

The Effect of Financial Performance on Stock Prices in Telecommunication Companies Listed on the IDX

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Abstract

Keywords:

*Liquidity, Solvency, Profitability,
Activity, Stock Price*

This study aims to find out and analyze the influence of financial performance on the stock price of telecommunication companies listed on the IDX. This type of research is quantitative. The population in this study is the financial statements of telecommunication companies on the IDX which amount to 18 companies. The analysis technique used is multiple linear regression analysis. The results of this study show that financial performance variables have a significant effect on the stock prices of telecommunication companies listed on the IDX. The current ratio partially has a significant effect on the share price of telecommunication companies listed on the IDX, the debt to equity ratio partially has a significant effect on the share price of telecommunication companies listed on the IDX, return on equity partially has a significant effect on the share price of telecommunication companies listed on the IDX and total asset turnover partially has a significant effect on the share price of telecommunication companies listed on the IDX.

INTRODUCTION

The telecommunications industry in Indonesia plays a very important role in the economy, given its crucial role in supporting communication and access to information for the public and the business world. In recent years, the industry has experienced rapid growth, driven by the increasing public demand for fast and stable internet and communication services. Telecommunication companies listed on the Indonesia Stock Exchange (IDX) are also increasingly in the spotlight, both in terms of their financial performance and share prices, which are often the main indicators in assessing the company's prospects in the capital market.

Companies that are able to achieve good performance and build investor trust will have a higher value in the capital market. Therefore, efforts to increase the company's value are essential in this competitive business environment. Company value is a reflection of investor confidence in the company's condition formed through company activities over a certain period of time (Hasan, 2021; Hutabarat, 2020). The value of the company is considered important for investors because the high share price reflects the prosperity of shareholders (Fahmi, 2020). Therefore, understanding the value of the company is key in making investment decisions. Investors tend to conduct in-depth analysis before making investment decisions by gathering various information and considering various factors that can affect a company's value (Wardhani et al., 2022). A company's stock price is often an important indicator of a company's value in the eyes of investors (Shintianingrum & Takarini, 2024). A high stock price can reflect investors' confidence and expectations of a company's good performance and prospects (Anggrainie et al., 2025; Sugiarto et al., 2025).

Financial performance analysis is an initial analysis used to assess the condition of a company because financial performance is a factor that reflects the stock price of a company (Sofyan et al., 2025). Financial management is a company's activity related to obtaining funds,

using funds, and managing assets according to the company's goals, including planning, organizing, controlling, and making financial decisions (Hasan, 2021). Financial management aims to maximize the company's value and shareholder welfare as reflected in the company's share price (Fahmi, 2020). A company's financial performance refers to the company's financial condition during a certain period as measured using various indicators and financial statements (Hutabarat, 2020). Financial performance assessment is important to determine the company's ability to manage resources, generate profits, and risks that may arise from debt or poor cash management. According to Hutabarat (2020:2), financial performance is an analysis that is carried out to see the extent to which the company implements financial implementation rules properly and correctly.

Stock prices are an important factor that investors should pay attention to because they reflect the performance of a company (Shintianingrum & Takarini, 2024). The formation of stock prices occurs due to demand and supply of these shares (Wardhani et al., 2022). Stock prices in the capital market consist of high prices, low prices, and close prices, where the highest and lowest prices are the prices that occur on one day of the stock market, while the closing price is the price at the end of trading hours (Wardhani et al., 2022). Stocks are the most popular securities in investment activities in the capital market (Wardhani et al., 2022). According to Wardhani et al. (2022:39) The share price is the price set by a company against another entity that wants to have shareholding rights over the company. Meanwhile, according to Siregar (2020) Stock price is a company management indicator used by investors to bid and demand shares. The higher the company's share price, the better the company will be in providing profits. The development of stock prices is not only influenced by market conditions, but also reflects the company's financial performance as measured through liquidity, solvency, profitability, and activity ratios. Research by Shintianingrum and Takarini (2024) shows that financial ratios have an influence on the stock price of companies listed on the Indonesia Stock Exchange

Based on the description of the background, the author intends to conduct research with the title **"The Effect of Financial Performance on Stock Prices in Telecommunication Companies Listed on the IDX"**.

