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The Effect of Debt to Equity Ratio and Current Ratio on Stock Prices in Pharmaceutical Subsector Companies Listed on the Indonesia Stock Exchange

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Abstract

Stock prices are one indicator that reflects investors' assessment of a company's condition and prospects. This study aims to analyze the effect of the debt-to-equity ratio and current ratio on stock prices in pharmaceutical subsector companies listed on the Indonesia Stock Exchange for the 2021-2024 period. This study used a quantitative method with secondary data obtained from company financial reports and stock price data. The study population consisted of 15 pharmaceutical subsector companies, while the sample was determined using a purposive sampling technique, resulting in 11 companies or 44 observational data. The research instruments consisted of debt-to-equity ratio, current ratio, and closing price data. Data analysis was performed using SPSS version 27 through descriptive statistics, classical assumption tests, simple linear regression analysis, multiple linear regression analysis, correlation coefficients, coefficients of determination, and t-tests and F-tests. The results showed that the debt-to-equity ratio significantly affected stock prices, while the current ratio did not. Simultaneously, the debt-to-equity ratio and current ratio did not significantly affect stock prices. This study concluded that capital structure played a greater role in explaining stock price changes than the level of company liquidity in pharmaceutical subsector companies during the study period.

Keywords: Current Ratio, Debt To Equity Ratio, Pharmaceutical Companies, Share Price, Solvency

INTRODUCTION

Stock prices are one of the main indicators used by investors to assess a company's prospects and value. According to Suryani et al. (2023:137), stock prices are

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the buying and selling prices prevailing on the stock exchange at a given time, influenced by supply and demand. Stock price movements reflect investors' assessments of a company's future condition and prospects, thus serving as an important basis for investment decisions. In the healthcare sector, particularly the pharmaceutical subsector listed on the Indonesia Stock Exchange, stock prices play a strategic role because this subsector is involved in the research, development, production, distribution, and trade of medicines and various health products needed by the public. In addition to contributing to improving public welfare, the pharmaceutical subsector also plays a role in driving economic growth and is an investment option in the capital market.

The share price development of pharmaceutical subsector companies during the 2021-2024 period showed fluctuating conditions with a downward trend. The average share price decreased from 4,780 in 2021 to 4,508 in 2022, then decreased again to 3,920 in 2023 and 3,686 in 2024. This condition indicates changes affecting company performance and investor perceptions of pharmaceutical subsector companies. Although some companies were able to maintain stability or increase their share prices, such as SCPI, which remained relatively stable, and TSPC, which experienced an increase in 2024, these increases were not enough to offset the decline in share prices experienced by most companies, resulting in the average share price in the pharmaceutical subsector remaining on a downward trend.

The decline in share prices in pharmaceutical subsector companies is evident from the differences in share price movement patterns between companies during the observation period. MERK and KLBF experienced share price increases in 2022, but then experienced gradual declines until 2024. Meanwhile, DVLA, INAF, and PEHA showed a continuous decline in share prices from 2021 to 2024. A similar situation also occurred for PYFA and KAEF, which experienced share price declines in 2024 compared to the previous year. These differences in movement indicate that share prices in pharmaceutical subsector companies are influenced by various conditions related to company performance and market response to information received by investors.

In this study, stock price issues are measured using the closing price, which is the final price of a stock at the close of trading within a period (Lubis et al., 2023:8). The decline in the closing price is influenced by internal factors related to the financial performance of pharmaceutical sub-sector companies, as well as external factors such as rising costs of imported raw materials due to the weakening rupiah exchange rate against the dollar. Both conditions have the potential to undermine investor confidence, thus impacting the company's stock price. Therefore, stock price is an important variable to analyze in this study because it reflects the market's response to the company's fundamentals.

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This research problem is also supported by differences in previous research findings regarding the factors influencing stock prices. Maulana and Yuniati (2023) stated that the debt-to-equity ratio and current ratio had no significant effect on stock prices. Conversely, Ristanto and Triyonowati (2022) concluded that the debt-to-equity ratio and current ratio had a significant positive effect on stock prices. These discrepancies in findings indicate that the influence of these two financial ratios on stock prices is still inconsistent, necessitating further testing on different research subjects and periods.

