



## Do financial ratios affect stock prices in the consumer non-cyclical sector?

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### Abstract

Maintaining a company's position among its competitors requires significant investment funds. The capital market is an alternative for companies to overcome investment funding constraints. Capital market performance is reflected in the Stock Index, which describes stock price movements. Fluctuating stock index movements indicate that there are things that influence the direction of the index. This research method uses secondary data sourced from the official website of the Indonesian Central Securities Depository (*Kustodian Sentral Efek Indonesia-KSEI*), the Indonesian Stock Exchange (*Bursa Efek Indonesia-BEI*), the Financial Services Authority (*Otoritas Jasa Keuangan-OJK*), and [www.investing.com](http://www.investing.com). Thirty-three companies operating in the non-cyclical consumer sector and listed on the Indonesian Sharia Stock Index (ISSI) for the 2018-2022 period are the sample in this research. Furthermore, the approach used in this research is a quantitative method with multiple linear regression analysis tools processed using the SPSS 25.00 program. The results have a positive and insignificant effect, namely the Current Ratio (CR) and Debt to Equity Ratio (DER). On the contrary, Earning Per Share (EPS) and Return On Equity (ROE) are factors that have a positive and significant influence on share prices in the non-cyclical consumer sector recorded in the Indonesian Sharia Stock Index (ISSI) for the 2018-2022 period.

Keywords: Current ratio (CR); debt to equity ratio (DER); earning per share (EPS); and stock price

### 1. Introduction

Every company has a competitive advantage that can dominate in the business world, causing intense competition in business. It makes each company continue to develop its benefits and business fields so that it can survive and compete with its competitors. However, efforts to face this competition face obstacles in the form of companies requiring significant investment funds. The capital market is an alternative that can be used as a place for companies to obtain investment funds.

Hariyanto *et al.* (2020) define the capital market as a market that provides various long-term financial instruments in the form of debt and own capital (equity) that can be bought and sold. In contrast to Hariyanto, Gunawan (2020) explains that the capital market is a transaction place for capital funds or a long-term debt trading center provided for companies. Thus, the capital market exists as a means and infrastructure that facilitates smooth buying and selling and other transactions for companies.

The existence of the capital market in Indonesia has become a new means for people to invest their funds, both in the form of shares and other instruments. Stock is defined as a certificate that is proof of someone's ownership of a company (Tandelilin, 2017). According to Putri and Yudiantoro (2023), shares are a sign of capital participation in a company, so the owner is entitled to receive dividends from the company. The stock index, which describes the movement of a company's share prices, is a reflection of capital market performance (Abdalloh, 2018). One of the statistical measures that describes the sign of a set of prices of shares of companies listed on the Indonesia Stock Exchange as a whole is the Composite Stock Price Index (*Indeks Harga Saham Gabungan-IHSG*).

The JCI movement in the last five years, from 2018 to 2022, depicted in Figure 1, shows a fluctuating trend. In 2019, JCI closed at 6,299.54, or an increase of 1.66%. Furthermore, in 2020, the

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index closed at 5,979.07 or down -5.35%. This is different from conditions at the end of 2021. The JCI showed positive performance with an increase of 9.15% to 6,581.50. Meanwhile, the latest data at the close of trading on December 28, 2022, JCI was at 6,850.52, a rise of 3.92% compared to December 2021.

