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The Influence of Fundamental Factors on Stock Prices of The Textile and Garment Subsector Listed on The IDX in 2019-2023

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Abstract. *Responding to the phenomenon of falling stock prices in the textile and garment subsector, it is important to evaluate financial statement performance to improve financial strategy and operational efficiency. This research aims at finding how far fundamental factors can influence stock prices in this subsector. Using quantitative methods with a panel data regression approach. Independent variables include CR,CaR, DAR, DER, ROA, ROE, WCT, EPS, and PER. The dependent variable is stock price. Tests with classical assumption tests (normality, multicollinearity, autocorrelation, and heteroscedasticity) as well as hypothesis tests (t test, F test, and coefficient of determination test) is used to ensure the validity of the model. The results showed that DAR, DER, ROA, ROE, and EPS have a partially significant effect on stock prices. On the other hand, CR, CaR, WCT, and PER do not. Simultaneously, stock prices are significantly influenced by all independent variables. The regression model passes all classical assumption tests, so the results of this research analysis are valid. This research provides a more comprehensive view than previous studies because it examines nine fundamental variables simultaneously over five periods. Future research can add other external factors and expand the research period.*

Keywords: Cash Ratio (CaR), DAR, Fundamental Factors, PER, Stock Price

INTRODUCTION

Background

Economic growth both nationally and internationally is triggered by several industries that support each other, including trade, manufacturing, and finance. The capital market, which acts as a meeting point for sellers and purchasers in funding transactions is among the key tools in the contemporary economy (Hery, 2022). Issuers in the capital market are entities that need capital by selling securities, while investors buy securities from entities deemed profitable. The Indonesia Stock Exchange (IDX) is one capital market in Indonesia. In the Indonesian economy, the capital market plays a crucial role in facilitating the expansion of the manufacturing sector, particularly the textile and garment subsector.

The textile and garment subsector is among the top five manufacturing sectors that contribute to foreign exchange earnings and strengthen the competitiveness of the national industry in the global market (Kementrian Perindustrian, 2021). Despite having great potential in the future, the share price of the textile and garment subsector has experienced various challenges and declines. Several phenomena have caused stock prices to fall in this subsector, such as weakening company fundamental performance (Ayuningtyas, 2019), due to COVID-19 and increased illegal textile imports (Haryanto, 2020), liquidity crisis (Fernando, 2021), global economic pressures (Zahira, 2024), and cost pressures due to inflation and market closures (A. S. Putri, 2022). In response to the phenomenon that

resulted in a decline in the share price of the textile and garment subsector, it is necessary to evaluate its performance to improve its financial strategy and operational efficiency.

Based on signaling theory, companies that send encouraging signals to the market tend to attract investors (Agustin et al., 2023). This signal is useful to show the company's earnings ability a prime factor in long-term stock price movements. Fundamental analysis is a relevant approach as it is an important tool for assessing the health of a company, along with its performance and growth potential (Hery, 2022). Five financial ratios namely liquidity, solvency, profitability, activity, and valuation or market size ratios are typically employed as the primary indicators to judge the company's performance and financial condition through its financial statements, according to (Hery, 2022).

The liquidity ratio shows the company's ability to repay short-term debts nearing their due dates (Nugraha et al., 2024). A high liquidity ratio is more readily tradable and appeals to investors, thus it sends a positive signal and can boost the share price (L. A. Putri & Ramadhan, 2023). Companies with robust liquidity are perceived to have a decreased risk of failure to pay, which persuades investors of the company's ability to maintain operations without financial difficulties. This can increase investor interest and have a positive impact on the company's share price. According to (Hery, 2022), liquidity ratio indicators can be calculated using the Current Ratio (CR) to assess how much total current assets cover current liabilities and Cash Ratio (CaR) to gauge how much cash and cash equivalents paid current liabilities. (Islavella & Sari, 2022)'s research and (Abdullah et al., 2022) find that Current Ratio (CR) has a significant effect on stock prices, but (Masih & Herawati, 2024)'s research and (Rahmi et al., 2021) state that Current Ratio (CR) has no significant effect on stock prices. The results of (Islavella & Sari, 2022) state that Cash Ratio (CaR) has a significant effect on stock prices, but (Azizah, 2022)'s research and (Surianto, 2020) state that Cash Ratio (CaR) does not affect stock prices.

