

## Analysis of the Influence of Profitability, Liquidity, Solvency and Trading Volume on Stock Prices (Case Study: Jakarta Islamic Index 70 Sharia Stocks)

**Elasa Natalie Dara Juvita Setiawan<sup>1)</sup> & Lutfi Nurcholis<sup>2)</sup>**

<sup>1)</sup>Universitas Islam Sultan Agung, Semarang, Indonesia, E-Mail: [elasanataliee@gmail.com](mailto:elasanataliee@gmail.com)

<sup>2)</sup>Universitas Islam Sultan Agung, Semarang, Indonesia, E-Mail: [lutfinurcholis@unissula.ac.id](mailto:lutfinurcholis@unissula.ac.id)

**Abstract.** *Indonesia's economic conditions from 2022 to 2024 experienced fluctuations due to the impact of internal and external factors. To summarize, 2022 was a period of economic recovery following COVID-19 and the onset of global geopolitical tensions that triggered inflation. Then, in 2023, high interest rates (FFR and BI-Rate) were implemented to suppress inflation, which impacted corporate borrowing costs. Meanwhile, 2024 was a political year (elections) that typically created unique dynamics and a wait-and-see attitude among investors in the capital market. These conditions significantly impacted corporate performance, reflected in the fluctuations in stock prices on the capital market. In this study, the authors used quantitative research methods. According to Sekaran & Bougie (2019), quantitative research is a research method based on the philosophy of positivism used to study specific populations or samples, data collection using research instruments, and quantitative data analysis. Based on the results of the testing and analysis conducted by the researchers, it can be concluded that profitability has a positive and significant influence on stock prices, meaning that an increase in a company's profitability will drive up its stock price. Liquidity has no influence on stock prices. This indicates that investors no longer view short-term liquidity as a primary determinant in assessing a company's stock price. Solvency has a negative and significant influence on stock prices.*

**Keywords:** *Geopolitics; Global; Liquidity; Profitability; Tension.*

### 1. Introduction

In an increasingly competitive capital market, a company's primary goal is no longer simply pursuing short-term profits, but rather maximizing its value. Corporate value reflects investors' perceptions of a company's success, often linked to its stock price. For the manufacturing sector, the backbone of the Indonesian economy, high corporate value reflects bright future prospects and

shareholder prosperity (Bringham & Houston, 2019; Sartono, 2017).

To obtain an overview of the company's value, it is necessary to analyze its financial statements. Financial statement analysis essentially involves calculating ratios. A well-organized and accurate financial ratio analysis of a company can provide a realistic picture of the company's results and achievements (Martono and Harjito, 2017). Stock trading is a crucial factor in economic growth in Indonesia, and various government policies have been implemented to attract investors. Stock trading carries a significant risk, and changes in the stock price index can be linked to market sentiment. Stock prices reflect the expectations of investors and potential investors regarding the profitability, liquidity, and equity of an entity. These expected indicators are influenced by the economic climate of a country or region.

The development of the capital market is a crucial factor that can impact the Indonesian economy (Martina and Darmawan, 2018). This is due to the increasing public interest in the capital market and the increasing number of listed industries, supported by the government through investment policies (Satriawan and Agustina, 2016). The Indonesian capital market throughout 2025 demonstrated positive and resilient performance, marked by the JCI growing 22.1%, a record market capitalization reaching IDR 16,000 trillion, and an average daily transaction value (RNTH) reaching IDR 18.06 trillion. Driven by an increase in retail investors (totaling 20.36 million SID) and new issuers, the market recorded significant growth amid economic optimism. In terms of participation, the number of capital market investors increased significantly. Total investors grew 36.67 percent compared to the previous year to 20.3 million investors, with an average of more than 901,000 active investors transacting per month (OJK, 2025).

