

## **The Effect of Current Ratio (CR), Return On Assets (ROA), Debt to Equity Ratio (DER) and Price to Book Value (PBV) On Stock Price with Disclosure of CSR as a Moderating Variable in Property and Real Estate Companies in 2018-2021**

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**Abstract:** This study aims to examine the effect of Current Ratio (CR), Return On Assets (ROA), Debt to Equity Ratio (DER), and Price to Book Value (PBV) on Stock Prices by disclosing Corporate Social Responsibility (CSR) as a moderating variable. The population in this study is Property and Real Estate companies listed on the Indonesian stock exchange from 2018 to 2021. Sampling in this study used a purposive sampling method, based on predetermined criteria so that a sample of 72 companies was obtained from 2018 to 2021. Data analysis techniques in this study used descriptive statistical analysis tests, classic assumption tests, multiple linear regression analysis, and Moderated Regression Analysis with SPSS 26.

**Keywords:** Current Ratio (CR), Return On Assets (ROA), Debt to Equity Ratio (DER), and Price to Book Value (PBV), Disclosure of Corporate Social Responsibility (CSR), Stock Price

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### **1. Introduction**

The occurrence of the Pandemic or the Covid-19 outbreak resulted in weak public purchasing power for property assets and negative investor expectations. Not only that, the property and real estate sector became the sectoral index that experienced the deepest decline, this index fell 43.07% year to date. The development of the property and real estate industry can be seen from the many companies that are in the capital market and are listed on the Indonesia Stock Exchange (IDX), and trade their shares. The more shares they sell, of course, the higher the value of a company. The value of a company can be seen from its stock price. The share price stated by (Hendrawati, Djaddang, & Dermansyah, 2019) is the share price is the value of proof of equity participation in a limited liability company that has been listed on the stock exchange, where the shares have been outstanding (outstanding securities).

The stock price that applies on the stock exchange is a price that always fluctuates or changes at any time, can go up or down. Investors must be smart in analyzing stock prices because if they are wrong, investors will experience significant losses. For this reason, investors should not only focus on net income, but also have to do an analysis of the issuer's financial statements, because not only net income affects share but there are other factors, one of which is the Current Ratio (CR), Return On Assets. (ROA), Debt to Equity Ratio (DER), Price to Book Value (PBV). The concept of CSR is based on three basic principles known as the triple bottom lines known as 3P (people, profit, planet), namely the concern for companies that set aside some of their profits (profit) for the benefit of human development (people) and the environment (planet) so that the existence companies can continue to grow and be sustainable (Santoso, 2015).

Research conducted by (Vidiyastutik, Rahayu, Priantomo, & Dhany, 2021) proved that Earning Per Share has a positive and significant effect on stock prices, Return On Assets has a positive and significant effect on stock prices, and the Debt to Equity Ratio has a negative and significant effect on stock price.

This research is a replica of previous research conducted by (Salsabila & Marsono, 2022) regarding the Effect of Financial Performance on Stock Prices with Disclosure of CSR as a Moderating Variable Empirical Studies in Food and Beverage Companies Listed on the IDX in 2014-2019. The differentiator of the research conducted is the change in the independent variables, namely Current Ratio, Return On Assets, Debt to Equity and Price to Book Value and this research was conducted on property and real estate sub-sector companies listed on the IDX in 2018-2021.

Based on the description of this background, the authors are interested in conducting research entitled **Effect of Current Ratio (CR), Return on Assets (ROA), Debt to Equity Ratio (DER) and Price to Book Value (PBV) On Stock Price with Disclosure of CSR as a Moderating Variable in Property and Real Estate Companies in 2018-2021**. This research will answer the effect of Current Ratio, Return On Assets, Debt

to Equity and Price to Book Value on Stock Prices with the Corporate Social Responsibility connecting variable in Property and Real Estate companies listed on the IDX in 2018-2021.

## **2. Literature Review and Hypothesis**

### **2.1 Signal Theory**

Scott (Salsabila & Marsono, 2022) argues that the internal part of the company that has a number that is able to provide additional points to the company's research will voluntarily disclose this information to prospective investors through the company's annual report or financial report.

### **2.2 Stock Price**

According to (Salsabila & Marsono, 2022) there are two factors that influence stock prices, namely internal factors related to the scope of the company, one of which is the announcement of the company's financial statements. And external factors related outside of the company such as announcements from the government both changes in interest rates, exchange rates and foreign exchange.

### **2.3 Current Ratio**

The Current Ratio is one of the measurements of liquidity and is the simplest compared to the other methods. There are 4 types of calculations in calculating liquidity, namely Current Ratio, Quick Ratio, Cash Ratio, and Cash Turnover Ratio According to (Kasmir, 2015).

