

# Effect of Interest Rate, Dividend per Share, Current Ratio, Debt to Equity Ratio, and Return on Asset on Stock Price with Earning per Share as Moderating Variable in Food and Beverage Companies Listed on the Indonesia Stock Exchange

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## Abstract

*This study aims to determine effect of interest rate, dividend per share, current ratio, debt to equity ratio, and return on asset on stock price with earning per share as moderating variable in food and beverage companies listed on the Indonesia Stock Exchange. The population use in this study is 72 Food and Beverage Companies Listed on the Indonesia Stock Exchange. The sampling method is by using non probability sampling. Data processing is carried out by means of SPSS statistical program. The results of this study indicate that: (1)interest rate has a positive and significant effect on stock price, (2)dividend per share has a positive and significant effect on stock price, (3)current ratio has no effect on stock price, (4)debt to equity ratio has no effect on stock price, (5)return on asset has a positive and significant effect on stock price, (6)earning per share is able to moderate effect of interest rate on stock price, (7)earning per share is not able to moderate effect of dividend per share on stock price, (8)earning per share is not able to moderate effect of current ratio on stock price, (9)earning per share is not able to moderate effect of debt to equity ratio on stock price, (10) earning per share is not able to moderate effect of return on asset on stock price.*

## Keywords

interest rate; dividend per share; debt to equity ratio; return on asset; stock price



## I. Introduction

As the economy improves, organizations need to grow their business. For this reason, organizations need considerable assets. Organization must have a goal to be achieved by the organizational members (Niati et al., 2021). The success of leadership is partly determined by the ability of leaders to develop their organizational culture. (Arif, 2019).

Economic growth is still an important goal in a country's economy, especially for developing countries like Indonesia (Magdalena and Suhatman, 2020). Financial performance is a measuring instrument to know the process of implementing the company's financial resources (Ichsan, R. et al. 2021). In the current era of globalization, investment plays an important role in maintaining financial activities, because investment is one of the sources of capital that can encourage economic movement. Stock is one of the most widely used business options in the capital market by investors.

Stock price also reflect the value of a company. Changes in stock price can provide clues about the excitement and sluggishness of capital market activities and investors in buying and selling shares. Food and beverage companies are companies that produce products that will meet basic human needs. Even though the economy is in bad shape, the product is still needed by the community. So that this industry will stay alive and most resistant to crisis compared to other industrial sectors.

## II. Review of Literature

### 2.1 Signal Theory

Signal theory is used to understand an action by management in conveying information to investors (Suganda, 2018). Signal theory occurs because there is information asymmetry between the company and outsiders. Companies have more information than outside parties (investors and creditors). To reduce information asymmetry, it can be done by giving signals to outsiders, one of which is in the form of reliable financial reports.

### 2.2 Stakeholder Theory

Stakeholder theory talks about organizational management and business ethics which discusses morals and values in managing organizations. In other words, the company is not an entity that only works for its own interests, but must create benefits for its stakeholders such as investors or shareholders, consumers, creditors, suppliers, government, society, analysis and others.

### 2.3 Financial Management

According to Pudjiastuti (2015:5), the financial management function consists of three main decisions that must be made by a company: investment decisions, funding decisions and dividend decisions, including investment decisions, funding decisions, dividend decisions.

### 2.4 Financial Statements

Financial statements according to Statement of Financial Accounting Standards No. 1 (2014) are structured presentations of the financial position and financial performance of an entity. According to Lalwani (2020), financial statements are reports that describe the financial condition and results of operations of a company at a certain time or period of time.

### 2.5 Interest Rate

The interest rate according to Boediono (2014:76), the price of using investment funds. Historically, when interest rates tended to rise, stock prices tended to fall. On the other hand, when interest rates tend to fall, stock prices tend to rise.

### 2.6 Dividend per Share

According to Teguh (2013:45), dividend per share describe how much income per share will be distributed.

### 2.7 Current Ratio

Current ratio is a ratio that compares current assets owned by a company with short-term debt to determine the ability of an issuer to meet its short-term obligations.

### 2.8 Debt to Equity Ratio

The debt to equity ratio is the balance between the liabilities of the issuer and its own capital by comparing the ratio of debt and equity in the issuer's funding.

## **2.9 Return on Asset**

According to Budiman (2018:202), return on asset is a ratio that shows the results of the number of assets used in the company.

## **2.10 Earning per Share**

Earning per share is a ratio that shows how much profit investors get per share they own.

# **III. Research Method**

This type of research is quantitative research. Quantitative research is a systematic scientific study of the parts and phenomena and the causality of their relationships (Pandiangan, 2015; Pandiangan, 2018). Quantitative research is defined as a systematic investigation of phenomena by collecting measurable data by performing statistical, mathematical or computational techniques (Asyraini et al., 2022; Pandia et al., 2018). Most quantitative research is carried out using statistical methods used to collect quantitative data from research studies (Octiva et al., 2018). In this research method, researchers and statisticians use mathematical frameworks and theories related to the quantity in question (Octiva et al., 2021).

