The Effect of Financial Performance on Stock Prices with Dividend Policy as a Moderating Variable in Consumer Goods Industry Sector of Manufacturing Companies Listed on the Indonesia Stock Exchange

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ABSTRACT

This study aims to examine and analyze the effect of the current ratio, debt to equity ratio, price to book value, return on equity on stock prices, and dividend policy as a moderator in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2016-2020. This study uses secondary data with a sample of 23 companies using the purposive sampling method. In this research, the data analysis technique used panel data regression analysis using the Stata 14 application program. The analysis model used was random effects with the generalized least squares (GLS) estimation method.

The regression results from this study indicate that PBV has a partially positive and significant effect on stock prices, and DER has a negative and significant effect on stock prices. In contrast, CR and ROE have a partially negative and insignificant effect on stock prices. The dividend policy can only moderate the effect of CR and DER on stock prices in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange from 2016 to 2020.

Keywords: Current Ratio, Debt to Equity Ratio, Price to Book Value, Return on Equity, Dividend Policy

INTRODUCTION

The role of the capital market is the most important thing associated with the function of the capital market itself by bringing together parties who have excess funds (investors) and parties who need funds (parties that issue securities or issuers). This capital market is used to invest for investors and issuers to obtain additional capital. The capital market facilitates various facilities and infrastructure for buying and selling various securities to invest in, one of which is stocks. The stock price reflects the value of a company. Fluctuating stock prices require an approach to predicting stock prices when making investment decisions (Rosdian, 2016).

The share price plays a role as the most important factor and must be considered by investors because the stock price shows the company's achievements. The stock price is shown as the value of a company. It is an appropriate index for the effectiveness of a company. The movement of stock prices is in line with the company's value. If the company experiences an increase in performance, the profits generated from its business operations will be even greater. Stock prices that are too low or experience continuous decline can reduce the ability or confidence of investors to buy these shares. Many factors can influence the internal and external stock prices of the company. The rise and fall of stock prices in the capital market is an interesting phenomenon related to issues

that affect the increase and decrease in stock prices.
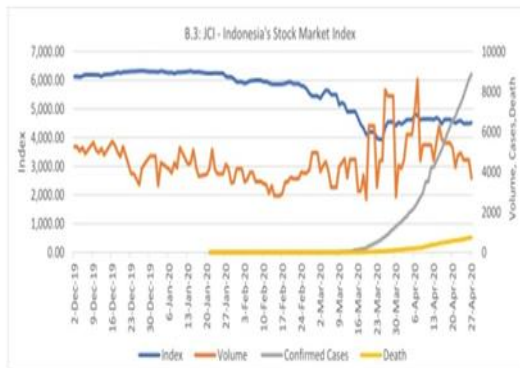
Note: Volume is in million

Source: Fiscal Policy Agency, Ministry of Finance

Figure 1.
Graph of stock index developments and the increase in Covid-19 cases in Indonesia

Throughout 2020, the JCI has weakened by 33.41 % year to date. As of March 20, 2020, the JCI has touched below 4,000 or the lowest since 2012. The sharp decline was partly due to a sell-off or massive selling in the stock market. The sell-off occurred after Indonesia reported its first case. Due to Covid-19 on March 2, 2020, reports of Covid-19 cases in Indonesia, investor concerns have increased, especially among foreign investors. Since March 2020, capital outflows from the Indonesian stock market have amounted to IDR 10.24 trillion. Even from mid-February to March 20, 2020, only five times foreign investors recorded daily net buys.

One of the phenomena that occurred was the decline in stock prices of pharmaceutical companies for three consecutive days and experienced ARB (Auto Reject Lower) because the decline was close to 7 %. As for pharmaceutical companies that experienced ARB on January 13, 2020, namely: Indofarma (INAF) decreased by 6.4%; Kimia Farma (KAEF) fell by 6.4%; Kalbe Farma (KLBF) by 6.8%; Phapros (PEHA) fell 6.8%; Pyridam Farma (PYFA) fell 6.7%; Tempo Scan Pacific (TSPC) fell 6.8%, and Itama Ranoraya (IRRA) fell 6.7%. The decline in stock prices on January 14, 2020, namely:

INAF and KAEF both fell 6.9%; PEHA fell 6.9%; PYFA fell 6.8%; TSPC fell 6.8%; and IRRA fell 6.9% while KLBF had recovered or rebounded with an increase of 1.9% at the close of January 14, 2020. On January 15, ARB continued with pharmaceutical companies, namely: KAEF and INAF both fell 6.6%; PEHA fell 6.9%, and PYFA fell 6.6%, while TSPC has rebounded with an increase of 2.2%.

