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## The Influence of Return on Equity (ROE) and Debt to Equity Ratio (DER) on Stock Prices

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**Abstract.** The purpose of this study is to examine the effect of Return on Equity (ROE) and Debt to Equity Ratio (DER) on the stock price of PT Adhi Karya (Persero) Tbk during the 2014–2024 period, both partially and simultaneously. The study aims to determine whether profitability and leverage provide significant signals to investors and how these financial ratios influence the company's market value over time. Methodology/approach – This research uses a quantitative method with a causal associative approach. According to Sugiyono (2018:65), a causal associative approach examines the relationship between two or more variables, where the relationship is characterized by cause and effect. In this study, the independent variables (ROE and DER) act as the influencing factors, while the dependent variable (stock price) serves as the factor being influenced. Findings – It The findings of this study indicate that Return on Equity (ROE) has a significant partial effect on the stock price of PT Adhi Karya (Persero) Tbk during the 2014–2024 period, as shown by a t-value of 3.491 and a significance level of  $0.008 < 0.05$ . This result suggests that higher profitability provides a positive signal to investors, thereby increasing the company's stock price. Novelty/value – This study provides novelty by analyzing the long-term impact of Return on Equity (ROE) and Debt to Equity Ratio (DER) on stock prices over an extended period of eleven years (2014–2024), focusing on PT Adhi Karya (Persero) Tbk, a state-owned enterprise in the construction sector.

**Keywords:** Return on Equity (ROE); Debt to Equity Ratio (DER); Stock Price; Financial Performance; Capital Structure

### A. INTRODUCTION

The performance and valuation of companies in the construction sector are strongly influenced by macroeconomic conditions, including fluctuations in interest rates, inflation, government infrastructure policies, and overall economic uncertainty. As a state-owned enterprise, PT Adhi Karya (Persero) Tbk is highly exposed to these external dynamics, which affect its ability to maintain stable financial performance over time.

Financial ratios such as Return on Equity (ROE) and Debt to Equity Ratio (DER) are essential indicators used by investors to assess profitability and financial risk. ROE reflects the

company's ability to generate returns on shareholders' equity, while DER illustrates the extent to which the company relies on debt financing. According to signaling theory, these financial indicators serve as signals to the market and play an important role in shaping investor perceptions.

During the 2014–2024 period, PT Adhi Karya (Persero) Tbk experienced a significant decline in stock price, from 2,704 in 2014 to only 212 in 2024. This downward trend occurred alongside a decline in ROE—from 19% to 3%—and highly volatile DER levels that peaked at 605% in 2021. These patterns suggest that the company faced considerable financial pressure during this period, prompting the need for an empirical assessment of how profitability and leverage influence stock price movements.

Therefore, this study aims to examine the effect of ROE and DER on the stock price of PT Adhi Karya (Persero) Tbk, both partially and simultaneously, over an eleven-year period. The findings are expected to contribute to the understanding of how financial performance indicators influence market valuation in the construction industry and provide insights for investors, financial managers, and policymakers.

## B. LITERATURE REVIEW

### Return on Equity (ROE)

Return on Equity (ROE) measures a company's ability to generate net income from shareholders' equity. According to Rahim, E. (2020) states that Return on Equity (ROE) compares the amount of net income to common equity. The higher the percentage value, the better the company's financial performance. Therefore, a high ROE indicates that the business is capable of generating favorable returns.

### Debt to Equity Ratio (DER)

The Debt to Equity Ratio (DER) reflects the proportion of debt relative to equity used to finance company operations. Hery (2018) states that DER is an important indicator of financial leverage and risk; a high DER indicates greater dependence on debt and potentially higher financial vulnerability. Excessive leverage may lead to negative market perceptions and affect stock price stability.

### Stock Price

Stock price represents the company's market valuation and is influenced by internal performance indicators and external economic factors. According to Sanjaya, R. (2022), stock price is one of the key indicators of a company's management performance. The consistency in generating profits provides satisfaction for rational investors. A sufficiently high stock price offers benefits in the form of capital gains and enhances the company's image, making it easier for management to obtain external funding.