This study aims to determine and analyze the effect of the debt-to-equity ratio on stock prices, the effect of the current ratio on stock prices, and the simultaneous effect of the debt-to-equity ratio and current ratio on stock prices in pharmaceutical subsector companies listed on the Indonesia Stock Exchange for the 2021-2024 period. This research is important because the decline in stock prices in the pharmaceutical subsector requires a study capable of explaining the influence of the company's financial condition on investor response. The novelty of this study lies in re-examining the effect of the debt-to-equity ratio and current ratio on stock prices in pharmaceutical subsector companies listed on the Indonesia Stock Exchange for the 2021-2024 period to provide empirical evidence to address the inconsistencies in previous research.

METHOD

This research uses a quantitative method. According to Sugiyono (2025:1), a research method is a scientific method used to obtain data in accordance with specific objectives and uses. Furthermore, Sugiyono (2025:15) explains that the quantitative method is a research method based on positivism to examine a specific population or sample, with data collection using research instruments and data analysis using statistical techniques to test predetermined hypotheses. The objects of this research are pharmaceutical subsector companies listed on the Indonesia Stock Exchange for the 2021-2024 period. Data collection was conducted at the Indonesia Stock Exchange Investment Gallery, Faculty of Economics and Business, Universitas PGRI Palembang, utilizing secondary data sourced from company financial reports and stock price data published on the Indonesia Stock Exchange.

The population of this study consisted of 15 pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange for the 2021-2024 period. According to Sugiyono (2025:130), a population is all objects and subjects with specific characteristics to be studied and conclusions drawn. The sampling technique used was purposive sampling. Sugiyono (2025:138) stated that purposive sampling is a sampling technique based on specific considerations or criteria. The criteria used included pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange during the 2021-2024 period and those with complete annual financial reports and closing price data during the observation

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period. Based on these criteria, 11 companies were selected as research samples, resulting in a total of 44 research data sets over a four-year observation period.

The research instrument uses secondary data in the form of company financial reports containing the debt to equity ratio variable as the first independent variable, the current ratio as the second independent variable, and stock prices measured using closing prices as the dependent variable. The operational definitions of the variables refer to Hasbiah et al. (2024:80). The debt to equity ratio is measured based on the comparison of total debt to total equity as stated by Kasmir (2022:160), while the current ratio is measured through the comparison of current assets with current liabilities according to Fahmi (2020:125). The stock price variable is measured using closing prices as explained by Lubis et al. (2023:5; 2023:8). Data collection techniques are carried out through documentation of the company's financial reports and literature studies obtained from books, articles, and scientific journals (Sugiyono, 2025:8; 2025:79). Data analysis was performed using SPSS version 27, beginning with descriptive statistics, followed by classical assumption tests including normality, multicollinearity, heteroscedasticity, and autocorrelation (Priyatno, 2022; Indartini & Mutmainah, 2024). Furthermore, a simple linear regression analysis was performed to test the effect of each independent variable on stock prices (Zahriyah et al., 2021:55), a multiple linear regression analysis to simultaneously test the effect of the debt-to-equity ratio and the current ratio on stock prices (Indartini & Mutmainah, 2024:39), and correlation coefficient, determination coefficient, t-test, and F-test were used as the basis for hypothesis testing (Sugiyono, 2025:274; Priyatno, 2022; Indartini & Mutmainah, 2024:43). If the data did not meet the normality assumption, data transformation was performed as explained by Ghozali (2021:38).

