

The Influence of Earnings Per Share, Return on Assets, and Return on Equity on BCA Stock Prices

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ABSTRACT

This study empirically analyzes the impact of EPS, ROA, and ROE on the stock price of PT Bank Central Asia Tbk from 2008 to 2023. Quantitative verification uses multiple linear regression on 64 purposively selected quarterly observation data. The analysis is conducted after passing the classical assumption test, incorporating the Cochrane-Orcutt transformation to mitigate the limitations of time series autocorrelation. Simultaneous testing shows that EPS, ROA, and ROE influence stock prices (sig 0.000) with an Adjusted R Square value of 71.9%, which Hair et al. (2021) indicate a strong model ability to explain stock price variations. ROA has a positive and significant effect on stock prices, while EPS and ROE decrease them. Asset management efficiency (ROA) is the strongest fundamental signal considered by investors, while increases in EPS and ROE in blue-chip stocks are not always responded positively because the market tends to anticipate this information (priced-in). This study provides guidance for banking investors to prioritize the ROA ratio in investment decisions and for bank management to maintain operational efficiency to maintain market confidence.

INTRODUCTION

The capital market plays a crucial role in supporting economic growth by providing funding sources for companies and investment alternatives for the public. One indicator investors pay attention to is stock price, as it reflects a company's value and market expectations regarding its performance prospects. Stock price movements are influenced by both internal and external factors, such as macroeconomic conditions, monetary policy, and market sentiment (Brigham & Houston, 2019).

In fundamental analysis, profitability ratios are one of the indicators widely used to assess a company's ability to generate profits. Ratios such as *Earnings Per Share (EPS)*, *Return on Assets (ROA)*, and *Return on Equity (ROE)* provide information on earnings per share, asset utilization efficiency, and the rate of return on shareholder capital (Kasmir, 2019). According to Spence (1973), *Signaling Theory* explains that the information a company conveys through financial reports serves as a signal that investors use to assess the company's condition and

prospects. Similarly, Connelly et al. (2025) it explains that the signals conveyed by companies help reduce information asymmetry, thus supporting investors in decision-making.

PT Bank Central Asia Tbk (BBCA) is one of the banking companies with the largest market capitalization on the Indonesia Stock Exchange, demonstrating relatively stable financial performance. PT Bank Central Asia Tbk must meet the Minimum Capital Requirements for Commercial Banks under Financial Services Authority Regulation No. 11/POJK.03/2016. Despite this, BBCA's share price continues to fluctuate in response to various economic conditions, such as the COVID-19 pandemic, changes in Bank Indonesia interest rates, and financial market dynamics. During the 2020 pandemic, for example, the company's profits declined, but the share price did not experience a comparable decline because the market also considered the company's long-term prospects as well as government and monetary authority policies (CNN Indonesia, 2020; Ipotnews, 2021). This condition indicates that share price movements are influenced not only by profitability but also by macroeconomic factors and market expectations.

Previous studies on the effect of profitability ratios on stock prices have yielded mixed results. Paramayoga and Fariantin (2023) and Suswita et al. (2025) found that EPS did not always have a positive effect on stock prices for every company. Conversely, Rahmawati et al. (2024), Putri et al. (2024), and Julaika and Mubarak (2023) reported that EPS had a positive effect on stock prices. Inconsistent results were also found for ROA and ROE. Maulana et al. (2026) and Paramayoga and Fariantin (2023) showed that ROA had a positive effect on stock prices, while Putri et al. (2024) and Julaika and Mubarak (2023) obtained different results. These differences in research findings indicate that the relationship between profitability ratios and stock prices requires further testing, particularly in banking companies with strong fundamental characteristics such as PT Bank Central Asia Tbk.

This research has a novelty in the use of quarterly financial report data of PT Bank Central Asia Tbk for the period 2008–2023 and the application of model transformation to produce a regression equation that meets classical assumptions so that the estimates obtained are more reliable. Based on this background, this study aims to analyze the effect of *Earnings Per Share* (EPS), *Return on Assets* (ROA), and *Return on Equity* (ROE) partially and simultaneously on the stock price of PT Bank Central Asia Tbk. The results of the study are expected to provide empirical contributions to the development of fundamental analysis studies in the capital market and become a consideration for investors and company management in making investment decisions and developing strategies to increase company value.