### Financial Management

Financial management is essential to ensuring a company's ability to operate efficiently and create value for shareholders. According to Budi Saksono (2019), financial management is an activity carried out by an organization or company to plan, organize, direct, and supervise its financial activities, with the primary objective of maximizing the welfare of investors and shareholders. This definition highlights the strategic role of financial decision-making—especially those related to profitability and capital structure—in influencing investor trust and market valuation.

### Theoretical Basis

This study is grounded in Agency Theory and Signaling Theory. Agency Theory highlights the potential conflict between management and shareholders and emphasizes the importance of transparent financial reporting—such as ROE and DER—to evaluate managerial accountability. Signaling Theory explains how companies convey information through financial ratios that investors interpret as signals regarding profitability, risk, and growth prospects. Positive signals (e.g., high ROE) can encourage stock price increases, while negative signals (e.g., excessive DER) may lead to declining investor confidence.

### Previous Studies

Previous research shows varied findings regarding the influence of financial ratios on stock prices. Many studies find that ROE has a significant positive impact on stock prices due to its strong link to profitability. Meanwhile, the effect of DER differs across industries; in some sectors leverage plays a significant role, while in others it has little influence due to industry-specific capital structures. These mixed findings underscore the importance of conducting sector-specific research over extended time periods.

### C. RESEARCH METHODOLOGY

This study employs a quantitative research method with a causal associative approach. According to Sugiyono (2018), a causal associative approach examines cause-and-effect relationships between two or more variables. In this research, Return on Equity (ROE) and Debt to Equity Ratio (DER) function as independent variables, while the stock price serves as the dependent variable.

The study uses quantitative measurements based on secondary data obtained indirectly through intermediary sources. The data consist of annual financial reports of PT Adhi Karya (Persero) Tbk and publications from the Indonesia Stock Exchange (IDX) for the period 2014–2024. These financial data include net income, equity, total liabilities, and annual stock prices.

Data analysis was carried out through several stages: (1) descriptive statistical analysis, (2) classical assumption tests including normality, multicollinearity, heteroscedasticity, and autocorrelation tests, and (3) multiple linear regression analysis. Hypothesis testing employed the t-test to analyze partial effects and the F-test to assess the simultaneous influence of ROE and DER on stock prices. All computations were conducted using statistical software to ensure accuracy and reliability.

### D. RESULTS AND DISCUSSION

#### Financial Statement Data Return on Equity (ROE) and Debt to Equity Ratio (DER) of PT Adhi Karya (Persero) Tbk Period 2014-2024 (In Millions of Rupiah)

Table 1. Financial Statement Data Return on Equity (ROE) and Debt to Equity Ratio (DER) of PT Adhi Karya (Persero) Tbk Period 2014-2024 (In Millions of Rupiah)

Year	Eranig	Total Equity	Current Debt	Total ROE	Total DER
2014	324.071	1.744.584	8.707.338	19%	499%
2015	463.685	5.162.132	11.598.932	9%	225%
2016	313.451	5.442.780	14.652.656	6%	217%
2017	515.415	5.869.917	22.463.031	9%	383%
2018	644.159	6.285.272	23.833.343	10%	379%
2019	663.806	6.834.329	29.681.535	10%	434%
2020	23.977	5.574.811	32.159.078	0%	577%
2021	55.185	5.657.707	34.242.631	1%	605%
2022	81.424	8.823.791	31.162.626	1%	353%
2023	214.016	9.218.792	31.273.238	2%	339%
2024	252.498	9.675.190	25.367.591	3%	262%
<b>Average</b>	<b>294.385,09</b>	<b>6.389.936,81</b>	<b>24.103,818,63</b>	<b>6,36%</b>	<b>388,45</b>

Based on the table above, the financial performance of PT Adhi Karya (Persero) Tbk shows significant fluctuations during the period 2014–2024, both in terms of Return on Equity (ROE) and Debt to Equity Ratio (DER). ROE recorded its highest level in 2014 at 19%,

reflecting very strong financial performance. However, in the following years, ROE experienced a sharp decline, falling to 9% in 2015 and continuing to decrease until reaching its lowest point of 0% in 2020, which was likely influenced by national and global economic conditions. In 2022, ROE began to show signs of recovery, increasing to 2% in 2023 and 3% in 2024, although it has not returned to the ideal levels seen at the beginning of the period.