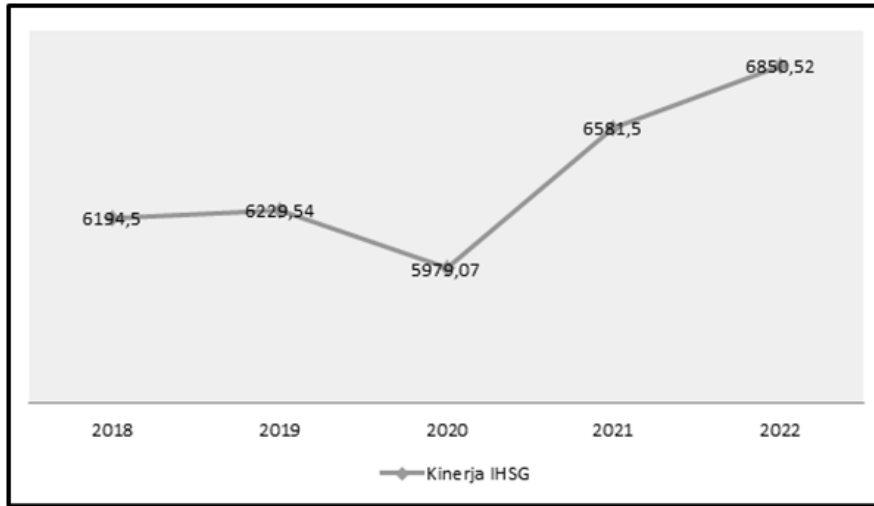


Figure 1. IHS performance 2018-2022

Source: [www.idx.co.id](http://www.idx.co.id)

One of the impacts of the weakening of most sectoral indices listed on the Indonesia Stock Exchange is the movement of the IHSG. According to IDX Industrial Classification or IDX-IC, the Indonesian Stock Exchange currently consists of 12 company sectors. One of the sectors recorded is sector consumer non-cyclical. Shares of consumer non-cyclical or primary consumption goods are shares of companies that produce and distribute both anti-cyclical goods and services and direct goods and services whose demand is not influenced by economic growth. This understanding aligns with Halim (2018), who says the sector shares consumer non-cyclical or the primary consumer goods sector shares defensive, unaffected by macroeconomic or general business conditions.

Nevertheless, in 2020, the sector consumer non-cyclical index experienced a decline/weakening of 16.04% and was in second place with the worst stock performance in the sectoral index. Until the beginning of 2022, this sector was still recording negative performance. Figure 1 is a graph of sector stock price index movements consumer non-cyclical period 2018-2022.

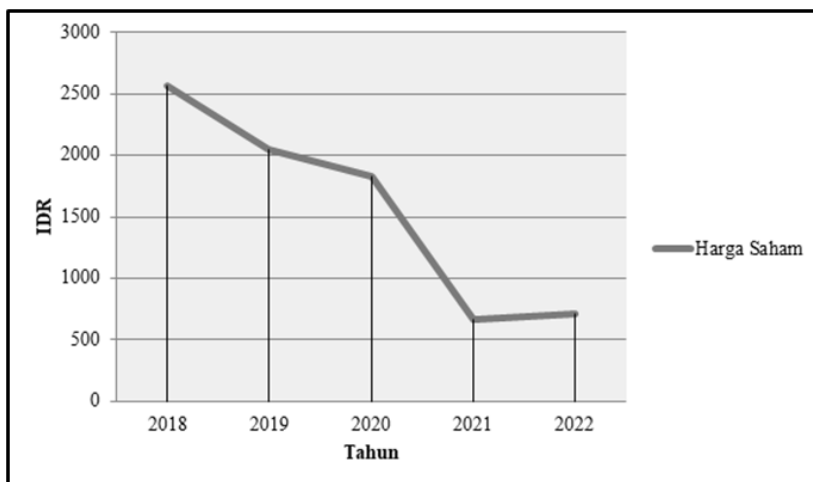


Figure 2. Consumer non-cyclical sector stock price index for the 2018-2022 period

Source: [www.investing.com](http://www.investing.com)

Figure 2. shows that sector stock prices for consumer non-cyclical continued to decline from 2018 to 2021, amounting to -1,932.1, and were only able to offer positive performance in 2022. This performance was caused by the decline in share price biceps, such as UNVR, which decreased to 30.95% and HMSP by 23.26%. The Covid-19 pandemic, which will continue until 2021, is one of the causes of the decline in the performance of most big-cap share prices. This condition is similar to the average movement rate of sector share prices consumer non-cyclical listed on the Indonesian Sharia Stock Index (ISSI) for 2018-2022, which continues to decline. A sharp decline occurred in 2019, namely -10.12%.

Fluctuating stock index movements indicate that there are things that influence the direction of the index. This movement is essential for investors who will invest their funds by purchasing share prices. Investors need to consider information and factors that influence share price movements. Share prices are not only determined by supply and demand (Mankiw, 2018). However, share prices are influenced by company financial report announcements, such as profit forecasting before the end of the fiscal year, Net Profit Margin (NPM), Price Earning Ratio (PER), Earning Per Share (EPS), Return On Asset (ROA), and others (Zulfikar, 2016). Therefore, investors' investment decision-making must consider the information in the financial statements. Financial reports can be the key to the success of investors' capital investments because they are a company's fundamental factors, which contain financial ratios. When investors can analyze a company's financial ratios, one of which is using basic analysis techniques, the chances of investment success are more significant.

