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The Effect of Return on Equity, Dividend Policy, Liquidity and Capital Structure on Stock Prices in Registered Consumption Goods Companies in Indonesia Stock Exchange, 2013-2017 Period

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Abstract: *The purpose of this study is to examine and analyze the effect of return on equity, dividend policy, liquidity and capital structure on stock prices in registered consumption goods companies in Indonesia Stock Exchange, 2013-2017 period. This research uses a quantitative research approach. The population of this study was 41 in registered consumption goods companies in Indonesia Stock Exchange, 2013-2017 period. The research sample of 18 consumer goods companies in Indonesia Stock Exchange, 2013-2017 period with observational samples as many as 90 financial statements of consumer goods companies in Indonesia Stock Exchange, 2013-2017 period. This study uses multiple linear regression analysis. The results of the study are conclusions return on equity is influential and significant effect on stock prices in consumer goods companies in Indonesia Stock Exchange, 2013-2017 period. Dividend policy has no effect and is not significant on stock prices on consumer goods companies in Indonesia Stock Exchange, 2013-2017 period. Liquidity has no effect and is not significant on stock prices in registered consumption goods companies in Indonesia Stock Exchange, 2013-2017 period. The capital structure influences and significantly effect on stock prices in registered consumption goods companies in Indonesia Stock Exchange, 2013-2017 period. Return on equity, dividend policy, liquidity and capital structure have a significant and significant effect on stock prices in registered consumption goods companies in Indonesia Stock Exchange, 2013-2017 period.*

Keywords: *Return on Equity, Dividend Policy, Liquidity, Capital Structure, Stock Prices*

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I. Introduction

The Indonesia Stock Exchange (IDX) as one of the fast-growing stock exchanges has become an alternative favored by many companies in seeking funding. This company registered itself on the Indonesia Stock Exchange with the aim that the company's share price could be traded. The development of the Indonesia Stock Exchange (IDX) in 2017 has more and more members. Many Indonesian Stock Exchange members can cause changes in the price of shares traded. Changes in stock prices can provide clues about the excitement and lethargy of capital market activities and investors can conduct stock trading transactions.

One of the companies listed on the Indonesia Stock Exchange (IDX) that has an important role in public consumption is the consumer goods company. The consumer goods company consists of 5 sub-sectors, namely the food and beverage sub-sector, the cigarette sub-sector, the pharmaceutical sub-sector, the cosmetics and household goods sub-sector, and the household equipment sub-sector. The five sub-sectors of the Consumer Goods company that the producers include are products of basic consumer needs, such as food, beverages, medicine, meat, and toiletries products. The products produced by consumer goods companies are consumptive and favored by many people, so the producers of these consumer goods companies have high levels of sales which also affect the growth of this industrial sector. The products produced by these consumer goods companies are consumptive, of course, investors' buying interest in the share price is also high. But the growth of consumer goods companies has decreased. Based on the opinion expressed by the Central Statistics Agency on February 5, 2017, the second position of consumer goods companies is able to grow up to 8.87%.

The growth of consumer goods companies in the second position gives hope to the company to increase the company's stock price. The prices of shares of consumer goods companies are also attractive to investors due to high corporate profits so investors have the expectation of being able to obtain profits from their investments. Investors can assess consumer goods companies by using return on equity to measure the effectiveness of overall equity in generating profits and available from invested capital. The increase in profits generated through the use of company equity can attract investors to buy shares of consumer goods companies and will affect stock prices because demand for shares of consumer goods is greater than supply.

High profits also affect the dividend policy to be paid by consumer goods companies. The dividend policy paid by this company depends on the level of profitability of the company. Dividends distributed by companies can be an attraction for investors to buy shares of consumer goods companies because of the benefits that can be obtained by investors in the long run so that it will affect the stock price. Dividends distributed to investors can attract investors to increase the number of shares. If the dividend paid is high, of course the stock price will increase but the dividend paid by the company decreases, of course the level of share price will also decrease.

