Financial Performance Against Stock Prices of the Mining Sector in Indonesia

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A B S T R A C T

This study aims to analyze the effect of financial performance on the stock price of mining sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2012–2015. The independent variables in this study consist of Return on Assets (ROA), Return on Equity (ROE), Earnings Per Share (EPS), Price-to-Earnings Ratio (PER), and Price-to-Book Value (PBV). In contrast, the dependent variable is the stock price. The study population includes all mining sector companies listed on the IDX, with samples obtained through a purposive sampling method. The data analysis technique employed is multiple linear regression analysis, which tests the simultaneous and partial effects of each variable on stock prices.

The results of the hypothesis testing indicate that all financial performance variables have a significant effect on stock prices simultaneously. To some extent, EPS, ROA, and PBV have a significant impact on stock prices, while ROE and PER do not exhibit a significant effect. EPS was found to be the most dominant variable in influencing the stock prices of mining sector companies. Theoretically, these results strengthen the existing literature on the importance of EPS indicators in stock valuation. At the same time, they provide guidance for investors in making informed investment decisions based on fundamental analysis. This study also suggests the need for a sector-specific approach in evaluating the effect of financial indicators on stock prices.

INTRODUCTION

The rapid development of the capital market has attracted the interest of many parties, especially potential investors and capital owners, to invest. One of the sectors that is the target of investment is the mining sector. This sector has a strategic role as a provider of energy resources needed to drive a country's economic growth. The performance of the mining sector has a significant impact on the stability and growth of the national economy. Various studies show that the financial performance of companies in this sector affects the stock prices listed on the Indonesia Stock Exchange (IDX) (Dika & Pasaribu, 2020; Firmansyah et al., 2022; Manullang et al., 2019). The high level of investment interest in the mining sector also reflects the expectation of significant future profit potential (Firmansyah et al., 2022).

When making investment decisions, investors typically consider several factors, including stock price movements. Stock price fluctuations reflect market reactions to information and company conditions, both fundamental and external (Bebasari et al., 2022; Dika & Pasaribu, 2020). The higher the demand for a company's shares, the higher the share price tends to be, and vice versa (Akbar et al., 2024; Dika & Pasaribu, 2020). Therefore, understanding the factors that influence stock prices is crucial for investors, especially in the mining sector, which is known for its high volatility. A careful analysis of stock movements, incorporating various financial indicators, is crucial in making informed investment decisions (Bebasari et al., 2022; Manullang et al., 2019).

One of the common approaches used in assessing stock performance is fundamental analysis, which considers indicators such as Earnings Per Share (EPS), Price-to-Earnings Ratio (P/E Ratio), and Price-to-Book Value (P/B Ratio). These three indicators are important because they can estimate the intrinsic value of stocks and reflect the financial strength of the company (Dika & Pasaribu, 2020; Manullang et al., 2019). EPS is directly related to the profit generated by the company, while PER and PBV reflect market expectations of the company's growth. Therefore, understanding these indicators is crucial in the investment decision-making process in the mining sector (Bebasari et al., 2022; Manullang et al., 2019).

Other financial ratios, such as Return on Assets (ROA) and Return on Equity (ROE), are also commonly used to evaluate a company's performance. ROA indicates how efficiently a company utilizes its assets to generate profits, while ROE measures the rate of return on shareholder equity (Ilva et al., 2024; Mega et al., 2024). These ratios are considered relevant in assessing a company's growth prospects (Mega et al., 2024; Syahfitri & Dewi, 2019). In addition, research shows that there is variation in the effect of financial ratios on stock prices depending on the characteristics of different sectors (Akbar et al., 2024; Manullang et al., 2019). This underlines the importance of conducting a specific analysis of the mining sector, which has its dynamics and challenges (Manullang et al., 2019).