The solvency ratio indicates the capacity of the business to satisfy all its obligations, both short-term and long-term. This ratio reflects the extent to which the company relies on debt to finance its operations (Kusumadewi et al., 2023). A company with higher solvency demonstrates that it has a solid, established capital structure and can stay in business for a long time, giving investors more confidence. Conversely, a company that relies too much on debt can make people worry about its financial health, which can make the market trust it less and cause its share price to drop. The solvency indicators applied in this paper are the Debt to Asset Ratio (DAR), which measures how much of the assets are financed by debt, and the Debt to Equity Ratio (DER), which gauges how much debt can be financed by capital. The research results by (Sari et al., 2022) indicated that the Debt to Asset Ratio (DAR) had a significant negative effect on stock prices, while studies by (Tahulending et al., 2022) and (Kurnianti et al., 2022) found that the Debt to Asset Ratio (DAR) did not affect stock prices. Additionally, the findings of (Masih & Herawati, 2024) and (Simanjuntak, 2024) suggest that the Debt to Equity Ratio (DER) has a significant negative impact on stock prices. However, research by (Tahulending et al., 2022) and (M & Triyonowati, 2023) indicates that the Debt to Equity Ratio (DER) has no significant effect on stock prices.

Profitability ratios assess a company's capacity to produce profits (Hery, 2022). High profitability is generally attractive to investors as it reflects dividend and potential growth, thereby increasing the value of the company's shares. Investors often respond positively to consistent and high profits, resulting in upward pressure on stock prices. The profitability metrics applied in this research are Return on Assets (ROA), which assesses how much the firm can earn from its assets and Return on Equity (ROE), which assesses how much the firm can earn from its equity. The results of research by (Tahulending et al., 2022) and Adyana and (Adyana & Lambang, 2021) state that Return on Assets (ROA) has a positive and significant effect on stock prices. However, research by (Sari et al., 2022) and (Zaman, 2021) indicates that Return on Assets (ROA) has no significant effect on stock prices. The result of research by (Pamungkas & Rosdiyati, 2022) and (Abdullah et al., 2022) suggest that Return on Equity (ROE) has a significant positive effect on stock prices, whereas

(Fitriyani, 2022)'s research and (Islavella & Sari, 2022) indicate that Return on Equity (ROE) has no significant effect on stock prices.

The activity ratio measures the effectiveness of using the company's assets in generating profits. Strong management and control of operations means making good use of assets. This efficiency leads to higher cash flow and profits potential, which builds investor trust and positively impacting the share price. The activity indicator used in this research is Working Capital Turnover (WCT) to gauge the efficiency of the company's working capital in generating profits (Wijaya et al., 2024). The results of research by (Abdullah et al., 2022) state that Working Capital Turnover (WCT) has a significant positive effect on stock prices, but research by (Pauzi Harahap et al., 2021) states that Working Capital Turnover (WCT) has no significant effect on stock prices.

Valuation ratio or market measure to estimate the company's intrinsic value (share value) and assess evaluate if the shares of the company are trading at a reasonable price (Hery, 2022). This ratio is used to figure out how much money a company might make in the long run, which helps set the share price. The valuation metrics applied in this research are Earnings per Share (EPS) to gauge management's effectiveness in delivering profits for shareholders and Price Earnings Ratio (PER) to determine whether the outstanding share price has a fair value or according to current conditions (Farhan Saputra, 2022). Considerations of these two valuations metrics will directly affect stock prices, as investor expectancy is shaped by perceived future returns. The results of (Masih & Herawati, 2024)'s research and (Adyana & Lambang, 2021)'s state that EPS has a significant positive effect on stock prices, but (Chandra, 2021)'s research and (Pamungkas & Rosdiyati, 2022)'s state that EPS has no significant effect on stock prices. The results of research by (Juliani et al., 2021) and (Afrianita & Kamaludin, 2022) state that Price Earnings Ratio (PER) has a significant effect on stock prices.

Based on the descriptions above, it is evident that there are still many gaps in the results regarding the influence of independent variables on stock prices among researchers. Additionally, an analysis of the impact of fundamental factors needs to be conducted to address the issue of the stock price phenomenon in the textile and garment subsector. Therefore, this research intends to investigate the effect of fundamental factors on the stock prices of textile and garment subsector companies listed on the Indonesia Stock Exchange during the 2019-2023 period.

Research Question

Based on the explanation above, the research questions are as follows:

1. How does the Current Ratio (CR) affect stock prices?
2. How does the Cash Ratio (CaR) affect stock prices?
3. How does the Debt to Asset Ratio (DAR) affect stock prices?
4. How does the Debt to Equity Ratio (DER) affect stock prices?
5. How does the Return on Assets (ROA) affect stock prices?
6. How does the Return on Equity (ROE) affect stock prices?
7. How does the Working Capital Turnover (WCT) affect stock prices?
8. How does the Earnings per Share (EPS) affect stock prices?
9. How does the Price Earnings Ratio (PER) affect stock prices?