Investors who are interested in buying shares of consumer goods companies by considering the company's current ratio. Current ratio shows the ability of the company to pay its current debt with the company's current assets. A consumer goods company that has a high current ratio will attract investors because investors will feel safer to invest in the company. This will increase the stock prices of companies that have a high currrent ratio.

This consumer goods company has a capital structure that is the company's ability to finance business with loans provided by shareholders. Capital structure is usually measured using a debt to equity ratio. Usually the debt to equity ratio is used to measure how much the company uses funding that comes from debt in capital. If the company has a capital structure derived from high debt financing, the higher the risk that the company might face and the high debt to equity ratio can reduce the profit of the company because companies with high debt levels will prefer to pay off their debts first and this can have an impact on the decline in the company's stock price.

Based on the explanation of the previous background, the phenomenon of this research can be presented as follows:

Table 1 Research Phenomenon (in Rupiah)

No	Issuer Code	Year	Net Income After Tax	Cash Dividends	Current Asset	Total Debt	Stock Price
1	MYOR	2013	1.013.558.238.779	205.700.037.470	6.430.065.428.871	5.816.323.334.823	26.000
		2014	409.824.768.594	143.095.678.240	6.508.768.623.440	6.190.553.036.545	20.900
		2015	1.250.233.128.560	268.304.396.700	7.454.347.029.087	6.148.255.759.034	30.500
		2016	1.388.676.127.665	469.532.694.225	8.739.782.750.141	6.657.165.872.077	1.645
		2017	1.630.953.830.893	603.684.892.575	10.674.199.571.313	7.561.503.434.179	2.020
2	MERK	2013	147.135.602.000	140.000.000.000	588.237.590.000	184.727.696.000	189.000
		2014	150.375.493.000	145.600.000.000	595.338.719.000	162.908.670.000	160.000
		2015	142.545.462.000	44.800.000.000	483.679.971.000	168.103.536.000	6.775
		2016	153.842.847.000	123.200.000.000	508.615.377.000	161.262.425.000	9.200
		2017	144.677.294.000	116.480.000.000	569.889.512.000	231.569.103.000	8.500
3	WIIM	2013	132.322.207.861	7.559.545.536	993.885.657.065	447.651.956.356	670
		2014	112.304.822.060	39.687.614.064	999.717.333.649	478.482.577.195	625
		2015	131.081.111.587	28.348.295.760	988.814.005.395	398.991.064.485	430
		2016	106.290.306.868	52.496.844.000	996.925.071.640	362.540.740.471	440
		2017	40.589.790.851	32.548.043.280	861.172.306.233	247.620.731.930	290

Source: www.idx.co.id (2018)

Based on Table 1 above shows that PT. Mayora Indah Tbk which has a net profit after tax in 2017 of Rp 1,630,953,830,893 decreased compared to 2016 with a share price in 2017 of Rp 2,020 experiencing an increase compared to 2016. Based on the above net profit data shows the net profit after an increase in tax can result in an increase in share prices which is contrary to the opinion expressed by Kodrat and Indonanjaya (2010: 283) the relationship between the stock price should be (intrinsic value) with Return on Equity (ROE) is positive, ie the greater the results obtained from equity , the smaller the price of the stock. An increase in net profit after tax can encourage an increase in stock prices, it is possible to increase sales and lower the cost of goods sold.

PT. The Tbk brand that paid cash dividends in 2014 amounted to Rp 145,600,000,000 compared to 2013 with a share price in 2014 of Rp 160,000 decreased compared to 2013. Based on the cash dividend data above shows that increased cash dividends can reduce prices shares that contradict the opinion of Magaretha (2011: 6) which states, the greater the dividend will give a higher stock price.

PT. Wismilak Inti Makmur Tbk has current assets in 2014 amounting to Rp 999,717,333,649 an increase compared to 2013 with a share price in 2014 of Rp 625 decreased compared to 2013. Based on data on current assets shows rising current assets can reduce the company's stock price Contrary to the fact that rising current assets can increase share prices because investors feel secure with the ability to pay high current debt with their current assets. While the total debt in 2014 amounted to Rp 478,482,577,195 compared to 2013 with the share price in 2014 of Rp 625 decreased compared to 2013. A decrease in total debt could result in a decrease in share prices which is contrary to the opinions of Kodrat and Indonanjaya (2010: 283) the relationship between stock prices should be with debt to equity (DER) is positive, i.e. the greater the ratio between debt and capital, the greater the price of shares.

