

THE INFLUENCE OF PROFITABILITY, LEVERAGE AND ACTIVITY ON THE SHARE PRICE WITH LIQUIDITY RATIO AS MODERATING VARIABLE

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ABSTRACT

Stock prices can be predicted using financial ratios. Researchers in this study only examined Profitability, Activity, Leverage, and Liquidity ratios. This research examines and analyzes stock prices on companies on Indonesia Stock Exchange, 2019–2022. The variables tested are profitability, activity, and leverage, using liquidity as a moderating variable. The quantity intended selection was relating to using a purposive sampling method with historical data acquired from IDX website, www.idx.co.id. The data analysis process was related to using PLS Algorithm calculations on SmartPLS to exercise the hypothesis. The research results cause that profitability and activity have a significant bring on stock prices, while leverage is not significant result on share prices. Apart from that, the moderating variable of liquidity only has a significant bring on share prices as an independent variable because, with its position as a moderating variable, liquidity does not significantly result to the profitability, activity, and leverage variables. The effect of research provides sufficient insight that share prices generally have a greater influence on investor behavior.

Keywords: Activity; Leverage; Liquidity; Profitability; Share Price

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ABSTRAK

Harga saham dapat diprediksi dengan menggunakan rasio keuangan. Peneliti dalam penelitian ini hanya meneliti rasio profitabilitas, aktivitas, leverage, dan likuiditas. Penelitian ini menguji dan menganalisis harga saham pada perusahaan di Bursa Efek Indonesia, tahun 2019-2022. Variabel yang diuji adalah profitabilitas, aktivitas, dan leverage, dengan menggunakan likuiditas sebagai variabel moderasi. Pemilihan kuantitas yang dimaksud adalah dengan menggunakan metode purposive sampling dengan data historis diperoleh dari website IDX, www.idx.co.id. Proses analisis data terkait dengan penggunaan perhitungan Algoritma PLS pada SmartPLS untuk menguji hipotesis. Hasil penelitian menunjukkan bahwa profitabilitas dan aktivitas berpengaruh signifikan terhadap harga saham, sedangkan leverage tidak berpengaruh signifikan terhadap harga saham. Selain itu, variabel moderasi likuiditas hanya mempunyai pengaruh yang signifikan terhadap harga saham sebagai variabel independen karena dengan posisinya sebagai variabel moderasi, likuiditas tidak berpengaruh signifikan terhadap variabel profitabilitas, aktivitas, dan leverage. Pengaruh penelitian memberikan wawasan yang cukup bahwa harga saham secara umum mempunyai pengaruh yang lebih besar terhadap perilaku investor.

Kata Kunci: Profitabilitas; Aktivitas; Leverage; Harga Saham; Likuiditas



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1. INTRODUCTION

Capital markets are the activities or the condition in which things are happening or being done related to public offerings and trading of securities issued, as well as professional institutions about securities, according to Law Number 8 of 1995 Article 1 paragraph (13). Indonesia has the market center of capital, the IDX, often known as the Indonesian Stock Exchange (BEI). In capital market, different sorts of financial instruments are traded, such as bonds, shares, rights, mutual funds, and warrants, which are long-term instruments. At the same time, options, futures, and other derivative instruments are included. The critical role of IDX is to act as a bridge between issuers and investors in selling and buying the securities on the market so that transactions that benefit both occur. Each instrument in the capital market has its own character, function and level of return optimization. However, everything is done through market interactions which are regulated separately by the capital market regulator (Septiani *et al.*, 2020).

Investing in the stock market is now a trend among investors, from young people to the elderly. This is progressively attracting immersion because of the advantage provided by investment, as obtaining large profits is the foremost goal of a commercial business (Kurnia & Sunaryo, 2023). One of the benefits provided is that investors have passive income, including stock dividends, capital gains, and votes for ordinary shareholders (Latifah & Suryani, 2020). Dividends are relegated by the commercial business to investors when profits are relegated to investors based on the shares owned. Nevertheless, the capital gain is the positive disparity between a share's buying and selling price of a share (Riset & Upi, n.d.)

