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THE EFFECT OF PROFITABILITY LIQUIDITY ON STOCK PRICES IN MINING SECTOR COMPANIES. ON THE INDONESIA STOCK EXCHANGE IN THE PERIOD 2018-2021

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ABSTRAK

The division of mining serves as a provider of energy resources, which are critical for economic growth and development in general. Companies may be encouraged to investigate listed resources because of the abundant potential of natural resources. In this study, 36 financial report samples and quantitative approaches were applied. With a sig value of 0.345 larger than 0.05 and a Tcount value of 0.345 smaller than Ttable 2.028, the results indicate that the liquidity and profitability variables have a somewhat positive effect on share prices. However, the profitability variable, with a sig value of 0.024 < 0.05 and a Tcount value of 2.365 > Ttable 2.028, shows a partial positive influence but is not significant.

Keyword: Liquidity, profitability, and stock prices

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INTRODUCTION

The mining division represents a barrier to a country's economic progress because its role as a supplier of energy resources is very important for economic development. Companies can be encouraged to carry out mining exploration because of the availability of rich natural resources.

In the mining division, companies can be integrated businesses if they carry out exploration, expansion, development, manufacture, and work as one business or as separate businesses. Liquidity is an important issue for businesses that is somewhat difficult to resolve. As a result of the fact that the fact that short-term funds borrowed by creditors can be used as collateral for larger current assets, companies that have high liquidity are seen from the creditor's perspective. From a management point of view, a high level of liquidity due to unpaid debt indicates poor management performance. unused inventory and unused cash balances. Liquidity can also be considered a significant obstacle when viewed in terms of the amount of funds capitalized on current assets. As a result, liquidity is an urgent part of business operations. The liquidity ratio is a way to calculate how liquid a company is (Kasmir, 2017: 122). The effort is to make a comparison between each component of short-term debt and each component of current assets.

Profitability, the most important indicator for assessing a company's performance, focuses on a company's ability to gain profits from its operating activities using the assets it owns. One of the problems that often occurs is the problem of profitability. Therefore, profitability is used as a way to measure company performance in this research. The main objective of a company's operations is to maximize its profitability. Profitability is a way to measure how effectively a business can generate profits with the assets it owns, which makes it very important for companies. Profitability is the skill of earning and achieving profits effectively and efficiently. Therefore, ROA, ROE, EPS, and NPM are profitability metrics that are used because they are able to take into account business management skills in processing the assets they own in order to gain profits. A company's profitability is positively correlated with its position in asset use (Lukman Dendawijaya, 2020). This suggests that businesses

with greater profitability have greater leverage, which in turn results in higher share prices.

Investors need profitability ratio data to make decisions. The increase in share prices is not influenced by an increase in company performance, which is indicated by its profitability. Company performance will be represented by share prices and is inversely proportional to opinions (Ang in Sri Artatik, 2017: 187). This shows that share prices increase along with the company's profitability. In other words, stock prices increase more when profitability increases, and stock prices tend to fall when profits decrease. Researchers chose the title The Effect of Liquidity and Profitability on Share Prices in Mining Sector Companies. On the Indonesian Stock Exchange for the period 2018–2021.

LITERATURE REVIEW

Liquidity

Liquidity means that the business has the ability to pay all its short-term debts to external parties within one year (Sugeng, 2017). In addition, these obligations provide current assets needed to carry out daily business operations, such as paying employee salaries, purchasing raw materials, purchasing auxiliary materials, and purchasing cars.

Profitability

The ability of a company over a certain period of time to gain profits is known as profitability (Aldila Septiana, 2019: 108). Meanwhile, Budi Raharjo (2021:88) said that profitability is the ability of a company to make a profit from sales, which is usually shown by the profit margin. Kasmir (2017:114) says that profitability is a ratio used to determine how well a company can generate profits from sales.

