

## **ANALYSIS ON FACTORS THAT AFFECT STOCK PRICE WITH DIVIDEND POLICY AS MODERATING VARIABLE**

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### **ABSTRACT**

*This study aims to determine the impact of Current Ratio, Return on Assets, Price Earnings Ratio, Earnings per Share and Net Profit Margin on stock price in consumer non cyclicals companies listed on the Indonesia Stock Exchange for period 2020-2022 and using dividend policy as moderating variable. The sampling technique was purposive sampling and the data that met the criteria were 49 data from 18 companies which were processed using Statistical Package for the Social Science (SPSS) vers 26.0. The result of this study Current Ratio, Price Earnings Ratio and Earnings per Share significantly influences the stock price, while Return on Assets and Net Profit Margin have no significant effect on stock price. Dividend Policy as a moderating variable unable to moderate the Current Ratio, Return on Assets, Price Earnings Ratio, Earnings per Share and Net Profit Margin on Stock Price.*

**Keywords:** *Current ratio, return on asset, price earnings ratio, earnings per share, net profit margin, stock price, dividend payout ratio*

### **1. INTRODUCTION**

The economy is developing rapidly in Indonesia. In the era of globalization, business opportunities are increasing for all Indonesian people. Many companies in Indonesia compete in the capital market and are encouraged to increase the number and value of shares traded on the Indonesian Stock Exchange (BEI). This development is also supported by the government by attracting investors to invest in Indonesia. Investment is one way for someone to make a profit. Shares are a popular and attractive form of investment today. The share price will be a concern for investors before deciding to invest capital in a company. The aim of investors in investing is of course to gain profits which can be in the form of increases in share prices or the potential for receiving dividends. Investors invest in shares of a company to gain future profits from increases in share prices. The company took advantage of the growth of the capital market by registering the company on the stock exchange and selling company shares to the public. The aim of a company trading shares is to raise funds through public ownership rather than through banks. Therefore, the company tries to maintain and improve financial performance so that share prices do not fall. Current ratio, return on assets, price earnings ratio, earnings per share, net profit margin and dividend policy influence high or low stock prices. The higher the current ratio value, it means that the company can pay off its short-term obligations, so it will increase investors' trust in the company and have an impact on increasing share prices. A high ROA value explains that the company is using its assets effectively to gain profits and will increase demand for shares and have an impact on increasing share prices. A high PER value indicates how much investors value the company's share price and investors' willingness to decide on shares at a premium price. High earnings per share shows that the company provides profits to shareholders.

The higher the earnings per share produced by a company, the more attractive it will be to investors, the share price will increase. A high NPM can be concluded that the company's financial performance is productive and investors' confidence in the company will increase to invest funds which will cause an increase in share prices.

Based on the explanation above, several problem formulations in this research can be described below, namely:

- a. Does current ratio have an effect on stock prices?
- b. Does return on assets affect stock prices?
- c. Does price earnings ratio have an effect on stock prices?
- d. Does earnings per share affect share prices?
- e. Does net profit margin affect share prices?
- f. Does dividend policy affect the relationship between current ratio and stock prices?
- g. Does dividend policy affect the relationship between return on assets and stock prices?
- h. Does dividend policy affect the relationship between earnings per share and stock prices?
- i. Does dividend policy affect the relationship between net profit margin and stock prices?

## **2. RESEARCH METHOD**

Signaling theory is one way for information providers to convey a problem to recipients of information, in this case investors, to continue investing in their company even though there is uncertainty (Yuantoro & Andayani, 2021). According to Ariyani et al. (2018) signaling theory shows that there is asymmetric information between managers and shareholders. The annual report contains the company's financial and non-financial reports, accounting information, and company prospects. This report issued by the company will be a signal to investors to make investment decisions. Then investors themselves determine whether the signal is good news or bad news which can influence stock prices.

