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The Effect Of Financial Ratios On Stock Prices With Company Size As A Moderating Variable In Healthcare Sector Companies Listed On The Indonesia Stock Exchange In The Period 2020 – 2024

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Abstract: This study aims to determine the current ratio, debt to equity ratio, and return on assets on stock prices, and to examine the role of company size as a moderating variable. Using a quantitative approach with purposive sampling technique, 13 companies were selected. The analytical methods used were panel data regression analysis and moderated regression analysis (MRA) using Eviews-14 software. Based on the t-test results, it shows that the current ratio and return on assets have no effect on stock prices, while the debt to equity ratio has a negative effect on stock prices. The MRA test results indicate that company size is unable to moderate the influence of the current ratio and return on assets on stock prices, but company size is proven to be able to moderate or strengthen the influence of the debt to equity ratio on stock prices.

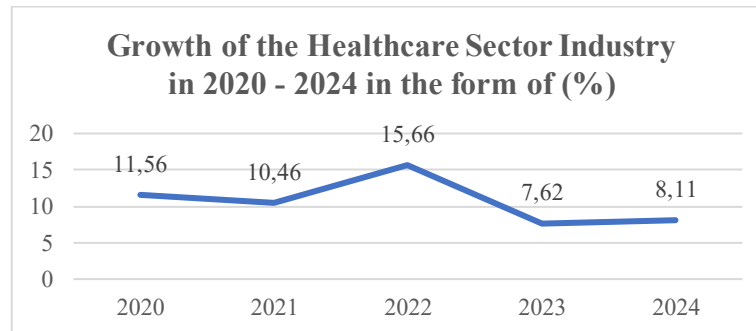
Keyword: Current Ratio, Debt to Equity Ratio, Return on Assets, Stock Price, Size.

Indonesian Abstract: Penelitian ini bertujuan untuk mengetahui current ratio, debt to equity ratio, return on asset terhadap harga saham serta menguji peran ukuran perusahaan sebagai variabel moderasi. Menggunakan pendekatan kuantitatif dengan teknik purposive sampling, diperoleh 13 perusahaan. Metode analisis yang digunakan yaitu metode analisis regresi data panel dan moderated regression analysis (MRA) menggunakan perangkat lunak Eviews-14. Berdasarkan hasil uji t menunjukkan bahwa current ratio dan return on asset tidak berpengaruh terhadap harga saham, sedangkan debt to equity ratio berpengaruh negatif terhadap harga saham. Hasil uji MRA menunjukkan bahwa ukuran perusahaan tidak mampu memoderasi pengaruh current ratio dan return on asset terhadap harga saham, namun ukuran perusahaan terbukti mampu memoderasi atau memperkuat pengaruh debt to equity ratio terhadap harga saham.

Keywords: Rasio Lancar, Rasio Utang Terhadap Ekuitas, Pengembalian Aset, Harga Saham, Ukuran Perusahaan.

INTRODUCTION

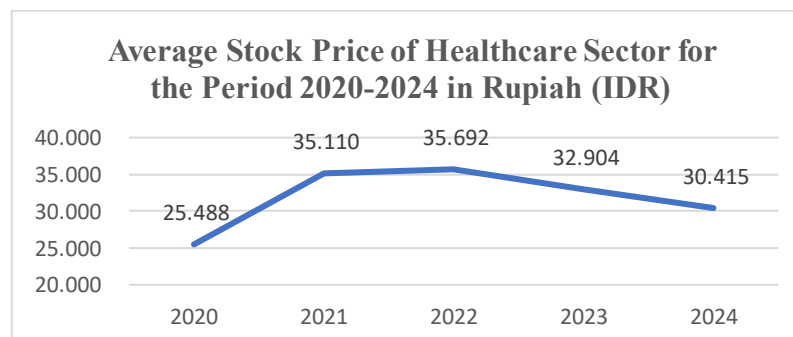
Following the COVID-19 outbreak, the healthcare sector experienced a significant decline. Company revenues, previously driven by increased demand for COVID-19-related services, have now begun to stabilize. Despite this, the healthcare sector continues to show promising potential due to growing public awareness of the importance of health and advances in digital healthcare innovation. The following graph illustrates the growth of the healthcare industry from 2020 to 2024:



Source: Research Result

Figure 1. Growth of the Healthcare Sector Industry in 2020-2024

The capital market is a crucial instrument for economic recovery in Indonesia. Companies can offer their shares to investors through the Indonesia Stock Exchange (IDX). In this context, the healthcare sector is one that attracts investor attention. To conduct buying and selling transactions, analysts and investors must understand a company's value. From 2020 to 2024, the following graph shows the fluctuation in healthcare company stock prices:



