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The Role of CEO Education in Moderating the Influence of Financial Performance on Stock Returns in Financial Sector Companies Listed on the Indonesia Stock Exchange in 2022-2024

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Abstract

Stock return is one of the important indicators used to assess the success of an investment and describe the performance and prospects of a company. This study aims to analyze the effect of financial performance on stock return and also examine the extent to which CEO education can moderate this relationship among financial sector companies listed on the Indonesia Stock Exchange for the period 2022-2024. The approach used in this study is a quantitative method with panel data regression analysis techniques. Based on the Chow, Hausman, and Lagrange Multiplier tests, the most appropriate model is the Common Effect Model (CEM). Financial performance is measured using ROA, ROE, and DER, stock return is measured using the stock return formula with dividend distribution, and CEO education is measured using a dummy variable. The findings show that ROA, ROE, and DER have an effect on stock returns. In addition, CEO education does not show a significant effect in strengthening or weakening the relationship between independent and dependent variables. These results indicate that investors tend to pay more attention to information related to financial performance than to the educational background of CEOs when making investment decisions. Further research is recommended to extend the research period, increase the sample size, and include other variables that can provide a more comprehensive explanation of stock returns.

INTRODUCTION

The capital market is an important part of the financial system that serves as a place for investment and a source of funding for various sectors, including the financial sector. The capital market provides opportunities for companies to compete in attracting investors to invest in their companies (Nisa, 2022). One of the instruments favored by investors in the capital market is stocks, as they can provide profits in the form of dividends and *capital gains* (R. D. Hartanti & Handini, 2025). At the end of 2025, the IHSG reached 8,646.94, an increase of 22.13% throughout 2025 (Ojk.go.id, 2026b). The IHSG strengthened to 8,951.01 on January 23 before falling to 7,828 on January 28 and 7,689 on January 29. The JCI fell by 8% at the end of January 2026, causing repeated *trading halts*, while financial companies fell to 4.18% (bi.go.id, 2016; Ojk.go.id, 2026a; pasardana, 2026). Shares give investors ownership rights in a company, as well as the opportunity to earn profits in the form of share returns. One important aspect in assessing the success of company management can be seen from the company's financial performance.

Financial performance shows the condition and ability of a company to generate profits, meet its obligations, and maintain the company's long-term sustainability. Financial statements also serve as a means of providing information to investors who can estimate the amount, timing, and level of uncertainty of the company's cash flows (Nohsahah, 2021). In financial statements, profit is often used as an indicator to assess a company's performance, so information about profit needs to be included in the company's financial statements. If the reported profit does not reflect the actual profit condition, then the quality of the profit is considered low (Awalina et al., 2024). Investors tend to seek information about profit through financial ratios and company prospects listed in the annual financial statements as a guide in making investment decisions.

If a company is in good financial condition, it means that it can generate profits and deal with risks calmly. This makes investors feel confident and buy more shares. As a result, the share price increases and the return on shares also increases. Conversely, if the company's financial performance is poor, such as having a lot of debt and suffering losses, investors will feel worried. This reaction can cause the return on shares to reflect how efficiently the market assesses the value of shares.

Stock returns are the profits or losses that investors earn from stock investments over a certain period of time. In general, stock returns can be calculated from the difference between the purchase price and the selling price of the stock, plus the dividends received by investors (Kristiana et al., 2021). Various factors influence the amount of stock return, such as company financial performance, financial ratios, dividend amounts, interest rates, company size, stock supply and demand, inflation rates, and general economic conditions (Nisa, 2022). Analyzing a company's financial performance is a commonly used method to understand the financial information generated, as it can help predict stock returns in the capital market and assess the company's financial condition. One such analysis method is to utilize various financial ratios such as profitability, liquidity, and solvency.