The share price is market value that continually changes depending on the commercial business's prospects. Changes in stock prices rely on level of demand for the stocks. If requisition for shares augments, the share price will augment, and if anything,

if demand for shares reduces, the share price will reduce (Rosyida *et al.*, 2020). This is an attraction for issuers to entice the attention of investors to be more trusting. Their issuers increase investors' intentions to invest (Bangun & Natsir, n.d.). Notwithstanding, investors are also expected to be able to understand and predict future economic conditions (Ikhsan *et al.*, 2022)

This research examines profitability, activity and leverage ratios, their relationship to share prices using liquidity as a moderator because they are all indicators of a company's financial health and are indicators that can explain the influence of company investment and growth. Apart from that, whether a financial crisis occurs or not, this variable is able to explain and provide clues as to what needs to be studied more deeply which can be linked to operational performance and company value. Research in manufacturing companies is carried out due to 3 main things, namely intensive product innovation, the quality of the products produced often creates novelty and differentiation in the market, and optimal management of company efficiency.

This research departs from a discussion conducted by (Bangun & Natsir, n.d.) who studied The Effect of EVA, Leverage, And Liquidity On The Stock Price. In his research, share price is the dependent variable, while EVA, DER, and CR are independent variables which shows that DER and CR have a positive effect on share prices, but not EVA. This research then takes other variables, using 2 new variables, namely activity and profitability, by conditioning liquidity as a moderating variable which is expected to better describe this variable on share prices specifically for manufacturing companies

Financial performance is the effect of financial situations that obtained from a certain period, usually called a measuring tool to determine the financial position and performance of a company as seen from the financial ratio. (Aula Harfina *et al.*, 2023). Commercial business performance can influence share prices. Good performance increases share prices, influenced by an increase in annual profits or a stable increase (Rana Sausan *et al.*, 2020) Predominantly, numerous factors also sway the share price fluctuations. The factors are relegated to both the internal factors and the external factors. Financial performance is linked to several financial ratios which can measure how well and optimally a company carries out its operations, creates income and carries out expense efficiency so that this influences share prices due to increased offers from capital market players.

Financial ratios that can foretell the share prices are Leverage (DER), and Liquidity (CR), Total Asset Turnover (TATO), Earning per Share (EPS), Book Value per Share (BVS), Return on Assets (ROA), Debt to Equity Ratio (DER), Current Ratio (CR), and Return on Equity (ROE). Researchers in this study only examined Profitability Activity (TATO), and Profitability (ROA). If viewed based on its function, Liquidity (CR) and leverage (DER) do not have an eloquent bring on share prices, which can be seen from the concomitant of research designated (Lilie *et al.*, 2019) empowered "The Influence of EPS (Earning Per Share), CR (Current Ratio), Capital Structure, ROE (Return on Equity) on Share Prices in CGCR (Consumer Goods Companies Registered) in Indonesian Stock Exchange" which unveils that ROE and EPS have a significant bring on share prices, whereas the CR and DER do not have a substantial impact on share prices. Liquidity (CR) and Profitability (ROA) sway the share prices, as the concomitant of research (Latifah & Suryani, 2020) designated "Dividend Policy, Debt Policy, Profitability and Liquidity on Stock Prices." Dividend and Debt Policy do not impact stock prices, while profitability and Liquidity sway share prices.

Liquidity (CR) and leverage (DER) do not have an eloquent bring on share prices, which can be seen from the concomitant of research designated (Lilie *et al.*, 2019) empowered "The Influence of EPS (Earning Per Share), CR (Current Ratio), Capital Structure, ROE (Return on Equity) on Share Prices in CGCR (Consumer Goods Companies Registered) in Indonesian Stock Exchange" which unveils that ROE and EPS have a significant bring on share prices, whereas the CR and DER do not have a substantial impact on share prices.

Liquidity (CR) and Profitability (ROA) sway the share prices, as the concomitant of research (Latifah & Suryani, 2020) designated "Dividend Policy, Debt Policy, Profitability and Liquidity on Stock Prices." Dividend and Debt Policy do not impact stock prices, while profitability and Liquidity sway share prices.

Earnings volatility and DER positively effect on stock price volatility, as shown by the results of research (Hieu Nguyen *et al.*, 2020) titled "Dividend Policy and Share Price Volatility: Empirical Evidence From Vietnam." The research shows that the level of commercial business leverage, growth, and earnings volatility positively impact on volatility. Stock prices, while commercial business size hurts stock price volatility.

