

# THE EFFECT OF RETURN ON ASSETS, CURRENT RATIO, AND DEBT TO EQUITY RATIO ON STOCK PRICES IN PROPERTY AND REAL ESTATE SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE PERIOD 2020–2024

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## Abstract

The purpose of this study is to analyze the effect of Return on Assets, Current Ratio, and Debt to Equity Ratio on stock prices in Property and Real Estate sector companies listed on the Indonesia Stock Exchange. This study uses secondary data in the form of companies' financial statements for the 2022–2024 observation period. The sample consists of 10 companies selected from a total of 91 companies. The data analysis technique used in this study is Multiple Linear Regression Analysis with the assistance of SPSS version 25. The results show that Return on Assets has a positive and significant effect on stock prices, the Current Ratio has a positive and significant effect on stock prices, and the Debt to Equity Ratio has a negative and significant effect on stock prices.

**Keywords:** *Return on Assets, Current Ratio, Debt to Equity Ratio, Stock Prices.*

## INTRODUCTION

The property sector is a dynamic branch of the economy that continues to develop alongside economic progress and market dynamics. The increasing public interest in investing in this sector is closely related to the annual rise in land prices in Indonesia. This situation is influenced by the growing scarcity of buildable land accompanied by population growth. Therefore, the property sector, which includes construction and real estate activities, plays an important role in the economy across various related sectors, particularly the financial sector, influencing economic growth as well as job creation. In the context of sustainable national development, the property sector also holds a strategic position as a key driver of the economy. The development of this sector, along with the expansion of infrastructure in various regions, is often used as an indicator of economic progress. Growth opportunities in the property sector are driven by increasing land and building values, population growth, and rising demand for residential, office, and commercial spaces. These conditions create attractive long-term investment opportunities for both domestic and foreign investors in Indonesia. In addition to serving as an economic driver, the property sector contributes significantly to employment for a large number of workers, expands financial market activities, and enhances overall welfare. Furthermore, this sector has a strong multiplier effect on the growth of other economic sectors. Due to its relatively high tax burden, the property sector also contributes to government revenue through taxation. A company's stock price is determined by the interaction of supply and demand in the capital market. An increase in stock demand reflects a positive investor assessment of the company's performance, thereby influencing its stock price.

The rapid development of the capital market today requires public attention, particularly from prospective investors. In making investment decisions, investors consider not only short-term profit potential but also the company's long-term prospects. Short-term profits are generally obtained through dividend payments to shareholders, while long-term gains are reflected in potential stock price appreciation, earned from the difference between purchase and selling prices or from capital gains. In Indonesia, stock trading activities are conducted through the Indonesia Stock Exchange (IDX), which classifies companies into various sectoral indices. The real estate sector is considered strategic, as it plays an important role in assessing a country's economic health. Santono (2010) noted that the real estate industry often provides the first indication of economic slowdown or recovery. As a result, the performance of this sector is frequently used as a benchmark to evaluate economic stability and growth direction.

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The stocks of companies in the real estate sector, particularly in relation to their financial performance, receive special attention. In practice, investors often use financial metrics such as Return on Assets (ROA), Current Ratio (CR), and Debt to Equity Ratio (DER) to assess a company's financial health and operational efficiency. Therefore, the purpose of this study is to examine the impact of these three metrics on the stock prices of real estate companies listed on the IDX during the 2020–2024 period. Given this background, property sector stocks are of particular interest, especially in relation to financial performance. Moreover, stock price is one of the most important indicators used by investors to evaluate companies in the investment world. Price fluctuations are influenced by various factors, including the company's financial health. In the property sector, which is characterized by high capital requirements and relatively high risk, financial stability and health are crucial. Common metrics used to measure company performance include ROA, which reflects a company's ability to generate profit from its assets; CR, which indicates the company's ability to meet short-term obligations; and DER, which reflects the proportion of debt relative to equity. Thus, the objective of this study is to determine whether these three metrics have a significant effect on the stock prices of property companies listed on the IDX during 2020–2024. The findings of this study are expected to support investors in making investment decisions while providing a basis for companies to evaluate and improve their financial performance.

