,000 < 0,05).

Keywords: Stock Price; Liquidity Ratio; Activity Ratio; Telecommunication Companies; IDX

1. INTRODUCTION

Telecommunications industry is vital in today's world, with the industry rapidly expanding due to technological advancements. It provides direct connections between individuals and access to current ratioitical services such as e-commerce, e-government, and e-learning. In view of its role as an industry's base and the fact that it contributes to technology and innovation, this sector has a important bearing on telecommunications companies in today's technologically advanced. As a result, companies in this area have beneficial long-term growth potential.

Regardless of the results of the Central Bureau of Statistics (BPS)'s 2023 from national socio-economic survey (Susenas, Survey Nasional dan Ekonomi Nasional), 66,48% of Indonesians utilized the internet in 2022, up from 39,90% in 2018. The high level of internet penetration is a sign that people are interested in information technology and the transition to an IT society. Furthermore, the rapid incurrent ratioease in mobile phone usage has an impact on internet usage. By 2022, about 67,88% of the Indonesian population has a mobile phone, up from 62,41% in 2018 (Badan Pusat Statistik, 2023). As a result, the incurrent ratioease in internet and mobile phone usage in Indonesia stimulates the expansion of telecommunications enterprises.

For the period of 2014 to 2023, the transport, warehousing, and telecommunications sector ranked fourth in the realisation of foreign direct investment (FDI) with an investment value of 51 billion USD, based on data published by the Investment Coordination Board (Badan Koordinasi Penanaman Modal). During the same period, the transport, warehousing, and telecommunications sector received the most domestic investment totaling IDR 531 trillion. These figures show the high investment value of both domestic and foreign investments in the transport, warehousing, and telecommunications sector (Kementerian Investasi / Badan Koordinator Penanaman Modal, 2024).

The capital markets are financial market where the investors and institutions trade financial securities, such as stocks, bonds, and other financial instruments. In order to allow companies to finance their operations and projects, the capital market facilitates the raising of capital. In addition, it offers investors the possibility of purchasing and selling securities in order to achieve their investments objectives (Santoso et al., 2023). The capital market performs as an essential part in the functioning of the economy by effectively allocating financial resources and promoting growth (Hidayat, Aji, & Aziz, 2023). As regards financing and growth, telecommunications firms relay heavily on the capital markets. Telecommunications companies may issue shares or bonds on the capital market in order to finance their investments in infrastructure, new technology, and network expansion (Javaid, Haleem, Singh, Suman, & Khan, 2022).

In Indonesia, there are a number of alternative investment instruments currently available. Buying stocks on the stocks market is one of the most popular ways to invest for investors. The stocks market is primarily an information market, with price discovery occurring via trading. Stock market price discovery is heavily influenced by information providers, intermediaries, users, and trading methods (Zhang & Wang, 2024). From a company perspective, the stock price is a measure of effective management. As soon as the firm's stock price rises, investors or others who might invest viewed the company entities as effective when handling their operations (Karamoy & Tulung, 2020). Trust from investors or others who might invest is extremely valuable to the issuers. More investors will choose to invest in a company as

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more people place their trust in the issuers. The price of stocks will rise as a result of this incurrent ratioeased for shares. The high price of the shares also incurrent ratioeases investor confidence and potential investors trust in the issuer, therefore enhancing the value of the business in general (Fakhri Rana Sausan, Korawijayanti & Arum Febriyanti Ciptaningtias, 2020).

Investors who acquire stocks anticipate significant profits. However, if stock returns are substantial, the dangers that these investors face will grow. The link between market risk and investment returns is either linier or direct (Siska & Arigawati, 2020). One of the strategies taken by investors to reduce market risk is to examine investments and make investment decisions based on the statements of operations. To appraise the firm's success, they use financial ratios as part of their investment decision making process (Hasanuddin et al., 2021). A corporation's financial success may be measured in variety of ways, such as through the use of liquidity (current ratio) and activity (asset turnover) ratios in the company's financial statements.