Population is the total number of research objects. It can also be defined as the total number of units or individuals whose characteristics are to be studied (Pandiangan et al., 2018). The unit in this term refers to the unit of analysis. It can be in the form of people, objects, institutions, institutions, and so on (Pandiangan, 2022). The population use in this study is 72 Food and Beverage Companies Listed on the Indonesia Stock Exchange. The sampling method is by using non probability sampling. Non probability sampling is defined as a sampling technique in which the researcher selects samples based on the subjective judgment of the researcher rather than random selection. It is a less stringent method. This sampling method depends heavily on the expertise of the researchers (Pandiangan et al., 2021).

The data analysis method uses multiple linear regression analysis and moderated regression analysis test. Multiple linear regression, also known simply as multiple regression, is a statistical technique that uses several explanatory variables to predict the outcome of a response variable (Tobing et al., 2018). Multiple regression is an extension of linear (OLS) regression that uses just one explanatory variable. Moderated regression analysis test used to determine whether the relationship between two variables depends on (is moderated by) the value of a third variable (Pandiangan et al., 2022). Data processing is carried out by means of SPSS statistical program.

# **IV. Results and Discussion**

## **4.1 Multiple Linear Regression Analysis**

Regression analysis was conducted to determine whether or not there was an effect of two or more independent variables on the dependent variable. The results of the data output can be seen in the following table:

## 4.2 t Test

**Table 1. t Test Result**  
**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-3552.029	1464.149		-2.426	.018
Interest Rate	466.452	206.149	.114	2.263	.027
Dividend per Share	9.824	3.099	.212	3.170	.002
Current Ratio	-237.204	321.193	-.047	-.739	.463
Debt to Equity Ratio	-105.124	130.409	-.044	-.806	.423
Return on Asset	168.274	74.499	.135	2.259	.027
Earning per Share	18.577	1.689	.736	10.999	.000

a. Dependent Variable: Stock Price

Source: SPSS Output, Processed Data (2021)

The results of Table 1 show that interest rate has a positive and significant effect on stock price, dividend per share has a positive and significant effect on stock price, current ratio has no effect on stock price, debt to equity ratio has no effect on stock price, return on asset has a positive and significant effect on stock price.

## 4.3 F Test

**Table 2. F Test Result**  
**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1825715959.323	6	304285993.221	56.911	.000 <sup>b</sup>
	Residual	347532730.552	65	5346657.393		
	Total	2173248689.875	71			

a. Dependent Variable: Stock Price

b. Predictors: (Constant), Interest Rate, Dividend per Share, Current Ratio, Debt to Equity Ratio, Return on Asset

Source: SPSS Output, Processed Data (2021)

The results of Table 2 show that significance value is less than 0.05, it can be concluded that the independent influence simultaneously has a significant effect on stock price.

#### 4.4 Coefficient of Determination Test

**Table 3.** Coefficient of Determination Test Result  
**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.917 <sup>a</sup>	.840	.825	2312.28402

a. Predictors: (Constant), Interest Rate, Dividend per Share, Current Ratio, Debt to Equity Ratio, Return on Asset

b. Dependent Variable: Stock Price

Source: SPSS Output, Processed Data (2021)

The results of Table 3 show that adjusted R square is 0.825 or 82.5%. This means that the effect interest rate, dividend per share, current ratio, debt to equity ratio, return on asset, and earning per share on stock price is 82.5%, the remaining 17.5% influenced by other variables not examined in this study.

#### 4.5 Moderated Regression Analysis Test

**Table 4.** Moderated Regression Analysis Test Result  
**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-1045.715	1400.762		-.747	.458
Interest Rate	46.024	236.300	.011	.195	.846
Dividend per Share	6.156	5.108	.133	1.205	.233
Current Ratio	177.104	485.865	.035	.365	.717
Debt to Equity Ratio	384.142	656.483	.161	.585	.561
Return on Asset	60.308	112.956	.048	.534	.595
Moderasi1	2.457	.786	.643	3.125	.003
Moderasi2	.023	.013	.269	1.778	.080
Moderasi3	-2.821	2.638	-.239	-1.070	.289
Moderasi4	-1.960	2.996	-.202	-.654	.516
Moderasi5	.802	.503	.317	1.594	.116

a. Dependent Variable: Stock Price

Source: SPSS Output, Processed Data (2021)

The results of Table 4 show that earning per share is able to moderate effect of interest rate on stock price, earning per share is is not able to moderate effect of dividend per share on stock price, earning per share is not able to moderate effect of current ratio on stock price, earning per share is not able to moderate effect of debt to equity ratio on stock price, earning per share is not able to moderate effect of return on asset on stock price.

## V. Conclusion

The results of this study indicate that: (1) interest rate has a positive and significant effect on stock price, (2) dividend per share has a positive and significant effect on stock price, (3) current ratio has no effect on stock price, (4) debt to equity ratio has no effect on stock price, (5) return on asset has a positive and significant effect on stock price, (6) earning per share is able to moderate effect of interest rate on stock price, (7) earning per share is not able to moderate effect of dividend per share on stock price, (8) earning per share is not able to moderate effect of current ratio on stock price, (9) earning per share is not able to moderate effect of debt to equity ratio on stock price, (10) earning per share is not able to moderate effect of return on asset on stock price.

## Suggestions

### 1. For Investors

The results of this study are expected before making a decision in investing to pay attention to the value of return on asset, dividend per share and earning per share of the company because it has a positive and significant effect on stock price.

### 2. For Further Researchers

Due to the limitations of this study, further research should be carried out with other variables that have not been studied in this study.

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