II. Literature Review

2.1 Management

According to Manullang (2013:134) "the term management contains many meanings, in general management is defined as the art of obtaining results through other people".

According to Supomo (2018:2) "management is the collectivity of people who carry out management activities. In other words, all people carry out management activities in a certain body ".

2.2 Financial Management

According to Tampubolon (2013:1) overall the science of financial management has emerged from a descriptive study of the company's operational management approach towards a theoretical conception of the corporation in a dynamic environment and in conditions that are full of uncertainty.

According to Fahmi (2012:2) financial management is an amalgamation of science and art that discusses, examines and analyzes how a financial manager uses all company resources to find funds, manage funds and divide funds with the aim of being able to provide profit or prosperity for holders stock and business suistainability for the company.

2.3 Financial Management Functions

According to Halim (2015:2-3) to achieve these goals, the function of financial management is basically to make several decisions in the financial sector. Of course these decisions are relevant and affect the company's value. Decisions that are relevant and affect the company's value are:

1. Investment decisions
2. Spending decisions
3. Dividend policy

According to Najmudin (2011:88) return on equity (return on net worth) is the ability of equity to generate profits for preferred and ordinary shareholders.

According to Syaifullah (2014:159-160) net profit shows that the company management has managed to organize its business. There are two indications found in net profit, including:

1. Cost control

If the company can reduce operating costs, the company will increase net profit. Vice versa, if there is a waste of costs will result in a decrease in net profit.

2. Business volume

To some extent, operational costs are fixed costs that must be incurred by the company such as staff salary costs, office depreciation, and so forth. Therefore, if the company can increase the volume of its business, it will be able to increase its net profit.

According to Murhadi (2013:64) Return on Equity is obtained by:

$$ROE = \frac{\text{Net Income}}{\text{Total Equity}} \times 100\%$$

2.4 Dividend Policy

According to Sartono (2012:281) dividend policy is a decision whether profits derived by a company will be distributed to shareholders as dividends or will be retained in the form of retained earnings for investment financing in the future.

According to Gumanti (2013:7) dividend policy is a practice carried out by management in making dividend payment decisions, which include the amount of the rupiah, the pattern of cash distribution to shareholders.

According to Sartono (2012:292-294) factors that influence dividend policy are:

1.The need for company funds

The need for funds for the company is in fact a factor that must be considered in determining the dividend policy to be taken. Expected company cash flow, expected future capital expenditures, additional needs for receivables and inventories, patterns of debt reduction and many other factors that affect the company's cash position must be considered in dividend policy analysis.

2.Liquidity

Corporate liquidity is a major consideration in many dividend policies. Because dividends for companies are cash out, the greater the company's cash position and overall liquidity, the greater the company's ability to pay dividends.

3.The ability to borrow

The company's liquidity position can be overcome by the company's ability to borrow in the short term. The ability to borrow in the short term will increase the company's liquidity flexibility.

4.The state of shareholders

If the company has relatively closed share ownership, management usually knows the dividends expected by the shareholders and can act accordingly. With a low payout dividend it can certainly be estimated whether the company will hold profits for profitable investment opportunities. For companies with large shareholders, they can only assess dividends expected by shareholders in the market context.

5.Stability of dividends

For investors the stability factor of dividends will be more attractive than the high dividend payout ratio. Stability in the sense of still paying attention to the company's growth rate, which is indicated by the positive direction coefficient. If other factors are the same, stocks that provide stable dividends for a certain period will have a higher price than stocks that pay dividends in a fixed percentage of profit.

According to Fahmi (2012: 84) the dividend payout ratio is:

$$\text{Dividen Payout Ratio} = \frac{\text{Dividen Per Share}}{\text{Earning Per Share}}$$

2.5 Liquidity

According to Wijayanto (2012:240) defines, "Liquidity ratios are ratios used to measure a company's ability to meet its current obligations due".