Indonesia's economic conditions from 2022 to 2024 experienced fluctuations due to the impact of internal and external factors. To summarize, 2022 marked a period of economic recovery following COVID-19 and the onset of global geopolitical tensions, which triggered inflation. Then, in 2023, high interest rates (FFR and BI Rate) were introduced to suppress inflation, impacting corporate borrowing costs. Meanwhile, 2024 was a political year (elections), which typically created unique dynamics and a wait-and-see attitude among investors in the capital market. These conditions significantly impacted corporate performance, reflected in the fluctuations in stock prices on the capital market.

Stock prices are influenced by two factors: external and internal. External factors are those that originate outside the company and cannot be controlled, such as exchange rates, government policies, and inflation. Internal factors are those that can be controlled by the company and originate internally, such as the ability to manage profitability, capital, and management's ability to manage company operations. Investors believe that stock investors need information regarding stock price dynamics to use in making investment decisions.

There are two methods used to analyze stocks, either separately or together:

fundamental analysis and technical analysis. Fundamental analysis is a stock price analysis technique that uses primary sources of information related to financial ratios to predict stock prices. A company's fundamentals are among the factors influencing stock prices, focusing on profitability and leverage ratios (Akhmadi and Prasetyo, 2018).

Corporate value and stock price are two fundamental indicators that are interrelated in assessing the health and performance of a company, especially those listed on the stock exchange. Both are often used by investors as benchmarks when making investment decisions. Corporate value itself is the investor's perception of a company's success, which is often linked to its stock price. A high corporate value indicates high shareholder prosperity.

Financial reports can then be used as a tool to assess company performance. Management performance is assessed using financial ratios. Some of these financial ratios include profitability, liquidity, solvency, activity, growth, and valuation ratios. Profitability, liquidity, and solvency ratios are the focus of this research. Profitability is a company's capability to generate profits. The liquidity ratio measures management's ability to pay off its short-term financial obligations. Solvency, on the other hand, is a ratio that indicates the extent of assets financed by debt.

Company value is influenced by several factors, such as profitability. This study used the Return on Assets (ROA) ratio to assess profitability. ROA is the most frequently used profitability measure. It compares pre-tax profit to total assets. A high ROA indicates more efficient asset utilization, which can increase profits. Investors are naturally interested in investing in companies with high profitability (Sari, DP, & Handayani, N. 2016).

Wahyudi's (2020) research shows that ROA has a positive effect on stock prices. This proves that the efficient use of company assets to generate profits is a major attraction for investors to invest, which ultimately increases the stock's market price. Furthermore, research conducted by Pratama (2016) found that ROA partially has a significant effect on stock prices because it reflects management effectiveness. Meanwhile, Dewi's (2016) results show that ROA has no significant or sometimes negative effect on stock prices. The above research shows that although in general theory (Signalling Theory) ROA should have a positive effect, there are certain conditions where research results show a negative or insignificant effect on stock prices. This phenomenon usually occurs due to market anomalies, poor capital structure, or investors' focus shifting from profitability to growth.

The second factor influencing stock prices is liquidity. Liquidity analysis is often used to illustrate a company's ability to meet its short-term debts. Liquidity is everything related to an industry's ability to pay its obligations in a timely manner. A company's liquidity is a measure used to encourage companies to improve their performance. The higher the liquidity, the better the company's performance in

meeting its short-term obligations. This performance can impact a company's value and business sustainability. Assets that tend to be liquid can be used to pay short-term liabilities. This study uses the Current Ratio (CR) to measure company liquidity. CR is a liquidity ratio that compares current assets to current liabilities (Putri, 2021).

Research by Kasmir (2016) shows that a healthy Current Ratio (CR) sends a positive signal to creditors and investors, thus driving up stock prices. Furthermore, research by Yuliana (2018) found that liquidity (CR) has a significant impact because investors avoid the risk of short-term default. Meanwhile, research by Wilestari (2019) shows that liquidity has no significant impact on certain sectors because investors focus more on dividend distribution.

