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**THE EFFECT OF ROA, ROE, AND DER ON STOCK PRICES OF  
COMPANIES REGISTERED IN INDONESIA STOCK EXCHANGE (BEI)  
DURING 2021-2024**

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**Abstract**

This study aims to analyze the effect of Return on Assets (ROA), Return on Equity (ROE), and Debt to Equity Ratio (DER) on the Stock Prices of companies listed on the Indonesia Stock Exchange (IDX). This research uses a quantitative approach with multiple linear regression analysis methods. The research sample was taken using a purposive sampling technique, consisting of 14 companies and consistently listed on the IDX during the 2021-2024 period. The data used is secondary data from annual financial reports and closing stock prices. The results of partial hypothesis testing (t-test) show that the ROA variable has a positive and significant effect on stock prices, the ROE variable has a negative and significant effect on stock prices, while the DER variable has no significant effect on stock prices. The simultaneous test (F-test) results indicate that ROA, ROE, and DER jointly have a significant effect on stock prices. The Adjusted R Square value was 0.345, indicating that 34.5% of the variation in stock prices can be explained by these three independent variables. There limitations of this research are Low R2 score, Samples limitation, and Analytic model

**Keywords:** ROA, ROE, DER, Stock Prices



## INTRODUCTION

The capital market plays a crucial role as a means for companies to obtain long-term funding and for investors to invest their capital for future profits. Stock trading activity on the Indonesia Stock Exchange (IDX) reflects the dynamics of the national economy and serves as an indicator of the financial performance of public companies. One factor influencing stock price movements is financial performance, as reflected in financial ratios such as Return on Assets (ROA), Return on Equity (ROE), and Debt to Equity Ratio (DER).

According to Tandelilin (2010), rational investment decisions require consideration of fundamental analysis, which illustrates a company's ability to generate profits and manage its capital structure. ROA indicates the ability of a company's assets to generate net income, ROE indicates the ability of equity capital to generate profits, while DER reflects the proportion of debt to equity. These three ratios play a crucial role in attracting investor interest and determining a company's value in the capital market.

Based on data from the Financial Services Authority (OJK) and the IDX, the 2021-2024 period was marked by significant fluctuations in stock prices due to the COVID-19 pandemic and the global economic recovery. This situation creates high uncertainty regarding a company's financial performance and requires empirical analysis to determine the extent of influence of financial ratios on stock prices.

Previous studies examining stocks have yielded varying results. Maryani & Zakaria (2021) found that ROE significantly impacted stock prices, while ROA and DER did not. Meanwhile, research by Onggrasari & Prasetyo (2021) found that ROA had a positive effect on stock prices, but DER did not. These differing results motivated the researchers to conduct a new study, taking the 2021-2024 period and various sectors of companies listed on the Indonesia Stock Exchange (IDX) as the subjects.

The objectives of this study include:

1. To analyze the effect of ROA on stock prices of companies listed on the IDX during the 2021-2024 period.
2. To analyze the effect of ROE on stock prices of companies listed on the IDX during the 2021-2024 period.
3. To analyze the effect of DER on stock prices of companies listed on the IDX during the 2021-2024 period.



## LITERATURE REVIEW

### **Financial Performance Theory & Stock Prices**

According to Eugene F. Brigham and Joel F. Higgins (2007) in *Fundamentals of Financial Management*, “the value of the firm is determined by its expected future cash flows and the risk attendant on those cash flows” (Brigham & Higgins, 2007). Thus, investors will pay attention to the company's financial performance as an indicator of future cash flows and risk, so ratios such as ROA, ROE, and DER will be important signals for the market.

Signaling theory states that good corporate management will send positive signals through solid financial performance, and the market will respond by increasing share prices. Conversely, a high-risk capital structure will send negative signals, → potentially depressing share prices.

#### **Return on Assets (ROA)**

ROA measures a company's ability to generate profits from its assets. According to Gitman (2001), ROA measures management's effectiveness in using assets to generate profits. The higher the ROA, the more efficiently the company utilizes its resources to generate net income, which ultimately increases investor interest and drives up stock prices.