The current ratio gauges how well a business can fulfill its short-term obligations utilizing current assets. A high level of current ratio represents that the business entities has a higher number of existing assets which can be used to repay short term liabilities. This quality helps reassure investors that the firm has strong financial stability and can be trusted to manage its financial commitments. The impact of incurrent ratioeasing investor confidence to invest will result in higher stock price (Suryana & Anggadini, 2020). This study parallels with studies performed by Sauqi et al. (2019), which found that the current ratio has a positive effect on stock price. However, research executed by Gunawan et al. (2020) indicates that the current ratio has a negative impact on stock price. High level of current ratio implies an upward trend in the company's current financial resources, implying that inventory value is shrinking. This leads to lesser net profit, which would have an adverse effect on the investor's decision to invest and indirectly reduce the company's stock price.

Another element that might affect a firm's stock price is its asset turnover ratio. Asset turnover ratio is a measurement that assesses a firm's velocity in order to achieving revenues from its total assets. The efficient utilization of assets can have an impact on a firm's financial health of a business, which in turn affects its stock price. When investors recognize that a company's assets may current ratioeate more income, they tend to overvalue the company's stock, the aforementioned will ultimately contribute to an upsurge in the stock price (Herawati & Putra, 2018). However, research executed by Nazara et al. (2021) has shown that stock prices are not affected by the overall asset turnover. Investors are looking for profits from the company, but high sales don't guarantee high profits. The sales figures could be distorted by high receivables or current ratioedit transaction. The maximum profits may not be achieved through effective use of assets devoted to sales, given that the proceeds could be spent on paying off debts. When investing in stocks, investors prefer to invest in income that is secured and avoid utilizing the asset turnover ratio for deciding a company's viability.

Based on the background presented earlier, we are motivated to conduct this research due to the intriguing nature of the topic, the limited prior studies, and inconsistencies in the existing literature. Therefore, our objective is to perform an empirical analysis to examine the impact of the current ratio and asset turnover ratio on stock price in the field of telecommunications during 2014 to 2023.

2. RESEARCH METHODS

2.1 Basic Research Framework

In this article, we adopt a type of quantitative research technique, with the majority of the data given numerically, especially from the company's financial records. Quantitative approaches offer the ability to draw probabilistic conclusions about the population beyond a sample, allowing for the establishment of objective truths with a predetermined level of precision (Little, 2013). The key objective of this study is to investigate whether there might be a connection regarding the independent variable (liquidity and activity ratios) and the dependent variable (stock price). This study's independent variables include the asset turnover ratio and current ratio, while the stock price serves as the dependent variable. Figure 1 illustrates the core foundation of this case research, used to formulate the hypotheses for the purpose of this research.

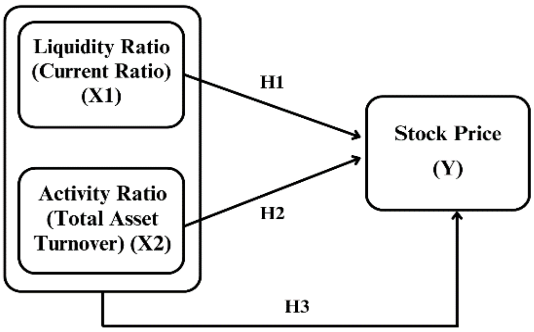

Figure 1. Fundamental Framework

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Previous studies can explain the positive link between the independent (liquidity and activity ratios) and dependent (stock price) variables using the framework descurrent ratioibed above. Suryana & Anggadini (2020) found that the liquidity ratio (current ratio) has a positive impact on stock price. Other than that, this academic work is confirmed by a study authored by Albertus & Mangunsong (2021), which claims that the liquidity ratio (current ratio) has a positive effect and a significant impact on stock price. Furthermore, the connection between activity ratio (total assets turnover) has a positive impact on stock price, Sari (2020) discovered that overall total asset turnover has a positive effect and a significant impact on stock price. Other than that, this academic work is confirmed by a study authored by Herawati & Putra (2018) and Nainggolan et al. (2022). Thus, the hypotheses of this research endeavor are:
H1: Liquidity Ratio (Current ratio) has a positive effect and a significant impact on stock price.
H2: Activity Ratio (Total asset turnover) has a positive effect and a significant impact on stock price.
H3: Liquidity Ratio (Current ratio) and Activity Ratio (total asset turnover) simultaneously have a positive effect and a significant impact on stock price.

