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THE INFLUENCE OF LIQUIDITY, FIRM SIZE AND PROFITABILITY ON STOCK PRICES IN THE PHARMACEUTICAL SUB-SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE (IDX) 2020–2025

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Abstract

This study aims to determine and analyze the effect of Liquidity (Current Ratio), Firm Size, and Profitability (Return On Assets) on Stock Price, both partially and simultaneously, in pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange during the 2020–2025 period. This research uses a quantitative approach with secondary data obtained from annual financial reports published on the official website of the Indonesia Stock Exchange (www.idx.co.id). The sample was selected using a purposive sampling technique, resulting in 7 pharmaceutical sub-sector companies observed over a 6-year period, producing a total of 42 data observations. The data analysis technique used is multiple linear regression analysis, processed with SPSS version 26. The results show that, partially, Liquidity, Firm Size, and Profitability have no significant effect on Stock Price. Simultaneously, the three variables also have no significant effect on Stock Price, with an Adjusted R Square value of 0.043 or 4.3%, indicating that the variation in Stock Price is largely explained by other factors outside this research model, such as macroeconomic conditions, market sentiment, and government policy.

Keywords: Liquidity, Firm Size, Profitability, Stock Price

INTRODUCTION

Indonesia is a developing nation with the largest economy in Southeast Asia, experiencing continuous year-on-year growth. This economic expansion has fostered greater public awareness regarding financial management, particularly through investment activities. Investment has become a primary choice for individuals seeking to grow their wealth and secure future returns. One of the most popular investment avenues in Indonesia is the capital market. The capital market is a vital component of the modern economy, serving as a mechanism for companies to raise funds and as a platform for public investment. Through the capital market, companies can secure long-term funding to support operations and business expansion, while investors can deploy capital with the expectation of future profits. According to Law Number 8 of 1995 concerning Capital Markets, the capital market encompasses activities related to public offerings and securities trading, public companies in relation to the securities they issue, as well as institutions and professions associated with securities. Stock price serves as a crucial indicator reflecting a company's value and the level of investor confidence in its future prospects. A high stock price signals strong performance and promising prospects in the eyes of investors, whereas a decline in stock price can dampen investor interest and lead to a drop in the company's market value. Consequently, information regarding stock prices is vital for investors when making investment decisions—such as whether to buy, hold, or sell shares (Fahmi, 2020).

The pharmaceutical sub-sector is a component of the healthcare sector engaged in the research, development, production, distribution, and marketing of health products such as medicines, vitamins, supplements, and medical devices. This sub-sector plays a vital role in supporting public health services and national economic growth. Furthermore, rising public awareness regarding the importance of health has led to a continuous increase in the demand for pharmaceutical products. Pharmaceutical companies are also considered to have favorable growth prospects, particularly following the COVID-19 pandemic, which heightened public attention toward the healthcare sector. Such conditions would typically be expected to boost investor interest in pharmaceutical stocks, thereby driving up share prices. However, in reality, the share prices of pharmaceutical companies listed on the Indonesia

Stock Exchange have experienced fluctuations—albeit with an overall upward trend—during the 2020–2025 period. Presented below is data showing the share prices of pharmaceutical companies listed on the Indonesia Stock Exchange between 2020 and 2025.

Share prices of companies in the pharmaceutical sub-sector experienced fluctuations with a slight upward trend during the observation period. Overall, the sub-sector's average share price stood at 6,136 in 2020, rose to 6,542 in 2021, and remained relatively stable at 6,543 in 2022. Subsequently, the average share price fell to 5,616 in 2023, dipped slightly to 5,612 in 2024, and reached 5,709 in 2025; despite the slight increase in 2025, these figures indicate that the companies' share price movements failed to maintain year-to-year stability. Although there was an increase at the end of the study period, the change did not reflect consistent share price growth. This phenomenon suggests that various factors continue to influence the companies' share prices, causing investor responses to pharmaceutical sub-sector stocks to shift in reaction to information received from the companies and prevailing market conditions. One factor believed to influence stock prices is liquidity. Liquidity refers to a company's ability to meet its short-term obligations using available current assets. A healthy level of liquidity indicates that a company can fulfill its financial obligations on time, thereby boosting investor and creditor confidence in the company's financial health. The higher a company's liquidity level, the lower the risk of it facing financial distress. This situation can serve as a positive signal to investors, as it demonstrates the company's ability to maintain operational stability (Mery, 2017).