According to asset efficiency theory, a company's ability to generate substantial profits from its assets demonstrates effective management and strong growth potential. Consequently, investors tend to give it a higher valuation. Companies with higher ROA tend to demonstrate better operational efficiency, potentially increasing stock value. However, several studies have found that the effect of ROA on stock prices is inconsistent, depending on the sector, period, and type of investor.

#### **Return on Equity (ROE)**

ROE measures the rate of return on equity invested by shareholders. According to Hery (2018), a high ROE indicates a company's ability to effectively manage its equity to generate profits, making it more attractive to investors. Research by Maryani & Zakaria (2020) demonstrated that ROE has a positive and significant effect on stock prices.

Theoretically, a high ROE indicates that the company is able to provide good returns for its shareholders. shareholders, which will give rise to higher demand for shares, which will cause share prices to rise.

#### **Debt to Equity Ratio (DER)**

DER describes a company's capital structure, specifically how much the company relies on borrowed funds compared to its equity (Kasmir, 2014). A high



DER indicates greater financial risk, which can reduce investor interest. However, under certain conditions, optimal use of debt can increase profits and company value (Modigliani & Miller, 1963).

There are 2 main theories related to DER, namely:

- Trade-off Theory: The use of debt can increase the value of a company up to a certain point (tax benefits and leverage effects), but after passing a certain threshold, the risk burden (cost of financial distress) will decrease the value.
- Pecking Order/Signaling: Changes in debt will signal the market about a company's financing needs or prospects. For example, increasing debt could indicate the company needs external financing due to internal constraints, which can erode investor confidence. Research by Cai & Zhang (2009) shows that increasing leverage/debt negatively impacts stock prices because it reduces the debt capacity considered safe and can hinder future investment.

### **The Relationship between ROA, ROE, and DER and Stock Prices**

- ROA/ROE → Increase net profit → Increasing cash flow expectations → Increasing demand for shares → Stock prices rose.
- DER → Increases the risk of bankruptcy & interest expense → Reduces free cash flow to shareholders → Lowering investor valuations.

## **RESEARCH METHOD**

### **Types and Approaches of Research**

This study uses a quantitative approach with multiple linear regression analysis to examine the effect of Return on Assets (ROA), Return on Equity (ROE), and Debt to Equity Ratio (DER) on the stock prices of companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2024 period.

A quantitative approach was chosen because this study focuses on measuring the relationship between variables using numerical data and statistical analysis. Multiple linear regression methods were used to determine the extent of the influence of independent variables (ROA, ROE, DER) on the dependent variable (stock price), both partially and simultaneously.

### **Data Types and Sources**

The data used in this study is secondary data, that is, data obtained indirectly from companies or related institutions. Data sources include:

- a. Annual Financial Report ( Financial Statement ) is published on the official website of the Indonesia Stock Exchange, namely [www.idx.co.id](http://www.idx.co.id)
- b. Annual stock price data (closing price) at the end of the period (29-30



December) obtained from financial sites such as the Indonesia Stock Exchange and Yahoo Finance

- c. Academic literature, previous research journals, and financial economics textbooks as theoretical references.

### **Research Population and Sample**

The population of this study was all companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2024 period. The sample was selected using purposive sampling, a sampling technique based on specific criteria to ensure the research results are relevant to the analysis objectives. The sample criteria are:

- a. The company was consistently listed on the IDX during the 2021-2024 period.
- b. The company published complete annual financial reports during the observation period.
- c. Complete data on ROA, ROE, DER, and stock price variables are available.
- d. The company did not experience delisting during the research period.
- e. From the samples that passed criteria (a) – (d), a maximum of 14 companies were randomly selected for research.

### **Variables Used**

#### **A) Dependent Variable (Y): Stock Price**

The share price at the closing price of shares at the end of the year (29-30 December) recorded on the IDX, measured in rupiah per share.