Meanwhile, the Debt to Equity Ratio (DER) experienced sharp and highly volatile movements. In 2014, DER stood at an extremely high level of 499%, then dropped significantly to 225% in 2015. The ratio gradually increased again and reached its peak at 605% in 2021, indicating a high level of dependence on debt during this period. After 2021, DER began to decline and showed significant improvement, falling to 353% in 2022 and further decreasing to 262% in 2024.

Overall, the graph illustrates that PT Adhi Karya (Persero) Tbk faced considerable financial pressure throughout the observed period. However, the data also indicate emerging signs of recovery in the later years, reflected by improving ROE and declining DER. The value of the service quality regression coefficient (X2) is 0.330 (marked positive), This indicates that each increment of one unit on the service quality (X2) will result in an increase in consumer satisfaction (Y) by 0.330 points.

**Stock Price of PT Adhi Karya (Persero) Tbk Period 2014-2024**

**Table 2 Stock Price of PT Adhi Karya (Persero) Tbk Period 2014-2024**

Year	Stock Prices
2014	2.704
2015	1.960
2016	1.905
2017	1.726
2018	1.460
2019	1.076
2020	1.406
2021	820
2022	848
2023	476
2024	212
<b>Rata-Rata</b>	1.326,63

Based on the historical data of PT Adhi Karya (Persero) Tbk’s stock price from 2014 to 2024, a significant downward trend is observed over the eleven-year period. In 2014, the stock price reached its highest level at 2,704. However, in 2015 the price declined to 1,960, followed by a continued decrease in subsequent years. In 2016, the stock price dropped to 1,905, then to 1,726 in 2017, and further to 1,460 in 2018. The downward movement persisted in 2019, reaching 1,076.

In 2020, the stock price experienced a slight recovery, rising to 1,406, but this improvement was short-lived. In 2021, the stock price sharply decreased to 820. Although 2022 showed a minor rebound to 848, the price fell again in 2023 to 476. The steepest decline occurred in 2024, when the stock price reached its lowest point during the entire period at only 212.

This consistent downward pattern indicates increasing pressure on the company’s market value, reflecting a weakening investor perception of the company’s performance and future prospects. The decline in stock price is typically influenced by various internal factors, such as decreasing operational performance, revenue contraction, or rising operational expenses that may reduce overall firm value. Additionally, external factors—such as

heightened competition in the construction industry, delays in strategic projects, the effectiveness of working capital management, and changes in government policies—can also influence investor sentiment.

The combined impact of these factors has led to reduced investor interest in PT Adhi Karya (Persero) Tbk’s stock, resulting in a prolonged decline in stock price. This continuous downward trend is a significant phenomenon that warrants deeper examination, as stock price serves as a primary indicator of market assessment regarding a company’s performance and prospects.

Overall, the stock price of PT Adhi Karya (Persero) Tbk shows a persistent weakening from year to year, with only one notable increase occurring in 2020. This suggests that the company faced substantial challenges in maintaining its stock value in the capital market.

**Data Analysis Results.**

**Descriptive Statistical Analysis Test**

Descriptive statistical analysis provides an overview or description of the data used in the study. Descriptive statistics include information such as the number of samples analyzed, minimum and maximum values, mean, and standard deviation. The following presents the results of the descriptive statistical test:

**Tabel 3 Hasil Uji Statistik Deskriptif**  
**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
ROE	11	0	19	6.31	5.594
DER	11	217	605	375.64	127.438
Stock Price	11	212	2704	1326.64	730.133
Valid N (listwise)	11				

Based on Table 3 above, the value of N indicates the number of observations used in this study, which consists of 11 data points representing the sample from 2014 to 2024. All data were obtained from the financial reports of PT Adhi Karya (Persero) Tbk.