According to Rangkuti (2012:333) liquidity is a ratio that shows a company's ability to meet its short-term obligations.

According to Fahmi (2012:69-70) states, the factors that influence the current ratio are:

1.Distribution of current assets

2.Trend data from current assets and short-term debt for a period of 5 or 10 years

3. Credit terms given by creditors to the company in returning goods and credit terms given by the company to subscription in the sale of goods.

4.The present value or market value or exchange value of merchandise and the level of receivables collection.

5.The possibility of changes in the value of current assets.

6.Changes in inventory in relation to current and future sales volume.

7.The size of the cash and securities in relation to working capital needs.

8.The size of the working capital needs for the coming year.

9.Credit rating of the company in general.

10.The size of the receivables in relation to sales volume.

11.Type of company, whether an industrial company, a trading company.

According to Wijayanto (2012:240) liquidity ratios include:

$$\text{Current Ratio} = \frac{\text{Current Asset}}{\text{Current Liabilities}}$$

2.6 Capital Structure

According to Fahmi (2012:184-185), the capital structure is a picture of the form of the company's financial proportions, that is, between capital sourced from long-term debt and own capital which is a source of financing for a company.

According to Ambarwati (2010:1), capital structure is a combination or balance between debt and own capital (preferred stock and common stock) used by companies to plan for capital.

According to Fahmi (2012:186-187), several factors affect the capital structure of a company, namely:

a.The form or characteristics of the business being run.

b.The scope of business operations activities carried out.

c.Management characteristics applied in the business organization.

d.Characteristics, policies and wishes of the owner.

e.Micro and macro economy conditions prevailing in the country and abroad that also influence corporate decision making.

According to Kasmir (2014:158) states, the capital structure formula:

$$\text{DER} = \frac{\text{Total Debt}}{\text{Equity}}$$

2.7 Stock Prices

According to Martalena and Malinda (2011:99) defines "stock price index is an indicator that shows the movement of stock prices. The index serves as an indicator of market trends, meaning that the movement of the index reflects the condition of the market when the market is active or lethargic ".

According to Widoatmodjo (2012:56), the nominal price of shares is the value determined by the issuer, to assess each share issued. The amount of this nominal price actually depends on the desire of the emien. Issuers are free to set prices per share.

According to Fahmi (2012:276), the factors that influence stock prices are as follows:

1.Micro and macro economic conditions.

2.Company policy in deciding to expand, such as opening branch offices, sub-branch offices both opened domestically and abroad.

3.Sudden change of directors.

4.The existence of a board of directors or a company commissioner involved in a crime and the case has gone to court.

5.The company's performance continues to decline in every time.

6.Systematic risk, which is a form of risk that occurs as a whole and has contributed to causing companies to get involved.

7.The effects of market psychology that were able to suppress the technical conditions of buying and selling shares.

According to Budiman (2017:8) the price formed comes from an agreement between the stock owner and the share buyer. When they do a transaction, the price will be recorded as the last price.

According to Sunyoto (2013:115) Price Book Value (PBV) is an indication of how the market appreciates the company's shares. PBV is the quotient between the market price per share and the book value per share.

$$\text{PBV} = \frac{\text{Market Value}}{\text{Book Value of Shares}}$$

Company value is an investor's perception of a company that is often associated with stock prices. High stock prices make the value of the company is also high. Share price is the price that occurs when a stock is traded on the market. In reality, not all companies want a high stock price, for fear of not selling or not attracting investors to buy it. This can be proven by the existence of a company that went public on the IDX to do a stock split on the stock exchange. That is why the stock price must be made as optimal as possible, meaning that the stock price must not be too high or may not be too low.

Formula to Calculate Book Value Per Share:

$$\text{BVPS} = \frac{\text{Total Equity}}{\text{Number of Shares Outstanding}}$$

III. Research Methods

Researchers conducted research in registered consumption goods companies in Indonesia Stock Exchange, 2013-2017 period by browsing financial data through the website www.idx.co.id. This research was conducted in February 2019 until July 2019.