The third factor that can influence stock prices is solvency. Solvency is a ratio used to assess a company's competence and ability to meet all its obligations if liquidated. Long-term liabilities are obligations to repay loans maturing in more than one year. Researchers use the Debt to Equity Ratio (DER) as a proxy for solvency. The Debt to Equity Ratio (DER) is the ratio between total debt and a company's equity after paying all its obligations. A higher DER means the use of debt to meet obligations is higher than the company's capital. High debt consumption can increase management's financial risk in repaying the debt (Pratama, AG, & Widanaputra, AAGP 2016).

Besides internal factors or a company's financial ratios, stock prices are also influenced by market activity. Trading volume is a market indicator that shows how actively a stock is traded. High volume usually reflects strong investor interest or confidence in the stock (Bassar, 2021). Research conducted by Susilo (2023) found that trading volume is an indicator of the strength of a price trend. High volume reinforces price increases. Furthermore, research by Ascaryo (2020) also found that trading volume has a significant positive effect on stock prices because it reflects investor enthusiasm on the stock exchange. Meanwhile, research by Christiana (2016) shows that trading volume can have a negative effect if accompanied by high volatility, as investors perceive it as increasing risk, leading to price corrections.

Based on the phenomenon of stock price fluctuations influenced by financial performance and market activity, there is an urgency to re-examine the consistent influence of Profitability, Liquidity, Solvency, and Trading Volume on stock prices. Inconsistent results (research gaps) from previous studies indicate that the influence of these variables can vary depending on the characteristics of the sector and stock index studied.

The selection of the Jakarta Islamic Index 70 (JII70) as the research object is highly relevant because this index represents sharia-compliant stocks with high market capitalization and liquidity in Indonesia. Investors in the sharia capital market consider not only profitability but also compliance with sharia principles, which limit debt levels and business types. The stock price dynamics in the JII70 are

interesting to examine in more depth to determine whether asset efficiency (Profitability), effectiveness of obligation fulfillment (Solvency), and ease of transactions (Volume & Liquidity) remain the primary determinants in sharia-compliant investment decisions.

## **2. Research Methods**

In this study, the authors used a quantitative research method. According to Sekaran & Bougie (2019), quantitative research is a research method based on the philosophy of positivism used to study a specific population or sample, collecting data using research instruments, and analyzing quantitative data. This study uses an associative quantitative method that emphasizes theory testing through measuring research variables with numbers and analyzing secondary data obtained from existing and available sources obtained from websites. www.idx.co.id during the 2022-2024 period. The data required for this study is secondary data. Secondary data is data obtained from documentation based on the 2022-2024 financial reports published by the IDX on its website. www.idx.co.id. It also uses data taken from articles, journals, previous research, and other relevant sources. According to Sekaran & Bougie (2019), secondary data is data that does not directly provide data to the data collector. Secondary data is data that supports the needs of primary data related to and supporting the research.

## **3. Results and Discussion**

### **3.1. Descriptive Statistical Analysis**

The data used in this study is panel data, a combination of cross-sectional and time series data. The cross-sectional data in this study consists of 38 companies included in the Jakarta Islamic Index 70.

The time series data in this study consists of stock prices, profitability, liquidity, solvency, and trading volume from 2022 to 2024. This study aims to analyze the effect of profitability, liquidity, solvency, and trading volume on stock prices. The results of the descriptive analysis are shown in the following table:

**Descriptive Analysis Table**

|                    | PRICE    | ROA       | CR       | DER      | TVA             |
|--------------------|----------|-----------|----------|----------|-----------------|
| <b>Mean</b>        | 3.279421 | 0.092877  | 0.023947 | 0.009898 | <b>0.002125</b> |
| <b>Median</b>      | 3.213500 | 0.071500  | 0.019500 | 0.007650 | <b>0.002100</b> |
| <b>Maximum</b>     | 4.591000 | 0.525000  | 0.074500 | 0.064500 | <b>0.005500</b> |
| <b>Minimum</b>     | 2.130000 | -0.025000 | 0.004500 | 0.001200 | <b>0.000300</b> |
| <b>Std. Dev.</b>   | 0.547992 | 0.079268  | 0.015307 | 0.010120 | <b>0.001171</b> |
| <b>Skewness</b>    | 0.213191 | 2.086102  | 1.348580 | 2.761796 | <b>0.529037</b> |
| <b>Kurtosis</b>    | 2.384184 | 9.895249  | 4.338080 | 12.50855 | <b>2.519536</b> |
|                    |          |           |          |          |                 |
| <b>Jarque-Bera</b> | 2.664899 | 308.5208  | 43.05935 | 574.3825 | <b>6.414235</b> |
| <b>Probability</b> | 0.263830 | 0.000000  | 0.000000 | 0.000000 | <b>0.040473</b> |
|                    |          |           |          |          |                 |