Stock Price

Shares are bookkeeping or a price in various financial instruments that shows part or type of company ownership in the capital market (Hartanto, 2018:22). One measure of business success is the issuer's performance, which is shown by its share price (Priantono, Hendra, & Anggraeni, 2018:63). Investors must pay attention to share prices.

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METHOD

Researchers used quantitative methods in this research, using a descriptive approach. The research population is all mining sector companies listed on the Indonesian Stock Exchange for the 2018–2021 period. The research sample was taken using a purposive sampling technique, and the number of companies was 9 according to the specified criteria. The research data became 36. Data analysis uses descriptive analysis and then tests validity and reliability. Then carry out the classical assumption test, then test the coefficient of determination, and finally test the hypothesis with the F test and t test.

RESULTS AND DISCUSSION

Descriptive statistics

Table 1. Statistik Deskriptif

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Likuiditas	36	7319.000	126337.000	29810.38889	27665.973393
Profitabilitas	36	5.000	4239.000	1087.75000	931.017274
Harga Saham	36	1.200	545.000	69.22833	165.024597
Valid N (listwise)	36				

Source: SPSS 2024

The table above shows statistical data from 36 companies in the mining sector on the IDX from 2018 to 2021.

1. Liquidity data from 36 samples shows a minimum value of 7319.0000, while the maximum value is 126337.0000 and the average value is 29810.38889.9. The standard deviation is 27665.973393.
2. Liquidity data from 36 samples shows a minimum value of 7319,000 and a maximum value of 126337,000.
3. Data on mining share prices listed on the IDX in 2018–2021 shows a minimum value of 1,2000 and a maximum value of 5,545,000. The average value is 069.22833, with a standard deviation of 0165.024597.

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Classic assumption test

Normality test

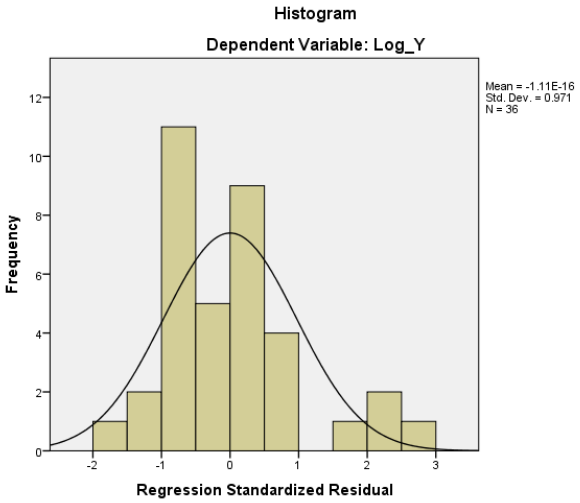

Figure 1. Histogram Graph

It can be seen that the data above shows a tendency for symmetry in the curve (U) and spreader, which shows that the data shows normality and the regression model meets the requirements.

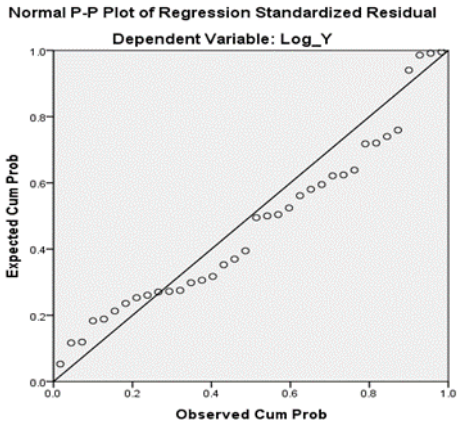

Figure 2. P-plot Normality

The distributed data can be considered normal, as shown in Figure p-plot, because the data is spread around the diagonal line.

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Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		36
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.73100256
Most Extreme Differences	Absolute	.135
	Positive	.135
	Negative	-.093
Test Statistic		.135
Asymp. Sig. (2-tailed)		.094[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Sig value: 0.094 > 0.05, according to the results of the Kolmogorov-Smirnov pad test. We can notice that the data is distributed normally, and we can use regression to estimate the dependent variable of stock prices by including liquidity and profitability, two independent variables.