Kasmir (2016) defines the current ratio as a metric used to measure a company's ability to meet its short-term obligations—or debts due immediately upon demand—in full. Kasmir (2016) establishes that a Current Ratio of 200% is considered a good and ideal standard, representing a satisfactory level for a company. This implies that a high ratio places the company in a secure position regarding the short term. According to Sulistyani & Syahfitri (2022), the current ratio is determined by comparing current assets against the short-term liabilities the company must settle. A high Current Ratio is favorable for creditors, as it suggests the company is capable of meeting all its obligations; however, an excessively high ratio may be disadvantageous for shareholders, as it implies suboptimal profitability. Conversely, a low Current Ratio entails higher risk but indicates that management is effectively utilizing current assets to boost profits. Thus, it reflects the profitability achieved. This demonstrates that a healthy Current Ratio signifies the company's success in maintaining its liquidity. Presented below is field data showing the Current Ratio for pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange from 2020 to 2025.

Data regarding the Current Ratio—based on the overall average for the 2020–2025 period—reveals that six companies (DVLA, KLBF, MERK, SCPI, SIDO, and TSPC) maintained an average ratio exceeding 200%. These figures demonstrate that the six companies possess a robust capacity to meet short-term obligations using their current assets, resulting in a low risk of liquidity issues or failure to settle short-term debts. Notably, KLBF, MERK, and SIDO recorded Current Ratios above 4.00; this indicates a significant surplus of current assets relative to current liabilities—a situation that reflects a secure financial position but may also signal that the companies are not optimally utilizing their current assets for more productive activities. SOHO is the only company recorded with a Current Ratio below the industry average, standing at 1.894. Although this figure falls short of the industry average, it remains above 1.00 (100%), indicating that SOHO possesses sufficient current assets to cover all its short-term obligations. In other words, the company remains liquid, albeit with a relatively smaller margin of safety compared to other companies in the pharmaceutical sub-sector; consequently, it needs to exercise greater caution in managing its cash flow and short-term liabilities to avoid facing liquidity pressures in the future. A current ratio exceeding industry standards indicates that the company possesses sufficient current assets to meet all short-term obligations in a timely manner, thereby minimizing the risk of default. This situation signals to investors and creditors that the company is effectively maintaining its liquidity stability. The overall increase in the average current ratio during the study period further reinforces the fact that companies in the pharmaceutical sub-sector have consistently succeeded in meeting their short-term obligations, which in turn can boost investor confidence in the company's operational continuity.

In addition to the current ratio, a second factor influencing stock prices is firm size, which reflects the scale of a company based on its total assets. A company with substantial total assets possesses the adequate resources needed to support its operational activities and business expansion. The larger the firm, the easier it is to secure external funding, as such companies are perceived to have greater stability and resilience compared to smaller ones. Firm size is also a key consideration for investors when making investment decisions. Companies with large asset bases generally carry lower risk and offer better growth prospects, thereby boosting investor confidence. High investor confidence can drive up demand for the company's shares in the capital market, potentially leading to an increase in the stock price. Conversely, relatively small companies often face limitations in expanding their operations, which can affect investor interest in their shares (Bonita, R., & Setiany, 2022). Brigham and Houston

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(2010) categorize firm size based on total assets; companies with large total assets tend to possess stronger reputations, easier access to capital markets, and superior risk-diversification capabilities compared to smaller firms (Brigham, E. F., & Houston, 2010). Presented below is field data showing the firm size of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange for the period of 2020–2025.

