

**THE INFLUENCE OF FINANCIAL PERFORMANCE ON STOCK PRICES:
ANALYSIS OF BANKING COMPANIES ON THE INDONESIA STOCK
EXCHANGE IN 2020 – 2023**



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Abstract

The economic progress of a country is highly dependent on the condition of its banking system, which plays a vital role in determining the direction of the country's economy. Stock prices serve as a reflection of a company's underlying value and financial health, providing a dynamic indicator of its market value. A company's financial performance encompasses a number of aspects, including operational efficiency and adherence to strategic objectives, which affect stock prices and investor confidence. Financial ratio analysis is an important instrument for investors to understand a company's financial health and performance, and to make informed investment decisions. This research method relies on secondary data from publicly accessible Annual Financial Reports, but researchers must consider the limitations of secondary data compared to primary data to ensure the reliability and suitability of the data. Regression analysis shows that the Earnings per Share (EPS) variable has a positive and statistically significant effect on stock prices, indicating the importance of earnings per share in determining the movement of a company's stock price. The Return on Asset (ROA) and Return on Equity (ROE) variables do not show a significant effect on stock prices, indicating that efficiency in managing a company's assets and equity does not directly affect stock prices. The results of the analysis emphasize the importance of considering various factors, including EPS, ROA, and ROE, as well as external factors such as market and industry conditions, in evaluating a company's stock price for better investment decision-making.

Keywords: Price Earnings Ratio, Stock Price, Financial Performance

INTRODUCTION

The economic progress of a country is highly dependent on the condition of its banking system. Economic well-being is closely linked to the health of the banking sector, which plays a vital role in determining the direction of the country's economy (Sihotang et al, 2022). Banking encompasses all activities, institutions, and processes related to banks and their operations. Basically, a bank is a financial institution that collects funds from the public, lends them back to individuals and businesses, and offers a variety of other financial services. With a strong banking system, the economy can grow and develop better (Kasmir, 2018).

A well-functioning banking infrastructure acts as a catalyst for economic development, encouraging innovation and entrepreneurship. A thriving banking sector plays a vital role in promoting financial inclusion, ensuring that all citizens have access to essential financial services. The concept of banking encompasses everything related to a bank, including its organizational structure, business activities, and operational methods. Banks as fundamental financial entities, raise funds from the public and channel them back into the economy through lending. By providing credit and various other financial services, banks contribute significantly to the welfare of society and overall economic growth.

Performance is a broad term that includes some or all of the actions and activities carried out by an organization over a period of time, which are evaluated based on various standards such as historical or projected costs, efficiency, and management accountability. In addition, performance also includes the actual results generated from certain employee functions or activities carried out in a certain period (Sismar & Syah, 2023). Financial performance reflects the financial condition of a company during a certain period and provides an overview of its financial health. To assess the success of a company, the main focus is generally on financial statements, accompanied by other non-financial data as supporting data. This performance information is very useful for predicting the company's capacity to generate cash flow from existing funding sources.

Performance evaluation is essential to assess the effectiveness and efficiency of an organization in achieving its goals. Performance data provides valuable insights into an organization's strengths, weaknesses, and areas for improvement. By analyzing performance data, companies can make better decisions regarding resource allocation, strategic planning,

and operational improvement. This highlights the importance of further research with a deeper approach and involving additional factors to further understand the dynamics of performance in a specific industry context. The overall goal of this analysis is to improve the overall success of the organization.

Stock prices serve as a reflection of a company's underlying value and financial health, providing a dynamic indicator of its market value. As defined by Jogiyanto (2010:143), stock prices reflect the prevailing value of a company's shares on a given day, determined by market participants and influenced by the forces of supply and demand in the capital market. When demand for a company's shares exceeds supply, stock prices tend to rise, while when supply exceeds demand, stock prices usually fall (Arifin, 2007:16). This inverse relationship highlights that higher stock prices often reflect greater investor interest and demand for a company's equity.

Stock price dynamics are driven by a complex interplay of factors, including company performance, economic conditions, investor sentiment, and global events. Stock prices fluctuate continuously, reflecting market participants' ever-changing perceptions of a company's future prospects and intrinsic value. Analyzing stock prices involves a careful evaluation of a company's financial health, industry trends, and overall market outlook. This comprehensive understanding is essential for investors who want to make informed investment decisions. The complex relationship between stock prices and company value underscores the importance of monitoring market dynamics to assess the true potential of an investment.

