JRSSEM 2024, Vol. 04, No. 3, 1687 – 1698
E-ISSN: 2807 - 6311, P-ISSN: 2807 - 6494

Liquidity, Solvability, Profitability, Size of Company Impact on Stock Prices In Health Service Companies - Hospitals With Dividend Policy As An Intervening Variable Listed On Indonesia Stock Exchange 2018 - 2022 Period

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ABSTRACT: This study aims to evaluate the impact of liquidity ratio, solvency, profitability, and company size on stock prices, with dividend policy as an intervening variable. The study population includes all healthcare companies listed on the Indonesia Stock Exchange during the period 2018 to 2022, totaling 28 issuers. The research sample was selected using the purposive sampling method, resulting in 6 companies as a sample, with 5 years of research, so that there were 30 observations. The analysis technique used is path analysis, which is carried out with the help of SPSS software version 25. Hypothesis testing is carried out by multiple linear regression. The findings of the study indicate that CR and firm size have a direct effect on dividend policy. In addition, the DER and the size of the company have a direct influence on the stock price. The indirect influence (intervening) was analyzed using the Sobel test, which showed that liquidity (CR), profitability (ROE), and firm size had a significant effect on stock prices through dividend policy (DPR), but were unable to mediate the relationship between solvency (DER) and stock prices.

Keywords: liquidity, solvency, profitability, company size, dividend policy, and stock price

INTRODUCTION

On the Indonesia Stock Exchange, listed companies are grouped into nine sectors. One of the sectors in Indonesia's capital market is the health service sector. Business competition between companies is now greatly influenced by economic, socio-political, and technological dynamics. In order to remain competitive, companies must be consistent in maintaining or even improving their performance. To expand the business, the company needs additional funds. One solution is to go public on the stock exchange and conduct stock offerings or bond issuances, in order to get funds from investors that will be used for business development. In addition to considering future prospects, investors also need to conduct analysis based on historical data such as company performance so that investors can reduce investment risk and increase potential returns both through dividends and capital gains on stock prices. Stock price is a market assessment of an entity that is influenced by various variables such as profitability in obtaining profits is important for business continuity. This is also supported by the

statement of Hermawan Kartajaya as the founder of Markplus that in addition to service, financial strength is the main point in the health industry (Sulaiman, 2020).

One of the business sectors listed on the IDX that has an attraction, especially after the Covid-19 era, is the health service sector, which specifically is hospitals. A hospital is a health service institution that provides complete individual health services that provide inpatient, outpatient, and emergency services. (Law No. 44 of 2009). This indicator is marked by the beginning of the rise of health service businesses that have been established. In 2012 there were 1,195 hospitals owned by the private sector, and in 2018 there were 1,804 private hospitals. In other words, it increased by 609 private hospitals within 1 decade, or grew by an average of 7.16% per year (https://persi.or.id/wp-content/uploads/2018/04/rsindonesia). Likewise, the health service sector listed on the IDX, continues to experience growth, where since 2017 there were only 14 and more dominated by pharmaceutical companies, since 2018 there have been 10 additional health service companies listed on the IDX, which are dominated by hospital health services.

The development of the share price of Health Sector Companies, especially hospital services listed on the Indonesia Stock Exchange in 2018-2022 is as follows:

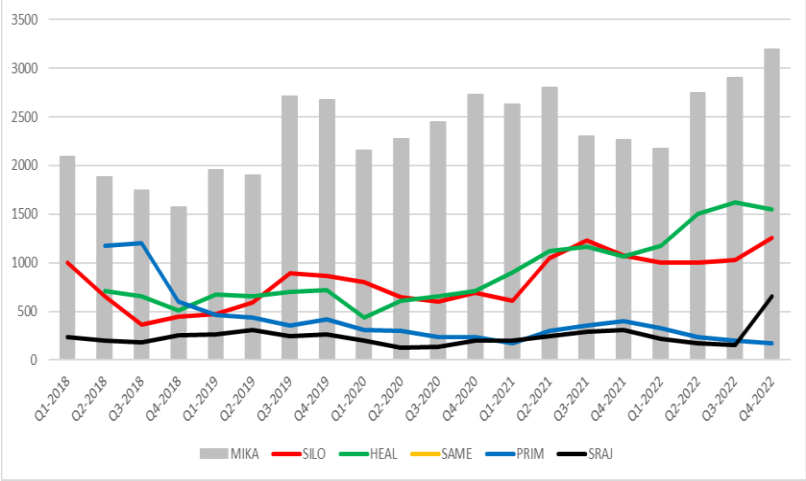

Figure 1
Chart of Stock Price Development of Hospital Issuers for the Period 2018 – 2022 (in rupiah)