Many previous studies have examined the factors influencing stock prices using various independent variables. In this analysis, we will analyze four independent variables, namely the Current Ratio (CR), Debt to Equity Ratio (DER), Earning Per Share (EPS), and Return On Equity (ROE). Based on previous research, each has different results regarding its effect on stock prices. The researchers will then explain these differences in this research.

Based on research on the influence of Current Ratio (CR) on share prices carried out by Fitria and Suselo (2022), Kadafi and Fuddin (2023), Ridha (2019) they are stated that share prices are influenced positively and significantly by Current Ratio (CR). Meanwhile, the result of research by Basmar *et al.* (2023), Eryafdi and Nasihah (2021) stated that the Current Ratio (CR) is influential negative and significant to Share Prices. This is different from the research of Ardiningrum and Henny (2023), Saraswati *et al.* (2022) state that the Current Ratio (CR) is influential, positive, and not significant to Share Prices. Results of research by Prasetya *et al.* (2022), Selawati *et al.* (2022) state that the Current Ratio (CR) is influential and harmful and not significant to the Share Price. Based on research on the influence Debt to Equity Ratio (DER) on share prices carried out by Kadafi and Fuddin (2023), Mulyanto and Riyanti (2020), Ridha (2019) stated that the influencing factors are positive and significant to the Share Price, namely Debt to Equity Ratio (DER). Meanwhile, the result of research by Agustin *et al.* (2023), Eryafdi and Nasihah (2021), Ramdhani and Aisyah (2018) state different things, influencing factors negative and significant to the Share Price, namely Debt to Equity Ratio (DER). Different from the research results of Ardiningrum and Henny (2023), Manullang *et al.* (2019), Utami and Darmawan (2019) state that Debt to Equity Ratio (DER) is influential positive and not significant to Share Prices. Results of research by Budiyono and Santoso (2019), Nasution *et al.* (2022), Pitoyo (2022) state that Debt to Equity Ratio (DER) is influential negative and not significant to the Share Price.

Based on research on the influence of Earning Per Share (EPS) on share prices carried out by Budiyono and Santoso (2019), Pitoyo (2022), Ramdhani and Aisyah (2018), it is stated that share price movements are influenced positively and significant by Earning Per Share (EPS). Meanwhile, the result of research by Kurnia *et al.* (2020), Prasetya *et al.* (2022) stated that Earning Per Share (EPS) is influential, negative, and significant to Share Prices. Different from the results of research by Andriani *et al.* (2023), Saraswati *et al.* (2022), Selawati *et al.* (2022), which state that Earning Per Share (EPS) is influential positive and not significant to Share Prices. Based on research on the influence of Return On Equity (ROE) on Share Prices carried out by Andriani *et al.* (2023), Budiyono and Santoso (2019), Ridha (2019), it is stated that Return On Equity (ROE) has an effect positive and significant to Share Prices. Meanwhile, research by Kadafi and Fuddin (2023), Manullang *et al.* (2019) shows that result Return On Equity (ROE) has an effect negative and significant to Share Prices.

Based on the description of the problem's urgency and the research gap explained above, researchers are interested in further research regarding the factors that partially influence share prices in the sector of consumer non-cyclical listed on the Indonesian Sharia Stock Index (ISSI).

## **2. Literature review and hypothesis development**

### ***Stock price***

Fahmi (2018) defines shares as paper that is explained to the holder by containing details in the form of the company name, nominal value, rights, and obligations that the company and shareholders must fulfill. Meanwhile, according to Sartono (2009) shares are proof of participation or capital deposit in a company. One of the most essential information about shares is the share price (Mankiw, 2018). According to Bringham and Houston (2020), the current market price, which can be easily known for public companies, is the definition of the share price.

### ***Current ratio (CR)***

Current Ratio (CR), according to Sutrisno (2013), is the ratio between short-term debt and existing assets owned by the company. The comparison of the two reflects the company's ability to finance short-term debt or current debt using the company's current assets. Then, Kasmir (2010) stated that if the recent ratio measurement results are low, then the company will have difficulty paying its short-term debt. However, this interpretation needs to be more specific. High-ratio measurement results cannot be used as a reference for determining a company's poor condition. The poor state of the company is not only caused by a high current ratio but also by less than optimal absorption of the company's cash budget. It means that the current Ratio (CR) cannot be the basis for determining whether a company is in good condition. The company's situation can be resolved through other standard ratios, for example, the current Ratio (CR) industry for the same type of industry.