The decline in stock prices was due to market participants taking profit after the initial Covid-19 vaccination activity in Indonesia and other factors such as the vaccine's effectiveness, which turned out to be below expectations. For example, Sinovac only had 65 % efficacy while in Brazil, later declining to 50 % from the previous 75 %. KAEF and INAF have experienced the biggest increase because vaccines are only entrusted to state-owned companies. INAF rose 83% from IDR 4,000 (January 4, 2021) to the highest position at IDR 7,350, and KAEF had increased 74% from IDR 4,300. (January 4, 2021) to the highest position of IDR 7,500 (https://www.tirto.id).

Another phenomenon in the capital market is PT Unilever Indonesia's (UNVR) plan to distribute an interim dividend of IDR 66 per share or IDR 2.51 trillion. This dividend distribution will positively impact stock mutual funds with a UNVR stock portfolio. At the board of directors meeting, the company will distribute interim dividends to holders of 38.15 million shares whose names are recorded until December 1, 2021. The distribution of dividends for the 2021 financial year is supported by Unilever's performance in the third quarter of 2021 by posting a net profit of IDR 4 trillion, despite the COVID-19 pandemic. Unilever companies were still able to maintain a stable sales value and recorded a net profit of IDR 4.4 trillion. This dividend distribution will certainly positively impact UNVR's share price. Based on RTI data, UNVR shares rose 7.32% in the past week and 18.92% in the last three months to IDR

4,840 at the close of trading (https://www.bareksa.com).

Stock prices fluctuate due to many things, such as macro and micro economic conditions, company policies in deciding to expand their business, sudden changes of directors, company performance that continues to decline every year, dividend policy, capital structure, risk, and profit growth. At the same time, the stock price has increased, indicating that the company has a good performance and can control the company to impact stock prices positively. The company's financial performance can determine the amount of risk that investors will suffer. By using ratios, investors can obtain information on whether the company's financial performance is good or bad.

This study uses the stock price at the closing price of the period. At the closing time of the period, the stock price was considered unchanged (Hendra, 2014). The Current Ratio (CR) is a ratio that measures the company's ability to pay short-term obligations or debts that will mature when they are billed in their entirety. CR can be measured using current assets divided by current liabilities (Kasmir, 2013). CR is also often referred to as the working capital ratio, which shows the number of current assets owned by the company to respond to business needs and continue the company's daily business activities (Harmono, 2009).

CR measures the company's ability to meet short-term debt by using its current assets where the assets are turned into cash within one year or in the business cycle. CR is a measuring tool for short-term liquidity or solvency, namely the ability to pay debts immediately filled with current assets.

The higher the CR, the greater the company's ability to pay short-term obligations. However, a CR that is too high also indicates poor management of liquidity sources, excess in funds and current assets that should be used to pay dividends, pay a long-term debt, and investments that can generate higher returns (Harmono, 2009).

The CR ratio shows the extent to which current assets cover current liabilities. The greater the ratio of current assets to current liabilities, the higher the company's ability to cover its short-term liabilities. This ratio can be made in the form several times or in the form of a presentation. If the current ratio is 1:1 or 100%, current assets can cover all current liabilities. A safer current ratio is if it is above one or above 100%. It means that current assets must be far above the amount of current debt (Harahap, 2015). In this study, CR is proxied by comparing current assets to current liabilities.

In research, Siagian et al. (2021) suggests that the current ratio has a positive and significant effect on stock prices. In contrast to the research results of Susilawati (2017) and Christina and Robiyanto (2018), which state that the current ratio does not affect stock prices. Meanwhile, Dicky (2018) suggests that the current ratio has a negative effect on stock prices.