The research procedure begins with determining the research object, namely pharmaceutical subsector companies listed on the Indonesia Stock Exchange for the 2021-2024 period. The next stage is determining the research sample using a purposive sampling technique, then collecting secondary data in the form of financial reports and stock price data from the official Indonesia Stock Exchange website. The obtained data is then processed and analyzed using SPSS version 27 through descriptive statistics, classical assumption testing, simple linear regression analysis, multiple linear regression analysis, correlation coefficients, coefficients of determination, and hypothesis testing using t-tests and F-tests. The analysis results are then used to explain the effect of the debt-to-equity ratio and current ratio on stock prices in pharmaceutical subsector companies listed on the Indonesia Stock Exchange for the 2021-2024 period.

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RESULTS AND DISCUSSION

Data Analysis Results

1. Descriptive Statistics

Table 1. Results of Descriptive Statistical Tests

	N	Minimum	Maximum	Mean	Standard Deviation
LN_X1 (DER)	44	-2.04	2.82	-0.3322	1,13911
LN_X2 (CR)	44	-1.83	2.41	0.7834	0.76992
LN_Y (Stock Price)	44	4.84	10.28	7,4242	1.22546
Valid N (listwise)	44				

Source: processed by researchers using the SPSS application version 26 (2026)

Note : LN_X1 DER (*Debt to Equity Ratio*)
LN_X2 CR (*Current Ratio*)
LN_Y Stock Price

Based on table 1 above, a number of 44 data show the Debt to Equity Ratio (DER) with a minimum value of -2.04, a maximum value of 2.82, a mean value of -0.3322, and a standard deviation value of 1.13911. The Current Ratio (CR) shows a minimum value of -1.83, a maximum value of 2.41, a mean value of 0.7834, and a standard deviation value of 0.76992. Meanwhile, the stock price obtained a minimum value of 4.84, a maximum value of 10.28, a mean value of 7.4242, and a standard deviation value of 1.22546.

2. Classical Assumption Test

A. Normality Test

Table 2. Normality Test Results

Variables	Asymp. Sig. (2-tailed)	α = 0.05	Information
DER (X1)	0,000	0.05	Abnormal
CR (X2)	0.200	0.05	Normal
Stock Price (Y)	0,000	0.05	Abnormal

Source: processed by researchers using the SPSS application version 26 (2026)

From table 2 it can be seen that the significant value of Kolmogorov-Smirnov on DER (X1) is 0.000 and stock price (Y) is 0.000 which means the data is not normally distributed, because the significance value is still below 0.05. After that, the researcher transforms the data by removing the minus value which can cause the data to be distributed abnormally at number 24. The following is the data transformation that has been calculated using the SPSS version 27 program:

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Table 3. Natural Logarithm Data Transformation

No	Company Code	Company name	Year	DER	CR	Stock price
1	MERK	Merck Tbk.	2021	-.69	1.00	8.21
			2022	-1.17	1.20	8.47
			2023	-1.61	1.75	8.34
			2024	-1.66	1.83	8.19
2	SCPI	Organon Pharma Indonesia Tbk.	2021	-1.39	1.32	10.28
			2022	-.97	1.12	10.28
			2023	-.37	.75	10.28
			2024	-.54	.85	10.28
3	KLBF	Kalbe Farma Tbk.	2021	-1.56	1.49	7.39
			2022	-1.47	1.33	7.64
			2023	-1.77	1.59	7.38
			2024	-1.61	1.41	7.22
4	TSPC	Tempo Scan Pacific Tbk.	2021	-.92	1.19	7.31
			2022	-.69	.91	7.25
			2023	-.92	.99	7.51
			2024	-1.02	1.13	7.82
5	DVLA	Darya-Varia Laboratoria Tbk.	2021	-.69	.94	7.92
			2022	-.84	1.10	7.77
			2023	-.80	1.05	7.42
			2024	-.71	.99	7.38
6	INAF	Indofarma Tbk.	2021	1.09	.27	7.71
			2022	2.82	-.13	7.05
			2023	.66	-1.83	6.36
			2024	.43	2.41	4.84
7	KAEF	Kimia Farma Tbk.	2021	.38	.04	7.80
			2022	.17	.06	6.99
			2023	.91	-.67	7.28
			2024	1.21	-.71	6.41
8	PYFA	Pyridam Farma Tbk.	2021	1.34	.26	6.92
			2022	.89	.60	6.76
			2023	1.19	.65	7.04
			2024	1.52	.25	5.35
9	SIDO	Sido Herbal Medicine and Pharmaceutical Industry	2021	-1.77	1.42	6.76
			2022	-1.83	1.40	6.63
			2023	-1.90	1.50	6.26
			2024	-2.04	1.68	6.38
10	PEHA	Phapros Tbk.	2021	.39	.29	7.01