|                     |            |            |            |            |                 |
|---------------------|------------|------------|------------|------------|-----------------|
| <b>Sum</b>          | 373.8540   | 10.58800   | 2.730000   | 1.128400   | <b>0.242300</b> |
| <b>Sum Sq. Dev.</b> | 33.93335   | 0.710032   | 0.026477   | 0.011574   | <b>0.000155</b> |
|                     |            |            |            |            |                 |
| <b>Observations</b> | <b>114</b> | <b>114</b> | <b>114</b> | <b>114</b> | <b>114</b>      |

Source: Eviews 2026

Based on the descriptive statistics table, it is known that the number of observations in this study is 114. Then the highest PRICE value is 4.59, while the lowest value is 2.13, and the average value is 3.28 from the total number of observations. The highest ROA value is 0.53, while the lowest value is -0.02, and the average value is 0.093 from the total number of observations. The highest CR value is 0.074, while the lowest value is 0.004, and the average value is 0.02 from the total number of observations. The highest DER value is 0.064, while the lowest value is 0.001, and the average value is 0.009 from the total number of observations. The highest TVA value is 0.005, while the lowest value is 0.0003, and the average value is 0.002 from the total number of observations.

#### 1) Chow Test

The Chow test is used to determine the most appropriate fixed effects or common effects model for estimating panel data. If the probability is greater than 0.05, the common effects model is used. However, if the probability is less than 0.05, the fixed effects model is used. The results of the Chow test in this study are as follows:

**Chow Test Table**

| <b>Effects Test</b>             | <b>Statistics</b> | <b>df</b> | <b>Prob.</b>  |
|---------------------------------|-------------------|-----------|---------------|
| <b>Cross-section F</b>          | 105.855839        | (37.72)   | <b>0.0000</b> |
| <b>Cross-section Chi-square</b> | <b>457.658245</b> | <b>37</b> | <b>0.0000</b> |

Source: Eviews 2026

Based on the chow-test in the table above, the cross-section probability F is 0.0000 < 0.05. Thus, the fixed effect model is more appropriate to use than the common effect model to estimate panel data.

#### 2) Hausman Test

After running the chow test and obtaining results using the fixed effects model, a Hausman test must be performed to compare the panel data models between fixed effects and random effects. The Hausman test is used to determine whether the random effects model is most appropriate. If the probability is greater than 0.05, then the random effects model is used. However, if the probability value is less than 0.05, then the fixed effects model is used. The results of the Hausman test in this study are as follows:

**Hausman Test Table**

| <b>Test Summary</b>         | <b>Chi-Sq. Statistic</b> | <b>Chi-Sq. df</b> | <b>Prob.</b>  |
|-----------------------------|--------------------------|-------------------|---------------|
| <b>Random cross-section</b> | <b>25.657655</b>         | <b>4</b>          | <b>0.0000</b> |

Source: Eviews 2026

Based on the Hausman test in the table above, the probability value is 0.000 < 0.05. Therefore, the fixed effects model is more appropriate to use than the

random effects model to estimate panel data.