Data regarding the average firm size—measured using the natural logarithm (Ln) of total assets—for pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange during the 2020–2025 period reveals conditions that vary among issuers yet show stable year-to-year movement. Based on this data, KLBF exhibits the largest average firm size at 17.111, indicating that the company possesses total assets and an operational scale significantly larger than the other listed firms. Meanwhile, TSPC has an average firm size of 16.220, followed by SOHO and SIDO with averages of 15.380 and 15.181, respectively. In contrast, DVLA and SCPI show relatively smaller firm sizes, with averages of 14.558 and 14.255, respectively. MERK records the smallest average firm size at 13.839, indicating that its total assets are substantially lower compared to the other six pharmaceutical issuers in the study sample. These disparities in firm size reflect significant variations in asset capacity and operational scale among the pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange. Overall, the average firm size at the sub-sector level also demonstrates a consistent upward trend from year to year—rising from 15.128 in 2020 to 15.392 in 2025—indicating that, in the aggregate, pharmaceutical companies are experiencing relatively stable asset growth, albeit at a moderate pace. This phenomenon aligns with research conducted by Afiezan et al. (2021) and Rizka Hamala Dewi et al. (2025), indicating a significant impact on stock prices. This implies that the larger the company size, the higher the investor confidence, which ultimately drives an increase in stock prices in the capital market.

Based on the data above, the profitability ratio—projected via Return on Equity—for the eight sampled technology sector companies between 2020 and 2025 exhibits significant fluctuation. At the start of the observation period, which coincided with the COVID-19 pandemic, the technology sector's average Return on Equity was generally high. Regarding the profitability variable, the researcher utilized the Return on Assets (ROA) metric. Data presented in Table 1.4 above illustrates the ROA values based on the overall average for the 2020–2025 period. Among the companies, SIDO recorded an average of 0.251, indicating the best capability in utilizing assets to generate profit. Conversely, DVLA posted the lowest average ROA at 0.073, suggesting that its effectiveness in managing assets to generate profit was relatively lower compared to the other companies. Other companies—such as KLBF, MERK, SCPI, SOHO, and TSPC—exhibited relatively stable ROA values, despite experiencing year-to-year fluctuations. The increase in the average Return on Assets observed during the 2020–2025 period indicates that pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange were able to improve the efficiency of their asset management in generating profit.

This is evidenced by the pharmaceutical sub-sector's overall average ROA of 0.130 during the study period, a figure that exceeds the 5% minimum standard established by Kasmir (2019). This situation indicates that, in the aggregate, the pharmaceutical sub-sector companies included in the study sample possess a healthy level of profitability and are capable of generating adequate net income from their managed total assets. The increase in the average Return on Assets (ROA)—rising from 0.114 in 2020 to 0.123 in 2024—further reinforces the evidence that these pharmaceutical companies are consistently improving their financial performance regarding profitability; this serves as a positive signal for investors making capital market investment decisions. This phenomenon aligns with research by Sukron et al. (2025) and Astutika et al. (2024), which indicates that profitability (ROA) has a significant impact on stock prices. However, research by Triaryati et al. (2025) suggests that profitability (ROA) has a significant negative impact on stock prices. Based on the background of the problem outlined above, the author identifies the following issues:

1. Fluctuations in stock prices within the pharmaceutical sub-sector listed on the Indonesia Stock Exchange during the 2020–2025 period.
2. Fluctuations in liquidity during the 2020–2025 period. This indicates that the companies' ability to meet short-term obligations varied from year to year, potentially influenced by changes in the volume of current assets or current liabilities.
3. Differences in firm size among listed companies during the 2020–2025 period, reflecting variations in asset capacity and operational scale across the respective companies.
4. Fluctuations in profitability during the 2020–2025 period. This indicates changes in the companies' ability to generate profit from their total assets.

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METHOD

The type of data used in this study is quantitative—specifically, data consisting of numerical explanations or statements. The data comprises annual financial reports from pharmaceutical companies listed on the Indonesia Stock Exchange (IDX) for the period of 2020 to 2025. The research will be conducted via the official websites of these listed pharmaceutical companies. The study is scheduled to take place from March 2026 to September 2026. The population consists of 14 pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange between 2020 and 2025. The sample was selected using the purposive sampling method. According to Sugiyono (2023), purposive sampling is a technique for determining a sample based on specific criteria. The purposive sampling criteria applied in this study are as follows:

1. Pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange between 2020 and 2025.
2. Pharmaceutical sub-sector companies that published annual financial reports throughout the study period.
3. Pharmaceutical sub-sector companies with complete closing stock price data relevant to the research variables.
4. Pharmaceutical sub-sector companies that generated a profit between 2020 and 2025.

