THE EFFECT OF FINANCIAL PERFORMANCE ON STOCK PRICES IN FOOD AND BEVERAGE SUB-SECTOR MANUFACTURING COMPANIES IN JAKARTA ISLAMIC INDEX 70 (JII 70) PERIOD 2020 – 2022

Wiwit Mustafidah, Rena Hidayatus Sholikhah
Universitas KH. Muhtar Syafaat (UIMSYA) Blokagung Banyuwangi

ABSTRACT

The purpose of this research is to find out whether there is an influence between X1: Quick Ratio (QR) and X2: Net Profit Margin (NPM) on the stock price (Y) of food and beverage manufacturing companies in the JII 70 period 2020-2022 partially and simultaneous. This type of research uses quantitative explanation. The data source used is secondary data. The sample used is quarterly financial reports of manufacturing companies in the food and beverage sub-sector sector in the Jakarta Islamic Index 70 (JII 70) for 2020 – 2022, totaling eight companies. The sampling technique uses purposive sampling. The data collection technique uses documentation—data analysis technique using multiple linear regression analysis. The results of multiple linear regression analysis show that 1) QR (X1) does not affect stock prices (Y). 2) NPM (X2) does not affect stock prices (Y). 3) QR (X1) and NPM (X2) do not affect the Stock Price (Y) simultaneously. The conclusions of this study are: 1) QR (X1) cannot increase the stock price (Y) because the QR value fluctuates due to the number of current assets owned by the company being less than the company's current debt. 2) NPM (X2) cannot increase the stock price (Y) because the value of NPM only describes how much the company's ability to generate profits does not explain the development and prospects of the company in the future. 3) Simultaneously, QR (X1) and NPM (X2) do not affect the stock price (Y), so they cannot increase the company's stock price.

Keywords: **Quick Ratio (QR), Net Profit Margin (NPM), Stock Price**

INTRODUCTION

The capital market is an important component in the economic system which helps spur the growth and development of the economy and business. The capital market has implications for a country's economy because it is an alternative source of funding for the government and companies.The capital market is a place or forum that brings together parties who have excess funds (investors) with parties who lack funds (issuers) in which various long-term financial instruments (securities) are traded, both in the form of debt and their own capital, both government and private companies.(Rifa'e, 2013:29). There are various kinds of securities traded in the capital market, such as bonds and mutual funds. One of the most trending securities in the capital market is stock securities(Sutapa, 2018).

When investing capital, something that investors hope for is the large amount of profit they will get. Therefore, before deciding to invest capital, investors are obliged to consider and analyze the company's financial performance first, the aim is to find out whether profits from the invested funds can be realized or not. Financial performance is a description of the financial position or good or bad financial condition of a company in a certain period and is analyzed using financial analysis tools. According to Fahmi (2011:2) Financial performance is an analysis or method used to assess the extent to which a company has implemented financial regulations properly and correctly. Analyzing financial performance is the same as analyzing a company's financial reports.

Financial report analysis is a study of the parts of the report and their relationship with each other. Financial report analysis is an analytical technique to determine the relationship between certain items in the balance sheet or profit and loss report individually or in a combination of the balance sheet or profit and loss report. Proper financial analysis can make it easier for the company's internal parties and external parties to know and assess the company's financial performance as a whole. comprehensively in a certain period.

Analysis of a company's financial statements must be carried out using appropriate analytical methods and techniques. One of the financial report analysis techniques that can be used and is often used in analyzing financial reports is ratio analysis. Financial ratios are an activity of comparing numbers contained in financial reports by dividing one number by another number(Kasmir, 2015:104). Financial ratios function to assess the company's performance in a certain period, as well as assess the company's ability to effectively empower the entity. The forms of financial ratios for assessing financial performance are:(Halim, 2016:74)liquidity ratio (Liquidity Ratio), activity ratio (Activity Ratio), solvency ratio (Solvability*Ratio)*, profitability ratio (Profitability Ratio), and market ratio.

