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The Effect of Current Ratio, Return of Equity, and Debt Equity Ratio on Stock Prices with Dividend Payout Ratio as a Moderating Variable

Novalida Nurdyane[1*]
Faculty of Management, Pakuan University, Bogor, West Java, Indonesia
E-mail: novalida.n@gmail.com

Yohanes Indrayono[2]
Management Program Study, Postgraduated School of Pakuan University
Bogor, Indonesia

Hari Gursida[3]
Management Program Study, Postgraduated School of Pakuan University
Bogor, Indonesia

ABSTRACT

This study aims to analyze the effect of Current Ratio, Return On Equity Debt to Equity Ratio, and Dividend Payout Ratio on Stock Prices in food and staple food retail subsector companies listed on the Indonesia Stock Exchange in the period 2019-2023. By using Purposive Sampling, 12 companies were selected as samples based on certain criteria and data analysis using multiple linear regression. The results show that Current Ratio, Return On Equity, Debt to Equity Ratio and Dividend Payout Ratio are negatively related to stock prices. Current Ratio and Debt to Equity Ratio are negatively related to Dividend Payout Ratio, while Return On Equity is positively related to Dividend Payout Ratio. The moderating variables between the Current Ratio, Return on Equity, and Debt to Equity Ratio and the Dividend Payout Ratio are positively related to Stock Price. This study provides new empirical insights into capital structure and profitability, particularly in the food and staple food retail subsector. In this regard, retail company management needs to maintain a balance between profitability and leverage, and utilize dividend policy as a strategic instrument to strengthen the company's positive signal to investors.

Keywords: Current Ratio; Debt to Equity Ratio; Dividend Payout Ratio; Return on Equity

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INTRODUCTION

The food and staple food retail sector is an industrial sector comprised of companies engaged in providing daily necessities, such as food, beverages, hygiene products, and household necessities. This sector includes large retail companies such as supermarkets, hypermarkets, minimarkets, and modern grocery stores, which provide goods with relatively stable demand despite economic turmoil.

Theoretically, a high current ratio (CR) reflects good liquidity and should be attractive to investors, as the company is considered capable of meeting its short-term obligations. However, in practice, there are situations where stock prices increase even though the company's CR actually decreases. This suggests that investors consider not only liquidity but also the efficiency of current asset use or long-term expansion strategies (Nurfadilah & Pertiwi, 2021). The Debt-to-Equity Ratio (DER) reflects a company's funding structure, and theoretically, a too-high DER is considered risky because it increases interest expenses and the possibility of default. However, in practice, some companies with a high DER actually experience rising stock prices, especially if the debt is used for productive expansion. This suggests that investors do not always view a high DER negatively, but rather consider the context in which the debt is used (Susanti & Pramudyo, 2020).

Return on Equity (ROE) theoretically reflects how efficiently a company uses its equity to generate profits, and a high ROE should increase the attractiveness of its shares to investors. However, there are circumstances where the stock price of companies with high ROEs does not increase. This raises questions about whether investors are concerned about returns or whether other risk factors such as business stability and industry prospects are present (Setiawan & Putra, 2020). Debnath and Paul (2022), using panel data from publicly traded companies in India, show that CR influences DPR, suggesting that management considers liquidity as a basis for determining the amount of dividends distributed. The Dividend Payout Ratio (DPR) has a significant positive effect on stock prices because dividends project company performance and attract investor interest (Yanuarti et al., 2019). In theory, the combination of a high Current Ratio (CR) and a high Dividend Payout Ratio (DPR) should send a positive signal to investors, indicating the company's financial stability and commitment to distributing profits.

