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# The Influence of Gross Profit Margin and Return on Assets on Stock Prices in Jakarta Islamic Index 70 (2020–2024)

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**ABSTRACT**
During the period from 2020 to 2024, the stocks in the Jakarta Islamic Index 70 (JII70) traded on the Indonesia Stock Exchange exhibited price movements believed to be influenced by companies' financial health. This research investigates how Gross Profit Margin (GPM) and Return on Assets (ROA) affect stock prices. Using a quantitative method, this study relies on secondary data from financial statements and stock price history, and employs purposive sampling to select 38 companies, generating 190 data points. The analysis was conducted using SPSS version 27 and multiple linear regression. The results show that GPM has a statistically significant adverse effect on stock prices, as evidenced by a t-statistic value of -2.500, which is below the critical t-value of 1.97569, and a p-value of 0.013, which is less than 0.05. Conversely, ROA does not show a significant effect on stock prices, as indicated by a t-statistic value of 1.449, which is below the t-table value of 1.97569, and a p-value of 0.150, which is greater than 0.05. However, when considered together, GPM and ROA have a significant impact on stock prices, with an F-statistic of 3.404 (greater than the F-table value of 3.06) and a p-value of 0.036 (less than 0.05).

**Keywords:** Gross Profit Margin, Return on Assets, Stock Price, Jakarta Islamic Index 70, Indonesia Stock Exchange.
**JEL Code:** G12, G32, M41

## I. Introduction

The capital market plays a crucial role in the contemporary economy, especially through stock indices that indicate market performance. In Indonesia, the Indonesia Stock Exchange (IDX) developed the Jakarta Islamic Index 70 (JII70). JII70 includes 70 leading issuers with high liquidity and significant market capitalization (Fitria Puteri Sholikah et al., 2022). From 2020 to 2024, the market experienced many changes. The COVID-19 pandemic in 2020 and global inflation in 2022–2023 affected company performance and increased stock price volatility (Abghian Taufik, 2021). These events highlight the need to examine the factors that influence stock prices, especially fundamental company indicators. During the 2020–2024 period, Indonesia's Islamic capital market faced not only challenges due to the COVID-19 pandemic, but also global inflationary pressures that affected consumer purchasing power and production costs. Sharia indices such as the JII70 are expected to show better resilience due to investment principles that avoid high-risk sectors, but

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they are still affected by market volatility. Therefore, this study also aims to evaluate whether Sharia principles provide additional protection against external shocks in relation to companies' fundamental performance (Atikah & Sayudin, 2024).

In fundamental analysis, Gross Profit Margin (GPM) and Return on Assets (ROA) are important profitability metrics for assessing a company's financial health. GPM indicates a company's ability to generate gross profit from sales, while ROA measures its ability to utilize its assets to generate net income. From a theoretical perspective, an increase in this ratio is expected to provide a strong performance signal to investors and to raise stock prices (Yulianti. Antin & Aprianti, 2022). However, previous empirical findings on the influence of GPM and ROA on stock prices have been inconsistent. Some studies have identified a positive and significant influence, while others have reported mixed results (Askafi et al., 2025). At the same time, other studies have found a negative or non-significant influence (Divi Elshinta & Suselo, 2023). This inconsistency suggests that the relationship between profitability and stock prices may be influenced by the research period, the characteristics of the industrial sector, and other external factors (Syaiful Ahyar & Muhamad Rimawan, 2023).

This study provides new empirical evidence to address the lack of research on how GPM and ROA affect the stock prices of JII70 companies from 2020 to 2024. It examines both the individual and combined effects of GPM and ROA on these stock prices during this period. In addition, this study has high practical significance for various stakeholders. For Islamic investors, these findings can be taken into consideration in developing portfolio strategies that not only rely on conventional profitability metrics, but also take into account the macroeconomic context and Islamic principles. For company management, the results of this study provide insight into how the market assesses operational efficiency and asset utilization, especially in turbulent periods. Furthermore, this study attempts to fill a gap in the literature by focusing exclusively on Indonesia's leading sharia indices during a critical period that includes the pandemic, recovery, and global inflationary pressures conditions that have not been widely explored in previous similar studies. Thus, the contribution of this study is expected to enrich the knowledge of Islamic finance and the Indonesian capital market.

## II. Literature Review and Hypothesis Development

### 2.1. Gross Profit Margin (GPM)

Gross Profit Margin (GPM) is the ratio of gross profit to total sales. It indicates a company's ability to control production costs and operate efficiently to generate profit (Nur et al., 2023). In the capital market, a high GPM suggests stable profitability, which can boost investor confidence and raise stock prices (Lailiyah et al., 2022).