2.2 Variable Definition

This study employs variables which are independent and dependent in accordance with the research framework. the liquidity (current ratio) and activity (total assets turnover) ratios are the independent variables. Meanwhile, stock price acts as a dependent variable.

Table 1. Definition of Research Variables

Research Variable	Position	Definition	Source
Liquidity Ratio	Independent Variable	Liquidity ratio is measurement that assesses a firm's ability to satisfy its short-term financial commitments when they become due, both to internal parties and external current ratio editors. The confidence of external investors in a company is in current ratio eased by its high liquidity. In general, investors are satisfied with firms that has a high level of liquidity since it suggests that they have few financial difficulties.	Sari & Sedana (2020)
Activity Ratio	Independent Variable	An activity ratio is a financial management indicator used that measures a firm's capacity in order to optimize the usage of assets to achieve revenue through sales activities. This ratio shows the efficiency of an enterprise's inventory management, receivables, and assets in generating income	Susellawati et al (2022)
Stock Price	Dependent Variable	The stock price is the price that a corporation or issuer sets for its ownership shares. These shares indicate ownership of a piece of the firm's capital as well as give the bearer the ability to attend the general meeting of shareholders, get dividends and capital gain, and obtain voting rights in corporate decision making. The stock price is an essential piece of information that might indicate a company's profitability. This may be used by investors when acquiring shares of an issuer and it may additionally serve as a reminder to the firm to focus on its business problems.	Dewi et al (2018) Bourghelle et al (2023)

2.3 Data Collection Method and Sampling Technique

The current research was carried out by implementing time series data, which are gathered progressively acurrent ratiooss the necessary time intervals. The data used as an information source are from second-party sources. Second-party data sources gathered for this study include annual reports and financial statements from corporate organizations operating in the telecoms published on the IDX, which is Indonesia stock market from 2014 to 2023 (10 years). All of the data were obtained from the respective telecoms' companies, which provide annual reports and financial statements. Additionally, stock prices were determined through the https://www.investing.com/ and https://finance.yahoo.com/ websites.

A study population is a group of observation units from which data may be gathered to derive conclusions about the population being studied. It has the potential to be represented by the whole population whose characteristics match those of the group that being targeted (Broeck & Brestoff, 2013). Based on the definition, the population that are included in this study consists of all corporate organizations in the telecommunications subsector registered on the Indonesia Stock Exchange (IDX), which in total 23 (twenty-three) companies.

Sampling involves selecting a group of individuals from a larger population to assess its characteristics. Sampling has two key advantages: more efficient gathering of data and less expensive expanses (Levy & Lemeshow, 2008). Purposive sampling is one of the approaches implemented during this study. Individuals are chosen based on the current ratioiteria that are suspected to be the most accurately reflective of those in the general population. Table 2. contains further information on the current ratioiteria for acquiring sample in this study:

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Table 2. Sample Determination

Sample	Number of Companies
All telecommunications firms registered on the Indonesia Stock Exchange (IDX) that released annual reports and financial statements from 2014 to 2023	23
Telecommunications firms that IPO before 2014	(9)
Telecommunications firms that listed on IDX80	(9)
Number of telecommunications firms with complete data	5
Total research period	10
Total Sample	50

2.4 Data Analysis Technique

The researchers implemented multiple linier regression analysis to evaluate hypotheses in this research. This method of analysis is a typical statistical strategy for designing the link involving independent and dependent variables. Generally, before executing multiple linier regression analysis, numerous classical assumption tests must be done. These classical assumption tests are designed to accurately evaluate whether the model of regression utilized in this study is free of assumption errors and fits the current ratioiteria for producing reliable linier findings (Sugiyono, 2019).

Classical assumption tests include a variety of procedures such as the normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test. The normality test defines if the residuals of the model are normally distributed which is required for many statistical tests. The multicollinearity test investigates at the relationship between independent variables, hoping to avoid exaggerated variances that might skew the result. The autocorrelation test determines if the residuals are independent of one another, which is current ratioitical for time series data to prevent making incorrect judgments. Last but not least, the heteroscedasticity test assesses the consistency of variance acurrent ratiooss residuals, ensuring that the model is not biased by disparate variances.