LITERATURE REVIEW

Financial Performance

Financial performance is the most important thing for business people because financial performance is a measure used to find out whether the business is running well or not. Financial performance analysis is not only important for the company itself but also for various stakeholders of the company. For public companies, companies that do not have good performance can influence the thinking of the stock market and shareholders to buy or maintain the shares of Hutabarat companies (2020).

Financial performance assessment is not only needed by investors as external parties, but also beneficial for the company's management as an internal party. Internal parties need to conduct assessments to be able to find out how their company's performance will affect decision-making. According to Hutabarat (2020) Financial performance is an analysis that is carried out to see the extent to which a company has implemented in accordance with the rules of financial implementation properly and correctly.

Liquidity

Liquidity is the ability of a company to meet its short-term obligations by using its current assets. Liquidity is one of the important aspects in assessing a company's financial condition because it shows the extent to which the company is able to pay off its current debt on time. The better the company's liquidity level, the greater the company's ability to meet its short-term obligations. The level of a company's liquidity can be measured using the Current Ratio, which is a comparison between current assets and current liabilities (Hutabarat, 2020).

One of the ratios used to measure liquidity is the Current Ratio (CR). Current Ratio is a comparison between current assets and current liabilities. This ratio is used to determine a company's ability to pay its short-term liabilities by utilizing available current assets. In general, the Current Ratio is said to be good if the company has current assets that are greater than its current liabilities or the Current Ratio value is above 1. This condition shows that the company has a good enough ability to fulfill its short-term obligations. However, a good Current Ratio assessment also needs to be adjusted to the characteristics of each industry.

In relation to the stock price, the Current Ratio can be one of the considerations for investors in assessing the company's financial condition. The better the company's liquidity, the greater the investor confidence in the company. Some previous studies have shown that the Current Ratio has a relationship with stock prices. Noor and Putri (2023) found that the Current Ratio affects the stock price of companies listed on the Indonesia Stock Exchange.

Solvency

Solvency is the ability of a company to fulfill all its financial obligations, both short-term and long-term. Solvency is one of the important aspects in assessing a company's financial condition because it shows the extent to which the company is able to guarantee all of its debts with its assets or capital. The better the company's solvency level, the better the company's ability to maintain its long-term financial stability. Debt is one of the sources of funding used by companies in carrying out operational and investment activities, both in the short and long term (Hutabarat, 2020).

One of the ratios used to measure solvency is the Debt to Equity Ratio (DER). The Debt to Equity Ratio is a comparison between total debt and its own capital. This ratio is used to find out how much a company is financed by debt compared to the capital it has. Thus, DER can provide an overview of the level of financial risk of the company. The Debt to Equity Ratio is said to be good if the company is able to maintain a reasonable proportion of debt compared to its own capital. A DER value that is too high indicates that the company has a large dependence on debt, which can increase financial risk. However, a good DER assessment also needs to be tailored to the characteristics of each industry.

In relation to stock prices, the Debt to Equity Ratio can be one of the considerations for investors in assessing the company's risk level. The higher the company's debt level, the greater the risk that must be borne, so that it can affect investor interest in the company's shares. Some previous studies have shown that the Debt to Equity Ratio has a relationship with stock prices. Fahrini et al. (2025) found that the solvency level measured using the Debt to Equity Ratio has a negative effect on stock prices, because the high debt burden can reduce investor interest.

Profitability

Profitability is the ability of a company to generate profits from its operational activities by utilizing the resources it has. Profitability is one of the important aspects in assessing a company's financial performance because it shows the company's effectiveness in managing capital and assets to make a profit. The higher the level of profitability of the company, the better the company's ability to generate profits.

One of the ratios used to measure profitability is Return on Equity (ROE). Return on Equity is a ratio used to assess a company's ability to generate profits for shareholders by utilizing its own capital. This ratio is used to determine the level of return on shareholder investment as well as management's effectiveness in managing the company's equity. Return on Equity is said to be good if the company is able to generate high profits from its own capital used. A high ROE value indicates that companies are increasingly effective in managing equity to generate profits. However, a good assessment of ROE also needs to be tailored to the characteristics of each industry.

In relation to stock prices, Return on Equity can be one of the considerations for investors in assessing the company's performance and prospects. The higher the company's profitability, the greater the company's attractiveness in the eyes of investors because it shows good financial performance. Some previous studies have shown that Return on Equity has a relationship with stock prices. Sugiarto et al. (2025) stated that Return on Equity has a positive effect on the share price of companies that are members of the LQ45 index.