### **2.4 Return On Assets**

According to (Debbie & Winarti, 2022) ROA is a ratio that shows the company's ability to earn profits from the assets used. ROA shows the effectiveness of management in utilizing assets to generate income.

### **2.5 Debt To Equity Ratio**

Debt to Equity Ratio is a comparison between debt and equity in company funding and shows the ability of its own capital, the company to fulfill all of its obligations, or in other words DER is the ratio used to assess debt to equity (Kasmir, 2015).

### **2.6 Price to Book Value**

The company grows and develops well because it requires several PBV ratios, and it can be seen that the value of the shares is higher than the book value. If the PBV is high, investors also give a higher valuation to the company than the cost of investing in the company (Melati & Suselo, 2022)

### **2.7 Disclosure of Corporate Social Responsibility**

Disclosure Corporate social responsibility refers to all relationships that occur between a company and all stakeholders, including customers, employees, communities, owners or investors, government, suppliers and even competitors (Hendrawati, Djaddang, & Dermansyah, 2019).

### **2.8 Hypothesis**

- H 1: Current Ratio has an effect on stock prices
- H 2: Return On Assets affects stock prices
- H 3: The Debt to Equity Ratio has an effect on the stock price
- H 4: Price to Book Value affects the stock price
- H 5: CSR disclosure is able to moderate the Current Ratio to stock prices
- H 6: CSR disclosure is able to moderate the Return On Assets on stock prices
- H 7: CSR disclosure is able to moderate the Debt to Equity Ratio on stock prices
- H 8: CSR disclosure is able to moderate the Price to Book Value on stock prices

## **3. Methodology**

### **3.1 Population and Sample**

The type of research used in this research is quantitative research. The population used in this study are Property and Real Estate Companies listed on the Indonesia Stock Exchange in 2018-2021. Meanwhile, the sample is part of the population or part of the number and characteristics possessed by a population. The purposive sampling method was used in the sampling technique in this study, namely the sample was based on the suitability of the sample characteristics with the sample selection criteria determined by the researcher. The sample criteria used in this study are as follows:

1. Companies in the Property and Real Estate sub-sector that are consistently listed on the Indonesia Stock Exchange during 2018-2021
2. Property and Real Estate sub-sector companies that publish annual financial reports consecutively during 2018-2021
3. Property and Real Estate sub-sector companies that earn profits in 2018-2021
4. Companies that have complete data variables needed in research

### 3.2 Data Analysis Technique

Data analysis techniques in this study used Descriptive Statistical Analysis Tests, Classic Assumption Tests, Multiple Linear Regression Analysis and Moderated Regression Analysis with SPSS 26.

### 3.3 Variable Measurement

Table 1: Variable Measurement

Stock Price	Closing Price	(Salsabila & Marsono, 2022)
Current Ratio	$CR = \frac{\text{current assets}}{\text{current liabilities}}$	(Hendrawati, Djaddang, & Dermansyah, 2019)
Return On Assets	$ROA = \frac{\text{net profit}}{\text{total assets}}$	(Sari, Rahmawati, & Helmiati, 2022)
Dept To Equity Ratio	$DER = \frac{\text{total liabilities}}{\text{total equity}}$	(Melati & Suselo, 2022)
Price To Book Value	$PBV = \frac{\text{equity market value}}{\text{book value per sheet}}$	(Melati & Suselo, 2022)
Discluosure CSR	$CSRDI_j = \frac{X_j}{N}$ CSRDI <sub>j</sub> = company CSR disclosure index j X <sub>j</sub> = many items are presented N = total items CSR disclosure (91)	(Salsabila & Marsono, 2022)

## 4. Results and Discussion

Table 2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CR	72	,94	12,77	3,0097	2,19559
ROA	72	,10	19,97	5,3763	3,93809
DER	72	,04	3,69	,7381	,76160
PBV	72	,19	6,20	1,2256	1,21066
CSR Discluosure	72	,04	,30	,1097	,05046
Stock Price	72	4,06	10,24	6,4458	1,57073
Valid N (listwise)	72				

Source: SPSS processed in 2023

Table 2 shows that CR has a minimum value of 0,94, a maximum value of 12,77, a mean value of 3,0097, and a standard deviation of 2,19559. ROA has a minimum value of 0,10, a maximum value of 19,97, a mean value of 5,3773, and a standard deviation of 3,93809. DER has a minimum value of 0,04, a maximum value of 3,69, a mean value of 0,7381, and a standard deviation of 0,76160. PBV has a minimum value of 0,19, a maximum value of 6,20, a mean value of 1,2256, and a standard deviation of 1,21066. Discluosure CSR has a minimum value of 0,4, a maximum value of 0,30, a mean value of 0,1097, and a standard deviation of 0,05046.

