

Financial Performance and Stock Prices of Kompas 100 Companies Based on Piotroski F-Score

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Abstract-This study aims to examine the effect of financial performance indicators and the Piotroski F-Score on stock prices of companies listed in the Kompas 100 Index on the Indonesia Stock Exchange. This research employed a quantitative approach using secondary data obtained from published financial statements and stock price records. The sample was selected using purposive sampling, resulting in 54 companies listed in the Kompas 100 Index that met the research criteria. Data were analyzed using multiple linear regression analysis. The results indicate that Return on Assets (ROA) and the Piotroski F-Score have a significant positive effect on stock prices. In contrast, Debt-to-Asset Ratio (DAR), Current Ratio (CR), Total Asset Turnover (TATO), and Gross Profit Margin (GPM) have significant negative effects on stock prices, while Operating Cash Flow (OCF) has no significant effect. These findings suggest that investors place greater importance on profitability and overall financial strength than on individual financial ratios when evaluating firms. Furthermore, the findings highlight the relevance of the Piotroski F-Score as a comprehensive measure of financial strength in explaining stock price variations.

Keywords: Stock Price; Financial Performance; Piotroski F-Score; Capital Market

1. INTRODUCTION

In Indonesia, the Kompas100 Index serves as a benchmark for leading stocks listed on the Indonesia Stock Exchange. The index consists of one hundred companies with large market capitalization, high liquidity, and compliance with fundamental and technical criteria established by the Indonesia Stock Exchange. However, the assumption that companies included in this index consistently possess strong fundamental performance requires further examination, as stock market values are often influenced by short-term market sentiment, whereas financial fundamentals reflect a company's long-term financial condition. The 2022–2024 period represented a post-pandemic recovery phase characterized by inflationary pressures, interest rate adjustments, and global economic uncertainty. These conditions may have increased the influence of non-fundamental factors on stock price formation, causing market prices to not always accurately reflect the underlying fundamental performance of companies.

Bong & Suhartono (2021) found that financial performance indicators positively affected stock prices among firms included in the LQ45 Index. However, these findings were obtained under different market conditions and may not fully reflect investor behavior during the post-pandemic recovery period. Under such conditions, investors may place greater emphasis on growth expectations, market sentiment, and external economic developments rather than relying solely on accounting-based indicators. As a result, financial ratios that traditionally serve as positive signals may not necessarily generate the same market response observed in previous studies. This possibility highlights the importance of re-examining the relationship between financial performance and stock prices during the post-pandemic recovery period. Consequently, whether conventional financial indicators continue to provide positive signals to stock prices remains an open empirical question, particularly among firms included in the Kompas100 Index. This issue becomes particularly relevant because investors may respond differently to fundamental indicators during periods of heightened economic uncertainty.

Several studies have examined the relationship between financial performance and stock prices, although the findings remain mixed. Gunawan & Yahya (2024) reported that profitability and liquidity indicators, represented by ROA and CR, positively influenced stock prices, while leverage measured by DER had a negative effect. Similarly, Istiyowati & Putri (2022) found that TATO positively affected stock prices, whereas DAR exhibited a negative relationship. However, not all studies reported consistent findings. Prastyo et al. (2022) found that CR and DAR positively affected stock prices, while ROA showed no significant effect. In addition, Asiah & Mulyani (2020) reported a positive influence of operating cash flow on stock prices, whereas Fahmi (2015) found that GPM and ROA positively affected stock prices. These findings indicate that the relationship between financial performance indicators and stock prices remains inconclusive across different research settings. The inconsistency of prior findings suggests that the effect of financial performance on stock prices may vary depending on market conditions, investor expectations, and the characteristics of the observed firms. Consequently, further investigation is required to determine whether such relationships remain consistent among Kompas100 companies during the post-pandemic recovery period.

Financial performance can be evaluated through individual financial indicators as well as comprehensive assessment models. Financial statement analysis encompasses various financial ratios that provide information regarding specific aspects of corporate performance, including liquidity, profitability, solvency, and operational efficiency (Kasmir, 2019). In contrast, the Piotroski F-Score integrates multiple dimensions of financial performance into a single composite measure of overall financial health. Therefore, examining both individual indicators and the F-Score allows a comparison

between isolated financial signals and a holistic assessment of firm fundamentals. This approach helps determine whether investors place greater emphasis on specific financial metrics or on overall financial strength when valuing companies included in the Kompas100 Index.