Based on Figure 1, the chart of the development of the share price of Hospital issuers for the 2018-2022 period, namely the value of stock prices that are quite volatile in the capital market, makes it an interesting phenomenon to be studied with the issue of rising and falling values in companies (Sari, 2018). The main objectives of companies that have gone public include opening access to long-term funding sources, increasing company value, improving the company's image, fostering employee loyalty, ensuring business continuity, and obtaining tax incentives from the government (https://gopublic.idx.co.id/). Changing the status to go public offers additional alternatives to obtaining funding. The company will get additional funds through investors or the public who are interested in the shares offered. Optimizing company value is crucial for companies. The higher the value, the more interested investors will be in buying the company's shares and the higher the company's value (Hidayat, 2019).

Stock price is a value set based on the interaction between demand and supply in the stock market. When the market is closed, the closing price of the stock will appear. The closing price is very urgent for investors to use as a reference for the stock price in the next session. Stock prices are controlled by a variety of interrelated factors, reflecting the fundamental

conditions and market perception of the company. First, the company's financial performance such as revenue, profit, and *cash flow* are the main indicators that reflect growth potential and profitability. Second, macroeconomic conditions, such as inflation, interest rates, and exchange rates, can affect investors' purchasing power and profit expectations. Third, market sentiment, including news, industry trends, and competitor movements, can also affect investor perceptions. Finally, internal factors such as dividend policies and corporate governance also play an important role in determining the value of stocks in the market.

In the process of analyzing and determining, investors need a variety of relevant and adequate information through financial statements. Financial statements reflect the financial condition and business results of a company at a certain time or period. If the profits obtained by the company are relatively high, it is likely that the dividends paid are also relatively high. If the higher the dividend paid, the smaller the amount of retained earnings will be so that the company's growth will be slow and vice versa (Septariani, 2017). This condition results in an increase in demand for these shares, which in turn will also increase in price.

The Liquidity Ratio in this study uses *the Current Ratio*. *Current ratio* is one of the financial ratios that measures a company's ability to pay its short-term obligations using its current assets. A high *current ratio* is usually considered an indicator of a company's financial stability.

The profitability ratio in this study is represented by Return On Equity (ROE). According to (Rosmalasari, 2017), the profitability ratio measures the company's ability to generate profits. Meanwhile, (Dellia, Antoni, & Sulistiani, 2017) stated that the profitability ratio is used to measure the level of profit generated from sales or assets, as well as the extent to which a company is able to earn profits in relation to sales, assets, and its own capital.

The solvency ratio in this study was measured using the Debt to Equity Ratio (DER). In general, the solvency ratio is used to measure a company's ability to pay all of its obligations, both short-term and long-term, if the company is liquidated (Megawaty, Setiawansyah, Alita, & Dewi, 2021). DER is a financial ratio that measures the ratio between liabilities and equity used by a company to finance its operations. A high DER indicates that the company is using large amounts of debt to fund its operations, which can increase financial risk as the company has to pay interest and principal on debt.

Company Size is a scale that can be classified as the size of a company in various ways, including the company's total assets, log size, stock market value, and others. The higher the size of the company will be closely related to the funding decisions that will be implemented by the company to optimize the company's value (Suwardika & Mustanda, 2017).

According to (Fauziah, 2017) the dividend policy is the result of profit placement, whether the profits obtained by the company will be given to investors as dividends or will be held in the form of retained profits aimed at financing investments in the coming period. When a company announces that it will pay dividends to shareholders, this is often taken as a positive sign. Its investors may feel more confident because the company has enough profits to share.

The health service sector, especially hospitals, has become an area of growing interest in Indonesia's capital market, particularly after the COVID-19 pandemic. This is evidenced by the rapid increase in private hospitals and the rise in the number of health service companies listed on the Indonesia Stock Exchange (IDX). Despite this growth, the health service sector faces volatile stock price movements due to various internal and external factors, such as financial performance, macroeconomic conditions, and investor sentiment. Therefore, understanding the factors that affect stock prices, especially in the hospital sector, is essential to help investors make informed decisions and reduce investment risks. This research is

urgently needed to provide insights into how liquidity, profitability, solvency, company size, and dividend policy impact the stock prices of companies in the health service sector.

The main objective of this research is to analyze the relationship between various financial performance indicators, such as the Current Ratio (liquidity), Return on Equity (profitability), Debt to Equity Ratio (solvency), company size, and dividend policy, with stock prices in the hospital sector listed on the Indonesia Stock Exchange. The research aims to provide investors and companies with a comprehensive understanding of how these financial ratios and policies influence stock market performance, helping companies optimize their market value and improve long-term business strategies.