The signaling theory introduced by Spence (1973) explains that companies send signals to investors in order to reduce information asymmetry. This information can be *good news* or *bad news*. Examples *of good news* include announcements of dividend increases or profit reports, which are often considered signs of a healthy company, thereby influencing stock prices. Meanwhile, bad news, such as a decline in profits, causes a negative response. This signaling theory focuses on the information provided by companies to investors and related parties to help them make investment decisions (Wardani, 2022). For example, the announcement of an increase in dividend distribution is considered good news that indicates stable company cash flow and increased company growth, while a decline in profits without explanation can cause uncertainty and encourage investors to sell

their shares. In addition, the efficient market theory, first introduced by Fama (1970) , states that a market is considered efficient if all available information is fully reflected in stock prices. In an efficient market, stock prices are unable to accurately reflect all information or are still in the process of adjustment, thus providing opportunities for investors to profit by taking advantage of these conditions (Riyano et al., 2019).

A study written by Taopan (2023) shows that a company's financial performance has a significant effect on stock returns in LQ-45 companies. These findings indicate that financial performance not only shows the health of a company's finances but also serves as a guide for investors to determine stock prices so that they can generate higher profits. This finding is in line with the results of research by Hartanti & Handini (2025) , which found that financial performance is important for investors and has a significant effect on stock returns. However, research conducted by (Nursukmawati et al., 2022), shows that financial performance analysis does not always have a significant effect on stock returns.

Unfortunately, these three studies show conflicting results. The results indicate that the relationship between financial performance and stock returns is still unclear. Therefore, further research is needed using other more relevant variables, such as non-financial information or corporate management mechanisms. The findings show that there is a correlation between financial performance and stock returns. Conceptually, both have a significant influence and impact on stock returns. This is because good financial reports can send positive signals to investors. Both findings have the same objective, which is to encourage further research and IDX policies, such as the mandatory reporting of financial reports in a transparent manner so that the Indonesian stock market can be more efficient and attract foreign investors. Therefore, understanding the relationship between these strategies is very important for further analysis in the context of corporate management and performance.

Non-financial information is also used by investors as a consideration in evaluating a company's future development (Zahroh & Hersugondo, 2021). The CEO of a company can be considered the most influential figure in managing the business (Alamin et al., 2025). The CEO's educational background is also an important factor in leading the business and improving company performance. A CEO with a master's degree in business is usually more capable of managing financial and investment policies, thereby generating more optimal performance (Abimanyu & Nugraha, 2024). CEOs with higher education tend to be more open to new ideas, changes, and investment opportunities (Alfianto et al., 2024). In addition, CEOs with academic experience abroad are usually better at attracting foreign investors because they have a better understanding of international standards.

Furthermore, a CEO's educational background can also influence the company's overall work style and culture, such as encouraging employees to continue learning and developing new ideas. Many CEOs of financial sector companies have degrees from world-renowned universities, such as BCA, BRI, and BNI, making them more adept at mergers, acquisitions, or expansion into new markets. Similarly, stock performance can improve if the CEO has work experience at the company before serving as chief executive (Saidu, 2019). Ultimately, educational background is an important factor for CEOs in building stakeholder trust, increasing stock value, and ensuring that the company remains competitive amid today's increasingly high level of competition. Thus, investors need to examine a CEO's educational profile to estimate investment results or stock returns. This is a strong indicator that the company has the potential to grow and provide profits for shareholders.

Research on the educational background of CEOs has been conducted, such as in the UNAL & DOĞRU (2021) which discusses the impact of CEOs on stock returns in companies listed on the Istanbul Stock Exchange. This study shows a positive relationship between CEO decisions and stock returns, but does not explore the role of the CEO's educational background as a factor influencing this relationship. The study Getirisi (2024) discusses CEO turnover and its impact on stock returns on the Istanbul Stock Exchange. The study reveals that there is no significant relationship between CEO turnover and tenure with stock returns, but it does not delve into the role of the CEO's educational background.Additionally, the study Abimanyu & Nugraha (2024) also examined the influence of educational background, experience, and company performance, with the result that the CEO's educational background significantly affects company performance. However, this study was limited to direct effects without testing the moderating role on stock returns.