Activities

Activities are the company's ability to utilize the resources it has to support operational activities effectively and efficiently. According to Fahmi (2020:137), activities describe the extent to which a company uses its resources to the maximum to obtain optimal results.

One of the ratios used to measure activity is Total Asset Turnover (TATO). Total Asset Turnover is a ratio that shows the company's ability to utilize all its assets to generate sales. This ratio is used to determine the level of efficiency of the company in managing the total assets owned. Total Asset Turnover is said to be good if the company is able to generate high sales compared to the total assets owned. The higher the value of TATO, the more effective the company is in utilizing its assets to support operational activities. However, a good TATO assessment also needs to be tailored to the characteristics of each industry.

Total Asset Turnover can be one of the considerations for investors in assessing the company's efficiency in managing assets. The higher the level of company activity, the better the company's ability to generate sales, so that it can increase investor interest in the company's shares. Some previous studies have shown that Total Asset Turnover has a relationship with stock prices. Anggrainie et al. (2025) stated that the activity ratio, including Total Asset Turnover, has an influence on stock prices.

Stock Price

Stock prices are prices that occur in the capital market at a certain time and are determined by market participants through the mechanism of demand and supply of shares. According to Jogiyanto (2017:143), the stock price is the price that is formed in the capital market at a certain time and is determined by the demand and supply of the shares concerned. In addition, according to Tandelilin (2010:133), stock prices are a reflection of investors' expectations of earnings, cash flows, and expected return levels. Therefore, the stock price is one of the important indicators in assessing the company's performance and prospects in the eyes of investors.

Stock prices are measured using the closing price. The closing price is the last price of a stock at the end of a trading period, so it is often used to describe the market value of a stock in a given period. The use of closing price as a measurement tool is considered relevant because the price is formed after all trading activities are completed and can provide a more representative picture of the value of the stock.

Stock prices have important uses for companies and investors alike. For companies, stock prices reflect the company's value and the level of market confidence in the company's performance. For investors, stock prices are used as a basis to assess the company's prospects as well as a consideration in making investment decisions. In general, stock prices are said to be good if they show a stable or increasing trend, because these conditions reflect investor confidence in the company's performance and prospects. However, stock price movements are still influenced by various factors, both internal and external factors of the company. Sofyan et al. (2025) stated that stock prices are influenced by the company's financial performance, dividend policy, interest rate, market sentiment, currency exchange rates, and the balance between stock supply and demand.

Frame of Mind

The framework of thought in this study is compiled based on the theory of financial ratio analysis and previous research. The independent variables in this study consist of liquidity, debt, profitability, and activities which are proxied with Current Ratio (CR), Debt to Equity Ratio (DER), Return on Equity (ROE), and Total Asset Turnover (TATO), respectively. These four variables are suspected to affect stock prices because they can reflect the company's financial condition and performance which is considered by investors in making investment decisions.

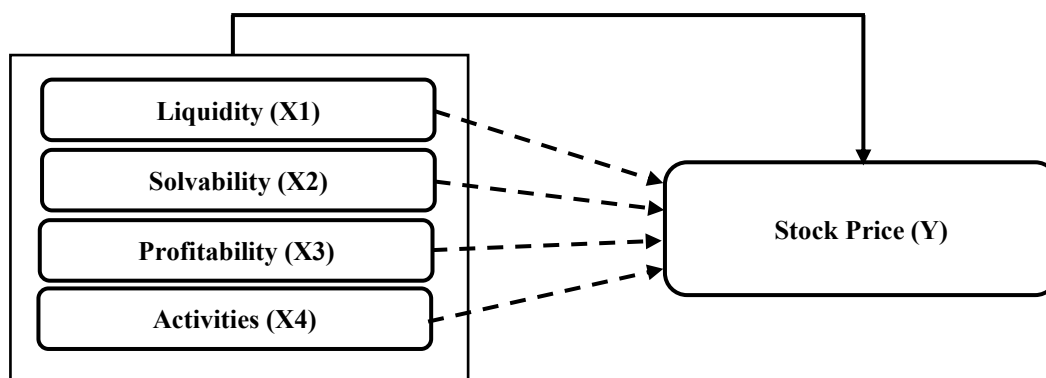


Figure 1.
Frame of Mind

HYPOTHESIS

H1: The Effect of Liquidity on Stock Prices

Liquidity reflects a company's ability to meet its short-term obligations. A good level of liquidity indicates a company's relatively safe financial condition, so it can increase investor confidence and have an impact on stock prices (Hasan, 2021).