**Table 1. List of Sample Companies in the Study**

No	Kode	Nama	No	Kode	Nama
1	ASRI	PT Alam Sutera Realty Tbk	6	BKSL	PT Sentul City Tbk
2	PWON	PT Pakuwon Jati Tbk	7	MDLN	PT Modernland Realty Tbk
3	BSDE	PT Bumi Serpong Damai Tbk	8	DUTI	PT Duta Pertiwi Tbk
4	APLN	PT Agung Podomoro Land Tbk	9	EMDE	PT Megapolitan Developments Tbk
5	BIPP	PT Bhuwanatala Indah Permai Tbk	10	FMII	PT Fortune Mate Indonesia Tbk

## LITERATURE REVIEW

### 1. Stock Price

According to Jogiyanto (2017), stock price is the price of a share that occurs in the stock exchange at a certain time, determined by market participants based on the demand and supply of the respective stock. Brigham and Houston (2019) state that stock price reflects the value of a company, which is determined by investors' expectations regarding future cash flows and the level of risk associated with the company. Based on these definitions, stock price can be defined as the market value of a company formed through the interaction of supply and demand and influenced by the company's performance and future prospects.

### 2. Return on Assets (ROA)

According to Kasmir (2019), Return on Assets (ROA) is a ratio that shows the return on the total assets used in the company. ROA is used to measure management effectiveness in generating profit from total assets owned. Hery (2018) defines ROA as a ratio that describes a company's ability to generate net income based on its total assets. Thus, ROA can be defined as a profitability ratio that measures a company's ability to utilize its assets to generate earnings.

### 3. Current Ratio (CR)

According to Kasmir (2019), the Current Ratio is a ratio used to measure a company's ability to pay its short-term obligations or debts that are due soon using its current assets. Horne and Wachowicz (2016) define the Current Ratio as a short-term liquidity measure that indicates the extent to which current assets can cover current liabilities. Therefore, the Current Ratio reflects a company's liquidity level in fulfilling its short-term obligations.

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## 4. Debt to Equity Ratio (DER)

According to Kasmir (2019), the Debt to Equity Ratio is a ratio used to assess debt relative to equity, indicating how much of the company's own capital is used as collateral for debt.

Fahmi (2018) defines DER as a ratio that describes the comparison between total debt and total equity used as sources of company financing. Thus, the Debt to Equity Ratio reflects a company's capital structure and the level of financial risk borne by the company.

## METHOD

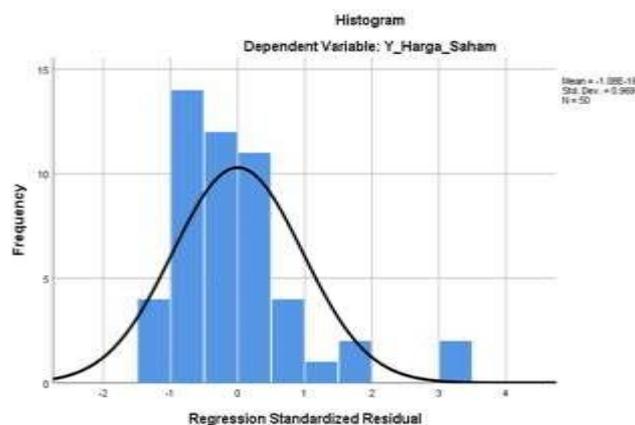
This study was conducted on companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period, with the research carried out from March 2025 to December 2025. The study employed a quantitative approach using numerical data that were processed and analyzed through statistical methods. It is classified as descriptive quantitative research aimed at examining the relationship and influence of the independent variables—Current Ratio (CR), Debt to Equity Ratio (DER), and Return on Assets (ROA)—on the dependent variable, namely stock price. The data used were secondary data obtained from published financial statements of property and real estate sector companies listed on the IDX and accessed through the official IDX website ([www.idx.co.id](http://www.idx.co.id)). The population consisted of 91 companies, from which 10 companies were selected as samples using purposive sampling, a nonprobability sampling technique based on specific criteria such as market capitalization, stock liquidity, and completeness of financial statement data. The data were processed and analyzed using SPSS software through multiple linear regression analysis with the regression model  $Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$ , where Y represents stock price, X1 represents CR, X2 represents DER, X3 represents ROA, a is the constant, b represents regression coefficients, and e is the error term. Descriptive statistical analysis was applied to summarize and present the data, followed by classical assumption tests including normality, multicollinearity, autocorrelation, and heteroskedasticity tests to ensure the validity of the regression model. The coefficient of determination ( $R^2$ ) was used to measure the ability of the independent variables to explain variations in the dependent variable. Hypothesis testing was conducted using the F-test to determine the simultaneous effect of independent variables on stock price and the t-test to examine the partial effect of each independent variable at a significance level of 0.05.

