



The Effect of Return on Assets, Current Ratio, and Debt-to-Equity Ratio on Stock Prices: A Case Study of Food and Beverage Sub-Sector Companies Listed on the Indonesia Stock Exchange (2020–2024)

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Abstract: *This study emphasizes the association between corporate financial conditions and share valuation within the food and beverage processing sector listed on Indonesia's capital market over the past five years by drawing upon documented data derived from audited annual reports, yielding a total of 115 observational records from twenty-three selected firms; the information was examined through data profiling, model feasibility assessment, and relational modeling supported by statistical software. The findings indicate that the capacity of assets to generate earnings does not exhibit a meaningful linkage with stock movements, suggesting that profit magnitude is not invariably a primary consideration for market participants, whereas excessive short-term fund availability demonstrates an inverse tendency, implying perceived inefficiency due to idle resources lacking productive allocation, while the proportional balance between liabilities and equity likewise fails to reveal a pronounced connection with value shifts. Nevertheless, when these elements are evaluated collectively, a substantive relationship with stock price volatility becomes apparent, accounting for more than half of the variation in market value, with the remainder presumably attributable to other determinants beyond the scope of this discussion.*

Keywords: *Current Ratio; Debt to Equity Ratio; Food and Beverage; Return on Asset; Stock Price.*

1. INTRODUCTION

Investment traffic plays an important role in encouraging economic growth because it is a forum for distributing funds from parties with excess resources to business entities that need additional financing to expand activities. In Indonesia, the securities trading system provides a variety of investment alternatives, with ownership of company shares among the options that attract a lot of attention, both from domestic and foreign circles. The value formed in these transactions generally reflects the company's image as well as market participants' expectations of future prospects. Changes tend to fluctuate because they are influenced by various elements, ranging from the company's internal conditions to the broader economic situation and are often difficult to anticipate. Prudent parties usually study financial information carefully to measure the stability of the business before determining the steps to invest funds. Thus, understanding the financial elements related to the change in value is very essential for every party involved in investment activities. In this context, fundamental analysis uses financial ratios as the main tool to comprehensively dissect the performance of issuers (Al-Amin et al., 2023; Al-Amin & Andespa, 2022; Amalia & Utomo, 2025; A.-A. Amin & Taufiq, 2023; A. Amin et al., 2023)

The processing industry, especially the food and beverage sector, is often seen as a support for national economic activity because of its ability to survive in the midst of situational pressures, both from within and outside the country. The goods produced are classified as basic

needs so that the level of demand is relatively maintained and even shows a tendency to increase in line with the increase in population over time. Although often associated with stability, the dynamics of the company's ownership value in the period 2020–2024 actually show changes that are not always predictable and require a more in-depth study. The shift is not solely triggered by broader environmental conditions, but also related to internal conditions depicted in financial records. The problem that arises is that the long-term prospects of this field look promising, but its value continues to experience a sharp spike and decline, among others, influenced by people's spending ability and the increasing cost of production materials. The following is presented data on changes in the value of ownership in several entities in the food and beverage sector that show these fluctuations:

Table 1. Share Prices of Food and Beverage Sub-Sector Companies in 2020-2024

Kode	2020	2021	2022	2023	2024
AALI	10.085,61	7.980,91	7.003,58	6.450,99	5.917,66
CPIN	5.993,58	5.564,33	5.391,61	4.885,67	4.654,87
DLTA	2.977,58	2.701,49	2.981,52	2.989,68	1.987,09
LSIP	1.112,53	976,47	871,67	804,55	924,30
MLBI	6.975,28	5.905,02	7.124,99	6.436,97	5.572,12
SSMS	995,01	795,08	1.366,52	1.014,71	1.262,32
GOOD	234,28	489,08	494,52	410,32	401,75
SMAR	3.162,23	3.578,83	4.329,01	3.768,97	3.618,17
TBLA	675,09	592,06	551,86	610,56	604,82
SIMP	365,55	399,68	373,19	351,49	363,18