This research offers novelty by focusing specifically on the health service sector, particularly hospitals, which has seen significant growth in Indonesia's capital market post-pandemic. While previous studies have examined financial performance and stock prices in broader sectors, there is limited research specifically analyzing the hospital sector. This study incorporates the use of comprehensive financial ratios and dividend policies to evaluate their impact on stock prices. Moreover, the inclusion of factors such as macroeconomic conditions, market sentiment, and the company's size adds a more detailed layer to the analysis, providing a more nuanced understanding of stock price fluctuations within the hospital industry.

This research will contribute to the existing body of knowledge by providing a focused analysis of how financial performance impacts stock prices in the hospital sector, which is increasingly important in the post-pandemic economic landscape. The findings will benefit investors by offering clearer insights into which financial indicators are most influential in driving stock prices, thereby helping them to make better investment decisions. Additionally, companies in the health service sector can use these insights to optimize their financial strategies, improve their market position, and enhance their long-term business performance. Furthermore, the research can serve as a reference for future studies related to financial performance and stock prices in specific sectors.

RESEARCH METHODOLOGY

This study is designed to evaluate and analyze variables that can be quantitatively measured using numerical data. The main focus is on hypothesis testing, pattern identification, and determining the cause-and-effect relationship between these variables. Thus, this research is classified as a quantitative research category.

RESULT AND DISCUSSION

Research Results

This study uses quantitative research methods in hospital companies for the 2018-2022 period listed on the Indonesia Stock Exchange. The technique used in the sample study uses *a purposive sampling technique*, where there are 28 companies included in the hospital sector companies that have been listed on the Indonesia Stock Exchange in the 2018-2022 period, obtained into only 6 entities that are used as samples for this study because not all entities are included in the criteria that have been set by the author. This study consists of four independent variables, namely *Current Ratio (CR), Debt to Equity Ratio (DER), Return On Equity (ROE),* and *Firm Size (FS)*. The intervening variable consists of *the Dividend Payout Ratio* and the bound variable, namely the Stock Price. This research data was obtained from the official websites of each company in the form of financial statements and the website of the Indonesia Stock Exchange (www.idx.co.id). The data calculation uses *the Microsoft Excel* tool and the program used to analyze the data, namely SPSS version 25.0.

Data Analysis Results

Based on the explanation of the Z variable, namely the Stock Price, and the Y variable, namely *the Dividend Payout Ratio*, as well as the X variable which includes *Current Ratio, Debt Equity Ratio, Return On Equity, and Size*, the data that has been collected is then processed and analyzed using IBM SPSS software version 25.0. The analysis process is carried out using a path analysis model to identify the relationship and influence between these variables.

Descriptive Statistical Analysis

Descriptive statistical analysis is an analytical technique used to describe, illustrate, summarize, and present data in an easy-to-understand format. For this study, the analysis carried out is as follows:

Table 1 Descriptive Statistical Table

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
X1_CR	30	.384	7.752	2.16777	1.821240
X2_DER	30	.053	2.462	.60158	.614443
X3_ROE	30	-.823	.296	.03683	.187117
X4_SIZE	30	27.538	29.900	29.00418	.752894
Z_HARGA_SAHAM	30	163	6950	1256.37	1469.197
Y_DPR	30	.000	.555	.12140	.179360
Valid N (listwise)	30				

Source : SPSS 25.0 Output

Based on the results of the SPSS 25.0 output listed in table 1.5, it can be described as follows:

a. The Current Ratio variable includes 30 data, with a minimum value of 0.384 and a maximum value of 7.752. The mean value for this variable is 2.16777, while the measured standard deviation is 1.821240, which indicates a variation in the data.
b. The Debt to Equity Ratio variable consists of 30 data, with a minimum value of 0.053 and a maximum of 2.462. The mean value of this variable is 0.60158, with a standard deviation of 0.614443, which describes the degree of variation around the mean.
c. For the Return On Equity *variable*, there are 30 data with a minimum value of -0.823 and a maximum value of 0.296. The mean value is 0.03683, and the standard deviation measured is 0.187117, indicating the spread of the data from the mean.
d. The *Size variable* has 30 data with a minimum value of 27,538 and a maximum value of 29,900. The mean *Size* is 29.00418, and the standard deviation of this variable is 0.752894, which shows how varied the data size is around the mean.
e. For the Stock Price variable, there are 30 data with a minimum value of 163 and a maximum value of 6,950. The average value of the Stock Price is 1,256.37, with a standard deviation of 1,469,197, which describes how much the stock price fluctuates around the average.
f. The Dividend *Payout Ratio variable* consists of 30 data, with a minimum value of 0.000 and a maximum value of 0.555. The average value is 0.12140, and the standard deviation is 0.179360, indicating the degree of variation in dividend payments relative to net income.