## RESULTS AND DISCUSSION

Classical Assumption Test

Normality Test

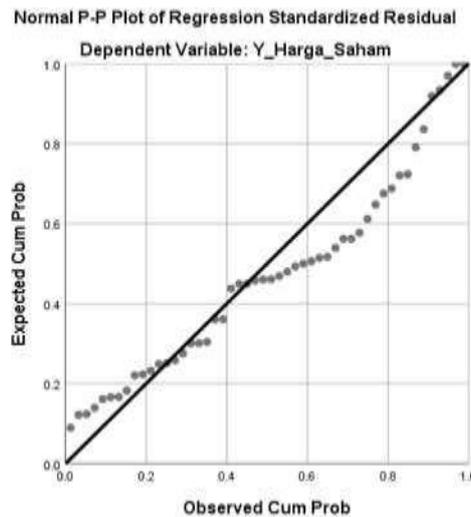
Figure 2. Normality Test Histogram



Source: SPSS 25 Output

Based on the histogram graph presented, the residual distribution forms a pattern similar to a bell-shaped curve and appears symmetrical around zero. The spread of residuals follows the normal distribution pattern, as indicated by the normal curve line displayed on the histogram. This is further supported by the residual mean value of  $-1.08E-16$ , which is close to zero, and a standard deviation value of 0.969 with a total of 50 observations. Therefore, it can be concluded that the residuals in this research model are normally distributed.

**Figure 3. Normality Test P-Plot**



Based on the graph, it can be observed that the data points are distributed around the diagonal line and tend to follow its direction. Therefore, it can be concluded that the residuals in the regression model are normally distributed, meaning that the normality assumption has been satisfied.

**Multicollinearity Test**

**Table 3. Multicollinearity Tes**

Table 3 shows that all independent variables have Tolerance values greater than 0.10 and VIF values less than 10.

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

Model		Collinearity Statistics	
		Tolerance	VIF
1	X1_ROA	.956	1.046
	X2_CR	.694	1.442
	X3_DER	.716	1.397

a. Dependent Variable: Y\_Harga\_Saham

*Sumber : Output SPSS 25*

Therefore, it can be concluded that there is no multicollinearity problem among the independent variables in the regression model.

**Autocorrelation Test**

**Tabel 4. Uji Autokorelasi**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.305 <sup>a</sup>	.093	.034	220.855193	1.818

a. Predictors: (Constant), X3\_DER, X1\_ROA, X2\_CR

b. Dependent Variable: Y\_Harga\_Saham

*Sumber : Output SPSS 25*

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Table 4 shows a Durbin–Watson (D-W) value of 1.818. This value falls within the range of 1.5 to 2.5, indicating that there is no autocorrelation in the regression model. Therefore, it can be concluded that the classical assumption of the autocorrelation test has been satisfied by the regression model.