### ***Debt to equity ratio (DER)***

Debt to Equity Ratio (DER) is the balance between capital and debt owned by the company (Sutrisno, 2013). This ratio calculation is meaningful for calculating the total funds held by the company and provided to borrowers or creditors. In other words, the company owns this ratio functions to see the complete guarantee of capital owned. The higher percentage shows that the money is inversely proportional to the debt it has. The high ratio value indicates that the company's capital is getting smaller while its debt is increasing.

According to Sutrisno (2013), to avoid fixed expenses that are too high, the company's total debt should be at most the capital it has. The Debt to Equity Ratio (DER) value does not have a safe limit for the company. However, the ideal value Debt to Equity Ratio is that the maximum debt amount equals your capital. It means the maximum of Debt to Equity Ratio is 100%. Thus, the company's operational activities will be considered safe when the Debt to Equity Ratio (DER) value shows a downward trend. A high Debt to Equity Ratio level indicates that the company uses the highest financial leverage.

Usage of financial leverage will quickly increase the profitability of share capital (return on equity). However, if sales decrease, the profitability of share capital also decreases rapidly (Kodrat and Indonanjaya, 2010). Thus, a decline in company performance, which affects the company's share price, is marked by an increase in the Debt to Equity Ratio (DER) value.

### ***Earning per share (EPS)***

The measure used to assess a company's capability to generate profits per owner's share is Earning Per Share (EPS) (Sutrisno, 2013). This ratio calculates the comparison of profits obtained with the price per share of a company within one year. The principle is to increase the company's ability to generate earnings in line with share price movements. Kasmir (2010) reveals that the company's management performance could be better and has not satisfied shareholders, as reflected in the low-value Earnings Per Share (EPS). Conversely, a high ratio will increase shareholder welfare.

### ***Return on equity***

According to Sutrisno (2013), the rate of return on net worth or Return on Equity (ROE) is one indicator to measure a company's ability to gain profits with the capital resources it has. This ratio

examines the company's performance in allocating capital resources to achieve a predetermined return on equity. The increase in Return on Equity (ROE) aligns with the rise in the company's capabilities. Company with Return On Equity A high (ROE) means that the company has good performance so that it has an impact on strengthening the position of the company owner, and vice versa (Kasmir, 2010). Thus, the value increases Return On Equity (ROE) aligns with company share price.

### ***Hypothesis development***

Current Ratio (CR) is a liquidity ratio that reflects a company's ability to finance its debts (Sutrisno, 2013). For investors, the Current Ratio (CR) calculation is helpful to see current asset companies' utilization. This value is related to the level of creativity of company managers. When the importance of the Current Ratio (CR) is high, it means that the utilization of the current asset of the company is not running well and effectively. It also indicates that the level of creativity or productivity of company managers still needs to improve. Information on the Current Ratio's (CR) rate of change will be disclosed to the market as a red flag for investors considering buying stocks. As a result, demand and the price of company shares decrease. The above continues from the results of the study conducted by Basmar *et al.* (2023) Ersyafdi and Nasihah (2021), which state that the Current Ratio (CR) is a fact that has a negative and significant impact on the stock price of securities. Based on the theoretical basis and empirical results, hypothesis 1 is formulated as follows:

H1 Current Ratio (CR) has a negative significant effect on share prices.

Debt to Equity Ratio (DER) measures the ratio leverage/solvability in the form of the significant level of debt used as a capital resource to meet the company's needs (Sutrisno, 2013). The greater the group of leverage companies, the amount of debt and business risks they face will increase significantly when the economy worsens. Apart from leverage, the company's ability to pay long-term obligations can also be seen through the Debt to Equity Ratio value. This perspective assesses that a low Debt to Equity Ratio (DER) impacts increasing the ability to pay long-term obligations and the company's share price. However, both points of view that provide information regarding the Debt to Equity Ratio (DER) growth will be expressed to the market as a negative signal, giving investors a reason to be skeptical about buying shares. This causes demand and share prices to decrease. The above view is confirmed by the findings of research conducted by Agustin *et al.* (2023), ERSYAFDI and NASIHAH (2021), RAMDHANI and AISYAH (2018), who stated that Debt to Equity Ratio (DER) has a negative and significant effect on share prices. Based on the theoretical basis and empirical results, hypothesis 2 is formulated as follows:

H2 Debt to Equity Ratio (DER) has a negative significant effect on share prices.