LITERATURE REVIEW

Signaling Theory

Signaling theory was first coined by Michael Spence in 1973. This signal theory is used by information owners (companies) in providing signals about the company’s status, which is useful for recipients of information (investors) (Hendrik, 2025). According to (Simanjuntak, 2024), signaling theory describes the way companies convey information to signal

investors about performance and prospects. The information releashed by the company will be a signal affecting that influences investors' investment decisions, thus having an impact on stock prices. This theory is highly relevant to investors, financial analysts, and company management because it helps in understanding how information conveyed by the company will shape market perceptions and affect the value of the company on the stock exchange.

Stock Price

The stock price is the last recorded price when a security is sold on the exchange and is of interest to sellers and buyers at the end of the trading day (Simanjuntak, 2024). Investors tend to consider stock prices in investment decisions because they reflect company performance (Riyanto & Habibie, 2023). The share price in this research is taken from the closing price (closed) on the stock summary on the official website www.idx.co.id.

Liquidity Ratio

Current Ratio (CR)

Current Ratio (CR) is a liquidity ratio that reflects the company's ability to meet short-term obligations with its current assets (Hendrik, 2025). A high Current Ratio (CR) indicates good company liquidity and low risk of default. This gives a positive signal because it has the potential to attract investors and increase stock prices. The Current Ratio (CR) calculation formula by (Hery, 2022) is as follows:

$$\textbf{Current Ratio} = \frac{\textbf{Current assets}}{\textbf{Current liabilities}}$$

Cash Ratio (CaR)

Cash Ratio (CaR) assesses how well cash and cash equivalents to cover the current liabilities (Himawan & Suci, 2025). Cash Ratio (CaR) is more specific than Current Ratio (CR) because it solely examines cash and cash equivalents as the main indicator, without including other current assets. Cash and cash equivalents are assets that can be easily redeemed to immediately settle short-term liabilities. A high Cash Ratio (CaR) provides a signal that can reduce uncertainty and increase investor confidence, so stock prices also rise. However, a Cash Ratio (CaR) that is too high is risky because the use of cash and cash equivalents is less than optimal. The Cash Ratio (CaR) calculation formula by (Hery, 2022) is as follows:

$$\textbf{Cash Ratio} = \frac{\textbf{Cash and cash equivalents}}{\textbf{Total Current Liabilities}}$$

Solvency Ratio

Debt to Asset Ratio (DAR)

Debt to Asset Ratio (DAR) is a solvency ratio that reveals the proportion of a company's assets backed by debt (Tahulending et al., 2022). Companies with high debt ratios give negative signals to the market, because they signal greater potential financial risk, so that stock prices fall. The Debt to Asset Ratio (DAR) calculation formula by (Hery, 2022) is as follows:

$$\textbf{Debt to Asset Ratio (DAR)} = \frac{\textbf{Total Debt}}{\textbf{Total Assets}}$$

Debt to Equity Ratio (DER)

Another solvelency ratio, Debt to Equity Ratio (DER) is gauges the amount of the company is funded by debt cin relation to its capital (Rahmawati & Hadian, 2022). Unlike the Debt to Asset Ratio (DAR), this ratio compares the value of debt with the capital owned by the company. A high Debt to Equity Ratio (DER) value can increase investors' uncertainty and

risk, reducing share prices. The Debt to Equity Ratio (DER) calculation formula by (Hery, 2022) is as follows:

$$\textbf{Debt to Equity Ratio (DER)} = \frac{\textbf{Total Debt}}{\textbf{Total Equity}}$$

Profitability Ratio

Return on Asset (ROA)

Return on Assets (ROA) is a profitability ratio that gauges the efficiency of a company in generating profits using their assets (Tahulending et al., 2022). A high Return on Assets (ROA) score shows that the corporation uses assets to produce profits well (Zuhroh & Veronika, 2021). This can increase investor attractiveness and is positively related to stock prices. The formula for calculating Return on Assets (ROA) calculation formula by (Hery, 2022) is as follows:

$$\textbf{Return on Assets (ROA)} = \frac{\textbf{Net Income}}{\textbf{Total assets}}$$

Return on Equity (ROE)

Another profitability ratio, Return on Equity (ROE) that gauge how well a company generates profits using their equity (Pamungkas & Rosdiyati, 2022). A high Return on Equity (ROE) value indicates that the company can provide an attractive return on capital to shareholders and increase share prices. The Return on Equity (ROE) calculation formula by (Hery, 2022) is as follows:

$$\textbf{Return on Assets (ROA)} = \frac{\textbf{Net Income}}{\textbf{Total equity}}$$