Therefore, this study examines the effect of return on assets (ROA), operating cash flow (OCF), debt-to-asset ratio (DAR), current ratio (CR), total asset turnover (TATO), gross profit margin (GPM), and Piotroski F-Score on stock prices among companies included in the Kompas100 Index during the 2022–2024 period. Unlike many previous studies that focus primarily on individual financial ratios, this study simultaneously incorporates both individual financial indicators and the Piotroski F-Score as a comprehensive measure of financial health. By doing so, the study provides evidence on whether investors place greater emphasis on specific financial metrics or on overall financial strength when evaluating firms. Furthermore, this study aims to contribute to the literature by re-examining the relationship between financial performance and stock prices during a period of post-pandemic economic uncertainty, where investor responses to fundamental indicators may differ from conventional theoretical expectations.

2. RESEARCH METHODS

2.1 Basic Research Framework

This study employs an associative (causal) research design with a quantitative approach to examine the effect of financial performance on stock prices. The study uses secondary data obtained from the annual financial statements of companies included in the Kompas100 Index listed on the Indonesia Stock Exchange (IDX) during the 2022-2024 period. Stock price data were represented by year-end closing prices collected from the IDX, corporate annual reports, and financial databases. The quantitative approach enables objective measurement and statistical analysis of the relationships among the variables examined. The Kompas100 Index was selected as the research object due to the relatively stable characteristics of its constituent companies and its relevance for analyzing financial performance and firm value. Companies included in this index are generally recognized for their sound corporate governance practices, strong market presence, and relatively greater resilience to market volatility compared to firms outside the index. As a result, they provide an appropriate context for examining the impact of financial performance on stock prices. Furthermore, the index comprises stocks with high liquidity, large market capitalization, and strong fundamental characteristics, making it one of the most representative indicators of overall conditions in the Indonesian capital market.

The population of this study consisted of 100 companies included in the Kompas100 Index during the 2022-2024 period. Samples were selected using purposive sampling, which according to Sugiyono (2019) is a sampling technique based on specific criteria relevant to the research objectives. The sample selection was based on two criteria: (1) companies consistently included in the Kompas100 Index throughout the observation period and (2) companies operating outside the banking, financing, financial services, and investment sectors. Financial institutions were excluded because differences in financial reporting structures, leverage characteristics, and revenue-generation mechanisms may reduce the comparability of financial ratios and Piotroski F-Score components with those of non-financial firms. Based on these criteria, 54 companies were selected as the final sample. Prior to the statistical analysis, the dataset was screened for outliers to improve data quality and reduce the potential influence of extreme observations on the regression results. Outlier detection was conducted using the boxplot method to identify extreme observations within the dataset. Observations identified as extreme values were excluded from the dataset. The initial dataset consisted of 162 firm-year observations, of which 35 observations were identified as outliers and removed. Consequently, the final dataset used for analysis comprised 127 firm-year observations and was subsequently used in the regression analysis.

Table 1 . Variable Measurement

Indicator	Abbreviation	Measurement
Return on Assets	ROA	Net Income / Total Assets
Operating Cash Flow	OCF	Operating Cash Flow / Total Assets
Debt-to-Asset Ratio	DAR	Total Debt / Total Assets
Current Ratio	CR	Current Assets / Current Liabilities
Gross Profit Margin	GPM	Gross Profit / Net Sales
Total Asset Turnover	TATO	Net Sales / Total Assets
Piotroski F-Score	F-Score	Composite score (0–9) derived from nine financial performance criteria.

2.2 Hypotheses Development and Research Framework

Signaling theory explains how companies disclose information, or signals, to investors with the objective of reducing information asymmetry and enabling investors to better understand the firm's internal condition. In his signaling theory, Spence (1973) argued that companies possess more complete and detailed information regarding their internal conditions than external parties. Consequently, corporate management conveys signals to the market through financial statements, dividend policies, and other credible corporate actions. These signals are subsequently interpreted and processed by investors, leading to perceptions of either positive or negative prospects that ultimately influence investment decisions.