Classical Assumption Test

Normality Test

The normality test aims to verify whether the residual data from the regression model follows the normal distribution. There are two methods that can be used to determine whether the residue is normally distributed or not, namely:

a) X-Y Graph Method

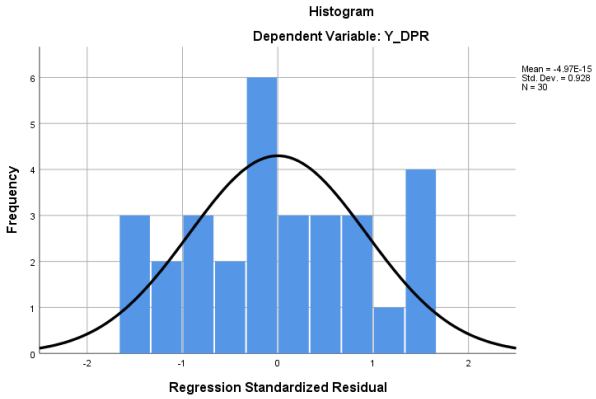

Figure 1 Normality Histogram

Source : SPSS 25.0 Output

Based on the results of the SPSS 25.0 Output Figure 1 histogram chart forms a diagonal line (bell) and is close to the diagonal line, not inclined to the left or right. So that it can be stated that the data is normally distributed and the regression model meets the assumption of normality.

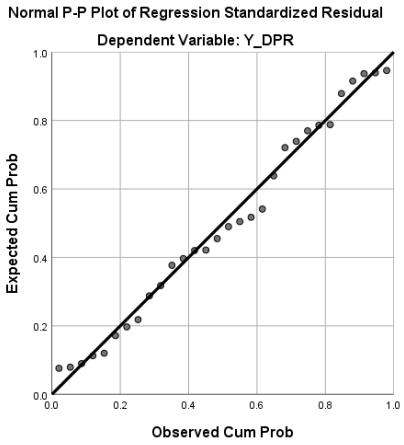

Figure 2 Normal P-Plot of Regression

Source : SPSS 25.0 Output

Based on the results of the SPSS 25.0 Output presented in Figure 2 Normal P-Plot, it appears that the data points are around the diagonal line without spreading far from it and follow the diagonal pattern. Thus, the data follows the normal distribution and the regression model meets the assumption of normality.

X-Y-Z Chart Method

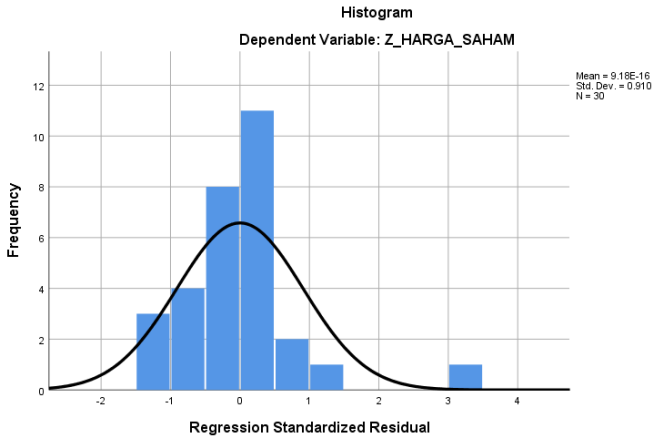

Figure 3 Normality Histogram

Source : SPSS 25.0 Output

Based on the results of the SPSS 25.0 Output Figure 3 histogram chart forms a diagonal line (bell) and is close to the diagonal line, not inclined to the left or right. So that it can be stated that the data is normally distributed and the regression model meets the assumption of normality.

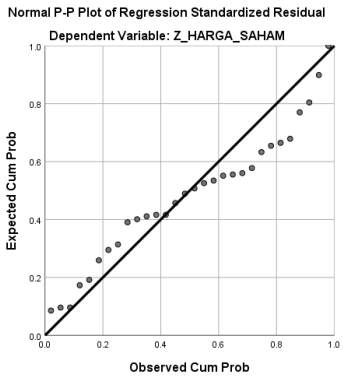

Figure 4 Normal P-Plot of Regression

Source : SPSS 25.0 Output

Based on the results of the SPSS 25.0 output, figure 5 Normal P-Plot shows that the distributors of the data points are around the diagonal line or not scattered far and follow the diagonal direction. Thus, the data follows the normal distribution and the regression model meets the normality criteria.

