Research Paper

Analysis of the Effect of Financial Ratios and Corporate Social Responsibility on Stock Prices with Company Size as a Moderating Variable in Food and Beverage Industry Companies Listed on the Indonesia Stock Exchange

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ABSTRACT

This study aims to determine the effect of financial ratios and corporate social responsibility on stock prices with company size as a moderating variable in Food and Beverage Industry Companies Listed on the Indonesia Stock Exchange. The sample method of this study is that the target population of companies that actively publishes CSR during the study period are 11 food and beverage manufacturing sectors companies listed on the Indonesian stock exchange. Testing the proposed hypothesis is to use a simultaneous significant test (F test) and a partial significant test (t test) with the selection of panel data models through the Chow and Hausman test. The results show that simultaneously leverage, profitability liquidity and corporate social responsibility have a significant effect on the stock prices of the Food and Beverage Industry that are listed on the Indonesia Stock Exchange. Partially liquidity has a positive and significant effect on stock prices, profitability has a negative and significant effect on stock prices, leverage and corporate social responsibility have no significant effect on stock prices. The company's variable size is able to moderate the variable leverage and liquidity to stock prices and is not able to moderate the variable profitability and corporate social responsibility to the stock prices of the Food and Beverage Industry Companies Listed on the Indonesia Stock Exchange.

INTRODUCTION

Stock is an investment instrument that is classified as having a very high risk, because the stock is very sensitive to changes that occur, both politically, economically, monetary, domestic and foreign, and other changes. These changes can have both positive and negative impacts on the company's stock price.

The stock price is one indicator of the company's success in managing the company's operations. If the stock price always increases, then investors and potential investors tend to give a positive assessment for the company for the success. The assessment will of course be beneficial for the issuer, because through the assessment will generate interest and desire of investors and potential investors to invest in the company concerned.

Basically, the price of ordinary shares that occur in the market will be very meaningful for companies because these prices will determine the value of the company (Tandelilin, 2010). Stock prices will always experience fluctuations with a very short span of time. Market mechanism will be seen in determining stock prices.

If more and more demand for a company's shares, the share price will also increase. However, on the contrary if there

is an oversupply of a stock, the stock price will tend to fall. Even this was done by manufacturing companies in the consumer goods industry sector. With the capital market, companies will more easily get funds from the public, because the capital market provides opportunities for the public to participate in taking part in the company.

Leverage ratios measure how much debt is used in company spending. This ratio can be measured using used to see how much the company's debt affects the management of assets. The smaller the DAR the smaller the number of assets financed by debt. A small DAR will result in a small interest payment and ultimately a large dividend payment, this will increase the attractiveness of investors or shareholders (Sudana, 2011:20).

Liquidity ratio is the ratio used to determine the company's ability to meet its short-term obligations in a timely manner (Syahyunan, 2013:23).

Profitability ratios are used to determine the ability of companies to generate profits or how effective management of the company by management (Syahyunan, 2013:93) Measurement of profitability used in this study is return on assets (ROA).

According to Purwaningsih (2014) which states that CSR has a relationship with the company's financial performance, the higher the implementation of CSR in the company, the company's financial performance will also be higher.

The size of the company is the size of the size of the company (Brigham and Houston, 2010:4). that larger companies are seen as more resilient to crises so that it will be easier for larger companies to obtain external loans or funds and will influence investors' decisions in investing in the right company.

LITERATURE REVIEW
2.1 Stock Prices

The market price of a stock is the price of an ongoing stock in a capital market. If the market closes, the market price is the largest at the closing price (www.bapepam.go.id). Stock prices are very closely related to stock market prices. The price of a share of a stock is its initial price. Changes in stock prices are influenced by the strength of demand and supply that occur in the secondary market. The more investors who want to buy or save a stock, the better the price will be. And vice versa if more and more investors are selling or releasing it will have an impact on falling stock prices. Share price is the value of a stock that reflects the wealth of the company that issued the stock.