Based on trade-off and signaling theory, companies with high DER but still able to pay dividends demonstrate confidence in cash flow stability and the ability to repay debt, which can send a positive signal to the market. However, research by Zulkifli (2024) found that the effect of the debt-to-equity ratio (DER) on stock prices was positive and significant. Specifically, it stated that an increase in DER would lead to increased stock price volatility, reflecting higher financial risk and market uncertainty. According to signaling theory, the combination of high ROE and dividend distribution through a high DPR should send a positive signal to investors about the company's performance and prospects. In line with the theory mentioned by Kim et al. (2021), this study examines signaling theory from the perspective of asymmetric information, which states that companies with strong internal information tend to pay high dividends to reduce asymmetry and convey a positive signal to the market. Therefore, the effectiveness of DPR in moderating the relationship between ROE and stock prices still needs further testing.

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LITERATURE REVIEW

Liquidity Ratios

The current ratio is one of the most frequently used liquidity ratios to measure a company's ability to meet its short-term obligations. Harahap (2016) states that the current ratio is calculated by comparing current assets with current liabilities. The higher the current ratio, the better the company's short-term liquidity position. The current ratio formula is:

Current Ratio = (Current Assets) / (Current Liabilities)

Solvency Ratio

The solvency ratio is a financial ratio used to measure the extent to which a company is financed by debt compared to its equity. One of the most commonly used solvency ratios is the Debt-to-Equity Ratio (DER). DER measures the ratio of a company's total debt to total shareholder equity. This ratio provides an overview of the company's capital structure and the level of financial risk it faces (Harahap, 2016). The Debt to Equity Ratio is calculated using the following formula:

DER = (Total Liabilities)/(Total Equity)

Profitability Ratios

Brigham & Houston (2019) define ROE as a ratio that measures the return on investment of common shareholders. This ratio indicates how much profit a company generates for every rupiah (or dollar) invested by owners. This ratio is calculated by dividing net profit by equity. The following formula is used to calculate ROE:

Return on Equity = (Net Profit)/(Total Equity)

While a higher ratio is always better, Brigham & Houston (2019) state that Return on Equity (ROE) is a ratio that measures net profit to common stock equity, reflecting a company's efficiency in managing shareholder capital.

Dividend Payout Ratio (DPR)

The dividend policy theory introduced by Gordon (1959), along with John Lintner (1956), is known as the "Bird in the Hand" Theory. Dividend policy (as measured, among other things, by the Dividend Payout Ratio) is relevant and has a positive effect on a company's stock market value. Mathematically, the dividend payout ratio is calculated using the following formula:

DPR = Dividends / (Annual Net Income) x 100%

Conceptual Framework

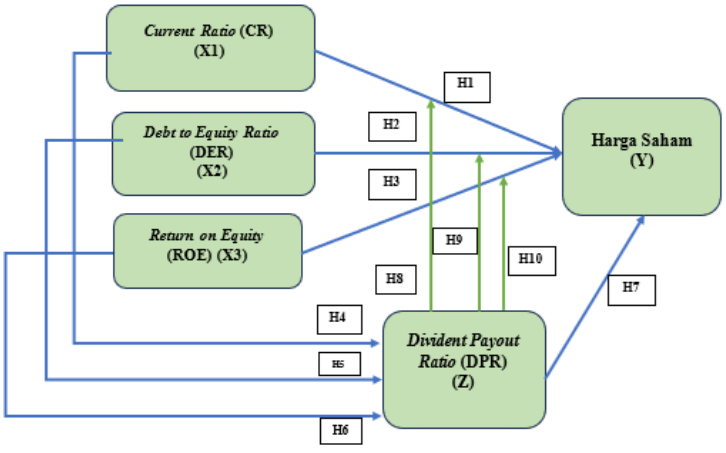

Figure 1. Conceptual Framework

Hypothesis:
1. Current ratio (CR) has a negative effect on stock prices.
2. Debt to equity ratio (DER) has a negative effect on stock prices.
3. Return on equity (ROE) has a positive effect on stock prices.
4. Current ratio (CR) has a positive effect on dividend payout ratio (DPR).
5. Debt to equity ratio (DER) has a positive effect on dividend payout ratio (DPR).
6. Return on equity (ROE) has a positive effect on dividend payout ratio (DPR).
7. Dividend payout ratio (DPR) has a positive effect on stock prices.
8. Current ratio (CR) has a positive effect on stock prices, moderated by dividend payout ratio (DPR).
9. Debt to equity ratio (DER) has a positive effect on stock prices, moderated by dividend payout ratio (DPR).
10. Return on equity (ROE) has a positive effect on stock prices, moderated by dividend payout ratio (DPR).