Table 1. Pharmaceutical Sub-sector Companies Listed on the IDX (2020–2025)

No	Kode	Company Name	IPO Date
1	DVLA	Darya-Varia Laboratoria Tbk	11 November 1994
2	IKPM	Ikapharmindo Putramas Tbk	08 November 2023
3	INAF	Indofarma Tbk	17 April 2001
4	KAEF	Kimia Farma Tbk	04 Juni 2001
5	KLBF	Kalbe Farma Tbk	30 Juli 1991
6	MDLA	Medela Potentia Tbk	15 April 2025
7	MERK	Merck Tbk	23 Juli 1981
8	PEHA	Phapros Tbk	26 Desember 2018
9	PEVE	Penta Valent Tbk	23 Januari 2023
10	PYFA	Pyridam Farma Tbk	16 Okterber 2001
11	SCPI	Organon Pharma Indonesia Tbk	08 Juni 1990
12	SIDO	Industri Jamu dan Farmasi Sido Muncul Tbk	18 Desember 2013
13	SOHO	Soho Global Health Tbk	08 September 2020
14	TSPC	Tempo Scan Pacific Tbk	17 Juni 1994

Sources: www.idx.co.id

RESULTS AND DISCUSSION

Results

Statistic Descriptive Test Results

Table 2. Statistic Descriptive Test Results

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Liquidity	42	1.50	6.52	3.2211	1.13940
Firm Size	42	13.74	17.24	15.2204	1.08067
Profitability	42	.04	.31	.1298	.06285
Stock Prices	42	2.64	8.76	5.3488	1.60622
Valid N (listwise)	42				

Source: SPSS version 25 (2026)

Based on the descriptive statistical analysis presented in Table 2, the characteristics of each research variable across the 42 observed samples can be described as follows:

1. The Stock Price variable has a minimum value of 2.64 and a maximum value of 8.76, with a mean of 5.3488 and a standard deviation of 1.60622. The lowest stock price value is 500, observed for PT Soho Global Health Tbk (SOHO), while the highest stock price value is 29,000, observed for PT Organon Pharma Indonesia Tbk (SCPI).

2. The Liquidity variable has a minimum value of 1.50 and a maximum value of 6.52, with a mean of 3.2211 and a standard deviation of 1.13940. The lowest liquidity value is 1.503, observed for PT Organon Pharma Indonesia Tbk (SCPI), while the highest liquidity value is 6.517, observed for PT Merck Tbk (MERK).
3. The Firm Size variable has a minimum value of 13.74 and a maximum value of 17.24, with a mean of 15.2204 and a standard deviation of 1.08067. The lowest firm size value is 13.711, observed for PT Merck Tbk (MERK), while the highest firm size value is 17.240, observed for PT Kalbe Farma Tbk (KLBF).
4. The Profitability variable shows a minimum value of 0.04 and a maximum value of 0.31, with a mean of 0.1298 and a standard deviation of 0.06285. The lowest profitability value is 0.041, observed for PT Soho Global Health Tbk (SOHO), while the highest profitability value is 0.310, observed for PT Industri Jamu dan Farmasi Sido Muncul Tbk (SIDO).

Normality Test Results

Table 3. Kolmogorov-Smirnov Test Results

		Unstandardized Residual
N		42
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.51296879
Most Extreme Differences	Absolute	.081
	Positive	.081
	Negative	-.065
Test Statistic		.081
Asymp. Sig. (2-tailed)		.200[c,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 version 25 (2026)

Referring to Table 3. above, it is known that the results of the Kolmogorov-Smirnov test have a significance value of 0.200 > 0.05 so it can be concluded that the data tested is normally distributed.

Autocorellation Test Results

Table 4. Autocorellation Test Results

Model Summary[b]

					Change Statistics					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.336[a]	.113	.043	1.57156	1.975	.336[a]	.113	.043	1.57156	1.975

a. Predictors: (Constant), Liquidity, Firm Size, Profitability

b. Dependent Variable: Stock Prices

Source: SPSS version 25 (2026)

Based on Table above, the decision-making for the Durbin-Watson test is as follows:

n = 42
dw = 1.975
dU = 1.6617
4 - dU = 4 - 1.6617 = 2.3383
Result: dU < dw < 4 - dU = 1.6617 < 1.975 < 2.3383. Therefore, the decision regarding the autocorrelation test is that there is no positive or negative autocorrelation; the null hypothesis is not rejected..