The population of this study was 41 consumer goods companies listed on the Indonesia Stock Exchange, 2013-2017 period. The research sample of 18 consumer goods companies companies listed on the Indonesia Stock Exchange, 2013-2017 period with observational samples of observations as many as 90 financial statements of consumer goods companies companies listed on the Indonesia Stock Exchange, 2013-2017 period.

Data collection techniques in this study is to use documentation techniques by looking at the financial statements of consumer goods companies companies listed on the Indonesia Stock Exchange, 2013-2017 period. This data analysis model uses multiple regression analysis.

IV. Results and Discussion

Multiple linear regression analysis is used to predict changes (ups and downs) of the dependent variable explained / linked by two or more independent variables as a predictor factor being manipulated and to determine whether there is influence between the independent variable on the dependent variable.

Table 2 Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ROE	80	,04	1,44	,3053	,36933
DPR	80	,00	1,57	,4559	,32874
CR	80	,51	10,25	2,8017	2,01778
DER	80	,07	3,03	,8196	,63258
PBV	80	,62	82,44	9,4765	15,59720
Valid N (listwise)	80				

Source: Processed Data (2019)

1.The Return on equity variable has a sample size of 80, with a minimum value of 0.04 at PT. Wismilak Inti Makmur Tbk in 2017 and a maximum value of 1.44 at PT. Multi Bintang Indonesia Tbk in 2014 while the average value of 0.3053 with a standard deviation of 0.36933.
2.The dividend policy variable has a sample size of 80, with a minimum value of 0.00 at PT. HM Sampoerna Tbk in 2013 and a maximum value of 1.57 at PT. Multi Bintang Indonesia Tbk in 2015 while the average value of 0.4559 with a standard deviation of 0.32874.
3.Liquidity variable has a sample size of 80, with a minimum value of 0.51 at PT. Multi Bintang Indonesia Tbk in 2014 and a maximum value of 10.25 at PT. Sido Muncul Tbk's Herbal and Pharmaceutical Industry in 2014 while the average value is 2.8017 with a standard deviation of 2.01778.
4.The capital structure variable has a sample size of 80, with a minimum value of 0.07 at PT. Sido Muncul Tbk Herbal Medicine and Pharmaceutical Industry in 2014 and a maximum value of 3.03 at PT. Multi Bintang Indonesia Tbk in 2014 while the average value of 0.8196 with a standard deviation of 0.63258.
5.Variable stock prices have a total sample of 80, with a minimum value of 0.62 at PT. Wismilak Inti Makmur Tbk in 2017 and a maximum value of 82.44 at PT. Unilever Indonesia Tbk in 2017 while the average value of 9.4765 with a standard deviation of 15.59720.

Table 3 Results of Multiple Linear Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3,400	,126		27,058	,000
	Ln_ROE	1,243	,079	,919	15,785	,000
	Ln_DPR	,009	,059	,007	,146	,884
	Ln_CR	,331	,224	,201	1,476	,144
	Ln_DER	,339	,162	,261	2,099	,039

a. Dependent Variable: Ln_PBV

Source: Processed Data (2019)

Based on Table 3:
Ln_PBV = 3,400 + 1,243 Ln_ROE + 0.009 Ln_DPR + 0.331 Ln_CR + 0.339 Ln_DER
The results of the interpretation of the regression are as follows:
1.A value of 3,400 means that if the variable return on equity, dividend policy, liquidity and capital structure are considered constant, stock prices is 3,400.
2.The return on equity coefficient value is 1.243. This shows that each increase in return on equity once stock prices will increase by 1,243.
3.The value of the dividend policy coefficient of 0.009. This shows that every time the dividend policy increases one time, stock prices will increase by 0.009.
4.Value of the liquidity coefficient of 0.331. This shows that for every one-time increase in liquidity, stock prices will increase by 0.331.
5.The coefficient value of the capital structure is 0.339. This shows that every increase in capital structure once stock prices will increase by 0.339.