According to Ariyani et al. (2018) According to Ariyani et al. (2018), the stock price is the present value of the cash flow that will be received by the shareholder in the future and the tangible stock of a piece of paper which explains that the owner of the paper is the owner of the company that has issued securities. According to Mardianti & Dewi (2021) The share price is the price of shares on the stock exchange at a certain time which is determined by market players and by the demand and supply of the shares in the capital market. Based on the description above, it can be concluded that the share price is the price of the shares owned by the company in the capital market at a certain time. The company's share price itself is determined by the amount of demand from the stock market itself.

According to Mardianti and Dewi (2021), the current ratio is a ratio that describes the company's liquidity and the company's ability to pay off short-term debt. A company that is unable to fulfill short-term obligations means that the company has the potential for bankruptcy and will affect share price movements (Syawalina & Harun, 2020). It can be concluded that the current ratio is a tool to measure whether a company can pay its short-term obligations or not. The current ratio level is based on the amount of current assets to cover current liabilities. The higher the current ratio value indicates the company's ability to pay off debt and avoid bankruptcy.

According to Prasetya et al. (2022), return on assets is a ratio used to measure the level of net income received from the use of company assets and is used to determine how efficient the company is in managing its assets. This ratio is a useful measurement if someone wants to evaluate

how well the company has used its funds (Choriya et al, 2018). It can be concluded that Return on assets is an indicator that companies use to measure their overall level of effectiveness, from profits to fixed assets. The ROA measurement describes the ability of the assets owned by the company to gain profits and how well the company manages its assets.

Price Earning Ratio is the ratio used to calculate the rate of return on capital invested in a stock (Prasetya et al, 2022). According to Rahmadewi and Abundanti (2018), this ratio shows how much investors value share prices. A high price earnings ratio (PER) shows that investors are willing to pay a premium share price or a price above the market price. Based on this description, the price earnings ratio is a ratio value that can be used to predict the price valuation of a share. Prospective investors can find out whether the price of a share is reasonable or not in accordance with current conditions and not based on future predictions.

Earnings per share is used to determine the amount of profit contained in one share (Nainggolan, 2019). According to Yuantoro and Andayani (2021), EPS is used by management as a tool to measure the number of shares that will be distributed to shareholders in the form of dividends because it is natural for investors to expect stock returns on their investment. It can be concluded that earnings per share is a financial indicator used to measure the profitability of a company by measuring how much net profit the company generates per share in circulation.

Earnings per Share (EPS) is a comparison between net income and the number of shares of a company outstanding. This ratio is used to determine the amount of profit contained in one share (Nainggolan, 2019). Companies that produce higher margins are considered able to streamline operational costs and thus obtain maximum profits. According to Choriya et al. (2020), earnings per share (EPS) shows the amount of the company's net profit distributed to all shareholders of the company and will provide information to external parties to what extent the company can generate profits from each outstanding share. Based on the description above, it can be concluded that the net profit margin is a financial ratio used to measure the percentage of net profit from total sales. The higher the net profit margin percentage, the more efficiently the company can manage costs and maintain company profits.

According to Rahmawati (2022), dividend policy is a policy to determine how much profit must be paid in the form of dividends to shareholders and how much must be kept in the form of retained earnings to be reinvested by the company. Dividend policy is proxied using the dividend payout ratio (DPR). The dividend payout ratio shows the amount of dividends distributed to the company's total net profit and is a parameter for measuring the amount of dividends that will be distributed to shareholders (Lestari and Susetyo, 2020). Based on the description above, it can be concluded that the dividend policy which is proxied by the dividend payout ratio is a ratio that shows the percentage of profits earned by the company and distributed to shareholders in the form of cash dividends. Providing cash dividends is one of the policies implemented by each company.

Companies that have a high current ratio value will be attractive to investors so that demand for shares will increase and share prices will increase. This is in line with signaling theory which explains that companies that have a high level of liquidity will provide a positive signal to investors because the company is able to pay off short-term debt and is followed by high demand for shares and an increase in share prices. The results of this hypothesis are in line with research by Ridha (2019), and research by Syawalina & Harun (2020) which states that the current ratio has a positive and significant influence on stock prices.