According to Kasmir (2013), the Debt To Equity Ratio (DER) is the ratio used to assess debt to equity. This ratio is calculated by comparing all current and long-term debt with all equity. When current debt is greater than long-term debt, this still looks reasonable. However, when long-term debt is greater than current debt, this is dangerous because the company will be threatened with liquidity problems, and the company's profits will also be threatened to be used as costs to pay debts.

DER is one of the important indicators to see the economy of a company. The value of the DER ratio can show the level of financial independence of the company related to debt. The lower the DER value, the better; medium to large scale companies generally have a DER value of more than one. However, in

general, the tolerable DER is between 1.5 and 2. More than two DER values for large-scale companies can still be tolerated. However, the DER indicator is not a good indicator for banking companies because one of the sources of capital from banking companies is from third parties in the form of money deposited in the company. In this study, DER is proxied by comparing total debt to equity.

Munira et al. (2018) suggests that DER affects stock prices. Meanwhile, Christina & Robiyanto (2018) and Dicky (2018) suggest that DER does not affect stock prices.

Companies that run well generally use Price to Value Book (PBV) to compare shares' market and book value. Price to book value (PBV) is also part of the activity ratio, which measures how effectively the company utilizes all available resources. Harahap (2009) states that the activity ratio describes the activities carried out by the company in carrying out its operations, both in sales, purchasing, and other activities.

Investors can assess the company's valuation based on PBV by looking at its historical PBV using the PB band and comparing it with the PBV of other companies in the same industry. Company valuation analysis with PBV can also be used for companies whose profitability is unstable or disrupted. For example, companies that experience losses during a pandemic but have a business model, good financial condition (balance sheet), and turnaround opportunities when the pandemic ends.

PBV is a ratio seen from several assets after which the level of activity of these assets is determined at the level of activity (Halim & Hanafi, 2009). The low level of activity at the level of sales resulted in a greater amount of funds invested in these activities. Meanwhile, according to Fahmi (2013), this ratio describes how the

company uses its resources to support its activities, where this use is carried out optimally to obtain maximum results. In this study, PBV is proxied by comparing the share price per share to the book value per share.

Book value (book value) per share is indicated by the shareholders' net assets (net assets) as owners of the shares. Since net assets are equal to total shareholder equity, the book value per share is total equity divided by the number of shares outstanding (Jogiyanto, 2003). This ratio shows how far the company can create firm value for the amount of capital invested. Fathihani's research (2020) shows that PBV has a positive and significant effect on stock prices.

ROE is used to measure how much return on investment is for shareholders' investment. The figures listed show how well management uses the shareholders' investments. ROE has a positive relationship with stock prices. The greater the ROE, the higher the market price. Because large ROE indicates that the return received by investors will be increased, investors will be interested in buying the stock, which causes the stock market price to rise (Harahap, 2015). ROE is an important indicator for shareholders and potential investors to measure the company's ability to earn net income related to dividend payments and share price increases. The higher the ROE, the better the company's performance in managing capital to generate profits for shareholders Hutami (2012). In this study, ROE is proxied by comparing profit after tax to total equity.

Al-Qudah (2020) states a statistically significant effect between financial performance (return on assets, return on equity, and earnings per share) and stock prices in Islamic banking companies in Jordan. Avdalovic & Milenkovic (2017)

state that ROE has no significant effect on stock prices through multiple regression analyses between company performance and return on assets (ROA). Tiningrum (2011) proves that there is no significant effect on stock prices in manufacturing companies. In contrast to the results of research conducted by Fitri et al. (2013), Hutami (2009), Siagian et al. (2021), and Aryanti & Jayanti (2020), which state that ROE has a positive effect on stock prices.

Dividends are the distribution of profits from the company to shareholders. The distribution of dividends is a time desired by all company shareholders. Shareholders feel that they benefit from investment in the company's operations. As for the company itself, dividends are part of its good reputation and can be justified.

A dividend policy is a decision to determine the amount of income that will be distributed to shareholders and the portion that the company will retain. The dividend payment policy has a very important impact on investors and companies that will pay dividends. The size of the dividend to be distributed by the company depends on each company's policies, so management considerations are needed. It is due to the different interests of the parties in the company. Investors expect higher dividend payments, while management tends to hold cash to pay debts or increase investment.