Multiple linier regression analysis can be conducted using statistical calculations with SPSS software, specifically with SPSS ver. 25 used in this research. The model applied in this research is as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + e \quad (1)$$

Remarks:
Y = Dependent Variable (Stock Price)
α = Constant
β1 = The correlation coefficient of the liquidity ratio
β2 = The correlation coefficient of the activity ratio
X1 = Independent Variable (Liquidity Ratio)
X2 = Independent Variable (Activity Ratio)
e = Error

3. RESULTS AND DISCUSSION

3.1 Classical Assumption Tests

3.1.1 Normality Test

The One-Sample Kolmogorov-Smirnov Test (K-S Test) had been implemented to validate normality in this study, with IBM SPSS Statistics Version 25 software. In order to successfully complete the normality test with the K-S test, the significance score must be beyond than 0,05. Table 3. reveals that the outcome of normality test is 0,20, which are greater than 0,05. The conclusion suggests that the model of regression utilized in the present inquiry provides evidence that the collected data follows its normal distribution and passes the test of normality.

Table 3. Normality Test Results

Model	Unstandardized Residual
Asymp. Sig. (2-tailed)	0,20

Figure 2 depicts the Normal P-P Plot of Regression Standardized Residuals, which shows data distribution along the diagonal line with a spread that is aligned with it, demonstrating that the models of regression used in the current investigation fulfills the normality assumption which is an essential requirement for ensuring the validity of the regression analysis. The adherence to this assumption reinforces the trustworthiness of the model’s results and supports the robustness of the study’s findings.

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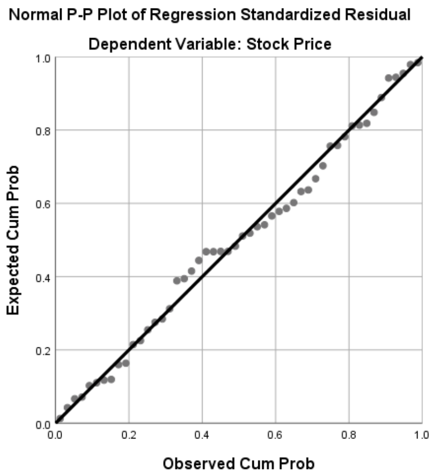

Figure 2. Normality Plot

3.1.2 Multicollinearity Test

An ideal study is one that lacks multicollinearity symptoms in its regression model. The multicollinearity test reveals whether or not the independent variables in the model of regression have a significant relationship with one another. The current ratioiteria for assessing multicollinearity using the VIF and tolerance techniques are as follows: if the VIF value is lower than 10,00 and the tolerance value is greater than 0,100, there exists no multicollinearity. Based on the output of the multicollinearity test in Table 4. Regarding the examination of multicollinearity outcomes, implies that VIF value of 1,045 is less than 10,00 and the tolerance value of 0,957 is larger than 0,100. The linear regression technique tested during this investigation reveals no evidence of multicollinearity.

Table 4. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
Liquidity (Current Ratio)	0,957	1,045
Activity (Total Asset Turnover)	0,957	1,045

3.1.3 Autocorrelation Test

The researchers utilize the autocorrelation test to figure out whether there is a connection between the residual values of one observation and another over a certain time period within the regression model. The Durbin-Watson test was utilized in this investigation, with current ratioiteria value of dU < DW < 4 – dU. If this current ratioiterion is fulfilled, it may be inferred that there possibly is no evidence of autocorrelation in the model of regression utilized in this investigation.

Table 5. Autocorrelation Test Results

Model	Durbin-Watson
1	1,785

The DW value is 1,785, according to the outcomes of the autocorrelation test that employed by the Durbin-Watson technique displayed in the Table 5. With two independent variables and a sample size of fifty, the values for dL, dU, and 4-dU are 1,4625, 1,6283, and 2,3717, respectively. This study's Durbin-Watson score is 1,6283 < 1,785 < 2,3717, showing no autocorrelation in the regression model. According to this conclusion, there is no indication of autocorrelation model, since the DW score lies within the upper and lower bounds. The lack of autocorrelation demonstrates that the residuals of the regression model are independently distributed, which is a necessary condition for the regression findings to be legitimate.