### 3) Lagrange Multiplier- Test (LM)

After the Chow test and Hausman test have been run, the model selection stage involves the Lagrange multiplier test. The criteria are that if the Breusch-Pagan probability is greater than 0.05, the common effects model is used. However, if the Breusch-Pagan probability is less than 0.05, the random effects approach is used. The results of the Lagrange multiplier test are as follows:

**Table Lagrange Multiplier Test (LM)**

|                      | Hypothesis Test |                 |                 |
|----------------------|-----------------|-----------------|-----------------|
|                      | Cross-section   | Time            | Both            |
| <b>Breusch-Pagan</b> | 85.68367        | 0.058653        | <b>85.74232</b> |
|                      | <b>(0.0000)</b> | <b>(0.8086)</b> | <b>(0.0000)</b> |

Source: Eviews 2026

The Lagrange multiplier test results in the table above show a Breusch-Pagan probability value of  $0.000 < 0.05$ . Thus, the random effects model is appropriate for estimating panel data.

Based on the estimation results of the Chow-test, Hausman-test, and Lagrange multiplier-test, the appropriate model in this study uses fixed effects.

### 4) Classical Assumption Test

The purpose of the normality test is to determine whether the disturbance variables or residuals in the regression model are normally distributed. The normality test in this study used the Jarque-Bera (JB) test.

### 5) Multicollinearity Test

The multicollinearity test aims to determine whether there is a high or complete correlation between the independent variables of a regression model. In this study, multicollinearity detection uses bivariate correlation. The criterion is that if the bivariate correlation is less than 0.9, the model is normally distributed, and vice versa.

### 6) Heteroscedasticity Test

The heteroscedasticity test aims to determine whether in a regression model, there is inequality in the variance of residuals from one observation to another. If the variance from one observation to another remains constant, it is called homoscedasticity, or the absence of heteroscedasticity. In this study, the statistical test used is the Glejser test.

Panel data regression analysis was conducted to determine the influence of independent variables on the dependent variable. In this study, the dependent variable is Stock Price (Price), while the independent variables are Profitability (ROA), Liquidity (CR), Solvency (DER), and Trading Volume (TVA). The panel data regression results are shown in Table 4.9 as follows:

**Panel Data Regression Analysis Table**

| Variables  | Coefficient     | Error           | T Statistics    | Probability   |
|------------|-----------------|-----------------|-----------------|---------------|
| <b>C</b>   | 3.013113        | 0.153186        | 19.66958        | <b>0.0000</b> |
| <b>ROA</b> | 0.008636        | 0.002163        | 3.993228        | <b>0.0002</b> |
| <b>CR</b>  | 0.085823        | 0.056981        | 1.506171        | <b>0.1364</b> |
| <b>DER</b> | -0.182647       | 0.044609        | -4.094399       | <b>0.0001</b> |
| <b>TVA</b> | <b>0.759195</b> | <b>0.233459</b> | <b>3.251943</b> | <b>0.0017</b> |

Source: Eviews 2026

Based on the test results shown in table 4.9, the form of the model equation in this study is as follows:

$$\text{PRICE} = 3.013113 + 0.008636 (\text{ROA}) + 0.085823 (\text{CR}) - 0.182647 (\text{DER}) + 0.759195 (\text{TVA}) + e$$

Based on the table, the results of the t-test can be explained as follows:

From the regression results, the constant shows a coefficient value of 3.013113. This means that if all independent variables are held constant, the stock price or PRICE value is 3.013113.

The regression results show a coefficient value of 0.008636 for the profitability variable ( $\beta > 0$ ), indicating a positive effect between profitability and stock price. Meanwhile, the probability value is 0.0002, indicating a significant effect of profitability on stock price. Therefore, it can be concluded that the profitability variable has a partial effect on stock price, thus accepting Hypothesis 1.

The regression results show a coefficient value of 0.085823 for the liquidity variable ( $\beta > 0$ ), indicating a positive effect between liquidity and stock prices. Meanwhile, the probability value is 0.1364, indicating an insignificant effect of liquidity on stock prices. Therefore, it can be concluded that the liquidity variable has no partial effect on stock prices, thus rejecting Hypothesis 2.

The regression results show a coefficient value of 0.182647 for the solvency variable ( $\beta < 0$ ), indicating a negative effect between solvency and stock prices. Meanwhile, the probability value is 0.0001, indicating a significant effect of solvency on stock prices. Therefore, it can be concluded that the solvency variable has a partial effect on stock prices, thus accepting Hypothesis 3.