Activity (TATO) does not have an eloquent influence on share prices, which can be derived from the research results (Kusbiantoro, 2019) designated "The Influence of Profitability, Activity and Leverage on Stock Prices with Liquidity as a Moderating Variable (Study of Manufacturing Companies Listed on the Indonesian Stock Exchange in 2019)", which shows that profitability (ROA) has a positive and significant bring on shares, activity (TATO) does not have an eloquent outcome on stock prices, liquidity (CR) can apportionment in amount the impact of activity (TATO) on share prices, and liquidity (CR) can apportionment in amount the impact of leverage (DER) on stock prices.

Some of the preceding research results depicted above found that financial ratios such as ROA, CR, DER, TATO, and NPM can impact the share prices. Notwithstanding, there are gaps in the results of precedent research because financial ratios such as ROA, CR, DER, TATO, and NPM have little bring on share prices. The research meccas more on profitability, activity, and leverage variables. In some manufacturing companies, it can influence share prices.

2. LITERATURE REVIEW

This research is based on fundamental and technical theories, that is fundamentals that focus on reviewing company performance from period to period based on historical data in financial reports as well as economic factors that can influence the intrinsic value of shares. On the other hand, technical is intended to analyze price and volume movements to find out what the current position is and stock predictions in the future.

Stock Price

The stock price is the price of the commercial business's shares in the capital market exerted influence on by market players and the supply and demand of each share. The higher the commercial business's stock price, the greater the likelihood that investors or shareholders will receive more dividends (Septiani *et al.*, 2020)

Return on Assets (ROA)

Return on Asset is a ratio used to suit a commercial business's ability to invest in all assets to reap profits. This ratio can acquire an ROI, an ascertain the size of the commercial business's overall performance because it shows the return on invested funds using

existing resources within the commercial business (Sunaryo). According to (Khasanah *et al.*, 2022) the formula used to estimate Return On Assets is as follows: :

$$\text{Return On Asset} = \frac{\text{Net Income} \times 100\%}{\text{Total Asset}}$$

Research piloted by (Saputra, n.d.); (Hayati *et al.*, 2019); (Zaman *et al.*, 2021); (Setiawan *et al.*, n.d.); (Kusumawardhani, 2021); (Haryanti & Murtiasih, 2019); (Lumbantobing & Salim, 2021) found that profitability has a positive and significant bring on stock prices. Notwithstanding, research piloted by (August Goenawan & Subandriyo, 2022); (Sinaga & Hasanuh) shows that profitability does not affect stock prices. This shows that the higher the net income generated by the company, the greater the total assets that will be created because basically net income will affect the balance sheet on the equity side which will also increase the value of assets. Net income growth will tend to be higher than total assets if measured comparatively

H₁: ROA or Profitability has a significant effect on stock price

Total Assets Turnover (TATO)

Total Assets Turnover is the activity ratio that a commercial business operates to procure a high sales volume of products or services because it can use many assets effectively (Ratnaningtyas & Nurbaeti, 2023). TATO will increase if Total Assets decrease and income increases (Colline, 2022) According to (Khasanah *et al.*, 2022) the formula used to estimate Total Assers' Turnover is as follows.

$$\text{Total Asset Turnover} = \frac{\text{Sales}}{\text{Total Asset}}$$

Research piloted by (Lumbantobing & Salim, 2021); (Desy Istiyowati & Ika Swasti Putri, 2022); found that activity has a positive bring on stock prices. Notwithstanding, research piloted by (Chairini Ibrahim & Patuan Panjaitan) shows that activity does not bring to share prices. This indicates that the higher the sales the company manages to create, the greater the possibility of net profit being created as long as the cost of goods sold and other expenses are still proportional and optimal, which will also affect the balance sheet on the equity side which will also increase the value of assets.

H₂: TATO or Activity has a significant effect on stock price

Debt to Equity Ratio (DER)

Debt to Equity Ratio is a comparative that ascertain how much debt of a commercial business finances and how the commercial business meets its obligations with the commercial business's equity (Setiawan *et al.*, n.d.). Increasing debt can pose a risk to the commercial business, meaning poor commercial business performance and unhealthy financial conditions can cause stock prices to fall.