Table 4 Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,926[a]	,858	,849	,43033

a. Predictors: (Constant), Ln_DER, Ln_DPR, Ln_ROE, Ln_CR
b. Dependent Variable: Ln_PBV

Source: Processed Data (2019)

Based on Table 4 above, the adjusted R Square (R^2) coefficient of determination equal to 0.849 or 84.9% is influenced by the independent variable on the dependent variable while the remaining 15.1% is influenced by other variables such as EVA, MVA and cash flow.

Table 5 Statistical Test Results F

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	78,072	4	19,518	105,398	,000[b]
	Residual	12,963	70	,185		
	Total	91,035	74			

a. Dependent Variable: Ln_PBV

b. Predictors: (Constant), Ln_DER, Ln_DPR, Ln_ROE, Ln_CR

Source: Processed Data (2019)

From Table 5 it can be seen that Fcount is 105,398 with a significant value of 0,000, while Ftable (75-5 = 70) is 2.50 then the conclusion is Fcount > Ftable which is 105,398 > 2.50 so that the decision is H_o is rejected and H_a is accepted, it means that the return on equity variable, dividend policy, liquidity and capital structure have significant and significant influence on stock prices.

Table 6 Statistical Test Results t

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,400	,126		27,058	,000
	Ln_ROE	1,243	,079	,919	15,785	,000
	Ln_DPR	,009	,059	,007	,146	,884
	Ln_CR	,331	,224	,201	1,476	,144
	Ln_DER	,339	,162	,261	2,099	,039

a. Dependent Variable: Ln_PBV

Source: Processed Data (2019)

The partial statistical test results are as follows:

1.The Return on equity variable has a tcount of 15.785 with a significant value of 0.000 < 0.05, while the value of ttable (75-5 = 70) is 1.994 so that the conclusion is tcount > ttable is 15.785 > 1.994 then the decision is H_o rejected and H_a is accepted, meaning that the return on equity variable influences and significant effect stock prices.

2.Dividend policy variable has a tcount of 0.146 with a significant value of 0.884 > 0.05, while ttable is 1.994, the conclusion is tcount < ttable, 0.146 < 1.994 so that the decision is H_o is accepted and H_a is rejected, meaning that the dividend policy variable has no effect and has no significant effect stock prices.

3.Liquidity variable has a tcount of 1.476 with a significant value of 0.144 > 0.05, while ttable is 1.994, the conclusion is tcount < ttable ie 1.476 < 1.994 so that the decision is H_o is accepted and H_a is rejected, meaning that the liquidity variable has no effect and is not significant effect stock prices.

4.The capital structure variable has a t-value of 2.099 with a significant value of 0.039 < 0.05, while the t-table is 1.994, the conclusion is tcount > t-table, that is 2.099 > 1.994 so that the decision is H_o is accepted and H_a is rejected, meaning that the capital structure variable has significant effect stock prices..

Effect Return on Equity on Stock Prices

The results of this study are return on equity and significant effect on stock prices. The results of this study are in accordance with the theory of Kodrat and Indonanjaya (2010:283) the relationship between share prices should be with return on equity (ROE) is positive, ie the greater the results obtained from equity, the smaller the price of the shares.

The results of this study are in line with research conducted by Azhari, Rahayu and Zahroh (2016) which states, ROE has a large influence on stock prices.

Return on equity has a significant and significant effect on stock prices, suggesting that the higher the level of profit can encourage an increase in stock prices. Thus the higher the return on equity of a company, the higher the value of the company's equity and cause higher stock prices because it is much in demand by investors. this can be caused because if the company can achieve a good profit or profit in each period, investors do not need to worry about the company will lose or even bankrupt. Thus, profits or profits obtained by the company, can also be enjoyed by investors and open up the possibility of new investors coming who want to invest their capital there that can increase the market price of the company's stock.

Effect Dividend Policy on Stock Prices

The results of this study are dividend policy has no effect and no significant effect on stock prices. The results of this study are not in accordance with Magaretha (2011:6) in a general sense, the price of a stock is the average of all cash received from share ownership. Although the stock price cannot be determined, three main factors can be influenced by the value of this dividend:

1.The amount of the dividend given. Without considering other factors, the greater the dividend will give a higher stock price.