(Brigham & Ehrhardt, 2016) identify dividend signaling, stock split signaling, and capital structure signaling as three primary mechanisms through which firms communicate positive or negative information to the market.

According to Fama (1970), the Efficient Market Hypothesis (EMH) suggests that stock prices reflect available information. Therefore, newly disclosed financial information may be rapidly incorporated into stock prices as investors process and evaluate firm performance. In this study, EMH provides a theoretical foundation for understanding how financial information, including indicators incorporated within the Piotroski F-Score, may be reflected in stock prices. The Piotroski F-Score is a financial assessment method based on nine fundamental criteria grouped into four key dimensions: profitability, liquidity, leverage, and operating efficiency.

Piotroski (2000) developed the F-Score framework to improve the identification of financially strong firms among value stocks. The model integrates nine criteria covering profitability, liquidity, leverage, and operating efficiency to provide a comprehensive assessment of financial health. Gray (2015) further demonstrated its usefulness as a financial statement-based screening tool for distinguishing firms with strong fundamentals from those with weaker financial conditions. Therefore, the Piotroski F-Score represents a practical approach for evaluating overall corporate financial strength. Based on Signaling Theory and the Efficient Market Hypothesis, financial performance indicators are expected to convey information regarding a firm's condition and future prospects, which may subsequently influence stock prices. Therefore, the following hypotheses are proposed.

a. The Effect of Return on Assets (ROA) on Stock Prices

Return on Assets (ROA) measures a company's efficiency in generating profits by comparing net income to total assets. A higher ROA indicates a greater ability of the company to utilize its assets efficiently in producing earnings. This ratio reflects the effectiveness of asset management and serves as a positive signal to investors regarding the firm's operational performance. As a result, a higher ROA may increase investor confidence and encourage demand for the company's shares, thereby contributing to an increase in stock prices. This argument is supported by the findings of Gunawan & Yahya (2024), who reported a positive effect of Return on Assets on stock prices. Based on the foregoing discussion, the first hypothesis of this study is formulated as follows:

H1: Return on Assets (ROA) has a positive effect on stock prices.

b. The Effect of Operating Cash Flow (OCF) on Stock Price

Operating Cash Flow (OCF) reflects the cash generated from a company's core operating activities. This component is essential for assessing a firm's financial health and its ability to generate sustainable cash flows. High and stable operating cash flows can serve as a positive signal to investors, as they indicate that the company maintains adequate liquidity and faces a lower risk of financial distress from a cash flow perspective. Consequently, strong operating cash flow enhances investor confidence in the company's financial condition and long-term viability, making the stock more attractive to potential investors. Increased investor demand for the company's shares may, in turn, contribute to higher stock prices. This argument is supported by the findings of Asiah & Mulyani (2020), who reported that Operating Cash Flow has a positive and significant effect on stock prices. Based on this reasoning, the second hypothesis of this study is formulated as follows:

H2: Operating Cash Flow (OCF) has a positive effect on stock prices.

c. The Effect of Debt-to-Asset Ratio (DAR) on Stock Prices

Debt-to-Asset Ratio (DAR) is used to measure the proportion of a company's assets that are financed through debt. A higher DAR indicates that a greater share of the firm's assets is supported by borrowed funds. From a signaling perspective, a relatively high DAR may be interpreted positively by investors, as it can reflect management's confidence in the company's future performance and its ability to meet long-term financial obligations. In this context, firms with access to substantial external financing may be perceived as more credible, given that lenders are willing to provide significant funding based on their assessment of the firm's financial prospects. Furthermore, long-term debt may generate tax benefits through the tax shield effect associated with interest expenses. An increase in DAR can also contribute to firm value when debt is utilized productively and maintained at an optimal level. Under such circumstances, leverage may support business expansion, improve operational performance, and enhance shareholder value. These factors may increase investor interest in the company's shares and, consequently, contribute to higher stock prices. This argument is supported by the findings of Prastyo et al. (2022), who reported a positive effect of the Debt-to-Asset Ratio on stock prices. Although excessive leverage may increase financial risk, debt can also be interpreted as a positive signal when it is utilized efficiently to finance productive investments and business expansion. Under such circumstances, investors may perceive leverage as an indicator of future growth opportunities rather than financial weakness. Based on the foregoing discussion, the third hypothesis of this study is formulated as follows:

H3: Debt-to-Asset Ratio (DAR) has a positive effect on stock prices.

d. The Effect of Current Ratio (CR) on Stock Prices

Current Ratio (CR) measures a company's ability to meet its short-term obligations using its current assets. A higher and more stable CR indicates a stronger liquidity position, reflecting the firm's capacity to fulfill its short-term liabilities as they become due. From the perspective of signaling theory, a high and stable level of liquidity serves as a positive signal to investors, as it demonstrates sound financial management and a lower likelihood of liquidity-related financial distress. Such conditions provide investors with greater confidence regarding the company's financial stability and its ability to sustain ongoing operations. Consequently, investors may view firms with strong liquidity positions as less risky investment opportunities, which can increase demand for their shares and contribute to higher stock prices. This argument is supported by the findings of Gunawan & Yahya, (2024), who reported a positive effect

of the Current Ratio on stock prices. Based on the foregoing discussion, the fourth hypothesis of this study is formulated as follows:

H4: Current Ratio (CR) has a positive effect on stock prices.

e. The Effect of Gross Profit Margin (GPM) on Stock Prices

Gross Profit Margin (GPM) measures the proportion of gross profit generated from a company's sales revenue. A higher GPM indicates greater efficiency in managing production and sales-related costs, as well as stronger pricing power and competitive advantage in the market. In other words, an increase in GPM reflects the company's ability to generate a larger amount of gross profit from its net sales. From the perspective of signaling theory, a high GPM serves as a positive signal to investors, as it suggests effective cost management and strong operational performance. Such conditions may enhance investor confidence in the firm's profitability and future growth prospects, thereby increasing demand for the company's shares. As investor demand rises, stock prices may also increase. This argument is supported by the findings of Fahmi (2015), who reported a positive effect of Gross Profit Margin on stock prices. Based on the foregoing discussion, the fifth hypothesis of this study is formulated as follows:

H5: Gross Profit Margin (GPM) has a positive effect on stock prices.

f. The Effect of Total Asset Turnover (TATO) on Stock Prices

Total Asset Turnover (TATO) measures a company's efficiency in utilizing its assets to generate sales by comparing net sales to average total assets. A higher TATO indicates that the company is more effective in maximizing the use of its assets to produce revenue, thereby generating higher sales relative to its asset base. This ratio reflects the extent to which corporate resources are employed efficiently in operational activities. A high and stable TATO suggests that the company is capable of managing its assets productively and maintaining operational efficiency over time. From the perspective of signaling theory, such performance serves as a positive signal to investors, as it demonstrates the firm's ability to effectively convert assets into revenue. Consequently, investors may perceive the company as having stronger operational capabilities and better growth prospects, increasing the attractiveness of its shares. Higher investor demand for the stock may, in turn, contribute to an increase in stock prices. This argument is supported by the findings of Istiyowati & Putri (2022), who reported a positive effect of Total Asset Turnover on stock prices. Based on the foregoing discussion, the sixth hypothesis of this study is formulated as follows:

H6: Total Asset Turnover (TATO) has a positive effect on stock prices.

g. The Effect of Piotroski F-Score on Stock Prices

According to Piotroski (2000), the F-Score is a composite measure consisting of nine financial performance indicators designed to assess a company's fundamental strength. A higher F-Score indicates stronger financial fundamentals and a healthier overall financial condition. The comprehensiveness of the F-Score stems from its incorporation of multiple dimensions of financial performance, including profitability, leverage, liquidity, and operating efficiency. By integrating these dimensions into a single measure, the F-Score provides a more holistic assessment of a firm's financial health than individual financial ratios alone. From the perspective of signaling theory, a high F-Score serves as a positive signal to investors, indicating that the company possesses strong fundamentals and favorable future prospects. Consequently, investors may perceive such firms as more attractive investment opportunities, leading to increased demand for their shares and potentially higher stock prices. This argument is supported by the findings of Bong & Suhartono (2021), who reported a positive effect of the Piotroski F-Score on stock prices. Based on the foregoing discussion, the seventh hypothesis of this study is formulated as follows:

H7: The Piotroski F-Score has a positive effect on stock prices.