REVIEW OF LITERATURE

Financial Performance

Performance, as described through various perspectives, encompasses the entire spectrum of an organization's efforts over a given period. It encompasses a range of activities, including goal accomplishment, adherence to efficiency standards, and displays of managerial accountability. Furthermore, performance is intrinsically linked to the results produced by individual employees, reflecting their contribution to the organization's mission and vision (Sismar & Syah, 2023). This multifaceted construct goes beyond the mere

completion of tasks; it embodies the essence of achievement, driven by a commitment to legal and ethical principles.

The performance of an organization is closely intertwined with its overarching goals and aspirations. It serves as a measure of success, measuring the effectiveness of strategies and conformity to set goals (Difinubun & Gudono, 2021). Performance evaluation not only assesses concrete outputs but also reflects the organization's commitment to continuous improvement and innovation. By fostering a culture of excellence and accountability, effective performance management practices pave the way for sustainable growth and competitive advantage in today's dynamic business landscape.

Financial performance is a comprehensive picture of a company's financial health over a specific period of time. Measuring a company's success typically revolves around analyzing its financial statements, coupled with relevant non-financial data. Assessing a company's success typically involves examining its financial statements, along with supporting non-financial information. Financial performance offers a transparent window into a company's financial position over a specific period of time. Evaluating a company's performance often involves examining its financial disclosures, paired with relevant non-financial metrics.

Decoding financial performance data enables informed predictions about a company's ability to generate cash flows from current funding sources. Extracting meaningful information from financial performance indicators enables accurate projections about a company's potential to generate cash flows from its available funding mechanisms. Financial performance insights prove their worth in forecasting a company's ability to generate cash flows from existing funding sources. A company's financial performance paints a clear picture of its financial strength, stability, and growth trajectory. Analyzing financial performance trends provides valuable insights into a company's past, present, and future financial prospects (Jonathan, 2019).

Stock Price

Stock price, as defined by Jogiyanto (2010:143), represents the prevailing market value of a company's shares at a given point in time, determined by the dynamics of supply and demand for those shares. This signifies a complex interaction between market

participants, where buyers and sellers determine the value of securities through their actions in the stock market. Jogyanto's perspective emphasizes the key role of market dynamics in shaping stock prices, highlighting the constant fluctuation and responsiveness of stock valuations to changing market conditions.

Sunariyah (2006:13) explains the multifaceted nature of factors that influence stock prices, categorizing them into internal and external domains. Internal factors include internal company policies and performance, reflecting aspects that can be controlled by management, while external factors, including market sentiment and macroeconomic trends, are beyond the direct influence of the company. This comprehensive framework emphasizes the web of influences that contribute to stock price determination, emphasizing the importance of considering both company-specific factors and broader market dynamics in understanding stock market behavior.

Financial Statements

The importance of financial reports in revealing a company's financial performance cannot be underestimated. As an evaluation mechanism, financial reports provide in-depth insight into a company's financial health. From balance sheets to income statements, financial reports are the end result of the accounting process that summarizes financial transactions that occur during a certain period. Baridwan's opinion also emphasizes that financial reports represent a summary of all financial activities that occur during the relevant fiscal year (Baridwan, 2008). Therefore, through financial reports, stakeholders can better identify and understand a company's financial position, operational efficiency, and profitability.

Not only as a historical record, financial reports also have a proactive meaning in helping intelligent decision making. By providing a comprehensive picture of financial performance, financial reports enable stakeholders to predict the direction and potential risks faced by the company. As a powerful communication tool, financial reports not only provide information about the past, but also guide for proper decision making and effective strategic planning. Thus, the transparency presented by financial reports provides a solid foundation for stakeholders to better understand, evaluate, and respond to the company's financial condition (Baridwan, 2008).