### 2.2. Return on Assets (ROA)

Return on Assets (ROA) measures how well a company uses assets to generate net profit. This ratio indicates management's effectiveness in allocating resources to achieve profitability (Almira & Wiagustini, 2020a). High ROA signals strong financial performance and proves the company's profit-generating ability. This ratio is a key fundamental for investors, potentially affecting investment decisions and stock prices (Marta et al., 2025)

### 2.3. Stock Price

Stock prices reflect a company's market value, shaped by supply and demand. They also represent investors' combined evaluations and forecasts for the company (Fadila & Nuswandari, 2022). Stock price fluctuations arise from both fundamental factors, such as financial performance, and non-fundamental

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factors, such as market sentiment and macroeconomic conditions. In addition to Signal Theory, the Efficient Market Hypothesis (EMH) states that stock prices reflect all available information, including fundamental information such as GPM and ROA. However, in markets that are not fully efficient, such as Indonesia's, fundamental information may not be immediately reflected in prices. On the other hand, Behavioral Finance holds that investor decisions are influenced by psychological biases, which may explain why increased profitability is not always reflected in higher stock prices. Sharia finance principles also emphasize fairness, transparency, and the avoidance of usury, which can influence investor perceptions of a company's performance (Gumanti & Utami, 2002).

### 2.4. The Relationship between Gross Profit Margin (GPM), Return on Assets (ROA), and Stock Price

Signal Theory can explain the links between Gross Profit Margin, Return on Assets, and stock price. When GPM and ROA rise, these ratios indicate strong financial health and efficiency. These signals can help reduce the information gap between management and investors, boosting confidence and stock value (Lailiyah et al., 2022). Using both ratios together can create synergy and give investors a broader view of a company's fundamentals (Delfiana & Tiur Manurung, 2025). In addition to Signal Theory, the relationship between profitability and stock prices can be analyzed through the lens of Stakeholder Theory and Agency Theory. Stakeholder Theory (Mulya & Suarjaya, 2024) emphasizes that companies must consider the interests of all stakeholders, not just shareholders. In the context of JII70, Islamic investors may assess a company's performance not solely on profitability, but also on its social and environmental contributions and Sharia compliance. Therefore, an increase in GPM or ROA that is not accompanied by an improvement in non-financial performance may not be responded positively by the market. Meanwhile, Agency Theory (Zogning, 2022) highlights the potential for conflict between management (agents) and owners (principals). High profitability ratios can be interpreted as an indication that management is working effectively in the interests of shareholders, which should have a positive impact on stock prices. However, if investors suspect earnings management practices or the sacrifice of long-term investments to increase short-term profits, the signal sent could actually be negative.

The conceptual relationship between these variables is further illustrated in a theoretical framework. In this model, GPM (X1) and ROA (X2) serve as independent variables that partially and simultaneously influence the dependent variable, Stock Price (Y). This framework posits that the synergy between operational efficiency (as reflected in GPM) and asset utilization effectiveness (as reflected in ROA) provides a comprehensive profitability signal for investors. A high GPM indicates a company's ability to control production costs and generate gross profit from sales. In contrast, a high ROA reflects management's effectiveness in using assets to generate net profit. Together, they provide a holistic picture of financial health, which is expected to be positively perceived by the market, thereby supporting stock prices. However, this relationship is not always straightforward, as market responses can be influenced by external factors, investor sentiment, and the specific principles of sharia investment, which also consider ethical and social aspects beyond mere profitability. Empirical studies reveal inconsistent findings. Some studies report significant positive effects (Husna & Satria, 2020). Meanwhile, other studies find that Gross Profit Margin and Return on Assets have a negative or insignificant impact on stock prices (Khaddafi, 2020). This inconsistency suggests that the relationship between variables may be context-dependent, influenced by sample characteristics, the research period, and prevailing external conditions.

### 2.5. Hypothesis

Research methodology is a systematic process for collecting, processing, and interpreting data to answer scientific questions or problems. Research approaches are generally quantitative, focusing on objective measurement and generalization, or qualitative, which explores meaning and experiences in a social context. The chosen method must align with the research objectives, questions, and data attributes to ensure

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reliable and valid results (Subhaktiyasa, 2024a). In quantitative research, a hypothesis is a tentative statement formed from a theoretical review and deductive reasoning. Hypotheses are proposed for empirical testing as initial predictions to answer research problems (Abigail Soesana et al., 2023). Based on the formulated research problem, the hypothesis in this study is:

*H1:* *The Gross Profit Margin (GPM) substantially influences the stock prices of firms listed in the Jakarta Islamic Index 70 (JII70)*

*H2:* *The Return on Assets (ROA) significantly influences the stock prices of firms listed on the Jakarta Islamic Index 70 (JII70)*

*H3:* *The Gross Profit Margin (GPM) and Return on Assets (ROA) concurrently exert a substantial influence on the stock prices of firms listed in the Jakarta Islamic Index 70 (JII70)*

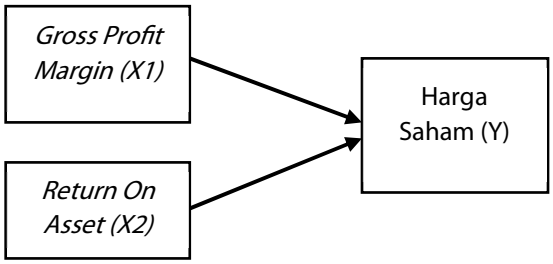


**Figure 1. Conceptual Framework**

Description:

a. The marginal impact of Gross Profit Margin (GPM) on the stock prices of firms listed in the Jakarta Islamic Index 70 (JII70).
b. The marginal impact of Return on Assets (ROA) on the stock prices of firms listed in the Jakarta Islamic Index 70 (JII70).
c. The concurrent impact of Gross Profit Margin (GPM) and Return on Assets (ROA) on the stock prices of businesses listed in the Jakarta Islamic Index 70 (JII70).