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			2022	.29	.29	6.53
			2023	.48	.12	6.46
			2024	.97	-.05	5.78
11	SOHO	Soho Global Health Tbk.	2021	-.20	.70	8.76
			2022	-.17	.71	8.60
			2023	-.02	.64	6.21
			2024	-.01	.63	6.45

Source: processed by researchers using the SPSS application version 26 (2026)

Based on table 3 above, after data transformation, the normality test was carried out again using the one-sample Kolmogorov-Smirnov test.The following are the results of processing the normality test data after data transformation:

Table 4. Results of the Normality Test after natural logarithmic data transformation

Variables	Asymp. Sig. (2-tailed)	α = 0.05	Information
LN_X1 (DER)	0.085	0.05	Normal
LN_X2 (CR)	0.200	0.05	Normal
LN_Y (Stock Price)	0.098	0.05	Normal

Source: processed by researchers using the SPSS application version 26 (2026)

Based on table 4, the significance value can be seen.*Asymp. Sig. (2-tailed)*with the Debt to Equity Ratio (DER) variable a significance value of 0.085 greater than 0.05 (0.085 > 0.05) so that the residual value is normal, the Current Ratio (CR) variable a significance value of 0.200 greater than 0.05 (0.200 > 0.05) so that the residual value is normal and for the Stock Price variable a significance value of 0.098 greater than 0.05 (0.098 > 0.05) so that the residual value is normal, it can be concluded that the overall data on the debt to equity ratio, current ratio and stock price variables are normally distributed because the data has a significance value of Asymp. Sig. (2-tailed) > (α) 0.05.

B. Multicollinearity Test

Table 5. Multicollinearity Test Results

Independent Variable	Collinearity Statistics		Information
	Tolerance	VIF	
LN_X1 (DER)	0.467	2,140	There is no multicollinearity
LN_X2 (CR)	0.467	2,140	There is no multicollinearity

Source: processed by researchers using the SPSS application version 26 (2026)

Based on table 5, the results of the multicollinearity test can be seen with*collinearity statistics*In the Debt to equity ratio variable, the tolerance value is 0.467,

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which is greater than 0.10 (0.467 > 0.10) and the VIP value is 2.140, which is less than 10 (2.140 < 10) so that there is no multicollinearity. Meanwhile, in the Current ratio variable, the tolerance value is 0.467, which is greater than 0.10 (0.467 > 0.10) and the VIP value is 2.140, which is less than 10 (2.140 < 10) so that there is no multicollinearity, it can be concluded that the independent variables Debt to equity ratio and Current ratio do not experience multicollinearity.

C. Heteroscedasticity Test

Table 6. Heteroscedasticity Test Results

Independent variable	**Significant**	**α = 0.05**	**Information**
LN_X1 (DER)	0.939	0.05	There is no heteroscedasticity
LN_X2 (CR)	0.562	0.05	There is no heteroscedasticity

Source: processed by researchers using the SPSS application version 26 (2026)

Based on table 6, the results of the heteroscedasticity test can be seen with a significance value for the variable*Debt to equity ratio*of 0.939 is greater than 0.05 (0.939 > 0.05) so that there is no heteroscedasticity. While in the Current ratio variable of 0.562 is greater than 0.05 (0.562 > 0.05) so that there is no heteroscedasticity, it can be concluded that both independent variables Debt to equity ratio and Current ratio do not experience heteroscedasticity.