Financial Ratios

In this study, the financial performance of banks is evaluated through three main metrics, namely the Capital Adequacy Ratio (CAR) as an indicator of solvency, the Loan to Deposit Ratio (LDR) as a measure of liquidity, and Return on Assets (ROA) as a marker of profitability. CAR, regulated by the Financial Services Authority (OJK) Regulation No. 4/POJK.03/2016, is a benchmark for capital strength for commercial banks. Banks with CAR below 8% require serious attention and action for improvement. Banks with sufficient capital are able to increase investor confidence, leading to an increase in stock prices. In addition, LDR, regulated by Bank Indonesia Regulation No. 15/7/PBI/2013, provides an overview of bank liquidity with an ideal range of 78% to 92%. The bank's ability to pay its debts properly increases public confidence, which in turn increases stock prices. ROA, which measures the level of profitability based on assets, is an important indicator that attracts investors to buy stocks, especially when the level of profitability is high.

The importance of these financial metrics shows that evaluating bank performance does not only require focusing on one aspect, but also needs to see a broader picture through a combination of CAR, LDR, and ROA. Each metric provides valuable insights into the financial health of a bank in terms of solvency, liquidity, and profitability. By understanding and interpreting data from these three metrics, stakeholders can make more informed decisions in their risk management and investment planning. Therefore, further research investigating the interaction between these three metrics can provide deeper insights into the overall performance of banks, and make a more significant contribution to decision makers in the financial market.

Financial ratio analysis, as articulated by Harahap, involves comparing various financial statement items to gain meaningful insights (Harahap, 50). This analytical tool serves as a compass for investors, guiding them towards informed investment decisions based on the financial position and performance of the company. By examining various financial ratios, investors can gain a comprehensive understanding of the company's performance over a period of time, allowing them to assess its operational efficiency and financial strength over a specified time period. In addition, financial ratio analysis empowers investors to make informed investment choices by providing a holistic view of the company's financial health

and operational efficiency. As the definition emphasizes, financial ratio analysis is essential for evaluating and comparing a company's financial health and performance with its competitors over a period of time (Harahap, 2010).

RESEARCH METHOD

Return on Assets (ROA)

Return on Asset (ROA) is one of the profitability ratios used to evaluate a company's ability to generate profits from its assets. This ratio provides an overview of management efficiency in obtaining overall profitability. The standard set by Bank Indonesia for ROA, following Bank Indonesia Regulation No. 6/10/PBI/2004, is between 0.5% and 1.25%. ROA is an important indicator for stakeholders in measuring a company's financial performance and assessing the effectiveness of asset use in generating profits. By monitoring ROA, management can evaluate their business strategy and identify areas where efficiency improvements can be made to improve the company's profitability.

$$ROA = \frac{Net\ profit}{Total\ Aset} \times 100\%$$

Return on Equity

Return on Equity (ROE) is a calculation included in the analysis of the company's ability to generate profit or profitability ratio. According to Kasmir, this ratio is used to measure the ability of bank management to manage available capital to achieve net income. Bank Indonesia's standard, based on BI Regulation No: 6/10/PBI/2004, is between 5 and 12.5 percent. ROE is an important indicator for investors and other stakeholders to evaluate the efficiency of capital use and the company's ability to generate profits. The application of standards set by Bank Indonesia provides a reference framework for financial institutions to assess their performance and ensure healthy business sustainability (Darmawan, 2020).

$$ROE = \frac{Net\ profit}{Total\ Equity} \times 100\%$$

Earnings per Share (EPS)

Earnings Per Share (EPS) is a company's profit divided by the number of shares outstanding. If the EPS value increases from year to year, it indicates an increase in the company's profit and positive growth. In this context, the company is considered to be getting

better because it is experiencing an increase in profit, and its growth is also increasing. Increasing EPS indicates strong financial performance and the potential for investors to get a greater return on their investment in the company's shares. Thus, EPS is a key indicator of a company's financial health and long-term growth.

$$EPS = \frac{\text{Net profit}}{\text{Number of Shares Outstanding}}$$

Price Earning Share (PER)

Price Earning Ratio (PER) is a ratio that measures a company's stock price compared to the profit generated by the company. In other words, PER reflects how many times investors have to pay the company's stock price for each unit of profit generated. PER analysis can provide valuable insights for investors because it allows them to compare the valuation of a company's stock with similar companies in the same industry. Thus, investors can assess whether the stock is fairly priced or too expensive or cheap compared to the profits generated by similar companies. PER analysis can also provide clues about the company's growth rate and market expectations of the company's future performance. Therefore, PER is one of the important tools in the investment decision-making process for investors.

$$PER = \frac{\text{Stock price}}{\text{Earnings per Share}}$$

Data Techniques and Instruments

Secondary data, sourced from external entities and processed by third parties, is an essential component of research methodology. This type of data generally consists of pre-existing and publicly available information, often from published and publicly accessible sources. In this study, for example, secondary data in the form of Annual Financial Reports taken from official websites were used. Although secondary data offers convenience and affordability, its limitations in depth and specificity compared to primary data must be recognized. Therefore, researchers need to carefully evaluate the suitability of secondary data for their research purposes, ensuring its accuracy and reliability.