#### **B) Independent Variable (X):**

- 1) **Return on Assets (ROA):** Measures a company's ability to generate net profit from its total assets. (Gitman, 2001; Tandelilin, 2010)
- 2) **Return on Equity (ROE):** Measures the rate of return on equity invested by shareholders. (Hery, 2018; Brigham & Higgins, 2007)
- 3) **Debt to Equity Ratio (DER):** Shows the extent to which a company uses borrowed funds compared to equity in its capital structure. (Kasmir, 2014; Modigliani & Miller, 1963)

### **Data Analysis Methods**

The data analysis used multiple linear regression analysis, because this study aims to test the influence of several independent variables on one dependent variable. With the variables described previously, the regression model used is as follows:

$$Y = \alpha + \beta_1 \text{ROA} + \beta_2 \text{ROE} + \beta_3 \text{DER} + \varepsilon$$

Where:



- $Y$  = Stock Price
- $\alpha$  = Constant
- $\beta 1, \beta 2, \beta 3$  = Regression coefficient of each independent variable
- $\varepsilon$  = Error Term

Data analysis is carried out with the help of statistical software such as SPSS or EViews to test:

- a. Classical Assumption Test (normality, multicollinearity, heteroscedasticity, and autocorrelation)
- b. Partial Test (t-test) to determine the influence of each independent variable on stock prices
- c. Simultaneous Test (F-test) to test the joint influence (ROA, ROE, DER) on stock prices
- d. The Coefficient of Determination ( $R^2$ ) test is used to determine how much the independent variable explains the variation in the dependent variable.

### Research Hypothesis

The following is the research hypothesis:

- 1) H1 : Return on Assets (ROA) has a positive effect on stock prices in companies listed on the IDX for the 2021-2024 period .
- 2) H2 : Return on Equity (ROE) has a positive effect on stock prices in companies listed on the IDX for the 2021-2024 period .
- 3) H3 : Debt to Equity Ratio (DER) has a negative effect on stock prices in companies listed on the IDX for the 2021-2024 period .
- 4) H4 : ROA, ROE, and DER simultaneously have a significant effect on stock prices in companies listed on the IDX for the 2021-2024 period .

## RESULTS AND DISCUSSION

### Descriptive Analysis

Descriptive statistical analysis was conducted to provide a general overview of the characteristics of the research data, which includes the variables Return on Assets (ROA), Return on Equity (ROE), Debt to Equity Ratio (DER), and Stock Price in 14 companies with stock codes AALI, AGRS, BACA, CAMP, DMND, ESTA, IMAS, INDF, LAND, LPPF, MSIN, NRCA, SILO, and TLKM during the period 2021 to 2024.

This analysis aims to determine the distribution of minimum, maximum, average (mean), and standard deviation values of each research variable.



**Table 1**  
**Descriptive Analysis Results**  
**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Standard Deviation
ROA	56	-.015	.241	.04470	.046820
ROE	56	-.024	2,541	.17909	.472284
DER	56	.120	14,780	2.14036	2.903270
SHARE	56	17	9500	2269.73	2770.949
Valid N (listwise)	56				

Based on Table 1, it can be seen that the ROA variable has a minimum value of -0.015 and a maximum of 0.241, with an average value of 0.04470 and a standard deviation of 0.046820. This indicates that the average company's ability to generate profits from its total assets is relatively low but stable, with relatively small data distribution between companies.

The ROE variable shows a minimum value of -0.024 and a maximum of 2.541, with an average of 0.17909 and a standard deviation of 0.472284. A positive average value indicates that companies are generally able to provide good returns on capital for shareholders, although there are companies with negative ROEs, indicating losses in certain periods. A high standard deviation indicates significant differences between companies in terms of equity profitability.