RESEARCH METHODS

This study uses a quantitative approach with descriptive and verification methods. The quantitative approach was chosen because the study aims to test the causal relationship between the independent variables, namely *Earnings Per Share* (EPS), *Return on Assets* (ROA), and *Return on Equity* (ROE), and the dependent variable, namely the stock price of PT Bank Central Asia Tbk. The descriptive approach is used to describe the development of each research variable during the observation period, while the verification approach is used to test the hypothesis regarding the influence of the independent variables on the dependent variable through inferential statistical analysis (Sugiyono, 2023).

The research design used is causal *explanatory research* because it aims to explain the causal relationship between company profitability ratios and stock prices. The study was

conducted using time series data in the form of PT Bank Central Asia Tbk's quarterly financial reports for the period 2008–2023, resulting in 64 observations.

The research population includes all financial reports and stock price data of PT Bank Central Asia Tbk published since the company was listed on the Indonesia Stock Exchange. The research sample was determined using a purposive sampling technique, namely a sample selection technique based on certain criteria that are in accordance with the research objectives (Sugiyono, 2023). The sample criteria include : (1) PT Bank Central Asia Tbk is listed on the Indonesia Stock Exchange consecutively during 2008–2023; (2) publishes complete quarterly financial reports ; and (3) has complete data on *Earnings Per Share* (EPS), *Return on Assets* (ROA), *Return on Equity* (ROE), and stock prices for analysis purposes.

The data used is secondary data obtained from PT Bank Central Asia Tbk's quarterly financial reports published on the company's official website and the Indonesia Stock Exchange. Stock price data was obtained from the Stockbit platform, Cari Saham, and other supporting sources. Furthermore, the research utilized various references in the form of books, scientific journals, and regulations as a theoretical basis.

The dependent variable in this study is stock price, which is measured using the closing price of PT Bank Central Asia Tbk shares at the end of each quarter. The independent variables consist of *Earnings Per Share* (EPS), *Return on Assets* (ROA), and *Return on Equity* (ROE). EPS is calculated as net profit after tax available to common shareholders divided by the number of common shares outstanding. ROA is calculated by comparing net profit to the company's total assets, while ROE is calculated by comparing net profit to total shareholder equity. The operational formula for each variable is presented as follows.

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

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

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

Data analysis was conducted in two stages: descriptive analysis and verification analysis. Descriptive analysis was used to describe the characteristics of the research data based on minimum, maximum, average (*mean*), and standard deviation values. Furthermore, verification analysis was conducted using multiple linear regression to determine the effect of EPS, ROA, and ROE on stock prices.

The regression model used in the research is formulated as follows.

$$Y = \alpha + \beta_1 EPS + \beta_2 ROA + \beta_3 ROE + \varepsilon$$

Information:

- Y = Stock Price
- α = Constant
- $\beta_1, \beta_2, \beta_3$ = Regression coefficient
- EPS = *Earnings Per Share*
- ROA = *Return on Asset*
- ROE = *Return on Equity*
- ε = Error

Prior to hypothesis testing, the regression model was first tested using classical assumption tests, including normality, multicollinearity, heteroscedasticity, and

autocorrelation. The Kolmogorov–Smirnov method was used for normality, multicollinearity, and the Glejser test for multicollinearity. The Glejser test for heteroscedasticity was used for multicollinearity. Considering the time series nature of the research data, autocorrelation testing was performed using the Durbin–Watson statistic. If autocorrelation symptoms were found, the model was corrected using the Cochrane–Orcutt transformation to obtain a regression model that met the classical assumptions and produced better parameter estimates.

Hypothesis testing is carried out through a partial test (t test) to determine the effect of each independent variable on stock prices, a simultaneous test (F test) to determine the effect of all independent variables together on stock prices, and a coefficient of determination (Adjusted R^2) to measure the model's ability to explain variations in stock prices of PT Bank Central Asia Tbk. All data processing and analysis processes are carried out using IBM SPSS Statistics version 25 with a significance level of 5% ($\alpha = 0.05$).