The stock price variable has a minimum value of 212 and a maximum value of 2,704. The mean stock price is 1,326.64 with a standard deviation of 730.133. These results indicate that the mean value is greater than the standard deviation, suggesting a relatively moderate variation in stock prices during the period of observation.

The Return on Equity (ROE) variable has a minimum value of 0 and a maximum value of 19. The mean ROE achieved by PT Adhi Karya (Persero) Tbk is 6.31, with a standard deviation of 5.594. This shows that the mean value is slightly lower than the standard deviation, indicating higher fluctuations in the company’s profitability.

The Debt to Equity Ratio (DER) variable has a minimum value of 217 and a maximum value of 605. The mean DER is 388.45, with a standard deviation of 131.468. These results indicate that the mean value is greater than the standard deviation, reflecting moderate variability in the company’s leverage level.

**Classical Assumption Tets**

**Normality Test**

The normality test aims to examine whether the independent variables and the dependent variable in the regression model are normally distributed or not. The basis for decision-making in this normality test uses the Kolmogorov–Smirnov Normality Test, with the decision rule determined based on the probability value (Asymptotic Significance), as follows:

**Table 4 Normality Test  
One-Sample Kolmogorov—Smirnov Test**

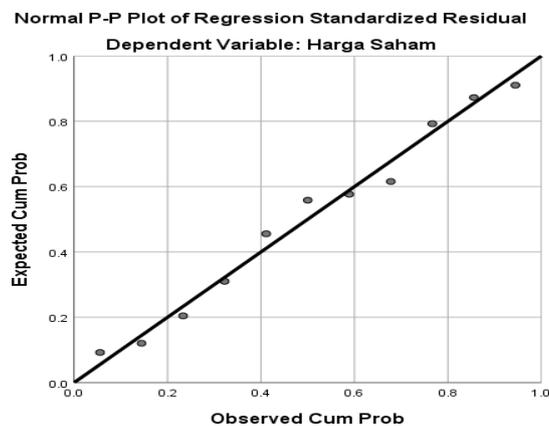
		ROE	DER	Harga Saham
N		11	11	11
Normal Parameters <sup>a,b</sup>	Mean	6.31	375.64	1326.64
	Std. Deviation	5.594	127.438	730.133
Most Extreme Differences	Absolute	.201	.205	.108
	Positive	.201	.205	.108
	Negative	-.147	-.125	-.089
Test Statistic		.201	.205	.108
Asymp. Sig. (2-tailed)		.200 <sup>c,d</sup>	.200 <sup>c,d</sup>	.200 <sup>c,d</sup>

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

Sumber: Output spss 26

Based on Table 4 the number of observations (N) is 11. The table also shows that the Asymptotic Significance value for Return on Equity (ROE), Debt to Equity Ratio (DER), and Stock Price is 0.200. This result indicates that the regression equation is normally distributed because the significance value of 0.200 is greater than 0.05 ( $0.200 > 0.05$ ).

In addition to the Kolmogorov–Smirnov test, the normality test can also be assessed using the Probability Plot (P–Plot). In this method, normality is evaluated by examining whether the residual data points follow or align closely with the diagonal line. The following figure presents the Probability Plot used to test the normality of the residuals.



**Picture 1 Normality Test Plot P-P Chart**

Based on the Normal P–P Plot, the residual points appear to be distributed closely along the diagonal line. This indicates that the residuals follow a normal distribution. Therefore, it can be concluded that the regression model satisfies the normality assumption and the data are normally distributed.