Source: Research Result

Figure 2. Average stock Price of Healthcare Sector for the Period 2020-2024

This study uses the three most common financial ratios used to assess a company's financial health, namely the current ratio (CR), debt to equity ratio (DER), and return on assets (ROA) as well as company size as a moderating variable. A company's ability to pay short-term liabilities and maturing loans can be seen in its current ratio (CR), a liquidity ratio. A company needs a higher CR value because it indicates its ability to meet its short-term obligations. However, several previous studies have reached conflicting conclusions. For example, research by Ningrum, H.S. & Pertiwi, T.K., 2025 found that the current ratio (CR) positively impacts stock prices. Research by Effendi, A.D., 2022 showed a negative effect on stock prices. Research by Putri, J.A., 2023 found that the current ratio (CR) had no effect on stock prices.

One measure of a company's financial health can be seen in its DER value, a ratio that compares the proportion of capital derived from debt to equity. A higher proportion of debt can be interpreted as increasing the risk of default. If this situation deters investors from purchasing

the company's shares, demand for those shares may decrease. However, previous research has shown conflicting results. For example, research by Wulandari, L., & Sutanti (2026) found that the debt-to-equity ratio (DER) has a positive effect on stock prices. Research by Effendi, A.D., 2022 found that the debt-to-equity ratio (DER) has a negative effect on stock prices. Research by Al-Marisi, H.I.I., 2025 found that the debt-to-equity ratio (DER) has no effect on stock prices.

ROA describes a ratio that measures the percentage of a company's net income returned to assets. A higher ROA indicates a company's performance in converting its assets into profits. Therefore, investors may be more attracted to the company's shares, which can lead to an increase in the stock price. Several previous studies have shown inconsistent results. For example, research (Al-Marisi, H.I.I., 2025) found that return on assets (ROA) has a positive effect on stock prices. Research (Julaika, R., and Mubarak, H., 2023) found that return on assets (ROA) has a negative effect on stock prices. Research (Effendi, A.D., 2022) found that return on assets (ROA) has no effect on stock prices.

One way to measure a company's scale is by looking at its size. Total assets, market capitalization, and revenue are some methods that can be used to measure company size. One way to represent a company's total assets is as a natural logarithm. Research on the role of company size in influencing the current ratio on stock prices (Ningrum, H. S. & Pertiwi, T. K., 2025) found that company size moderates the effect of the current ratio (CR) on stock prices. However, research by Hakim, H. D., Yusnita, R. T., & Siddiq, H., 2025) found that company size does not moderate the effect of the current ratio (CR) on stock prices.

Research on the role of company size in influencing the debt-to-equity ratio on stock prices (Sitanggang, M. B., Safrida, E., Listya, K., & Rahman, A., 2026) found that company size moderates the effect of the debt-to-equity ratio (DER) on stock prices. However, research by Ningrum, H. S. & Pertiwi, T. K., 2025 found that company size does not moderate the effect of the debt-to-equity ratio (DER) on stock prices.

Based on research on the role of company size in the influence of return on assets on stock prices conducted by (Pattynama, F. K., 2025) found that company size is able to moderate the influence of return on assets (ROA) on stock prices, while research conducted by (Ningrum, H. S. & Pertiwi, T. K., 2025) found that company size is not able to moderate the influence of return on assets (ROA) on stock prices.

Referring to the background outlined above and the gaps in previous research findings, the research questions are as follows:

- 1) Does CR affect stock prices in healthcare sector companies listed on the Indonesia Stock Exchange?
- 2) Does DER affect stock prices in healthcare sector companies listed on the Indonesia Stock Exchange?
- 3) Does ROA affect stock prices in healthcare sector companies listed on the Indonesia Stock Exchange?
- 4) Does company size moderate the effect of CR on stock prices in healthcare sector companies listed on the Indonesia Stock Exchange?
- 5) Does company size moderate the effect of DER on stock prices in healthcare sector companies listed on the Indonesia Stock Exchange?
- 6) Does company size moderate the effect of ROA on stock prices in healthcare sector companies listed on the Indonesia Stock Exchange?

In line with these research questions, the objectives of this study are to analyze the effect of financial ratios on stock prices and examine the role of company size as a moderating

variable in healthcare sector companies listed on the Indonesia Stock Exchange for the 2020–2024 period.