**H1: Current ratio has a positive and significant effect on stock prices.**

The higher the value of return on assets, the investors will indicate that the company is reliable and efficient in generating profits because investors speculate that if the company produces high profits, it will have an impact on the investors' prosperity, and this means that investors will get a return on the investment they have made. This is in accordance with signaling theory where companies that have good ROA will give positive signals to investors so that it will increase demand for shares and automatically the increase in demand for shares will affect share prices. This is in line with research by Syawalina & Harun (2020) which states that return on assets has a positive and significant effect on stock prices.

**H2: Return on assets has a positive and significant effect on share prices.**

A high price earnings ratio certainly increases investors' assessment of company shares because the company's profit growth is expected to increase and of course share prices will also increase due to the high supply of shares. This is in accordance with signaling theory where a high price earnings ratio value will increase investors' interest in investing in company shares, in other words, a positive signal from PER results in an increase in the number of requests for shares from investors and will directly increase the company's share price. This is in line with research by Rahmadewi & Abundanti (2018) which states that the price earnings ratio has a positive and significant influence on stock prices.

**H3: Price earnings ratio has a positive and significant effect on stock prices.**

The higher the earnings per share value shows that the company is operating well and has succeeded in achieving its goal of making investors prosperous, this certainly attracts the attention of investors to invest in the company because it produces high earnings per share. Investors' interest in investing in the company resulted in many requests and purchases of shares by investors, thereby increasing the company's share price. Based on signaling theory, a high earnings per share value provides a positive signal to investors so that demand for shares in the capital market increases and is followed by an increase in share prices. This is in line with research by Choriya et al. (2020), research by Nirmolo & Widjajanti (2018), research by Nainggolan (2019), and Ariyani et al. (2018) stated that earnings per share have a positive and significant influence on stock prices.

**H4: Earnings per share has a positive and significant effect on stock prices.**

Investors will be interested in a high net profit margin value because it describes the company's performance which can generate large net profits through its sales activities. This causes the company's shares to be in great demand by investors and will cause an increase in share prices. Based on signaling theory, a high NPM value will give a positive signal to investors to buy company shares because the company is proven to be able to generate high net profits, which will influence demand for shares in the market and cause share prices to increase. This hypothesis is in line with research by Nainggolan (2019) which states that net profit margin has a positive and significant influence on stock prices.

**H5: Net profit margin has a positive and significant effect on stock prices.**

Dividend policy is the distribution of a portion of the company's profits to shareholders as compensation for the use of capital that has been invested. A high current ratio explains that the company's performance is going well because the company has a good level of liquidity and will fulfill its short-term obligations to shareholders. Based on signaling theory, companies that are able to take responsibility for their short-term obligations will provide a positive signal to investors because confidence in the company's performance coupled with dividend distribution will indicate the company's level of stability. This increases investor confidence in the company,

causing increased demand for company shares and an impact on the increase in the company's share price. This is not in line with the hypothesis from research by Mardianti & Dewi (2021), and Ariyani et al. (2018) which states that dividend policy is unable to moderate the relationship between current ratio and stock price in a negative direction.

**H6: Dividend policy is able to strengthen the current ratio of share prices.**

The company looks at the amount of profit it makes in determining how much dividend it will distribute to shareholders. So, when the return on assets is high due to increased profits, the amount of dividends distributed to investors will also be increase. This is the investor's hope from the investment that has been made and causes increasing demand for company shares then increases the share price as well. This is in accordance with signaling theory where a high ROA will determine the amount of dividends that will be distributed to investors. The higher the level of dividend distribution, the more investors will perceive a positive signal from ROA and increase demand for company shares and then increase the company's share price. This hypothesis is not in line with research by Sururi et al. (2021) who identified dividend policy as unable to moderate the relationship between return on assets and stock price.