Source: Yahoo Finance (Data processed), 2025

Based on Table 1 regarding the share prices of companies in the food and beverage sub-sector during the period 2020 to 2024, it can be concluded that in general, most stocks experience a significant downward trend in price. AALI shares, for example, showed a drastic decline from 10,085.61 in 2020 to 5,917.66 in 2024, indicating a prolonged negative sentiment. The decline was also seen consistent in CPIN shares which fell from 5,993.58 in 2020 to 4,654.87 in 2024, as well as MLBI shares which declined from 6,975.28 to 5,572.12 in the same period. However, some stocks show fluctuating price movements, such as LSIP shares which had fallen but rose again in 2024 to 924.30. SSMS and SMAR stocks also show price fluctuations with increases in certain years although they are not consistent throughout the observation period. Meanwhile, GOOD shares rose at the beginning of the period but declined

again until 2024, indicating high market volatility. Overall, this data confirms the phenomenon of declining stock prices with varying movement patterns between companies (Al-Amin et al., 2023; Al-Amin & Andespa, 2022) (A. M. Amin et al., 2024).

In addition to stock price fluctuations, there is another interesting phenomenon, namely the inconsistency or inconsistency between financial theory and empirical data on company financial ratios. Theoretically, improving financial performance such as high profitability or a logically sound capital structure, improving business conditions is expected to be in line with an increase in ownership value, but empirical reality often shows a pattern that is not in line. Therefore, investors need to pay close attention to a number of financial indicators that are able to represent the company's basic condition, including the level of asset ability to generate benefits, the adequacy of short-term resources, and the balance between liabilities and own capital. However, the visible fact suggests that these various measures do not always indicate the direction of simultaneous movement. With stock prices, it creates a gap that needs to be researched. The following is presented data comparing financial ratios with stock prices to see the inconsistencies that occur:

Table 2. Relationship Between Variables (ROA, CR, DER, and Stock Price)

Code	Year	ROA	CR	DER	Stock Price
AALI	2020	0,033	3,313	0,444	2.311
	2021	0,068	1,580	0,436	2.077
	2022	0,061	3,600	0,315	1.946
	2023	0,038	1,834	0,279	1.864
	2024	0,041	2,605	0,241	1.777
CPIN	2020	0,123	2,527	0,334	1.790
	2021	0,102	2,05	0,410	1.716
	2022	0,507	1,758	0,514	1.684
	2023	0,057	1,648	0,516	1.583
	2024	0,087	2,485	0,413	1.537
DLTA	2020	0,100	7,498	0,201	1.091
	2021	0,143	4,809	0,295	0,993
	2022	0,176	24,563	0,306	1.092
	2023	0,165	4,891	0,292	1.095
	2024	0,127	4,635	0,315	0,686

Source: Annual Financial Report (Data processed), 2025

Based on Table 2 above, there is a theoretical discrepancy regarding the influence of variables on stock prices that is clearly visible in several issuers. It appears that the ability of assets to generate profits does not always go in line with changes in the value of ownership. In one of the large entities, for example, the rate of profit acquisition has fluctuated, but the value

continues to weaken. This suggests that the magnitude of the results obtained from the utilization of assets may not necessarily be the dominant consideration in shaping market valuations, perhaps not the only factor that determines the value of stock prices in the eyes of investors in that period. At Charoen Pokphand Indonesia Tbk (CPIN), a significant surge in ROA in 2022 to 0.507 was not able to boost the share price, which actually fell to 1,684. This inconsistency confirms that there are other factors or market sentiment that are more dominant in influencing investment decisions.(Anggrainie et al., 2024)