Several studies have been conducted to examine the impact of financial performance on stock prices. For example, research by Manullang et al. (2019) shows that EPS and PER have a significant effect on stock prices in the mining sector, while research by Dika & Pasaribu (2020) found that EPS and ROA have a positive effect on the company's stock price. The results of these studies suggest the need to continue investigating how specific financial indicators operate in the mining sector and impact stock prices (Firmansyah et al., 2022; Mega et al., 2024).
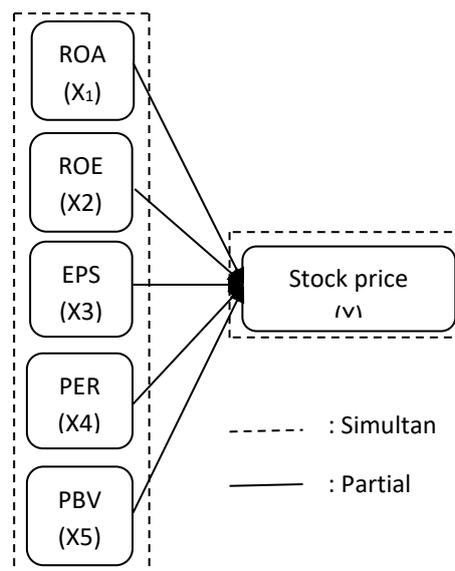

Figure 1. Conceptual Framework
(Source: processed by author 2017)

The conceptual framework in Figure 1 illustrates the relationship between financial performance variables consisting of Return on Assets (ROA), Return on Equity (ROE), Earning Per Share (EPS), Price to Earning Ratio (PER), and Price to Book Value (PBV) to stock prices in mining sector companies listed on the Indonesia Stock Exchange during the period 2012–2015. Each independent variable is assumed to influence the dependent variable, namely stock prices, either partially or simultaneously. Additionally, this framework also suggests that EPS has a dominant influence compared to other variables. This framework is designed to provide a theoretical description of the direction and form of the relationship that will be tested in the study.

Based on the background, conceptual framework, and differences in previous research results, this study focuses on the effect of financial performance on stock prices in the mining sector. The formulation of the problem in this study is: (1) Does financial performance consisting of ROA, ROE, EPS, PER, and PBV simultaneously affect the stock prices of mining sector companies listed on the Indonesia Stock Exchange for the period 2012–2015? (2) Which of these ratios has a dominant effect on stock prices? This study aims to investigate the simultaneous and partial effects of each ratio on stock prices in the mining sector, providing investors with additional insights to inform their investment decisions (Larassati, 2020; Putri & Mesrawati, 2020).

H1a: It is suspected that Return on Assets (ROA) has a significant effect on stock prices in mining sector companies listed on the Indonesia Stock Exchange during the period 2012–2015. Return on Assets (ROA) is a key indicator of a company's ability to manage its assets and generate profits effectively. The higher the ROA, the better the company's performance, as it can utilize its assets more productively. In the context of stock investment, a high ROA gives a positive signal to investors that the company has good profit potential, which shows that ROA has a significant effect on stock prices in mining sector companies on the Indonesia Stock Exchange (Abdullah et al., 2022; Moerdianto et al., 2022).

H1b: It is suspected that Return on Equity (ROE) has a significant effect on stock prices in mining sector companies listed on the Indonesia Stock Exchange during the period 2012–2015. Return on Equity (ROE) measures a company's ability to generate profits from the capital invested by its shareholders. A high return on equity (ROE) indicates that the company's management can deliver optimal returns on shareholder investment, thereby increasing the attractiveness of the company's shares in the market. Research has found that the return on equity (ROE) significantly affects stock prices, and in the context of the mining sector, increasing ROE tends to increase investor interest (Rahayu & Amalia, 2022).

H1c: It is suspected that earnings per Share (EPS) has a significant effect on stock prices in mining sector companies listed on the Indonesia Stock Exchange during the period 2012–2015. Earning Per Share (EPS) refers to the amount of profit earned by the company, which is allocated to each outstanding share. EPS is a key indicator often used by investors to assess company performance and future profit prospects. Research indicates that high EPS fosters a positive perception of company performance, which ultimately has a significant impact on stock prices (Gusvarizon et al., 2023; Merliyana & Kusuma, 2022; Romadhoni et al., 2022).

H1d: It is suspected that the Price Earning Ratio (PER) has a significant effect on stock prices in mining sector companies listed on the Indonesia Stock Exchange during the 2012–2015 period. The Price-Earnings Ratio (PER) is a measure of how much investors are willing to pay for every rupee of a company's profit. A high PER can indicate market expectations of the company's future profit growth. Research shows that PER is considered important in determining stock valuation, where a low PER may indicate undervalued stocks and vice versa (Berlian et al., 2020; Yuliana & Maharani, 2022).