D. Autocorrelation Test

Table 7. Autocorrelation Test Results

Variables	DL	DU	DW	4-DL	4-DU	Information
LN_X1 DER	1.4692	1,5619	0.864	2,5308	2,4381	Autocorrelation occurs
LN_X2 CR	1.4692	1,5619	0.914	2,5308	2,4381	Autocorrelation occurs
LN_X1 DER and LN_X2 CR	1.4226	1.6120	0.824	2,5774	2,388	Autocorrelation occurs

Source: processed by researchers using the SPSS application version 27 (2026)

Based on table 7, it can be seen (k = 1 and n = 44) the Durbin Watson value of the variable*Debt to equity ratio*(0.864), Current ratio (0.914) the values are each located between DU (1.5619) and 4-DU (2.4381) because the Durbin-Watson value is smaller than the DL and DU values.

According to Ghozali (2021:162), if a study's regression shows autocorrelation, treatment is necessary. Autocorrelation can be treated using four methods: First

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Difference, ρ values estimated using the Durbin-Watson d Statistics, the Cochrane-Orcutt Two-Step Procedure, and Durbin's Two-Step Method. This study used Durbin's Two-Step Method to treat autocorrelation.

Steps to conduct an autocorrelation test using the Test method*Durbin Two-Step Method*as follows:

a) Calculate the estimated rho (ρ) value using the Durbin-Watson d method using the formula (1 – Dw/2). Save the calculated value for use in the next step.
b) Click transform, select compute variable, then a dialogue box will appear, then click target variable by filling in LAG_LNX1 and then select function group all, then click function and special variable, namely Lag (1) and fill in the numeric expression with LN_X1 - the estimated value of the rho method Durbin Watson d * LAG (LN_X1) then click OK, as well as with LAG_LNX2 and LAG_LNY, the data that will be tested by the Durbin Two Step Method, then the next step is to do the regression again.
c) Click analyze, regression, linear, then a dialogue box appears and move LAG_LNX1 to the independent column and LAG_LNY to the dependent column, LAG_LNX2 the independent column and LAG_LNY to the dependent column to find per variable, LAG_LNX1, LAG_LNX2 the independent column and LAG_LNY to the dependent column for the combined variables, then click statistics, check estimates, model fit and Durbin-watson, click continue and ok, then the regression output appears, look at the model summary table and see the latest Durbin-watson value.

Table 8. Autocorrelation Test Results Using the Durbin Two-Step Method Test

Variables	DL	DU	DW	4-DL	4-DU	Information
LN_X1 DER	1.4692	1,5619	2,018	2,5308	2,4381	No autocorrelation occurs
LN_X2 CR	1.4692	1,5619	1,935	2,5308	2,4381	No autocorrelation occurs
LN_X1 DER and LN_X2 CR	1.4226	1.6120	1,915	2,5774	2,388	No autocorrelation occurs

Source: processed by researchers using the SPSS application version 27 (2026)

Based on table 8, it can be seen (k = 1 and n = 44) that the Durbin Watson value for the Debt to equity ratio variable (2.018), Current ratio (1.935) is between DU (1.5619) and 4-DU (2.4381), so it can be concluded that these results do not show autocorrelation.

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E.Simple Linear Regression Analysis Test

Table 9. Simple Linear Regression Results of Debt to Equity Ratio (DER)

Variables	Constant (a)	Regression Coefficient (b)
LN_X1 DER against LN_Y stock price	7,310	-0.345

Source: processed by researchers using the SPSS application version 27 (2026)

Based on table 9, it can be seen that the results of the simple linear regression equation for the variable*Debt to equity ratio*on stock prices is obtained with a constant value (a) of 7.310 and a regression coefficient of -0.345, so that the following linear regression equation is obtained:

$Y = \alpha + \beta 1X1$

$Y = 7.310 – 0.345X1$

The equation can be explained as follows:

a) The constant value (α) in the regression equation shows a positive value of 7.310, indicating that the share price has not been influenced by other variables, namely the Debt to equity ratio variable.

b) The regression coefficient value (b) of the Debt to equity ratio has a negative value of -0.345, meaning that if the Debt to equity ratio increases by 1%, the share price will decrease by 0.345.