RESEARCH METHODS

The influence of CR, DER, and ROE on DPR and stock prices of food and staples retailing subsector companies listed on the Indonesia Stock Exchange (IDX) for the period 2019-2023 is analyzed in this study using quantitative methods. Secondary data used in this study were obtained from the annual reports of companies listed on the IDX. Necessary financial statistics, such as CR, DER, ROE, Stock Price, and DPR are included in this secondary data. The population of this study consists of 14 issuers belonging to the food and staples retailing subsector on the Indonesia Stock Exchange (IDX), but only 12 issuers were selected as research samples. The technique or sampling used in this study is purposive sampling, which is a sampling technique with certain considerations that aims to answer the research problem.

The independent variables in this study are the debt-to-equity ratio (DER), current ratio (CR), and return on equity (ROE). The dependent variable is stock price, while the moderating variable is the dividend payout ratio (DPR). Multiple linear regression was used to analyze the data and investigate the impact of CR, DER, ROE, and DPR on the stock prices of companies in the food and staple food retail subsector listed on the IDX for the period 2019-2023.

DATA ANALYSIS TECHNIQUES

1. Descriptive Statistical Analysis
   Descriptive statistics are used to describe data, ensuring easy and clear understanding. Descriptive statistical analysis takes the form of the mean, median, mode, standard deviation, minimum value, and maximum value (Ghozali, 2018).
2. Panel Data Regression Estimation
   Panel data regression models are grouped into three approaches: the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM).
   a. Chow Test
      The Chow test is used to determine whether the Common Effect Model (CEM) or the Fixed Effect Model (FEM) should be used. This test can be seen in the cross-section F probability (prob) and cross-section chi-square values.
   b. Hausman Test
      The Hausman Test is used to select the model to use, whether to use a Random Effects Model (REM) or a Fixed Effects Model (FEM). This test can be seen from

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the random cross-section probability (Prob).

c. Lagrange Multiplier (LM) Test

The Lagrange Multiplier test is used to determine whether the Random Effects Model (REM) or the Common Effects Model (CEM) should be used. This test can be used to determine the Breush-Pagan probability.

3. Classical Assumption Test

a. Normality Test

According to Gujarati and Porter (2009), this test is conducted by examining the probability value (P-Value). The basis for decision-making can be seen from the probability figures from the Jarque-Bera statistic, with the following conditions:

• If the probability value is 0.05, then the normality assumption is met.

• If the probability value is <0.05, then the normality assumption is not met.

b. Autocorrelation Test

The autocorrelation test is used to determine whether there is a correlation between one period t and the previous period (t-1). Simply put, there should be no correlation between observations and previous observation data.

c. Multicollinearity Test

The multicollinearity test aims to determine whether a regression model forms a high or perfect correlation between the independent variables. If a high correlation is found between the three independent variables, multicollinearity can be determined. The regression model is considered to meet the BLUE (Best Linear Unbiased Estimator) criteria if there is no multicollinearity. The tolerable correlation value in the multicollinearity test is 80 percent (0.8).

d. Heteroscedasticity Test

A heteroscedasticity test is necessary to determine whether or not there is inequality in the variances of the residuals of a panel data regression model (Sugiyono, 2015). The determination of whether or not heteroscedasticity exists in a regression model is based on the Breusch-Pagan LM Prob.value.

4. Uji Hipotesis

a. F Test

The F test is a test of the ability of independent variables to collectively influence the dependent variable. This test is intended to examine the overall ability of the independent variables to explain the behavior or variability of the dependent variable. The hypotheses are as follows:

H0: $\beta i = 0$; the independent variables have no effect on the dependent variable.