## III. Research Method

### 3.1. Research Subjects

This research uses a quantitative methodology with an associative technique. Specifically, the research topic is companies listed on the Jakarta Islamic Index 70 (JII70) of the Indonesia Stock Exchange from 2020 to 2024. This quantitative associative research employs a correlational approach to analyze relationships between variables without manipulating the data. This approach was chosen because it yields objective, measurable results through adequate samples and numerical analysis using statistical techniques, allowing for systematic testing of variable relationships and scientifically accountable conclusions. The research design follows a systematic flow, starting from problem identification, theoretical study and framework Development, hypothesis formulation, determination of research type and approach, population and sample definition, secondary data collection, data analysis (descriptive, classical assumption tests, regression), hypothesis testing, result interpretation, and finally, conclusion and recommendation drawing.

### 3.2. Populations

A group is a collection of individuals with shared traits from which conclusions are drawn (Subhaktiyasa, 2024b). The research population comprises companies on the Jakarta Islamic Index 70 (JII70)

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and on the Indonesia Stock Exchange from 2020 to 2024. These companies represent the performance of the Indonesian capital market. Screening criteria led to 38 eligible companies, selected as the sample for analysis.

### 3.3. Research Sample

This research takes a quantitative approach for strategic analysis. In quantitative studies, the sample represents the whole population, so results can be generalized (Candra Susanto et al., 2024), To ensure reliability, the sample must be suitable, large enough, based on proper methods, and follow set criteria. Purposive sampling selects samples by criteria suited to the study's aims. This method aims to improve the accuracy of results by focusing on credibility, transferability, dependability, and confirmability (Campbell et al., 2020). In this study, three key criteria helped ensure the sample matched the research objectives:

**Table 1. Sample Selection Criteria**

| No | Criteria | Number of Samples |
|---|---|---|
| 1 | Companies included in the Jakarta Islamic Index 70 and listed on the Indonesia Stock Exchange during the 2020–2024 period. | 350 |
| 2 | Companies that were not consistently listed in the Jakarta Islamic Index 70 throughout the entire research period. | 32 |
| 3 | Stocks that were not actively traded for more than 200 trading days in each year of the research period. | 0 |
| Number of samples that met the criteria. | | 38 |
| Total company samples during the 2020–2024 research period (38 companies × 5 years). | | 190 |

The purposive sampling yielded 38 companies that met all criteria. These companies represent various sectors and are considered liquid and well-capitalized entities within the JII70, thus providing a representative sample for analyzing the performance of the Indonesian Islamic capital market. The list of the 38 sampled companies includes prominent names such as Ace Hardware Indonesia Tbk. (ACES), Adaro Energy Tbk. (ADRO), Bank BRIsyariah Tbk. (BRIS), Charoen Pokphand Indonesia Tbk. (CPIN), Indofood CBP Sukses Makmur Tbk. (ICBP), Semen Indonesia Tbk. (SMGR), Telekomunikasi Indonesia Tbk. (TLKM), and United Tractors Tbk. (UNTR), among others

### 3.4. Data Sources

This study uses secondary data. Financial statement data for GPM and ROA came from the Indonesia Stock Exchange (www.idx.co.id). Annual closing stock prices were collected from www.investing.com. The research also refers to books, scientific journals, and similar sources. Introduction of Variables.

### 3.5. Data Processing and Analysis Procedures

The secondary data used in this study were systematically downloaded from the official websites of the Indonesia Stock Exchange (IDX) and Investing.com. To ensure consistency, all financial data has been adjusted to each company's fiscal year. The stock price data used is the annual closing price, which is considered to represent the fair value at the end of the reporting period. In addition, a natural logarithm transformation was applied to the stock price variable to meet the normality assumption in the regression analysis. The selection of statistical tests, such as the Kolmogorov-Smirnov, Glejser, and Durbin-Watson tests, was based on their suitability for the panel data. The data analysis was conducted in several stages using SPSS version 27. First, descriptive statistical analysis was performed to provide an overview of the data characteristics. Second, classical assumption tests, including tests for normality, multicollinearity, heteroscedasticity, and autocorrelation, were conducted to ensure the regression model met the basic

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statistical requirements. Third, multiple linear regression analysis was applied to test the influence of GPM and ROA on stock prices. Hypothesis testing was then carried out using t-tests for partial effects and F-tests for simultaneous effects. Finally, the coefficient of determination ($R^2$) was calculated to determine the proportion of variation in stock prices explained by the independent variables.

### 3.6. Operational Definition of Variables

a. Stock Price

Stock price is the price at which a stock is traded on a stock exchange at a specific point in time and can fluctuate rapidly. Stock prices can rise or fall within minutes, or even seconds, in response to market supply and demand dynamics (Juniarti et al., 2025). According to (Ahmad Ulil Albab Al Umar & Anava Salsa Nur Savitri, 2020), the market price of a stock is the transaction price determined by investors on the stock exchange after its official listing and trading. In calculating stock prices, data on the market value of companies listed on the Indonesia Stock Exchange (IDX) is used. The measurement is based on the annual closing price at the end of the accounting period, as this value is considered most representative of market conditions at the end of the company's fiscal year.