In addition to ROA, the Current Ratio (CR) indicators in the three sample companies also showed different patterns and often contradicted theoretical expectations. On AALI, CR tends to fluctuate sharply from 3,313 to 1,580 and rise again, but it does not show a strong correlation with the stock price which continues to decline consistently. Meanwhile, in CPIN, although liquidity is maintained at a safe level, stock prices continue to experience a downward trend from year to year. At Delta Djakarta Tbk (DLTA), the extreme liquidity surge in 2022 with a CR of 24,563 was not followed by a significant increase in share prices, even stock prices tended to stagnate. This illustrates that too high liquidity may not always be perceived positively, or even perceived as an inefficiency of cash management by investors.(Atmajaya et al., 2024)

Furthermore, the Debt to Equity Ratio (DER) which reflects the company's financial risk also shows anomalies in relation to the stock price. On AALI, the DER tends to decline from 0.444 in 2020 to 0.241 in 2024, which should lower risk and increase the stock price, but in reality the stock price is still falling. At CPIN, DER has increased in several periods, but the decline in stock prices has occurred continuously without seeing the fluctuations in the debt. This indicates that high DER or leverage risk is not always directly proportional to the consistent decline or rise in stock prices. This phenomenon reinforces the suspicion that the Indonesian capital market has unique characteristics in which fundamental factors interact with market sentiment in a complex way.(Apriani & Situngkir, 2021)

The urgency of this research lies in the non-uniform situation that requires investors and business managers to examine the extent to which financial measures are related to changes in the value of ownership. These various indicators are not only used as considerations in internal management, but are also often interpreted as signals that shape market participants' views on the prospects of an entity. The view on information disclosure also emphasizes that the value formed in transactions generally reflects the data in circulation, including financial statements that are submitted periodically. On that basis, the study of the relationship between the ability of assets to generate profits, the adequacy of short-term funds, and the balance of financing

sources with changes in value is relevant to expand empirical findings, as well as it is expected to be able to present a clearer picture of the determinants that can be used as a reference in decision-making (Azhari, 2025)

This study specifically focuses on three main independent variables, namely ROA, CR, and DER, as these three ratios represent three crucial fundamental aspects of finance. ROA represents the aspect of the ability to generate profits that is the main goal of establishing a commercial business entity. CR represents a short-term resilience aspect that ensures that companies can continue to operate on a daily basis without liquidity disruptions. DER represents the long-term risk and capital structure aspects that determine the company's future sustainability (Azizah et al., 2023). The combination of these three variables is expected to provide a comprehensive picture of the company's overall health condition and its impact on market valuation.

The main purpose of this study is directed to examine and measure the extent of the relationship between each and the overall financial measure that reflects the ability of assets to generate profits, the adequacy of short-term funds, and the proportion of financing to changes in the value of ownership in the food and beverage sector. The study was carried out through quantitative relationship modeling which was compiled based on the provisions of statistical testing that are commonly used. The results obtained are expected to present applicative benefits for market observers, fund managers, and individuals in designing investment arrangements, as well as trying to retest the applicability of various ideas in the financial realm. which already exists in the context of Indonesia's unique and dynamic capital market. Thus, this research is expected to answer the puzzle of what fundamental factors are actually most valued by the market today.

2. LITERATURE REVIEW

Main Theoretical Foundations

This research is based on this idea explaining the existence of a cooperative bond between capital owners and business managers which is often colored by differences in interests because each has its own goals. The owner entrusts the control of activities to the manager, but in practice the manager may prioritize personal profits that are not always in line with the expectations of the funder. Such a situation has consequences in the form of additional expenses needed to keep management running according to the agreement, including supervision efforts. Another problem arises from the imbalance of information control, because managers usually understand internal circumstances more deeply than owners. Therefore, the

presentation of financial records is an important means for capital owners to assess the running of the business while reducing the knowledge gap.(Azmi et al., 2016).

In addition to the view of the relationship between fund owners and business managers, this study also relies on thinking that highlights the role of information delivery in shaping market valuations. This approach emphasizes the steps of business entities to narrow the knowledge gap by presenting clues that can be captured by outsiders, including investors and lenders. The publication of financial records that show the maintained business condition is often interpreted as an encouraging sign of the sustainability of the business in the future. Such signals usually trigger greater interest, so interest in ownership increases and the value formed in the transaction is pushed higher. Conversely, a company's failure to provide a credible signal can cause investors to withdraw their funds, so that the stock price experiences selling pressure.