Hi: $\beta i > 0$; the independent variables collectively influence the dependent variable.

Decision Making in the F Test:

If the Prob (F-Statistic) value > α (0.05), then H0 is accepted, meaning the independent variables collectively have no effect on the dependent variable. Conversely, if the Prob (F-Statistic) < α (0.05), then Ha is accepted, meaning the independent variables collectively influence the dependent variable.

b. t Test

The partial or individual significance test is used to test whether an independent variable has an effect on the dependent variable. The hypothesis is as follows:

H0: $\beta i = 0$; the independent variable has no effect on the dependent variable.

Hi: $\beta i \neq 0$; the independent variable has an effect on the dependent variable.

Decision Making in the t-Test:

If Prob < α (0.05), then H0 is accepted, meaning the independent variable has no partial effect on the dependent variable. However, if Prob > α (0.05), then Ha is accepted, meaning the independent variable has a partial effect on the dependent

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variable.

c. Coefficient of Determination (R2) Test.
A higher coefficient of determination indicates a better ability of X to explain Y. The coefficient of determination (R2) value ranges from 0 to 1. A small coefficient of determination (R2) value indicates that the ability of the independent variable to explain the dependent variable is very limited.

5. Multiple Linear Regression Analysis of Panel Data
Panel data regression analysis combines cross-sectional and time series data, where the same cross-sectional unit is measured at different points in time. The multiple linear regression equation for panel data is as follows:

$Yit = \alpha + \beta 1X1it + \beta 2X2it + \beta 3X3it + \beta 4X4it + \varepsilon$ ……………………......…. (1)
$X4it = \alpha + \beta 1X1it + \beta 2X2it + \beta 3X3it + \varepsilon$ ……………………………………. (2)
$Yit = \alpha + \beta 1X1itX4it + \beta 2X2itX4it + \beta 3X3it\ X4it + \varepsilon$ ………………………. (3)

Note:
Y = Stock Price; α = Constant; β0 = Constant; X1it = CR (X1); X2it = ROE (X2); X3it = DER (X3); X4it = DPR (X4), moderating variable; ε = Error term;
i = Cross-section (company); t = Time period (2019–2023).

The data analysis used in this study used multiple linear regression with panel data using the E-Views 10 application.

RESEARCH RESULTS

Descriptive Statistical Test

Provides an overview or description of the research data presented in Table 1 below.

Table 1. Distribution of CR, ROE, DER, DPR, and Stock Price Data for the 2019-2023 Period

	CR	ROE	DER	DPR	STOCK_PRICE
Mean	1.723	-0.593	5.343	-0.121	887.417
Median	1.061	0.075	2.080	0.109	545.000
Maximum	8.625	0.657	54.980	4.205	2970.000
Minimum	0.317	-19.472	0.002	-17.586	50.000
Std. Dev.	1.446	2.740	9.839	3.052	832.493
Skewness	2.219	-5.928	3.203	-3.486	1.205
Kurtosis	9.925	39.789	14.100	19.834	3.268
Jarque-Bera	169.127	3735.061	410.658	829.943	14.691
Probability	0.000	0.000	0.000	0.000	0.001
Sum	103.374	-35.553	320.555	-7.235	53245.000
Sum Sq. Dev.	123.348	443.097	5711.210	549.483	40889615.000
Observations	60	60	60	60	60

Table 1 shows that the CR value for the 2019-2023 period had an average value of 1.723 and a standard deviation (data dispersion) of 1.446. The ROE value for the 2019-2023 period had an average value of -0.593 and a standard deviation (data dispersion) of 2.740. The DER value for the 2019-2023 period had an average value of 5.343 and a standard deviation (data dispersion) of 9.839.