Research conducted by Sari (2018) entitled The Influence of Financial Ratios on Share Prices in Go Public Manufacturing Companies Listed on the Indonesian Stock Exchange. The research results show that partially the Quick Ratio (QR) has a significant influence on share prices, while Return On Assets (ROA), Return On Equity (ROE) and Debt Equity Ratio (DER) do not have a significant influence on share prices. Cendylia Dika Permatasari conducted research entitled The Effect of Financial Performance and

Sales Growth on Stock Prices(Permatasari, 2020). The results of the research show that profitability which is proxied using Net Profit Margin has a positive effect on stock prices, solvency which is proxied by the debt to asset ratio has a negative effect on stock prices, dividend policy which is proxied by the dividend payout ratio has no effect on stock prices, sales growth has a positive effect. to share prices.

In this research, we chose food and beverage sub-sector manufacturing companies that were listed on the Jakarta Islamic Index 70 (JII 70) and had been selected by the Indonesia Stock Exchange (BEI).

THEORETICAL BASIS

1. Financial performance

Financial performance is a description of the activities carried out by the company in order to achieve business goals in a certain period. Financial performance is a form of analysis carried out to determine the company's progress by using financial management principles properly and correctly(Hutabarat, 2020:20). A company with good financial management will have a positive impact on the company, such as increasing the profitability and profitability of the company, whereas if the company has poor financial management it will have a negative impact on the company.

The financial performance of a company can be calculated by analyzing the company's financial reports so that it can be used to estimate the company's financial position and financial performance in the next period. The purpose of carrying out an assessment of financial performance is to see the profit value/level of profitability and profitability of the company. To see the level of company liquidity. To see the level of company solvency. To see whether the company is stable or not.(Hutabarat, 2020:20).

2. Financial Ratios

A financial ratio is a number resulting from a comparison of a company's financial report with something else that is related to each other.(Mulyawan, 2020:113). Financial ratios are a form of calculation in the form of ratios using financial reports as a measuring tool in analyzing the company's financial condition and the company's financial performance(Hutabarat, 2020:20).

Types of financial ratios can be grouped into five categories, namely:(Halim, 2016:74)

a. Liquidity Ratio

The liquidity ratio is a ratio used to measure a company's ability to fulfill financial obligations that must be fulfilled immediately. The liquidity ratio is a ratio used to measure a company's ability to pay all of its short-term obligations at maturity(Asnaini, 2012:49). If the company is able to make payments, it means the company is in a liquid state, but if the opposite is true then it is said to be illiquid. The ratios that are often used in liquidity ratios are Quick Ratio (QR), Current Ratio (CR), Cash Ratio or Cash Position Ratio (CPR) and Woking Capital to Total Assets Ratio (WCTT)(Asnaini, 2012:50).

This research only uses the Quick Ratio (QR) ratio. Quick Ratio (QR) is a ratio that measures a company's ability to pay short-term debt using current assets. Quick Ratio (QR) can be measured by reducing total current assets by inventory, then dividing by current liabilities.

b. Profitability Ratio

Profitability Ratios measure the company's ability to generate profits. Profitability Ratios are ratios that show the level of a company's ability to generate profits on sales and investments. A high profitability ratio value illustrates the company's ability to obtain high profits. The types of ratios most often used in profitability ratios are net profit margin, return on sales, return on equity, and return on assets (Wira 2015:83).

This research only uses the Net Profit Margin ratio. Net Profit Margin is a ratio that describes a company's ability to generate profits on certain sales. Net Profit Margin calculates the company's ability to generate net profit on certain sales(Halim, 2016:81).

c. Solvency Ratio

Solvency ratios measure a company's ability to meet long-term obligations.

d. Activity Ratio

The Activity Ratio measures the effectiveness of using company assets by including asset activity.

e. Market Ratio

Market Ratio to determine the development of company value relative to the company's book value.