3.1.4 Heteroscedasticity Test

This test is designed to detect whether a research has heteroskedasticity. Heteroskedasticity is defined as the differentia variances of residuals acurrent ratiooss distinct data in the model of regression. The researchers used the Glejser test to find heteroscedasticity, with a significance level is larger than 0,05 (alpha value). This suggests that the regression analysis result from this study are legitimate and current ratioedible.

Table 6. Heteroscedasticity Test Results

Model	Collinearity Statistics	
	t	Sig.
Liquidity (Current Ratio)	- 1,641	0,108

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Model	Collinearity Statistics	
	t	Sig.
Activity (Total Asset Turnover)	1,388	0,172

In accordance with the outcomes of the heteroskedasticity test in Table 6., the significance score of liquidity ratio (current ratio) in this study is 0,108 > 0,05, and the significance value for the activity ratio (total asset turn over) is 0,172 > 0,05. This suggests that there is no indication of heteroscedasticity in this investigate.

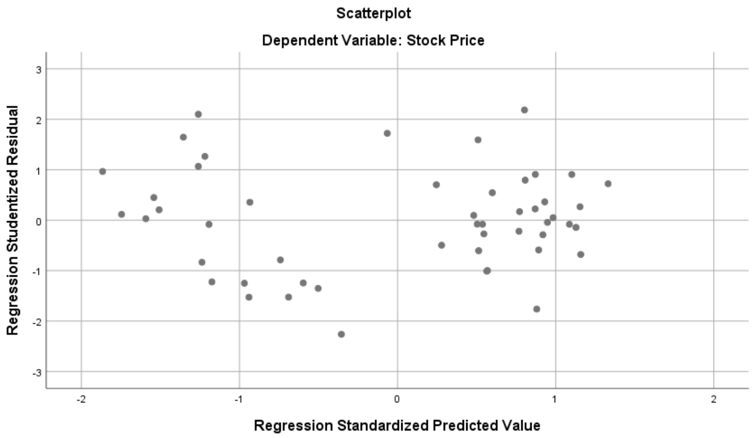

Figure 3. Heteroscedasticity Scatterplot

Figure 3 depicts the Scatterplot graph used for the Heteroscedasticity Test, which shows that heteroscedasticity cannot be detected in the regression model utilized in this investigation. The dots that appear are randomly distributed without generating an identifiable pattern, and they are found below and above the zero line on the Y-axis. This indicates that the regression model is free of heteroscedasticity, demonstrating its suitability for predictive analysis.

3.2 Multiple Linier Regression

Multiple linier regression analysis is an approach to statistical analyses employed by the researchers to evaluate the correlation among a single dependent variable believed to be explained and multiple independent variables considered to affect the dependent variable. Table 7 illustrates the analysis utilized in this research investigation to examine the link between liquidity ratio (current ratio) and activity ratio (total asset turn over) on stock price.

Table 7. Multiple Linier Regression Test Result

Model	Unstandardized Coefficient		Standardized Coefficient	t	Sig.
	B	Std Error	Beta		
(Constant)	848,845	261,984		3,240	0,002
Liquidity Ratio (Current Ratio)	- 13,949	2,669	-0,346	- 5,225	0,000
Activity Ratio (Total Asset Turnover)	78,987	5,806	0,901	13,605	0,000

The preceding table indicates that 848,845 is the constant value (α), liquidity ratio (current ratio) (β_1) is (- 13,949), and activity ratio (total asset turn over) (β_2) is 78,987. Thus, the regression equation may be obtained as follows:

$$\text{Stock Price} = 848{,}845 + (-\ 13{,}949)\ X1 +\ 78{,}987\ X2 + e$$

The regression equation above shows the relationship between the variables involved, which is discussed below:

3.2.1 Constant Value

The constant value (α) in the regression model is 848,845. This positive value implies that the independent variables, such as liquidity ratio (current ratio) and activity ratio (total asset turn over) have a positive effect on the dependent variable (stock price). In line with this, we may conclude that when any of the independent variables have equal value of zero (0), the stock price will be 848,845.