### Multicollinearity Testing

Based on the Normal P–P Plot, the residual points appear to be distributed closely along the diagonal line. This indicates that the residuals follow a normal distribution. Therefore, it can be concluded that the regression model satisfies the normality assumption and the data are normally distributed. Multicollinearity can be detected by examining the correlation

coefficients or the Variance Inflation Factor (VIF) and tolerance values obtained from the SPSS output. The results of the multicollinearity test for this study are presented in the following table:

**Table 1.5 Multicollinearity Test**

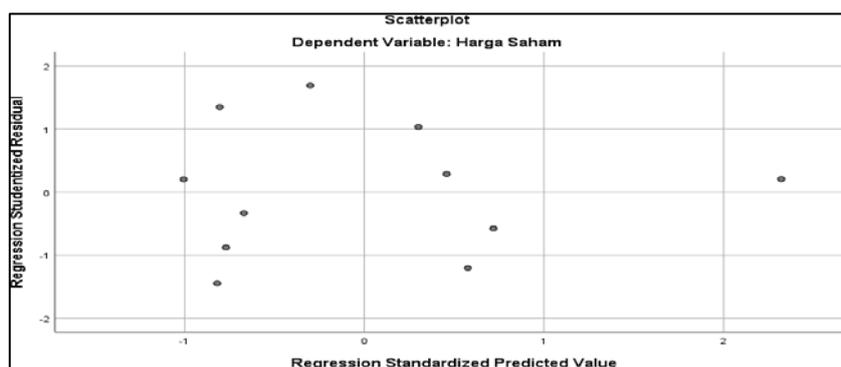
		Coefficients <sup>a</sup>	
Collinearity Statistics			
Mode	Tolerance	VIF	
1	ROE	970	1.031
	DER	970	1.031
a. Dependent Variable: Harga Saham Sumber: Output spss 26			

Based on Table 1.5, it can be seen that the tolerance value is greater than 0.10, which is 0.970 ( $0.970 > 0.10$ ), and the Variance Inflation Factor (VIF) value is less than 10, which is 1.031 ( $1.031 < 10$ ). Therefore, it can be concluded that the data used in this study do not exhibit multicollinearity problems.

**Heteroscedasticity Test**

The heteroscedasticity test is carried out by creating a Scatterplot that displays the distribution of residuals against the standardized predicted values of the dependent variable. This test is used to determine whether the variance of the residuals (Y values) is constant or heterogeneous. A regression model is considered good, or in a homogeneous condition, if no heteroscedasticity is detected. This is indicated when the points in the scatterplot are randomly dispersed and spread both above and below the zero value on the Y-axis. In other words, homoscedasticity occurs when the residuals show no clear pattern.

The results of the heteroscedasticity test can be observed in the Scatterplot figure shown below:



**Picture 2 Scatterplot Graph of Heteroscedasticity Test Results.**

Based on the Scatterplot in Figure 4 above, the following observations can be made: The data points are randomly scattered and do not form any specific pattern, such as a straight line, curve, or fan-shaped pattern.

The distribution of points is relatively even above and below the zero value on the Y-axis. Therefore, it can be concluded that there is no heteroscedasticity problem in the regression model used. This means that the model satisfies the homoscedasticity assumption.

### Autocorrelation Test

The regression model must meet the requirement of having no autocorrelation. The decision-making criteria for the Durbin–Watson test are as follows:

If  $d < dL$  or  $d > (4 - dL)$ , the null hypothesis is rejected, indicating the presence of autocorrelation.

If  $d < dL$  or  $d > (4 - dL)$ , the null hypothesis is rejected, indicating the presence of autocorrelation.

If  $d$  lies between  $dL$  and  $dU$ , or between  $(4 - dU)$  and  $(4 - dL)$ , the test results are inconclusive.

The results of the autocorrelation test using the Durbin–Watson (DW) statistic for this study are presented in the following table:

**Table 7 Autocorrelation Test Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	d. Error of the Estimate	Durbin-Watson
1	.777a	.604	.505	513.861	1.381

a. Predictors: (Constant), DER, ROE

b. Dependent Variable: Harga Saham

Sumber: Output spss 26

Based on Table 1.7, the Durbin–Watson (DW) statistic is 1.381, with the upper bound value ( $dU$ ) of 1.6044 and the lower bound value ( $dL$ ) of 0.7580. Since the DW value lies between  $dL$  and  $dU$ , the result falls into the indecisive region, meaning that it cannot be conclusively determined whether autocorrelation is present in the regression model.