2.2 Leverage

Leverage ratio is a ratio that shows how far the company is financed by an outside party or creditor. Husnan and Enny (2012:72) conclude that some analysts use the term leverage ratio, which means measuring the ability of the company to fulfill its financial obligations. The use of debt that is too high will endanger the company because the company will be included in the category of extreme leverage, namely the company is trapped in a high level of debt and it is difficult to release the debt burden. Therefore the company should balance some of the debt it deserves and from which sources can be used to pay off debt.

2.3 Liquidity

A company that wants to maintain the continuity of its business activities must have the ability to pay off financial obligations that must be paid off immediately. Liquidity not only deals with the overall state of a company's finances, but also relates to the ability to convert current assets into cash.

According to Brigham and Houston (2010:121), liquidity ratios are ratios that show the relationship between cash and other company's current assets with current liabilities. One tool used to measure liquidity is to use a current ratio. A company that is able to meet its financial obligations on time means that the company

is in a liquid state and has more current assets than its current debt.

2.4 Profitability

Profitability ratios are a group of ratios that show the combined effects of liquidity, asset management, and debt on operating results (Brigham and Hauston, 2009:107). Profitability ratios or efficiency ratios are intended to measure the efficiency of the use of assets owned by the company (or maybe a group of company assets). It may also be that the efficiency of being associated with successful sales is created. For example, there are types of companies that take relatively high profits from each sale (e.g. sales of furniture, jewellery, etc.), but there are also relatively low profits (such as daily necessities). The better the profitability ratio, the better the ability to describe the high profitability of the company.

2.5 Corporate Social Responsibility

Milne (1996) states that corporate social responsibility is a process of communicating the social and environmental impacts of an organization's economic activities on specific groups of interest and on society as a whole.

2.6 Company Size

The size of the company describes the size of a company. Large companies will easily diversify and tend to have a smaller bankruptcy rate. In large companies with large total assets, they will be braver to use capital from loans in spending all assets, compared to smaller companies.

RESEARCH METHODS
3.1 Types of Research

Based on the formulation of the problem and the purpose of the study, this study is included in the type of explanatory research, the research used to examine the relationship between the hypothesized variables. This study aims to analyze the leverage ratio (X_1), liquidity ratio (X_2), profitability ratio (X_3), corporate social responsibility (X_4), company size (Z) and the dependent variable (Y) is the stock price.

3.2 Location and Time of Research

Researchers conducted research on manufacturing companies listed on the Indonesia Stock Exchange through the internet media with the site www.idx.co.id. Research time starts from October-November 2019.

3.3 Population and Samples

In the form of people, objects, transactions, or events where we are interested in learning or being the object of research (Kuncoro, 2013:118). The population in this study were all food and beverage industry companies listed on the Indonesia Stock Exchange (IDX) during the 2014-2017 period, as many as 51 companies. The target population of this research is companies that actively publish CSR, namely as many as 14 food and beverage manufacturing sectors listed on the Indonesian stock exchange.

The sample is a subset of population units (Kuncoro, 2013:118). The sample method of this study is that the target population of companies that actively publish CSR during the study period are 11 food and beverage sector manufacturing companies listed on the Indonesian stock exchange.

3.4 Data Analysis Methods

This study aims to examine whether leverage, liquidity, profitability, corporate social responsibility and company size as moderating variables affect the probability of Financial Distress.

Testing the proposed hypothesis is to use a simultaneous significant test (F test) and a partial significant test (t test) with the selection of panel data models through the Chow and Hausman test.

RESULT

The results of the chow test and the Hausman test show consistency that the

panel data regression model that should be used is the fixed effect model (FEM). According to Gujarati (2015), if the panel data model test results show fixed effects or random effects, then the classic assumption test is not necessary because the linear regression is based on general least square (GLS). Furthermore according to Gujarati in Kasmiarno and Mintaroem (2017), the classic assumption test does not need to be

done in panel data analysis because panel data can minimize bias that is most likely to appear in the analysis results, giving more information, variations and degrees of freedom. In addition, because the results of the modeling test show the model that should be used is the fixed effect model (FEM), there is no need to do a classic assumption test.