The regression results show a coefficient value of 0.759195 for the trading volume variable ( $\beta > 0$ ), indicating a positive effect between trading volume and stock price. Meanwhile, the probability value is 0.0017, indicating a significant effect of trading volume on stock price. Therefore, it can be concluded that trading volume has a partial effect on stock price, thus accepting Hypothesis 4.

The F statistical test basically shows whether all independent or free variables included in the model have a joint influence on the dependent/bound variable.

The coefficient of determination ( $R^2$ ) essentially measures the model's ability to explain the variation in the dependent variable. The coefficient of determination ranges between zero and one. A small  $R^2$  value indicates that the independent variables' ability to explain the variation in the dependent variable is very limited.

A value close to one indicates that the independent variables provide almost all the information needed to predict the variation in the dependent variable. The results of the f-statistic and r-square tests can be seen in Table 4.10 as follows:

**Table of Simultaneous F Test and R-Square Efficiency**

| R-Square        | Adjusted R-Squared | F-Statistic     | Prob(F-Statistic) |
|-----------------|--------------------|-----------------|-------------------|
| <b>0.986838</b> | <b>0.979343</b>    | <b>131.6655</b> | <b>0.000000</b>   |

Source: Eviews 2026

Based on the table above, it shows the f-statistic value of 131.6655 and the probability of 0.0000. Since the f-statistic value  $>$  f-table ( $131.6655 > 2.01$ ) and the probability value is much smaller than 0.05, then the variables of profitability, liquidity, solvency, and trading volume have a simultaneous effect on stock prices.

The r-square test results show an R-square value of 0.986838. This means that the variation model of profitability, liquidity, solvency, and trading volume variables explains 98.68% of the dependent variable, stock price. The remaining 1.32% is explained by other variables.

### **3.2. Discussion**

#### **1) Profitability Affects Stock Prices**

Profitability is the effectiveness of management in generating profits. High profits can be a key factor in influencing investors to invest. Companies generally aim to maximize profits, which is their ultimate goal. Investors tend to favor companies with high profits. Theoretically and empirically, Return on Assets (ROA) is an indicator of a company's efficiency in managing its assets to generate net income. When ROA affects stock prices, it sends a strong signal to investors and management.

The results of this study indicate that profitability has a positive and significant effect on stock prices. This means that when a company's profitability increases, its stock price will also increase. These findings are supported by research conducted by Hellyas (2021) and Maria (2021) that found Return on Assets (ROA), or the profitability ratio, significantly impacts stock prices. Furthermore, research conducted by Raghilia (2014) found that ROA has a positive and significant effect on closing stock prices.

The results of this study can also have implications for several aspects: first, from an investor perspective, related to investment decisions. An increase in ROA indicates a company is increasingly effective in utilizing its assets. This increases investor confidence in the company's ability to distribute dividends in the future.

Investors tend to react positively to financial report announcements with increasing ROA, which then drives stock demand and increases market prices. Investors can use certain ROA thresholds as screening criteria to distinguish "healthy" companies from inefficient ones.

Second, from a corporate management perspective, the results of this study require management to focus more on asset utilization. This means that every unit

of assets owned (both current and fixed) contributes directly to revenue. Because ROA is influenced by net income, management is encouraged to implement operational cost efficiencies to increase profit margins. Management must be cautious when increasing assets through debt. If additional assets do not increase profits proportionally, ROA will decline and risk lowering stock prices.

Third, from the perspective of developing financial theory, the results of this study reinforce several fundamental theories in financial management. In relation to signaling theory, the results support the idea that internal financial performance (ROA) is the information the market uses to assess a company's prospects. Furthermore, the efficient market hypothesis (EHM) states that if stock prices react immediately to changes in ROA, this indicates the capital market is at a semi-strong form efficiency level, where accounting information is reflected in stock prices.