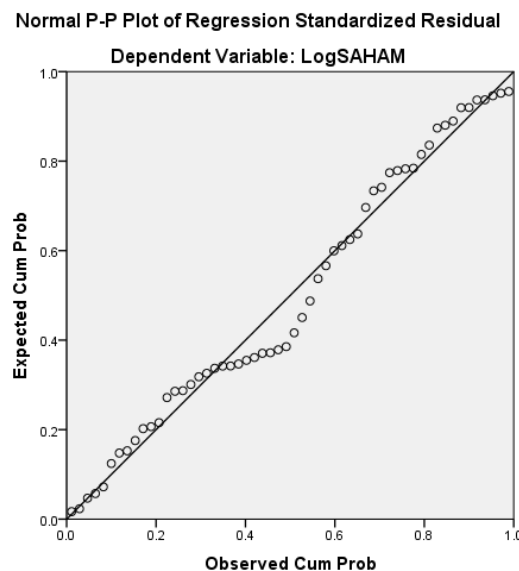
Furthermore, the DER variable has a minimum value of 0.120 and a maximum of 14.780, with an average of 2.14036 and a standard deviation of 2.903270. The relatively high average DER indicates that most companies still rely on debt financing rather than equity. The wide range of values and large standard deviation indicate significant variations in capital structure among the companies studied.

The Stock Price variable has a minimum value of 17 and a maximum of 9,500, with a mean of 2,269.73 and a standard deviation of 2,770.949. This indicates a significant difference between the lowest and highest stock prices, reflecting the level of stock market heterogeneity in the companies observed.

Overall, the results of these descriptive statistics provide an initial picture that the research data is diverse and fluctuating, both in terms of profitability and capital structure, which in the next stage will be further tested to see the effect of ROA, ROE, and DER on stock prices.

## Classical Assumption Test Normality Test

A normality test is a form of testing for the normality of data distribution. It is used to determine whether the residuals being studied are normally distributed. To test whether the data distribution is normal, a normal probability plot can be used. If the data are spread around the diagonal line and follow the direction of the diagonal line, the regression model meets the assumption of normality. However, if the data are spread far from the diagonal line and/or follow the direction of the diagonal line, the regression model does not meet the assumption of normality. The normal probability plot is shown in the following figure:



**Figure 1**

### Normal Probability Plot Graph

In Figure 4.1, we can see that the normal probability plot graph shows a normal graph pattern. This can be seen from the points that are spread around the line. diagonal and its distribution follow the diagonal line. Therefore, it can be concluded that the regression model was suitable for use because it met the normality assumption.



**Table 2**  
**Normality Test Results**  
**One-Sample Kolmogorov-Smirnov Test**

		Unstandardized Residual
N		56
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Standard Deviation	.61362707
	Most Extreme Absolute Differences	.118
	Positive	.118
	Negative	-.066
Test Statistics		.118
Asymp. Sig. (2-tailed)		.051 <sup>c</sup>

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

Based on the Kolmogorov-Smirnov test in table 4.2, it was found that the Asymp Sig. (0.051) value was greater than  $\alpha$  (0.05) so it can be concluded that the data was normally distributed.

**Multicollinearity Test**

The multicollinearity test aims to determine whether independent variables are correlated with other independent variables in a model. A good regression model should have no correlation between independent variables. Multicollinearity is tested by observing a tolerance value of at least 0.1 and a variance inflation factor (VIF) of at least 10, thus ensuring the model is free from multicollinearity. The results of the multicollinearity test can be seen in Table 4.3 below:

**Table 3**  
**Multicollinearity test results**  
**Coefficients <sup>a</sup>**

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
ROA	.261	3,837
ROE	.143	7,013
DER	.330	3,032