Stock Price Concept

The value of ownership in a business entity is formed from the attraction of buying and selling interest in the trading arena, so that it reflects the collective assessment of the existence of the company. This amount is subject to change and is generally related to market participants' estimates of potential economic benefits that may be obtained in the future. In a basic point of view, its value is often interpreted as the current estimate of the expected profit by the capital owner. The changes are often used as a benchmark for the level of public confidence in the quality of management and the sustainability of business activities; When expectations for growth strengthen, the tendency to place funds in such holdings increases, while doubt is usually followed by a weakening in value. The shift is not only rooted in internal circumstances such as business achievements, funding composition, or profit-sharing policies, but also is highly sensitive to broader environmental dynamics, ranging from price volatility, changes in monetary policy, government situations, to currency movements. For example, an increase in deposit yields can encourage the movement of funds to other alternatives that are considered safer, so the value of ownership tends to be depressed. The interweaving of these various elements forms a pattern of change that is often winding and is not always easy to anticipate correctly (Basuki, 2017).

Development of Financial Hypotheses and Ratios

The ability of a business entity to generate profits through the use of all resources is often used as a reflection of management skills, because it shows how far the assets owned are able to bring added value. A higher rate of acquisition is generally interpreted as a sign of more optimal operation so that it has the potential to foster external interest in the company's ownership. In addition, the adequacy of wealth that is easily disbursed also illustrates the

company's readiness to fulfill its near-term dependents while giving a glimpse of financial stability in a short time; A maintained position can foster a sense of security, although the accumulation of funds without productive utilization is often considered unwise.

On the other hand, the comparison between loan funds and standalone capital shows how much a company relies on external financing, which at the same time reflects the level of vulnerability in the event of economic stress, although the use of loans in a measured manner sometimes opens up opportunities to increase yields. Various previous studies have presented various conclusions, some find strong relationships, some see weak or even invisible relationships, possibly influenced by differences in observation time, business fields, and economic situations that are background. This situation prompts the need for a thorough review to understand whether the combination of these various financial measures is really related to changes in the value of ownership, given that investors do not usually rely on a single consideration when determining their steps.

3. RESEARCH METHODS

This study was prepared with a number processing-based design that was directed to explore the relationship and possible impact among several elements observed. The information used is sourced from previous financial documents in the form of numerical data, then arranged and analyzed through statistical calculations to obtain clearly measurable evidence. The choice of this approach is driven by its ability to present a factual picture and is relatively free from subjective judgments about the relationship between elements. The scope of observation includes all entities in the food and beverage sector recorded in the national securities trading system throughout 2020–2024, with consideration that this field has a prominent economic role while showing resilience even though it continues to move dynamically. The study design is carried out in a structured manner so that the resulting conclusions can represent groups that have similar characters to the units studied (Dandono & Nabilah, 2024).

The units studied are determined through a screening process with a certain number of considerations so that only entities that are in accordance with the objectives of the study are included. The selected business entity is a party that is recorded continuously throughout the observation period, presents complete financial records, uses rupiah denominations, and shows non-loss-making business performance. Of the total available groups, twenty-three entities are screened that meet these requirements. With a span of five years, the number of information series collected reached one hundred and fifteen. Inclusion only in entities that still show

business continuity is intended to maintain the accuracy of calculations while avoiding deviations in results.

The information used comes from archives that have been published, obtained by browsing and downloading the annual report through the official website of the securities trading authority and the pages of each entity. Elements observed include the ability of resources to generate profits, the adequacy of wealth that is easily liquidated, and the balance between loan funds and independent capital, while the value of ownership is represented by the closing figure at the end of the year to reflect the market valuation after a single accounting period ends. All required figures are recorded from the summary of financial position as well as the overall performance report, then compiled in a table using a worksheet application before being further processed with a statistical processing device.