**H7: Dividend policy is able to strengthen the return on asset of share prices.**

Companies need to determine whether company profits will be distributed to shareholders or retained for additional capital in the future. Investors invest their capital in a company with the intention of gaining profits from share price revaluation or dividend distribution and the better the profit per share plus dividend distribution will cause a positive market reaction which can influence share prices. Based on signaling theory, EPS gives a positive signal to share prices because the rate of return per share is the expectation of investors, then adding dividend distribution by the company will increase demand for the company's shares and ultimately will increase the company's share price. This hypothesis is in line with research by Yuantoro and Andayani (2021) which states that dividend policy is able to strengthen earnings per share relative to stock price.

**H8: Dividend policy is able to strengthen the earnings per share of share prices.**

A high net profit margin explains that the company can control costs during the sales procedure, this indicates the high net profit received by the company. High company profits will encourage companies to distribute dividends which can attract investors and will directly increase share prices. This is in accordance with signal theory, where high company profits provide a positive signal to investors to buy company shares and reinforced by dividend distribution will automatically attract investors and cause share prices to increase. This hypothesis is in line with research by Kurnia and Sunaryo (2023) which states that dividend policy is able to moderate the net profit margin on share prices.

**H9: Dividend policy is able to strengthen the net profit margin of share prices.**

This research is carried out by analyzing the independent variables in this research, that are, current ratio, return on assets, price earnings ratio, earnings per share and net profit margin. The dependent variable in this research is the stock price with dividend policy as a moderating variable. Moderated Regression Analysis is the research method used in this study. Test the analysis that applied consists of research model test, descriptive statistical analysis, outlier, classical assumption test with multicollinearity test, heteroscedasticity test, and autocorrelation test, multiple determination coefficient test, test simultaneous (F test), and partial test (t-test) are using IBM SPSS version 26. This research uses panel data, consisting of time series and cross-sectional data, the research subject of which is the company's annual financial report obtained from the

official website of the Indonesia Stock Exchange (<https://www.idx.co.id/>). The subjects in this research are companies in the non-cyclical consumer sector that have been listed on the Indonesia Stock Exchange (BEI) during the 2020-2022 period and meet the research criteria. The research model of this study as presented in Figure 1 as follow:

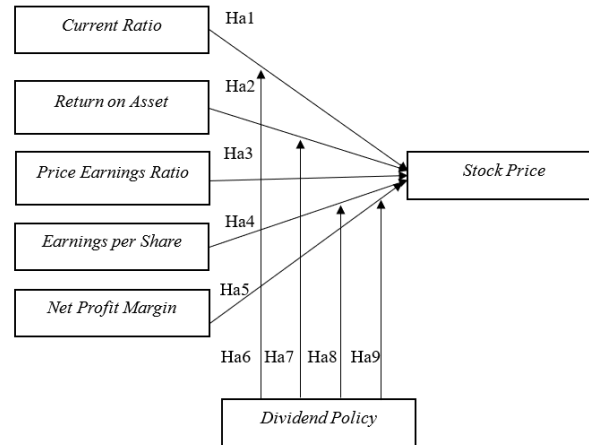


Figure 1. The Research Model

The criteria are: 1) non-cyclical consumer sector companies listed on the Indonesia Stock Exchange (BEI) in the 2020-2022 period. 2) non-cyclical consumer sector companies that IPO before 2020. 3) Non-cyclical consumer sector companies that use the Rupiah currency in their financial reporting. 4) Non-cyclical consumer sector companies that distribute dividends for three consecutive years from 2020-2022. 5) The company did not experience losses during 2020-2022.