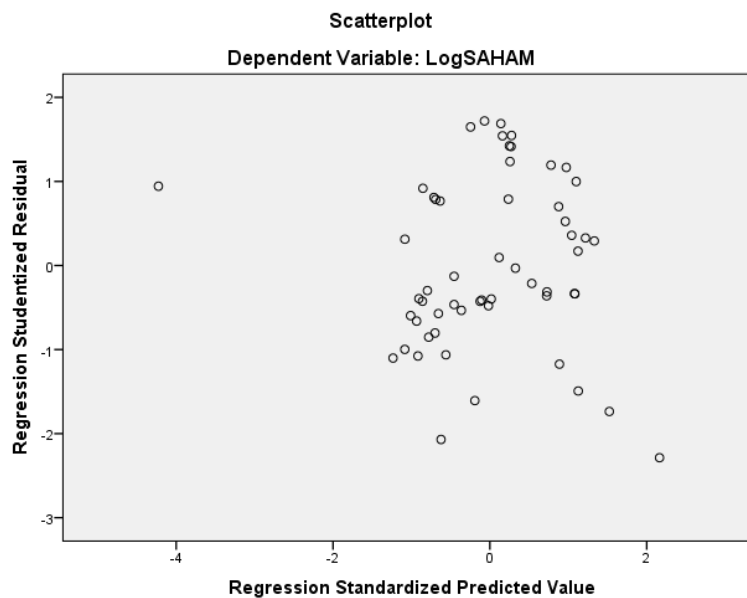
a. Dependent Variable: LogSHARE



Based on Table 4.3 above, it can be seen that the regression model does not experience multicollinearity. This is evident in the tolerance value for each variable, which is greater than 10 percent (0.1). The VIF calculation results also show that the VIF value for each variable is less than 10. Therefore, it can be concluded that there is no multicollinearity among the independent variables in the regression model.

### Heteroscedasticity Test

Heteroscedasticity testing is performed to determine whether there is inequality in variance from one residual to another. Heteroscedasticity often occurs in cross-sectional data, or data collected from multiple respondents at a specific point in time. A regression model that meets these requirements is one in which the variance from one residual to another remains the same, or homoscedasticity. One way to detect heteroscedasticity is to look at a scatterplot . If the points on the graph form a regular pattern, such as a large wave that widens and then narrows, heteroscedasticity has occurred. If the points spread above and below the number 0 on the Y-axis without forming a specific pattern, heteroscedasticity does not occur. The results of the heteroscedasticity test using the SPSS program can be seen in Figure 4.2 below:



**Figure 2**  
**Scatter Plot Graph**

In Figure 4.2, it can be seen that the points on the scatterplot graph do not have a clear distribution pattern and the points are spread above and below the



number 0 on the Y axis. This shows that there is no heteroscedasticity interference in the regression model.

Table 4
Heteroscedasticity Test Results
Coefficients a

Table with 5 columns: Model, Unstandardized Coefficients (B, Std. Error), Standardized Coefficients (Beta), t, and Sig. Rows include Constant, ROA, ROE, and DER.

a. Dependent Variable: Reabs

Based on the glacier test table, it was found that the variables ROA (X1), ROE (X2) and DER (X3) has a Sig. value greater than 0.05 so it can be concluded that the independent variable Stock Price (Y) in the model does not experience symptoms of heteroscedasticity.

Autocorrelation Test

The autocorrelation test aims to determine whether a linear regression model has a correlation between the confounding errors in period t-1 (previous). If a correlation occurs, an autocorrelation problem is present. The autocorrelation test can be seen from the Durbin-Watson value. If the Durbin-Watson value is between 1.5 and 2.5, it can be concluded that the regression model does not contain autocorrelation. The results of the autocorrelation test are shown in Table 4.5.

Table 5
Autocorrelation Test Results
Model Summary b

Table with 6 columns: Model, R, R Square, Adjusted R Square, Standard Error of the Estimate, and Durbin-Watson. Row 1 shows values for Model 1.

a. Predictors: (Constant), DER, ROA, ROE

b. Dependent Variable: LogSHARE



Based on the results of the autocorrelation test in Table 4.5, the Durbin-Watson stat value was obtained as 2.181. Because the DW value (2.181) is between 1.5 and 2.5, it can be concluded that the model does not contain autocorrelation.