Each element is clearly determined in such a way that the calculation is uniform, namely by comparing the profit against the total resource, weighing the current wealth against the short-term dependents, and looking at the proportion of liabilities compared to the capital itself; The value of ownership is expressed based on the closing figure in rupiah. The processing stage includes presenting an overview of the data, assessing the model's feasibility to avoid deviations, and modeling the relationships between elements to determine their strength. The tests were performed either separately or together, with the usual error limits, while the model's apparent power was used to assess how far the change in value could be explained by the overall element being analyzed.

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e.$$

4. RESULTS AND DISCUSSION

Data Description and Classical Assumption Test

An initial review of the set of numbers presents an overview of the pattern of data collected from twenty-three entities over five years. The ability of assets to generate profits shows a tendency to be at a medium level with not very sharp differences between entities. The availability of near-term funds appears to be relatively large, thus showing loose cash conditions, while the comparison between liabilities and capital itself illustrates a fairly balanced financing composition. Meanwhile, the value of ownership shows a very wide range, indicating a marked disparity in market valuations. This overall picture suggests that the financial situation between entities in the food and beverage sector is not uniform.

The next stage focuses on checking the pattern of data distribution to ensure that the processing results are reliable. Initially, the distribution of numbers showed an uneven tendency, but after adjustments were made through a simulated approach, the pattern changed to more proportional. This situation indicates that the data has met important prerequisites so that advanced calculations can provide a more representative picture and are suitable as a basis for drawing broader conclusions.

Additional examinations were also carried out to see for the possibility of excessive interdependencies between elements, irregularities of variation, and chain relationships between periods. The observation results showed that each element stood without over-amplifying each other, the distribution of the data differences appeared to be even without forming a special pattern, and no traces of interconnectedness were found that repeated over time. The findings show that the processing design is in adequate condition, so that the relationships between the elements can be examined with a better level of reliability.

Table 3. Classical Assumption Test Results.

Test Type	Variables/Indicators	Results/Scores	Conclusion
Normality	Monte Carlo Sig.	0,239	Normally Distributed (> 0.05)
Multikolinearitas	Tolerance (ROA)	0,525	No Multicollinearity
	LIVE (ROA)	1,906	
	Tolerance (CR)	0,638	No Multicollinearity
	LIVE (CR)	1,568	
	Tolerance (DER)	0,543	No Multicollinearity
	VIF (THE)	1,841	
Autocorrelates	Durbin-Watson	1,366	No Autocorrelation

Source: Processed Secondary Data (SPSS), 2025

Multiple Linear Regression Analysis and Hypothesis Testing

The number processing is carried out to trace the trend in direction and the amount of relationship between several financial elements and changes in the value of ownership. The results of the calculation present a formula that shows that when all elements are at their lowest point, the base value is still formed at a certain level. Elements that describe the ability of assets to generate profits show a relationship in line even though they are not very strong, while the adequacy of short-term funds and the amount of dependents actually move in the opposite direction. This picture suggests that an increase in fund reserves and liabilities in a given context can be followed by a weakening of value, so that the formula can be used as a foothold to estimate possible changes.

Separate studies show that not all elements have meaningful relationships. The asset's ability to create results does not appear to be strong enough to affect changes in value, nor does the proportion of liabilities that do not show a real impact. On the other hand, the availability of near-term funds actually shows a clear relationship but with a downward direction, as if to signal that the accumulation of funds without optimal utilization can be responded to less positively. This state of affairs confirms that only some aspects are really considered in the formation of value.

When all the elements are considered together, there appears to be a more convincing connection to the rise and fall of the value of ownership. The model's explainability was in the range of more than half of the variations that occurred, while the rest was thought to be influenced by other factors beyond the scope of this study. The findings show that value changes are not born from a single cause.

Table 3. Results of Regression Analysis and Hypothesis Test.