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Multicollinearity Test Results (Tolerance and VIF)

Table 5. Multicollinearity Test Results

Coefficients[a]							
	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model	B	Std. Error	Beta	t	Sig.	**Tolerance**	**VIF**
1 (Constant)	.333	3.562				.333	3.562
Liquidity	-.194	.267	-.137	.650	1.538	-.194	.267
Firm Size	.292	.232	.197	.959	1.043	.292	.232
Profitability	9.198	4.837	.360	.652	1.534	9.198	4.837

a. Dependent Variable: Stock Prices

Source: SPSS version 25 (2026)

Referring to Table 9. it is known that the results of the multicollinearity test for the variables liquidity, firm size, profitability have a tolerance value > 0.10 and VIF < 10, so this study is declared free from multicollinearity problems.

Heteroscedasticity Test Results (Glejser)

Table 6. Glejser Heteroscedasticity Test Results

Coefficients[a]						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	**t**	**Sig.**
1	(Constant)	3.201	1.847		1.733	.091
	Liquidity	-.193	.139	-.247	-1.390	.173
	Firm Size	-.057	.120	-.069	-.471	.640
	Profitability	-3.919	2.508	-.277	-1.562	.127

a. Dependent Variable: Abs_res

Source: SPSS version 25 (2026)

Referring to Table 10. above, the results of the Glejser test above, the significance value of the three independent variables is liquidity, firm size and profitability > 0.05, so it can be concluded that there is no heteroscedasticity.

Multiple Linear Regression Test Results

Table 7. Multiple Linear Regression Test Results

	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	.333	3.562		.094	.926
Liquidity	-.194	.267	-.137	-.725	.473
Firm Size	.292	.232	.197	1.259	.216
Profitability	9.198	4.837	.360	1.902	.065

Source: SPSS version 25 (2026)

Referring to Table 11. the regression equation for the above values is:

Y = 0,333 + -0,194X1 + 0,292X2 + 9,198X3 + e

1. The constant value of 0.333, with a positive relationship, indicates that if the independent variables—Liquidity, Firm Size, and Profitability—are held constant (equal to zero), the stock price would be influenced by other variables to the extent of 0.333.
2. The Liquidity coefficient (β_1) of -0.194, with a negative relationship, indicates that every one-unit increase in Liquidity is associated with a change of -0.194 units, assuming the other independent variables remain constant.
3. The Firm Size coefficient (β_2) of 0.292, with a positive relationship, indicates that every one-unit increase in Firm Size is associated with a change of 0.292 units, assuming the other independent variables remain constant.

4. The Profitability coefficient (β_3) of 9.198, with a positive relationship, indicates that every one-unit increase in Profitability is associated with a change of 9.198 units, assuming the other independent variables remain constant.

Hypothesis Testing

Partial Test Results (t-Test)

Table 8. Partial Test Results (t-Test)

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.333	3.562		.094	.926
	Liquidity	-.194	.267	-.137	-.725	.473
	Firm Size	.292	.232	.197	1.259	.216
	Profitability	9.198	4.837	.360	1.902	.065

Source: SPSS version 25 (2026)

Referring to Table 8, it is known that the independent variables influence each other on the dependent variable.

1. The calculated t-value for the Liquidity variable is -0.725 (less than the t-table value of 1.68595), with a significance value of 0.473 (greater than 0.05); this means H1 is rejected and H0 is accepted. Consequently, Liquidity does not have a significant partial effect on stock price.
2. The calculated t-value for the Firm Size variable is 1.259 (less than the t-table value of 1.68595), with a significance value of 0.216 (greater than 0.05); this means H0 is accepted and H2 is rejected. Consequently, Firm Size does not have a significant partial effect on stock price.
3. The calculated t-value for the Profitability variable is 1.902 (greater than the t-table value of 1.68595), with a significance value of 0.065 (greater than 0.05); this means H0 is accepted and H3 is rejected. Consequently, Profitability does not have a significant partial effect on stock price.