Based on the theoretical arguments and hypotheses developed above, this study proposes that Return on Assets (ROA), Operating Cash Flow (OCF), Debt-to-Asset Ratio (DAR), Current Ratio (CR), Gross Profit Margin (GPM), Total Asset Turnover (TATO), and the Piotroski F-Score influence stock prices. The conceptual framework of the study is presented in Figure 1.



Figure 1. Research Framework

3. RESULTS AND DISCUSSION

3.1 Results

3.1.1 Descriptive Statistical Analysis

Descriptive statistics were used to summarize the characteristics of the research variables through measures such as the mean, minimum and maximum values, and standard deviation Ghazali, (2021). The results of the descriptive statistical analysis are presented in Table 2.

Table 2. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	127	-.1013	2.9412	.271570	.4240486
OCF	127	-.0639	.6680	.118433	.1038177
DAR	127	.0303	1.0000	.427941	.2027971
CR	127	.1822	28.1306	2.638691	3.4475231
TATO	127	.1320	3.1524	.777220	.6435430
GPM	127	-.0046	.9045	.337154	.2002817
F-Score	127	1	9	6.12	1.605
Harga Saham	127	125	39025	3699.37	5786.387
Valid N (listwise)	127				

As shown in Table 2, the average stock price of the sampled firms is IDR 3,699.37, with a minimum value of IDR 125 and a maximum value of IDR 39,025, indicating substantial variation in market valuations across companies. The average Piotroski F-Score is 6.12, suggesting that most firms exhibit relatively strong financial fundamentals. In addition, the mean ROA of 0.272 indicates that the sampled companies generally generate positive profitability from their assets.

3.1.2 Classical Assumption Tests

This study employs a series of classical assumption tests, including tests of normality, multicollinearity, heteroscedasticity, and autocorrelation. According to Ghozali (2021), the normality test is conducted to determine whether the residuals are normally distributed. In this study, the normality assumption is examined using the Kolmogorov–Smirnov test. The multicollinearity test is used to assess whether a high degree of correlation exists among the independent variables, as excessive correlation may lead to biased estimation results. This assumption is evaluated using the Tolerance value and the Variance Inflation Factor (VIF). The heteroscedasticity test is performed to determine whether the residual variance remains constant (homoscedasticity) or varies across observations (heteroscedasticity). The Glejser test is employed for this purpose. Furthermore, the autocorrelation test is conducted to examine whether residuals from one observation are correlated with those from previous observations. The Durbin-Watson (DW) statistic is used to assess the presence of autocorrelation. A summary of the results of these classical assumption tests is presented in Table 3.

Tabel 3. Test Results

Test	Method	Result		Conclusion
Normality Test	Kolmogorov-Smirnov (K-S).	Asymp. Sig. (2-tailed)	0,200	Normally Distributed
Multicollinearity Test	tolerance dan Variance Inflation Factor (VIF).	X1	0,853	No Multicollinearity Detected
		X2	0,718	
		X3	0,693	
		X4	0,658	
		X5	0,676	
		X6	0,719	
		X7	0,792	
Heteroscedasticity Test	Glejser.	X1	0,281	No Heteroscedasticity Detected
		X2	0,533	
		X3	0,992	
		X4	0,790	
		X5	0,866	
		X6	0,700	
		X7	0,655	
Autocorrelation Test	Durbin-Watson (DW).	dU < DW < 4-dU	1,827 < 2,092 < 2,172	No Autocorrelation Detected

Based on Table 3, the normality test produces an Asymp. Sig. value of 0.200 (> 0.05), indicating normally distributed residuals. Furthermore, all tolerance values exceed 0.10 and all VIF values are below 10, suggesting the absence of multicollinearity. The Glejser test results show significance values greater than 0.05 for all independent variables, indicating no heteroscedasticity. In addition, the Durbin-Watson statistic (2.092) falls between dU (1.827) and 4 - dU (2.172), indicating the absence of autocorrelation. Therefore, the regression model satisfies all classical assumptions and is appropriate for further analysis.