RESULTS AND DISCUSSION

The results of this study include the Classical Assumption Test consisting of the Multicollinearity Test, Normality Test, Heteroscedasticity Test, and Autocorrelation Test and the results of the Multiple Linear Regression Test.

Descriptive Analysis

The initial stage uses descriptive analysis to describe the characteristics of the data through average values, standard deviations, minimums, and maximums as a basis for understanding the conditions of the research variables.

Table 1. Descriptive Analysis
Descriptive Statistics

	N	Minimum	Maximum	Mean	Standard Deviation
EPS	64	46.69	354.61	165.2305	84.55712
ROA	64	.54	.93	.7508	.09224
ROE	64	3.35	7.63	5.3931	1.05701
STOCK PRICE	64	495.00	9400.00	3753.5938	2623.32977
Valid N (listwise)	64				

Source: Data processed by the author (2026)

Based on the data processing results, EPS values ranged from 46.69 to 354.61, with an average of 165.23 and a standard deviation of 84.56. "This shows that earnings per share fluctuate, although generally tend to increase along with the company's profit growth, except during the Covid-19 pandemic which caused a decline in profits in several periods. The ROA variable has a minimum value of 0.54 and a maximum of 0.93, with an average of 0.75 and a standard deviation of 0.09. The relatively small standard deviation value indicates that the company's ability to utilize assets to generate profits is relatively stable during the study period.

The ROE variable has a minimum value of 3.35 and a maximum of 7.63, with an average of 5.39 and a standard deviation of 1.06. This condition indicates that the rate of return on shareholder capital has changed following economic conditions, especially during the Covid-19 pandemic. Meanwhile, the share price of PT Bank Central Asia Tbk has a minimum value of IDR 495 and a maximum of IDR 9,400 per share. The average share price value reached IDR 3,753.59, with a standard deviation of IDR 2,623.33. The high standard deviation indicates that

there are fluctuations in share prices, but generally shows an upward trend during the study period, reflecting increasing investor confidence in the company's performance.

Classical Assumption Test Results

This study tested the assumptions of the regression model using classical assumption testing to ensure statistical validity and reliability. Classical assumption testing is important because it defines the fundamental assumptions for interpreting regression findings.

Table 2. Multicollinearity Test

Model	Unstandardized Coefficients		Coefficients ^a		Sig.	Collinearity Statistics	
	B	Std. Error	Beta	T		Tolerance	VIF
1 (Constant)	6081.236	1789.233		3,399	.001		
EPS	-14,017	2,955	-.452	-4,743	.000	.492	2,031
ROA	17088.555	2097.413	.601	8,147	.000	.821	1,217
ROE	-2381.070	225,318	-.959	-10,568	.000	.542	1,845

a. Dependent Variable: STOCK PRICE

Source: Processed by the author (2026)

The multicollinearity test ensures that the independent variables are not highly correlated, thus facilitating the estimation of regression coefficients. Two frequently used metrics are the Tolerance value (> 0.100) and the Variance Inflation Factor ($VIF < 10.00$). Table 3 shows that the independent variables EPS, ROE, and ROA meet the Multicollinearity Assumption by having a Tolerance Value > 0.100 (EPS 0.492, ROA 0.821, ROE 0.542) and a VIF value < 10.00 (EPS 2.031, ROA 1.217, ROE 1.845).

Table 3. Normality Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		64
Normal Parameters ^{a,b}	Mean	.0000000
	Standard Deviation	1358.24748925
Most Extreme Differences	Absolute	.071
	Positive	.071
	Negative	-.063
Test Statistics		.071
Asymp. Sig. (2-tailed)		.200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Processed by the author (2026)

Valid parametric statistical tests (t and F) require residual normality. defines regularly distributed data as a Kolmogorov-Smirnov significance value > 0.05 . The Kolmogorov-Smirnov Normality Test in Table 4 shows an *Asymp. Significance value* (2-tailed) of 0.200, indicating that the residual data is normally distributed.