**Table 2. List of JII70 Stock Prices**

| No. | Stock Code | STOCK PRICE (Rp) | | | | |
|---|---|---|---|---|---|---|
| | | 2020 | 2021 | 2022 | 2023 | 2024 |
| 1 | ACES | 1715 | 1280 | 496 | 720 | 790 |
| 2 | ADRO | 1430 | 2250 | 3850 | 2380 | 2430 |
| 3 | AKRA | 636 | 822 | 1400 | 1475 | 1120 |
| 4 | ANTM | 1935 | 2250 | 1985 | 1705 | 1525 |
| 5 | BRIS | 2194 | 1736 | 1290 | 1740 | 2730 |
| 6 | BTPS | 3750 | 3580 | 2790 | 1690 | 925 |
| 7 | CPIN | 6525 | 5950 | 5650 | 5025 | 4760 |
| 8 | CTRA | 985 | 970 | 940 | 1170 | 980 |
| 9 | ERAA | 440 | 600 | 392 | 426 | 404 |
| 10 | EXCL | 2730 | 3170 | 2140 | 2000 | 2250 |
| 11 | HRUM | 596 | 2065 | 1620 | 1335 | 1035 |
| 12 | ICBP | 9575 | 8700 | 10000 | 10575 | 11375 |
| 13 | INCO | 5028 | 4641 | 7000 | 4249 | 3620 |
| 14 | INDF | 6850 | 6325 | 6725 | 6450 | 7700 |
| 15 | INKP | 10425 | 7825 | 8725 | 8325 | 6800 |
| 16 | INTP | 14475 | 12100 | 9900 | 9400 | 7800 |
| 17 | ISAT | 5050 | 6200 | 6175 | 9375 | 2480 |
| 18 | ITMG | 13850 | 20400 | 39025 | 25650 | 26700 |
| 19 | JPFA | 1465 | 1720 | 1295 | 1180 | 1940 |
| 20 | LPPF | 1275 | 4150 | 4750 | 2000 | 1405 |
| 21 | LSIP | 1375 | 1185 | 1015 | 890 | 975 |
| 22 | MAPI | 790 | 710 | 1445 | 1790 | 1410 |
| 23 | MIKA | 2730 | 2260 | 3190 | 2850 | 2540 |
| 24 | MNCN | 1140 | 900 | 740 | 386 | 276 |
| 25 | MYOR | 2710 | 2040 | 2500 | 2490 | 2780 |
| 26 | PGAS | 1655 | 1375 | 1670 | 1130 | 1590 |
| 27 | PTBA | 2810 | 2710 | 3690 | 2440 | 2750 |
| 28 | PTPP | 1865 | 990 | 715 | 428 | 336 |
| 29 | PWON | 510 | 464 | 456 | 454 | 398 |
| 30 | SIDO | 799 | 865 | 755 | 525 | 590 |
| 31 | SMGR | 12391 | 7230 | 6575 | 6400 | 3290 |
| 32 | SMRA | 780 | 835 | 605 | 575 | 490 |

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| | | | | | | |
|---|---|---|---|---|---|---|
| 33 | TINS | 1485 | 1455 | 1170 | 645 | 1070 |
| 34 | TKIM | 9850 | 7525 | 7050 | 7300 | 5975 |
| 35 | TLKM | 3310 | 4040 | 3750 | 3950 | 2710 |
| 36 | TPIA | 2059 | 1831 | 2570 | 5250 | 7500 |
| 37 | UNTR | 26600 | 22150 | 26075 | 22625 | 26775 |
| 38 | UNVR | 7350 | 4110 | 4700 | 3530 | 1885 |
| Maximum (Rp) | | 26600 | 22150 | 39025 | 25650 | 26775 |
| Minimum (Rp) | | 440 | 464 | 392 | 386 | 276 |
| Average (Rp) | | 4503,63 | 4194,97 | 4863,66 | 4224,42 | 4002,87 |

b. Gross Profit Margin

Gross profit margin is an important indicator that measures the direct profitability of a company's business activities, excluding indirect costs. This indicator helps management and investors assess the health and performance of the company's core operations (Rusman et al., 2024). According to (Widianto & Bagana, 2025), the Gross Profit Margin (GPM) measures the percentage of sales remaining after a company covers the cost of goods sold. A high gross profit margin indicates that the company incurs relatively low costs of goods sold, which is typically considered a sign of profitability. The equation for Gross Profit Margin is:

$$GPM = \frac{Gross\ Profit}{Sales} \times 100\%$$

c. Return on Assets

Return on Assets (ROA) is a profitability metric that measures a company's ability to generate profits from its assets. A high and consistently increasing ROA over time indicates strong company performance, potentially driving stock price growth and higher investor returns. Therefore, ROA is considered an important metric that can influence stock returns (Almira & Wiagustini, 2020b). Return on Assets (ROA) measures a company's efficiency in using its assets to generate net income, defined as net income divided by total assets (Margie & Habibah, 2025). A high ROA indicates strong efficiency and profitability, making this ratio an important metric for investors evaluating company performance and value. The equation for Return on Assets is as follows

$$ROA\ \frac{Net\ Profit}{Total\ Assets} \times 100\%$$

## IV. Result and Discussion

### 4.1. Research Results

a. Overview of Variable Data Trends (2020-2024)