3. Capital market

The capital market can be defined as a place where investors and issuers meet. The capital market is a market in which various long-term instruments are traded, both in the form of capital and debt(Susanto, 2017:60). The definition of capital markets according to Law of the Republic of Indonesia No. 8 of 1995, namely an activity related to public offerings and trading of securities, public companies whose securities are issued, as well as professions and institutions concerned with these securities. The Capital Market Sector Supervision Sector has the task of implementing an integrated capital market sector regulation and supervision system for all activities in the financial services sector (Financial Services Authority, 2023). The capital market can be used as a tool for carrying out investment activities. Investment is important in the economy because by investing, you can anticipate unwanted things and don't know when they will come. In Islamic teachings, investment activities can be classified as economic activities which are included in muamalah activities, namely activities that regulate relationships between people.

Shares are one of the most popular securities in the capital market. Investors are interested in shares because they are considered to provide more profits. Shares are a form of token of investor capital participation in an issuer(Eko Sudarmanto, 2021:10). Types of shares are divided into two, namely ordinary shares (common stock) and preferred shares (preferred stock). Ordinary shares are a type of share where investors are placed at the back or at the very end in terms of dividend distribution and authority over company assets if the company is liquidated. Preferred shares are shares that have the characteristics of a combination of bonds and ordinary shares because they are capable of producing fixed income. Preferred shares are known to be more special and safer than ordinary shares because they have recognition rights to company assets and dividend distribution first.

Before deciding to invest, an investor should pay attention to the company's share price first, because share prices are considered to provide a description of a company's financial performance. The share price is a price that comes from communication between the issuer and investors who have the background of their desire for company profits, and with this information investors can use it as material for making decisions to sell or buy shares.(Sari, 2018).

Factors thatinfluencing stock prices, namely external factors and internal factors(Wardiyah, 2017:194). External factors are factors that cannot be controlled by the company. External factors or also called macro fundamentals consist of social, economic, cultural, demographic, environmental, political power, law, technology, competition and government factors, while internal factors are factors that can be controlled by the company. Internal factors that can have a big influence on share prices and are usually considered by investors are the company's financial performance to generate profits.

HYPOTHESIS

According to Sedarmayanti (2011:108) a hypothesis is a temporary prediction/conjecture regarding a problem that is a variable in the research. The hypothesis of this research is:

1. Ho1=There is nothe influence of financial performance on share prices in food and beverage sub-sector manufacturing companies in the Jakarta Islamic Index 70 (JII 70) for the 2020 – 2022 period using the ratio*Quick Ratio*(QR).

Ha1= There isthe influence of financial performance on share prices in food and beverage sub-sector manufacturing companies in the Jakarta Islamic Index 70 (JII 70) for the 2020 – 2022 period using the ratio*Quick Ratio*(QR).

2. Ho2= Tthere are nonethe influence of financial performance on share prices in food and beverage sub-sector manufacturing companies in the Jakarta Islamic Index 70 (JII 70) for the 2020 – 2022 period using the ratio*Net Profit Margin*(NPM).

   Ha2= There isThe influence of financial performance on share prices in food and beverage sub-sector manufacturing companies in Jakarta*Islamic Index 70*(JII 70) for the period 2020 – 2022 using the ratio*Net Profit Margin*(NPM).

3. Ho3=Nothere isinfluenceQRand NPMon share prices in food and beverage sub-sector manufacturing companies in the Jakarta Islamic Index 70 (JII 70) for the period 2020 – 2022 simultaneously.

   Ha3=There isinfluence*Quick Ratio*(QR) and Net Profit Margin (NPM)on share prices in food and beverage sub-sector manufacturing companies in the Jakarta Islamic Index 70 (JII 70) for the period 2020 – 2022 simultaneously.

RESEARCH METHODS

This research uses quantitative research methods. Quantitative research based on the level or form in which research is conducted can be divided into two, namely descriptive quantitative research and explanatory quantitative research (Burhan, 2019:57). The data source in this research uses secondary data sources, namely in the form of quarterly financial reports of manufacturing companies in the food and beverage sub-sector which are downloaded via the official website of the Indonesia Stock Exchange (BEI), namely the website www.idx.co.id. Apart from that, researchers also use book and journal literature related to research.