H1e: It is suspected that Price to Book Value (PBV) has a significant effect on stock prices in mining sector companies listed on the Indonesia Stock Exchange during the period 2012–2015. The Price-to-Book Value (PBV) ratio compares the stock market price to the company's book value. PBV is often used to assess whether a company's shares are overvalued or undervalued. Research

indicates that PBV has a positive relationship with stock prices, and a high PBV is often associated with growth expectations and positive investor evaluations (Berlian et al., 2020; Yuliana & Maharani, 2022).

H2: It is suspected that Earning Per Share (EPS) is the most dominant variable influencing stock prices compared to other financial performance variables (ROA, ROE, PER, and PBV) in mining sector companies on the Indonesia Stock Exchange during the 2012–2015 period. According to several studies, EPS is often the primary indicator that investors focus on, as it directly reflects earnings per share and is closely tied to dividend decisions. This makes EPS an easy-to-understand measure and is directly related to potential shareholder profits; therefore, it is assumed that EPS has a more significant influence on stock prices (Gusvarizon et al., 2023; Merliyana & Kusuma, 2022).

Thus, this study is expected to provide deeper insight into the influence of various financial performance variables on stock prices, especially in the mining sector listed on the Indonesia Stock Exchange.

RESEARCH METHODOLOGY

This study is a quantitative descriptive analysis that aims to examine the impact of financial performance on the stock prices of mining sector companies listed on the Indonesia Stock Exchange (IDX) from 2012 to 2015. The quantitative approach is employed because the primary focus of this study is the analysis of numerical data in the form of panel data, which enables the objective identification of relationships between variables through the use of statistical techniques.

The independent variables in this study consist of five main indicators of financial performance: Return on Assets (ROA), Return on Equity (ROE), Earnings Per Share (EPS), Price-Earnings Ratio (PER), and Price-to-Book Value (PBV). ROA (X1) measures the company's efficiency in generating profits from total assets, calculated using the formula ROA = (EAT / Total Assets) × 100%, expressed as a percentage and on a ratio scale. ROE (X2) measures a company's ability to generate profits for shareholders, calculated using the formula ROE = (EAT / Equity) × 100%, also expressed as a percentage and on a ratio scale. EPS (X3) represents the profit earned per outstanding share, calculated using the formula EPS = EAT / Number of Outstanding Shares, expressed in Rupiah and on a ratio scale. PER (X4) measures market expectations of the company's performance based on earnings per share, calculated using the formula PER = Stock Price / EPS, expressed as a ratio on a times scale.

Meanwhile, PBV (X5) illustrates the comparison between the stock market value and its book value, using the formula PBV = Stock Price / Book Value, expressed in units of times and on a ratio scale. The dependent variable in this study is the stock price (Y), which is measured based on the closing price as of December 31 each year in the observation period. The stock price is expressed in Rupiah and on a ratio scale. Given the differences in the units of measurement of each variable, all data were transformed into the form of natural logarithms (Ln) to meet the assumptions of multivariate statistical analysis and to reduce the heterogeneity of the measurement scale and the influence of outliers.

The population of this study comprises all mining sector companies listed on the IDX between 2012 and 2015, totaling 41 companies. Sampling was conducted using a purposive sampling technique, namely one based on specific criteria, such as consistency of annual financial reporting and completeness of data relevant to the research variables. Based on these criteria, 20 companies were obtained as samples that met the requirements. The data used are secondary data obtained from the company's annual financial report and stock price information from the official website of the Indonesia Stock Exchange (www.idx.co.id), as well as additional sources such as www.sahamok.com, covering the entire observation period from 2012 to 2015. Before conducting the regression analysis, all variables were transformed into natural logarithmic form to stabilize variance, reduce the influence of outliers, and standardize the measurement scale across variables.