Variabel	Regression (B)	Coefficient	t-count	Significance	Remarks
Konstanta	1425,768		8,956	0,000	-
LENGTH	0,896		0,087	0,931	Insignificant
CR	-2,166		-6,804	0,000	Significant Negative
THE	-1,198		-1,534	0,131	Insignificant
F-count	19,064			0,000	Signifikan Simultan
R Square	0,539				
Adj R Square	0,510				

Source: Processed Secondary Data (SPSS), 2025

Discussion

The findings of this study provide a broader understanding of the tendency of market participants to assess company ownership in the food and beverage sector in Indonesia, which in practice does not always run in line with conventional financial thinking. The main results show that a large rate of profit acquisition does not necessarily encourage a strengthening of ownership values throughout the 2020–2024 observation range. This indicates a market anomaly or a shift in investor preferences that may focus more on other aspects other than mere accounting profits. The research period that includes the pandemic and economic recovery may cause corporate profits to become highly volatile and be considered less reliable as an indicator of long-term performance. Investors seem to be "wait and see" and do not respond to earnings information (ROA) as a strong signal to buy stocks (Jantina et al., 2025).

The insignificance of the influence of ROA on stock prices in this study is contrary to the Signal Theory which states that high profits are good news. The likely cause is that investors consider the increase in profits in some companies to be temporary or influenced by non-operational factors. In addition, there is a possibility that investors pay more attention to real cash flows or dividend distributions than accounting profit figures that can be manipulated through profit management (Ismiati et al., 2024). These results are in line with several previous studies such as those conducted by Al Umar and Savitri (2020) which also found that ROA had no significant effect. This confirms that in certain market conditions, profitability is not the only magnet for investors.

The most prominent results in this study show a fairly strong inverse relationship between short-term funding adequacy and ownership value. The declining direction of the relationship suggests that the larger the available reserves, the weaker the valuation formed, as if to give the impression that excess liquidity is not always seen as a favorable condition. This can be explained through the perspective of Agency Theory, where over-liquidity is often seen as management inefficiency in managing assets. Accumulated cash or excessive current assets are considered "idle funds" that should be able to be reinvested to generate higher returns. Investors assessed that the management failed to maximize the potential of the company's resources, so they responded negatively by lowering the stock valuation (Hermanto & Ibrahim, 2020).

This negative influence of CR also reflects the trade-off between liquidity and profitability that is evident in the food and beverage sector. Companies that are too conservative by keeping CR very high tend to miss out on strategic investment opportunities that can spur growth. Investors in the capital market generally like growth, so companies that are too defensive by hoarding current assets become less attractive. These results support the findings of Aditya Putra et al. (2021) which highlight the negative impact of idle funds. This is a warning to management that maintaining liquidity is important, but excessive liquidity can actually damage the company's value.

Meanwhile, the Debt to Equity Ratio (DER) found to have no significant effect on stock prices shows that the Indonesian capital market is relatively tolerant of the level of debt in this sector. This may be because the food and beverage sector is considered a defensive sector that has stable cash flows, so the risk of bankruptcy due to debt is considered low. Investors may view debt as a reasonable part of a company's capital structure to fund operations and expansion, as long as it is still within reasonable limits. The absence of a significant reaction from the market to DER fluctuations indicates that solvency issues are not a major concern for investors during the 2020-2024 period.

The insignificance of DER can also be explained by the Pecking Order theory, where companies prioritize internal funding before indebtedness, so that the current level of debt may not have reached a point that worries the market. In addition, during economic recovery, investors may be more understanding if the company takes on debt to survive or bounce back. These results support the research of Hermanto and Ibrahim (2020) who also did not find a significant influence of DER on stock prices. However, this is different from agency theory which predicts that debt agency costs will depress stock prices, showing that the sector context and economic conditions greatly determine the relevance of the theory (Junaeni, 2017).