Activity Ratio

Working Capital Turnover (WCT)

Working Capital Turnover (WCT) is an activity ratio that gauge the effectiveness of the company's working capital in generating income (Qabajeh et al., 2024). A high Working Capital Turnover (WCT) value indicates that the company can manage working capital well, which can increase investor confidence and stock prices. The formula for calculating Working Capital Turnover (WCT) calculation formula by (Hery, 2022) is as follows:

$$\textbf{Working Capital Turnover (WCT)} = \frac{\textbf{Net sales}}{\textbf{Working capital}}$$

Valuation Ratio

Earnings Per Share (EPS)

Earnings per Share (EPS) is a valuation ratio that measures the company's success in providing profits for shareholders (Afrianita & Kamaludin, 2022). A high EPS score indicates that the firm generates large profits per share well, thereby increasing investor attractiveness (Saputra et al., 2023). So that the stock price increases because investors assess the stock signal as more valuable. The Earnings per Share (EPS) calculation formula by (Hery, 2022) is as follows:

$$\textbf{Earnings Per Share (EPS)} = \frac{\textbf{Net income after tax}}{\textbf{Number of shares outstanding}}$$

Price Earnings Ratio (PER)

Price Earnings Ratio (PER) is also a valuation ratio that assesses whether the price of outstanding shares is reasonable according to current conditions and not the results of future estimates (Hery, 2022). The increase in this ratio is parallel to its profit growth. Price Earnings Ratio (PER) shows the company's earnings extension which tends to be

positively related to stock prices if it meets market expectations. The Price Earnings Ratio (PER) calculation formula by (Hery, 2022) is as follows:

$$\textbf{Price Earnings Ratio (PER)} = \frac{\textbf{Stock price}}{\textbf{Earning per share (EPS)}}$$

Based on the literature review that has been described, the hypotheses proposed in this research are:

H1: Current Ratio (CR) has a significant positive effect on stock prices

H2: Cash Ratio (CaR) has a significant positive effect on stock prices

H3: Debt to Asset Ratio (DAR) has a significant negative effect on stock prices

H4: Debt to Equity Ratio (DER) has a significant negative effect on stock prices

H5: Return on Assets (ROA) has a significant positive effect on stock prices

H6: Return on Equity (ROE) has a significant positive effect on stock prices

H7: Working Capital Turnover (WCT) has a significant positive effect on stock prices

H8: Earnings per Share (EPS) has a significant positive effect on stock prices

H9: Price Earnings Ratio (PER) has a significant positive effect on stock prices

RESEARCH METHODS

This research is categorized as quantitative with the acquisition of secondary data from the financial statements of textile and garment subsector companies listed on the IDX for the 2019-2023 period. Independent variables include Current Ratio (CR), Cash Ratio (CaR), Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), Return on Assets (ROA), Return on Equity (ROE), Working Capital Turnover (WCT), Earnings per Share (EPS), and Price Earnings Ratio (PER), while the dependent variable is stock price. The population of textile and garment subsector companies listed on the IDX amounted to 24 companies. Data collection is obtained from the official website of the Indonesia Stock Exchange (IDX), namely www.idx.co.id. The sampling method uses purposive sampling technique, meaning that there are several predetermined criteria which can be seen in Table 1 below.

Table 1. Company Criteria 2019-2023

Description	Total
Textile and garment subsector companies listed on the IDX in 2019-2023	24
Textile and garment subsector companies that do not have complete data for 2019-2023 regarding Current Ratio (CR), Cash Ratio (CaR), Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), Return on Assets (ROA), Return on Equity (ROE), Working Capital Turnover (WCT), Earnings per Share (EPS), and Price Earnings Ratio (PER).	(5)
Textile and garment subsector companies that have complete data for 2019-2023 regarding Current Ratio (CR), Cash Ratio (CaR), Debt to Asset Ratio (DAR), Debt to Equity Ratio (DER), Return on Assets (ROA), Return on Equity (ROE), Working Capital Turnover (WCT), Earnings per Share (EPS), and Price Earnings Ratio (PER).	19
Observation time year (19 x 5 years)	95

Source: Data processed from www.idx.com , 2024

There are two statistical tests used to analyze the data in this study. First, the classical assumption test (normality, multicollinearity, heteroscedasticity, and autocorrelation) to ensure that the regression model is appropriate to use. Second, assess the effect of the independent variables on the dependent variable using multiple linear regression analysis

In addition, hypothesis testing was also carried out using the t test, F test, and the coefficient of determination (R^2) test to determine how the independent variable can reveal the dependent variable in this research.