Data analysis was conducted using multiple linear regression to determine the simultaneous and partial effects of return on assets (ROA), return on equity (ROE), earnings per share (EPS), price-to-earnings ratio (P/E ratio), and price-to-book value ratio (P/B ratio) on stock prices. Data processing was performed using SPSS software version 21. The regression model used in this study is stated as follows:

$lnY = \alpha + \beta_1 lnX_1 + \beta_2 lnX_2 + \beta_3 lnX_3 + \beta_4 lnX_4 + \beta_5 lnX_5 + \varepsilon$

With the following information:

lnY = logarithm of stock prices,

lnX₁, lnX2, … lnX₅ = each is the logarithm of ROA, ROE, EPS, PER, and PBV,

α = constant,

β₁, β2,… β₅ = is the regression coefficient, and

ε = *error term*.

To ensure the validity of the model, classical assumption tests were conducted, including a normality test, a multicollinearity test, and a heteroscedasticity test. The normality test was conducted using the Kolmogorov-Smirnov method to ensure that the residual data was normally distributed, where a significance value greater than 0.05 indicated a normal distribution. The multicollinearity test used the Tolerance value (> 0.1) and Variance Inflation Factor (VIF < 10) to detect whether there was a high linear relationship between the independent variables. The heteroscedasticity test was conducted using the Glejser test, with a significance criterion of > 0.05, indicating the absence of heteroscedasticity. Hypothesis testing was conducted simultaneously through the F-test to determine the collective effect of all independent variables on stock prices and partially through the t-test to identify the individual effect of each independent variable on stock prices. Additionally, the coefficient of determination (R^2) was used to assess the extent to which the five independent variables explained the variations in the stock price variable.

RESULTS AND DISCUSSION
Research result

Classical Assumption Test

The classical assumption test is a crucial procedure in multiple linear regression analysis, ensuring that the model built meets the statistical requirements necessary for reliable regression parameter estimates and an accurate interpretation of the results. This test aims to verify several key assumptions, including normality, multicollinearity, heteroscedasticity, and autocorrelation (when using time series data). Each assumption plays a crucial role in maintaining the model's validity. For example, a residual normality test is needed so that statistical inference (t-test and F-test) is valid; a multicollinearity test is carried out to avoid too strong a relationship between independent variables, which can distort the regression coefficient; a heteroscedasticity test aims to test whether the residual variance is constant at all levels of the independent variable because if it is not met, the estimation results will be inefficient; and if the data is time series, an autocorrelation test is needed to detect correlations between consecutive residuals, which can affect the significance of the parameters. Therefore, testing the classical assumption is not just a technical procedure but a crucial step in maintaining the integrity, reliability, and validity of the results of quantitative research based on regression.

Normality Test

The normality test is a crucial initial step in regression analysis, ensuring that the residual data are normally distributed and that the model estimation results are reliable. Table 1 presents the results of the normality test using the Kolmogorov-Smirnov method on the unstandardized residuals of the regression model built based on 70 observation data.

Table 1 Normality Test Results

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		70
Normal Parameters,b	Mean	.0000000
	Std. Deviation	.67118359
Most Extreme Differences	Absolute	.149
	Positive	.101
	Negative	-.149
Kolmogorov-Smirnov Z		1,250
Asymp. Sig. (2-tailed)		.088
a. Test distribution is Normal.		
b. Calculated from data.		

Source: SPSS Version 21 Output Results

Based on the results shown in Table 2, the Asymp. Sig. (2-tailed) The value of 0.088 is above the significance threshold of 0.05, indicating that the residuals are normally distributed at a 95% confidence level. This is reinforced by the Kolmogorov-Smirnov Z value of 1.250 and the absence of striking extreme differences, either positive (0.101) or negative (-0.149). Thus, the regression model used meets the assumption of normality, making it suitable for use in hypothesis testing and drawing valid conclusions.

Multicollinearity Test

A multicollinearity multicollinearity test is conducted to determine whether there is a high linear relationship between the independent variables in the regression model. High multicollinearity can cause instability in the estimation of the regression coefficients, leading to an inaccurate interpretation of the influence of each variable. In this study, testing was conducted using two primary indicators: the Tolerance value and the Variance Inflation Factor (VIF). A variable is considered free from multicollinearity if it has a Tolerance value above 0.1 and a VIF value below 10.