Simultaneously, it was proven that ROA, CR, and DER had a significant influence on stock prices with very high F-calculated values (19,064). This confirms that although some variables are partially insignificant, the combination of these three financial aspects remains the basis of investor judgment. Investors do not see these ratios in isolation, but as a whole unit of financial performance. The balance between profitability, liquidity, and capital structure together shapes the market's perception of a company's value. The regression model formed is valid for use in predicting stock prices in aggregate.

The magnitude of the explainability of 51.0% indicates that the processing design has been able to explain more than half of the changes in value that occurred, although there are still 49% of other influences that have not been revealed. The unrepresented portion may be related to other financial elements, such as the rate of profit per share, the comparison between market value and profit, or the decision to distribute the proceeds to the owners. In addition, broader economic conditions, such as general price increases, changes in the benchmark interest rate, and movements of domestic currencies, also have the potential to shape value dynamics, but are not covered by this discussion are also very likely to have a significant impact that is not captured by the internal financial ratio model. Market sentiment, political issues, and global economic conditions are also "noise" that affects stock price movements outside of the company's fundamentals.

Discussions about external factors are important considering that the 2020-2024 research period is marked by high economic dynamics. Controlled inflation within BI's target range and a reduction in the benchmark interest rate in 2025 provide a positive catalyst for the stock market in general. However, the weakening of the rupiah exchange rate that had occurred has put cost pressure on food and beverage companies that import a lot of raw materials. The interaction between internal factors (financial ratios) and external factors is what forms the final stock price in the market. A smart investor will consider both of these aspects in his investment analysis (Kejar et al., 2024).

Political stability and conducive government policies during the research period also played a role in maintaining market confidence. Although the company's fundamentals (ROA, DER) do not fully respond to prices, macroeconomic stability prevents extreme stock price crashes. This shows that the Indonesian capital market is increasingly mature and integrated with national economic conditions. Investor psychological factors (behavioral finance) also cannot be ignored, where investment decisions are often influenced by cognitive biases and herding behaviors that are not always based on rigid financial ratio analysis.

The managerial implication of this study is that company management must be more careful in managing liquidity (CR). The policy of accumulating current assets has proven to be negatively responded to by the market, so management needs to find ways to optimize the use of cash and inventory. Management also needs to improve communication with investors regarding the strategy for using profit and debt so that there are no misunderstandings that cause stagnant stock prices (Kristianingsih et al., 2024). Transparency of information and a clear corporate strategy can help investors better understand the company's fundamentals.

Finally, for investors, these findings suggest not to be fixated on just one indicator such as ROA, which turned out to be insignificant in this study. Investors need to diversify their analysis by including liquidity factors and other external factors. Understanding that too much liquidity can be a negative signal is an important insight in selecting potential stocks. A comprehensive analysis that combines a variety of financial and non-financial indicators will result in more accurate and profitable investment decisions.

5. CONCLUSION

Starting from the studies that have been conducted, it can be understood that the financial condition of entities in the food and beverage sector throughout 2020–2024 shows a non-uniform impact on changes in the value of ownership. Separately, the ability of assets to generate profits and the balance between liabilities and capital itself do not show a significant linkage, so the two do not seem to be the main foothold in the consideration of market participants. On the other hand, the sufficiency of near-term funds shows a clear relationship with a downward trend, signaling that the accumulation of funds without optimal utilization is often interpreted as a lack of careful management of resources. However, when all elements are considered together, there appears to be a real connection, confirming that the combination of the company's basic conditions still plays a role in explaining the rise and fall of value.

The implications of this study suggest that company management should focus more on optimizing working capital management to avoid over-liquidity that can reduce the company's

value in the eyes of investors. Companies need to allocate current assets into more productive investments to boost growth. For investors, it is recommended to be more critical in analyzing financial statements, especially paying attention to liquidity ratios as a signal of management efficiency, and not ignoring external factors that also affect stock market dynamics. Further research is expected to expand the research variables by including macroeconomic factors or other market indicators to increase the clarity of stock price prediction models.

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