Stock Price in the form of Ln (Natural Log) has a minimum value of 4,06, a maximum value of 10,24, a mean value of 6,4458, and a standard deviation of 1,57073.

Table 3: Classic Assumption Tests

Assumption Test Classic	Test Which Used	Results	Decision
Normality	Kolmogorov-Smirnov Normality (K-S)	0.051>0.050	Distributed data normal
Multicollinearity	Tolerance and VIF	All variables > 0.10 and All variables < 10	Data is free from multicollinearity
Heteroskeasticity	Glejser test	All variables > 0.05	Data is spared from heteroscedasticity
Autocorrelation	Run Test	0.235>0.050	Data is not experiencing autocorrelation

From the table above it is known that all data passed the classical assumption test so that the data used for this research is feasible for analysis

Table 4: Test Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	6,851	,463	
CR	-,233	,074	-,325
ROA	,010	,043	,024
DER	-,712	,232	-,345
PBV	,627	,132	,483

Source: SPSS processed in 2023

Results the calculation of multiple linear regression analysis in this study is the Stock Price = 6,851+(-0,233CR) + 0,010ROA + (-0,712DER) + 0,627PBV + e

Table 5: Test Results t

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	6,851	,463		14,796	,000
CR	-,233	,074	-,325	-3,149	,002
ROA	,010	,043	,024	,226	,822
DER	-,712	,232	-,345	-3,066	,003
PBV	,627	,132	,483	4,760	,000

Source: SPSS processed in 2023

Based on the table above the CR, DER and PBV variables have a significant effect on stock prices with an overall significance value <0.05. Whereas the ROA variable has no significant effect on stock prices because the significance value is > 0.05.

Table 6: R2 Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,617 <sup>a</sup>	,381	,344	1,27229

Source: SPSS processed in 2023

Based on the above table, it is known that the results of the R2 test (determinant coefficient) where the value of R2 in this study is 0,617, this means that the effect of CR, ROA, DER, and PBV on stock prices is 61.7% and the remaining 38.1% is explained by other factors or variables outside the model.

Table 7: F Test Results

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	66,717	4	16,679	10,304	,000 <sup>b</sup>
	Residual	108,454	67	1,619		
	Total	175,171	71			

Source: SPSS processed in 2023

Based on the table above the results of the F test obtained a significance value of 0.000 < 0.05, it can be concluded that CR, ROA, DER, and PBV have a significant effect on stock prices.

Table 8: Moderated Regression Analysis Test

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	7,809	1,847		4,228	,000
	CR	-,527	,203	-,736	-2,601	,012
	ROA	,172	,150	,432	1,147	,256
	DER	-1,479	1,316	-,717	-1,123	,266
	PBV	,222	,666	,171	,333	,740
	Discluore CSR	-11,654	19,906	-,374	-,585	,560
	CR* Discluore CSR	2,985	2,065	,472	1,446	,153
	ROA* Discluore CSR	-1,341	1,408	-,483	-,953	,344
	DER* Discluore CSR	9,206	15,425	,406	,597	,553
	PBV* Discluore CSR	4,313	7,300	,336	,591	,557

Source: SPSS processed in 2023

The results of the calculation of the moderation regression analysis in this study are Stock Prices = 7,809 + (-0,527X1) + 0,172X2 + (-1,479X3) + 0,222X4 + (-11,654Z) + 2,985X1\*Z + (-1,341X2\*Z) + 9,206X3\*Z + 4,313X4\*Z + e

The results of the model feasibility test (test statistic F) show that the variables CR, ROA, DER, PBV on stock prices with CSR disclosure as a moderating variable have an effect significant with a significance level below 0.05 so that it is suitable for further testing. All independent variables that have been interacted with by the moderating variable (disclosure of CSR) can explain the variation of the dependent variable of 0.660 which can be seen from the test results of the coefficient of determination (R<sup>2</sup>) which is equal to 66,6%, while the remaining 34,4% explained by other factors not included in this study.

Table 9: Summary of Hypothesis Testing

Kode	Hypothesis	B	Sig	Decision
H1	Current Ratio has an effect on stock prices	-0,233	0,002	Accepted
H2	Return On Assets affects stock prices	0,010	0,822	Rejected
H3	The Dept to Equity Ratio has an effect on the stock price	-0,712	0,003	Accepted
H4	Price to Book Value affects the stock price	0,627	0,000	Accepted
H5	CSR disclosure is able to moderate the Current Ratio to stock prices	2,985	0,153	Rejected
H6	CSR disclosure is able to moderate the Return On Assets on stock prices	-1,341	0,344	Rejected
H7	CSR disclosure is able to moderate the Dept to Equity Ratio on stock prices	9,206	0,553	Rejected
H8	CSR disclosure is able to moderate the Price to Book Value on stock prices	4,313	0,557	Rejected

### Effect of Current Ratio on Stock Price

The results of the Current Ratio test in the regression showed that the significant value of the CR variable was 0,002 (smaller of 0,05) which means that CR has a significant effect on stock prices. There are similarities in the results of this study with research conducted by (Sari, Rahmawati, & Helmiati, 2022) where the Current Ratio affects Stock Prices.