Simultaneous Test Results (F-Test)

Table 9. Simultaneous Test Results (F-Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	**F**	**Sig.**
1	Regression	11.926	3	3.975	1.610	.203[b]
	Residual	93.852	38	2.470		
	Total	105.778	41			

a. Dependent Variable: Stock Prices
b. Predictors: (Constant), Liquidity, Firm Size, Profitability

Source: SPSS version 25 (2026)

Based on the table above, using a 5% significance level and k = 4, the degrees of freedom are calculated as Df(n1) = k - 1 = 3 and Df(n2) = n - k = 42 - 4 = 38. This yields an F-table value of 2.852. The F-test results show an F-table value of 2.852 and a calculated F-value of 1.610, with a significance level of 0.203. Since the calculated F-value is less than the F-table value (1.610 < 2.852) and the significance level is greater than 0.05 (0.203 > 0.05), the null hypothesis (Ho) is accepted and the alternative hypothesis (H1) is rejected; this indicates that liquidity, firm size, and profitability do not have a significant simultaneous effect on stock prices..

Determination Test Results

Table 10. Determination Test Results

Model Summary

Model	R	R Square	**Adjusted R Square**	Std. Error of the Estimate
1	.336[a]	.113	.043	1.57156

a. Predictors: (Constant), Liquidity, Firm Size, Profitability

Source: SPSS version 25 (2026)

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The Adjusted R-squared value is 0.043, indicating a coefficient of determination of 4.3%. This means that the independent variables—Liquidity (X1), Firm Size (X2), and Profitability (X3)—influence the dependent variable (Stock Price), while the remaining 95.7% is influenced by other variables not included in this study.

Discussion

The Influence of the Liquidity on Stock Prices

The partial hypothesis testing results (t-test) for the Liquidity variable (Current Ratio) show a calculated t-value of –0.725, which is lower than the t-table value of 1.68595 at 38 degrees of freedom (df); the significance value is 0.473, exceeding the 0.05 significance level (0.473 > 0.05). Based on these results, it can be concluded that H1 is rejected and H0 is accepted, meaning that, partially, Liquidity does not have a significant effect on the stock prices of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange during the 2020–2025 period. This lack of significant influence from Liquidity can be explained by several factors. First, the liquidity levels of the sampled pharmaceutical companies are generally high and relatively uniform across firms; consequently, the data variation is insufficient to produce a statistically detectable effect on stock prices. Second, when making investment decisions, investors in this sub-sector do not appear to rely solely on liquidity ratios as a primary benchmark; instead, they consider other factors such as general market conditions, movements in the Jakarta Composite Index (JCI), investor sentiment, and corporate policies—including dividend distributions and other corporate actions. Third, liquidity information derived from annual financial reports is historical and published periodically; by the time this information reaches the public, the market has often already reacted to more current information. This aligns with the Efficient Market Hypothesis (Fama, 1970)—which posits that stock prices rapidly reflect all available information—implying that annual financial ratios no longer provide significant new signals to investors by the time the reports are published. Furthermore, liquidity measures a company's ability to settle short-term obligations—a metric conceptually more relevant to creditors and parties concerned with short-term liquidity risk than to equity investors, who generally focus on long-term earnings growth prospects and corporate value. Consequently, it is understandable that fluctuations in the Current Ratio do not necessarily trigger immediate movements in stock prices, as these two indicators essentially address the information needs of different stakeholder groups. The results of this study align with the findings of Astutika et al. (2024), who concluded that the Current Ratio has no significant impact on stock prices, arguing that investors do not prioritize liquidity ratios when evaluating a company's stock. However, these results diverge from the findings of Sukron et al. (2025), who identified a significant negative effect, and Pembayun et al. (2026), who found a significant positive effect. Such discrepancies are to be expected, given the variations in observation periods, sample sizes and compositions, capital market conditions, and macroeconomic characteristics across the respective study periods.