H1: Liquidity has a significant effect on the share price of telecommunication companies listed on the Indonesia Stock Exchange.

H2: The Effect of Solvency on Stock Prices

Solvency describes the company's capital structure and the level of debt utilization. A proportionally managed capital structure can reduce financial risk, while a high level of debt can increase investment risk, thus affecting investors' perception of stock prices (Hasan, 2021).

H2: Solvency has a significant effect on the share price of telecommunication companies listed on the Indonesia Stock Exchange.

H3: The Effect of Profitability on Stock Price

Profitability indicates the company's ability to generate profits for shareholders. A high level of profitability reflects the effectiveness of management in managing capital and gives positive signals to investors, thus potentially increasing stock prices (Buchori, 2022).

H3: Profitability has a significant effect on the share price of telecommunication companies listed on the Indonesia Stock Exchange.

H4: The Effect of Activity on Stock Prices

Activity measures the efficiency of a company in utilizing all assets to generate sales. The higher the asset turnover rate, the more efficient the company's operational performance, which can give positive signals to investors and have an impact on stock prices (Fahmi, 2020).

H4: Activities have a significant effect on the share price of telecommunication companies listed on the Indonesia Stock Exchange.

METHODS

Types of Research

This type of research is causal descriptive because it analyzes the causal relationship between independent variables and dependent variables. This research was conducted directly on the object of research with the aim of finding out the variables that affect the Stock Price which are influenced by Financial Performance. (Liquidity, Solvency, Profitability and Activity)

Location and Research Object

The location of this research is a telecommunication company listed on the Indonesia Stock Exchange (IDX) by accessing the www.idx.co.id website. The time of the study will be held in August 2025

Population

According to Sugiyono (2019:126), population is a generalized area consisting of objects or subjects that have certain quantities and characteristics that are determined by researchers to be studied and then drawn conclusions. The population in this study is all telecommunication companies listed on the Indonesia Stock Exchange (IDX) during the period 2019–2023, which totals 18 companies.

Sample

According to Sugiyono (2019:127), samples are part of the number and characteristics possessed by the population. In this study, the sampling technique used is purposive sampling, which is a sample determination technique based on certain considerations or criteria in accordance with the research objectives. Using this technique, a sample of 11 companies from 18 telecommunication companies listed on the Indonesia Stock Exchange (IDX) was obtained in the 2019–2023 period. The criteria used in sampling are companies that issue financial statements and have consecutive and complete annual stock price data during the 2019–2023 period, and only select telecommunications companies that do not suffer losses (have positive profits) during the 2019–2023 period. Of the 18 companies, 11 companies meet the requirements.

Variable Operational Definition

LiquidityThe liquidity variable in this study is measured by the Current Ratio (CR). According to Hutabarat (2020), the Current Ratio is a comparison between current assets and current liabilities.

DebtThe debt variables in this study are measured by the Debt to Equity Ratio (DER). According to Hutabarat (2020), the Debt to Equity Ratio is a comparison between total debt and equity.

ProfitabilityThe profitability variable in this study is measured by Return on Equity (ROE). According to Hasan (2021), Return on Equity is a comparison between net profit after tax and shareholder equity.

ActivityThe activity variable in this study was measured by Total Asset Turnover (TATO). According to Fahmi (2020), Total Asset Turnover is a comparison between sales and total assets.

Stock Price

The stock price variable in this study is measured using the closing price, which is the stock price at the end of the trading period.

Table 1. Financial Ratio Formula

Variable	Variable Name	Formula
X1	CR	CR = Current Assets / Current Liabilities
X2	THE ER	DER = Total Liabilities / Total Equity
X3	ROE	ROE = Net Profit / Total Equity
X4	TATTOO	TATO = Net Sales / Total Assets
Y	CLOSING PRICE	Closing Price

Analysis Method

The analysis method used in this study aims to find out and analyze the influence of financial performance proxied through Current Ratio (CR), Debt to Equity Ratio (DER), Return on Equity (ROE), and Total Asset Turnover (TATO) on Stock Prices in telecommunication companies listed on the Indonesia Stock Exchange (IDX).

The data used in this study are secondary data obtained from the annual financial statements and share price data of telecommunication companies listed on the IDX during the 2019–2023 period. This study used 11 telecommunication companies as a sample with an observation period of 5 years, so that the total observation data used in this study was 55 data.