DER is profit to equity capital. This ratio is settled by measuring all of the debt with total capital (Haryanti & Murtiasih, 2019). According to (Khasanah *et al.*, 2022) the formula used to estimate the Equity Ratio is as follows.

$$\text{Debt To Equity Ratio} = \frac{\text{Total Liability}}{\text{Total Equity}} \times 100\%$$

This is holded up by research piloted by (Haryanti & Murtiasih, 2019); which found that leverage has a positive bring on stock prices.

Notwithstanding, research piloted by (Hayati *et al.*, 2019); (Utami & Darmawan, 2019); (August Goenawan & Subandriyo, 2022); shows that profitability does not have a

significant bring on stock prices. This indicates that the higher the company's leverage, the more investors assume that there is a corporate strategic program that will be implemented by the company to create new sources of income so as to attract investors to buy company shares.

H3: DER or Leverage has a significant effect on stock price

Current Ratio (CR)

According to (Zaman *et al.*, 2021) the current ratio is used to place something over short-term liabilities due shortly with the current assets acquirable in the commercial business. The current ratio compares how much current debt can be placed by the value of assets by converting it to short-term (Nugi Mohammad Nugraha). This indicates that the current ratio is one of the factors that determines whether a company's financial assets are liquid or not. The better the current ratio, as long as there are no abnormalities in the financial asset accounts, the value will have an optimal impact on profitability, activities and financial assets.

According to (Khasanah *et al.*, 2022) the formula used to estimate the current ratio is as follows:

$$\text{Current Ratio} = \frac{\text{Current Assets} \times 100\%}{\text{Current Liabilities}}$$

High profitability can attract investors' attention as a perception that the company has good performance and is expected to be maintained in the coming period. By using liquidity as a contingency, then:

H4: Profitability influences share prices, moderated by liquidity

Controlled activities indicate that the company has efficient performance planning and operational estimates so that this can provide optimal management of income and expenses to create good performance. This is one of the factors that can attract investors' attention as a perception that the company has good performance and is expected to be able to maintain it in the coming period. By using liquidity as a contingency, then:

H5: Activity affects share prices, which is moderated by liquidity

Good liquidity reflects the company's good financial asset management capabilities. This shows how the company's capabilities are able to encourage the company to control cash flow management so that the company is in a liquid condition. This tends to give rise to a controlled level of leverage because the company is considered capable of paying its short-term obligations, as well as investors' assessment of the company's performance as being able to manage its assets wisely, so that it is obtained that:

H6: Liquidity moderates the interrelation between Leverage and stock price

3. RESEARCH METHOD

This study examined the Manufacturing Companies for the 2019-2022 period on IDX using five variables : profitability, activity, leverage, share price and liquidity, all of which are measured using ratios.

The population is all subjects/objects in research (Amin *et al.*, 2023). The population in this research is 182 manufacturing companies on the ISE for the 2019 - 2022 period. A sample is a portion or representative of a population with representative

characteristics (Amin *et al.*, 2023) The sample in the research is the annual financial report of manufacturing companies on ISE for 2019 - 2022 with specific criteria.

Table 1. Sampling Criteria

Explanation	Total
Total manufacturing companies listed on Indonesia Stock Exchange	182
Criteria :	(0)
1. Manufacturing companies that were not enrolled during the advertency period	
2. Manufacturing companies that did not distribute dividends during the observation period	(31)
3. Manufacturing companies that losses during the advertency period	(74)
4. Manufacturing companies that do not issue complete financial statements	(20)
5. Number of Manufacturing Companies used as samples	57
Number of samples x 4 years	228

Source: Created by researchers (2024)

The data that used in the research is coming after data in the form of financial statements of manufacturing companies for the 2019-2022 period got through the issuer's official website (www.idx.co.id), (finance.yahoo.com) or the commercial business's official website. Researchers employ descriptive statistics and partial least squares (PLS) as statistical techniques to examine methodically the data related to the firm value problem.