3.2.2 Regression Coefficient of Liquidity Ratio (Current Ratio)

Liquidity Ratio (current ratio) has a regression coefficient of (-13,949). This given result implies a negative or inverse correlation between liquidity ratio (current ratio) and stock price. The consequence is that if the liquidity ratio (current ratio) rises by 1%, the stock price falls by 13,949.

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3.2.3 Regression Coefficient of Activity Ratio (Total Asset Turnover)

Activity Ratio (total asset turn over) has a regression coefficient of 78,987. This given result implies a positive or direct correlation between activity ratio (total asset turn over) and stock price. The consequence is that if the activity ratio (total asset turn over) rises by 1%, the stock price will strive by 78,987.

3.3 Hypothesis Testing

3.3.1 Partial Hypothesis Testing (t-Test)

The t-test is applied in this research investigation to estimate the partial or individual impact of the liquidity ratio (current ratio) or activity ratio (total asset turn over) on stock price. The t-calculated value and t-table value are compared to execute the t-test. The researchers selected a significance threshold of 0,05. When the t-calculated value outweighs t table value or if the (– t-calculated value) is lower than (– t-table value), and the level of significance threshold is not higher than 0,05, H0 was denied and Ha was approved. Table 7. shows the findings of the t-test used in this investigation.

According to Table 7, the outcomes of the partial effect or t-test of liquidity ratio (current ratio) and activity ratio (total asset turn over) on stock price are as follows:

a. Table 7. shows that the liquidity ratio (current ratio) has an alpha value or significance value of 0,000 < 0,05. Meanwhile, in this investigation, the t-calculated value is (- 5,225), but the t-table value is (- 2,01174), indicating that the (– t-calculated value) is lower than (– t-table value) (-5,225 < -2,01174). Based on this, we may infer that H0 was denied but H1 was approved. This demonstrates that liquidity ratio (current ratio) alone has a significant and negative effect on stock price.
b. Based on Table 7. shows that the activity ratio (total asset turnover) has an alpha value of 0,000, which is under the threshold of 0,05. On the other hand, the t-calculated value in Table 7. is 13,605, but the t-table value is 2,01174, suggesting that the t-calculated value is bigger than the t-table value (13,605 > 2,01174). Based on this, we may infer that HO was denied and H2 was approved. This suggests that activity ratio (total asset turn over) variable alone has a significant and positive influence on stock price.

3.3.2 Simultaneous Hypothesis Testing (F-Test)

The F-test is implemented to assess if a pair of independent variables, such as liquidity ratio (current ratio) and activity ratio (total asset turn over), has a substantial positive effect on the dependent variable, stock price. This test is carried out by determining the F-test's significance value and then comparing the final of f-calculated value to the f-table value. If the f-test's significance value is lower than 0,05 and the f-calculated is higher than the f-table, it is possible to infer that the liquidity ratio (current ratio) and activity ratio (total asset turn over) has a substantial effect on stock price. Table 8 portrays the outcomes of the F-test used in this investigation.

Table 8. F Test Result

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	85827061	2	42913530	95,566	0,000
Residual	21105065	47	449043		
Total	106932127	49			

The f-table value is 3,195. As stated in Table 8, the f-calculated value is 95,566. Based on this, it is proven that the f-calculated value exceeds the f-table value (95,566 > 3,915) and significance value of f-test is lower than 0,05 (0,00 < 0,05. This shows that the liquidity ratio (current ratio) and activity ratio (total asset turn over) variables have a strong positive influence on stock price, hence H0 is rejected and H3 is approved.

3.3.3 The Coefficient of Determination (R2)

The coefficient determination is assessed to show how effectively the regression model interprets the correlation within the variables that are independent and dependent. To find the coefficient of determination in this test, we use the adjusted R^2 value from the SPSS result. The result of this calculation reflects how well the regression model descurrent ratioibes the connection that exists between both the independent and dependent variables. Table 9 shows the findings of the determination coefficient used in this investigation.