Table 2 Multicollinearity Test Results

Coefficients		
Model	**Collinearity Statistics**	
	Tolerance	VIF
(Constant)		
Ln_ROE	.137	7.295
1 Ln_EPS	.336	2,981
Ln_PER	.131	7,632
Ln_PBV	.168	5,948
a. Dependent Variable: Ln_Share Price		

Source: SPSS Version 21 Output Results

Based on Table 2, all independent variables used in the regression model show a Tolerance value above 0.1, ranging from 0.131 to 0.336, and the VIF value ranges from 2.981 to 7.632. Although the highest VIF value is exhibited by the Ln_PER variable at 7.632 and the lowest by Ln_EPS at 2.981, all values remain below the threshold of 10, which is commonly used in quantitative research. This shows that there is no indication of serious multicollinearity among the independent variables in the model.

Thus, the results of the multicollinearity test indicate that this regression model meets the assumption of no high correlation between independent variables. This ensures that each independent variable can explain its contribution to the dependent variable more accurately, allowing the results of the regression analysis to be interpreted validly and reliably when drawing research conclusions.

Heteroscedasticity Test

The heteroscedasticity test aims to determine whether the regression model satisfies the assumption of homoscedasticity, which is a condition where the residual variance (prediction error) remains constant across all values of the independent variable. Violation of this assumption, known as heteroscedasticity, can result in inefficient estimates and biased standard errors, thus compromising the validity of the statistical test. One method used to detect heteroscedasticity is the Glejser test, which involves regressing the absolute value of the residuals against the independent variable and observing the significance value.

Table 3 Heteroscedasticity Test with Glejser Test

	Coefficients				
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.699	.587		1.190	.238
Ln_ROE	-.200	.157	-.409	-1.275	.207
1 Ln_EPS	.109	.055	.404	1,970	.053
Ln_PER	-.132	.140	-.310	-.945	.348
Ln_PBV	.150	.157	.276	.954	.344

a. Dependent Variable: AbsUT

Source: SPSS Version 21 Output Results

Based on Table 3, the results of the Glejser test indicate that all independent variables have a significance value (Sig.) above 0.05, specifically 0.207 for Ln_ROE, 0.053 for Ln_EPS, 0.348 for Ln_PER, and 0.344 for Ln_PBV. Although the significance value of the Ln_EPS variable is close to the 0.05 limit, overall, no variable significantly affects the absolute value of the residual. This indicates that there are no significant symptoms of heteroscedasticity in the regression model used.

Thus, this regression model has met the assumption of homoscedasticity. The absence of heteroscedasticity enhances the validity of the model, as the results of the coefficient estimates can be interpreted reliably and efficiently. A regression model that is free from heteroscedasticity interference provides a strong basis for drawing accurate conclusions and recommendations based on the analysis results.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine the simultaneous and partial effects of several independent variables on the dependent variable. In the context of this study, the independent variables used are Return on Equity (ROE), Earnings per Share (EPS), Price-Earnings Ratio (PER), and Price-to-Book Value (PBV). In contrast, the dependent variable is the stock price, expressed in the form of the natural logarithm (Ln_StockPrice). The results of the regression calculation in Table 4 present the regression coefficient, t-value, and significance (Sig.) for each variable.

Based on the regression coefficient values in Table 4, a multiple linear regression equation can be constructed as follows:

Y =7.235 − 1.015 (Ln_ROE) + 0.699 (Ln_EPS) − 0.500 (Ln_PER) +1.290 (Ln_PBV)

Based on the regression results, the constant value of 7.235 indicates that when all independent variables are zero, the stock price value (Ln_StockPrice) is theoretically 7.235. This value represents the starting point before the influence of other variables is taken into account in the model.

The Ln_ROE variable has a regression coefficient of -1.015 and a significance value of 0.000. This indicates that ROE has a negative and statistically significant impact on stock prices. This means that every one-logarithmic-unit increase in ROE decreases stock prices by 1.015 logarithmic units, assuming other variables are held constant. The standard beta coefficient (-0.734) also indicates that the effect of ROE is quite strong, albeit in a negative direction, on stock prices.

Table 4 Results of Multiple Linear Regression Analysis Calculations

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.235	.781		9.266	.000
Ln_ROE	-1.015	.209	-.734	-4,859	.000
1 Ln_EPS	.699	.074	.917	9.499	.000
Ln_PER	-.500	.186	-.415	-2.687	.009
Ln_PBV	1,290	.209	.842	6.170	.000

a. Dependent Variable: Ln_Share Price

Source: SPSS Version 21 Output Results

Furthermore, the Ln_EPS variable exhibits a positive and statistically significant effect on stock prices, with a regression coefficient of 0.699 and a p-value of 0.000. This means that an increase in EPS of 1 logarithmic unit will increase stock prices by 0.699 logarithmic units. The standard beta of 0.917 indicates that EPS is the most dominant variable in positively influencing stock prices.