The DPR value for the 2019-2023 period had an average value of -0.121 and a standard deviation (data dispersion) of 3.052. The stock price value in the 2019-2023 period had an average value of 887,417 and a standard deviation (data distribution level) of 832,493.

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2. Selection of Regression Estimation Model Techniques

a. Chow Test

Table 2. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	8.575878	(11,44)	0.0000
Cross-section Chi-square	68.729171	11	0.0000

Source: Processed secondary data, 2025

The probability value obtained is 0.0000, which is smaller than α (0.05), so the decision is to reject H0, indicating that the FEM model is better than the CEM model.

b. Hausman Test

Table 3. Hausman Test Results

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	12.160834	4	0.0162

Source: Processed secondary data, 2025

The p-value obtained is 0.0162, which is less than 5%. Therefore, the decision is to reject H10, which means the FE model is superior to the RE model.

3. Classical Assumption Test

Before conducting a hypothesis test, a classical assumption test must first be performed to measure the accuracy of the regression function in estimating its actual value. The classical assumption test consists of:

a. Normality Test

According to Ghozali (2018), non-normally distributed data can be transformed into natural logarithmic form to achieve normality. The following are the results of the normality test after the data transformation.

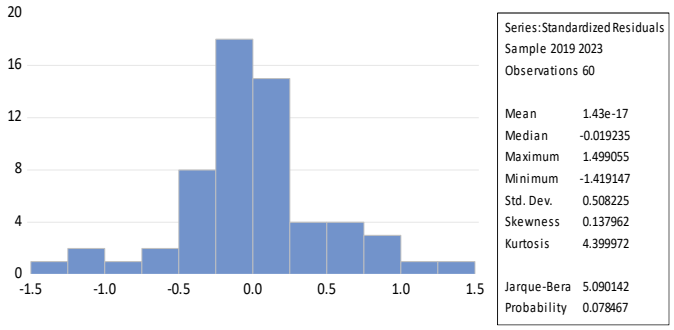

Figure 2. Data Normality Test Graph After Transformation

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Figure 2 shows that the data normality test has been met, meaning the data is normally distributed, as the Jarque-Bera probability value is greater than 5%, at 0.078467.

b. Autocorrelation Test

The autocorrelation test can be performed by examining the Durbin-Watson stat value.

Table 4. Autocorrelation Test Results

Cross-section fixed (dummy variables)			
R-squared	0.934269	Mean dependent var	6.526880
Adjusted R-squared	0.887318	S.D. dependent var	1.201179
S.E. of regression	0.403214	Akaike info criterion	1.321482
Sum squared resid	2.276140	Schwarz criterion	1.857788
Log likelihood	-5.518527	Hannan-Quinn criter.	1.470230
F-statistic	19.89883	Durbin-Watson stat	1.838036
Prob(F-statistic)	0.000001		

Source: Processed secondary data, 2025

Based on the table above, the DW value is 1.838036. This value will be compared with the 5% significance table value. With a sample size of 25 (n) and 4 independent variables (k = 4), the DL value is 1.0381 and the DU value is 1.7666. The DW value is 1.838036, where the DU value < DW < 4 - DU, can be written as 1.7666 < 1.838036 < (4 - 1.7666). Therefore, it can be concluded that there is no autocorrelation between these variables.

c. Multicollinearity Test

Table 5. Multicollinearity Test Results

	CR	ROE	DER	DPR
CR	1.00			
ROE	0.14	1.00		
DER	-0.32	-0.80	1.00	
DPR	0.17	0.00	0.04	1.00

Source: Processed secondary data, 2025

The multicollinearity test results show that the correlation value of the three variables CR, ROE, and DER is less than 0.80, thus concluding that there is no multicollinearity problem in the research variables.

d. Heteroscedasticity Test

The probability value of 0.8809 is > α (0.05), indicating that the data analyzed in this study using the Panel Period Heteroscedasticity LR test did not show any heteroscedasticity issues.