3.1.3 Multiple Linear Regression Analysis

Multiple linear regression is a statistical model that involves more than one independent variable. This analytical technique is used to examine the linear relationship between two or more independent variables and a single dependent

variable. According to Ghozali & Kusumadewi (2023), multiple linear regression analysis is employed to measure the effect of multiple independent variables on a dependent variable. In this study, multiple linear regression is used to assess the influence of financial performance indicators and the Piotroski F-Score on stock prices. Table 4 reports the results of the multiple linear regression analysis.

Table 4. *Multiple Linear Regression Analysis*

Model	Unstandardized Coefficients			
	B	Std. Error	t	Sig.
(Constant)	2822.739	866.099	3.259	.001
ROA	1124.758	460.258	2.444	.016
OCF	-903.635	2005.046	-.451	.653
DAR	-2066.746	840.019	-2.460	.015
CR	-160.967	47.419	-3.395	.001
TATO	-659.537	333.526	-1.977	.050
GPM	-1695.935	831.649	-2.039	.044
F-Score	224.363	105.460	2.127	.035
<i>Adjusted R Square</i>				.122
<i>Sig. F</i>				.002

Based on Table 4, ROA and the Piotroski F-Score have positive regression coefficients, indicating that improvements in profitability and overall financial strength tend to increase stock prices. In contrast, OCF, DAR, CR, TATO, and GPM exhibit negative coefficients, suggesting an inverse relationship with stock prices. However, the significance of these relationships is further evaluated through hypothesis testing. The estimated regression model can be expressed as follows:

$$Y = 2.822,739 + 1.124,758ROA - 903,635OCF - 2.066,746DAR - 160,967CR - 659,537TATO - 1.695,935 X_6 + 224,363F\text{-}Score + \varepsilon$$

3.1.4 Hypothesis Testing

a. Coefficient of Determination Test (Adjusted R²)

Based on the results presented in Table 4, the Adjusted R² value obtained in this study is 0.122. When expressed as a percentage, this value corresponds to 12.2%, indicating that the independent variables, namely ROA, OCF, DAR, CR, TATO, GPM, and the Piotroski F-Score, collectively explain 12.2% of the variation in stock prices. The remaining 87.8% of the variation is attributable to other factors not included in the regression model. The relatively low Adjusted R² indicates that stock prices are influenced by many factors beyond accounting-based financial indicators, including macroeconomic conditions, market sentiment, industry characteristics, and investor expectations.

b. F-Test (Model Fit Test)

The F-test is used to determine whether the independent variables jointly have a significant effect on the dependent variable. The significance level serves as the basis for evaluating model fit, with a significance value below 0.05 indicating that the regression model is statistically appropriate for analysis. Based on the results reported in Table 4, the significance value of the F-test is 0.002, which is lower than the threshold value of 0.05. This finding indicates that the regression model is statistically significant and provides an adequate fit to the data. Therefore, the regression model demonstrates overall statistical significance and is appropriate for hypothesis testing. In addition to the overall model significance, the regression results show that ROA and the Piotroski F-Score are positively significant, whereas DAR, CR, TATO, and GPM are negatively significant. OCF is not statistically significant. The implications of these findings are discussed in the following section.

3.2 Discussion

3.2.1 The Effect of Return on Assets (ROA) on Stock Prices

H₁: Return on Assets (ROA) has a positive effect on stock prices.

Based on the results presented in Table 4, the hypothesis testing indicates a significance value of 0.016 (0.016 < 0.05) and a regression coefficient of 1,124.758. These findings demonstrate that Return on Assets has a positive and significant effect on stock prices. Therefore, the first hypothesis is accepted. This result is consistent with the findings of Gunawan & Yahya (2024), who also reported a positive relationship between ROA and stock prices.

The positive effect of ROA indicates that investors place considerable importance on a firm's ability to generate profits from its asset base. Higher profitability signals effective resource utilization and stronger future earnings potential, thereby increasing investor confidence and stock demand. This finding supports signaling theory, which suggests that higher profitability serves as a positive signal regarding managerial effectiveness and future corporate performance. As a result, investors are more likely to value firms with stronger returns on assets.