The management has a strong influence in decision-making, especially on dividend policy. The decisions are taken by management on the resulting profits also affect investor policy. Often dividend policy is considered a signal to investors in their assessment of the good or bad of the company. A small portion of the profit will be distributed in the form of dividends, and the amount of profit will be retained for reinvestment. In this study, DPR is proxied by comparing the dividends distributed to net income after tax.

Aryanti's research (2020) shows that dividend policy can moderate the relationship between Earning per Share and Return on equity on stock prices by showing the relationship between EPS and ROE, which has a positive and significant effect on stock prices. Meanwhile, Debt to Equity has a negative effect on stock prices. Bobi' research (2019) shows that dividend policy as a moderating variable can moderate the relationship between Free Cash Flow and Price to Books Value (PBV) on stock prices, but dividend policy cannot moderate the effect of inflation and DER on stock prices.

The selection of companies in this study was to see the impact of COVID-19 on a consumer goods industry sector listed on the IDX. The period of the research year is marked by the year before and after the COVID-19 pandemic. Manufacturing companies in the consumer goods industry were chosen because companies engaged in this sector are quite attractive to investors. Because it has been proven through the resilience of the manufacturing industry, mainly supported by the consumer sector, which grew by 28%. Consumer goods sector companies consist of food, beverage, tobacco manufacturers, pharmaceuticals, cosmetics, household appliances, etc.

Based on the inconsistency of the results of previous studies and the phenomena that occur, researchers are interested in conducting further research with "The Effect of Financial Performance on Stock Prices with Dividend Policy as a Moderating Variable in Consumer Goods Industry Sector of Manufacturing Companies Listed on the Indonesia Stock Exchange."

Framework
Following the description of the background of the problem, literature review, and previous research, a conceptual research framework is prepared as follows:
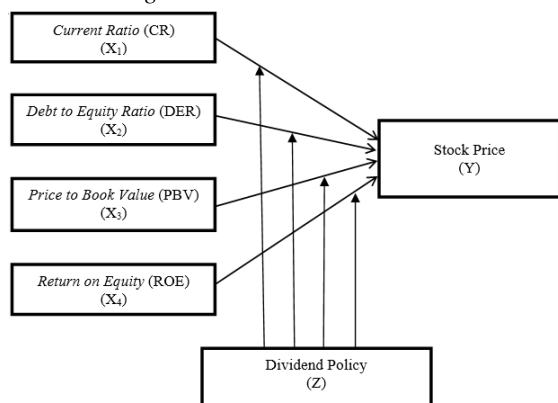
Figure 2.
Conceptual Framework

H1: The current ratio (CR) positively affects stock prices.

H2: Debt to Equity Ratio (DER) has a negative effect on stock prices.

H3: Price to Book Value (PBV) positively affects stock prices.

H4: Return on Equity (ROE) positively affects stock prices.

H5: Dividend policy can moderate the effect of the current ratio (CR) on stock prices.

H6: Dividend policy can moderate the effect of debt to equity ratio (DER) on stock prices.

H7: Dividend policy can moderate the effect of price to book value (PBV) on stock prices.

H8: Dividend policy can moderate the effect of return on equity (ROE) with stock prices.

RESEARCH METHODS

This research was designed by researchers using causal research. Causal research is research with identified causal relationships between various variables (Erlina, 2008). This study uses causal research to see the effect of financial performance as proxied by the Current Ratio (CR), Debt to Equity Ratio (DER), Price to Book Value (PBV), and Return on Equity (ROE) on stock prices with dividend policy as a moderating variable in consumer goods industry sector of manufacturing companies listed on the IDX.

This research uses secondary data, where data is obtained from financial statements and company stock prices obtained from the Indonesia Stock Exchange, which is accessed through www.idx.co.id.

The population in this study were all companies in the consumer goods industry sector listed on the Indonesia Stock Exchange, with 23 companies for a period from 2016 to 2020. In this study, samples were taken using the purposive sampling method, namely by considering certain criteria that have been made on the specific object to get a sample that can represent the population with predetermined criteria (Sugiyono, 2017).

Some of the criteria used in sampling by purposive sampling method are as follows:

1. Manufacturing companies in the consumer goods industry are listed on the Indonesia Stock Exchange and are not delisted from 2016 to 2020.
2. Companies that are members of the consumer goods industry sector publish independent audit reports and audited financial reports for 2016-2020.
3. Displaying complete data regarding research variables during 2016-2020.