Multicollinearity Test

Table 3. Multicollinearity Test Results

Coefficients[a]

Model	Unstandardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error			Tolerance	VIF
1 (Constant)	2.735	.730	3.748	.001		
Likuiditas	4.000E-6	.000	.958	.345	.964	1.038
Log_X2	.605	.256	2.365	.024	.964	1.038

a. Dependent Variable: Log_Y

The data was processed using SPSS 2024. Because the liquidity tolerance value is 0.964 and profitability is 0.964, > 0.10, and the VIF value of the liquidity variable (X1) and the profitability variable (X2) is 1.038, <, 10, then there is no multicollinearity disorder found if the VIF value is less than 10.

Heteroskedasticity Test

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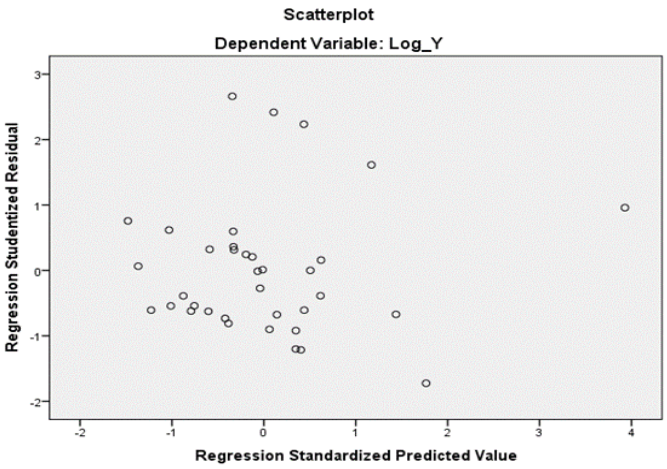

Figure 3. Heteroscedasticity Test Results

The scatter plot in Figure 3 shows the spots scattered haphazardly below or above the number 0 on the Y line because there is no heteroscedasticity in the regression model.

Glejser test

Table 4. Glesjer Test Result

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.021	.472		2.164	.038		
	Likuiditas	-2.302E-6	.000	-.131	-.760	.453	.964	1.038
	Log_X2	-.144	.165	-.151	-.871	.390	.964	1.038

a. Dependent Variable: ABS

Table 4 shows that the sig value for liquidity is 0.453 greater than 00.05 and the sig. value for profitability of 00.390 is greater than 0.05, which shows that there is no heteroscedasticity in liquidity.

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Autocorrelation Test

Table 5. Autocorrelation Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.434[a]	.188	.139	.75283	1.482

a. Predictors: (Constant), Log_X2, Likuiditas
b. Dependent Variable: Log_Y

Sumber: Olah Data Di SPSS 2024

The DW value shown in the table above is 1.482, and based on the Durbin-Watson distribution table, the values obtained are dL = 1.3537 and dU = 1.5872. Thus, the Durbin-Watsonn(d) value of the regression model is 1.482, which indicates that the Durbin-Watsonn(d) regression value is in the middle of the dL and dU values, or dL = 1.3537 and dUu = 1.5872. There are no autocorrelation symptoms because decision-making is based on the Durbin-Watson test.

Data analysis

Multiple Linear Analysis

Persamaan regresi linear berganda untuk penelitian ini diperoleh sebagai berikut, seperti yang ditunjukkan dalam tabel.6:

Table 6. Results of Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.735	.730		3.748	.001		
	Likuiditas	4.000	.000	.153	.958	.345	.964	1.038
	Log_X2	.605	.256	.378	2.365	.024	.964	1.038

a. Dependent Variable: Log_Y

For example, the multiple linear regression equation is obtained, as shown in Table III.6:

$$Y = 2.735 + 4.000\ X1 + 0.605\ X2$$

1. The constant value is 2.735, which indicates that the share price will fall if the liquidity and profitability values are equal to zero.