METHOD

This study employed quantitative methods. The research instrument utilized secondary data, in the form of financial statements sourced from the Indonesia Stock Exchange and official company websites. The data was processed using the E-Views 14 analysis tool. The population of this study was all healthcare sector companies. There were 38 listed companies in this sector. The research sample was determined using purposive sampling, a sampling technique based on specific considerations tailored to the research objectives and problems. This purposive sampling resulted in 13 selected companies.

This study involved three types of variables: independent variables (CR, DER, and ROA), dependent variables (stock prices), and moderating variables (company size). The data analysis techniques used in this study were:

- 1) Descriptive statistical analysis, to present the data and analyze the characteristics of each variable.
- 2) Regression model selection, to determine the most appropriate model among common effects, fixed effects, and random effects using the Chow, Hausman, and Lagrange multiplier tests.
- 3) Classical assumption test, to ensure the reliability of the regression model to be used, with the criteria of meeting the normality assumptions, ensuring no multicollinearity, and no heteroscedasticity.
- 4) Panel data regression analysis, to determine the nature of the relationship between several variables. The regression model in this study is formulated in two forms: an unmoderated model and a moderated model.
- 5) Coefficient of Determination (R^2) analysis interprets how much variation in the dependent variable can be explained by the regression model.
- 6) Hypothesis testing, to verify the validity of the assumptions based on data analysis, thus concluding whether the hypothesis is accepted or rejected.

RESULTS AND DISCUSSION

	HARGA S...	CR	DER	ROA	SIZE
Mean	1773.385	2.269442	0.603554	0.031529	24.63123
Median	1375.000	1.917819	0.454091	0.026035	27.91964
Maximum	16500.00	5.744106	2.461909	0.144920	30.99695
Minimum	190.0000	0.323980	0.111673	0.000257	15.20727
Std. Dev.	2138.591	1.393058	0.494787	0.029669	5.748008
Skewness	5.159934	0.575454	1.758392	1.503705	-0.583244
Kurtosis	35.85238	2.424431	6.180565	5.403833	1.667644
Jarque-Bera	3211.484	4.484648	60.89351	40.14544	8.492967
Probability	0.000000	0.106211	0.000000	0.000000	0.014314
Sum	115270.0	147.5137	39.23100	2.049375	1601.030
Sum Sq.	4.97E+08	458.9730	39.34616	0.120950	41549.88
Sum Sq. Dev.	2.93E+08	124.1991	15.66813	0.056336	2114.534
Observations	65	65	65	65	65

Source: Research Result

Figure 3. Descriptive Statistical Analysis Result

The results of the descriptive statistical analysis indicate that the study used 65 observations of healthcare companies listed on the Indonesia Stock Exchange during the 2020–2024 period. The stock price variable had an average value of 1,773,385 rupiah, with a minimum value of 190 rupiah and a maximum of 16,500 rupiah, and a standard deviation of

2,138.591. This indicates that the stock prices of healthcare companies experienced a significant degree of variation during the study period.

The Current Ratio (CR) had an average value of 2.269, with a minimum value of 0.324 and a maximum of 5.744, and a standard deviation of 1.393. These values indicate differences in companies' ability to meet their short-term obligations. The Debt to Equity Ratio (DER) had an average value of 0.604, with a minimum value of 0.112 and a maximum of 2.462, and a standard deviation of 0.495. This indicates variations in the level of debt usage compared to equity across the sample companies.

Return on Assets (ROA) had an average value of 0.032, with a minimum value of 0.000257 and a maximum of 0.145, and a standard deviation of 0.030. This indicates differences in companies' ability to generate profits from their assets. Meanwhile, company size had an average value of 24.631, with a minimum value of 15.207 and a maximum of 30.997, and a standard deviation of 5.748. These values indicate significant differences in company scale within the study sample.

Overall, the descriptive statistics show that all study variables varied across companies during the observation period. These differences reflect the diverse characteristics and financial conditions of the healthcare sector companies in the study sample.

Regression Model Selection

Aims to determine whether the panel data regression model using the common effect model (CEM) or the fixed effect model (FEM) is more appropriate for this study.

Table 1. Chow Test

Effect Test	Statistic	d.f.	Prob.
Cross-section F	5.394952	(12,48)	0.0000
Cross-section Chi-square	55.502084	12	0.0000

Source: Research Data

The cross-section chi-square value shows a probability value of 0,0000, meaning it is $\leq 0,05$. Therefore, it can be concluded that the FEM is the most appropriate model. Therefore, the analysis can proceed to the next test, namely the Hausman test. Aims to determine whether the random effect model (REM) or fixed effect model (FEM) regression model is more suitable for use in this study.