The research uses panel data or pooling data by combining time series data for five years from 2016 to 2020 and a cross-section with a sample of 23 companies. This study used multiple linear regression analysis models with Stata 14 software.

RESULT AND DISCUSSION

Data Panel Regression Model Selection

Panel data regression can be done with three analytical models: common effect, random effect, and fixed effect. The outer loading or loading factor values are used to test the convergent validity

1. Chow Test

The Chow test is a test to determine personal effects on the panel regression

estimation model whether to use Fixed Effect (FEM) or Common Effect (CEM) as follows:

H0: Common Effect Model
H1: Fixed Effect Model

If the statistical test results from a significantly less than the degree of significance (α=5%), then H0 is rejected. The effect in the panel regression estimation model used is the Fixed Effect Model. Otherwise, if the significance is greater than or equal to the degree of relevance (α=5%), then H0 is accepted. It means that the effect in the panel regression estimation model following the empirical data is the Common Effect Model.

Table 1.
Chow Test Result

Model	Statistic	Prob.
Multiple Linear Regression Model	29.92	0.0000
Regression Model with Moderating Variables	29.68	0.0000
Regression Model with Interaction	31.88	0.0000

Source: Processed from The Results of Stat 14

As shown in Table 1, the results showed that the statistical results of the Chow test on all models produced a significant value that was less than the degree of significance (α= 5% or 0.05), so H0 was rejected. Based on the Chow test, the panel regression estimation model chosen in this study is the Fixed Effect Model.

2. Hausman Test

The Hausman test is used to see individual effects in determining which estimation model to choose, whether FEM or REM, as follows:

H0: Random Effect Model
H1: Fixed Effect Model

The test criteria state that if the Hausman test statistic has a significantly less than the degree of significance (α=5%), then H0 is rejected, meaning that the effect in the panel regression estimation model used is the Fixed Effect Model. On the other hand, if the significance value is greater than or equal to the degree of significance (α=5%), then H0 is accepted, meaning that the effect in the panel regression estimation model that corresponds to the empirical data

is the Random Effect Model. The results of the model effect test using the Hausman test can be seen in the following table:

Table 2.
Hausman Test Result

Model	Statistic	Prob.
Multiple Linear Regression Model	0.84	0.9327
Regression Model with Moderating Variables	0.58	0.9890
Regression Model with Interaction	0.48	1.0000

Source: Processed from The Results of Stat 14

As shown in Table 2, the results show that the significance value of the Hausman test statistic, all models produce a probability greater than the degree of significance (α = 5% or 0.05), so H0 is accepted. Thus, based on the Hausman test, the best panel regression estimation is the Random Effect Model (REM).

Classic Assumption Test
1. Normality Test

Normality testing is intended to determine whether the residuals follow a normal distribution. A residual value must have a normal distribution. If this assumption is violated, the statistical test becomes invalid for a small number of samples.

To detect whether the residuals are normally distributed or not can be seen through the statistical test of Sapiro Francia. The residual is declared normal if the probability of normality generated is level of significant (α=5%), then the residual is declared normally distributed. The following are the results of testing the normality assumption:

Table 3.
Normality Test Result

Model	Statistic	Prob.
Multiple Linear Regression Model	7.785	0.00001
Regression Model with Moderating Variables	7.777	0.00001
Regression Model with Interaction	7.543	0.00001

Source: Processed from The Results of Stat 14

Based on the results in the picture above, it can be seen that the residual produces a probability value that is smaller than the level of significance (α=5%). Thus, it can be stated that the residuals in the model are not normally distributed. So the assumption of normality is not met.

2. Multicollinearity Test

The multicollinearity test is carried out to determine whether there is a relationship between the independent variables. In linear regression analysis, it is not allowed to have a relationship between the independent variables is. The multicollinearity test looked at each independent variable's Variance Inflation Factor (VIF) value. If the VIF value is < 10, there are no multicollinearity symptoms. The results of the multicollinearity test can be seen in the following table:

Table 4. Multicollinearity Test Result

Variable	VIF
Current Ratio (X1)	2.78
Debt to Equity Ratio (X2)	2.26
Price to Book Value (X3)	2.04
Return On Equity (X4)	1.57
Dividend Policy (Z)	1.17

Source: Processed from The Results of Stat 14

Table 4 shows that all the independent variables used in this study resulted in a VIF value that was smaller than 10. It stated that the model does not have symptoms of multicollinearity, so the assumption of the absence of multicollinearity is met.