This study was conducted due to criticism of the limitations of previous research on empirical evidence of the relationship between CEO educational background and stock returns. Previous research on CEO educational background has only examined the relationship with company performance or the effect of CEO turnover on stock returns. There has been little research on the role of CEO educational background in this relationship, especially on the Indonesia Stock Exchange. This study contributes to building a state-of-the-art review of the influence of CEOs on stock returns by expanding on previous research, which has been limited to direct effects, with the novelty of testing CEO educational background as a moderating variable in the relationship between financial performance and stock returns in financial sector companies listed on the Indonesia Stock Exchange.

RESEARCH METHOD

Stock Return (Y)

Stock return is the profit or loss obtained by investors from buying and selling stocks within a certain period of time. This measurement is an important basis for assessing investment results, both for short-term and long-term decisions (Husnun Nabila & Wahyuningtyas, 2023). In this study, stock return is calculated using the following formula:

$$\textbf{Stock Return} = \frac{(Pt - Pt-1) + D}{Pt-1}$$

Financial Performance (X)

Return on Assets (ROA)

ROA is a financial ratio used to assess a company's ability to generate profits from all of its assets. This ratio illustrates the extent to which company management is able to utilize its assets to generate profits (Kurniawan et al., 2021). In this study, ROA is calculated using the following formula:

$$\textbf{ROA} = \frac{\textbf{Net Income}}{\textbf{Total Asset}}$$

H1 : Return on Assets affects Stock Return

Return on Equity (ROE)

ROE is a ratio used to assess a company's ability to generate profits based on the capital or equity owned by shareholders. This ratio illustrates how effectively a company manages the funds owned by shareholders to generate profits (Gultom & Lubis, 2021). In this study, ROE is calculated using the following formula:

$$\textbf{ROE} = \frac{\textbf{Net Income}}{\textbf{Total Equity}}$$

H2 : Return on Equity affects Stock Return

Debt to Equity Ratio (DER)

The DER ratio measures the ratio between total debt and total equity of a company. This ratio indicates how much debt a company has compared to its own capital (Ningsih, 2025). In this study, DER is calculated using the following formula:

$$\textbf{DER} = \frac{\textbf{Total Debt}}{\textbf{Total Equity}}$$

H3 : Debt to Equity Ratio affects Stock Return

CEO Education (Z)

According to Kallias et al. (2023) , the educational background of CEOs can increase a company's stock return rate. In other words, a CEO's education not only helps strengthen their ability to understand market trends and financial reports, but also has a positive impact on the company's stock value through careful and creative investment strategies. In this study, CEO education is measured using

1. If the CEO has a degree/master's in economics, finance, business, and is a graduate of a top university, they will be assigned a dummy variable of 1.
2. If the CEO does not meet these criteria, they will be assigned a dummy variable of 0.

H4: CEO education cannot moderate Return on Assets against Stock Returns

H5: CEO education cannot moderate Return on Equity against Stock Return

H6: CEO education cannot moderate Debt to Equity Ratio on Stock Return Saham

Control Variables

Company Size

Company size indicates the size of a company, which can be measured by total assets, total sales, or market capitalization of the company (Nareswari et al., 2023). In this study, company size was calculated using the following formula:

Natural Logarithm of Total Assets / Log N Total Assets

Book Value Per Share (BVPS)

BVPS is a financial indicator that shows the book value of a company for each share outstanding. This ratio illustrates how much of the company's net assets belong to shareholders for each share owned (Puteri et al., 2025). In this study, BVPS is measured using the following formula:

$$\textbf{BVPS} = \frac{\textbf{Total Equity}}{\textbf{Outstanding Shares}}$$

Cash Flow Operation (CFO)

CFO indicates the company's ability to generate sufficient cash to carry out operational activities, pay liabilities, and support company growth without relying on external funding (Olimsar et al., 2023). In this study, CFO is measured using the following formula:

$$\textbf{CFO} = \frac{\textbf{Operating Cash Flow}}{\textbf{Total Assets}}$$

This study uses a quantitative approach. The data collection process in this study was carried out using the documentation technique, namely using data in the form of annual reports of financial sector companies for the 2022-2024 period obtained from the official website of the Indonesia Stock Exchange. This study uses a comparative causal method which aims to identify the cause and effect relationship between variables and test research hypotheses.

