

Profitability as a Determinant of Stock Price at PT Bank Syariah Indonesia, Tbk (2020–2023)

Juhriah^{1*}, Atika Zahra Mulida², Yusuf Asyahri³, Malia⁴

Faculty of Islamic Economics and Business, Antasari State Islamic University, Banjarmasin, Indonesia

juhriah0310@gmail.com¹, atikazahra615@gmail.com², yusufasyahri@uin-antasari.ac.id³,
maliahaechan@gmail.com⁴

Abstract

This study was motivated by the increasing interest of investors in stocks, where stock price movements have become an important indicator in reflecting company performance. The results show that simultaneously, EPS, PER, and ROE affect stock prices. Partially, EPS and PER have a positive effect on stock prices, while ROE has a negative effect on the stock price of PT Bank Syariah Indonesia, Tbk during the research period. The research uses a quantitative approach with secondary time series data from the official IDX website for the period 2020–2023, and the analysis was conducted using EViews 9 software. The results show that simultaneously, EPS, PER, and ROE affect stock prices. Partially, EPS and PER have a positive effect on stock prices, while ROE has a negative effect on the stock price of PT Bank Syariah Indonesia, Tbk during the research period.

Keywords - Earnings Per Share (EPS), Price Earnings Ratio (PER), Return On Equity (ROE), and stock price.

INTRODUCTION

The stock market plays an important role in the modern economy because it serves as a main indicator of a company's financial condition and growth prospects. Investors actively monitor market dynamics to gain profits while minimizing risks. Stock prices reflect market strength as well as political, social, and economic conditions (Ding & Qin, 2020);(Ji dkk., 2021). Understanding the various factors that can affect stock price fluctuations is an important aspect that must be considered in the investment decision-making process.

The COVID-19 pandemic, which has affected the world since early 2020, has had a major impact on global and national economic stability, including the banking sector in Indonesia. The decline in economic activity has put pressure on the performance of various financial institutions, including PT Bank Syariah Indonesia Tbk (BSI). In response to these conditions, various policies have been implemented by public companies to maintain financial stability. One of them is PT BSI, whose financial performance can be analyzed through financial ratios such as ROE, EPS, and PER (Sandag et al., 2024). This situation has also affected the stock market, where investors are increasingly cautious in making investment decisions. Stock prices serve as an important indicator reflecting market expectations of company performance, including in the Islamic banking sector.

Stock prices can be influenced by various factors, such as company profit levels, investor expectations, and the company's own financial condition. Several financial ratios, namely Earnings per Share (EPS), Price Earning Ratio (PER), and Return on Equity (ROE), are important measures for assessing a company's performance and assisting investors in making investment decisions (Sandag et al., 2024);(Febbiana & Suryono, 2022). Earnings per Share (EPS) illustrates a company's ability to generate profits per share, Price Earning Ratio (PER) reflects market expectations of future earnings, while Return on Equity (ROE) indicates the efficiency of a company in managing shareholders' capital to generate profits (Asadanie, 2024). Through these ratios, investors can evaluate a company's capacity to create added value and its prospects for future financial performance.

Several previous studies have shown varying results regarding the effect of profitability on stock prices. (Fadella, 2023) found that EPS has a strong effect on stock prices, whereas (Elizabeth, 2023) concluded that the effect tends to be weak. Different findings also

appeared in studies on PER and ROE, which showed inconsistent results among researchers (Syahputra & Idawati, 2024);(Rumondang Sinaga dkk., 2023);(Andriani dkk., 2022). These discrepancies indicate that research gaps still exist and need to be further investigated, particularly in the Islamic banking sector in Indonesia.