RESULTS AND DISCUSSION

Results

Classical Assumption Test

Normality Test

Table 1. Kolmogorov Method Normality Test Results

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			95
Normal Parametersa,b	Mean		.0000000
	Std. Deviation		.79716781
Most Extreme Differences	Absolute		.090
	Positive		.090
	Negative		-.069
Test Statistic			.090
Asymp. Sig. (2-tailed) c			.054
Monte Carlo Sig. (2-tailed) d	Sig.		.056
	99% Confidence Interval	Lower Bound	.050
		Upper Bound	.062

Source: Processed secondary data, 2024

This research data does not have a normal distribution, so all variables has been transformation into the form of natural logarithms (Ln) for increase the validity of further analysis. After being transformed, the Asymp. Sig. (2-tailed) > 0.05, so the data in this research are normal and the regression model fulfills the assumption of normality.

Multicollinearity Test

Table 2. Multicollinearity Test Results

Coefficients a			
		Collinearity Statistics	
	Model	Tolerance	VIF
1	Current Ratio (CR)	.436	2.293
	Cash Ratio (CaR)	.668	1.496
	Debt to Asset Ratio (DAR)	.360	2.778
	Debt to Equity Ratio (DER)	.354	2.826
	Return on Assets (ROA)	.252	3.963
	Return on Equity (ROE)	.261	3.838
	Working Capital Turnover (WCT)	.626	1.597
	Earnings per Share (EPS)	.245	4.084
	Price Earnings Ratio (PER)	.451	2.217

Source: Processed secondary data, 2024

All independent variables have a tolerance value > 0.10 and a variance inflation factor (VIF) value < 10, which implies that there is no symptom or correlation between the independent variables.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Coefficients a						
		Unstandardized Coefficients		Standardized Coefficients		
	Model	B	Std. Error	Beta	T	Sig.
1	(Constant)	.756	.406		1.863	.066
	Current Ratio (CR)	.040	.059	.106	.676	.501
	Cash Ratio (CaR)	-.049	.029	-.214	-1.688	.095
	Debt to Asset Ratio (DAR)	-.015	.047	-.056	-.326	.745
	Debt to Equity Ratio (DER)	-.011	.038	-.048	-.277	.783
	Return on Assets (ROA)	-.006	.131	-.010	-.049	.961
	Return on Equity (ROE)	-.031	.070	-.091	-.446	.656
	Working Capital Turnover (WCT)	-.007	.083	-.011	-.088	.930
	Earnings per Share (EPS)	.048	.053	.187	.894	.374
	Price Earnings Ratio (PER)	-.033	.020	-.248	-1.607	.112

Source: Processed secondary data, 2024

The heteroscedasticity tests using the Glejser method indicate that all significant values are > 0.05, so it can be inferred that the data used in this research does not exhibit heteroscedasticity.

Autocorrelation Test

Table 5. Autocorrelation Test Results

Runs Test	
	Unstandardized Residual
Test Valuea	-.10769
Cases < Test Value	47
Cases >= Test Value	48
Total Cases	95
Number of Runs	42
Z	-1.340
Asymp. Sig. (2-tailed)	.180

Source: Processed secondary data, 2024

The Asymp. Sig. (2-tailed) > 0.05, so it can be concluded that there is no positive or negative autocorrelation, and the regression model is feasible to use.

Multiple Linear Analysis

Table 6. Multiple Linear Analysis Results

Coefficients a						
		Unstandardized Coefficients		Standardized Coefficients		
	Model	B	Std. Error	Beta	t	Sig.
1	(Constant)	4.740	.693		6.839	<,001
	Current Ratio (CR)	-.069	.100	-.080	-.696	.489
	Cash Ratio (CaR)	.043	.049	.081	.869	.387
	Debt to Asset Ratio (DAR)	.543	.079	.865	6.826	<,001
	Debt to Equity Ratio (DER)	-.424	.065	-.834	-6.527	<,001
	Return on Assets (ROA)	.526	.223	.357	2.357	.021
	Return on Equity (ROE)	-.769	.119	-.961	-6.455	<,001
	Working Capital Turnover (WCT)	.190	.141	.130	1.351	.180
	Earnings per Share (EPS)	.407	.091	.685	4.460	<,001
	Price Earnings Ratio (PER)	-.034	.035	-.109	-.961	.339

Source: Processed secondary data, 2024

The multiple linear analysis test the following equation: Stock price = 4.740 - 0.069 Current Ratio (CR) + 0.043 Cash Ratio (CaR) + 0.543 Debt to Asset Ratio (DAR) - 0.424 Debt to Equity Ratio (DER) + 0.526 Return on Assets (ROA) - 0.769 Return on Equity (ROE) + 0.190 Working Capital Turnover (WCT) + 0.407 Earnings per Share (EPS) - 0.034 Price Earnings Ratio (PER) + e.