The statistical analysis tool used in this study is Multiple Linear Regression Analysis. Multiple linear regression is used because this study involves more than one independent variable and aims to determine the influence of each independent variable either partially or simultaneously on the dependent variable. The multiple linear regression model used in this study refers to Sugiyono (2013:227) and is formulated as follows:

$$Y = a + b_1X_1 + b_2X_2\dots + b_nX_n$$

Description:

Y = Stock Price

α = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficient

X₁ = Liquidity

X₂ = Solvabilities

X₃ = Profitability

X₄ = Activity

Hypothesis testing in this study was carried out using a simultaneous test (F test) to determine the influence of independent variables together on dependent variables and a partial test (t test) to determine the influence of each independent variable on dependent variables. In addition, this study also uses the determination coefficient (R²) to measure how much independent variables are able to explain the variation in changes in dependent variables.

RESULTS AND DISCUSSION

Table 2. Descriptive Analysis

Descriptive Statistics					
	N	Minimum	Maximum	Red	Std. Deviation
CR X1	55	0.19	6.74	1.3795	1.59269
DER X2	55	0.04	19.23	1.8058	3.66884
ROE X3	55	0.17	3.12	0.2291	.54666
TATO X4	55	0.10	3.55	0.5242	.74638
STOCK PRICE	55	9.52	14937.50	1668.8417	3836.05177
Valid N (listwise)	55				

Based on Table 2, the amount of data (Valid N) in this study is as many as 55 observations obtained from telecommunication companies listed on the Indonesia Stock Exchange for the 2019–2023 period. All data used is available in its entirety so it is worthy of further analysis.

The average Current Ratio (CR) of 1.3795 indicates that in general the company has a fairly good ability to meet short-term obligations, because it is above the minimum standard of 1. However, a fairly wide range of values of 0.19 to 6.74 indicates a significant difference in liquidity levels between companies. Furthermore, the average Debt to Equity Ratio (DER) of 1.8058 indicates that companies tend to have a relatively high level of leverage, indicating a considerable dependence on debt funding, with a fairly high value variation between 0.04 to 19.23. The average Return on Equity (ROE) of 0.2291 shows that the company's profitability level is relatively low to moderate, so the company's ability to generate profits for shareholders is still limited, with a value variation between 0.17 to 3.12. Meanwhile, the average Total Asset Turnover (TATO) of 0.5242 shows that the efficiency of asset use in generating sales is still relatively low because it is below 1, with a value range between 0.10 to 3.55 which shows a difference in efficiency between companies. The stock price has a minimum value of 9.52 and a maximum of 14,937.50 with an average of 1668.8417 and a standard deviation of 3836.05177, which shows that the stock price has a high level of variation, reflecting significant fluctuations between companies and between observation periods. Overall, the Debt to Equity Ratio and stock price variables showed the

highest level of variation compared to other variables, indicating that differences in capital structure and market response were the most diverse factors in the study.

Multiple Linear Regression Analysis

The results of multiple linear regression analysis are as follows:

Table 3. Multiple Linear Regression Analysis

Dependent Variable Y = Stock Price				
Independent Variables	<i>Unstandardized Coefficients</i>		<i>Standardized Coefficients</i>	Sig t
	B	Standard Error	Beta	
<i>Constant</i>	746,715	287,269		0,012
<i>Current Ratio (X1)</i>	260,692	128,006	0,108	0,047
<i>Debt to Equity Ratio (X2)</i>	541,131	72,740	0,518	0,000
<i>Return on Equity (X3)</i>	2333,579	529,001	0,333	0,000
<i>Total Asset Turn Over (X4)</i>	1037,815	323,502	0,202	0,002
R Square = 0.866 Sig. F = 0.000				
R = 0.930 Adjusted R Square = 0.855				

Based on the results of multiple linear regression analysis presented in Table 3, this study aims to determine the effect of Current Ratio (CR), Debt to Equity Ratio (DER), Return on Equity (ROE), and Total Asset Turn Over (TATO) on the Share Prices of telecommunication companies listed on the Indonesia Stock Exchange (IDX). The multiple linear regression model in this study uses the value of Unstandardized Coefficients (B), so that the regression equations obtained are as follows:

$$Y = 746,715 + 260,692X_1 + 541,131X_2 + 2333,579X_3 + 1037,815X_4$$

The regression equation can be interpreted as follows:

1. The constant of 746.715 shows that if the Current Ratio (X₁), Debt to Equity Ratio (X₂), Return on Equity (X₃), and Total Asset Turn Over (X₄) are assumed to be zero, then the Share Price (Y) of the telecommunication company is Rp. 746.715.
2. The Current Ratio (CR) regression coefficient of 260.692 shows that if the Current Ratio increases by one unit, while the variables Debt to Equity Ratio, Return on Equity, and Total Asset Turnover Over are considered constant, then the Share Price will increase by 260.692.
3. The Debt to Equity Ratio (DER) regression coefficient of 541.131 shows that if the Debt to Equity Ratio increases by one unit, while the variables Current Ratio, Return on Equity, and Total Asset Turn Over are considered constant, then the Stock Price will increase by 541.131.
4. The Return on Equity (ROE) regression coefficient of 2333.579 shows that if the Return on Equity increases by one unit, while the variables Current Ratio, Debt to Equity Ratio, and Total Asset Turnover Over are considered constant, the Stock Price will increase by 2333.579.
5. The regression coefficient of Total Asset Turn Over (TATO) of 1037.815 shows that if the Total Asset Turn Over increases by one unit, while the variables Current Ratio,

Debt to Equity Ratio, and Return on Equity are considered constant, then the Share Price will increase by 1037.815.

Simultaneous Test (F Test)

Based on Table 3, the results of the simultaneous test (Test F) showed a significance value of $0.000 < 0.05$. This shows that the variables Current Ratio, Debt to Equity Ratio, Return on Equity, and Total Asset Turn Over simultaneously have a significant effect on the Share Prices of telecommunication companies listed on the Indonesia Stock Exchange. Thus, the hypothesis that all independent variables together have a significant effect on the Stock Price is accepted.

Partial Test (t-test)

Based on the results of the partial test (t-test) in Table 3, the following results were obtained:

1. The Current Ratio (CR) has a significance value of $0.047 < 0.05$, so it can be concluded that the Current Ratio has a significant effect on the Share Price of telecommunications companies listed on the IDX. Thus, the hypothesis that states that the Current Ratio has a significant effect on the Stock Price is accepted.
2. The Debt to Equity Ratio (DER) has a significance value of $0.000 < 0.05$, so it can be concluded that the Debt to Equity Ratio has a significant effect on the Share Price of telecommunications companies listed on the IDX. Thus, the hypothesis that states that the Debt to Equity Ratio has a significant effect on the Stock Price is accepted.
3. Return on Equity (ROE) has a significance value of $0.000 < 0.05$, so it can be concluded that Return on Equity has a significant effect on the Share Price of telecommunications companies listed on the IDX. Thus, the hypothesis that states that Return on Equity has a significant effect on the Stock Price is accepted.
4. Total Asset Turn Over (TATO) has a significance value of $0.002 < 0.05$, so it can be concluded that Total Asset Turn Over has a significant effect on the Share Price of telecommunication companies listed on the IDX. Thus, the hypothesis that the Total Asset Turn Over has a significant effect on the Share Price is accepted.

Coefficient of Determination

Based on the results of the analysis, an R Square value of 0.866 was obtained, which shows that 86.6% of the variation in Stock Price can be explained by the variables Current Ratio, Debt to Equity Ratio, Return on Equity, and Total Asset Turn Over, while the remaining 13.4% is explained by other variables outside the research model.

DISCUSSION

The Effect of *Liquidity, Debt, Profitability, and Activity* on the Share Prices of Telecommunication Companies Listed on the IDX

Based on the results of the simultaneous test (F test) that has been carried out, a significance value of $0.000 < 0.05$ was obtained, which shows that the Current Ratio, Debt to Equity Ratio, Return on Equity, and Total Asset Turnover together have a significant effect on the share price of telecommunication companies listed on the Indonesia Stock Exchange.

These results indicate that comprehensive financial performance is an important consideration for investors in valuing telecommunications company stocks. These findings are in line with signaling theory, which states that financial information published by companies can provide signals to investors in making investment decisions (Hasan, 2021). Thus, the hypothesis that states that financial performance affects the stock price is accepted.