Despite its advantages, it is important to acknowledge the limitations of secondary data and complement it with primary data collection methods. The readily available nature of secondary data makes it an attractive starting point for research. However, its suitability to the research objectives and validation needs are important considerations. Combining

secondary data with primary data collection methods increases the credibility and depth of research findings, providing a comprehensive understanding of the topic being investigated. Therefore, researchers must approach secondary data with caution, using it effectively alongside primary data to achieve robust research results.

Data Analysis

1. Determination of Estimation Model and Estimation Method
2. Classical Assumption Test
3. Hypothesis Testing
4. Coefficient of Determination Test

RESULTS AND DISCUSSION

Variable Description

Table 1.
Descriptive Analysis Results

	Descriptive Statistics								
	N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Deviation Statistic	Skewness		Kurtosis	
						Statistic	Std. Error	Statistic	Std. Error
Return_on_Asset	32	.17	3.49	1.6953	.73409	-.093	.414	.159	.809
Return_on_Equity	32	2.31	21.53	10.5481	4.54983	.313	.414	.106	.809
Earning_per_Share	32	52.62	1314.13	404.6028	341.49752	1.362	.414	1.215	.809
Price_Earning_Share	32	9.51	106.00	20.3863	17.56920	4.054	.414	19.014	.809
Harga_Saham	32	1375.00	9900.00	4718.1563	2429.37835	.430	.414	-1.011	.809
Valid N (listwise)	32								

Descriptive analysis of the data shows significant variation in the financial performance of the companies, with Return on Asset (ROA) having a range of values between 0.17 to 3.49, and an average of 1.6953 with a standard deviation of 0.73409. Return on Equity (ROE) also shows quite large variation, with a range of values between 2.31 to 21.53, and an average of 10.5481 with a standard deviation of 4.54983. Earnings per Share (EPS) shows quite large variation with a range of values between 52.62 to 1314.13, and an average of 404.6028 with a standard deviation of 341.49752. Price Earning Share (P/E) has a range of values between 9.51 to 106.00, and an average of 20.3863 with a standard deviation of 17.56920. Finally, the stock price (Stock Price) shows a fairly large variation with a range of values between 1375.00 to 9900.00, and an average of 4718.1563 with a standard deviation

of 2429.37835. This analysis provides an overview of the distribution of data and variations in the financial performance of companies in the sample studied.

Classical Assumption Test

Normality Test

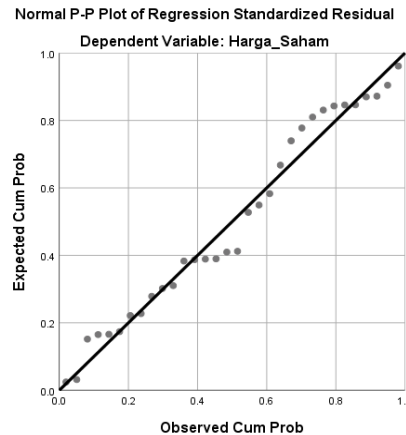


Figure 1.

Normality Test Results

Evaluating the normality assumption in regression analysis is critical, and the normal quantile plot is a valuable tool in this assessment. By observing the distribution of points relative to the diagonal line in the plot, the analyst can ascertain whether the residuals follow a normal distribution. In this context, the close fit of the data points to the diagonal line indicates that the regression model meets the normality assumption, as explained in the original text. Furthermore, the absence of a clear pattern deviating from the diagonal line strengthens this conclusion, indicating a lack of heteroscedasticity that could compromise the validity of the model. Overall, the visual evidence provided by the normal quantile plot supports the notion that the regression model meets the normality assumption, thereby enhancing the reliability of the analysis.