In this study, the CR generated by property and real estate companies from 2018-2021 can affect the company's stock price. This can explain that property and real estate companies have good liquidity so that current liabilities or current debts owned by the company are able to be paid off with their current assets.

#### **Effect of Return On Assets on Stock Price**

The results of the Return On Assets test in the regression show that the significance value of the ROA variable is 0,822 (greater than 0,05), which means that ROA has no significant effect on stock prices. There are similarities in the results of this study with research conducted by (Vidiyastutik, Rahayu, Priantomo, & Dhany, 2021) where Return On Assets has no effect on stock prices.

The factors that cause ROA to have no effect on stock prices can be described because the characteristics of ROA and stock prices for property and real estate companies on the IDX from 2018-2021 do not show a linear trend. The tendency that often occurs is the up and down trend, the tendency for stock prices to go up and down can occur because the net profit generated is not proportional to the amount of assets.

#### **Effect of Debt to Equity Ratio on Stock Price**

The results of the Debt to Equity Ratio test in regression showed that the significance value of the DER variable was 0,003 (smaller than 0,05), which means that DER has a significant effect on stock prices. There are similarities in the results of this study with research conducted by (Sari, Rahmawati, & Helmiati, 2022) where the Debt to Equity Ratio affects stock prices.

Companies with the use of debt that is too high precisely will make shareholders not want to be involved in the impact of the debt burden suffered by the company at any time. The higher the DER, the smaller the profit that will be distributed to shareholders, so that it can affect stock prices.

#### **Effect Price to Book Value on Stock Price**

The results of the Price to Book Value test in the regression show that the significance value of the PBV variable is 0,000 (smaller than 0,05), which means that PBV has a significant effect on stock prices. There are similarities in the results of this study with research conducted by (Melati & Suselo, 2022) Price to Book Value has an effect on stock prices.

Price to Book Value can be said to describe the company's level of success in managing assets owned by the company, because Price to Book Value will provide a more valued assessment to investors.

#### **The Effect of Current Ratio on Stock Price Moderated by CSR disclosure**

The results of the analysis seen from the explanation above show a significance value of 0,153 which is greater than 0,05, meaning that CSR disclosure cannot moderate the influence of the Current Ratio on Stock Prices. The results of this study are in line with research conducted by (Hendrawati, Djaddang, & Dermansyah, 2019) where CSR disclosure is not able to mediate Current Ratio to Stock Price. This is due to the higher CSR disclosure by the company causing an increase in the company's burden so that it has an impact on dividend distribution to investors and lowers stock prices.

#### **The Effect of Return on Assets on Stock Price Moderated by CSR disclosure**

The results of the analysis as seen from the explanation above show that a significant value of 0,344 which is greater than 0,05 means that CSR disclosure cannot moderate the effect of Return on Assets on Stock Prices. In Property and Real Estate companies listed on the IDX in 2018-2021 there is a lack of CSR indicators disclosed so that the results of CSR disclosure research have no significant effect on Return on Assets and Stock Prices, companies still have to report social responsibility even though the level of liquidity is high or low.

#### **The Effect of Debt to Equity Ratio on Stock Price Moderated by CSR disclosure**

The results of the analysis seen from the explanation above show that a significance value of 0,553 which is greater than 0,05 means that CSR disclosure cannot moderate the effect of the Debt to Equity Ratio on Share Prices.

#### **The Effect of Price to Book Value on Stock Price Moderated by CSR disclosure**

The results of the tests carried out can be seen from the explanation in the table above, that the significance value of CSR Disclosure in moderating the Price to Book Value on stock prices is 0,557 which is greater than 0,05, meaning that CSR disclosure is not able to strengthen the effect of Price to Book Value on Share Prices.

## 5. Conclusion

Based on the test results simultaneously (simultaneously) the variables Current Ratio (CR), Return on Assets (ROA), Debt to Equity Ratio (DER), and Price to Book Value (PBV) of stock prices with CSR disclosure as a moderating variable in property and real estate companies listed on the IDX in 2018-2021 have a simultaneous effect.

Based on the test results individually (partial) there are variables that have a significant influence on stock prices, including the variables Current Ratio (CR), Debt to Equity Ratio (DER), and Price to Book Value (PBV), while the Return On Assets (ROA) variable has no effect on stock prices and the CSR disclosure variable does not moderate and is a homologist for property and real estate companies listed on the IDX for 2018-2021.

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