### Multiple Linear Regression Analysis

**Table 8 Multiple Linear Regression Analysis Coefficients<sup>a</sup>**

Unstandardized Coefficients		Standardized Coefficients		t	Sig.	
Model	B	Std. Error	Beta			
1	(Constant)	401.386	571.073		.703	.502
	ROE	102.941	29.487	.789	3.491	.008
	DER	.735	1.294	.128	.568	.586

a. Dependent Variable: Harga Saham

Sumber: Output spss 26

Based on Table 1.9 above, the following multiple linear regression equation is obtained:  $Y = 401.386 + 102.941X_1 + 0.735X_2$

Description :

Y = Stock Price (Dependent Variable)

X1 = Return on Equity (Independent Variable 1)

X2 = Debt to Equity Ratio (Independent Variable 2)

The multiple linear regression equation above can be explained as follows:  
Constant (Intercept).

The constant value of 401.386 is positive, meaning that if the independent variables—Return on Equity (ROE) and Debt to Equity Ratio (DER)—are equal to zero, then the dependent variable, Stock Price, will increase to 401.386. This represents the baseline stock price when both independent variables have no effect.

Regression Coefficient of  $X_1$  (Return on Equity — ROE)

The regression coefficient for ROE is 102.941, indicating that if ROE increases by 1%, the stock price will increase by 102.941, assuming the other independent variable remains constant. The significance value (Sig) for ROE is 0.008, which is smaller than 0.05 ( $0.008 < 0.05$ ). Therefore, it can be concluded that Return on Equity (ROE) has a significant effect on Stock Price.

Regression Coefficient of  $X_2$  (Debt to Equity Ratio — DER).

The regression coefficient for DER is 0.735, meaning that if DER increases by 1%, the stock price will increase by 0.735, assuming the other independent variable remains constant. However, the significance value (Sig) for DER is 0.586, which is greater than 0.05 ( $0.586 > 0.05$ ). Thus, it can be concluded that Debt to Equity Ratio (DER) does not have a significant effect on Stock Price.

However, the significance value (Sig) for DER is 0.586, which is greater than 0.05 ( $0.586 > 0.05$ ). Thus, it can be concluded that Debt to Equity Ratio (DER) does not have a significant effect on Stock Price.

### Determination Coefficient (R2)

The coefficient of determination indicates the percentage of variation in the dependent variable that can be explained by the regression equation (the variation of the independent variables). The remaining percentage is explained by other variables outside the model used in the study. The purpose of the coefficient of determination is to assess how well the independent variables explain the dependent variable, which is measured using the R Square value. The results of the coefficient of determination test can be seen in the following table:

**Table 9. Determination Coefficient (R2)**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.777 <sup>a</sup>	.604	.505	513.861

a. Predictors: (Constant), DER, ROE

b. Dependent Variable: Harga Saham

Sumber: Output spss 26

It is known that the R Square value is 0.064, or 6.4%, which indicates that the variables Return on Equity ( $X_1$ ) and Debt to Equity Ratio ( $X_2$ ) simultaneously influence the Stock Price (Y) by 6.4%, while the remaining 93.6% is influenced by other variables outside the model.

### T Testing

A t-test was conducted to determine whether the independent variables Return on Equity (ROE) and Debt to Equity Ratio (DER) had an effect on the dependent variable, Stock Price, at PT Adhi Karya (Persero) Tbk for the 2014-2024 period. A sig value  $< \alpha = 0.05$  indicates an effect on the dependent variable. A sig value  $> \alpha = 0.05$  indicates no effect on the dependent variable, and a calculated t value  $< t$  table indicates no effect.