Table 4. Glejser Test

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	1392,817	896,186		1,554	.125
	EPS	.637	1,480	.069	.430	.668
	ROA	1558,026	1050.547	.185	1,483	.143
	ROE	-289,636	112,857	-.394	-2,566	.013

a. Dependent Variable: ABS_RES

Source: Processed by the author (2026)

1. The EPS variable has a significance value of 0.668
2. The ROA variable has a significance value of 0.143
3. The ROE variable has a significance value of 0.013

The Glejser test is used to determine whether heteroscedasticity exists in the model, thus determining whether the residual variance is constant. The independent variables EPS and ROA have a significance value > 0.05 , but ROE has a significance value of 0.013, indicating heteroscedasticity.

Table 5. Glejser Test After Transformation

		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	37,804	60,454		.625	.534
	TRANSFORM_EPS	-1.161	1,480	-.160	-.784	.436
	TRANSFORM_ROA	1821,837	1350.285	.472	1,349	.182
	TRANSFORM_ROE	-1.132	.962	-.317	-1,177	.244

a. Dependent Variable: ABS_RES

Source: Processed by the author (2026)

1. The EPS variable has a significance value of 0.436
2. The ROA variable has a significance value of 0.182
3. The ROE variable has a significance value of 0.244

The Glejser test results indicate that only the ROE variable still exhibits heteroscedasticity symptoms, with a significance value of 0.013 (< 0.05), while EPS and ROA meet the homoscedasticity assumption. Therefore, data transformation was performed to ensure all variables have significance values above 0.05.

Table 6. Autocorrelation Test

Model Summary ^b

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.856 ^a	.732	.719	1391.78952	.395

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

b. Dependent Variable: STOCK PRICE

Source: Processed by the author (2026)

Time series data sometimes exhibits autocorrelation when past errors influence current errors. The Durbin-Watson autocorrelation test result is 0.395. This is less than both the dL of 1.4990 and the dU of 1.6946. Since the DW value < dL, signs of autocorrelation are present. Therefore, *the Cochrane-Orcutt test is used*.

Table 7. Cochrane-Orcutt test

Model Summary ^b

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate	Durbin-Watson
1	.504 ^a	.254	.216	588.85918	1,666

a. Predictors: (Constant), LAG_ROE, LAG_EPS, LAG_ROA

b. Dependent Variable: LAG_STOCK_PRICE

Source: Processed by the author (2026)

The Cochrane-Orcutt method is used to address autocorrelation in time series, resulting in more accurate and unbiased estimation results. In this study, after applying *the Cochrane-Orcutt method*, the DW value increased to 1.666, which is between dL = 1.4990 and dU = 1.6946. This result indicates that autocorrelation cannot be fully confirmed (inconclusive). This means that the Durbin-Watson test cannot provide a definitive decision regarding the presence of autocorrelation. However, compared to the Durbin-Watson value before transformation of 0.395, there was a significant increase. This indicates that *the Cochrane-Orcutt method* successfully reduced the symptoms of autocorrelation, so the regression model was deemed suitable for use in further analysis.

Multiple Linear Regression Test

Table 8. Coefficient

Coefficients ^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	6081.236	1789.233		3,399	.001
	EPS	-14,017	2,955	-.452	-4,743	.000
	ROA	17088.555	2097.413	.601	8,147	.000
	ROE	-2381.070	225,318	-.959	-10,568	.000

a. Dependent Variable: STOCK PRICE

Source: Processed by the author (2026)

From the results of the multiple linear regression analysis in Table 9 Coefficients, the regression equation obtained is:

$$Y = 6,081,236 - 14,017 \text{ EPS} + 17,088,555 \text{ ROA} - 2,381,070 \text{ ROE} + e$$

The equation can be explained as follows:

1. The constant (6081.236) shows that if the EPS, ROA or ROE variables have a value of 0, then the share price is 6081.236.
2. The EPS coefficient of -14.017 means that every 1 unit increase in EPS will decrease the share price by 14.017 assuming other variables are constant.
3. The ROA coefficient of 17088.555 means that every 1 unit increase in ROA will increase the share price by 17088.555 assuming other variables are constant.
4. The ROE coefficient of -2381.070 means that every 1 unit increase in ROE will reduce the share price by 2381.070, assuming other variables are constant.