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	9.280308	4	0.0545

Source: Research Result

Figure 4. Hausman Test

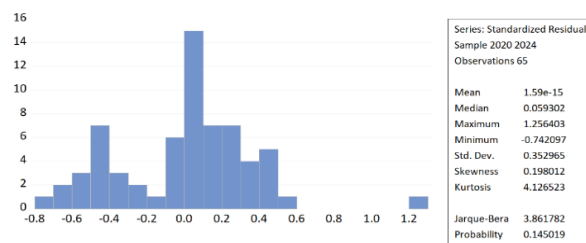
Shows that the random cross-section probability value is 0,0545, which means $> 0,05$, indicating the selected REM regression model. Thus, the analysis can proceed to the next stage, namely the Lagrange multiplier (LM) test. To find out whether the common effect model (CEM) or random effect model (REM) regression model would be more appropriate for use in this study.

	Cross-section	Test Hypothesis Time	Both
Breusch-Pagan	17.21258 (0.0000)	1.050779 (0.3053)	18.26336 (0.0000)
Honda	4.148804 (0.0000)	1.025075 (0.1527)	3.658485 (0.0001)
King-Wu	4.148804 (0.0000)	1.025075 (0.1527)	2.962143 (0.0015)
Standardized Honda	5.222132 (0.0000)	1.626668 (0.0519)	1.380702 (0.0837)
Standardized King-Wu	5.222132 (0.0000)	1.626668 (0.0519)	0.878211 (0.1899)
Gourieroux, et al.	--	--	18.26336 (0.0000)

Source: Research Result

Figure 5. Lagrange Multiplier Test

Shows that the Breusch-Pagan cross-sectional value is 0.0000, which means ≤ 0.05 . Based on the results, the most appropriate model to use in this study is the random effects model (REM).



Source: Research Result

Figure 6. Normality Test

This indicates that the probability value is $0.14 > 0.05$. Therefore, it can be said that the data is normally distributed.

	CR	DER	ROA	LOG(SIZE)	LOG(CR SIZE)	LOG(DER SIZE)	LOG(ROA SIZE)
CR	1.000000	-0.668959	0.409541	0.177193	0.937260	-0.718565	0.567740
DER	-0.668959	1.000000	-0.218096	-0.049970	-0.747333	0.910594	-0.315306
ROA	0.409541	-0.218096	1.000000	-0.010261	0.374904	-0.152309	0.789053
LOG(SIZE)	0.177193	-0.049970	-0.010261	1.000000	0.351997	0.064593	-0.010959
LOG(CR SIZE)	0.937260	-0.747333	0.374904	0.351997	1.000000	-0.716689	0.554363
LOG(DER SIZE)	-0.718565	0.910594	-0.152309	0.064593	-0.716689	1.000000	-0.274545
LOG(ROA SIZE)	0.567740	-0.315306	0.789053	-0.010959	0.554363	-0.274545	1.000000

Source: Research Result

Figure 7. Multicollinearity Test

Overall, all correlation coefficients between the independent and moderating variables in this study were below 0.95. Therefore, it can be concluded that there are no symptoms of multicollinearity.

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.084059	0.612412	0.137258	0.8913
CR	-0.091978	0.152741	-0.602181	0.5494
DER	0.118703	0.635654	0.186742	0.8525
ROA	5.248597	4.585510	1.144605	0.2572
SIZE	0.006258	0.022892	0.273397	0.7855
CR SIZE	0.002699	0.005830	0.462922	0.6452
DER SIZE	-0.001974	0.022745	-0.086771	0.9312
ROA SIZE	-0.178260	0.173651	-1.026541	0.3090

Source: Research Result

Figure 8. Heteroscedasticity Test

This indicates that no independent variable in this study has a probability value ≤ 0.05 . It can be concluded that the regression model in this study does not show any symptoms of heteroscedasticity.

Table 2. Panel Regression Results (REM)

Variable	Koefisien	Prob	Conclusion
CR	-0,2246	0,2308	No effect
DER	-2,9166	0,0001	Significant Influence
ROA	0,9082	0,8925	No effect

Source: Reserach Data

Based on the partial t-test results, the Current Ratio (CR) did not significantly impact stock prices, with a probability value of $0,2308 > 0,05$. These results indicate that a company's ability to meet short-term obligations is not yet a primary consideration for investors in determining stock prices. In healthcare companies, the need for medicines and healthcare services tends to persist, so the company's liquidity is not a direct factor influencing investment decisions. Therefore, changes in the CR do not provide a strong enough signal to investors to influence stock prices.