Table 10. Simple Linear Regression Results of Current Ratio (CR)

Variables	Constant (a)	Regression Coefficient (b)
LN_X2 CR on LN_Y stock price	7,200	0.286

Source: processed by researchers using the SPSS application version 26 (2026)

Based on table 10, it can be seen that the results of the simple linear regression equation for the Current ratio variable against stock prices are obtained with a constant value (a) of 7.310 and a regression coefficient of -0.286, so that the following linear regression equation is obtained:

$Y = \alpha + \beta 2X2$

$Y = 7,200 + 0.286X2$

The equation can be explained as follows:

a) The constant value (α) in the regression equation shows a positive value of 7.200, indicating that the share price has not been influenced by other variables, namely the Current ratio variable.

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b) The regression coefficient value of the Current Ratio has a positive value of 0.286, meaning that if the Current Ratio increases by 1%, there will be an increase in the share price of 2.86.

F. Multiple Linear Regression Analysis Test

Table 11. Multiple Linear Regression Results

Variables	Constant (a)	Regression Coefficient (b)
LN_X1 DER against LN_Y stock price	7,425	-0.437
LN_X2 CR on LN_Y stock price	7,425	-0.187

Source: processed by researchers using the SPSS application version 26 (2026)

Based on 1 table, it can be seen that the results of the multiple linear regression equation are as follows:

$Y = \alpha + \beta1X1 + \beta2X2$

$Y = 7.425 – 0.437X1 – 0.187X2$

With the results of the multiple linear regression equation, the following interpretation explanation is carried out:

a) The constant value (α) in the multiple regression equation shows a positive value of 7.425, indicating that the share price has not been influenced by other variables, namely the Debt to equity ratio and Current ratio variables.
b) The regression coefficient value of the Debt to Equity Ratio has a negative value of -0.437, meaning that if the Debt to Equity Ratio increases by 1%, the share price will decrease by 0.437.
c) The regression coefficient value of the Current Ratio has a negative value (-) of -0.187 means that if the Current Ratio increases by 1%, the share price will decrease by 0.187.

G. Correlation Coefficient

Table 12. Correlation Coefficient Results

Variables	*Pearson Correlation*	Significant 0.05	Relationship level
LN_X1 (DER) to share price	-0.321	0.034	Very low, has no significant relationship
LN_X2 (CR) on stock price	0.179	0.244	Very low, has a significant relationship

Source: processed by researchers using the SPSS application version 26 (2026)

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Based on table 12 it can be seen that regarding*Debt to Equity Ratio*stock prices obtained a Pearson correlation of -0.321, with a significance value of 0.034 <0.05, it can be concluded that the relationship between Debt to Equity Ratio and stock prices is at a very low level because the R range is between 0.00 - 0.190. While the Current ratio to stock prices obtained a Pearson correlation of 0.179, with a significance value of 0.244 <0.05, it can be concluded that the relationship between Current ratio and stock prices is at a very low level because the R range is between 0.00 - 0.199.

H. Coefficient of Determination

Table 13. Results of the Determination Coefficient

Variables	R	R Square	Adjusted R Square	Standard Error of the Estimate
LN_X1 (DER), LN_X2 (CR)	0.331	0.109	0.066	1,18436

Source: processed by researchers using the SPSS application version 26 (2026)

Based on Table 13 above, the coefficient of determination (R2) is 10.9%. This indicates that the Debt to Equity Ratio and Current Ratio variables influence share prices by 10.9%, while the remaining 89.1% is influenced by other variables not included in this study.

Hypothesis Testing

1. t-test (Partial)

A. Debt to Equity Ratio (DER) testing against stock prices

Table 14. Results of the DER t-Test on Stock Prices

Variables	Significant	α = 0.05	Information
LN_X1 (DER)	0.034	0.05	Not significant

Source: processed by researchers using the SPSS application version 26 (2026)

Based on table 14 above, the significant value between*Debt to Equity Ratio*on stock prices of 0.034 < 0.05, meaning that Ho is rejected and Ha is accepted, so it can be concluded that there is a significant influence between the Debt to Equity Ratio variable on stock prices.