3. Heteroscedasticity Test

The second assumption is the absence of heteroscedasticity. Heteroscedasticity testing is carried out to determine whether the residuals have a homogeneous variance. The assumption test in this research is seen through the Modified Wald test. The hypothesis of testing the heteroscedasticity assumption is as follows:
H0: Residual has homogeneous variance
H1: Residual does not have homogeneous variance

The test criteria state that if the probability resulting from the LR Test is level significant (α=5%), then the residual is declared to have a homogeneous variance. The following are the results of testing the heteroscedasticity assumption:

Table 5.
Heteroscedasticity Test Result

Model	Statistic	Prob.
Multiple Linear Regression Model	3.2×10^7	0.0000
Regression Model with Moderating Variables	$2,1 \times 10^7$	0.0000
Regression Model with Interaction	$2,1 \times 10^7$	0.0000

Source: Processed from The Results of Stat 14

As shown in table 5, testing the assumption of heteroscedasticity shows the probability of producing a value smaller than the level of significance (α = 5% or 0.05). It means that the residuals do not have a homogeneous variance. Thus the assumption of the absence of heteroscedasticity in the model is not fulfilled.

4. Autocorrelation Test

After testing the assumption of heteroscedasticity, then the autocorrelation assumption test is then carried out. The Wooldridge test criteria are level significant (α = 5%) to find out the existence of autocorrelation with the Wooldridge test. It stated that there is no autocorrelation. The following are the results of the autocorrelation test using the Wooldridge test:

Table 6. Autocorrelation Test Result

Model	Statistic	Prob.
Multiple Linear Regression Model	109.034	0.0000
Regression Model with Moderating Variables	108.196	0.0000
Regression Model with Interaction	35.844	0.0000

Source: Processed from The Results of Stat 14

Based on the summary in table 5.7, the value of the Wooldridge test is < level of significance (α = 5%), then it is stated that the model has autocorrelation. So the assumption of autocorrelation is not fulfilled.

It can be seen that several series of classical assumption tests such as assumptions of normality, heteroscedasticity, and autocorrelation are not met. According to Gujarati and Porter (2015), the random effect model uses the generalized least square (GLS) method. One of the advantages of the GLS method is that it does not need to meet classical assumptions. So even though the classical assumptions are not met, the random effect panel model estimation is still acceptable.

Hypothesis test

1. Simultaneous Hypothesis Testing Results

Simultaneous testing is used to test the hypothesis regarding the influence of independent variables simultaneously or together on the dependent variable. The test criteria state that if the probability result of the F test < level of significant 5% or 0.05, then it is stated that there is an effect of the independent variable on the dependent variable simultaneously or together.

Table 7. Simultaneous Hypothesis Testing Results

F Statistic	Prob.
3.00	0.0228

Source: Processed from The Results of Stat 14

2. Partial Hypothesis Test Results

Partial testing is used to test the hypothesis regarding the influence of the independent variable partially on the dependent variable. The test criteria state that if the probability value is < level of significance (α = 5% or 0.05), then it is stated that there is an effect of the independent variable on the dependent variable partially. The partial significance test can be explained as follows:

Table 8. Partial Hypothesis Testing Results

Variable	Coef.	Std. Err.	z	P>z
Current Ratio (X1)	-7.71429	5.764265	-1.34	0.181
Debt to Equity Ratio (X2)	-40.0889	19.55065	-2.05	0.04
Price to Book Value (X3)	445.1836	116.426	3.82	0
Return On Equity (X4)	-2.23376	25.67708	-0.09	0.931
cons	10302.15	3953.307	2.61	0.009
Wald chi2 = 17.08				
Prob > chi2 = 0.0019				
R Square = 0.2031				

Source: Processed from The Results of Stat 14

3. Coefficient of Determination (R2)

The coefficient of determination is used to see the contribution of the influence of the independent variable on dependent variable. In the analysis results, the value of the determinant coefficient is 0.2031 or 20.31%. It means that the diversity of Stock Prices (Y) can be explained by the Current Ratio (X1), Debt to Equity Ratio (X2), Price to Book Value (X3), and Return on Equity (X4) of 20.31%. Or in other words, the contribution of the variable Current Ratio (X1), Debt to Equity Ratio (X2), Price to Book Value (X3), and Return on Equity (X4) to Stock Price (Y) is 20.31%, and the rest is 79.69% influenced by other variables outside the study.