Heteroscedasticity Test

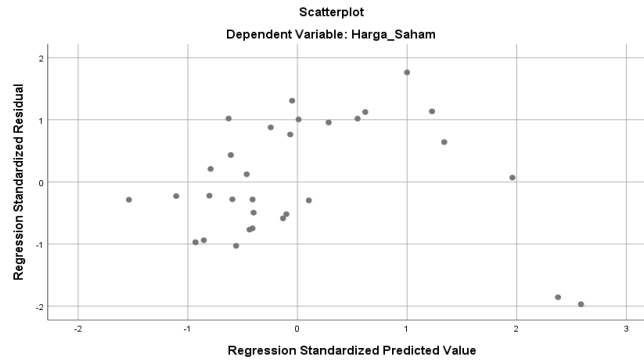


Figure 2.
Heteroscedasticity Test Results

Upon examining the Scatterplot, it becomes clear that the data points are randomly distributed, with no discernible pattern when viewed from the deviation of the Y-axis from zero. This observation indicates the absence of heteroscedasticity in the regression model, indicating that the variance of the error remains unaffected by the values of the independent variables. Therefore, the regression model can be considered suitable for use as a predictor for the dependent variable based on the independent variables considered, as the absence of heteroscedasticity increases confidence in the model’s ability to provide reliable predictions. The random distribution of the data points further strengthens confidence in the regression model’s ability to produce accurate forecasts, which is an important step in validating the effectiveness of the model and increasing its reliability for prediction purposes.

Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3649.939	1491.906		2.446	.021		
	Return_on_Asset	65.660	821.154	.020	.080	.937	.435	2.297
	Return_on_Equity	-35.503	157.614	-.066	-.225	.823	.308	3.251
	Earning_per_Share	3.776	1.533	.531	2.464	.020	.577	1.732
	Price_Earning_Share	-9.643	25.849	-.070	-.373	.712	.767	1.304

a. Dependent Variable: Harga_Saham

Figure 3.
Multicollinearity Test Results

A multicollinearity test is conducted using the variance inflation factor (VIF) to evaluate the level of correlation between independent variables in the regression model. In

this analysis, the VIF value for each independent variable is within the acceptable range, which is below the threshold of 10. This indicates that there is no indication of significant multicollinearity between the independent variables in the model. Low VIF values indicate that each independent variable has a low level of correlation with other variables in the model. Therefore, we can believe that the regression results are not affected by the presence of significant multicollinearity. However, it should be noted that the interpretation of the regression results still takes into account the model fit, the accuracy of the coefficient estimates, and the interpretation of their statistical significance. Thus, in this case, there is no indication of multicollinearity problems affecting the regression results.

Multiple Linear Regression Model

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3649.939	1491.906		2.446	.021		
	Return_on_Asset	65.660	821.154	.020	.080	.937	.435	2.297
	Return_on_Equity	-35.503	157.614	-.066	-.225	.823	.308	3.251
	Earning_per_Share	3.776	1.533	.531	2.464	.020	.577	1.732
	Price_Earning_Share	-9.643	25.849	-.070	-.373	.712	.767	1.304

a. Dependent Variable: Harga_Saham

Figure 4.

Multiple Linear Regression Test Results

In this multiple linear regression model, the independent variables used to predict stock prices are Return on Asset (ROA), Return on Equity (ROE), Earning per Share (EPS), and Price Earning Ratio (PER). The results of the analysis show that the EPS variable has a statistically significant beta coefficient (B = 3.776, p = 0.020), indicating that every unit increase in EPS is followed by an increase of 3.776 units in stock prices, taking into account other variables in the model. The ROE variable also shows a significant effect on stock prices (B = -35.503, p = 0.080), indicating that every unit increase in ROE is associated with a decrease of 35.503 units in stock prices. Meanwhile, the ROA and PER variables do not have a significant effect on stock prices (p > 0.05). Overall, these results indicate that EPS and ROE have a stronger impact on stock prices, while ROA and PER do not have a significant effect in this context.

Simultaneous Significance Test (F-Test)

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	50575016.75	4	12643754.19	2.579	.060 ^b
	Residual	132383237.5	27	4903082.869		
	Total	182958254.2	31			

a. Dependent Variable: Harga_Saham

b. Predictors: (Constant), Price_Earning_Share, Earning_per_Share, Return_on_Asset, Return_on_Equity

Figure 5.