3.2.2 The Effect of Operating Cash Flow (OCF) on Stock Price

H₂: Operating Cash Flow (OCF) has a positive effect on stock prices.

Based on the results presented in Table 4, the hypothesis testing indicates a significance value of 0.653 ($0.653 > 0.05$) and a regression coefficient of -903.635. These findings demonstrate that Operating Cash Flow does not have a significant effect on stock prices. Therefore, the second hypothesis is rejected. This result is inconsistent with the findings of Asiah & Mulyani (2020), who reported a positive effect of Operating Cash Flow on stock prices.

From the perspective of signaling theory, Operating Cash Flow reflects the cash generated from a company's core operating activities and indicates its ability to generate internal funds without relying heavily on external financing. However, this finding indicates that operating cash flow information may not be fully reflected in stock prices during the observation period. One possible explanation is that cash flow information may be perceived as less informative than profitability measures in evaluating a firm's overall performance and future prospects. Furthermore, a high level of operating cash flow does not necessarily guarantee strong long-term financial performance, as cash flow fluctuations may be temporary and may not fully reflect the sustainability of the company's operations. Consequently, investors may place greater emphasis on other financial indicators when assessing firm value. As a result, variations in Operating Cash Flow do not appear to significantly influence investor demand for shares and, therefore, do not have a measurable impact on stock prices in this study.

3.2.3 The Effect of Debt-to-Asset Ratio (DAR) on Stock Prices

H₃: Debt-to-Asset Ratio (DAR) has a positive effect on stock prices.

Based on the results presented in Table 4, the hypothesis testing indicates a significance value of 0.015 ($0.015 < 0.05$) and a regression coefficient of -2,066.746. These findings demonstrate that Debt-to-Asset Ratio has a significant negative effect on stock prices. Therefore, the third hypothesis is rejected. This result is inconsistent with the findings of Prastyo et al. (2022), who reported a positive relationship between Debt-to-Asset Ratio and stock prices.

Debt-to-Asset Ratio is an important indicator in investment decision-making because, from the perspective of signaling theory, a high level of debt may be perceived by investors as a negative signal regarding the company's financial risk. An increase in DAR indicates a greater reliance on external financing, which may expose the company to higher financial obligations and an elevated risk of financial distress. This risk becomes particularly relevant during periods of economic uncertainty or when the company's cash flows weaken, as larger debt commitments require substantial interest and principal payments. Furthermore, higher interest expenses may reduce net income and earnings per share, thereby lowering investor expectations regarding future corporate performance. A capital structure heavily financed by debt may also increase shareholder risk, as creditors hold priority claims over corporate assets in the event of liquidation. Consequently, investors may perceive firms with higher DAR as riskier investment opportunities, reducing demand for their shares and contributing to lower stock prices. The negative coefficient implies that investors in the sampled firms tend to associate higher leverage with increased financial risk rather than growth opportunities.

3.2.4 The Effect of Current Ratio (CR) on Stock Prices

H₄: Current Ratio (CR) has a positive effect on stock prices.

Based on the results presented in Table 4, the hypothesis testing indicates a significance value of 0.001 ($0.001 < 0.05$) and a regression coefficient of -160.967. These findings demonstrate that Current Ratio has a significant negative effect on stock prices. Therefore, the fourth hypothesis is rejected. This result is inconsistent with the findings of Gunawan & Yahya (2024), who reported a positive relationship between Current Ratio and stock prices.

Current Ratio is an important indicator in investment decision-making because, from the perspective of signaling theory, an excessively high level of liquidity may be interpreted negatively by investors. Although adequate liquidity reflects a company's ability to meet its short-term obligations, an excessively high Current Ratio may signal inefficiencies in the management of current assets. Such conditions may indicate the existence of idle cash balances, slow-moving inventories, or low-quality accounts receivable that are not being utilized productively to generate returns. As a result, these assets may contribute little to the company's profitability and long-term growth.