Coefficient of Determination

Table 9. Coefficient of Determination
Model Summary

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.856 ^a	.732	.719	1391.78952

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

Source: Processed by the author (2026)

In table 9, the results of the Determination Coefficient Test based on SPSS output obtained the following values:

1. $R\text{ Square} = 0.732 \rightarrow$ meaning 73.2% of the variation in BCA's share price can be explained by the ROE, ROA, and EPS variables, while the remaining 26.8% is influenced by other factors. which were not included in the study.
2. $Adjusted\ R\ Square = 0.719 \rightarrow$ After adjustment, 71.9% of the change in BCA's share price was actually influenced by ROE, ROA, and EPS, indicating a fairly good regression model.
3. $R = 0.856 \rightarrow$ there is a very strong relationship between ROE, ROA, EPS and stock prices. An R^2 value above 0.70 can be categorized as strong in socio-economic research.

Simultaneous Testing (Significance F Test)

Table 1F Test
ANOVA^a

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	317332440.188	3	105777480.063	54,607	.000 ^b
	Residual	116224683.249	60	1937078.054		
	Total	433557123.438	63			

a. Dependent Variable: STOCK PRICE

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

Source: Processed by the author (2026)

Table 1 0 presents the results of the F test. The ANOVA results in table 9 at a significance level of 5% ($\alpha = 0.05$), obtained an F table value of 2.758. Based on the results of data processing using SPSS version 25, the calculated F value was 54.607 with a significance level of $0.000 < 0.05$.

The decision making criteria are as follows:

- I. If $F\text{ count} > F\text{ table}$ or significance value < 0.05 , then H_0 is rejected and H_4 is accepted.
- II. If $F\text{ count} \leq F\text{ table}$ or significance value > 0.05 , then H_0 is accepted and H_4 is rejected.

Because the calculated F of 54.607 is greater than the F table of 2.758 ($54.607 > 2.758$) and the significance value of 0.000 is smaller than 0.05, then H_0 is rejected and H_4 is accepted. Thus, it can be concluded that *Earning Per Share* (EPS), *Return on Assets* (ROA), and *Return on Equity* (ROE) simultaneously have a significant effect on the stock price of PT Bank Central Asia Tbk for the period 2008–2023. Signal Theory (Spence, 1973), which explains that investors assess company performance through a series of complete financial report signals. The strength of this model is supported by the *Adjusted R₂ value*. *Square* of 0.719, which, according to the latest criteria, is Hair et al. (2021) categorized as a model with substantial or strong explanatory power. This demonstrates consistency with research Putri et al. (2024) stating Rahmawati et al. (2024) that profitability variables collectively constitute the primary fundamental determinants of market value. This finding is also consistent with Connelly et al. (2025) research explaining that the quality of a signal is determined by its credibility in reducing information asymmetry between the company and investors. Therefore, published profitability information through EPS, ROA, and ROE serves as a signal used by investors to evaluate a company's fundamental quality before making investment decisions.

Partial Testing (Significance t Test)

Table 2 Hypothesis Test (t-Test)

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
Model		B	Std. Error	Beta		
1	(Constant)	6081.236	1789.233		3,399	.001
	EPS	-14,017	2,955	-.452	-4,743	.000
	ROA	17088.555	2097.413	.601	8,147	.000
	ROE	-2381.070	225,318	-.959	-10,568	.000

a. Dependent Variable: STOCK PRICE

Source: Processed by the author (2026)

Based on Table 11, the results of the t-test at a significance level of 5% show that the variables *Earning Per Share* (EPS), *Return on Asset* (ROA), and *Return on Equity* (ROE) each have a significance value of 0.000 (<0.05), so that all variables have a significant effect on the stock price of PT Bank Central Asia Tbk. Partially, ROA has a positive effect so that H_2 is accepted, while EPS and ROE have a negative effect so that H_1 and H_3 are rejected because the direction of the effect does not match the hypothesis.

Discussion

H1: The Effect of EPS on Stock Prices

The analysis shows that *Earning Per Share* (EPS) has a significant negative effect on the stock price of PT Bank Central Asia Tbk for the period 2008–2023 (coefficient = -14.017 ; $sig . 0.000 < 0.05$). A high EPS value indicates the company's ability to generate greater profits per share (Spence, 1973). According to signaling theory, an increase in EPS should encourage investors to buy more shares, thus increasing the price.