The Debt to Equity Ratio (DER) has a negative and significant effect on stock prices, with a probability value of $0,0001 < 0,05$. These results indicate that the higher the DER, the lower the stock price. This indicates that an increase in the proportion of debt compared to equity is seen as increasing a company's financial risk. For investors, high debt levels can send a negative signal because they indicate a greater liability burden and potentially higher financial risk. Therefore, investors tend to respond negatively to increases in DER by decreasing interest in the company's shares. This finding aligns with research by Effendi (2022), which found that DER negatively impacts stock prices.

Meanwhile, Return on Assets (ROA) did not significantly impact stock prices, with a probability value of $0,8925 > 0,05$. These results indicate that a company's ability to generate profits from its assets was not a significant factor influencing the stock prices of healthcare companies during the study period. Therefore, increases or decreases in ROA do not provide a strong enough signal for investors to make investment decisions. This finding aligns with research by Effendi (2022), which also found that ROA had no effect on stock prices.

Table 3. Moderated Regression Analysis (MRA)

Variable	Koefisien	Prob	Conclusion
CR*Size	0,0135	0,0616	No Moderation
DER*Size	0,1097	0,0000	Moderation
ROA*Size	0,0830	0,7451	No Moderation

Source: Research Data

The results of the Moderated Regression Analysis (MRA) show that company size does not moderate the effect of the Current Ratio (CR) on stock prices. This is indicated by the CR*SIZE interaction probability value of $0,0601 > 0.05$. Therefore, company size neither strengthens nor weakens the effect of CR on stock prices. This condition indicates that investors tend to continue to consider a company's ability to meet short-term obligations without

considering company size as a factor that alters the effect of liquidity. In the healthcare sector, the demand for healthcare services and products is relatively constant, so differences in company size do not significantly alter investors' assessments of CR.

Furthermore, company size can moderate and strengthen the effect of the Debt to Equity Ratio (DER) on stock prices. This is indicated by the DER*SIZE interaction probability value of $0,0000 < 0,05$, with an interaction coefficient of 0,1097. These results indicate that company size can alter the strength of the relationship between DER and stock prices. Larger companies tend to have better assets, revenue, and access to funding, allowing investors to have greater confidence in the company's ability to manage and meet its obligations. Therefore, although DER sends a negative signal because it indicates higher debt levels, a larger company's scale can strengthen investor response to this relationship.

Meanwhile, company size does not moderate the effect of Return on Assets (ROA) on stock prices. The ROA*SIZE interaction probability value is $0,7451 > 0,05$, indicating that company size does not significantly strengthen or weaken the effect of ROA on stock prices. This indicates that a company's ability to generate profits from its assets remains a factor whose influence changes based on company size. In other words, investors do not significantly change their assessment of ROA simply because a company is larger.

R-squared	0.403782	Mean dependent var	3.076898
Adjusted R-squared	0.330562	S.D. dependent var	0.395456
S.E. of regression	0.323559	Sum squared resid	5.967357
F-statistic	5.514660	Durbin-Watson stat	0.680263
Prob(F-statistic)	0.000071		

Source: Research Result

Figure 9. Results of the Coefficient of Determination

This indicates that the Adjusted R-squared value is 0,33, or 33%. This means that the stock price variable can be explained by the CR, DER, ROA, and company size variables by 0.33, or 33%. Meanwhile, the remaining 67% can be explained by other variables not included in the research model.

R-squared	0.403782	Mean dependent var	3.076898
Adjusted R-squared	0.330562	S.D. dependent var	0.395456
S.E. of regression	0.323559	Sum squared resid	5.967357
F-statistic	5.514660	Durbin-Watson stat	0.680263
Prob(F-statistic)	0.000071		

Source: Research Result

Figure 10. F Test Results

This shows that the F-statistic probability value is $0.0000 \leq 0.05$. This means that CR, DER, ROA, and company size simultaneously or jointly influence stock prices.

CONCLUSION

This study shows that the Current Ratio and Return on Assets have no significant effect on stock prices, while the Debt-to-Equity Ratio has a negative and significant effect on stock prices. Company size is unable to moderate the influence of the Current Ratio and Return on Assets on stock prices, but it is able to moderate and strengthen the influence of the Debt-to-Equity Ratio on stock prices. These findings indicate that the level of debt risk is a factor that investors pay more attention to, while company scale plays a role in strengthening the relationship between debt structure and stock prices in healthcare sector companies.

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