The results of the partial t-test in this study are presented in the following table:

**Table 10. Test Results t**

**Coefficients<sup>a</sup>**

Unstandardized Coefficients		Standardized Coefficients		t	Sig.
Model	B	Std. Error	Beta		
1	(Constant)	401.386	571.073	.703	.502
	ROE	102.941	29.487	.789	.008
	DER	.735	1.294	.128	.586

a. Dependent Variable: Harga Saham

Sumber: Output spss 26

The conclusions from the t-test are as follows:

The variable Return on Equity (ROE) (X1) shows a significant effect on Stock Price, with a t-count value of 3.491, which is greater than the t-table value of 2.308 (t-count 3.491 > t-table 2.308). The significance value (p-value) is 0.008, which is below the 0.05 threshold, so it can be concluded that Return on Equity (ROE) has a significant partial effect on the Stock Price. In addition, the beta coefficient value of 0.789 further reinforces that Return on Equity (ROE) has a positive and significant effect on the Stock Price of PT Adhi Karya (Persero) Tbk for the period 2014–2024. Therefore,  $H_{01}$  is rejected and  $H_1$  is accepted.

The variable Debt to Equity Ratio (DER) shows an insignificant effect on Stock Price, with a t-count value of 0.568, which is smaller than the t-table value of 2.308 (t-count 0.568 < t-table 2.308). The significance value (p-value) is 0.586, which is greater than 0.05 (p-value 0.586 > 0.05), indicating that there is insufficient evidence to conclude that the Debt to Equity Ratio (DER) has a significant effect on the Stock Price of PT Adhi Karya (Persero) Tbk for the period 2014–2024. The beta coefficient value of 0.128 indicates a positive relationship, but since it is not statistically significant,  $H_{02}$  is accepted and  $H_2$  is rejected.

## F Testing

**Table 11 Test Result F**

**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3218522.815	2	1609261.408	6.094	.025b
	Residual	2112425.730	8	264053.216		
	Total	5330948.545	10			

a. Dependent Variable: Harga Saham

b. Predictors: (Constant), DER, ROE

Sumber: Output spss 26

Based on the SPSS 26 output in Table 1.12, with a significance level of 5% or 0.05, this can be demonstrated by the F-count value of 6.094, which is greater than the previously obtained F-table value of 4.26. In addition, the significance value is 0.025, which is smaller than the significance level of 0.05.

Thus, it can be concluded that since F-count > F-table and sig <  $\alpha$ , Return on Equity (ROE) and Debt to Equity Ratio (DER) simultaneously have a significant effect on the stock price of PT Adhi Karya (Persero) Tbk for the period 2014–2024. Therefore,  $H_{03}$  is rejected and  $H_3$  is accepted.

## E. CONCLUSIONS AND SUGGESTIONS

Based on the results of the study entitled “The Effect of Return on Equity (ROE) and Debt to Equity Ratio (DER) on Stock Prices at PT Adhi Karya (Persero) Tbk for the 2014–2024 Period” and statistical tests using SPSS Version 26, the following conclusions can be drawn:

Return on Equity (ROE) partially has a positive and significant effect on stock prices. This is evidenced by a t-count value of  $3.491 > t\text{-table } 2.308$ , and a significance value of  $0.008 < 0.05$ . This means that the higher the Return on Equity (ROE) of the company, the greater the attractiveness of its stock in the eyes of investors. Therefore, ROE significantly increases stock prices. Hence,  $H_{01}$  is rejected and  $H_1$  is accepted.

Debt to Equity Ratio (DER) partially does not have a significant effect on stock prices. This is indicated by a t-count value of  $0.568 < t\text{-table } 2.308$ , and a significance value of  $0.586 > 0.05$ . Although the relationship is positive, the effect of Debt to Equity Ratio (DER) on stock prices is not statistically significant. Therefore,  $H_{02}$  is accepted and  $H_2$  is rejected.

Simultaneously, the variables Return on Equity (ROE) and Debt to Equity Ratio (DER) have a significant effect on stock prices. This is proven by an F-count value of  $6.094 > F\text{-table } 4.26$ , and a significance value of  $0.025 < 0.05$ . This means that together, Return on Equity (ROE) and Debt to Equity Ratio (DER) are able to explain the variability in stock prices. Hence,  $H_{03}$  is rejected and  $H_3$  is accepted.

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