Multiple Linear Regression Analysis

Based on the regression results using the SPSS program, the regression coefficients obtained can be seen in Table 6 below:

Table 6
Results of Multiple Linear Regression Coefficients
Coefficients a

Table with 5 columns: Model, Unstandardized Coefficients (B, Std. Error), Standardized Coefficients (Beta), t, and Sig. Rows include Constant, ROA, ROE, and DER.

Dependent Variable: LogSHARES

Based on Table 6, the multiple linear regression equation is obtained as follows:

Share Price = 2,484 + 13,516 ROA - 1,401 ROE - 0.023 DER + e

The equation above can be explained as follows:

- a) Based on the results of the regression equation above, a constant value of 2.484 was obtained. This means that if the conditions of the variables ROA (X1), ROE (X2) and DER are (X3) is considered constant, then the resulting Stock Price (Y) is 2.484.
b) Value 13,516 The ROA variable (X1) has a positive value, so it can be said that the ROA variable has a positive relationship with the Stock Price (Y). This means that a one-unit increase in ROA will result in a 13.516 increase in the Stock Price.
c) Value -1.401 on the ROE variable (X2) is negative, so it can be said that the ROE variable has a negative relationship with Stock Price (Y). This means that a one-unit increase in ROE will result in a decrease in the Stock Price variable by -1.401.
d) Value -0.023 on the DE R variable (X3) is negative, so it can be said that the DE R variable has a negative relationship with Stock Price (Y). This means



that if DE R increases by one unit, it will result in the Stock Price variable decreasing by -0.023.

**Coefficient of Determination**

The coefficient of determination ( $R^2$ ) is used to determine whether a perfect relationship exists, as indicated by whether changes in the independent variables of compensation and discipline will be followed by the dependent variable of service quality in the same proportion. This test is carried out by looking at the R Square ( $R^2$ ) value. The coefficient of determination value is between 0 and 1. Furthermore, a small  $R^2$  value means that the ability of the independent variables to explain variations in the dependent variable is very limited. A value close to 1 means that the independent variables provide almost all the information needed to predict variations in the dependent variable.

The value used in this study is the R-square value because this value can increase or decrease if one independent variable is added to the model being tested. The R-square value can be seen in Table 4.7 below:

**Table 7**  
**Results of the Coefficient of Determination**  
**Model Summary <sup>b</sup>**

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.617 <sup>a</sup>	.381	.345	.63108	2,181

a. Predictors: (Constant), DER, ROA, ROE

b. Dependent Variable: LogSHARE

Based on Table 4.7, it can be seen that the Adjusted R Square value is 0.345 or 34.5%. This means that the independent variables ROA (X1), ROE (X2), and DER (X3) can explain the dependent variable Stock Price (Y) by 34.5%, while the remainder is explained by other factors not studied.

**Linear Regression Hypothesis Test**

**Simultaneous Testing (F Statistic Test)**

The F test in this study is a test conducted to determine the relationship between independent variables. and the dependent variables , whether ROA (X1), ROE (X2) and DER (X3) really has a simultaneous (together) effect on the dependent variable of Stock Price (Y). The results of the F test in this study can be seen in the following table 4.8:



Table 8
Simultaneous Test Results (F Test)
ANOVA a

Table with 6 columns: Model, Sum of Squares, df, Mean Square, F, Sig. Rows include Regression, Residual, and Total.

a. Dependent Variable: LogSHARE

b. Predictors: (Constant), DER, ROA, ROE

Based on Table 4.8, the F-test results in this study obtained a calculated F-value of 10.650 with a significance level of 0.000. With a significance level of 95% (alpha = 0.05), the significance level (P value) of 0.000 < 0.05. Based on this comparison, H0 rejected or means the variables ROA (X1), ROE (X2), and DER (X3) have a significant influence simultaneously on the Stock Price variable (Y).