The population in this study consisted of financial sector companies listed on the Indonesia Stock Exchange for the period 2022-2024, totaling 106 companies. The sample in this study was a portion of the financial sector companies listed on the Indonesia Stock Exchange for the period 2022-2024, namely 24 companies. The sampling technique used in this study was purposive sampling. Based on the population and sample described above, the research sample was determined based on the following criteria:

Table 1. Sample Selection Criteria

No	Criteria	Number
1	Financial sector companies listed on the IDX 2022-2024	106
2	Financial sector companies that did not provide financial reports (annual reports) during 2022-2024	(15)
3	Financial sector companies that incurred losses during the research period.	(18)
4	Non-conventional financial sector companies	(19)
5	Companies that do not have complete data related to the research variables	(30)
	Final sample size	**24**
	Number of research samples 24 x 3	**72**

The annual financial reports of 24 companies in the financial sector were processed into panel data using the Common Effect Model (CEM) regression with a total of 72 companies over 3 years, which was determined based on the results of the Chow Test, Hausman Test, and Lagrange Multiplier (LM) Test. After passing the model test, descriptive analysis, classical assumption testing, and multiple linear regression were performed to test the hypotheses partially (T-test) and simultaneously (F-test). In this study, data processing was performed using Microsoft Excel and Econometric Views version 9 (Eviews 9) software application.

RESULTS AND DISCUSSION

Model Selection Test

In this study, three panel data regression models were used, namely CEM, FEM, and

REM, to determine the most appropriate model. The analysis method used was linear regression with moderation regression to test the effect of financial performance on stock returns with CEO education as a moderating variable and company size, BVPS, and CFO as control variables. The linear regression equation with moderation regression applied in this study is as follows:

$$\textbf{Model 1 } (RS) = \alpha + \beta_1 ROA + \beta_2 ROE + \beta_3 DER + \varepsilon$$

$$\textbf{Model 2 } (RS) = \alpha + \beta_1 ROA + \beta_2 ROE + \beta_3 DER + \beta_4 SIZE + \beta_5 BVPS + \beta_6 CFO + \beta_7 CEO + \varepsilon$$

$$\textbf{Model 3 } (RS) = \alpha + \beta_1 ROA + \beta_2 ROE + \beta_3 DER + \beta_4 SIZE + \beta_5 BVPS + \beta_6 CFO + \beta_7 (ROA\ x\ CEO) + \beta_8 (ROE\ x\ CEO) + \beta_9 (DER\ x\ CEO) + \varepsilon$$

Explanation:

RS = *Stock Return*

α = Constant

$\beta_1 - \beta_6$ = Regression Coefficient

ε = *Error Term*

Descriptive Statistics Test Results

Table 2. Descriptive Statistics

	N	Min	Max	Mean	Std. Deviation
ROA	72	0.000000	0.300000	0.327083	0.402515
ROE	72	0.000000	0.380000	0.110972	0.075417
DER	72	-0.620000	1.010000	0.327083	0.402515
SIZE	72	0.027010	-0.720000	-0.764861	0.027010
BVPS	72	-0.490000	-0.490000	-0.313333	0.068258
CFO	72	-0.780000	0.310000	-0.006389	0.125903
RETURN_STOCK	72	-0.560000	1.610000	0.087361	0.314674
EDUCATION_CEO	72	0.000000	1.000000	0.555556	0.500391

Source: Data processed in 2026, Eviews 9.