The constant value of 4.740 means that if all independent variables are 0, the stock price is 4.740 units. The Current Ratio (CR) regression coefficient of - 0.069 means that every 1 increase in Current Ratio (CR), the stock price will decrease by - 0.069. The Cash Ratio (CaR) regression coefficient of 0.043 means that every 1 increase in Cash Ratio (CaR), the stock price will increase by 0.043. The Debt to Asset Ratio (DAR) regression coefficient of 0.543 means that every 1 increase in Debt to Asset Ratio (DAR), the stock price will increase by 0.543. The Debt to Equity Ratio (DER) regression coefficient of - 0.424 means that every 1 increase in Debt to Equity Ratio (DER), the stock price will decrease by - 0.424.

The Return on Assets (ROA) regression coefficient of 0.526 means that every 1 increase in Return on Assets (ROA), the stock price will increase by 0.526. Return on Equity (ROE) regression coefficient - 0.769 means that every increase of 1 Return on Equity (ROE), the stock price will decrease by - 0.769. The Working Capital Turnover (WCT) regression coefficient of 0.190 means that every increase of 1 Working Capital Turnover (WCT), the stock price will increase by 0.190. The Earnings per Share (EPS) regression coefficient of 0.407 means that every 1 increase in Earnings per Share (EPS), the stock price will increase by 0.407. Price Earnings Ratio (PER) regression coefficient - 0.034 means that every 1 increase in Price Earnings Ratio (PER), the stock price will decrease by - 0.034.

Hypothesis Test

t Test

The results of the t-test can be seen in table 6, the discussion of the effect of the independent variables partially on the share price of the textile and garment subsector companies is as follows: (1) Current Ratio (CR) has no significant negative effect on stock prices, with a Sig value (0.489) > 0.05, then H1 is rejected (2) Cash Ratio (CaR) has no significant positive effect on stock prices, with a Sig value (0.387) > 0, 05 then H2 is rejected (3) Debt to Asset Ratio (DAR) has a significant positive effect on stock prices, with a Sig value (0.001) < 0.05 H3 is rejected (4) Debt to Equity Ratio (DER) has a significant negative effect on stock prices, with a Sig value (0.001) < 0.05 then H4 is accepted.

The next variable, (5) Return on Assets (ROA) has a significant positive effect on stock prices, with a Sig value (0.021) < 0.05 then H5 is accepted (6) Return on Equity (ROE) has a significant negative effect on stock prices, with a Sig value (0.001) < 0.05 then H6 is rejected (7) Working Capital Turnover (WCT) has no significant positive effect on stock prices, with a Sig value (0.180) > 0.05, H7 is rejected (8) Earnings per Share (EPS) has a significant positive effect on stock prices, with a Sig value (0.001) < 0.05, H8 is accepted (9) Price Earnings Ratio (PER) has no significant negative effect on stock prices, with a Sig value (0.339) > 0.05, H9 is rejected.

F Test

Table 8. F Test Results

ANOVA a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	61.939	9	6.882	9.793	<,001b
	Residual	59.735	85	.703		
	Total	121.673	94			

Source: Processed secondary data, 2024

The Sig value (0.001) < 0.05 and the value of F count (9,793)> F table (1,992), it can be concluded that simultaneously the independent variable has a significant effect on the stock price variable.

Coefficient of Determination Test

Table 9. Coefficient of Determination Test Results

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.713 a	.509	.457	.83831

Source: Processed secondary data, 2024

R-square value of 0.509 or 50.9%, it shows that the independent variables are able to explain the dependent variable (stock price) by 0.509 or 50.9%, while the other 49.1% is revealed by other variables beyond this research.

Discussion

Liquidity Ratio

Effect of Current Ratio

The results showed that the Current Ratio (CR) has no significant negative effect on stock prices, so H1 is rejected. This shows that the Current Ratio (CR) does not contribute a strong enough signal to investors regarding the company's performance prospects. The textile and garment subsector has a lot of inventory turnover and receivables, whereas a low Current Ratio (CR) doesn't automatically mean there are financial troubles, and a high Current Ratio (CR) doesn't always guarantee strong growth, either. It could mean that assets are being used less efficiently or that current assets are sitting around and not being reinvested for growth. Thus, the relationship between Current Ratio (CR) and stock price becomes insignificant because investors tend to consider other factors in investing which has a direct impact on stock prices. This result is in line with (Hendrik, 2025) research, which states that investors focus more on other fundamental ratios that have a direct impact on company performance and stock prices. Similar conclusions were drawn by (Masih & Herawati, 2024) research and (Rahmi et al., 2021), who found that Current Ratio (CR) had no significant effect on stock prices.