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2. The 4,000 share price is influenced by liquidity variables; adding one unit of liquidity variable partially affects the 4,000 share price variable.
3. By adding one unit of the profitability variable, this variable partially influences the share price by 0.605.

Coefficient of Determination

Table 7. Coefficient of Determination Test Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.434[a]	.188	.139	.75283	1.482

a. Predictors: (Constant), Log_X2, Likuiditas
b. Dependent Variable: Log_Y

According to the value of the coefficient of determination iR2, namely 0.139, this research shows that the liquidity variable influences selection and profitability by 13.9%. Other things outside the variables not included in this study contributed 86.1% of the total, or 100% less than 13.9%.

Simultaneous Test (F Test)

Table 8. F Test Result

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.340	2	2.170	3.828	.032[b]
	Residual	18.703	33	.567		
	Total	23.042	35			

a. Dependent Variable: Log_Y
b. Predictors: (Constant), Log_X2, Likuiditas

According to the fact that the calculated F value is 3.82 > F table 3.26 and the sig value of 0.032 is lower than 0.05, meaning that the result of H3 is accepted, which shows that the liquidity and profitability variables simultaneously have a positive and significant effect on stock prices.

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t-Test

Table 9. t-Test Result

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.735	.730		3.748	.001		
	Likuiditas	4.000	.000	.153	.958	.345	.964	1.038
	Log_X2	.605	.256	.378	2.365	.024	.964	1.038

a. Dependent Variable: Log_Y

$$\text{ttabel} = \left(\frac{\propto}{2}; n-k-1\right)$$
$$= \left(\frac{0{,}05}{2}; 36-3-1\right)$$
$$= 0{,}025; 77$$
$$= 2{,}028$$

1. The results of the Hypothesis 1 (H1) test show that the Sig value for the influence of liquidity on stock prices is 0.345, > 0.05, and the ttcount value is 0.345, which is smaller than Ttable 2.028. Therefore, it can be concluded that liquidity has an impact on share prices, although only partially and not significantly.
2. Test Results The second hypothesis (H2) shows that the value of iSig. to influence profitability on share prices is 0.024 less than 0.05 and the Tcount value is 2.365 greater than Ttable 2.028. Therefore, it can.

Discussion

The Effect of Liquidity on Stock Prices

Liquidity is the ability of an asset to be exchanged in nominal terms without changing its market price. If assets are more liquid or fluid, they are easier to cash in on. The research results show that the Sig value, which influences liquidity on share prices, is 0.345, > 0.05, and the t value is 0.345, which is lower than T table 2.028. According to Fendi Eko Kurniawan (2020), liquidity has a positive impact on share prices, partially but not significantly. The study shows that liquidity has a positive impact on stock prices, but not significantly; company size affects stock prices negatively and significantly; and stock prices are negatively and significantly affected by company growth.

Effect of Profitability on Share Prices

The strategy taken by a company determines its profitability. The research results show that the significant value of share prices influenced by profitability is 0.024, 00.05, and the tcount value is 2.365, which is greater than Ttable 2.028. Therefore, it can be interpreted that profitability has a positive and significant impact on share prices. This finding is in line with research by Lahagu (2019), which found that profitability had a positive and significant impact on the share prices of banking companies listed on the Indonesian Stock Exchange.

CONCLUSION

Based on the results and discussion (1) 1. Because the liquidity variable has a sig value of 0.345, which is higher than 0.05, and the calculated value of 0.345 is lower than t table 2.028, its effect on share prices is partially positive but not statistically significant; (2) The profitability variable has a partial and strong positive effect on stock prices, with a seg value of 0.024, which is smaller than 0.05, and a tung price of 2.365, which is greater than table 2.08; (3) The profitability and liquidity variables have a strong and positive effect on stock prices, with a price sig of 0.032, which is smaller than 0.05, and an Fcount value of 3.82, which is greater than Ftable 3.26.

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