T-tables and t-statistics produced by bootstrapping in SmartPLS are compared in this analysis. If the P-value $\alpha = 5\%$, or the t-stat value $> t$ -table (1.96), with a significance level of 5%, support the hypothesis (Ghozali & Latan, 2015)

The closeness of linkages that construct models of the influence of causal interrelations tends to be important in this study. The direct and indirect interrelations between profitability factors, Activity, Leverage, and liquidity on stock price are examined in this study utilizing route analysis.

The structural equation for this research equation model is:

$$Z_{it} = \rho_1 X_{1it} + \rho_2 X_{2it} + \rho_3 X_{3it} + \rho_4 Z_{it} + \varepsilon_{it}$$

4. RESULT AND DISCUSSION

Result

Table 2. Descriptive Statistics Results

Variable	Mean	Median	Min	Max	Std. Deviation	Cramer-van Mixes p-values
Profitability	1,926	0,080	0,017	104,849	13,754	0,00
Activity	0,961	0,961	0,208	422,987	87,743	0,00
Leverage	36,966	0,529	0,101	326,598	71,421	0,00
Stock price	4,258	0,318	-0,136	122,686	20,697	0,00
Liquidity	265,014	232,419	0,634	982,922	213,132	0,00

Source: (the researcher, 2024)

From the data above, the following key takeaways can be depicted as follows :

Profitability (X1) with a total sample of 228 data has an mean value of 1,926, with a median value of 0,080. The minimum value is 0,017 and the maximum value is 104,849, the standard deviation is 13,754 and the Cramer-von Misses p-value is 0,00. From these data, it can be concluded that profitability has a magnitude in the same range with the same median and mean values and the mean value is in the middle of the minimum and maximum data.

Activity (X2) with a total sample of 228 data has an mean value of 0,961, with a median value of 0,961. The minimum value is 0,208 the maximum value is 422,987, the standard deviation is 87,743 and the Cramer-von Misses p-value is 0,00. From the data, it can be concluded that the activity studied has the same magnitude between the median value and the same mean and the mean is almost in the middle of the minimum and maximum data.

Leverage (X3) total sample of 228 data has an mean value of 36,966, with a median value of 0,529. The minimum value is 0,101, the maximum is 326,598, the standard deviation is 71,421, and the Cramer-von Misses p-value is 0,00. From the data, it can be concluded that the leverage has a magnitude in the same range with the same median and mean values and the mean is almost in the middle of the minimum and maximum data. Then the small standard deviation value is an indication that the leverage data has little variation, meaning that the leverage data is almost the same size, and the Cramer-von Misses p-value is 0 which indicates that the data is consistent. From the results above, it can be concluded that the companies to be studied tend to have a good leverage ratio because the majority of the companies studied can pay debts using existing equity, with a leverage value below 1.

Stock Price (Z) total sample of 228 data has an mean value of 4,258, with a median value of 0,318. The minimum value is -0,316 and the maximum value is 122,686, the standard deviation is 20,697 and the Cramer-von Misses p-value is 0,00. From these data, it can be concluded that the stock price has a magnitude in the same range with the same median and mean values and an mean that is almost in the middle of the minimum and maximum data.

Liquidity (Z) total sample of 228 data has an mean value of 265,014, with a median value of 232,419. The minimum value is 0,634 the maximum value is 982,922, the standard deviation is 213,132 and the Cramer-von Misses p-value is 0,00. From these data, it can be concluded that the liquidity has a magnitude in the same range with the same median and mean values and an mean that is almost in the middle of the minimum and maximum data.

Results of determination coefficient testing

Table 3. Adjusted R-Square (R2)

	R-square	R-square adjusted
Y (Stock Price)	0,978	0,975

Source: Data was processed by researchers using SmartPLS4

Based on the data, the coefficient of determination for this study is 0.975, indicating that the variables used—profitability, activity, and leverage—can explain 97.5% of the relationship with stock prices. The remaining 2.5% is attributed to other variables not examined in this study.