Table 9. Determination Coefficient Test Result

Model	R	R Squared	Adjusted R Squared	Std. Error of the Estimate
1	0,896	0,803	0,794	670,107

In accordance with Table 9 above, coefficient of determination test results shows an Adjusted R^2 score of 0,794 or 79,4%. This shows that the simultaneous contribution on the liquidity ratio (current ratio) and activity ratio (total asset turn over) variables has a 79,4% impact on stock price. Meanwhile, in this study, the remaining value of 20,6% is impacted by external variables. As a result, more study is required to discover these other aspects in greater depth.

3.4 Interpretation of the Research Findings

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3.4.1 The Impact of Liquidity Ratio (Current Ratio) on Stock Price

Considering the final outcomes of the previously mentioned partial test from Table 7., the first hypothesis's t-calculated value is (-5,225), whereas the t-table value is (-2,01174), and significance value of 0,000, showing that the t-calculated value is less than the t-table value, and the significance value of 0,000 is less than 0,05. As a consequence, H0 is denied and H1 is approved, showing that the liquidity ratio (current ratio) has significant negative influence on stock prices of firms operating in the telecoms registered on the IDX between 2014 to 2023.

The discoveries align with previous studies conducted by Gunawan et al. (2020), Amrah & Elwisam (2019), and Dewi, I. K. & Solihin (2020), which show that the liquidity ratio (current ratio) has a negative influence and significance impact on stock price. A high liquidity ratio (current ratio) indicates that a corporation has surplus liquidity, which can be regarded as inefficient asset management because the company's extra funds are not used to pay dividends, long-term debt, or other assets that might possibly yield better return in the future. Investors see this as evidence that the firm is not allocating its finances properly for growth or more profitable investments, resulting in uncertainty and a loss of investor trust, ultimately leading to a decurrent ratioeased in stock price.

3.4.2 The Impact of Activity Ratio (Total Asset Turnover) on Stock Price

In accordance with the preceding about partial test findings, the t-calculated value for the second hypothesis is 13,605, and the t-table value is 2,01174, with a 0,000 level of significance. Therefore, it indicates that the t-calculated value surpasses the t-table value and the significance threshold is below 0,05. As a consequence, H0 is denied and H2 is accepted, conveying that the activity ratio (total asset turn over) has a positive and significant impact on stock price of firms operating in the telecoms listed on the IDX between 2014 to 2023.

The conclusions of this investigation are comparable to those of other previous studies, including Sari (2020), Herawati & Putra (2018), and Nainggolan et al. (2022), which indicate that the activity ratio (total asset turn over) has a strong positive effect and significance impact on stock price. The higher activity ratio (total asset turn over) shows that a firm's sales outperform than its assets. This demonstrates the firm's capacity to handle its assets effectively and efficiently, resulting in high sales levels. Such performance can boost investor confidence, resulting in rising market demand for the firm's shares, therefor it drives up the stock price.

4. CONCLUSION

In accordance with the previously disclosed SPSS data analysis, this study conclude that: (1) the liquidity ratio (current ratio) has a negative impact and significance influence on stock prices for telecoms businesses listed on the IDX between 2014 to 2023. (2) the activity ratio (total asset turn over) has a positive effect and significance influence on stock prices for corporate entities operating in the telecoms industry listed on the IDX between 2014 to 2023. (3) According to the simultaneous test results, this study demonstrates that both the liquidity ratio (current ratio) and activity ratio (total asset turn over) have a significant positive influence on stock prices for business entities operating in the telecoms industry and registered on the IDX from 2014 to 2023. Referring to the results previously stated, the author makes the following recomendation for consideration by various parties: (1) It is recommended that enterprises in the telecommunications subsector minimize their liquidity ratio (current ratios). As previously stated, a high current ratio has a negative impact on stock values, implying that a rise in the current ratio may result in a current ratio in stock prices. In addition, management should maintain and enhance asset usage efficiency in order to potentially boost the company's profits. This may be accomplished by maintaining a high activity ratio (total assets turnover ratio), which implies that the firm can generate more revenues compared to its assets. (2) The study's findings and implications are expected to serve as a valuable guide for future researchers looking into other ratios that may impact stock prices of business entities operating in the telecommunications subsector listed on the IDX, as well as companies in other subsectors.

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