Table 1. Fixed Effects Model (FEM) Panel Regression Data

Dependent Variable: LNHARGA_SAHAM?				
Method: Pooled Least Squares				
Date: 11/29/19 Time: 04:51				
Sample: 2015 2017				
Included observations: 3				
Cross-sections included: 11				
Total pool (balanced) observations: 33				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.926864	0.067136	28.70104	0.0000
LNDAR?	-0.027191	0.028907	-0.940630	0.3593
LNCR?	0.108870	0.042494	2.562014	0.0196
LNROA?	-0.025189	0.013172	-1.912377	0.0719
LNCSR?	0.032140	0.028956	1.109973	0.2816
Fixed Effects (Cross)				
_AISA—C	-0.052226			
_ALTO—C	-0.051589			
_CEKA—C	-0.068917			
_DLTA—C	-0.042879			
_ICBP—C	0.131211			
_INDF—C	0.141045			
_MLBI—C	0.333513			
_MYOR—C	-0.041000			
_ROTI—C	-0.060674			
_SKBM—C	-0.100385			
_ULTJ—C	-0.188099			
	Effects Specification			
Cross-section fixed (dummy variables)				
R-squared	0.967672	Mean dependent var		2.018142
Adjusted R-squared	0.942528	S.D. dependent var		0.146540
S.E. of regression	0.035131	Akaike info criterion		-3.556535
Sum squared resid	0.022215	Schwarz criterion		-2.876304
Log likelihood	73.68282	Hannan-Quinn criter.		-3.327658
F-statistic	38.48500	Durbin-Watson stat		2.317579
Prob(F-statistic)	0.000000			

Source: Data Processing Output Results

Determination Coefficient Analysis

Based on Table 1, it is known the coefficient of determination (R-squared) of $R^2 = 0.967$. This value can be interpreted that the variable leverage, liquidity, profitability, and corporate social responsibility is able to explain the variation in stock prices by 96.7%, the remaining 3.3% is explained by other factors not included in the research variables.

Simultaneous Effect Probability Test (F Test)

The F test aims to test the effect of the independent variables together or simultaneously on the independent variables. Based on Table 1, the prob value F-statistics $0,000 < 0.05$, it can be concluded that all independent variables, namely the variables of leverage, liquidity, profitability, and corporate social responsibility simultaneously have a significant effect on stock prices variables.

Partial Effect Probability Test (t Test)

The t test is used to determine whether individual or partial independent

variables have an effect on stock prices, assuming other independent variables are constant. Based on the results of the regression equation, each variable explains that:

1. The constant value of 1.926 indicates that if the value of the variable leverage, liquidity, profitability, and corporate social responsibility is constant, stock prices is 1.926.

2. The leverage variable has a coefficient value of -0.027 which is negative. This value can be interpreted that the leverage variable has a negative effect on stock prices. This can also be seen in the probability value (prob.) of 0.359, which is greater than 0.05, so it is concluded that leverage does not have a significant effect on stock prices variables.

3. The liquidity variable has a coefficient value of 0.108 which is positive. This value can be interpreted that the liquidity variable has a positive effect on stock prices. This can also be seen in the probability value (prob.) of 0.019 which is smaller than 0.05, it is concluded that liquidity has a significant effect on stock prices variables.

4. The profitability variable has a coefficient value of -0.025 that is negative. This value can be interpreted that the profitability variable has a negative effect on stock prices. This is also seen in the probability

value (prob.) of 0.071 which is greater than 0.05, so it is concluded that profitability has no significant effect on stock prices variables.

5. The variable corporate social responsibility has a coefficient value of 0.032 which is positive. This value can be interpreted that the variable corporate social responsibility has a positive effect on stock prices. This can also be seen in the probability value (prob.) of 0.281, which is greater than 0.05, it is concluded that corporate social responsibility does not have a significant effect on stock prices variables.