Effect of Cash Ratio

The results showed that Cash Ratio (CaR) has no significant positive effect on stock prices, so H2 was rejected. Although a high Cash Ratio (CaR) reflects the firm's ability to honor their short-term obligations, this does not guarantee that the firm's performance will also increase. Companies that keep too much cash without a clear investment strategy can be considered less than optimal in utilizing resources, thus becoming a negative signal for investors. Conversely, if the company uses cash efficiently for business growth, then investors will be more interested even though the cash ratio is relatively low. Thus, a low cash ratio does not necessarily indicate financial difficulties, and a high cash ratio also does not guarantee attractiveness for investors. Because of that, in this sub-sector the cash ratio is not directly related to the share price. This outcome matches with (Pamungkas & Rosdiyati, 2022) research, which states that the Cash Ratio (CaR) does not interpret and guarantee profits to investors. (Azizah, 2022) and (Surianto, 2020) who observed that the Cash Ratio does not always impact the stock price.

Overall, the level of liquidity in the textile and garment subsector is not the main factor affecting share prices, either the Current Ratio (CR) or the Cash Ratio (CaR). This can happen because investors consider other factors, such as profitability, business prospects, and industry conditions. High liquidity is not always attractive to investors if the company does not optimize its assets for growth. In addition, the textile and garment subsector has a volatile business cycle, so external factors such as demand and production costs play a greater role in setting the stock prices than liquidity ratios.

Solvency Ratio

Effect of Debt to Asset Ratio

Investigations revealed that Debt to Asset Ratio (DAR) has a significant positive effect on stock prices, so H3 was rejected. This suggested that investors tend to appreciate debt-based funding strategies as long as the proportion is still within reasonable limits and is able to encourage company growth. Where more company assets are financed by debt.

In the textile and garment subsector, large funding needs for raw materials, machinery, and business expansion make debt one of the main options for alternative capital. If debt is used optimally to increase productivity and profitability, it will have a positive signal that attracts investors because it reflects the positive correlation between Debt to Asset Ratio (DAR) and stock price. Thus, investors consider the ratio of debt to assets to assess the stability and prospects of the firm, which will directly affect stock price. These results are supported by the research of (Sari et al., 2022) that Debt to Asset Ratio (DAR) has a significant effect on stock prices.

Effect of Debt to Equity Ratio

The research found that Debt to Equity Ratio (DER) has a significant negative effect on stock prices, so H4 is accepted. This implies that investors see high debt as a risky factor. A high Debt to Equity Ratio (DER) can give a negative signal to investors because it suggests that the company relies more on debt than equity in financing its operations. Thus, it can rocket interest expenses, reduce net income, and increase the possibility of default.

In the textile and garment subsector, which has high volatility due to fluctuations in raw material prices and intense competition, a high Debt to Equity Ratio (DER) ratio can worsen the company's financial condition. In addition, an unbalanced capital structure can limit financial flexibility, making the company more vulnerable to economic pressures. Therefore, investors tend to be more cautious of firm with high Debt to Equity Ratio (DER), because they are considered to have greater financial risk and have the potential to reduce stock prices. This outcome matches with (Pauzi Harahap et al., 2021) that Debt to Equity Ratio (DER) has a significant negative effect on stock prices.

Profitability Ratio

Effect of Return on Assets

The results showed that Return on Assets (ROA) has a significant positive effect on stock prices, so H5 is accepted. This indicates that investors assess the efficiency of asset use as a major factor in assessing company performance.

The textile and garment subsector has a large asset structure, such as production machinery and raw material inventory, where a high Return on Assets (ROA) reflects the efficient use of assets in yielding profits. This efficiency provides a positive signal because the investor trust is on rise in the company's financial stability and good growth outlook. Therefore, the higher the Return on Assets (ROA), the more likely the stock price will rocket, because investors see it as a strong fundamental indicator while picking on investments, so that the stock price jump up. This finding supported by (Tahulending et al., 2022)'s state, who found that ROA significantly to stock prices. It also confirms the signaling theory, where high profitability acts as a signal of managerial competence and sustainable growth potential.