Following is the operationalization of each research variable as presented in Table 1 as follow:

Table 1. Variable Operationalization

Variable	Source	Proxy	Scale
<i>Stock Price</i> (Y)	Choriya, et al. (2020)	Closing Price	Nominal
<i>Current Ratio</i> (X1)	Prasetya, et al. (2022)	$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities}$	Ratio
<i>Return on Asset</i> (X2)	Choriya, et al. (2020)	$ROA = \frac{Earnings\ After\ Tax}{Total\ Asset}$	Ratio
<i>Price Earnings Ratio</i> (X3)	Prasetya et al. (2022)	$PER = \frac{Stock\ Price}{Earnings\ After\ Tax}$	Ratio
<i>Earnings per Share</i> (X4)	Prasetya et al. (2022)	$EPS = \frac{Earnings\ After\ Tax}{Total\ Shares\ Outstanding}$	Ratio
<i>Net Profit Margin</i> (X5)	Nainggolan (2019)	$NPM = \frac{Net\ Income\ After\ Tax}{Sales}$	Ratio
<i>Dividend Policy</i> (Z)	Mardianti and Dewi (2021)	$DPR = \frac{Dividend\ per\ Share}{Earnings\ per\ share}$	Ratio

The multiple linear regression equation for this study is as follow:

Without involving moderating variables

$$Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$$

Involves moderating and interaction variables

$$Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_5Z + \beta X_1*Z + \beta X_2*Z + \beta X_4*Z + \beta X_5*Z + e$$

The formula description is as follows: Y = Stock Price,  $\beta_1$ - $\beta_5$  = Regression Coefficients, X1 = Current Ratio, X2 = Return on Assets, X3 = Price Earnings Ratio, X4 = Earnings per Share, X5 = Net Profit Margin, Z = Dividend Policy, e = Error

### 3. RESULTS AND DISCUSSIONS

The result of classic assumption test shows that data used is normally distributed because the asymptotic significance value obtained is 0.200 or greater than 0.05, which means that the residual data obtained is normally distributed and meets the requirements of the residual normality test. This multicollinearity test has a tolerance value > 0.1 and a variance inflation factor value < 10, which means there is no correlation or influence between the current ratio, return on assets, price earnings ratio, earnings per share, net profit margin, and dividend policy or there is no multicollinearity. Based on the results of the heteroscedasticity test, it is known that all significant values of current ratio, return on assets, price earnings ratio, earnings per share, net profit margin, and dividend policy as moderating variables are greater than 0.05. Thus, it can be concluded that the regression model in this study does not experience heteroscedasticity problems and meets the requirements for the heteroscedasticity assumption. Based on the results of the Durbin Watson test, the value obtained is  $1.7716 < 2.152 < 2.2284$ , which is in accordance with the Durbin Watson formula  $dU < DW < 4-dU$ . The results of the autocorrelation test using the Durbin Watson method show that the regression model does not have autocorrelation problems between the independent variables and has met the classical assumption test.

The coefficient of determination (Adjusted R2) value obtained was 0.640 or 64%. Based on the test results, it can be concluded that the stock price can be explained by the current ratio, return on assets, price earnings ratio, earnings per share, net profit margin, as well as the interaction between the current ratio and dividend policy, return on assets and dividend policy, earnings per share with dividend policy, and net profit margin with dividend policy are 64.0%, while the remaining 36% is influenced by other variables not disclosed in this research. The significance value obtained from the F test is 0.000. The significance value is smaller than 0.05. This explains that Ho is rejected and Ha is accepted, which means current ratio, return on assets, price earnings ratio, earnings per share, net profit margin, as well as the interaction between current ratio and dividend policy, return on assets with dividend policy, earnings per share with dividend policy, and net profit margin with dividend policy together have an influence on stock prices with a confidence level of 95%.