Kolmogorov-Smirnov *test*

Table 2 Kolmogorov-Smirnov test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		30
Normal Parametersa,b	Mean	.0000000
	Std. Deviation	.11454485
Most Extreme Differences	Absolute	.090
	Positive	.090
	Negative	-.070
Test Statistic		.090

Asymp. Sig. (2-tailed)	.200c,d

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source : SPSS 25.0 Output

Based on the results of the SPSS 25.0 Output in table 5, it shows that the Asymp Sig value > 0.05, which is 0.200. Thus, it can be concluded that the data in this study are not normally distributed and a regression model can be used. The results are also reinforced by observations of the normal graph of the probability plot, where the data points appear to be scattered around the diagonal line with a consistent pattern.

Multicollinearity Test

A regression model is considered free of multicoloniality if the tolerance value ≥ 0.10 and the VIF value ≤ 10 (Ghozali, 2018).

Table 3 Multicollinearity Test

Coefficientsa			
Type		Collinearity Statistics	
		Tolerance	VIF
1	X1_CR	.457	2.187
	X2_DER	.496	2.018
	X3_ROE	.510	1.961
	X4_SIZE	.557	1.796
	Y_DPR	.408	2.452

a. Dependent Variable: Z_HARGA_SAHAM

Source : SPSS 25.0 Output

Based on the results of the SPSS 25.0 Output listed in table 3, it can be seen that the Tolerance value on all variables is more than 0.1, and the Variance Inflation Factor (VIF) value on all variables is less than 10. This indicates that no independent variable has a Tolerance value below 0.1 or a VIF value above 10. Thus, this result indicates that there is no multicolonity problem in the model, and the Tolerance and VIF values for each variable are as follows:

a. The *Current Ratio* variable has a Tolerance value of 0.457 and VIF 2.187, meaning that there is no multicolnity.
b. The Debt *to Equity Ratio variable* has a Tolerance value of 0.496 and VIF 2.018, meaning that there is no multicollinearity.
c. The Return *On Equity variable* has a Tolerance value of 0.510 and a VIF of 1.961, meaning that there is no multicollinearity.
d. The *Size variable* has a Tolerance value of 0.557 and VIF 1.796, meaning that there is no multicollinearity.
e. The Dividend *Payout Ratio* variable has a Tolerance value of 0.408 and VIF 2.452, meaning that there is no multicollinearity.

Autocorrelation Test

In this study, autocorrelation detection was carried out using the Durbin-Watson Test (DW test).

Table 4 Autocorrelation Test

Model Summaryb					
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.625a	.391	.264	1260.093	1.707

a. Predictors: (Constant), Y_DPR, X2_DER, X4_SIZE, X3_ROE, X1_CR

b. Dependent Variable: Z_HARGA_SAHAM

Source : SPSS 25.0 Output

Based on table 4, it can be seen that *Durbin Watson*'s value is 1.707 with n=30 and k=5. So *Durbin Watson* from the regression model dL= 1.0706, dU= 1.8326. So it can be said that the Durbin value of Watson is inconclusive or inconclusive because DW is smaller than dU, and greater than DL (1.0706 < 1.707 < 1.8326). So it can be explained positively that autocorrelation occurs.

Heteroscedasticity Test

In the multiple regression equation, it is necessary to test whether or not the variance of the residuals of one observation is equal to another.

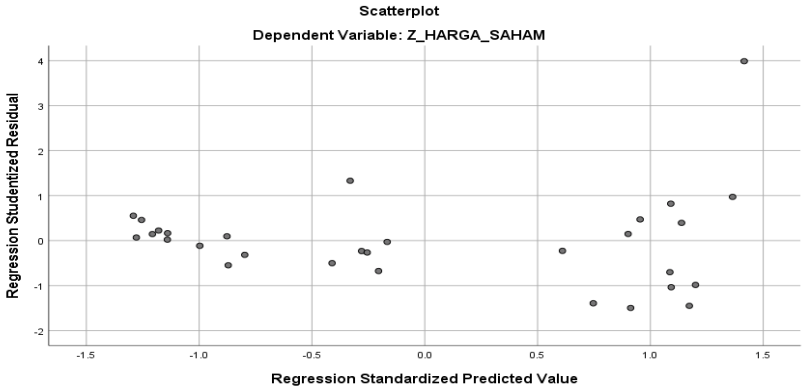

Figure 5 Scatterplots Chart

Source : SPSS 25.0 Output

Based on the SPSS 25.0 output analysis seen in Figure 5, the scatterplot pattern shows that the data points are scattered randomly around the Y axis, with an even distribution above and below the number 0. There was no clear pattern or grouping, indicating that the regression model did not suffer from heteroscedasticity problems.

Path Analysis

Path Analysis is rooted in the multiple linear regression model, but it is more sophisticated because it involves a series of linear relationships between variables called paths.