The data collection technique in this research uses the documentation method data collection technique. The documentation produced by researchers is in the form of quarterly financial report data from food and beverage sub-sector manufacturing companies registered on the Jakarta Islamic Index 70 (JII 70) for the period 2020 - 2022 with the financial ratios that will be used in this research, namely the QR and NPM ratios. The data analysis technique used in this research is parametric statistics using a multiple linear regression analysis model.

RESULTS AND DISCUSSION

A. RESEARCH RESULT

1. Normality test

The normality test aims to determine whether the research sample is normally distributed or not. In this study, the Kolmogorov Smirnov test was used to test the normality of the sample. The benchmarks used in the Kolmogorov Smirnov test are 1) If the significance level of the normal data distribution test is greater than the alpha level (0.05/2), the data is normally distributed. 2) If the significance level of the data distribution normality test is smaller than the alpha level (0.05/2), then the data is not normally distributed. The following are the results of the normality test using SPSS 21.

Table 1. Kolmogrov Smirnov test

One-sample Kolmogrov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residuals
N		72
Normal Parameters, b	Mean	.0000000
	Std. Deviation	3423.23215564
Most Extreme Differences	Absolute	,155
	Positive	,155
	Negative	-.090
Kolmogorov-Smirnov Z		1,317
Asymp. Sig. (2-tailed)		,062

Source: Secondary data processed, 2023

Based on the results of non-parametric test research using Kolmogorov Smirnov as shown in table 4.5, it is known that the Asymp, Sig (2-tailed) value of 0.062 is greater than 0.05. This can be concluded that the data is normally distributed.

2. Test multiple linear regression analysis

The multiple linear regression analysis carried out by the researcher aims to determine whether there is an influence or not between the independent variable and the dependent variable. The results of multiple linear regression analysis can be explained as follows:

a. t test

The t test shows whether the independent variable has a significant effect on the dependent variable partially. The rule for calculating the t test is that if t count > t table or -t count < -t table then the results are significant. Meanwhile, if t count < t table or -t count > -t table then the results are not significant. In this research, the t test results can be seen in the following table:

Table 2. T test

Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	5135.439	729,332		7,041	,000
NPM	-227,213	832,768	-.034	-.273	,786
QR	-356,438	358,708	-.125	-.994	,324

a. Dependent Variable: stock price

Source: Secondary data processed, 2023

Based on table 2, it can be seen that 1) The results of the t test calculation between Because t count < t table, namely - 0.994 < 1.995 or a significance value of 0.324 > 0.05, it can be concluded that there is no significant influence between QR on share prices. This shows that H0 is accepted and Ha is rejected. 2) The results of the t test calculation between Because t count < t table, namely - 0.273 < 1.995 and the significance value is 0.786 > 0.05, it can be concluded that there is no significant influence between NPM on share prices. This shows that H0 is accepted and Ha is rejected.

b. F test

The F-test is used to simultaneously test the influence of independent variables on the dependent variable or to test the suitability of the model. The results of the F test in this research can be seen in table 3 as follows:

Table 3. F test

ANOVAa

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	16789069.196	2	8394534.598	,696	.502b
Residual	832014805.791	69	12058185.591		
Total	848803874.986	71			

a. Dependent Variable: stock price
b. Predictors: (Constant), QR, NPM

Source: Secondary data processed, 2023

Based on table 3 above, it shows that the calculated F value = 0.696 and F table (α = 0.05; df regression = 2; df residual = 69) is 3.13. It can be concluded that the calculated F value < F table is 0.696 < 3.13 and the significance value (0.502) is greater than 0.05, so H0 is accepted and Ha is rejected, which means that the QR and NPM variables do not have a significant influence on stock prices simultaneously. .

3. Coefficient of Determination Test (R2)

The coefficient of determination is used to measure the extent of the model's ability to explain the dependent variable. The results of calculating the coefficient of determination in this research can be seen in the table as follows

Table 4. Coefficient of Determination (R)

Source: Secondary data processed, 2023

Based on table 4 above, it shows that the R Square value is 0.020 or 2%. This shows that the independent variables consisting of QR and NPM in explaining the dependent variable are share prices in food sub-sector manufacturing companies and amount to 2%, the remaining 98% is influenced by other variables not examined in this research.