However, the findings of this study show different results. The phenomenon in the Indonesian capital market shows that investors do not always respond positively to EPS. For example, in 2020, when BCA's EPS declined due to the COVID-19 pandemic, BBKA's share price did not fully follow the pattern of EPS decline, but was more influenced by external

factors such as Bank Indonesia's interest rate policy and government stimulus (CNN Indonesia, 2020; Ipotnews, 2021). This indicates that EPS has a weak *earnings response coefficient*, a condition where earnings per share is not a dominant signal for investors due to the presence of other information factors that are more important. Furthermore, the dominance of institutional investors in BBKA's share ownership also makes EPS publication no longer new information (*overlapping information*). Large investors usually have already made profit projections long before the financial statements are published, so the EPS figure does not provide significant additional information value. This research finding is supported by Connelly et al. (2025) the explanation that investor response to a signal is highly dependent on the process of interpreting the information received.

The results of this study differ from those of Rahmawati et al. (2024), Putri et al. (2024), and , Julaika & Mubarak (2023) which found a positive effect, but are in line with the research Paramayoga & Fariantin (2023) and , Suswita et al. (2025) which showed that the effect of EPS on stock prices is not always positive across all research subjects. Therefore, H1 is rejected because the results of the study indicate that EPS has a significant negative effect on the stock price of PT Bank Central Asia Tbk. These results indicate that during the study period, earnings per share information was not necessarily responded positively by investors. This condition may occur because investors consider various other factors, such as the company's growth prospects, macroeconomic conditions, and market expectations that had formed before the financial statements were published.

H2: The Effect of ROA on Stock Prices

A significant positive effect of ROA is seen on BBKA's share price (coefficient = 17,088.555; *sig* . 0.000 < 0.05). ROA indicates management's capacity to utilize assets to generate profits, which is a strong signal in signaling theory. Investors can be confident that the company is efficient and performing well. Despite the 2008 global crisis and the COVID-19 pandemic, BBKA's ROA remained between 0.54 and 0.93 from 2008 to 2023. ROA stability indicates the bank's resilience, which is viewed positively by the market. Despite short-term volatility, BBKA's share price has strengthened over time. A higher ROA indicates a company's greater efficiency in utilizing assets to generate profits. This condition increases investor confidence, increasing demand for shares and tending to increase share prices.

The results of this study support *the Profitability and Financial Performance Theory*, which explains that asset efficiency is a key indicator in assessing a company's financial performance. Furthermore, these results align with *Signaling Theory*, as an increase in ROA provides a positive signal regarding a company's prospects.

This finding aligns with research Maulana et al. (2026) that Paramayoga & Fariantin (2023) states that ROA has a positive effect on stock prices, although it differs from research Putri et al. (2024) that Julaika & Mubarak (2023) found a negative effect. This finding also aligns with research Sinurat et al. (2025) showing that increasing profitability ratios, such as ROA, ROE, and EPS, reflect a company's improving financial condition, thereby increasing investor confidence in the company's prospects. Although the study was conducted in the mining sector, the results indicate that profitability ratios remain an important indicator in assessing company performance across various industrial sectors. The second hypothesis (H2) is accepted.

H3: The Effect of ROE on Stock Prices

The results of the study indicate that ROE has a significant negative effect on BBKA's stock price (coefficient = -2,381.070; *sig* . 0.000 < 0.05). Within the *signaling theory*

framework, Spence (1973) ROE should be a positive signal because it reflects the level of return for shareholders. However, this negative result indicates that the market interprets the ROE signal on BBCA shares differently.

Theoretically, an increase in ROE does not necessarily reflect good performance if it stems from high debt use (*financial leverage*). As explained by Brigham & Houston (2019), excessive debt use can indeed increase ROE, but on the other hand, it also increases the risk of corporate bankruptcy. Rational investors will perceive an aggressive increase in ROE as an increase in financial risk, so they tend to be cautious in responding to this signal.