Table 6. Heteroscedasticity Test Results

Panel Period Heteroskedasticity LR Test
Null hypothesis: Residuals are homoskedastic
Equation: UNTITLED
Specification: HARGA_SAHAM C CRROEDERDPR

	Value	Probability
Likelihood ratio	6.633371	0.8809

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LR test summary:

	Value	df
Restricted LogL	-484.0099	55
Unrestricted LogL	-480.6933	55

Source: Processed secondary data, 2025

4. Multiple Linear Regression Analysis

This Multiple Linear Regression Analysis was used to test the hypotheses and to determine the strength of the relationship between CR, DER, ROE, and DPR on the stock prices of companies in the food and staples retailing subsector listed on the IDX for the 2019-2023 period. The multiple regression model is presented as follows.

1. Model 1: The Effect of CR, ROE, DER, and DPR on Stock Prices (H1, H2, H3, and H7).

Table 7. Multiple Linear Regression Test Results (Model 1)

Dependent Variable: LN_STOCK_PRICE
Method: Panel Least Squares
Date: 07/31/25 Time: 10:02
Sample: 2019 2023
Periods included: 5
Cross-sections included: 7
Total panel (unbalanced) observations: 25

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	6.881115	0.492533	13.97086	0.0000
LN_CR	-1.539439	0.572884	-2.687174	0.0177
LN_ROE	-0.222259	0.146819	-1.513829	0.1523
LN_DER	-1.218713	0.526692	-2.313901	0.0364
LN_DPR	-0.021341	0.141380	-0.150949	0.8822
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.934269	Mean dependent var		6.526880
Adjusted R-squared	0.887318	S.D. dependent var		1.201179
S.E. of regression	0.403214	Akaike info criterion		1.321482
Sum squared resid	2.276140	Schwarz criterion		1.857788
Log likelihood	-5.518527	Hannan-Quinn criter.		1.470230
F-statistic	19.89883	Durbin-Watson stat		1.838036
Prob(F-statistic)	0.000001			

Source: Processed secondary data, 2025

The resulting Fixed Effects Model (FEM) panel linear regression model can be formulated as follows:

$$\text{Stock Price} = 6.881115 - 1.539439CRit - 1.218713\ DERit + \varepsilon it$$

These results can be explained as follows:

a. CR (Current Ratio) has a coefficient value of -1.539439 with a probability value of 0.0177 and a t-statistic of -2.687174, indicating that CR has a negative effect on stock prices. This means that every one-unit increase in the CR index will decrease stock prices by 1.539439 units.
b. DER (Debt to Equity Ratio) has a coefficient of -1.218713 with a probability value of 0.0364 and a t-statistic of -2.313901, indicating that DER has a negative effect on stock prices. This means that a one-unit increase in DER will decrease stock prices by 1.218713 units.

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ε = Error term; i = Cross-section (company); t = Time period (2019–2023)

Table 8. Multiple Linear Regression Test Results (Model 2)

Dependent Variable: LN_DPR
Method: Panel Two-Stage Least Squares
Date: 07/22/25 Time: 19:02
Sample (adjusted): 2020 2023
Periods included: 4
Cross-sections included: 6
Total panel (unbalanced) observations: 18
White period standard errors & covariance (no d.f. correction)
WARNING: estimated coefficient covariance matrix is of reduced rank
Instrument specification: C LN_CR DLN_DER LN_ROE
Constant added to instrument list

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.840868	0.167393	-5.023309	0.0024
DLN_CR	-0.822575	1.543721	-0.532852	0.6133
DLN_DER	-1.125344	0.799511	-1.407540	0.2089
DLN_ROE	1.578595	0.441061	3.579088	0.0117

Effects Specification

Cross-section fixed (dummy variables)
Period fixed (dummy variables)

R-squared	0.936213	Mean dependent var	-0.479427
Adjusted R-squared	0.819271	S.D. dependent var	1.447795
S.E. of regression	0.615490	Sum squared resid	2.272967
F-statistic	30.66888	Durbin-Watson stat	2.053998
Prob(F-statistic)	0.000225	Second-Stage SSR	0.622684