Descriptive analysis shows that ROA has a minimum value of 0.00 and a maximum value of 0.30 with an average of 0.327083 and a standard deviation of 0.402515, indicating that the company's asset profitability level is relatively good but with considerable variation between companies. ROE has a minimum value of 0.00 and a maximum of 0.38 with an average of 0.110972 and a standard deviation of 0.075417, which means that the company's ability to generate profits from its own capital averages 11% with relatively low fluctuations. DER shows a minimum value of 0.62 and a maximum of 1.01 with an average of 0.327083 and a standard deviation of 0.402515, indicating that the company's capital tends to be supported more by its own capital, although there is considerable variation in the use of debt. SIZE has a minimum value of -0.720000 and a maximum of 0.027010 with an average of -0.764861 and a standard deviation of 0.027010, indicating that the size of the companies in the sample is relatively homogeneous with a small degree of dispersion. BVPS has a minimum value of -0.490000 and a

maximum of -0.490000 with an average of -0.313333 and a standard deviation of 0.068258, indicating that the book value per share in the sample tends to be in the negative range with relatively low variation. CFO has a minimum value of -0.780000 and a maximum of 0.310000 with an average of -0.006389 and a standard deviation of 0.125903, indicating that the average operating cash flow is close to zero with considerable variation between companies. Stock returns have a minimum value of -0.56 and a maximum of 1.61 with an average of 0.087361 and a standard deviation of 0.314674, indicating that on average, stock returns are positive but experience considerable fluctuations. Meanwhile, the CEO education variable has a minimum value of 0.00 and a maximum of 1.00 with an average of 0.555556 and a standard deviation of 0.500391, which means that around 55.56% of companies in the sample have CEOs with the specified education criteria and the distribution is fairly balanced.

Chow Test Results

Table 3. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section F	1.302434	(23,41)	0.2254
Cross-section Chi-square	39.491113	23	0.0175

Source: Data processed in 2026, Eviews 9.

In panel data analysis, the *Chow* test is used to compare the *Common Effect Model* (CEM) and *Fixed Effect Model* (FEM) to determine the most appropriate model to use. Based on the Chow test results, a *chi-square* value of 39.491113 with a probability value of 0.0175 and an F statistic of 1.302434 with a probability value of 0.2254 were obtained. Since the *chi-square* probability value is smaller than the significance level of 0.05, the more appropriate model to use is *the Fixed Effect Model* (FEM).

Hausman Test Results

Table 4. Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.343962	7	0.1243

Source: Data processed in 2026, Eviews 9.

The Hausman test was used to select the most appropriate model between *the Random Effect Model* (REM) and *Fixed Effect Model* (FEM) in analyzing panel data. The test results show a *chi-square* value of 11.343962 with a degree of freedom (chi-Sq. d.f) of 7 and a probability value of 0.1243. Since the probability level is greater than 0.05, it can be concluded that *the Random Effect Model* (REM) is more appropriate to use.

Lagrange Multiplier (LM) Test

Table 5. LM Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.476680	0.087843	0.564522
	(0.4899)	(0.7669)	(0.4524)

Source: Data processed in 2026, Eviews 9.

The LM test using the *Breusch-Pagan* method is used to determine whether *the Random Effect Model* (REM) is more appropriate than *the Common Effect Model* (CEM) in analyzing panel data. The test results show a p-cross section value of 0.4899 with a probability value of 0.4524, both of which are greater than the significance level of 0.05. Therefore, it can be concluded that the more appropriate model to use in this study is *the Common Effect Model* (CEM).

Classical Assumption Test

Normality Test Results

The normality test is basically not a requirement in *best linear estimators* (Nurwanti, 2024). Some opinions also state that the normality test does not have to be fulfilled as a mandatory requirement, because normality testing depends on the sample size used (Demir, 2022). In the panel data regression model of this study, the normality test was not performed.

Multicollinearity Test Results

Table 6. Multicollinearity Test

	ROA	ROE	DER	SIZE	BVPS	CFO	RS	CEO
ROA	1.000000	0.772884	-0.599370	-0.384141	-0.495636	0.446058	-0.095360	0.124375
ROE	0.772884	1.000000	-0.113067	0.099151	-0.230280	0.287241	0.008715	0.295256
DER	-0.599370	-0.113067	1.000000	0.730882	0.425126	-0.361644	-0.043051	0.310247
SIZE	-0.384141	0.099151	0.730882	1.000000	0.527372	-0.148421	0.012058	0.275573
BVPS	-0.495636	-0.230280	0.425126	0.527372	1.000000	-0.161814	0.187911	-0.035738
CFO	0.446058	0.287241	-0.361644	-0.148421	-0.161814	1.000000	-0.089770	0.007949
RS	-0.095360	0.008715	-0.043051	0.012058	0.187911	-0.089770	1.000000	-0.134570
CEO	0.124375	0.295256	0.310247	0.275573	-0.035738	0.007949	-0.134570	1.000000

Source: Data processed in 2026, Eviews 9.