4. Moderation Variable Test

Testing the Significance of Moderation Analysis is used to test the hypothesis about the influence of the independent variable on the dependent variable being moderated by the moderating variable. The test criteria state that if the interaction variable produces a probability value < level of significance (α = 5% or 0.05), it is stated that the moderating variable moderates the influence of the independent variable on the dependent variable. The significance test can be explained as follows:

Table 9. Moderation Test Result

Variable	Coef.	Std. Err.	z	P>z
Current Ratio (X1)	-1.12483	6.004415	-0.19	0.851
Debt to Equity Ratio (X2)	-1.16968	21.54976	-0.05	0.957
Price to Book Value (X3)	496.735	140.9953	3.52	0.000
Return On Equity (X4)	125.1621	75.37958	1.66	0.097
Dividend Policy (Z)	14769.28	4372.247	3.38	0.001
X1*Z	-10.6507	5.38405	-1.98	0.048
X2*Z	-95.8884	27.71648	-3.46	0.001
X3*Z	85.03337	154.3391	0.55	0.582
X4*Z	-103.256	70.6836	-1.46	0.144
cons	2271.042	4672.214	0.49	0.627

Source: Processed from The Results of Stat 14

CONCLUSION

Based on the results of research and discussion, the following conclusions can be drawn:

1. The current ratio partially has an insignificant negative effect on stock prices in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange from 2016 to 2020.

2. Debt to equity ratio partially has a significant negative effect on stock prices in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2016-2020.

3. Price to Book Value partially has a significant positive effect on stock

prices in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2016-2020.

4. Return on equity partially has an insignificant negative effect on stock prices in manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2016-2020.

5. Dividend policy as a moderator can strengthen and significantly strengthen the current ratio relationship to stock prices of manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2016-2020.

6. Dividend policy as a moderator can strengthen and significantly strengthen the debt to equity ratio relationship to stock prices of manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2016-2020.

7. Dividend policy as a moderator can strengthen, but not significantly, the relationship between price to book value and stock prices of manufacturing companies in the consumer goods industry listed on the Indonesia Stock Exchange in 2016-2020.

8. Dividend policy as a moderator can strengthen but not significantly affect the relationship of return on equity to stock prices of manufacturing companies in the consumer goods industry sector listed on the Indonesia Stock Exchange in 2016-2020.

SUGGESTION

Based on the results of the research, discussion and conclusions obtained, the following suggestions can be given:

1. Further research can use other variables to influence stock prices, such as Debt to Asset Ratio, Return on Assets, Earnings per Share, and other variables.

2. For further researchers, it is recommended to use other companies listed on the Indonesia Stock Exchange outside of this study as research objects if they want to continue this research to provide better results.

3. For further research, it is recommended to use a larger number of samples from this study to improve the data variation.

4. Investors are expected to use the results of this study as a reference in considering the factors that influence the purchase of company shares in making decisions to invest.

LIMITATIONS

This study has limitations that can be considered for further research to obtain better research results. The following are the limitations of this study:

1. This research is only limited to manufacturing companies listed on the Indonesia Stock Exchange, totaling 23 companies in the consumer goods industry sector. They cannot represent all of the companies listed on the Indonesia Stock Exchange.

2. This study only uses an observation period of 5 years, so it is limited ability can only explain the situation for those five years from 2016 to 2020.

3. This study uses data collection methods through the company's financial statements published on the Indonesia Stock Exchange. The data collected is still limited only to the publications of the Indonesia Stock Exchange.

4. The contribution of the independent variables in this study is still too low in explaining stock prices, which is only 20.31%, and other variables can explain the remaining 79.69%. Further researchers can add other variables such as Debt to Asset Ratio, Return On Assets, Earning per Share, and other variables. In addition, researchers can

also use variables other than dividend policy as a moderating variable.

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