Earning Per Share (EPS) is a comparative measure that describes a company's ability to make profits per share (Sutrisno, 2013). Earnings per share (EPS) information will be disclosed to the market as reliable information that will motivate investors to buy stock. This makes the price expensive due to the increase in demand for shares. The results of the research strengthen the above view conducted Budiyo and Santoso (2019), Pitoyo (2022), Ramdhani and Aisyah (2018), which states that stock price movements are influenced by Earning Per Share (EPS) positively and significantly. Based on the theoretical basis and empirical results, hypothesis 3 is formulated as follows:

H3 Earning Per Share (EPS) has a positive significant effect on share prices.

According to Sutrisno (2013), Return On Equity (ROE) is a profitability ratio measuring a company's ability to generate profits with its capital. Information on increasing Return on Equity (ROE) will be reported to the market as reliable, helpful information for investors in speeding up the process of expressing their desire to buy securities. The demand for shares is in line with the share price. That is, when demand increases, the price increases. The above view is reinforced by findings in research conducted by Andriani *et al.* (2023), Budiyo and Santoso (2019), Ridha (2019), who stated that Return On Equity (ROE) has a positive and significant effect on share prices. Based on the theoretical basis and empirical results, hypothesis 4 is formulated as follows:

H4 Return On Equity (ROE) has a positive significant effect on share prices.

### 3. Methodology

Quantitative causality is an analytical method used in research. Meanwhile, the data used is secondary data obtained through the official websites of the Indonesian Central Securities Depository (*Kustodian Sentral Efek Indonesia-KSEI*), the Financial Services Authority (*Otoritas Jasa Keuangan-OJK*), the Indonesian Stock Exchange (*Bursa Efek Indonesia-BEI*), and [www.investing.com](http://www.investing.com). The total sampling technique is the sampling technique used in this research. The total side technique is a sampling technique that uses all population members as research samples because the population is under 100 (Sugiyono, 2019). Thus, the model in this study includes all non-cyclical consumer sector companies listed on the Indonesian Sharia Stock Index (ISSI) for the 2018-2022 period.

The statistical analysis tool used in this research is multiple linear regression with the method Ordinary Least Square (OLS) obtained using the SPSS 25.00 application. A regression model using Ordinary Least Square (OLS) is required to meet the conditions Best Linear Unbias Estimator (BLUE) conditions. Thus, the resulting regression model is an unbiased and best linear estimator (Sulistiyorini, 2020). This requirement is a basic assumption called the classical assumption.

Data analysis in this study aims to measure the accuracy of the regression function in estimating the actual value that can be measured from Good On Fit (Ghozali, 2021). The accuracy of the regression function in statistics is measured by the magnitude of the F statistical value, the t statistical value, and the coefficient of determination value.

### 4. Results and discussion

#### Results

Based on Table 1. the standard deviation values for Debt to Equity Ratio (DER), Earning Per Share (EPS), Return on Equity (ROE), and Share Prices are more significant than the mean value. Indicates that the data distribution for these four variables is heterogeneous. Meanwhile, the variable that has a homogeneous data distribution is the Current Ratio (CR) because the standard deviation value is less than the mean.

Table 1. Descriptive analysis

Description	N	Minimum	Maximum	Mean	Standard deviation
CR	165	0.01	13.30	2.7565	2.42318
DER	165	0.01	6.37	0.8828	0.93426
EPS	165	0.19	1193.92	194.3363	249.00407
ROE	165	0.04	145.09	16.0904	24.18211
Stock price	165	67	14575	2568	3050.400
Valid N (listwise)	165				