The Ln_PER variable has a negative regression coefficient of -0.500 and a p-value of 0.009, indicating that PER has a negative and statistically significant effect on stock prices. This means that the higher the PER (in logarithmic units), the lower the stock price tends to be. The standard beta of -0.415 also indicates a significant negative influence.

Meanwhile, the Ln_PBV variable has a positive and statistically significant effect on stock prices, with a regression coefficient of 1.290 and a p-value of 0.000. This indicates that the higher the PBV, the higher the stock price tends to be. The standard beta coefficient of 0.842 confirms that PBV has a strong influence on increasing stock prices.

Hypothesis Testing
F Test

The F-test in multiple linear regression is used to determine whether the overall regression model is statistically significant in explaining the dependent variable. In the context of this study, the model built aims to test the influence of independent variables consisting of Ln_ROE, Ln_EPS, Ln_PER, and Ln_PBV on Ln_StockPrice in mining sector companies. Table 6 presents the results of the ANOVA analysis for the regression model, yielding a calculated F-value of 63.629 and a significance value of 0.000. This test is crucial in determining whether the four independent variables collectively contribute to explaining variations in the company's stock price. The use of natural logarithms in the model is intended to overcome the possibility of heteroscedasticity and to smooth data variations.

Based on Table 6, it can be seen that the calculated F value of 63.629 is significantly larger than the F table value at a 5% significance level, with a p-value (Sig.) of 0.000, which is far below the critical limit of 0.05. This indicates that the regression model used in this study is statistically significant. This means that the four independent variables simultaneously affect the dependent variable, namely Ln_StockPrice. In other words,

ROE, EPS, PER, and PBV collectively make a significant contribution to explaining the variation in stock prices of mining sector companies. The R-squared value, reflected in the division between the Sum of Squares Regression (121.71) and the Total Sum of Squares (152.79), also indicates that the model explains a significant proportion of stock price variations.

Table 6 Results of F Test Calculation

	ANOVA					
Model	Sum of Squares	df	Mean Square	F	Sig.	
	Regression	121.71	4	30.42	63,629	.000b
1	Residual	31.08	65	.478		
	Total	152.79	69			
a. Dependent Variable: Ln_Share Price						
b.Predictors: (Constant), Ln_PBV, Ln_ROE, Ln_EPS, Ln_PER						

Source: SPSS Version 21 Output Results

Overall, the results of the F-test confirm that the regression model built in this study is suitable for analyzing the influence of financial performance variables on stock prices. This finding strengthens the general validity of the model; however, further testing through partial t-tests is still necessary to understand the individual influence of each independent variable. The implications of these results are significant for investors and financial analysts seeking to understand the relationship between a company's fundamental indicators and stock price movements in the mining sector. The model's success in explaining stock price variations also demonstrates that fundamental factors continue to have significant predictive power in the Indonesian capital market context. Therefore, a thorough understanding of these financial indicators remains relevant in developing investment strategies based on fundamental analysis.

Partial Regression Coefficient Test (t-Test)

The t-test is a statistical analysis technique used to measure the influence of each independent variable on the dependent variable, partially controlling for the effects of other variables in a regression model. In this study, the independent variables tested are Ln_ROE, Ln_EPS, Ln_PER, and Ln_PBV, with the dependent variable being Ln_StockPrice. Table 7 presents the results of the t-test along with the regression coefficients, standard errors, t-values, and their significance levels. The main purpose of this test is to determine whether each financial performance indicator has a statistically significant influence on stock prices individually. These results are crucial for strengthening the findings of the previous simultaneous tests and providing an in-depth understanding of the contribution of each variable.