Source: Processed secondary data, 2025

The resulting Fixed Effects Model (FEM) panel linear regression model can be formulated as follows:

$$DPR = -0.840868 + 1.578595ROEit + \varepsilon it$$

These results can be explained as follows:
ROE (Return on Equity) shows a coefficient of 1.578595 with a probability of 0.0117 and a t-statistic of 3.579088 showing that ROE has a positive effect on DPR. This means that a one-unit increase in ROE will increase the Stock Price by 1.578595 units, indicating that high ROE reflects the company's ability to generate large profits from equity, so that management is more confident in distributing more profits as dividends to satisfy shareholders.

Table 9. Multiple Linear Regression Test Results (Model 3)

Dependent Variable: LN_STOCK_PRICE
Method: Panel Least Squares
Date: 07/23/25 Time: 15:00
Sample: 2019 2023
Periods included: 5
Cross-sections included: 7
Total panel (unbalanced) observations: 26

Variable	Coefficient	Std. Error	t-Statistic	Prob.

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	6.165123	0.099788	61.78224	0.0000
LN__ROE_DPR	0.365960	0.085377	4.286400	0.0006
LN_CR_DPR	1.111879	0.210732	5.276265	0.0001
LN_DER_DPR	0.731393	0.146135	5.004931	0.0001

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.961207	Mean dependent var	6.454476
Adjusted R-squared	0.939386	S.D. dependent var	1.233457
S.E. of regression	0.303676	Akaike info criterion	0.738014
Sum squared resid	1.475509	Schwarz criterion	1.221898
Log likelihood	0.405814	Hannan-Quinn criter.	0.877355
F-statistic	44.04946	Durbin-Watson stat	1.985239
Prob(F-statistic)	0.000000		

Source: Processed secondary data, 2025

The resulting Fixed Effects Model (FEM) panel linear regression model can be formulated as follows:

Stock Price = 6.165123 + 0.365960ROE*DPRit + 1.111879CR*DPRit + 0.731393DER*DPRit + εit

These results can be explained as follows:

a. ROE*DPR has a coefficient value of 0.365960 with a probability value of 0.0006 and a t-statistic of 4.286400, indicating that ROE*DPR moderation has a positive effect on stock prices. This means that every one-unit increase in the ROE*DPR index will increase stock prices by 0.365960 units.
b. CR*DPR has a coefficient of 1.111879 with a probability value of 0.0001 and a t-statistic of 5.276265. This indicates that CR*DPR moderation has a positive effect on stock prices. This means that every one-unit increase in the CR*DPR index will increase stock prices by 1.111879 units.
c. DER*DPR shows a coefficient of 0.731393 with a probability of 0.0001 and a t-statistic of 5.004931 showing that DER*DPR moderation has a positive effect on Stock Prices, meaning that every one unit increase in the DER*DPR index will increase Stock Prices by 0.731393 units.

After conducting descriptive statistical tests and classical assumption tests in the regression model, the next step is to conduct hypothesis testing using the t-statistical test (t-test), F-test, and coefficient of determination test (adjusted R2).

DISCUSSION

This study investigates the direct and moderating effects of liquidity (CR), leverage (DER), and profitability (ROE) on stock prices, with dividend policy (DPR) as a moderating variable in food and staples retailing companies listed on the Indonesia Stock Exchange during 2019–2023.