Multicollinearity testing was conducted to determine whether there was a strong relationship between the independent variables in the regression model. In this study, multicollinearity testing was conducted by looking at the correlation values between each variable. If the correlation coefficient between two independent variables exceeded 0.90, it could be concluded that multicollinearity occurred. Based on the table above, the highest correlation occurred between ROA and Roe, namely , at 0.772884, followed by DER and SIZE at 0.730882. The correlation values between the other variables are below this figure, and none exceed 0.90. Since all correlation values are still below the 0.90 limit, it can be concluded that there is no

multicollinearity problem in this regression model, so the research model has met the multicollinearity test assumption.

Heteroskedasticity Test Results

Table 7. Heteroscedasticity Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.291144	1.361438	-0.948367	0.3465
ROA	-1.347209	1.554498	-0.866652	0.3894
ROE	0.560675	0.876009	0.640034	0.5244
DER	-0.094687	0.140216	-0.675296	0.5019
SIZE	-2.043413	1.791243	-1.140779	0.2582
BVPS	0.316187	0.525495	0.601694	0.5495
CFO	-0.094377	0.252900	-0.373181	0.7102
CEO	0.051135	0.064272	0.795594	0.4292

Source: Data processed in 2026, Eviews 9.

Heteroscedasticity testing was conducted to determine whether there were differences in residual variance in each observation in the regression model. In this study, heteroscedasticity testing was conducted by looking at the probability values of each variable. Based on the table, the ROA variable has a prob. value of 0.3894, ROE of 0.5244, DER of 0.5019, SIZE of 0.2582, BVPS of 0.5495, CFO of 0.7102, and CEO of 0.4292. All of these probability values are greater than the significance level of 0.05. Therefore, it can be concluded that the regression model does not experience heteroscedasticity, so the homoscedasticity assumption has been met and the model can be used for further analysis.

Autocorrelation Test Results

Table 8. Autocorrelation Test

Model	R	R square	Adjusted R Square	S.E. of regression	Durbin-Watson
1		0.145764	0.052332	0.306330	1.698493

Source: Data processed in 2026, Eviews 9

The autocorrelation test in this study was conducted using the Durbin-Watson (DW test) method. Based on the regression results in the table, a Durbin-Watson value of 1.698493 was obtained. After the DW value was determined, the next step was to compare this value with the DW table value. With n=72 and k=6, the upper limit (dU) value was approximately 1.72. Based on these results, the DW value of 1.698493 is slightly below the upper limit (dU), but the value is very close to 2, which indicates no autocorrelation. Thus, it can be concluded that the model does not show any significant indication of autocorrelation, so the assumption of autocorrelation freedom can generally be considered to have been fulfilled.

Hypothesis Testing

T-Test

Table 9. T-Test for Model 1

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.124439	0.073555	1.691790	0.0953
ROA	-5.211010	1.777785	-2.931181	0.0046
ROE	2.709135	1.036253	2.614357	0.0110
DER	-0.399665	0.153912	-2.596708	0.0115

Source: Data processed in 2026, Eviews 9.

Table 10. T-test Model 2

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.911534	1.766434	-0.516031	0.6076
ROA	-4.562625	1.982669	-2.301254	0.0246
ROE	2.719094	1.139285	2.386667	0.0199
DER	-0.352923	0.172538	-2.045475	0.0449
SIZE	-1.678155	2.323852	-0.722144	0.4728
BVPS	0.928552	0.681202	1.363108	0.1776
CFO	-0.190194	0.329175	-0.577790	0.5654

Sumber : Data diolah 2026, Eviews 9.