Before presenting the statistical test results, it is useful to observe the data trends of the main variables during the research period. The calculated Gross Profit Margin (GPM) for the 38 sample companies showed fluctuations. The average GPM was 29.86% in 2020, increased to 35.46% in 2021, remained high at 35.50% in 2022, then slightly declined to 32.65% in 2023 and 33.10% in 2024. The highest GPM value during this period reached 101.62%, while the lowest was 0.46%. For Return on Assets (ROA), the average value was 6.47% in 2020, increased significantly to 9.63% in 2021, then declined to 8.80% in 2022, 8.52% in 2023, and 8.78% in 2024. The highest ROA value was 34.89%, and the lowest was 0.22%. Meanwhile, the average stock price moved from IDR 4,503.63 in 2020 to IDR 4,194.97 in 2021, rose to IDR 4,863.66 in 2022, then fell to IDR 4,224.42 in 2023 and IDR 4,002.87 in 2024. The highest stock price reached IDR 39,025, while the lowest was IDR 276. These trends indicate that although company profitability (GPM and ROA) showed relatively stable performance, stock prices experienced significant fluctuations, suggesting the strong influence of non-fundamental factors.

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b. Descriptive Statistics

This study uses a sample of 190 observations from 38 companies listed on the Jakarta Islamic Stock Index 70 (JII70) at the Indonesia Stock Exchange between 2020 and 2024. This sample includes all observations that meet the research criteria, providing a comprehensive analysis of the correlation and impact of the research variables on the companies' stock prices in the index. The findings of the descriptive statistical analysis in this study are as follows.

**Table 3. Descriptive Statistical Analysis Results**

| Descriptive Statistics | | | | | |
|---|---|---|---|---|---|
| | **N** | **Minimum** | **Maximum** | **Mean** | **Std. Deviation** |
| Gross Profit Margin | 190 | .46 | 101.62 | 33.3151 | 19.87467 |
| Return On Asset | 190 | .22 | 34.89 | 8.4379 | 6.89233 |
| Harga Saham | 190 | 276 | 39025 | 4357.91 | 5837.006 |
| Valid N (listwise) | 190 | | | | |

The results of the descriptive statistical analysis, based on 190 observations, are presented in Table 3. The average Gross Profit Margin (GPM) is 33.32 percent, with a standard deviation of 19.87. Return on Assets (ROA) shows an average of 8.44 percent and a standard deviation of 6.89. The average stock price is Rp 4,357.91, with a standard deviation of Rp 5,837.01. The distribution of these three variables is considered satisfactory, as their mean values exceed their respective standard deviations.

c. Normality Test

**Table 4. Results of the Normality Test**

| One-Sample Kolmogorov-Smirnov Test | | | |
|---|---|---|---|
| | | | Unstandardized Residual |
| N | | | 155 |
| Normal Parametersa,b | Mean | | .0000000 |
| | Std. Deviation | | .39580011 |
| Most Extreme Differences | Absolute | | .054 |
| | Positive | | .046 |
| | Negative | | -.054 |
| Test Statistic | | | .054 |
| Asymp. Sig. (2-tailed)c | | | .200d |
| Monte Carlo Sig. (2-tailed)e | Sig. | | .319 |
| | 99% Confidence Interval | Lower Bound | .306 |
| | | Upper Bound | .331 |

According to Table 4, the results of the One-Sample Kolmogorov-Smirnov Test show an Asymp. Sig. (2-tailed) value of 0.200. Given that this result exceeds the 0.05 significance threshold, the regression model residuals are normally distributed. This conclusion is also supported by the Monte Carlo significance value (2-tailed) of 0.319, which exceeds the critical threshold of 0.05. As a result, the evaluated regression model meets the normality criteria for residuals. The previous data transformation effectively improved the distribution of residuals, making them more normal, indicating that the regression model's validity under the assumption of normality was met.

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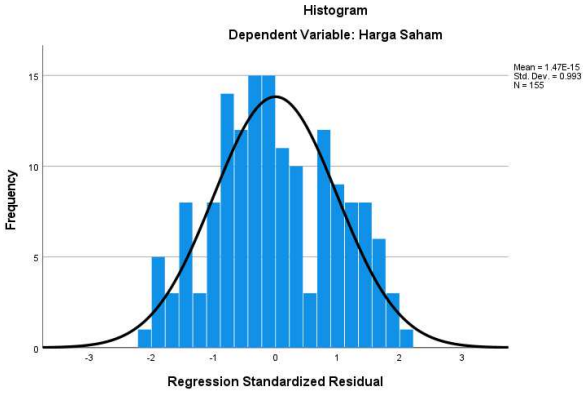


**Figure 1. Histogram**

Based on figure 1, the histogram of the dependent variable (Y) based on Regression Standard Residuals shows that the residuals exhibit a normal distribution. The curve has a symmetrical bell-shaped configuration, with a mean close to zero ($1.475 \times 10^{-15}$) and a standard deviation of 1.000. This confirms that the normality assumption is met, indicating that the regression model is suitable for application and its estimation results are reliable.