Table 7 t-Test Results and Significance Level

	Coefficients				
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	7.235	.781		9.266	.000
Ln_ROE	-1.015	.209	-.734	-4,859	.000
1 Ln_EPS	.699	.074	.917	9.499	.000
Ln_PER	-.500	.186	-.415	-2.687	.009
Ln_PBV	1,290	.209	.842	6.170	.000
a. Dependent Variable: Ln_Share Price					

Based on Table 7, the Ln_ROE variable has a negative coefficient of -1.015, with a t-value of -4.859 and a significance level of 0.000, indicating that ROE has a significant negative effect on stock prices. The Ln_EPS variable exhibits a significant positive effect, with a coefficient of 0.699, a t-value of 9.499, and a p-value of 0.000, indicating that EPS is a strong and positive predictor of stock prices. Furthermore, Ln_PER has a significant negative effect, with a coefficient of -0.500, a t-value of -2.687, and a significance level of 0.009, indicating that an increase in PER lowers stock prices. Finally, Ln_PBV shows a significant positive effect on stock prices, with a coefficient of 1.290, a t-value of 6.170, and a significance level of 0.000. These four variables show a significance level below 0.05, indicating that each has a statistically significant effect on stock prices to some extent.

Thus, the results of this t-test provide detailed information on the direction and strength of the influence of each financial performance indicator on the stock price of mining sector companies. The regression coefficients also provide an overview of the extent to which changes in each independent variable will impact changes in stock prices. These results emphasize the importance of considering EPS and PBV in making investment decisions because both have a strong positive influence. On the other hand, ROE and PER require further analysis because their negative influence contradicts the general theory of financial performance. Therefore, fundamental analysis of companies should consider sectoral conditions and industry-specific characteristics to gain a more accurate understanding in formulating investment strategies.

Coefficient of Determination (R2)

The coefficient of determination (R-squared) is one of the important indicators in regression analysis used to determine how much of the variation in the dependent variable can be explained by the independent variables in the model. In the context of this study, the dependent variable is Ln_StockPrice, while the independent variables consist of Ln_ROE, Ln_EPS, Ln_PER, and Ln_PBV. Table 8 presents the values of R, R-squared, Adjusted R-squared, and Standard Error of the Estimate as measures of model accuracy. These values provide an overview of the strength of the relationship between predictors and stock prices in logarithmic form. Understanding the coefficient of determination is crucial because it helps assess the validity of the regression model used in this study.

Table 8 Coefficient of Determination (R2)

Model Summaryb				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.893a	.797	.784	.69153
a. Predictors: (Constant), Ln_PBV, Ln_ROE, Ln_EPS, Ln_PER				
b. Dependent Variable: Ln_Share Price				

Source: SPSS Version 21 Output Results

Based on Table 8, it is evident that the coefficient of determination (R-squared) value of 0.797 indicates that approximately 79.7% of the variation in stock prices can be explained by the four independent variables used in the model: Ln_ROE, Ln_EPS, Ln_PER, and Ln_PBV. Meanwhile, the Adjusted R Square value of 0.784 takes into account the number of variables in the model and provides a more accurate estimate of the population. The R-value of 0.893 also indicates a very strong relationship between the independent and dependent variables. The Standard Error of the Estimate, 0.69153, indicates the level of prediction error of the model. The smaller this value, the better the accuracy of the model in predicting stock prices. These results reinforce the finding that the regression model used is a viable and reliable means of explaining the relationship between variables in this study.

Thus, the high coefficient of determination in this model provides confidence that the financial performance indicators used can substantially explain stock price fluctuations in the mining sector. This indicates that EPS, PBV, ROE, and PER are key factors that investors can use as references to assess the fair value of a company's shares. However, approximately 20.3% of stock price variations are still influenced by factors outside the model, indicating the need for further exploration of other external variables, such as macroeconomic conditions, market sentiment, and industry factors. Therefore, these results should serve as a basis for more comprehensive further research to enhance the understanding of stock price dynamics in the capital market.

Discussion

This study aims to examine the effect of financial performance variables on stock prices in mining sector companies listed on the Indonesia Stock Exchange. The variables tested in this study include Return on Equity (ROE), Earnings per Share (EPS), Price-Earnings Ratio (PER), and Price-to-Book Value (PBV). These four variables were chosen because they are considered to represent the company's financial condition and are relevant to investors in making investment decisions. Based on the results of the multiple linear regression analysis presented in Table 4, it was found that all of these independent variables have a significant effect on stock prices. These results indicate that financial performance indicators continue to be a significant factor influencing the market's perception of the value of mining company stocks.