Table 11. T-test Model 3

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.208442	1.878468	-0.643313	0.5224
ROA	-3.424304	5.704706	-0.600260	0.5506
ROE	2.713979	2.399830	1.130904	0.2625
DER	-0.355687	0.336722	-1.056322	0.2950
SIZE	-2.024418	2.451653	-0.825736	0.4122
BVPS	0.902870	0.734991	1.228410	0.2240
CFO	-0.174238	0.342736	-0.508374	0.6130
CEO	-0.075130	0.194487	-0.386299	0.7006
M1	-0.465782	6.313979	-0.073770	0.9414
M2	-0.114283	2.697450	-0.042367	0.9663
M3	0.173645	0.421664	0.411809	0.6819

Source: Data processed in 2026, Eviews 9.

Based on the T-test results in model 1, the ROA, ROE, and DER variables have a probability value of < 0.05, indicating that these variables have a significant effect on stock returns. However, in model 2, the control variables Size, BVPS, and CFO have a probability value of > 0.05, indicating that these variables do not have a significant effect and tend to have a negative effect on stock returns. In model 3, testing the moderating variable of CEO education shows that the interaction between CEO education and the variables ROA, ROE, and DER

cannot moderate the relationship between the variables ROA, ROE, and DER with CEO education , because it has a probability value > 0.05. This shows that CEO education cannot moderate the relationship between ROA, ROE, and DER with stock returns.

F Test

Table 12. F Test Model 1

S.E. of regression	0.302686	Mean dependent var	0.087361
F-statistic	2.911731	S.D. dependent var	0.314674
Prob(F-statistic)	0.040613	Sum squared resid	6.230089
		Durbin-Watson stat	1.668322

Source: Data processed in 2026, Eviews 9.

Table 13. F-test Model 2

S.E. of regression	0.304366	Mean dependent var	0.087361
F-statistic	1.815101	S.D. dependent var	0.314674
Prob(F-statistic)	0.109851	Sum squared resid	6.021508
		Durbin-Watson stat	1.693499

Source: Data processed in 2026, Eviews 9.

Table 14. F-test Model 3

S.E. of regression	0.311805	Mean dependent var	0.087361
F-statistic	1.131248	S.D. dependent var	0.314674
Prob(F-statistic)	0.354576	Sum squared resid	5.930571
		Durbin-Watson stat	1.717173

Source: Data processed in 2026, Eviews 9.

The F test or simultaneous test is used to determine whether the independent variables collectively have a significant effect on the dependent variable. The F test result in model 1 has a probability value of 0.040613, which is less than the significance level of 0.05, meaning that the ROA, ROE, and DER variables simultaneously have a significant effect on stock returns. However, model 2 has a probability value of 0.109851, which is higher than the significance level of 0.05, meaning that the control variables are not yet able to improve the model's ability to explain stock returns. In model 3, the probability value is 0.354576, which is greater than the significance level of 0.05, indicating that the CEO's educational background does not significantly strengthen or weaken the relationship between ROA, ROE, and DER and stock returns.

Determination Coefficient Test (R2)

Table 15. Coefficient of Determination Test (R2) Model 1

R-squared	0.113836	Mean dependent var	0.087361
Adjusted R-squared	0.074740	S.D. dependent var	0.314674
		Sum squared resid	6.230089
		Durbin-Watson stat	1.668322

Source: Data processed in 2026, Eviews 9.

Table 16. Determination Coefficient Test (R^2) Model 2

R-squared	0.143504	Mean dependent var	0.087361
Adjusted R-squared	0.064443	S.D. dependent var	0.314674
		Sum squared resid	6.021508

		Durbin-Watson stat	1.693499

Source: Data processed in 2026, Eviews 9.

Table 17. Determination Coefficient Test (R^2) Model 3

R-squared	0.156439	Mean dependent var	0.087361
Adjusted R-squared	0.018150	S.D. dependent var	0.314674
		Sum squared resid	5.930571
		Durbin-Watson stat	1.717173

Source: Data processed in 2026, Eviews 9.