B. Current Ratio (CR) testing against stock prices

Table 15. Results of the CR t-Test on Stock Prices

Variables	Significant	α = 0.05	Information
LN_X2 (CR)	0.244	0.05	Significant

Source: processed by researchers using the SPSS application version 26 (2026)

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Based on the table15 above that the significant value between the Current Ratio and the stock price is 0.244 > 0.05, meaning that Ho is accepted and Ha is rejected, so it can be concluded that there is no significant effect between the Current Ratio variable and the stock price.

2. F Test (Simultaneous)

Table1. F DER and CR Test Results on Stock Prices

Variables	Significant	α = 0.05	Information
LN_X1 (DER), LN_X2 (CR)	0.093	0.05	Significant

Source: processed by researchers using the SPSS application version 26 (2026)

Based on table 16 above, the variables*Debt to equity ratio*and the Current ratio has a significant value greater than 0.05 (0.093 > 0.05) meaning that Ho is accepted and Ha is rejected, so it can be concluded that the Debt to Equity Ratio and Current Ratio variables do not have a significant effect on stock prices in pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange.

Hypothesis Proof

1. H1 :Based on the partial research results, a significant value of 0.034 < 0.05 was obtained, meaning Ho was rejected and Ha was accepted, indicating a significant influence between the Debt to Equity Ratio variable and stock prices. Thus, it can be concluded that Hypothesis 1 is accepted.
2. H2 :Based on the partial research results, a significance value of 0.244 > 0.05 was obtained, meaning that Ho was accepted and Ha was rejected, indicating that there was no significant influence between the Current Ratio variable and stock prices. Thus, it can be concluded that Hypothesis 2 is rejected.
3. H3 :Based on the results of the simultaneous study, a significant value of 0.093 > 0.05 was obtained, meaning that Ho is accepted and Ha is rejected, indicating that there is no significant influence between the Debt to Equity Ratio and Current Ratio variables on stock prices. Thus, it can be concluded that Hypothesis 3 is rejected.

DISCUSSION

The Influence of Debt to Equity Ratio On Stock Prices of Pharmaceutical Subsector Companies Listed on the Indonesia Stock Exchange

Based on the analysis conducted, the partial t-test results indicate that the Debt to Equity Ratio has a significant influence on stock prices. The Debt to Equity Ratio has a significance value of 0.034, which is smaller than the predetermined significance level of

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α = 0.05 (0.034 < 0.05). Thus, Ho is rejected and Ha is accepted, meaning that the Debt to Equity Ratio variable partially has a significant influence on stock prices.

ResultsThis study shows that changes in the Debt to Equity Ratio will contribute to changes in stock prices. An increase or decrease in the Debt to Equity Ratio will impact the rise or fall in stock prices of companies in the healthcare sector. A higher Debt to Equity Ratio indicates that the company uses more debt in its capital structure, thus increasing the company's risk level and can influence investor decisions in investing. Conversely, a lower Debt to Equity Ratio indicates a more stable capital structure, thereby increasing investor confidence in the company. Kasmir (2022:161) argues that a higher DER indicates a greater company financing by debt, thus increasing the company's risk. Therefore, the Debt to Equity Ratio is an important ratio for investors in assessing risk levels and determining investment decisions that impact stock prices.

This research aligns with research conducted by Ristanto & Triyonowati (2022) using a partial t-test that found the DER variable significantly influences stock prices. However, it does not support previous research by Saputra & Iswara (2023), which found the t-test results showed no significant effect on stock prices.