The findings indicate that the Current Ratio (CR) has a significant negative effect on stock prices. Although liquidity is theoretically expected to enhance investor confidence, excessive current assets may signal inefficient working capital management. In retail industries that rely heavily on asset turnover efficiency, high liquidity may be interpreted as idle resources rather than financial strength. This finding is consistent with Yuniarti (2022), who reported a negative and significant relationship between CR and stock prices,

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suggesting that liquidity does not always translate into higher market valuation. Similarly, the Debt-to-Equity Ratio (DER) shows a significant negative effect on stock prices. This result supports the trade-off theory, which argues that higher leverage increases financial risk and potential distress costs. Empirical evidence from Nugraha and Sudaryanto (2016), Hutapea et al. (2016), and Haryanti and Murtiasih (2019) confirms that elevated DER weakens investor perception and reduces stock value. In the food and staples retail subsector, which operates under relatively tight profit margins, excessive leverage may heighten risk concerns and negatively affect market valuation.

In contrast, Return on Equity (ROE) does not significantly affect stock prices. Although profitability is generally expected to positively influence firm value under signaling theory, the results suggest that accounting profitability alone is insufficient to drive market reactions. Dewi and Suwarno (2022) similarly found that ROE did not significantly influence stock prices in LQ45 companies. This may indicate that investors prioritize risk stability and long-term sustainability over short-term profitability indicators.

Regarding dividend policy, CR and DER do not significantly affect the Dividend Payout Ratio (DPR), while ROE has a significant positive effect. This suggests that dividend decisions are primarily earnings-driven. The finding aligns with the Bird-in-the-Hand theory proposed by Gordon (1959), which emphasizes that firms with stronger profitability tend to distribute higher dividends. Empirical support is also found in Marlina and Danica (2009) and Misrofingah and Ginting (2022), who conclude that profitability is a key determinant of dividend policy.

Interestingly, DPR does not directly affect stock prices. This result is consistent with findings from Oktaviani and Agustin (2017), Setiawan et al. (2021), and Bagaskara and Rohmadi (2023), who report that dividend payout does not significantly influence stock prices. This suggests that investors may consider dividend payments as neutral information unless supported by strong growth prospects or financial fundamentals.

The main contribution of this study lies in the moderating role of dividend policy. The interaction between DPR and CR, DER, and ROE significantly strengthens their influence on stock prices. Although liquidity and leverage exhibit negative direct effects, their interaction with DPR produces positive and significant outcomes. This finding supports signaling theory, where dividend payments serve as credible signals that reduce information asymmetry. Consistent with Nurhayati and Hidayat (2021) and Zameer et al. (2020), dividend policy enhances the market relevance of profitability and financial structure in determining stock prices.

Overall, the results demonstrate that financial ratios alone do not fully explain stock price movements in the food and staples retailing subsector. Dividend policy plays a strategic moderating role by strengthening the credibility of financial performance indicators. This study therefore extends prior literature by providing empirical evidence on the conditional role of dividend policy in an emerging market context.

CONCLUSION

Based on the background and discussion of the research, it can be concluded that the Current Ratio (CR), Return on Equity (ROE), Debt to Equity Ratio (DER), and Dividend Payout Ratio (DPR) are negatively related to stock prices. The Current Ratio (CR) and Debt to Equity Ratio (DER) are negatively related to the Dividend Payout Ratio (DPR), while Return on Equity (ROE) is positively related to the Dividend Payout Ratio (DPR). The moderating variables between the Current Ratio (X1), Return on Equity (X2), and Debt to Equity Ratio (X3) with the Dividend Payout Ratio (X4) are positively related to Stock Prices. This study provides new empirical insights into capital structure and

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profitability, particularly in the food and staple food retail subsector. In this case, retail company management needs to maintain a balance between profitability and leverage, and utilize dividend policy as a strategic instrument to strengthen the company's positive signal to investors. Suggestions for managers and further research include (1) Companies

in the food and staple food retail subsector are advised to improve liquidity management, including the Current Ratio (CR) and maintain a healthy capital structure (DER) to maintain or increase stock prices. (2) Investors and financial analysts should consider moderating variables such as the Dividend Payout Ratio (DPR) when examining the influence of financial indicators on stock prices to obtain a more comprehensive picture. (3) Further research is recommended to explore other factors that can moderate the relationship between financial variables and stock prices, as well as a longer research period to strengthen the validity of the results.

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