Table 2. Multiple linear regression analysis

Coefficients			
Model	Unstandardized Coefficients		
	B	Std. Error	
1	<i>(Constant)</i>	5.636	.228
	CR	.246	.129
	DER	.141	.097
	EPS	.003	.000
	ROE	.192	.089

a. Dependent Variable: Share Price

Based on table 2. above, the multiple linear regression equation is formulated as follows. Share Price = 5.636 + 0.246 CR + 0.141 DER + 0.003 EPS + 0.192 ROE. The constant value is 5.636, which means that if the CR, EPS, DER, and ROE variables are constant, the share price is 5.636. The CR regression coefficient value is 0.246, which indicates that every 1 (one) unit increase in CR affects an increase in share prices of 0.246, assuming the other variables are considered constant. The DER regression coefficient is 0.141, reflecting that an increase in DER of 1 (one) unit will have an impact on an increase in share prices of 0.141, assuming the values of the variables outside the equation are

constant. The EPS regression coefficient is 0.003, indicating that every increase in EPS of 1 (one) unit will impact an increase in share prices of 0.003, assuming other variables are considered constant. The ROE regression coefficient is 0.192, which means that every increase of 1 (one) unit will impact an increase in share prices of 0.192, assuming that other variables not included in the equation are considered constant.

Hypothesis testing aims to determine how well the regression function estimates actual values based on goodness of fit. The t-test, coefficient of determination and F-test can be used to measure this statistically. The following are the results of hypothesis testing in this research.

Table 3. Hypothesis testing

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Say.
1	Regression	160.612	4	40.153	43.968	.000 <sup>b</sup>
	Residual	146.116	160	.913		
	Total	306.728	164			
a. Dependent Variable: Share Price						
b. Predictors: (Constant), ROE, CR, EPS, DER						

The simultaneous influence test was carried out with the F test. Based on Table 3, F count = 43,968 > F table = 2.43 or significance 0.00 < 0.05. This means that CR, DER, EPS, and ROE variables simultaneously influence sector share prices and consumer non-cyclical.

Table 4. T-test

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Say.
		B	Std. Error	Beta		
1	(Constant)	5.636	.228		24.756	.000
	CR	.246	.129	.120	1.908	.058
	DER	.141	.097	.097	1.451	.149
	EPS	.003	.000	.628	10.464	.000
	ROE	.192	.089	.135	2.160	.032
a. Dependent variable: Share price						

Through the t-test above, which can be seen in Table 4. The hypothesis that has been formulated can be accepted, provided the significance value is <0.05. There are four hypotheses tested in this research. The first hypothesis, or H1, says the Current Ratio (CR) negatively affects stock prices. Statistically, the significance value of the Current Ratio (CR) variable is 0.58. This means the significance value is > 0.05, so the first hypothesis is rejected. The current Ratio (CR) has a positive and insignificant influence on stock price movements. The second hypothesis, or H2, says that the Debt to Equity Ratio (DER) negatively affects share prices. This hypothesis is rejected, with evidence of a significance value > 0.05, namely 0.149. Debt to Equity Ratio (DER) has a positive and insignificant effect on stock prices. The third hypothesis, or H3, says that Earning Per Share (EPS) positively affects share prices. This hypothesis is accepted, with evidence of a significance value of 0.000 < 0.05. Earning per Share (EPS) has a significant positive effect on share prices. The final hypothesis, or H4, says that Return On Equity positively affects share prices. This hypothesis is also accepted because the significance value is 0.032 < 0.05. Return on Equity (ROE) has a significant positive effect on share prices.

### Discussion

The first finding of this research illustrates that the Current Ratio (CR) has a positive and insignificant effect on non-cyclical consumer stock prices listed on the Indonesian Sharia Stock Index (ISSI) for the 2018-2022 period. The results of this research are in line with the findings in research Ardiningrum and Henny (2023), Eryafdi and Nasihah (2021), which confirm that the Current Ratio

(CR) has a positive and insignificant effect on stock prices. Then Anwar (2021) said that a high Current Ratio (CR) means a buildup of the company's assets. The accumulation of the company's existing assets indicates that the company needs to be able to optimally absorb the company's excess current assets so that investors will view the company as experiencing losses. Therefore, share prices will stay the same, only demand may decrease. The company should be able to allocate its excess current assets to increase profits and encourage investors' interest in buying shares.

Company management can make various manipulative efforts to make the financial balance and Current Ratio (CR) values look good. Therefore, investors will be more careful in considering what ratio will be used as a guide for purchasing shares. Investors may not include the Current Ratio (CR) in their considerations due to its weakness, which can be used as "Window Dressing". This is one of the reasons why movements in the Current Ratio value do not affect share price movements.