Hasil Bootstrapping SmartPLS4

Table 4. Path Coefficients Test

	Original Sample	Sample Mean	Std. Deviation	t-Statistic	p-Values
X1 (Profitability) → Y (Share Price)	0,764	0,763	0,154	4,950	0,000
X2 (Aktivitas) → Y (Share Price)	0,352	0,366	0,107	3,283	0,001
X3 (Leverage) → Y (Share Price)	-0,115	-0,126	0,203	0,564	0,573
Z (Likuiditas) → Y (Share Price)	0,045	0,041	0,022	2,043	0,041
Z (Likuiditas) x X1 (Profitability) → Share Price	0,087	0,037	0,150	0,577	0,564
Z (Likuiditas) x X2 (Aktivitas) → Share Price	-0,022	-0,046	0,108	0,208	0,835
Z (Likuiditas) x X3 (Leverage) → Share Price	-0,027	0,038	0,209	0,130	0,896

Source: Data was processed by researchers using SmartPLS4

From the data, it can be terminated that the results of the study are:

The structural equation above illustrates the link between the dependent and independent variables with positive and negative signs. An indication of a positive or unidirectional link between the dependent and independent variables is represented by a positive sign. On the other hand, a negative sign denotes an inverse or negative link between the dependent and independent variables.

Discussion

Profitability has a significant effect on stock price

Testing the hypothesis that profitability affects stock prices has a significance value of 0,000, more diminutive than 0,05, so H_1 is accepted. This denotes that profitability affects share prices. From the results of this study, profitability affects stock prices. This is because the consequence of profitability is affected by the type, age, economic scale, production prices set by the commercial business, and the products produced, which are determining indicators of profitability, while share prices are more influenced by investor behavior in the capital market and specific expectations from investors Heeding commercial business performance in general, both from historical, current and future projections (Gupta *et al.*, 2023). Profitability typically does not always reflect the same price in the market, either compared to the industry line or over some time (horizon comparison). The sequel of this study are in line with research managed by (Bae & Kang, 2024) (Ciociola *et al.*, 2023); (Koppenberg *et al.*, 2023); (Sklenarz *et al.*, 2024), Notwithstanding, this research contradicts research piloted by (López Prol & Paul, 2024), Differences in research results can also be caused by differences in the samples studied in the business sector, number of companies, and data period studied.

Activity has a significant effect on stock price

Testing the hypothesis that activities influence stock prices has a significance value of 0,001, where this value is smaller than 0,05, so H_2 is accepted. This denotes that activity influences stock prices. The results of this study illustrate that activity reflects stock prices. This is because the activities in the commercial business correspond with what happens to share prices on the capital market. This is due to considerations that commercial business activities are more under management control, such as industry comparisons, risk reduction, seasonal changes, control over stock, technological changes, investment decision-making, and development of corporate planning of assets (Bostan *et al.*, 2024). For the time being, on the other hand, share prices are more affected by investor behavior and specific expectations from investors Heeding commercial business performance in general, both from the historical period and current and future projections. Activities generally do not always reflect the same prices in the market, compared to industry lines or over some time (horizon comparison). The sequel of this study are in line with research managed by (Li & Peng, 2024a); (P. Liu *et al.*, 2024); (Ren *et al.*, 2024a); (Rijsdijk *et al.*, 2022) , but this research contradicts research piloted by (Chang *et al.*, 2024), Differences in research results caused by the differences in the samples studied in the business sector, number of companies, and data period studied.

Leverage has a significant effect on stock price

Testing the hypothesis that leverage does not affect stock prices has a significance value of 0,573, where this value is more significant than 0,05, so H_3 is rejected. This denotes that leverage does not affect share prices. From the results of this study, it can be

revealed that leverage does not impact stock prices. This is because the leverage exerted influence on and used has many indicators that affect it, such as size, growth, tax reduction, profit level, increase in fixed assets, liquidity, business risk, and going concern elements. Commercial business. Many companies that have debt have high-grade corporate persistence because they can handle their debt ideally, so it cannot be said that a commercial business with high leverage will get a bad performance for the commercial business as long as there are no problems in paying debt interest (C. Liu & Niu, 2023). Meanwhile, on the other hand, share prices are more influenced by investor behavior in the capital market and specific expectations from investors Heeding commercial business performance in general, both from the historical period and current and future projections. Leverage, in general, does not always reflect the same price in the market, either compared to the industry line or over some time (horizon comparison). The sequel of this study are in line with research managed by (Chakraborti *et al.*, 2024); (Chang *et al.*, 2024), Notwithstanding, this study contradicts research piloted by (Su *et al.*, 2023), differences in research results can also be caused by differences in the samples studied in the business sector, number of companies, and data period studied.