Table 2. The Result of Hypotheses Testing without moderating variable

No.	Variable	Unstandardized Coefficient	Sig.	Results
1.	Current ratio	- 375.922	0.022	Ha1 rejected
2.	Return on asset	6863.891	0.201	Ha2 rejected
3.	Price earnings ratio	69.141	0.000	Ha3 accepted
4.	Earnings per share	14.861	0.000	Ha4 accepted
5.	Net profit margin	4016.189	0.367	Ha5 rejected

The multiple linear regression equation used is as follows:

$$Y = -1216.546 - 375.922 (X1) + 6863.891 (X2) + 69.141 (X3) + 14.861 (X4) + 4016.189 (X5) + E$$

The formula description is as follows: Y = Stock Price,  $\beta_1$ - $\beta_5$  = Regression Coefficients, X1 = Current Ratio, X2 = Return on Assets, X3 = Price Earnings Ratio, X4 = Earnings per Share, X5 = Net Profit Margin, Z = Dividend Policy, e = Error

Based on the results of the hypothesis test that has been carried out, the current ratio has a significance value of 0.022, where this value is smaller than 0.05 and the coefficient has a negative direction of - 279.342, so it can be concluded that Ha1 is rejected. So, the current ratio has a negative and significant effect on stock prices in non-cyclical consumer sector companies listed on the Indonesia Stock Exchange during the 2020-2022 period. The current ratio has a negative and significant influence on share prices because the company does not make maximum use of current assets. This results in a decrease in the company's profitability because it does not use current assets to gain profits. Therefore, the higher the company's current ratio, the share price will decrease because the company does not meet investors' expectations, namely the company maximizes its resources to gain profits. This negative relationship is not in accordance with signaling theory which states that a high level of liquidity gives a positive signal to investors to buy company shares because the company is able to pay off short-term debt.

Based on the results of the hypothesis test that has been carried out, it can be seen that return on assets has a significance value of 0.201 where this value is greater than 0.05 and the coefficient has a positive direction of 6863.891 so it can be concluded that Ha2 is rejected. Insignificant results mean that return on assets is not a factor that influences stock prices. Investors are more likely to consider the company's future growth, which is a reference for investors when buying company shares. Apart from that, other factors such as dividend distribution and profits generated per share are taken into consideration by investors because investors prioritize high returns on the investments they have made.

Based on the results of the hypothesis test that has been carried out, it can be seen that the price earnings ratio has a significance value of 0.000, where this value is smaller than 0.05 and the coefficient has a positive direction of 69.141, so it can be concluded that Ha3 is accepted. The price earnings ratio has a positive and significant influence on stock prices because the price earnings ratio calculation is used to determine the valuation of an issuer's shares. A high price earnings ratio value indicates how much investors value the company's share price, so investors will be willing to buy shares at a premium price. A high price earnings ratio certainly increases investors' assessment of company shares because the company's profit growth is expected to increase and of course share prices will also increase due to the high supply of shares.

Based on the results of the hypothesis test that has been carried out, it can be seen that earnings per share has a significance value of 0.000, where this value is smaller than 0.05 and the coefficient has a positive direction of 14,861, so it can be concluded that Ha4 is accepted. Earnings per share has a positive and significant influence on stock price because high earnings per share shows that the company provides profits to shareholders. Investors pay attention to earnings per share because it is a measuring tool to determine the profits obtained. High earnings per share shows that the company is operating well and has succeeded in achieving its goal of making investors prosperous. This certainly attracts the attention of investors to invest in the company.



Based on the results of the hypothesis test that has been carried out, it can be seen that the net profit margin has a significance value of 0.367, where this value is greater than 0.05 and the coefficient has a positive direction of 4016.189, so it can be concluded that Ha5 is rejected. This insignificant result means that the net profit margin is not a consideration for investors in deciding to invest in a company because it is unable to describe the level of return that investors will obtain from the investment they make. Investors do not look at fundamental analysis such as net profit margin in deciding to invest but rather other factors such as interest rates, inflation and gross domestic product.