Based on the coefficient of determination test table, the Adjusted R-square model 1 value is 0.074740, which means that ROA, ROE, and DER are able to predict 7% with the remaining 93% influenced by other variables. In model 2, the value is 0.064443, which means that after adding control variables, only 6% can be predicted, with the remaining 94% explained by other factors outside the scope of this study. Meanwhile, in model 3, the value is 0.018150, which means that it can only predict 1%, with the remaining 99% influenced by other variables not included in this study. This shows that the moderating variable of CEO education through interaction cannot strengthen the influence of ROA, ROE, and DER on stock returns.

DISCUSSION

The Effect of Financial Performance on Stock Returns

This study shows that financial performance measured through ROA, ROE, and DER has an effect on stock returns. The results of this study are in line with the findings reported by Nurnaningsih & Handajani (2025) which show that the ROA profitability ratio has an effect on stock returns. This study shows that ROA has a negative effect on stock returns. Theoretically, ROA describes a company's ability to generate profits through the utilization of its assets. However, in this study, an increase in ROA was followed by a decrease in stock returns. This condition may occur because investors not only consider the company's profit level but also pay attention to other factors such as the company's growth potential, industry conditions, and the risks that the company may face.

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In addition, this study shows that DER has a negative effect on stock returns. This

indicates that the higher the company's debt level compared to its equity, the lower the stock returns obtained by investors. A high DER indicates that the company has a large amount of debt, which increases the company's financial burden, especially in terms of interest and principal payments. Investors generally tend to avoid companies with high risk levels, which can reduce their interest in investing and ultimately lead to a decline in stock prices. The results of this study are in line with the findings of (Hidayati & Aristantia, 2025) which state that DER can affect stock returns, because the higher the company's debt level, the greater the risk that investors must bear.

CEO Education Does Not Moderate the Influence of Financial Performance on Stock Returns

The results of this study indicate that the CEO's educational background cannot moderate the influence of ROA, ROE, and DER on stock returns. These findings are in line with Hussin & Setiany (2025) which states that the CEO's educational level, whether high or low, does not strengthen or weaken the relationship between financial performance and stock returns. This condition shows that investors prioritize the information contained in financial reports over the CEO's educational background when evaluating a company's profitability and risk.

Theoretically, these findings indicate that the role of CEO education is not yet fully in line with the view in the signaling theory introduced by Spence (1973) which explains that education can serve as a signal to indicate a person's quality to the market. In this study, the market does not only consider the CEO's education as additional information to understand financial performance such as ROA, ROE, and DER in generating stock returns. This may occur because financial performance information is already considered sufficient to provide information about the company's prospects, so that the CEO's education variable does not have a significant strengthening effect.

CONCLUSION

This study aims to examine the effect of financial performance measured by ROA, ROE, and DER on stock returns, as well as to evaluate the role of CEO education as a factor that strengthens or weakens this relationship in financial sector companies listed on the Indonesia Stock Exchange during the period 2022-2024. The findings show that ROA and DER have a negative effect on stock returns, while ROE has a positive effect on stock returns. These results indicate that investors in the stock market not only consider a company's ability to generate profits from its assets and debt structure, but also pay attention to how efficiently its capital is used to provide benefits to shareholders.

The results of the study also show that the CEO's educational background does not moderate ROA, ROE, and DER on stock returns. This indicates that investors tend to rely more on financial data visible in financial reports than on non-financial data such as the CEO's education. In addition, the control factors applied in this study, namely company size, *book value per share*, and *operating cash flow,* did not have a significant impact on stock returns. In other words, the findings of this study reinforce the view that financial performance indicators remain the main factor in investment decision-making in the stock market.

This study has several limitations, one of which is the relatively short research period, the limited number of samples in the financial sector, and the low coefficient of determination, which indicates that there are still many other factors outside this study that can affect stock returns. Therefore, further research is recommended to expand or extend the research period, increase the number of samples, and add other more varied variables. Overall, this study provides empirical evidence on the effect of financial performance on stock returns and shows that the educational characteristics of CEOs do not yet play a moderating role in this relationship.

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