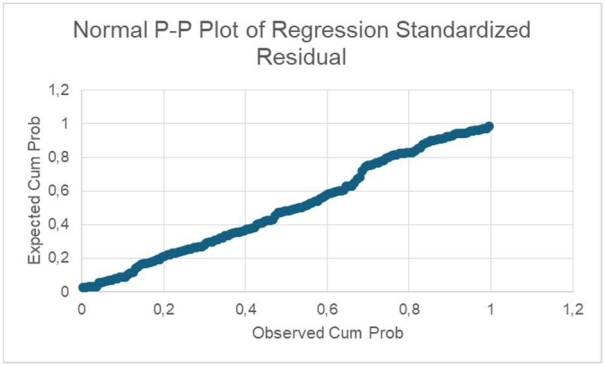


**Figure 2. Normal P-P Plot**

According to Figure 2, the Normal P-P Plot of Standardized Regression Residuals for the stock price variable shows that the residuals conform to a normal distribution. The points on the plot are evenly distributed and parallel to the diagonal line, indicating the characteristic pattern of a normal distribution. The close alignment of the distribution with the diagonal line suggests that the normality assumption is met, which indicates the suitability of the regression model and the reliability of its estimation results.

d. Multicollinearity Test

**Table 5. Results of the Multicollinearity Test**

| Coefficients[a] | | | |
|---|---|---|---|
| Model | | Collinearity Statistics | |
| | | Tolerance | VIF |
| 1 | Gross Profit Margin | .914 | 1.094 |
| | Return On Asset | .914 | 1.094 |
| a. Dependent Variable: Harga Saham | | | |

The results of the multicollinearity test, presented in Table 5, indicate that the regression model is free from multicollinearity among the independent variables. The tolerance values for both Gross Profit Margin (GPM) and Return on Assets (ROA) are 0.914, far above the minimum of 0.10. The Variance Inflation Factor (VIF) values for both variables are 1.094, well below the threshold of 10. This result confirms that the

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two independent variables show a low correlation, making them suitable for inclusion in the model to predict stock prices.

e. Heteroscedasticity Test

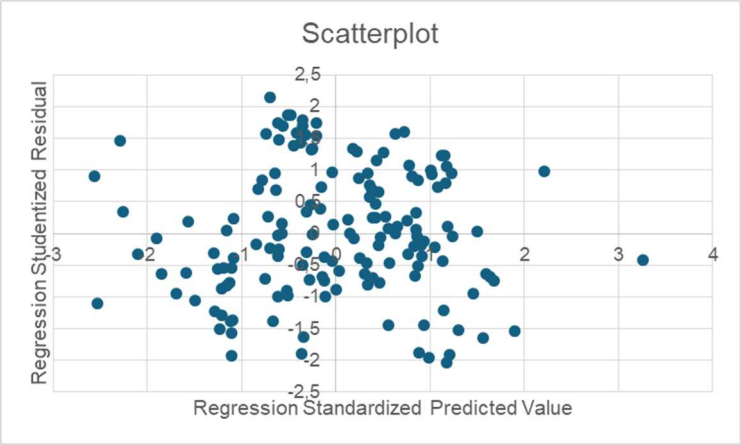


**Figure 3. Results of the Heteroscedasticity Test**

According to figure 3, the scatterplot of Standardized Regression Predicted Values and Standardized Regression Residuals shows that the regression model is free from heteroskedasticity. The remaining points are scattered randomly around the zero line, with no clear pattern. This random distribution indicates that the residual variance is constant (homoscedasticity), confirming that the heteroscedasticity assumption is met and the regression model is suitable for predicting stock prices.

**Table 6. Results of the Glejser Test**

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .362 | .068 | | 5.333 | .000 |
| | Gross Profit Margin | .003 | .011 | .025 | .301 | .764 |
| | Return On Asset | -.022 | .021 | -.087 | -1.027 | .306 |
| a. Dependent Variable: ABRESID | | | | | | |

According to Table 6, the Glejser test further supports the conclusion that the regression model is free from heteroskedasticity. The significance values for Gross Profit Margin (GPM) and Return on Assets (ROA) are 0.764 and 0.306, respectively, both exceeding the threshold of 0.05, indicating that the independent variables do not have a significant impact on the absolute residuals. Additionally, the negligible regression coefficients (B) for both variables (GPM: 0.003; ROA: –0.022) indicate a lack of a regular association pattern. As a result, the model adheres to the assumption of homoscedasticity, producing consistent and efficient estimates.

f. Autocorrelation Test

**Table 7. Results of the Autocorrelation Test**

| Model Summary[b] | | | | | |
|---|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .151[a] | .023 | .010 | .25306 | 1.912 |

Based on Table 7, the Durbin-Watson test yields a value of 1.912, which falls within the permissible range and is close to 2. This criterion verifies the absence of autocorrelation in the residuals, indicating that the assumption of error independence is met and the regression model is suitable for application.