Table 3. The Result of Hypotheses Testing with interaction of moderating variable

No.	Variable	Unstandardized Coefficient	Sig.	Results
6.	Current ratio with Dividend Policy Moderation	- 279.342	0.732	Ha6 direjected
7.	Return on asset with Dividend Policy Moderation	- 7210.135	0.661	Ha7 direjected
8.	Earnings per share with Dividend Policy Moderation	2.052	0.813	Ha8 direjected
9.	Net profit margin with Dividend Policy Moderation	11755.997	0.464	Ha9 direjected

The multiple moderated linear regression equation used is as follows:

$$Y = -1215.004 - 284.337 (X1) + 9986.725 (X2) + 71.887 (X3) + 14.064 (X4) - 75.688 (X5) - 107.260 (Z) - 279.342 (X1*Z) - 7210.135 (X2*Z) + 2.052 (X4*Z) + 11755.997 (X5*Z) + E$$

The formula description is as follows: Y = Stock Price,  $\beta_1$ - $\beta_5$  = Regression Coefficients, X1 = Current Ratio, X2 = Return on Assets, X3 = Price Earnings Ratio, X4 = Earnings per Share, X5 = Net Profit Margin, Z = Dividend Policy, e = Error

Based on the results of the hypothesis test that has been carried out, it can be seen that the current ratio moderated by dividend policy has a significance value of 0.732, where this value is greater than 0.05 and the coefficient has a negative direction of - 279.342, so it can be concluded that Ha6 is rejected. High or low dividend policy does not affect the current ratio of share prices. Dividend policy is not able to strengthen the relationship between the current ratio and stock price in a negative direction because high or low dividend policy does not affect the current ratio to stock prices. Factors such as market reaction, company image, and investor confidence in company performance are references for investors in making decisions to invest capital in a company.

Based on the results of the hypothesis test that has been carried out, return on assets moderated by dividend policy has a significance value of 0.661, where this value is greater than 0.05 and the coefficient has a negative direction of - 7210.135, so it can be concluded that Ha7 is rejected. Dividend policy is not able to strengthen the relationship between return on assets and stock price in a negative direction, indicating that investors do not always pay attention to dividend policy because every company does not necessarily distribute dividends even though it has a high level of profitability or profit. If the company does not distribute dividends even though it has a good level of profitability, it will result in the company being able to grow optimally so that the presence or absence of dividend distribution will not be able to strengthen the relationship between return on assets and stock price.

Based on the results of the hypothesis test that has been carried out, it can be seen that earnings per share moderated by dividend policy has a significance value of 0.813, where this value is greater than 0.05 and the coefficient has a positive direction of 2.052, so it can be concluded that  $H_{a8}$  is rejected. Dividend policy is not able to strengthen the relationship between earnings per share and stock price in a positive direction because companies that distribute dividends to shareholders and have good earnings per share are not factors considered by investors in making decisions but rather the influence of psychological factors such as risk in buying shares, greed, fear, and distrust of investors towards the company.

Based on the results of the hypothesis test that has been carried out, it can be seen that the net profit margin moderated by dividend policy has a significance value of 0.464, where this value is greater than 0.05 and the coefficient has a positive direction of 11755.997, so it can be concluded that  $H_{a9}$  is rejected. Dividend policy is not able to strengthen the relationship between net profit margin and stock price in a positive direction because fundamental analysis such as net profit margin plus dividend distribution are not factors that investors look at when deciding to invest in a company, but investors pay attention to interest rates and inflation that occur in the country concerned, the company's debt ratio, future company growth, market conditions at the time of observation, and company management performance.

#### **4. CONCLUSIONS AND SUGGESTIONS**

The conclusions from the research conducted based on the the data chosen which has been processing and testing in this study. First, current ratio effect on stock price is negative and significant. Second, return on asset effect on stock price is positive and insignificant. next, price earnings ratio and earnings per share effect on stock price are positive and significant. Then, net profit margin has positif and insignificant effect on stock price. Other than that, dividend policy is unable to strengthen the impact of current ratio, return on asset, earnings per share, and net profit margin towards stock price.

Based on the limitations that exist in this research, the suggestions given include: 1). Further research can add other variables which are indicated to influence stock prices such as: book value ratio, company size, inflation, and interest rates; 2). It is hoped that further research can increase the research period to five years so that the research results can be generalized; and 3). Research can be carried out in various other sectors such as banking, energy, property, and others listed on the Indonesia Stock Exchange (IDX).

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