Profitability influences share prices, moderated by liquidity

Testing the liquidity hypothesis influences the interrelation between profitability and share prices, which has a significance value of 0,564, where this value is more significant than 0,05, so H₄ is rejected. This denotes that liquidity does not affect the interrelation between profitability and share prices. The results of this study show that the liquidity moderating profitability does not affect share prices. This is because the capital turnover, scale, growth, and liquidity indicators are not linear measurements of share prices (Cheung *et al.*, 2023). Share prices are more influenced by investor behavior in the capital market and specific expectations from investors Heeding commercial business performance in general, both from the historical, current and future projections. Generally, this variable does not always reflect the same prices on the market, either compared to industry lines or over some time (horizon comparison). This is different from liquidity, which is exerted influence on more by the commercial business's behavior. The sequel of this study are in line with research managed by (Bae & Kang, 2024); (Ciociola *et al.*, 2023); (Koppenberg *et al.*, 2023); (Sklenarz *et al.*, 2024), Notwithstanding, this research contradicts research piloted by (López Prol & Paul, 2024), differences in research results caused by differences in the samples studied in the business sector, number of companies, and data period studied.

Activity affects share prices, which is moderated by liquidity

Testing the hypothesis that liquidity influences the interrelation between activity and stock prices has a significance value of 0,835, where this value is more significant than 0,05, so H₅ is rejected. This denotes that liquidity does not impact the correlation between activity and stock prices. From the results of this study, liquidity in moderating does not impact share prices. This is because the capital turnover, scale, growth, and liquidity indicators are not linear measurements of share prices (Cheung *et al.*, 2023). Share prices are more influenced by investor behavior in the capital market and specific expectations from investors Heeding commercial business performance in general, both from the historical, current, and future projections. Generally, this variable does not always reflect the same prices on the market, either compared to industry lines or over some time (horizon comparison). This is different from liquidity, which is exerted

influence on more by the commercial business's behavior. The sequel of this study are in line with research managed by (Li & Peng, 2024b)); (P. Liu *et al.*, 2024); (Ren *et al.*, 2024b); (Rijsdijk *et al.*, 2022), nonetheless, this research contradicts research piloted by (Chang *et al.*, 2024), differences in research results caused by differences in the samples studied in the business sector, number of companies, and data period studied.

Liquidity moderates the interrelation between leverage and stock price

Testing the liquidity hypothesis impacts the correlation between share prices and leverage, which has a significant value of 0,896, where this value is more significant than 0,05, so H_6 is rejected. This denotes that liquidity does not affect the interrelation between leverage and share prices. From this research, liquidity in moderating leverage does not impact stock prices. This is because the capital turnover, scale, growth, and liquidity indicators are not linear measurements of share prices (Cheung *et al.*, 2023). Share prices are more influenced by investor behavior in the capital market and specific expectations from investors Heeding commercial business performance in general, both from the historical, current, and future projections. Generally, this variable does not always reflect the same prices on the market, either compared to industry lines or over some time (horizon comparison). This is different from liquidity, which is exerted influence on more by the commercial business's behavior. The sequel of this study are in line with research managed by (Chakraborti *et al.*, 2024); (Chang *et al.*, 2024), notwithstanding, this research contradicts research operated by (Su *et al.*, 2023), differences in research impacts caused by the differences in the samples studied in business sector, number of companies, and data period studied

5. CONCLUSION

Profitability has a sufficiently great or important to be worthy of attention impact on share prices, this is because the consequence of profitability is affected by the type, age, economic scale, production prices set by the commercial business, and the products produced, which are determining indicators of profitability, while share prices are more influenced by investor behavior in the capital market and specific expectations from investors Heeding commercial business performance in general, both from historical, current and future projections; Activity has a substantial come into forcible contact with another object on share prices, this is because the activities in the commercial business correspond with what happens to share prices on the capital market; Leverage has no significant impact on share prices, this is because the leverage exerted influence on and used has many indicators that affect it, such as size, growth, tax reduction, profit level, increase in fixed assets, liquidity, business risk, and going concern elements; Liquidity is disabled to apportionment in amount of the interrelation between profitability and stock prices, the interrelation between activity and stock prices.

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