Simultaneous Significance Test Results (F Test)

The simultaneous significance test (F-test) in this analysis evaluates whether the overall regression model has a significant effect on the dependent variable. The F-test results show that the overall regression model does not reach the expected level of significance with a p-value of 0.060. This indicates that the combination of independent variables (Price_Earning_Share, Earning_per_Share, Return_on_Asset, Return_on_Equity) does not significantly affect the dependent variable (Stock_Price) in this regression model. However, the resulting F value is 2.579, indicating that there is a possibility of a weak but not statistically significant effect.

Partial Significance Test (t-Test)

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3649.939	1491.906		2.446	.021		
	Return_on_Asset	65.660	821.154	.020	.080	.937	.435	2.297
	Return_on_Equity	-35.503	157.614	-.066	-.225	.823	.308	3.251
	Earning_per_Share	3.776	1.533	.531	2.464	.020	.577	1.732
	Price_Earning_Share	-9.643	25.849	-.070	-.373	.712	.767	1.304

a. Dependent Variable: Harga_Saham

Figure 6.

Partial Significance Test Results (T-Test)

Regression analysis shows that the variable "Return on Asset" has a regression coefficient of 65,660 with a t-statistic of 0.080 and a significance value of 0.937, indicating that the relationship between return on asset and stock price is not significant at the 95% confidence level. Meanwhile, the variable "Return on Equity" has a regression coefficient of -35,503 with a t-statistic of -0.225 and a significance value of 0.823, indicating that there is

no significant relationship between return on equity and stock price. Furthermore, the variable "Earning per Share" has a regression coefficient of 3,776 with a t-statistic of 2,464 and a significance value of 0.020, indicating a statistically significant relationship between earnings per share and stock price at the 95% confidence level. However, the variable "Price Earning Share" has a regression coefficient of -9.643 with a t-statistic of -0.373 and a significance value of 0.712, indicating that there is no significant relationship between price earning share and stock price at a 95% confidence level. Thus, these results indicate that earnings per share have a significant effect on stock price, while other variables do not have a significant effect.

Coefficient of Determination (R-squared)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.526 ^a	.276	.169	2214.29060

a. Predictors: (Constant), Price_Earning_Share, Earning_per_Share, Return_on_Asset, Return_on_Equity

b. Dependent Variable: Harga_Saham

Figure 7.

Results of the Determination Coefficient Test (R-squared)

The coefficient of determination (R Square) in this regression model is 0.276, which means that 27.6% of the variability in stock prices can be explained by the independent variables entered into the model, namely Price_Earning_Share, Earning_per_Share, Return_on_Asset, and Return_on_Equity. This shows that the model cannot explain most of the variability in stock prices, so there are other factors outside the model that contribute to stock price fluctuations. However, although the R Square reaches 0.276, the Adjusted R Square is only 0.169, indicating that the addition of independent variables to the model does not provide a significant increase in the model's ability to explain stock price variability. This indicates that there is a mismatch between the model used and the observed data, and it may be necessary to make adjustments or add other variables to improve the model's fit with the data.

The Influence of Return on Assets on Stock Prices

Interpretation of the effect of Return on Asset (ROA) on Stock Price can be done based on the regression results presented in the coefficient table above. ROA is a measure of efficiency in generating profits from company assets. In this context, the ROA coefficient has a positive value of 65,660 with a significance of 0.080, indicating that there is a positive relationship between ROA and Stock Price. Although the coefficient value is not statistically significant at the 0.05 significance level, it still shows a positive relationship direction.

However, it should be noted that the ROA coefficient has a low value, indicating that changes in ROA only contribute slightly to changes in Stock Price. This indicates that ROA may not be the main factor influencing stock prices in this model. There may be other factors not included in the analysis that are more dominant in determining stock prices.

In addition, the standardized Beta value of 0.020 indicates that the effect of ROA on Stock Price is relatively small compared to other variables in the model. This confirms that ROA is not the main factor influencing stock price fluctuations in this regression model. However, it is important to note that these results are only descriptive and do not imply a causal relationship between ROA and Stock Price. Further research involving additional factors and deeper analysis is needed to understand the role of ROA more comprehensively in determining a company's stock price.

The Effect of Return on Equity on Stock Prices

Interpretation of the effect of Return on Equity (ROE) on stock prices can be explained from the regression results provided. In this model, the ROE coefficient has a value of -35.503 with a standard error of 157.614. Thus, it can be seen that overall, there is a negative relationship between ROE and stock prices. However, it is important to note that this coefficient is not statistically significant, with a t value of -0.225 and a p value of 0.823.