1) Model Equation 1

Table 5 Path Model 1 Analysis

Model Summary				
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.770a	.592	.527	.123369

a. Predictors: (Constant), X4_SIZE, X1_CR, X3_ROE, X2_DER

Source : SPSS 25.0 Output

Based on the data shown in table 5 of SPSS 25.0 Output, the Squared R value is 0.592. This indicates that 59.2% of the variation in the *Dividend Payout Ratio* can be explained by *the variables Current Ratio, Return On Equity, and Debt to Equity Ratio, Size*. In contrast, 40.8% (100% - 59.2%) of the variation was influenced by other variables that were not included in this research model. In addition, the e2 value was obtained from the calculation of √(1-0.592), which resulted in 0.769.

Table 6 Path Model 1 Analysis

Coefficientsa						
Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.177	.985		-3.225	.003
	X1_CR	.055	.015	.563	3.714	.001
	X2_DER	-.009	.053	-.030	-.167	.868
	X3_ROE	.031	.171	.032	.182	.857
	X4_SIZE	.110	.034	.461	3.192	.004

a. Dependent Variable: Y_DPR

Source : SPSS 25.0 Output

Based on the results of the SPSS 25.0 Output presented in table 6, it can be seen that the significance values for variables X1 and X4 are 0.001 and 0.004 respectively, which are both smaller than the significance limit of 0.05. This indicates that the variables X1 and X4 have a significant influence on the dependent variable Y in the analyzed regression model. In contrast, the significance value for variable X2 is 0.868 and for variable X3 is 0.857, which is both greater than 0.05. This indicates that the variables X2 and X3 have no significant influence on the Y variable in the regression model.

Based on the results of the SPSS 25.0 output in table 1.10, the regression equation can be formulated as follows:

Y= -3,177 + 0.055X1 - 0,009X2 + 0,031X3 + 0,110X4 + 0,769

Information:
Y = Dividend Policy (DPR)
X1 = Current Ratio
X2 = Debt on Equity Ratio
X3 = Return on Equity
X4 = Size

2) Model Equation 2

Table 7 Path Model 2 Analysis

Model Summary				
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.625a	.391	.264	1260.093

a. Predictors: (Constant), Y_DPR, X2_DER, X4_SIZE, X3_ROE, X1_CR

Source : SPSS 25.0 Output

Based on the results shown in the SPSS 25.0 Output in table 7, the R Squared (R^2) value shows a figure of 0.391. This indicates that about 39.1% of the variation in the Stock Price can be explained by the variables included in the model, namely the Current Ratio, Debt to Equity Ratio, Return On Equity, Size, and Dividend Payout Ratio. In contrast, the remaining 60.9% of the stock price variation was not explained by the variables in the model and was likely influenced by other factors not included in this study. For the e1 value, which is calculated as √(1-0.391), a result of 0.780 is obtained.

Table 8 Path Model 2 Analysis

Coefficientsa						
Type		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-31850.876	11974.538		-2.660	.014
	X1_CR	77.334	189.999	.096	.407	.688
	X2_DER	-1145.702	540.938	-.479	-2.118	.045
	X3_ROE	-2723.646	1751.148	-.347	-1.555	.133
	X4_SIZE	1162.150	416.535	.596	2.790	.010
	Y_DPR	180.635	2042.810	.022	.088	.930
a. Dependent Variable: Z_HARGA_SAHAM						

Source : SPSS 25.0 Output

Based on the SPSS 25.0 Output analysis presented in table 8, it can be identified that the significance values for variables X1 and X4 are 0.045 and 0.010, respectively, which are both less than 0.05. This shows that in the single-variable regression model, X1 and X4 have a significant influence on the Z variable. Conversely, the variables X2, X3, and Y have significance values of 0.688, 0.133, and 0.930, respectively, which are all greater than 0.05. Therefore, in the single-variable regression model, X2, X3, and Y do not show a significant influence on Z.

Based on these data, the regression equation that can be formulated from the SPSS 25.0 output in table 8 is as follows:

Z= - 31850.88+ 77.33X1 - 1145.70X2 - 2723.65X3 + 1162.15X4 + 180.63Y + 0.780

Information:
Z = Stock Price
X1 = Current Ratio
X2 = Debt on Equity Ratio
X3 = Return on Equity
X4 = Size
Y = Dividend Policy (DPR)

DISCUSSION OF RESEARCH RESULTS

The Effect of Liquidity on Stock Prices

The Liquidity Ratio in this study is measured using the Current Ratio. The results of the study show that the Current Ratio does not have a significant influence on the Stock Price. Current Ratio is a financial ratio that assesses a company's ability to meet its short-term obligations by utilizing its current assets. A high current ratio is usually considered an indicator of a company's financial stability. Current assets reflect a company's liquidity, i.e. its ability to quickly convert assets into cash. Adequate liquidity can increase investor confidence and affect

stock prices. The results of this study are consistent with the previous findings by (Efrizon, Andalas, Andalas, Manis, & Padang, 2019), which showed that the Current Ratio did not have a significant effect on stock prices. Similar research by (Pratama, Azizah, & Nurlaily, 2019) also found that the Current Ratio does not have a significant impact on stock prices. On the other hand, a study by (Pustika, Hariyanto, & Safitri, 2022) revealed that the Current Ratio has a positive influence on stock prices.