## 2) Liquidity Affects Stock Prices

Liquidity is a company's ability to meet its short-term obligations. The higher the liquidity ratio, the better the company is at meeting its short-term obligations in a timely manner. A company with a high level of liquidity can create investor perceptions of the company as having good financial performance. Good performance can increase the company's value.

This is indicated by an increase in a company's share price. In this study, researchers used the Current Ratio to measure the level of liquidity.

The research results show that liquidity has no partial effect on stock prices. This indicates that investors no longer view short-term liquidity as a primary determinant in assessing a company's stock price. This could also mean that the market no longer considers liquidity an issue or a relevant indicator of growth. Investors are more concerned with profit generation (ROA/ROE) than with idle cash. High liquidity but low productivity is considered inefficient.

The results of this study are supported by research conducted by Hellyas (2021), Maria (2021), and Dewi (2020) which showed that the cash ratio does not have a significant effect on stock prices.

## 3) Solvency Affects Stock Prices

According to Kasmir (2016), the leverage or solvency ratio measures the extent to which a company's assets are financed by debt. In other words, it measures the extent of a company's debt compared to its assets. Furthermore, solvency is also a measure of a company's ability to meet all its obligations, both short-term and long-term. Solvency can be measured using the Debt Equity Ratio (DER), which compares total liabilities to total equity. A good solvency ratio can influence public perception of a company.

The research results show that solvency has a negative and significant effect on stock prices. This suggests that the market views debt as a risk burden rather than

a means of growth. Investors perceive that a higher debt ratio means a higher interest burden. This increases fears of default, causing investors to dump their shares, causing prices to fall.

Based on signal theory, an increase in debt that is not accompanied by an increase in profits is interpreted by the market as a signal that the company is experiencing cash flow difficulties and is forced to borrow to cover operating costs. Furthermore, this study's findings support the pecking order theory, which states that companies are better off using internal funding first. Debt is a last resort because the market tends to respond negatively to increased liabilities.

The results of this study are supported by research conducted by Prasetyo (2011), Dewi (2013), Purnawati (2016), and Hidayat (2010) which shows that high interest burdens due to high solvency increase financial risk, so that investors tend to release their share ownership which results in a decrease in market prices.

#### 4) Trading Volume Affects Stock Prices

According to Nasution (2016), stock trading volume is defined as the number of shares traded on a given day. Meanwhile, according to Yusra (2019), trading volume is stock trading activity over a specific period and is used to measure the number of shares traded during that period. The occurrence of stock trading results in stock trading volume. This causes the number of stock transactions or the volume of shares traded to fluctuate daily.

The results of this study indicate that trading volume has a positive and significant effect on stock prices. This means that higher trading activity will increase stock prices. For investors, trading volume serves as confirmation of the prevailing price trend. A price increase accompanied by increased volume indicates a strong bullish trend. Investors will view this as a signal that the price increase is not merely a temporary fluctuation but is supported by massive accumulation.

Based on signal theory, this shows that high trading volume is a signal that the information released by the company (such as earnings reports or mergers) is considered relevant and valuable by market players.

This research is supported by Putra's (2016) study, which states that trading volume reflects investor enthusiasm in the capital market. Higher volumes mean greater buying interest, which then drives up stock prices. Furthermore, other supporting research conducted by Aditya (2020), Amihud (2002), and Gervais (2001) shows a positive effect between trading volume and stock prices.

#### **4. Conclusion**

Based on the results of the testing and analysis conducted by the researcher, it can be concluded that profitability has a positive and significant influence on stock prices, meaning that an increase in a company's profitability will drive up its stock price. Liquidity has no influence on stock prices. This indicates that investors no longer view short-term liquidity as a primary determinant in assessing a company's stock price. Solvency has a negative and significant influence on stock prices. This

indicates that the market views debt as a risk burden rather than a means of growth. Investors believe that a higher debt ratio means a greater interest expense, which can impact a company's profits, which in turn will affect its stock price. Trading volume has a positive and significant influence on stock prices. This indicates that higher trading volume in the capital market will increase stock prices.

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