The Effect of Current Ratio on Stock Prices in Pharmaceutical Subsector Companies Listed on the Indonesia Stock Exchange

Based on the analysis conducted, the partial t-test results indicate that the Current Ratio does not significantly influence stock prices. The current ratio has a significance value of 0.244, which is greater than the established significance level of α = 0.05 (0.244 > 0.05). Thus, Ho is accepted and Ha is rejected, meaning that the Current Ratio variable does not significantly influence stock prices.

The results of this study indicate that changes in the current ratio do not significantly contribute to changes in stock prices. An increase or decrease in the current ratio does not directly impact the rise or fall in stock prices of healthcare companies. This is because a company's high level of liquidity is not necessarily a consideration for investors when making investment decisions, and investors are more concerned with the company's ability to generate profits than its ability to pay short-term liabilities. A consistently high current ratio indicates unused funds that have not been utilized effectively to generate profits. Kasmir (2022:135) argues that a higher current ratio indicates a company's ability to repay its current liabilities. However, in this study, even though the company has good ability to meet short-term obligations, this condition does not automatically increase the stock price.

This research aligns with research conducted by Maulana & Yuniati (2023) using a partial t-test that found the CR variable had no significant effect on stock prices.

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However, it does not support previous research by Yolanda, Rismansyah & Sudiyanto (2024), which found a significant effect on stock prices through a t-test.*financial distress*.

The Effect of Debt to Equity Ratio and Current Ratio on Stock Prices in Pharmaceutical Subsector Companies Listed on the Indonesia Stock Exchange

Based on the analysis that has been done, the results of the simultaneous F test show that the Debt to Equity ratio and Current Ratio do not have a significant effect on stock prices. The Debt to Equity ratio and Current Ratio have a significance value of 0.093 which is greater than the predetermined significance level of α = 0.05 (0.093 > 0.05). Thus, Ho is accepted and Ha is rejected, meaning that simultaneously the Debt to Equity ratio and Current Ratio variables do not have a significant effect on stock prices.

The results of this study indicate that the Debt to Equity ratio and the Current Ratio do not simultaneously influence stock prices in pharmaceutical subsector companies. This is because investors likely consider not only solvency and liquidity in making investment decisions, but also other factors and the company's growth prospects. Therefore, the Debt to Equity ratio and the Current Ratio are not yet able to provide strong and relevant signals for investors in assessing companies in the capital market. This is supported by the theory of Hermawan & Fajrina (2017:18) that stock prices are also influenced by internal factors such as company conditions and external factors such as economic conditions, interest rate movements, exchange rate fluctuations, and market sentiment.

This research also aligns with research conducted by Faiza, Ramadhan, & Akhmad (2025), which found that the Debt-to-Equity Ratio (DER) and Current Ratio (CR) did not significantly impact stock prices. However, it does not support previous research by Yolanda, Rismansyah, & Sudiyanto (2024), which found that the Debt-to-Equity Ratio (DER) and Current Ratio (CR) significantly impacted financial distress.

CONCLUSION

This study shows that the debt-to-equity ratio significantly impacts stock prices in pharmaceutical subsector companies listed on the Indonesia Stock Exchange for the 2021-2024 period. This indicates that changes in a company's solvency level remain a key consideration for investors in making investment decisions. Conversely, the current ratio does not significantly impact stock prices, suggesting that a company's liquidity level is not yet a primary factor influencing investor assessments. Furthermore, simultaneous testing indicates that the debt-to-equity ratio and the current ratio do not significantly impact stock prices. The coefficient of determination of 10.9% indicates that stock price variations are largely influenced by factors outside the research model.

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This study has limitations due to the use of only two independent variables, involving pharmaceutical sub-sector companies with a four-year observation period, and obtaining a relatively low coefficient of determination. This condition suggests that there are still other factors that can explain stock price changes. Therefore, further research is recommended to add financial and non-financial variables, extend the observation period, and expand the research object to other sectors or subsectors to obtain more comprehensive results. Practically, the results of this study can be used as a consideration for company management in managing capital structures more optimally and for investors in using the debt-to-equity ratio as an indicator for evaluating investment decisions in pharmaceutical sub-sector companies.

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