Moderated Regression Analysis (MRA)

The second model in this study uses moderated regression analysis (MRA) which is done by creating an interaction variable, where the interaction variable is obtained by multiplying the moderator variable or company size (LNZ) with the independent variable (LNX) namely leverage (LNX_1), liquidity (LNX_2), profitability (LNX_3), corporate social responsibility (LNX_4). The results of the regression equation with moderated regression analysis (MRA) in knowing the effect of company size in moderating the variables of leverage, liquidity, profitability, corporate social responsibility on stock prices.

Table 2. Results of Moderated Regression Analysis

Dependent Variable: LNHARGA_SAHAM				
Method: Least Squares				
Date: 11/29/19 Time: 05:05				
Sample: 0001 0033				
Included observations: 33				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.003959	2.840252	1.761801	0.0914
LNDAR	2.911325	1.421901	2.047488	0.0522
LNCR	4.215766	1.737906	2.425773	0.0235
LNROA	0.658888	0.597635	1.102492	0.2817
LNCSR	1.505152	1.151110	1.307566	0.2039
e	-1.017322	1.046815	-0.971826	0.3412
LNDAR_LNSIZE	-1.094780	0.522982	-2.093342	0.0475
LNCR_LNSIZE	-1.576908	0.651541	-2.420274	0.0238
LNROA_LNSIZE	-0.246227	0.222933	-1.104490	0.2808
LNCSR_LNSIZE	-0.506091	0.432448	-1.170294	0.2539
R-squared	0.802548	Mean dependent var		2.018142
Adjusted R-squared	0.725284	S.D. dependent var		0.146540
S.E. of regression	0.076807	Akaike info criterion		-2.050006
Sum squared resid	0.135683	Schwarz criterion		-1.596519
Log likelihood	43.82510	Hannan-Quinn criter.		-1.897421
F-statistic	10.38708	Durbin-Watson stat		1.433253
Prob(F-statistic)	0.000003			

Source: Data Processing Output Results

The following results of the test of the significance of individual parameters (t test) of the independent variables consisting of leverage, liquidity, profitability, corporate social responsibility with company size as a moderating variable on stock prices.

Based on Table 2, it is known that the variable size of the company is able to moderate the effect of the variable leveraged and liquidity on stock prices because the significance value is smaller 0.05. While company size variables are not able to moderate the effect of corporate social responsibility profitability variables on stock prices because the significance value is greater than 0.05.

Based on Table 2, the prob value is F-statistics $0,000 < 0.05$, it can be concluded that the size of the company can moderate the effect of leverage, liquidity, profitability, corporate social responsibility simultaneously on stock prices variables.

Based on Table 2 it is known that the coefficient of determination (R-squared) of $R^2 = 0.802$. This value can be interpreted that leverage, liquidity, profitability, corporate social responsibility with company size as moderating variables are able to influence or explain stock prices simultaneously or together at 80.2%, the remaining 19.8% is explained by other factors that are not included in the research variable.

CONCLUSION AND SUGGESTION
CONCLUSION

In this study the results have been obtained that show the effect of each independent variable on the dependent variable. Then some conclusions can be made as follows:

1.Simultaneously leverage, profitability liquidity and corporate social responsibility have a significant effect on the stock prices of Food and Beverage Industries that are listed on the Indonesia Stock Exchange.

2.Partially liquidity has a positive and significant effect on stock prices, profitability has a negative and significant effect on stock prices, leverage and corporate social responsibility have no significant effect on stock prices.

3.Variable size company is able to moderate the variable leverage and liquidity to stock prices and is not able to moderate the variable profitability and corporate social responsibility to the stock prices of the Food and Beverage Industries listed on the Indonesia Stock Exchange.

SUGGESTION

From this study there are a number of suggestions that can be concluded

1.In this study the variables used are leverage, profitability liquidity, corporate social responsibility and company size as a moderating variable in viewing stock prices in the food and beverage industry on the Indonesia Stock Exchange. Expectations of further researchers can add other variables in the study such as macroeconomic factors for inflation, interest rates, political factors, etc.

2.The sample used is the food and beverage sector listed on the Indonesia Stock Exchange for the 2015-2017 period. The next researcher should be able to add years and other sector companies to make the research even better.

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