These discrepancies indicate that research gaps still exist and need to be further investigated, particularly in the Islamic banking sector in Indonesia. This study addresses the existing research gaps by focusing on the unique period of 2020-2023, which encompasses the critical phase of the COVID-19 pandemic and the major corporate action of the BSI merger in 2021. The novelty lies in analyzing how market perception of profitability ratios (EPS, PER, and ROE) shifted during this specific post-merger, high-uncertainty environment of Indonesia's largest Islamic bank. Considering these conditions, this study aims to re-examine the effect of profitability ratios, such as Earnings per Share (EPS), Price Earning Ratio (PER), and Return on Equity (ROE), on the stock price of PT Bank Syariah Indonesia, Tbk during this specific period. The results are expected to provide empirical evidence for investors, financial analysts, and policymakers regarding the determinants of stock price movements in sharia-based financial institutions during a period of significant structural change

RESEARCH METHODS

This study employs a quantitative approach with a library research method. The data used are quarterly secondary data obtained from the financial reports and stock prices of PT Bank Syariah Indonesia, Tbk for the period 2020-2023., which were downloaded from the official website of the Indonesia Stock Exchange, www.idx.co.id. Data selection was carried out using purposive sampling, based on specific criteria in accordance with the research objectives (Sugiyono, 2022)

The variables studied consist of three independent variables, namely Earnings Per Share (EPS), Price Earning Ratio (PER), and Return on Equity (ROE), as well as one dependent variable, namely stock price. Each variable is measured based on commonly used financial indicators. The variables are measured as follows: Earnings Per Share (EPS) is calculated by dividing net income by the number of outstanding shares, Price Earning Ratio (PER) is

the ratio of stock price to EPS, and Return on Equity (ROE) is net income divided by total equity. Stock price (Y) is measured using the quarterly closing price.

Data analysis was conducted using logarithmic regression (log-log model) with the Ordinary Least Squares (OLS) method. Before performing the analysis, classical assumption tests were carried out, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests, to ensure the validity of the model (Ghozali, 2018). Hypothesis testing included the F test to assess the simultaneous effect of the variables, the t test to assess the partial effect, and the calculation of the coefficient of determination (R^2) to determine the contribution of the independent variables to the dependent variable. The entire data processing and analysis process was carried out using statistical Eviews software to ensure that the research results obtained were accurate and reliable.

RESULTS

The results of the classical assumption tests indicate that the regression model has met the statistical requirements. The data are normally distributed ($p = 0.631$), there is no multicollinearity with a Variance Inflation Factor ($VIF < 10$), and the model is free from heteroscedasticity and autocorrelation ($p = 0.3289$). Therefore, the regression model used is considered suitable for further analysis.

The regression analysis uses a double logarithmic (log-log) model with the following equation:

$$\text{LogY} = 0,405656 + 0,917883\text{X}_1 + 0,925862\text{X}_2 + 0,094877\text{X}_3$$

Where Y represents the stock price, while X_1 , X_2 , and X_3 represent Earnings Per Share (EPS), Price Earning Ratio (PER), and Return on Equity (ROE), respectively.

The regression coefficients indicate that a 1% increase in EPS and PER is expected to increase stock prices by 0.92% and 0.93%, respectively, while ROE only has a small positive effect of 0.095%. The constant of 0.406 indicates the base value of the stock price when all three independent variables are zero, so that the model retains its predictive value even when the independent variables are low.

The t-test (partial) results show that EPS and PER have a strong influence on stock prices ($p < 0.05$), whereas ROE does not show a meaningful influence ($p = 0.2465$). Meanwhile, the results of the F test (simultaneous) show that Fcount is 3.978, greater than Ftable 3.49, with a p value of $0.035 < 0.05$, indicating that the three variables together affect stock prices.

The coefficient of determination (R^2) value of 0.4986 indicates that approximately 49.86% of the stock price variation can be explained by EPS, PER, and ROE, while the remaining variation is influenced by other factors outside the model, such as Return on Assets (ROA), Price to Book Value (PBV), or external economic and political factors. Thus, this log-log regression model is suitable for explaining the relationship between profitability ratios and stock prices.

Reporting Research Results

All analyses were conducted using EViews 9 with a log-log regression model to examine the effect of EPS, PER, and ROE on the stock price of PT Bank Syariah Indonesia Tbk during the period 2020–2023.

Before performing regression analysis, classical assumptions were tested first. The results of the normality test showed that the data followed a normal distribution. All VIF values were < 10 , indicating that there were no multicollinearity issues. In addition, the results of the heteroscedasticity and autocorrelation tests showed that the model was free from these problems.