Heteroskedastisitas Test

**Tabel 5. Glejser Test**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	21.559	3.884		5.550	.000
	X1_ROA	-.632	.404	-.217	-1.565	.124
	X2_CR	-3.109	1.666	-.259	-1.866	.068
	X3_DER	-.016	.017	-.129	-.948	.348

a. Dependent Variable: Abs\_RES

*Sumber : Output SPSS 25*

Table 5 shows that the significance values of ROA, CR, and DER are greater than 0.05. This indicates that there is no heteroskedasticity in the regression model, meaning that the variance of the residuals is constant.

**Coefficient of Determination**

**Table 6. Koefisien Determinasi Test**

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.997 <sup>a</sup>	.993	.993	19.339061

a. Predictors: (Constant), X3\_DER, X1\_ROA, X2\_CR

*Sumber : Output SPSS 25*

Based on the test results, the R<sup>2</sup> value obtained is 0.993. This means that 99.3% of the variation in the dependent variable can be explained by the three independent variables. Meanwhile, the remaining 0.7% of the variation is influenced by other factors outside the research model.

**Hypothesis Testing**

**Simultaneous Test (F-Test)**

**Table 7. Simultaneous Test (F-Test)**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2457130.774	3	819043.591	2189.960	.000 <sup>b</sup>
	Residual	17203.968	46	373.999		
	Total	2474334.742	49			

a. Dependent Variable: Y\_Harga\_Saham

b. Predictors: (Constant), X3\_DER, X1\_ROA, X2\_CR

*Sumber : Output SPSS 25*

Table 7 shows an F-value of 2189.960 with a significance level of 0.000. The decision criterion states that if the significance value is less than 0.05, H<sub>0</sub> is rejected. Since the significance value of 0.000 is less than 0.05, H<sub>0</sub> is rejected and the alternative hypothesis is accepted. This means that stock price is significantly influenced by ROA, CR, and DER simultaneously. These three independent variables are able to jointly explain variations in stock prices of real estate and property sector companies listed on the Indonesia Stock Exchange.

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**Partial Test (t-Test)**

**Table 8. Partial Test (t-Test)**

Based on the results of the partial test (t-test), the effect of each independent variable on the dependent variable can be explained as follows:

		Coefficients <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	67.740	5.917		11.449	.000
	X1_ROA	1.884	.615	.038	3.062	.004
	X2_CR	56.087	2.537	.278	22.105	.000
	X3_DER	-2.001	.026	-.953	-77.497	.000

a. Dependent Variable: Y\_Harga\_Saham

**Sumber : Output SPSS 25**

**H1:** The t-value is 3.062 with a significance value of  $0.004 < 0.05$ . Therefore, it can be concluded that stock price is positively and significantly influenced by ROA.

**H2:** The t-value is 22.105 with a significance value of  $0.000 < 0.05$ . Therefore, it can be concluded that stock price is positively and significantly influenced by CR.

**H3:** The t-value is  $-77.497$  with a significance value of  $0.000 < 0.05$ . Therefore, it can be concluded that stock price is negatively and significantly influenced by DER.

**CONCLUSION**

Based on the findings of the analysis and discussion regarding the effect of ROA, CR, and DER on stock prices in real estate and property sector companies listed on the Indonesia Stock Exchange, the following conclusions can be drawn:

1. Based on the results of the Simultaneous Test (F-test), the significance value is  $0.000 < 0.05$ . Therefore, it can be concluded that stock price is significantly influenced by ROA, CR, and DER simultaneously. This indicates that the three independent variables are able to jointly explain changes in stock prices.
2. Based on the results of the Partial Test (t-test), each independent variable has its own effect on stock price according to its respective significance value. Variables with a significance value  $< 0.05$  are considered to have a significant partial effect, while variables with a significance value  $> 0.05$  do not have a significant partial effect on stock price.
3. Based on the Coefficient of Determination ( $R^2$ ), the variation in stock prices can be explained by ROA, CR, and DER according to the obtained  $R^2$  value, while the remaining variation is influenced by other variables not included in this research model.

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