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g. Multiple Linear Regression Analysis

**Table 8. Results of Multiple Linear Regression Analysis**

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.424 | .120 | | 28.446 | .000 |
| | Gross Profit Margin | -.049 | .020 | -.208 | -2.500 | .013 |
| | Return On Asset | .055 | .038 | .120 | 1.449 | .150 |

Based on Table 8, the multiple linear regression analysis in this study is conducted by referring to the following form of the equation:

$$Y = 3{,}424 - 0{,}049\ X1 + 0{,}055\ X2 + e$$

Where:
Y = Stock Price
$X_1$ = Gross Profit Margin
$X_2$ = Return on Assets
e = Error

Based on the regression equation results above, the following conclusions can be drawn:

1) The constant value (a) of 3.424 signifies that, assuming the Gross Profit Margin (GPM) and Return on Assets (ROA) variables are zero, the baseline forecast stock price is 3.424.
2) The regression coefficient for the Gross Profit Margin (GPM) variable is –0.049, indicating that a 1-unit increase in GPM will decrease the stock price by 0.049. This outcome suggests that GPM adversely impacts stock prices.
3) The regression coefficient for the Return on Assets (ROA) variable is 0.055, indicating that a 1-unit increase in ROA will raise the stock price by 0.055. This outcome suggests that ROA positively influences stock prices.

h. Hypothesis Testing

**Table 9. Results of the t-Test**

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.424 | .120 | | 28.446 | .000 |
| | Gross Profit Margin | -.049 | .020 | -.208 | -2.500 | .013 |
| | Return On Asset | .055 | .038 | .120 | 1.449 | .150 |
| a. Dependent Variable: Harga Saham | | | | | | |

Based on the results of the t-test presented in Table 9, the following conclusions can be drawn:

1) At a significance level (α) of 5% or 0.05, with degrees of freedom df = n – k = 155 – 3 = 152, the Gross Profit Margin (GPM) variable exhibits a t-statistic of –2.500, a t-table value of 1.97569, and a significance value of 0.013. Given that 0.013 is less than 0.05, it may be inferred that GPM has a negative, statistically significant impact on stock prices in a partial context. The null hypothesis ($H_0$) is rejected, while the alternative hypothesis ($H_a$) is accepted.

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2) For α = 0.05 and df = 152, the Return on Assets (ROA) variable exhibits a t-statistic of 1.449, a t-table value of 1.97569, and a significance value of 0.150. Given that 0.150 exceeds 0.05, ROA does not exert a meaningful partial influence on stock prices. The null hypothesis ($H_0$) is accepted, while the alternative hypothesis ($H_a$) is rejected

i. F-Test (Simultaneous Test)

**Table 10. Results of the F-Test**

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| **Model** | | **Sum of Squares** | **df** | **Mean Square** | **F** | **Sig.** |
| 1 | Regression | 1.080 | 2 | .540 | 3.404 | .036[b] |
| | Residual | 24.125 | 152 | .159 | | |
| | Total | 25.206 | 154 | | | |

According to Table 10, the F-test findings at a significance level of 0.05 (df1 = 2, df2 = 152) yielded an F-statistic of 3.404, which exceeds the F-table value of 3.06. The significance value of 0.036, which is less than 0.05, further strengthens this finding. As a result, both Gross Profit Margin (GPM) and Return on Assets (ROA) significantly influence stock prices, leading to the rejection of $H_0$ and the acceptance of $H_a$.

j. Coefficient of Determination Test ($R^2$)

**Table 11. Results of the Partial Coefficient of Determination Test of Gross Profit Margin on Stock Prices**

| Model Summary | | | | |
|---|---|---|---|---|
| **Model** | **R** | **R Square** | **Adjusted R Square** | **Std. Error of the Estimate** |
| 1 | .172[a] | .030 | .023 | .39982 |

Based on Table 11, the coefficient of determination ($R^2$) of 0.030 indicates that Gross Profit Margin (GPM) accounts for only 3% of the variance in stock prices, with the remaining 97% attributable to factors outside the scope of this research model. This data shows that VAT has a relatively small influence on fluctuations in the stock prices of JII70 companies.

**Table 12. Results of the Partial Coefficient of Determination Test of Return on Assets on Stock Prices**

| Model Summary | | | | |
|---|---|---|---|---|
| **Model** | **R** | **R Square** | **Adjusted R Square** | **Std. Error of the Estimate** |
| 1 | .059[a] | .004 | -.003 | .40517 |

According to Table 12, the coefficient of determination ($R^2$) for Return on Assets (ROA) is 0.004, or 0.4%, indicating that ROA accounts for only 0.4% of the stock price variability, with the remaining 99.6% attributable to external factors not included in the research model. This result indicates that Gross Profit Margin (GPM) has a greater impact on stock price than Return on Assets (ROA), even tho GPM has a negative influence on stock price. This dominance is evidenced by the significance value of GPM being 0.013 ($p < 0.05$), contributing 3%, while ROA is not significant ($p = 0.150$) and contributes about 0.4%. Therefore, the hypothesis stating that GPM affects stock price is accepted.

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**Table 13. Results of the Simultaneous Coefficient of Determination Test of Gross Profit Margin and Return on Assets on Stock Prices**

| Model Summary[b] | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .207[a] | .043 | .030 | .39840 |

According to Table 13, the coefficient of determination ($R^2$) is 0.043, or 4.3%, indicating that Gross Profit Margin (GPM/$X_1$) and Return on Assets (ROA/$X_2$) collectively account for only 4.3% of the variance in stock prices (Y). The remaining 95.7% was influenced by factors outside the scope of this research model, indicating the impact of non-fundamental external variables on the stock price fluctuations of JII70 companies.