The Effect of *Liquidity* on the Share Prices of Telecommunication Companies Listed on the IDX

The results of the partial test (t-test) show that the Current Ratio has a significance value of $0,047 < 0.05$, so it can be concluded that the Current Ratio has a significant effect on the share price of telecommunication companies listed on the IDX.

Current Ratio is a liquidity ratio that shows a company's ability to meet its short-term obligations. In theory, a good level of liquidity reflects a company's stable financial condition and is able to increase investor confidence in the company (Hasan, 2021). Thus, the higher the company's liquidity level, the better the investor perception of the company's financial condition, so that it can encourage an increase in stock prices in the capital market.

The results of this study are in line with Nugraha's (2023) research which states that the Current Ratio has a significant effect on stock prices, which indicates that investors do not make the liquidity ratio the main factor in valuing company stocks, especially in the telecommunications sector which emphasizes more on long-term growth prospects and operational efficiency.

The Effect of *Solvency* on the Share Price of Telecommunication Companies Listed on the IDX

Based on the results of the partial test, the Debt to Equity Ratio has a significance value of $0.000 < 0.05$, so it can be concluded that the Debt to Equity Ratio has a significant effect on the share price of telecommunications companies listed on the IDX.

The Debt to Equity Ratio reflects the company's capital structure which shows the ratio between total debt and equity. Theoretically, this ratio describes the level of financial risk of a company. The higher the DER, the greater the company's dependence on debt financing, which can increase financial risk (Hasan, 2021).

In the capital-intensive telecommunications sector, the debt structure is the main concern of investors because it relates to the company's ability to meet its long-term obligations. The results of this study are in line with the research of Sofyan et al. (2025) which found that the Debt to Equity Ratio has a significant effect on stock prices, so that capital structure is one of the important indicators in investment decision-making.

The Effect of *Profitability* on the Share Price of Telecommunication Companies Listed on the IDX

The results of the partial test show that the Return on Equity has a significance value of $0.000 < 0.05$, which means that the Return on Equity has a significant effect on the share price of telecommunication companies listed on the IDX.

Return on Equity is a profitability ratio that shows the company's ability to generate profits based on its own capital. In theory, the higher the ROE, the more efficient the company will be in managing shareholder capital (Hasan, 2021). However, in the telecommunications industry that requires large, long-term asset investments, investors tend to pay more attention to income stability and long-term prospects than short-term profits.

The results of this study are in line with Nugraha's (2023) research which states that Return on Equity has a significant effect on stock prices. These findings show that a company's profitability has an important role in influencing investors' perception of the company's performance, so that it can have an impact on increasing stock prices in the capital market.

The Effect of *Activity* on the Stock Price of Telecommunication Companies Listed on the IDX

Based on the results of the partial test, Total Asset Turnover has a significance value of $0.002 < 0.05$, which shows that Total Asset Turnover has a significant effect on the share price of telecommunication companies listed on the IDX.

According to Fahmi (2020), the activity ratio describes a company's ability to utilize the assets it owns to generate income. Total Asset Turnover reflects the level of efficiency in the use of a company's assets in supporting operational activities

The results of this study are in line with the research of Sofyan et al. (2025) which states that the activity ratio, including Total Asset Turnover, has a significant effect on stock prices, because asset efficiency is an important signal for investors in assessing company performance.

CONCLUSION

Based on the results of the analysis and discussion that has been carried out, the following conclusions can be drawn:

1. Liquidity partially affects the share price of telecommunication companies listed on the Indonesia Stock Exchange.
2. Partial solvency has a significant effect on the share price of telecommunication companies listed on the Indonesia Stock Exchange.
3. Profitability partially has a significant effect on the share price of telecommunication companies listed on the Indonesia Stock Exchange.
4. Activities partially affect the share price of telecommunication companies listed on the Indonesia Stock Exchange.
5. Simultaneously, liquidity, solvency, profitability, and activities have a significant effect on the share prices of telecommunication companies listed on the Indonesia Stock Exchange.

RESEARCH IMPLICATIONS

1. For companies, it is recommended to maintain financial performance because it determines the company's share price which is a reflection of the prosperity of stock interns
2. For investors, it is recommended to pay attention to the company's financial performance as one of the investment decision-making materials.
3. For future researchers, it is recommended to develop this study by adding other variables outside of the variables used in this study, such as company size, company growth, dividend policy, macroeconomic conditions, and other external factors, which are suspected to affect the share price of telecommunication companies listed on the Indonesia Stock Exchange.

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