The Influence of the Firm Size on Stock Prices

The partial hypothesis testing results (t-test) for the Firm Size variable show a calculated t-value of 1.259—lower than the t-table value of 1.68595 at 38 degrees of freedom (df)—and a significance value of 0.216, which exceeds the 0.05 significance level (0.216 > 0.05). Based on these results, it can be concluded that the null hypothesis (H0) is accepted and the alternative hypothesis (H2) is rejected; this implies that, individually, Firm Size does not significantly affect the stock prices of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange during the 2020–2025 period. The pharmaceutical companies sampled in this study are generally long-established on the Indonesia Stock Exchange, possessing relatively large asset scales and reputations already well-recognized by market participants. Consequently, the variation in firm size among the sampled companies is relatively narrow when measured using the natural logarithm (Ln) of total assets; thus, differences in asset scale no longer provide new information or serve as a meaningful differentiator for investors. Furthermore, firm size fundamentally reflects operational capacity and scale rather than efficiency or direct profitability; therefore, the signal it conveys tends to be weak and does not always influence investor decisions in the short or medium term. Investors in the pharmaceutical sub-sector appear to focus more on operational performance and current market conditions than on firm asset scale, which remains relatively stable and changes little from year to year. Total assets generally grow gradually and do not exhibit drastic changes within the relatively short observation period; consequently, this variable is less capable of explaining stock price fluctuations, which can shift daily in response to capital market dynamics, investor sentiment, and macroeconomic conditions—factors that evolve much more rapidly than a company's asset structure. These research results are consistent with the findings of Yameen et al. (2019), which states that firm size does not have a significant effect on stock prices. However, this result is inconsistent with the study by Afiezan et al. (2021), which found that firm size significantly affects stock prices in pharmaceutical sub-sector manufacturing

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companies. These differing results may be attributed to variations in the study period, the size and composition of the sample companies, and the distinct capital market conditions during each observation period.

The Influence of the Profitability on Stock Prices

The partial hypothesis testing results (t-test) for the Profitability variable (*Return on Assets*) show a calculated t-value of 1.902—which is lower than the t-table value of 1.68595—and a significance value of 0.065, exceeding the 0.05 significance level (0.065 > 0.05). Based on these results, it can be concluded that the null hypothesis (H0) is accepted and H3 is rejected; this implies that, partially, Profitability does not significantly affect the stock prices of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange during the 2020–2025 period, even though the significance value approaches the 0.05 threshold. The absence of such a significant effect—despite *Return on Assets* theoretically being considered a key fundamental indicator for investors—may be attributed to several factors. First, the profitability levels of pharmaceutical sub-sector companies tended to be relatively stable during the observation period; consequently, variations in *Return on Assets*—whether across companies or over time—were not substantial enough to produce a statistically significant impact on stock prices. Second, short-term stock price movements are often driven more by market sentiment, investor expectations regarding future economic conditions, and intraday trading dynamics than by historical annual profitability figures. Third, investors in the pharmaceutical sub-sector likely consider non-financial factors—such as research and product development progress, health regulations, and industry competition—that are not reflected in the *Return on Assets* ratio yet still influence investor expectations regarding the companies' prospects. This situation can also be understood through the perspective of the Efficient Market Hypothesis (Fama, 1970), which posits that in a reasonably efficient market, periodically published profitability information is rapidly assimilated; consequently, by the time financial reports are released, the information may already be partially reflected in stock prices, thereby diminishing the additional impact detected during statistical testing. This contrasts with Signaling Theory, which emphasizes that profitability information should convey a strong signal to investors; however, in practice, the strength of such a signal depends heavily on the degree of variation and the element of surprise contained within the information. The results of this study align with the findings of Triaryati et al. (2025), who concluded that Return on Assets does not have a significant effect on stock prices. Conversely, these results differ from the findings of Sukron et al. (2025), who found that Return on Assets significantly affects stock prices. Such discrepancies may stem from variations in industrial sector characteristics, observation periods, sample sizes, and capital market conditions across the respective studies.

The simultaneous influence of the Liquidity, Firm Size and Profitability on Stock Prices

The results of the simultaneous hypothesis testing (F-test) show a calculated F-value of 1.610, which is lower than the F-table value of 2.852 (at df1 = 3 and df2 = 38), with a significance value of 0.203—exceeding the 0.05 significance level (0.203 > 0.05). Based on these results, it can be concluded that H0 is accepted and H4 is rejected; this implies that Liquidity, Firm Size, and Profitability do not simultaneously have a significant effect on the stock prices of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange during the 2020–2025 period. These findings are further reinforced by the Adjusted R-Square value of only 0.043 (or 4.3%). This value indicates that the three independent variables—Liquidity, Firm Size, and Profitability—account for only 4.3% of the variation in stock prices, while the remaining 95.7% is explained by factors outside this research model. This very low coefficient of determination suggests that the regression model constructed in this study is inadequate in explaining stock price movements within the pharmaceutical sub-sector. The lack of significant simultaneous influence indicates that stock price movements in the pharmaceutical sub-sector during the 2020–2025 period were driven primarily by factors other than the financial ratios examined in this study. These factors include macroeconomic conditions—such as inflation, interest rates, and the rupiah exchange rate—government policies regarding health and taxation, political and geopolitical conditions, overall investor sentiment toward the capital market, movements in the Jakarta Composite Index (JCI), and corporate actions like rights issues or stock splits.