Effect of Return on Equity

The research found that Return on Equity (ROE) has a significant negative effect on stock prices, so H6 is rejected. This indicates that when Return on Equity (ROE) is increase, it will make the stock price decrease. Based on signaling theory, a high Return on Equity

(ROE) should deliver positive signal that the firm can generate large profits from capital for shareholders. However, in some conditions, a high Return on Equity (ROE) can provide a negative signal because it is caused by unsustainable factors, such as excessive use of debt or risky managerial strategies.

A high ROE accompanied by a large debt ratio may indicate that the firm is using a small amount of equity versus their debt, which increases the company's financial risk. High interest expenses due to debt can reduce net income, potentially lowering investor attractiveness and stock prices. This backs up the worry that not all ROE increase is long-term, especially in the textile and garment industry, where profits are sensitive to changes in costs and competition from around the world. Investors may focus more on other factors such as earnings stability, capital structure, and debt policy. This result is supported by (Adyana & Lambang, 2021) research indicates that the stock price doesn't truly go up when the ROE number goes up. This is because the ROE value is still too low, even though the results above have a big impact.

Activity Ratio

Effect of Working Capital Turnover

The research found that Working Capital Turnover (WCT) has no significant positive effect on stock prices, so H7 is rejected. This indicates that working capital efficiency is not the main factor considered by investors in assessing the prospects of the textile and garment subsector. Based on signaling theory, high or low Working Capital Turnover (WCT) is not strong enough for investors to foretell future company outlook or influence stock prices.

The long operational cycle of the textile and garment subsector and dependence on external factors, such as raw material prices and global economic conditions, make Working Capital Turnover (WCT) less reflective of a company's growth potential or financial stability. Investors tend to focus more on indicators that directly illustrate profitability and firm value, such as Return on Assets (ROA) and Earnings per Share (EPS). Although working capital turnover is important for management in maintaining smooth operations, it is not the main factor influencing investment decisions and stock price movements in this subsector. This result is supported by (Pauzi Harahap et al., 2021) state.

Valuation Ratio

Effect of Earnings per Share

The research found that Earnings per Share (EPS) has a significant positive effect on stock prices, so H8 is accepted. This indicates that investors strongly consider earnings per share as the main indicator in assessing the company's intrinsic and growth potential. According to signaling theory, high Earnings per Share (EPS) gives a positive signal to the trade that the company has good profitability.

High Earnings per Share (EPS) is likely to make the stock price high too because investors consider the company to have strong fundamentals and promising financial performance to pay dividends or maintain its business expansion. Investors see Earnings per Share (EPS) as a crusial factor in assessing and determining the share price of the textile and garment subsector. This finding supported by (Hendrik, 2025) state.

Effect of Price Earnings Ratio

The results showed that the Price Earnings Ratio (PER) had no significant negative effect on stock prices, so H9 was rejected. This indicates that investors do not make the Price Earnings Ratio (PER) the main signal in assessing the valuation and growth prospects of the textile and garment subsector. Based on signaling theory, the results of the Price Earnings Ratio (PER) do not provide strong enough information for investors to signal negatively.

Stock price movements can be more influenced by other factors, such as macroeconomic conditions, policies, and industry trends. If investors rely more on external factors when they make investment decisions, then Price Earnings Ratio (PER) may not have a significant effect on stock prices. Although the Price Earnings Ratio (PER) is often used as an indicator of firm valuation, this finding indicates that investors in the textile and garment subsector focus more attention on other factors that are more relevant in influencing stock prices. This state is supported by (Afrianita & Kamaludin, 2022)'s research.

CONCLUSIONS AND SUGGESTIONS

The aforementioned description leads to the conclusion that the Current Ratio (CR) has no significant negative effect on stock prices, Cash Ratio (CaR) has no significant positive effect on stock prices, Debt to Asset Ratio (DAR) has a significant positive effect on stock prices, Debt to Asset Equity Ratio (DER) has a significant negative effect on stock prices, Return on Asset (ROA) has a significant positive effect on stock prices, Return on Equity (ROE) has a significant negative effect on stock prices, Working Capital Turnover (WCT) has no significant positive effect on stock prices, Earnings per Share (EPS) has a significant positive effect on stock prices, and Price Earnings Ratio (PER) has no significant negative effect on stock prices. Meanwhile, simultaneously the independent variables have a significant effect on stock prices.

This research is limited in that several fundamental indicators used did not significantly influence stock prices. Therefore, upcoming researchers can add other ratios that directly increase stock prices. Such as operating performance ratios, namely Gross Profit Margin, Operating Profit Margin, Net Profit Margin, as well as external factors. In addition to variable variations, it can also add a research time period.

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