Partial Test (t-Statistic Test)

The t-test in this study aims to test whether or not the relationship between the independent variables ROA (X1), ROE (X2), and DER is significant. (X3) with the dependent variable Stock Price (Y). The results of the t-test in this study can be seen in Table 9 below:

Table 9
Partial Test Results (T-Test)
Coefficients a

Table with 5 columns: Model, Unstandardized Coefficients (B, Std. Error), Standardized Coefficients (Beta), t, Sig. Rows include (Constant), ROA, ROE, and DER.

a. Dependent Variable: LogSHARE

Based on Table 9, the hypothesis of the t-test results obtained is as follows:

- 1) ROA variable (X1)
- H0: beta = 0, the ROA variable (X1) does not have a significant partial influence on the Stock Price variable (Y).
- H0 : beta != 0, the ROA variable (X1) has a significant partial influence on the Stock Price variable (Y).



On the ROA variable (X1) with a significance level of 95% ( $\alpha = 0.05$ ). The significance figure (P Value) is  $0.000 < 0.05$ . Based on this comparison, H0 is rejected, meaning ROA has a significant influence on share prices.

2) ROE variable (X2)

- H0 :  $\beta = 0$ , ROE variable (X2) does not have a partially significant influence on the Stock Price variable (Y).
- H0 :  $\beta \neq 0$ , ROE variable (X2) has a partially significant influence on the Stock Price variable (Y).

On the ROE variable (X2) with a significance level of 95% ( $\alpha = 0.05$ ). The significance figure (P Value) is  $0.005 < 0.05$ . Based on this comparison, H0 is rejected or means ROE has a significant influence on share prices.

3) R Variable (X3)

- H0 :  $\beta = 0$ , DE variable R (X3) does not have a partially significant influence on the Share Price variable (Y).
- H0 :  $\beta \neq 0$ , DE variable R (X3) has a partially significant influence on the Share Price variable (Y).

On the DE R variable (X3) with a significance level of 95% ( $\alpha = 0.05$ ). The significance figure (P Value) is  $0.648 > 0.05$ . Based on this comparison, H0 is accepted, meaning DE R does not have a significant influence on stock prices.

## CONCLUSION

Based on the results of multiple linear regression analysis and hypothesis testing conducted on 14 companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2024 period, the following conclusions can be drawn:

- a) **The Effect of ROA on Stock Prices** : The Return on Assets (ROA) variable (X1) has been shown to have a positive and significant effect on Stock Prices (Y). This indicates that the higher a company's ability to generate net profit from its total assets, the higher the company's stock price in the capital market.
- b) **The Effect of ROE on Stock Prices** : The Return on Equity (ROE) variable (X2) was shown to have a negative and significant effect on Stock Prices (Y), rejecting the initial hypothesis (H2). This indicates that in the 2021-2024 period, the increase in the return on equity received a negative response from the market, indicating the possibility of other factors such as investor-perceived risk or unmet dividend expectations.



- c) **The Effect of DER on Stock Prices:** The Debt to Equity Ratio (DER) variable (X3) was shown to have no significant effect on Stock Prices (Y). This indicates that in the 2021-2024 period, the level of debt used by a company compared to its equity was not a primary factor considered by investors in determining stock prices.
- d) **Simultaneous Effect:** Simultaneously (together), the variables ROA (X1), ROE (X2), and DER (X3) are proven to have a significant effect on Stock Price (Y).
- e) **Coefficient of Determination:** The Adjusted R Square value is 0.345 or 34.5%. This indicates that 34.5% of the stock price variation can be explained by the three independent variables (ROA, ROE, and DER). The remaining 65.5% is explained by factors outside this research model.