The regression results (Table 1) show that EPS ($\beta = 0.918$, $p < 0.001$) and PER ($\beta = 0.926$, $p < 0.001$) have a positive effect on stock prices, while ROE ($\beta = 0.095$, $p = 0.247$) also has a meaningful effect. The regression model (Table 2) explains 49.8% of the variation in stock prices ($R^2 = 0.4986$) and has an Adjusted R^2 of 0.3733, indicating that almost half of the variation in stock prices can be explained by EPS, PER, and ROE.

All VIF values are < 10 , so it can be concluded that there is no multicollinearity problem.

Table 1

Partial Test Results (t-test)

| Variabel | Coefficient | t-Statistic | Prob. | Sig. |
|----------|-------------|-------------|--------|------|
| C | 0,405656 | 1,157420 | 0,2696 | 0,05 |
| EPS | 0,917883 | 11,71459 | 0,0000 | 0,05 |
| PER | 0,925862 | 16,79061 | 0,0000 | 0,05 |
| ROE | 0,094877 | 1,218282 | 0,2465 | 0,05 |

Source: Data processed in 2025

Table 2

Results of the Coefficient of Determination Test

| | |
|--------------------|----------|
| R-squared | 0,498636 |
| Adjusted R-squared | 0,373296 |

Source: Data processed in 2025

The simultaneous test results (Table 3) – (F-test) show that EPS, PER, and ROE together have an effect on stock prices (Fcount = 3.978; Ftable = 3.49; p = 0.035).

Table 3

Simultaneous Test Results (F Test)

| Fcalculate | Ftable | Sig. |
|------------|--------|-------|
| 3,978 | 3,49 | 0,035 |

Source: Data processed in 2025

Overall, EPS and PER contributed significantly to the stock price of PT Bank Syariah Indonesia Tbk, while ROE did not show a meaningful effect during the research period.

DISCUSSIONS

The results of the study indicate that the variables Earning Per Share (EPS) and Price Earning Ratio (PER) have a positive effect on stock prices, while Return on Equity (ROE) does not have a meaningful effect. These findings are in line with the research by Fadella (2023) and Sandag et al. (2024), which shows that EPS and PER are the main indicators influencing the movement of a company's stock price. This indicates that earnings per share and the price-to-earnings ratio are the primary benchmarks for investors in assessing a company's financial performance.

On the other hand, findings showing that ROE does not have a meaningful effect (p-value 0.2465) indicate that the effectiveness of equity management has not been a primary or immediate concern for investors during this specific period. The relative insignificance of ROE can be theoretically explained by investor focus shifting towards immediate performance indicators (EPS) and future earnings expectations (PER) in the face of the BSI merger's associated transitional uncertainties (e.g., integration costs, asset consolidation) and the broader economic distress caused by the COVID-19 pandemic. This is in line with the research by Andriani, Kusumastuti, and Hernando (2022), which found that ROE does not always reflect the attractiveness of stocks to investors. This condition is likely influenced by BSI's focus on large-scale asset expansion strategy post-merger, which may temporarily depress the ROE value while aiming for long-term growth, thus making it a less impactful signal for short-term stock prices than EPS or PER. This is in line with the research by Andriani, Kusumastuti, and Hernando (2022), which found that ROE does not always reflect the attractiveness of stocks to investors. This condition is likely influenced by fluctuations in net profit and BSI's asset expansion strategy, which remains focused on long-term growth.

This study provides empirical evidence that each profitability ratio has a different level of influence on stock prices, depending on the company structure and macroeconomic conditions. EPS and PER serve as fundamental indicators that are easier for investors to understand when assessing the fair value of stocks, while ROE functions more as a measure of a company's internal efficiency.

CONCLUSION

The results of the study indicate that Earning Per Share (EPS) and Price Earning Ratio (PER) have a positive effect on the share price of PT Bank Syariah Indonesia Tbk for the period 2020–2023. Conversely, Return on Equity (ROE) does not have a meaningful effect on the share price. Overall, these three variables contribute to determining the movement of the company's share price.