The second result, the Debt to Equity Ratio (DER), has a positive and insignificant effect on non-cyclical consumer stock prices listed on the Indonesian Sharia Stock Index (ISSI) for the 2018-2022 period. The results of this research are confirmed by the findings of research conducted by Ardiningrum and Henny (2023), Manullang *et al.* (2019), Utami and Darmawan (2019), which states that the Debt to Equity Ratio (DER) has a positive and insignificant effect on share prices. Based on the aspect of the direction of influence, it shows that the Debt to Equity Ratio (DER) partially has a positive effect on share prices in the non-cyclical consumer sector listed on the Indonesian Sharia Stock Index (ISSI) for the 2018-2022 period, meaning the higher the Debt to Equity Ratio (DER). It tends to increase share prices. This matters because the value is higher than the Equity Ratio (DER), indicating that the company can improve its productivity and expand its business. Furthermore, Anwar (2021) stated that according to theory, an increase in the value of the Debt to Equity Ratio (DER) does not significantly influence share prices and will be proportional to the capital. The higher the Debt to Equity Ratio value, the higher the investment risk received. This is a consideration for investors. When a company has a high amount of debt, the level of investment security becomes more vulnerable. However, companies with high debt capital can use it to attract high profits. Thus, investors need help to measure company performance so that the partial Debt to Equity Ratio value does not significantly affect the company's share price.

The third result, Earning Per Share (EPS), positively and significantly impacts the company's share price of consumer non-cyclical, which is listed on the Indonesian Sharia Stock Index (ISSI) for 2018-2022. In line with the view of Sutrisno (2013), Earning Per Share (EPS) is a ratio that assesses the company's ability to earn profits per owner's share. In principle, the movement of a company's ability to generate profits is directly proportional to the direction of the company's share price. Kasmir (2010) further stated that low-value earnings per Share (EPS) means that the company has not satisfied its shareholders and that management performance could be improved. On the other hand, a high ratio will increase shareholder welfare. The results of this research are in line with research conducted by Budiyo and Santoso (2019), Pitoyo (2022), Ramdhani and Aisyah (2018), which stated that Earning Per Share has a positive and significant effect on share prices.

The fourth result, Return On Equity (ROE), positively and significantly affects non-cyclical consumer stock prices listed on the Indonesian Sharia Stock Index (ISSI) for 2018-2022. This is in line with the view of Sutrisno (2013), who states that Return On Equity reflects the company's capability to generate profits with its capital resources. Furthermore, Kasmir (2010) said that companies need to increase efforts that can increase value Return On Equity (ROE). High-value Return On Equity (ROE) means that the company has good performance so that the position of the company owner becomes stronger. The results of this research are in line with research conducted by Andriani *et al.* (2023), Budiyo and Santoso (2019), Ridha (2019), which states that Return On Equity (ROE) has a positive and significant effect on share prices.

## 5. Conclusion

Fluctuating stock price movements indicate that there are things that influence these price movements. Thus, investors who will invest their funds by purchasing shares in the capital market need to consider various factors and information that cause share price movements. This research answers this question by stating two conclusions. These conclusions, namely (1) factors that have a positive and insignificant effect on share prices are the Debt to Equity Ratio (DER) and Current Ratio (CR), and (2)



factors that have a positive and significant effect on share prices are Earning Per Share (EPS) and Return On Equity (ROE).

Based on these results and findings, it is hoped that it can become a guide for companies, governments, and investors in investing. As a stakeholder, the government can provide incentives or policies encouraging non-cyclical consumer sector companies to improve financial performance, especially regarding profitability, solvency, and liquidity. In an effort to maintain price movements and supervision, the government can strengthen the regulatory and supervisory framework to ensure that companies comply with applicable accounting standards and do not engage in practices that are detrimental to investors.

Based on existing findings, investors should consider financial ratios, such as liquidity, solvency, and profitability when choosing shares in non-cyclical consumer sector companies. Other factors that influence stock prices, such as stock price valuation and stock returns, also need to be considered. In contrast to investors, for non-cyclical consumer sector companies, the findings can be a reference for improving financial performance by improving liquidity, solvency, and profitability ratios and strengthening transparency and accountability in financial reporting to build investor confidence.

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