This research also supports the findings Connelly et al. (2025) that explain that investor response to a signal depends on how the information is interpreted. Therefore, an increase in ROE is not always perceived as a positive signal if investors perceive the increase as associated with higher company financial risk.

Empirical evidence at BBCA supports this argument. In 2020, during the COVID-19 pandemic, BCA's ROE dropped drastically to 3.35%, but its stock price remained relatively stable at around Rp5,000–Rp6,000 (after *stock split adjustments*) as investors focused more on monetary policy stability and the bank's long-term prospects than on ROE figures alone. This is reinforced by the view Raharjo (2021) that *leverage* is a double-edged sword that, if not carefully managed, will harm shareholders. The results of this study differ from those of [Maulana et al. (2026) and] Putri et al. (2024), but show that the relationship between ROE and stock price still yields mixed findings as seen in various previous studies. Therefore, the third hypothesis (H3) is rejected. The third hypothesis is rejected because although ROE has a significant effect on stock prices, the direction of the effect is negative, whereas the initial hypothesis assumed a positive effect.

H4: The simultaneous effect of EPS, ROA, and ROE on stock prices

A simultaneous F-test shows a substantial impact of EPS, ROA, and ROE on BBCA's stock price ($\text{sig. } 0.000 < 0.05$). Although certain factors have a negative influence, these three ratios provide signals that investors consider when making assessments. Signaling theory explains that EPS, ROA, and ROE act as market signals about a company. Investors then assess the company's future using these indicators. EPS declined in 2020, but ROA and ROE remained stable, giving investors confidence in BBCA's long-term prospects and the successful recovery of its stock price after the pandemic. The coefficient of determination of 73.2% indicates that variations in PT Bank Central Asia Tbk's stock price can be largely explained by the combination of EPS, ROA, and ROE. Meanwhile, 26.8% is influenced by factors outside the research model, such as macroeconomic conditions, interest rates, inflation, monetary policy, market sentiment, and other external factors. This indicates that profitability ratios are important factors in fundamental analysis, but not the only factors influencing stock price movements. This finding aligns with the development of *Signaling Theory*, explained by Connelly et al. (2025), which states that investors do not only evaluate one financial signal in isolation, but consider all of the company's fundamental information in forming their perceptions of the company's condition and prospects. Therefore, the simultaneous influence of EPS, ROA, and ROE on stock prices indicates that investment decisions are based on a combination of various financial information, not just a single profitability indicator.

The results of this study also support *the Profitability and Financial Performance Theory*, which states that a company's ability to generate profits is an important indicator in assessing the quality of financial performance. In addition, the results of this study are in line with the

concept of fundamental analysis according to Brigham & Houston (2019) and Raharjo (2021), which explains that "investment decisions are not only based on one financial ratio, but on the overall fundamental information of the company. Overall, the results of this study indicate that company profitability still has an important role in explaining changes in the stock price of PT Bank Central Asia Tbk, although the direction of the influence of each profitability ratio can be different when tested simultaneously in a regression model. The fourth hypothesis (H4) is accepted.

CONCLUSION AND SUGGESTIONS

Based on the results of the multiple linear regression analysis, it can be concluded that all three profitability ratios simultaneously have a significant effect on stock prices. This indicates that profitability information reflected in financial statements is an important basis for investors to consider when assessing a company's prospects and value.

Partially, *Return on Assets* (ROA) has been shown to have a positive and significant effect on stock prices, indicating that the company's efficiency in managing assets to generate profits has received a positive response from the market. Conversely, *Earnings Per Share* (EPS) and *Return on Equity* (ROE) have shown a negative and significant effect on stock prices. These findings indicate that increases in EPS and ROE are not always followed by increases in stock prices, as investment decisions are influenced not only by profitability indicators but also by market expectations, macroeconomic conditions, investor sentiment, and various other information reflected in stock prices.

The coefficient of determination indicates that the majority of the variation in PT Bank Central Asia Tbk's stock price can be explained by a combination of EPS, ROA, and ROE, while the remainder is influenced by factors outside the research model. Therefore, the results of this study reinforce the view that profitability ratios are an important component of fundamental analysis, but their use needs to be combined with analysis of economic conditions, monetary policy, and other external factors to make investment decisions more comprehensive.

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