2.When dividends are distributed. Without considering other factors, the faster the dividend is received, the higher the stock price.

3.Risks associated with dividends. Usually investors prefer a small risk than a large risk. Small-risk stocks are higher in stock prices.

The results of this study are in line with research conducted by Hanryono, Riwoe and Setiawan (2017) stating that the DPR does not have a significant effect on stock prices. The results of this study contradict with research conducted by Fauza and Mustanda (2016) which states, dividend payout ratio partially has a significant positive effect on stock prices.

Effect Liquidity on Stock Prices

The results of this study are that liquidity has no effect and is not significant on stock prices. The results of this study are not in accordance with Rahayu and Dana's (2016:453) theory. Current ratio in liquidity needs to be considered by investors considering that the higher the level of current ratio, the higher the level of the company's ability to meet its obligations. The higher the company's ability to meet its obligations, the performance shown by the company is getting better and the company's value is higher which will cause share prices to increase due to the positive response of investors who will invest in the company.

The results of this study are in line with research conducted by Octaviani and Komalasarai (2017) which states, current ratio has no significant effect on predicting stock prices. The results of this study contradict with research conducted by Rahayu and Dana (2016) which states, liquidity in this study has a significant positive effect on stock prices.

If the company's liquidity capability is good, investors do not need to worry whether the capital they invested in the company will return and make a profit for them or not. Because if a company whose level of liquidity is not good, has a tendency to be shunned by investors for fear that the funds they invest will not return and result in losses for investors.

Effect Capital Structure on Stock Prices

The results of this study are the capital structure and significant effect on stock prices. The results of this study are in accordance with the theory of Kodrat and Indonanjaya (2010: 283) the relationship between share prices should be with debt to equity (DER) is positive, ie the greater the ratio between debt and capital, the greater stock prices.

The results of this study are in line with research conducted by Wehantouw, Tommy and Tampenawas (2017) which states, capital structure has a significant effect on stock prices. The results of this study contradict the research conducted by Azhari, Rahayu and Zahroh (2016) which states, DER individually does not have a major effect on stock prices.

The greater the debt to equity indicates the capital structure of the business more use of debt relatively large to equity. The greater the debt to equity shows the greater the cost of debt that must be paid by the company, the impact on profitability is reduced. This causes the rights of shareholders will be increasingly reduced, so that it will affect investor interest which will also affect stock prices.

V. Conclusion and Suggestion

5.1 Conclusion

Based on the results of the study, several conclusions can be drawn as follows:

1.Return on equity has a significant and significant effect on stock prices in registered consumption goods companies in Indonesia Stock Exchange, 2013-2017 period.

2.Dividend policy has no effect and no significant effect on stock prices in registered consumption goods companies in Indonesia Stock Exchange, 2013-2017 period.

3.Liquidity has no effect and is not significant on stock prices in registered consumption goods companies in Indonesia Stock Exchange, 2013-2017 period.

4.The capital structure influences and is significant on stock prices in registered consumption goods companies in Indonesia Stock Exchange, 2013-2017 period.

5.Return on equity, dividend policy, liquidity and capital structure have a significant and significant effect on stock prices in registered consumption goods companies in Indonesia Stock Exchange, 2013-2017 period.

5.2 Suggestion

Based on the results of research that researchers have suggested, the suggestions that researchers can provide are as follows:

1.Investors and potential investors should be able to make investment choices in the capital market by assessing and studying the economic conditions of the company.

2.For company management, in the future they will be able to maintain and increase profitability so that it becomes a positive signal for investors in valuing the company and able to increase share prices. Expected by the company.

3.Management should not need to worry about an increase or decrease in dividend policy because this dividend does not have any impact on the company in increasing share prices.

4.Management should not need to indicate the company's current ratio which is too high so that high unemployment funds also arise, this reflects that the company is less able to operate its current assets so that it can cause losses compared to increasing share prices.

The results of this study are expected to provide information to company management as a consideration for companies in knowing stock prices. Therefore, companies must make and maintain Return on equity, dividend policy, liquidity and capital structure remain high so that the company is able to generate high profits and remain the choice of investors to invest.

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