The test results indicate that Return on Equity (ROE) has a significant negative impact on stock prices, with a regression coefficient of -1.015, a t-value of -4.859, and a significance level of 0.000. Because the significance value is less than 0.05, it can be concluded that the effect of ROE on stock prices is statistically significant. This finding is quite interesting because it contradicts conventional financial theory, which states that a high return on equity (ROE) reflects a company's efficiency in generating profits for shareholders, which should increase the attractiveness of its stocks in the eyes of investors. In the context of the mining sector, other factors, such as commodity price volatility or operational risk, may obscure the relationship between return on equity (ROE) and stock prices. Research by Waskito et al. (2024) also reinforces the significance of ROE in influencing stock prices through the mediation of capital structure, highlighting the complexity of corporate financial dynamics.

Earning per Share (EPS) has a significant positive effect on stock prices, as indicated by the regression coefficient of 0.699, a t-value of 9.499, and a significance value of 0.000. This very small significance value indicates that EPS is a strong predictor of stock prices. This finding aligns with the expectations of investment theory, which posits that EPS reflects a company's ability to generate earnings per share, a key concern for investors. The higher the EPS value, the higher the likelihood that investors will consider the company's shares as a profitable investment instrument. These results align with research by Puspita et al. (2021), which states that EPS is a highly considered indicator by investors in assessing the profit prospects of stock ownership.

The Price-Earning Ratio (PER) also shows a significant negative effect on stock prices, with a regression coefficient of -0.500, a t-value of -2.687, and a significance value of 0.009. A p-value less than 0.05 indicates that PER has a statistically significant relationship with the company's stock price. This finding suggests that the higher the PER value, the lower the stock price of a company, which contradicts the common perception that a high PER reflects expectations of future profit growth. A high PER is considered a sign that the stock is overvalued, thereby reducing investor interest. These results align with research by Manullang et al. (2019), which shows that PER can influence investment decisions in the capital market, particularly when investors critically consider stock valuation.

The Price-to-Book Value (PBV) ratio has a significant positive effect on stock prices, as indicated by a regression coefficient of 1.290, a t-value of 6.170, and a p-value of 0.000. This indicates that the higher the PBV value, the higher the company's stock price. This finding supports the view that

PBV reflects market perceptions of a company's fair value compared to its book value and is used by investors to assess whether stocks are fairly priced. However, this study does not provide direct support for these findings, apart from Moerdianto et al. (2022), who mention the effect of PBV in a more general context. Therefore, further research is needed that is more focused on the mining sector to strengthen the generalization of these findings.

Based on the results of multiple linear regression analysis, it can be concluded that all financial performance variables consisting of ROE, EPS, PER, and PBV have a significant effect on stock prices in mining sector companies listed on the Indonesia Stock Exchange. EPS and PBV exhibit a strong positive effect, whereas ROE and PER hurt stock prices. These results suggest that not all financial indicators have an effect that aligns with classical theory or general investor expectations. Therefore, investors are advised not only to rely on specific financial ratios but also to consider sectoral factors, macroeconomic conditions, and company-specific characteristics when making investment decisions. These findings underscore the importance of comprehensive analysis in understanding the dynamics of the capital market, particularly in sectors characterized by high complexity, such as mining.

CONCLUSION

Based on the results of the F test, the regression model used in this study simultaneously shows a significant influence of the independent variables on the dependent variable, namely stock prices. The independent variables consisting of ROE, EPS, PER, and PBV together are proven to have a significant contribution in explaining the variation in stock prices of mining sector companies. These results indicate that the regression model built is suitable for use as an analytical tool to examine the influence of financial performance indicators on stock prices. This is reinforced by the high coefficient of determination value, which reflects that most of the variation in stock prices can be explained by the four variables.

Furthermore, based on the partial t-test results, it was found that EPS and PBV have a significant positive effect on stock prices, indicating that the higher the value of these two indicators, the higher the company's stock price. On the contrary, ROE and PER have a significant negative effect on stock prices, which may reflect special conditions in the mining sector or market responses that do not align with general expectations for these indicators. These results highlight the importance of in-depth analysis of each financial indicator, as well as the necessity of considering sectoral factors and industry characteristics in developing fundamental-based investment strategies.

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