4.2. Discussion of Research Findings

This study examines the effect of Gross Profit Margin (GPM) and Return on Assets (ROA) on stock prices of companies listed on the Jakarta Islamic Index 70 (JII70) during the period 2020–2024. The results of the analysis show interesting and layered dynamics, both partially and simultaneously, reflecting the complexity of the relationship between fundamental indicators and market valuation in the context of sharia indices and a period of economic turmoil. First, the finding that GPM has a negative and significant effect on stock prices contradicts the general theoretical expectation that high profitability should be a positive signal for investors. These results can be interpreted from several perspectives. During the research period (2020–2024), which was marked by the COVID-19 pandemic, global inflationary pressures, and economic uncertainty, Islamic investors in the JII70 may view high GPM not solely as an indication of operational efficiency, but rather as a signal that companies may be too conservative in investing for long-term growth, or unable to adjust prices aggressively amid cost pressures. In addition, gross profit, which other operating expenses have not reduced, may be considered insufficient to provide a complete picture of the company's ability to generate sustainable net profit for shareholders. These findings are in line with several previous studies (Rusman et al., 2024), that also indicate that, in specific sectors or periods, GPM is not the prominent indicator investors consider.

Second, ROA does not show a significant partial effect on stock prices. This indicates that, in the context of JII70, a company's effectiveness in utilizing assets to generate net income (ROA) is not a major determinant of short- to medium-term investment decisions during that period. Investors may be more focused on other factors such as revenue growth prospects, cash flow stability, dividend policy, or non-financial considerations such as Sharia compliance and Environmental, Social, and Governance (ESG). The low partial determination coefficient for ROA (0.4%) further reinforces the view that this variable makes a very limited contribution to explaining stock price fluctuations. These findings are consistent with several previous studies (Divi Elshinta & Suselo, 2023), which also reported no significant effect of ROA on stock prices in a different context. Third, simultaneously, GPM and ROA together have a significant effect on stock prices, albeit with a relatively low coefficient of determination (4.3%). This finding reveals an important nuance: although individually their influence is weak or even negative (GPM), the combination of these two profitability ratios provides a more holistic framework for fundamental analysis for investors. The synergy between production cost efficiency (GPM) and asset utilization effectiveness (ROA) shapes the market's collective perception of a company's financial health. This means that investors in the JII70 market still consider profitability information, but their assessment is more comprehensive, taking into account the interactions among ratios rather than a single indicator. These results are consistent with research (Fazira et al., 2024), which emphasizes the importance of a multivariate approach in fundamental analysis.

Overall, the findings of this study underscore that, in the context of the Indonesian Islamic capital market during a volatile period (2020–2024), the relationship between accounting fundamentals (GPM and ROA) and stock prices is neither simple nor linear. External factors such as global market sentiment, monetary policy, and Islamic-based investment preferences may play a more dominant role. The low $R^2$ value (95.7% of

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stock price variation is explained by factors outside the model) is strong evidence that there are still many other variables, both fundamental (such as leverage, liquidity, dividend policy) and non-fundamental (such as investor sentiment, macroeconomic conditions, and global issues), that determine the movement of JII70 stock prices. The study's results also indicate variations in the influence of GPM and ROA across industrial sectors in the JII70. The commodity and mining sectors tend to be more sensitive to ROA, while GPM more influences the consumption sector. Furthermore, when analyzed annually, the impact of the COVID-19 pandemic in 2020–2021 appears to be more dominant than fundamental factors, consistent with the model's relatively low $R^2$. This suggests that in times of crisis, investors tend to be more reactive to market sentiment than to historical financial performance.

## V. Conclusion

In the specific context of the Jakarta Islamic Index 70 (JII70) for the 2020–2024 period, the relationship between profitability and stock prices is complex and does not always align with conventional signaling theory. Gross Profit Margin (GPM) has a partially negative and significant effect, while Return on Assets (ROA) is not individually significant. However, these two fundamental indicators continue to be significant in shaping market perceptions, despite their limited explanatory power. These findings indicate that JII70 investors conduct comprehensive assessments that are heavily influenced by the volatile macroeconomic context and considerations beyond traditional accounting metrics. Theoretically, the research results imply the need to modify Signal Theory with a more contextual approach that considers market conditions and the types of Sharia indices, and to encourage a holistic analytical approach by integrating non-fundamental and macroeconomic factors.

The significance of simultaneous influence also supports the importance of an indicator portfolio approach in fundamental analysis. On the practical side, the managerial implications for JII70 companies include improving transparent, contextually relevant communication about performance, balancing asset optimization with comprehensive operational cost control, and properly considering and communicating Sharia compliance and ESG performance. For investors and capital market analysts, an approach that goes beyond single ratio analysis is needed by adopting a comprehensive review that combines various financial ratios, industry prospects, and macroeconomic conditions, as well as integrating technical and macro analysis, while understanding the characteristics of sharia investment, where sharia and ethical factors can have equal or greater weight. This study has several limitations, including the use of only two profitability variables and the exclusion of macroeconomic factors such as interest rates, exchange rates, or monetary policy. In addition, the study period covering the pandemic may produce different findings if applied to a stable period. For future research, it is recommended to add variables such as company size, liquidity, or ESG (Environmental, Social, and Governance) indicators, which are increasingly relevant in the context of Islamic investment. Longitudinal studies with more extended periods are also needed to test the stability of the relationship between variables.

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