Discussion

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.141a	,020	-.009	3472.52585	,020	,695	2	69	,502	2,276

a. Predictors: (Constant), QR, NPM
b. Dependent Variable: stock price

1. The Effect of Quick Ratio (QR) on Stock Prices

Based on the results of calculations using multiple linear regression analysis in table 2, the results of the t test show that the calculated t value is -0.125 and the significance value obtained is 0.324 > significance value (0.05) or 0.324 > 0.05, thus it can be concluded that there is no There is a significant influence between the Quick ratio (QR) on stock prices, meaning that H0 is accepted and Ha is rejected. The correlation or relationship between the QR variable and share prices is negative and very low, where if the QR value decreases then the share price value does not decrease, conversely if QR increases the share value also does not increase, as in the second quarter of 2020 the average value of QR amounted to 1.97 but the average value of share prices was 4289.

In the third quarter of 2020 the average value of QR decreased to 1.82, however the average value of share prices increased to 4740.

The results of this research are in line with research conducted by Dian Indah Sari (2020) in her research stating that the Quick ratio (QR) does not have a significant influence on stock prices, this is proven by the results of the hypothesis test which obtained a significance value of 0.531 > 0.05 . and this research contradicts research conducted by(Sari, 2018)who stated in his research that the Quick ratio (QR) has a significant influence on stock prices, proven by the results of the hypothesis test which obtained a significance value of 0.042 < 0.05.

2. The Influence of Net Profit Margin (NPM) on Stock Prices

Based on the results of calculations using multiple linear regression analysis in table 2, the results of the t test show that the calculated t value is -0.034 and the significance value obtained is 0.786 > significance value (0.05) or 0.786 > 0.05, thus it can be concluded that H0 is accepted and Ha is rejected, which means there is no significant influence between Net Profit Margin (NPM) on share prices. The relationship between the NPM variable and stock prices shows a negative and very low r value. This is proven by if the NPM value increases then the share price value is not followed by an increase, conversely if the NPM value decreases the share price value also does not decrease, as in the first quarter of 2022 the average NPM value was 0.14 and the average value The share price was 4621, but in the second quarter of 2022 the average NPM value decreased to 0.10, but the average share price increased to 4711.

The results of this research are in line with research conducted by(Chomsatu, 2021)in his research stated that Net Profit Margin (NPM) does not have a significant influence on stock prices, this is proven by the results of the hypothesis test which obtained a significance value of 0.248 > 0.05. and this research contradicts research conducted by(Solihin, 2020)who stated in his research that Net Profit Margin (NPM) has a significant influence on stock prices, as evidenced by the results of hypothesis testing which obtained a significance value of 0.000 < 0.05.

3. The Effect of Quick Ratio (QR) and Net Profit Margin (NPM) on Stock Prices

Based on the results of the F test in table 4.8, it shows that the significance value obtained is 0.502 > 0.05. This can be interpreted as meaning that the QR and NPM variables have no influence on share prices simultaneously, and the R Square value in table 4.9 is obtained at 0.020 or 2%. From this information it can be concluded that the influence of QR and NPM on share prices is only 2%, the remaining 98% is influenced by other variables not examined in this research.

This research has limitations in the variables studied and the period used in the research, so this research does not explain the influence on stock prices. From these limitations, it is possible that something that influences share prices are other broader variables, such as EPS, DPR, CR and others.

Conclusion

Based on the research that has been carried out, the results of calculating the influence of financial performance on share prices using the Quick Ratio (QR) and Net Profit Margin (NPM) variables show that partiallyThe Quick ratio (QR) variable and the Net Profit Margin (NPM) variable do not have a significant influence on stock prices and simultaneously, QR (X1) and NPM (X2) have no influence on Share Prices (Y).

This research still has many shortcomings due to researcher limitations in terms of time, objects, subjects, etc. Therefore, the suggestion for further research is that research can increase the number of research variables and research time so as to obtain maximum research results.

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