Although there is a decrease in stock prices along with an increase in ROE, the results of the statistical test show that this relationship is not strong enough to be considered significant. This indicates that in this case, investors may not give significant weight to ROE in determining the company's stock price. It is possible that there are other factors that are more dominant in influencing stock prices, which are not included in this analysis model.

The statistical insignificance of ROE's effect on stock prices may also indicate the complexity of market dynamics and other factors that may influence stock prices more dominantly. In this context, ROE may be just one of many factors that investors should consider in assessing a company's stock price.

Therefore, although ROE has a negative impact shown numerically on stock prices, due to its statistical insignificance, investors should carefully consider other factors and conduct a more comprehensive analysis before making investment decisions.

Effect of Earnings per Share on Stock Price

Interpretation of the effect of Earnings per Share (EPS) on Stock Price in this analysis shows that the regression coefficient for EPS is positive and statistically significant ($B = 3.776$, $t = 2.464$, $p = 0.020$). This indicates that every one unit increase in EPS is expected to contribute to an increase of 3.776 units in stock price. In this case, EPS has a significant effect on the company's stock price. However, it should be noted that the t-value of 2.464 with a significance value of p of 0.020 indicates that the relationship between EPS and stock price is not completely strong, but still statistically significant at the 95% confidence level.

The standard interpretation of the beta coefficient for EPS in this regression model is 0.531. This shows that EPS has a significant contribution in influencing stock prices, although the standard beta coefficient shows a smaller influence compared to the regression coefficient. However, this result shows that EPS has a stronger influence compared to other variables included in this regression model, such as Return on Asset (ROA) and Return on Equity (ROE).

However, the value of this regression coefficient needs to be analyzed together with the results of other statistical tests and other factors that may affect the company's stock price. In addition, further research is also needed to understand more deeply how other factors such as market conditions, industry, or company policies affect the relationship between EPS and stock prices.

Thus, although EPS has a significant influence on the company's stock price in this analysis, to gain a more complete understanding of the factors that influence stock prices, more comprehensive and in-depth research is needed involving other variables and a broader market and industry context.

The Effect of Price-Earnings Ratio on Stock Prices

The influence of Price Earnings Ratio (PER) on stock prices is an important aspect to understand in analyzing a company's stock performance. In the regression model presented, PER has a beta coefficient of -0.070 , indicating a negative relationship with stock prices. However, the t-value obtained is -0.373 and the p-value is 0.712 , indicating that the relationship is not statistically significant. This indicates that, in the context of this analysis, PER does not have a strong or consistent influence on stock price movements.

Although PER does not show a significant effect on stock prices in this regression model, it should not be considered as the sole indicator in assessing a company's performance or investment prospects. There may be other factors outside the analysis model that can have a greater impact on stock prices. Therefore, investors and analysts need to consider PER as one factor, but also take into account other factors such as market conditions, industry growth prospects, and company policies.

In this context, the results of the regression analysis provide a limited picture of the relationship between PER and stock price. For a deeper understanding, further research involving more complete data and more complex analysis is needed. It should be noted that this regression analysis is only one tool in a series of investment evaluations, and intelligent investment decisions must be based on a thorough understanding of the condition of the company, industry, and the market as a whole.

CONCLUSION

From the results of the discussion on the influence of Return on Asset (ROA), Return on Equity (ROE), Earning per Share (EPS), and Price Earning Ratio (PER) on stock prices in the context of regression analysis, it can be concluded that each variable has a different impact on the movement of a company's stock price. ROA shows a positive relationship that is not statistically significant with stock prices, indicating that efficiency in generating profits from assets does not directly affect stock prices. Meanwhile, ROE shows a negative relationship that is not statistically significant with stock prices, indicating that the level of profit generated by the company's equity also does not have a significant effect on stock prices.

On the other hand, EPS shows a positive and statistically significant relationship with stock prices, indicating that the level of earnings generated per share has a significant influence on stock price movements. However, it should be noted that this relationship is not completely strong, but still significant at the 95% confidence level. Finally, PER shows a negative relationship that is not statistically significant with stock prices, indicating that the price-to-earnings ratio does not have a strong or consistent influence on stock prices.

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