Also included are market psychological factors and speculation; while difficult to quantify, these exert a significant influence on investors' decisions to buy or sell stocks. This situation aligns with the Random Walk Theory proposed by Fama (1970), which posits that stock price movements tend to be random and difficult to predict based solely on historical fundamental data, as stock prices rapidly reflect all information available in the market. In this context, historical financial ratios—such as liquidity, firm size, and profitability—which are published periodically, become less relevant for explaining short-term stock price movements, as investors react more strongly to new, real-time information circulating in the market. The results of this study are consistent with the findings of Saragih et al.

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(2026), who found that the Current Ratio, Debt-to-Asset Ratio, and Return on Assets did not have a significant simultaneous effect on stock prices in food and beverage sector companies. However, these results differ from the study by Afiezan et al. (2021), which showed that profitability, liquidity, and firm size had a significant simultaneous effect on stock prices in pharmaceutical manufacturing companies. Such discrepancies are to be expected given the differences in industrial sector characteristics, observation periods, capital market conditions, and the size and composition of the research samples.

CONCLUSION

Based on the research results, it can be concluded that:

1. Liquidity, as measured by the current ratio, does not have a significant partial effect on the stock prices of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange for the 2020–2025 period; the calculated t-value of –0.725 is lower than the t-table value of 1.68595, and the significance value of 0.473 is greater than 0.05, resulting in the rejection of H1.
2. Firm size, as measured by the natural logarithm of total assets, does not have a significant partial effect on the stock prices of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange for the 2020–2025 period; the calculated t-value of 1.259 is lower than the t-table value of 1.68595, and the significance value of 0.216 is greater than 0.05, resulting in the rejection of H2.
3. Profitability, as measured by Return on Assets, does not have a significant partial effect on the stock prices of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange for the 2020–2025 period; the calculated t-value of 1.902 is lower than the t-table value of 1.68595, and the significance value of 0.065 is greater than 0.05, resulting in the rejection of H3.
4. Simultaneously, liquidity, firm size, and profitability do not have a significant effect on the stock prices of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange for the 2020–2025 period; the calculated F-value of 1.610 is lower than the F-table value of 2.852, and the significance value of 0.203 is greater than 0.05, resulting in the rejection of H4. The Adjusted R-squared value of 0.043 indicates that the three independent variables explain only 4.3% of the variation in stock prices, while the remaining 95.7% is explained by factors outside this research model.

Based on the conclusions outlined above, the author offers the following recommendations:

1. For Companies
   Management within pharmaceutical sub-sector companies is advised not to focus solely on liquidity ratios, firm size, or profitability when attempting to boost share prices, given that this study found no statistically significant impact from these three factors. Companies need to enhance communication and information transparency regarding business prospects, product development strategies, and the overall state of the pharmaceutical industry; this ensures investors have a broader basis for evaluation beyond just annual financial ratios.
2. For Investors
   Investors and prospective investors are advised not to rely exclusively on liquidity ratios, firm size, or profitability as the primary basis for investment decisions regarding pharmaceutical sub-sector stocks, as this study demonstrated that these factors do not significantly influence share prices. Investors should conduct a more comprehensive analysis—considering general capital market conditions, investor sentiment, government policies, and other financial and non-financial indicators—before deciding to buy or sell shares.
3. For Future Researchers
   Given that the Adjusted R-squared value in this study was only 0.043 (4.3%)—meaning 95.7% of the variation in share prices is explained by factors outside the model—future researchers are advised to incorporate additional independent variables theoretically known to influence share prices, such as the Debt-to-Equity Ratio, Earnings Per Share, or macroeconomic variables like inflation and interest rates. Future researchers are also encouraged to expand the scope of the sector or the study period to allow for greater generalizability of the findings.

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