### **Relationship between Research Results and Previous Research**

The results of this study have similarities that support and also differences that contradict previous studies, namely:

- a) **Return on Assets (ROA) :** The results of this study indicate that ROA has a positive and significant effect on stock prices and supports/is in line with the findings of Onggrasari & Prasetyo (2020) who also stated that Return on Assets has a positive and significant relationship with Stock Prices. However, this finding contradicts/is different from several other studies, such as Maryani & Zakaria (2020) who found that ROA had no effect on stock prices, and also Triawan & Shofawati (2018) who also concluded that ROA has a negative and insignificant relationship.
- b) **Return on Equity (ROE) :** The results of this study indicate that ROE has a negative and significant effect on stock prices , supporting/aligning with research by Razak & Wijayanti (2025), who also found that ROE has a negative effect on stocks. However, these results contradict/differ from Maryani & Zakaria (2020), who found ROE to have a positive and significant effect on stock prices. Furthermore, these results also differ from those of Triawan & Shofawati (2018) and Maisaroh & Mawardi (2015), both of whom found that ROE had no significant effect on stock prices.
- c) **Debt to Equity Ratio (DER) :** The results of this study indicate that DER has no significant effect on stock prices and supports/is in line with most previous studies, such as Onggrasari & Prasetyo (2020), Maryani & Zakaria (2020), Akbar & Herianingrum (2015), and Maisaroh & Mawardi (2015) which all concluded that DER has no significant effect. However, this finding contradicts/is different from Husnah & Sukmaningrum (2019) who found



DER to have a negative and significant effect, in contrast to Razak & Wijayanti (2025) who found DER to significantly affect stock prices.

### **Advantages and Disadvantages of Research**

Although this study shows satisfactory results, there are advantages and limitations/disadvantages that need to be considered:

#### **Advantages**

- **Actual Period:** This study uses relatively recent data (2021-2024), thus capturing the dynamics of the capital market during the economic recovery phase following the COVID-19 pandemic.
- **Valid Methodology:** The regression model used has passed all classical assumption tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation. This indicates that the regression analysis results are valid and unbiased.
- **Key Variables:** This study analyzes three fundamental ratios (ROA, ROE, DER) that are most frequently of concern to investors, thus providing practical insights into asset efficiency, equity profitability, and leverage risk.

#### **Limitation / Disadvantage**

- **Low R<sup>2</sup> Value:** The Adjusted R Square value is only 34.5%. This indicates that the independent variables' ability to explain stock price variations is still limited. Other factors outside this study contribute 65.5% to stock prices.
- **Sample Limitations:** This study used a purposive sampling technique with a sample size of 14 companies. This number is relatively small compared to the total number of companies listed on the IDX, so the results may not be generalizable to the market as a whole.
- **Analysis Model:** This study uses multiple linear regression analysis (pooled data), as seen in the test results. Although the analysis method used is sound, the use of more advanced panel data models (such as a Fixed Effects Model or a Random Effects Model) may provide more robust results by controlling for unique characteristics (heterogeneity) between companies.

#### **Suggestion**

Based on the advantages and disadvantages of the research above, here are some suggestions that can be given to further researchers, investors and company management:

**For Further Researchers**

- Adding other independent variables that could theoretically influence stock prices, given the low  $R^2$  value of this study, could include market ratios (such as PER or PBV), dividend policy (DPR), or macroeconomic variables (such as inflation, BI interest rates, and exchange rates).
- Expanding the sample size and covering more industry sectors will improve the generalizability of the research results. Or, focus on the same industry sector if you only want results for a specific company sector.
- Using panel data analysis methods (FEM/REM) to manage time series and cross-section data in order to control for company-specific effects that may not be observed.

**For Investors**

- Making ROA one of the main positive indicators in decision-making, because it has been proven to have a significant positive effect on stock prices.
- Caution should be exercised when interpreting ROE for the 2021-2024 period. A negative ROE finding indicates that the high return on equity is not immediately reflected positively by the market. Investors should further analyze whether these profits are being retained (rather than distributed as dividends) or are considered unsustainable.
- Based on this research, DER is not a primary determinant of short-term stock price movements. However, investors should still monitor DER as an indicator of long-term financial risk.

**For Company Management**

- Encouraged to focus on improving asset efficiency (ROA). Optimizing use of asset to generate profits has been positively evaluated by the market.
- Manage capital structure (DER) wisely. Although it did not have a significant impact in this study, excessive use of debt can increase the risk of bankruptcy (cost of financial distress), as explained in the Trade-off Theory.

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