Effect of Solvency on Stock Price

The Solvency Ratio in this study uses *the Debt to Equity Ratio*. The results of this study show that *the Debt* to Equity Ratio has a significant effect on the Stock Price. A high DER can indicate that the company is using a large amount of debt to fund its operations. This can be interpreted as an increase in financial risk because the company has to pay interest and principal debt. A low DER is considered to have lower financial risk. A low DER can provide companies with more financial flexibility and liquidity, as their debt burden is lower. With a low DER, this can mean that the company has more room to make investments, pay dividends, or address urgent financial needs. The low Debt to Equity Ratio (DER) reflects a higher level of confidence in the sustainability of the company's growth, which in turn can increase the stock price. This finding is in line with the research of (Dewi & Suwarno, 2022) which shows that DER does not have a significant effect on stock prices. On the contrary, the study of (Budiyono & Santoso, 2019) indicates that DER has a positive influence on stock prices.

The Effect of Profitability on Stock Prices

In this study, the profitability ratio analyzed is Return On Equity (ROE). The findings of this study indicate that Return On Equity does not have a significant impact on stock prices. ROE serves as an important indicator in assessing a company's financial performance, as it reflects how efficiently the company uses its equity to generate net income. ROE also provides in-depth insights into a company's profitability, asset management efficiency, and competitiveness. The results of this study are consistent with previous research conducted by (Nananjaya & Dana, 2023), which found that Return On Equity (ROE) has a negative influence on stock prices.

Effect of Company Size on Stock Price

The results of this study show that the size of the company has a significant effect on the Stock Price. Company size is a scale that can be classified as the size of a company in various ways, including the company's total assets, log size, stock market value, and others. The size of a company is often seen as an indicator of stability. Companies that have a larger size are generally seen as more stable and can give more confidence to investors. This stability is usually reflected in the company's financial and operational performance. The higher the size of the company will be closely related to the funding decisions that will be implemented by the company to optimize the company's value (Suwardika & Mustanda, 2017). The findings of this study are in line with previous research by (Pustika et al., 2022), which revealed that company size has a positive influence on stock prices.

Effect of Liquidity on Dividend Policy

The Liquidity Ratio in this study uses the Current Ratio. The results of this study show that the Current ratio has a significant effect on the Dividend Policy. A large Current Ratio tends to have good liquidity. This liquidity can influence a company's decision to distribute dividends, as companies with high liquidity have more ability to distribute dividends without experiencing liquidity difficulties. Nevertheless. Companies with a high Current Ratio may be more likely to have a conservative dividend policy, as they have sufficient liquidity to meet operational and investment needs. So that the influence of liquidity on dividend policy tends

to be negative. This is in line with the research of (Prayogo, Wijaya, Handayani, & Maretia, 2021) and also the research of Darmawan, Yogi, Sri Rejeki, Rizkie Aris, Roqi Yasin (2019) which stated that the Curent Ratio has a negative effect on dividend policy.

The Effect of Solvency on Dividend Policy

The Solvency Ratio in this study uses the Debt to Equity Ratio. The results of this study show that the Debt to Equity Ratio does not have a significant effect on the Dividend Policy. A low Debt-to-Equity (DER) ratio indicates less financial risk, giving companies more flexibility in paying dividends. Therefore, the influence of DER on dividend policy tends to be positive. Research by (Lisnawati, 2020) shows that DER does not have a significant influence on dividend policy. On the other hand, a study by (Prayogo et al., 2021) found that DER has a positive influence on dividend policy.

The Effect of Profitability on Dividend Policy

In this study, the profitability ratio analyzed is Return On Equity (ROE). The findings of the study indicate that ROE does not have a significant impact on dividend policy. As an important indicator in assessing a company's financial performance, ROE shows that the greater the profit a company earns, the greater the likelihood of dividends to be distributed. Companies with high ROE may choose a more aggressive dividend policy to provide added value to shareholders, while companies with lower ROE may choose to maintain profits for further investment. Research by (Prayogo et al., 2021) shows that Return On Equity (ROE) has a negative impact on dividend policy. Meanwhile, a study conducted by (Nofika & Nurhayati, 2022) found that ROE has a positive effect on dividend policy.