The implications of this study indicate that during periods of high uncertainty and corporate transition (such as the BSI merger and the pandemic), investors primarily rely on short-term performance indicators. Therefore, investors should prioritize analyzing the EPS and PER ratios as a primary basis for making investment decisions on BSI's stock, particularly when market focus is on immediate corporate performance. This study has limitations, First, the observation period is relatively short (2020-2023), resulting in a small sample size (N=16 quarterly observations). Second, the research object is limited to only one company, PT Bank Syariah Indonesia Tbk, which may limit the generalizability of the findings to the broader Islamic banking sector. Third, the exclusion of other potentially relevant factors (such as ROA, PBV, or macroeconomic conditions) suggests a risk of omitted-variable bias. Future studies should extend the observation period, utilize a larger sample size, and include other relevant variables, such as Return on Assets (ROA), Price to Book Value (PBV), Net Profit Margin (NPM), or macroeconomic factors (like interest rates or inflation), in order to obtain more complete and comprehensive results.

REFERENCES

Andriani, S. D., Kusumastuti, R., & Hernando, R. (2022). *Pengaruh Return On Equity (ROE), Earning Per Share (EPS) dan Debt To Equity Ratio (DER) Terhadap Harga Saham (Studi Empiris Pada Perusahaan Industri Makanan Olahan yang Terdaftar di Bursa Efek Indonesia Tahun 2018 – 2020)*. Owner, 7(1), 333–345.

Asadanie, N. K. (2024). *Hubungan Rasio Keuangan Dan Harga Saham*. Owner, 8(2), 1108–1116.

Ding, G., & Qin, L. (2020). *Study on the prediction of stock price based on the associated network model of LSTM*. International Journal of Machine Learning and Cybernetics, 11(6), 1307–1317.

Elizabeth, S. M. (2023). *Pengaruh Earning Per Share (EPS) terhadap harga saham dimediasi oleh Return On Equity (ROE) pada perusahaan sektor perbankan yang terdaftar di Bursa Efek Indonesia (BEI) periode tahun 2018–2021 [The effect of Earning Per Share (EPS) on stock prices mediated by Return on Equity (ROE) in the banking sector companies listed on the Indonesia Stock Exchange (IDX) during 2018–2021]*. Forum Bisnis dan Kewirausahaan: Jurnal Ilmiah Ekonomi dan Bisnis Universitas Multi Data Palembang.

Fadella, G. S. (2023). *Pengaruh Earning Per Share (EPS), Price Earning Ratio (PER), dan Net Profit Margin (NPM) terhadap harga saham pada bank syariah di Indonesia tahun 2022 [The effect of Earning Per Share (EPS), Price Earning Ratio (PER), and Net Profit Margin (NPM) on stock prices of Islamic banks in Indonesia in 2022]* [Undergraduate thesis]. UIN Antasari Banjarmasin.

Febbiana, M., & Suryono, B. (2022). *KINERJA KEUANGAN SEBELUM DAN SESUDAH INITIAL PUBLIC OFFERING. 11*.

Iman Ghazali. (2018). *Aplikasi analisis multivariate dengan program IBM SPSS 25*. Undip.

Ji, X., Wang, J., & Yan, Z. (2021). *A stock price prediction method based on deep learning technology*. International Journal of Crowd Science, 5(1), 55–72.

Prof. Dr. Sugiyono. (2022). *Metode penelitian kuantitatif*. Alfabeta.

Rumondang Sinaga, S., Brahmana, L. B., Sinaga, L. D., H Silaban, I. J., Siallagan, H., & Sipayung, R. C. (2023). *PENGARUH ROA, ROE, Dan DER TERHADAP HARGA SAHAM PERUSAHAAN LQ45 DI BEI*. Jurnal Bisnis dan Kewirausahaan, 12(3), 255–261.

Sandag, E. C., Durya, N. P. M. A., Munizu, M., Dharmawan, D., & Kusumaningati, I. D. (2024). *Analisis Determinasi ROE, DER, ROA Terhadap Harga Saham*. 2024-10-01, 1437–1444.

Syahputra, R. R., & Idawati, W. (2024). *Pengaruh Price Earnings Ratio (PER), Price to Book Value (PBV), dan inflasi terhadap harga saham perusahaan farmasi yang tercatat di BEI 2017–2021 [The effect of Price Earnings Ratio (PER), Price to Book Value (PBV), and inflation on the stock prices of pharmaceutical companies listed on the IDX 2017–2021]*. Journal of Accounting, Management and Islamic Economics, 2(1), 139–156.