Effect of Company Size on Dividend Policy

The results of this study show that the size of the company has a significant effect on the Dividend Policy. The size of the company can play an important role in managing agency conflicts between management and shareholders. Previous research has shown two different views on the influence of company size on dividend policy. Research by (Nofika & Nurhayati, 2022) revealed that company size has a positive effect on dividend policy. On the other hand, research by (Prayogo et al., 2021) shows that company size has a negative effect on dividend policy.

The Effect of Liquidity on Stock Prices through Dividend Policy

The Liquidity Ratio in this study uses the Current Ratio. The results of this study show that the Current ratio has a significant effect on the Stock Price through the Dividend Policy. Dividend policy can strengthen or weaken the effect of the Current Ratio on stock prices, creating dynamics that need to be considered in investment decision-making. (Syafrin & Putra, 2022) stated that liquidity has a positive and significant influence on stock prices when dividend policy acts as a moderation variable. On the other hand, research by Darmawan, Yogi, Sri Rejeki, Rizkie Aris, and Roqi Yasin (2019) shows that dividend policy is not able to act as an effective intermediary in the relationship between liquidity and stock prices.

The Effect of Solvency on Stock Price through Dividend Policy

In this study, the Debt to Equity Ratio (DER) is used to measure the solvency ratio. The results of the study show that DER does not have a significant impact on stock prices through dividend policy. Although the capital structure measured by DER is able to influence a company's stock price, a study by (Nofika & Nurhayati, 2022) found that dividend policy does not function as an effective mediator between solvency (DER) and stock price

The Effect of Profitability on Stock Prices through Dividend Policy

The results of this analysis show that ROE has a significant effect on the Stock Price through the Dividend Policy. ROE has long been recognized as a key indicator of a company's

financial performance that reflects the efficient use of equity by management. The purpose of this study is to investigate how ROE affects stock prices, with dividend policy acting as a liaison that moderates the relationship. In a study conducted by (Satar & Jayanti, 2020) which stated that the dividend policy was able to moderate Return On Eqiuty on stock prices significantly. Meanwhile, research conducted by (Nofika & Nurhayati, 2022) states that the dividend policy is not able to moderate Return On Equity (ROE) on stock prices.

The Effect of Company Size on Stock Price through Dividend Policy

The results of this study show that the size of the company has a significant effect on the Stock Price through the Dividend Policy. In this study, we want to take a deeper look and consider whether dividend policy, i.e. how much dividends are distributed to shareholders, can play a role in changing the correlation between the size of the company and the stock price. Research by (Safitri & Suwitho, 2015) shows that dividend policy can serve as a moderation between the size of the company and the stock price. On the contrary, a study conducted by Darmawan, Yogi, Sri Rejeki, Rizkie Aris, and Roqi Yasin (2019) revealed that dividend policy is not effective as a mediator in the relationship between company size and stock price.

The Effect of Dividend Policy on Stock Prices

The results of this study indicate that the Dividend Policy does not have a significant effect on the Stock Price. According to (Fauziah, 2017) the dividend policy is the result of profit placement, whether the profits obtained by the company will be given to investors as dividends or will be held in the form of retained profits aimed at financing investments in the coming period. Many believe that the size of a company, how big or small a company is, can affect how expensive or cheap its stock price is. However, this study aims to further explore and assess whether dividend policy—which refers to the amount of dividends paid to shareholders—can modify the relationship between company size and stock price. In a study conducted by Darmawan, Yogi, Sri Rejeki, Rizkie Aris, and Roqi Yasin (2019), it was found that dividend policy has no effect on stock prices. On the contrary, research by (Ainun, 2019) shows that dividend policy has a positive and significant effect on stock prices.

CONCLUSION

The research findings reveal several key insights into the financial factors influencing dividend policy and stock prices of hospital companies listed on the Indonesia Stock Exchange during the 2018-2022 period. It was found that the Current Ratio and Firm Size have a significant impact on Dividend Policy, while the Debt to Equity Ratio and Return on Equity do not. Moreover, while the Current Ratio and Debt to Equity Ratio significantly affect Stock Price, Return on Equity does not show a direct effect. Firm Size, however, influences both Dividend Policy and Stock Price. Notably, the study also highlights that the Current Ratio, Return on Equity, and Firm Size significantly impact Stock Price through Dividend Policy, while the Debt to Equity Ratio does not. Despite these findings, Dividend Policy itself does not significantly affect Stock Price during the study period, suggesting other factors may play a more substantial role in determining stock performance for hospital companies.

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