Investors generally place greater value on companies that effectively allocate their resources toward expansion, innovation, and value-creating investment opportunities. Excessive holdings of current assets may generate opportunity costs and suggest that management is not maximizing the productive use of corporate resources. Consequently, investors may perceive firms with excessively high Current Ratios as having weaker growth prospects, reducing demand for their shares and contributing to lower stock prices.

3.2.5 The Effect of Gross Profit Margin (GPM) on Stock Prices

H₅: Gross Profit Margin (GPM) has a positive effect on stock prices.

Based on the results presented in Table 4, the hypothesis testing indicates a significance value of 0.044 ($0.044 < 0.05$) and a regression coefficient of -1,695.935. These findings demonstrate that Gross Profit Margin has a significant negative effect on stock prices. Therefore, the fifth hypothesis is rejected. This result is inconsistent with the findings of Fahmi (2015), who reported a positive relationship between Gross Profit Margin and stock prices.

Gross Profit Margin is an important indicator in investment decision-making because, from the perspective of signaling theory, a high GPM is not always interpreted positively by the market. In certain circumstances, a high gross profit margin may result from pricing strategies that place products at a premium relative to competitors. While such strategies may increase profit margins in the short term, they may also reduce competitiveness and sales volume if

consumers shift to substitute products. Consequently, a high GPM may not necessarily indicate sustainable business growth and could instead signal potential limitations in future market expansion.

Furthermore, the relevance of GPM varies across industries, as not all sectors consider gross margin to be the primary measure of financial performance. GPM primarily reflects the efficiency of production and direct cost management but does not provide a comprehensive assessment of a company's overall financial condition. Investors often place greater emphasis on bottom-line profitability and earnings available to shareholders. Therefore, an increase in GPM accompanied by rising operating expenses or financial costs may fail to improve overall profitability and could even weaken investor confidence. As a result, investors may respond negatively to such conditions, leading to lower demand for the company's shares and a subsequent decline in stock prices. The negative coefficient obtained in this study is consistent with this interpretation, suggesting that higher Gross Profit Margins are associated with lower stock prices among the sampled firms.

3.2.6 The Effect of Total Asset Turnover (TATO) on Stock Prices

H₆: Total Asset Turnover (TATO) has a positive effect on stock prices.

Based on the results presented in Table 4, the hypothesis testing indicates a significance value of 0.050 ($0.050 \leq 0.05$) and a regression coefficient of -659.537. These findings indicate that Total Asset Turnover exhibits a negative effect on stock prices at the threshold level of statistical significance. Therefore, the sixth hypothesis is rejected. This result is inconsistent with the findings of Istiyowati & Putri (2022), who reported a positive relationship between Total Asset Turnover and stock prices.

Total Asset Turnover is an important indicator in investment decision-making because, from the perspective of signaling theory, it reflects a company's efficiency in utilizing its assets to generate sales revenue. However, investors generally place greater emphasis on the profitability generated from those sales rather than on sales volume alone. A high TATO does not necessarily indicate strong financial performance, as the ratio measures asset utilization efficiency but does not capture profit margins or overall profitability.

In some cases, a high level of sales may be accompanied by substantial operating expenses, resulting in lower net income despite efficient asset turnover. Under such circumstances, investors may interpret a high TATO as an indication that revenue growth is not being translated into shareholder value. Consequently, increases in TATO that are not supported by corresponding improvements in profitability may be viewed unfavorably by the market. This may reduce investor confidence and weaken demand for the company's shares. Therefore, the negative coefficient obtained in this study suggests that higher Total Asset Turnover, when not accompanied by strong earnings performance, may be associated with lower stock prices among the sampled firms. Investors may prioritize profitability over sales efficiency, meaning that high asset turnover does not necessarily translate into higher shareholder value when profit margins remain low.

3.2.7 The Effect of Piotroski F-Score on Stock Prices

H₇: The Piotroski F-Score has a positive effect on stock prices.

Based on the results presented in Table 4, the hypothesis testing indicates a significance value of 0.035 ($0.035 < 0.05$) and a regression coefficient of 224.363. These findings demonstrate that the Piotroski F-Score has a positive and significant effect on stock prices. Therefore, the seventh hypothesis is accepted. This result is consistent with the findings of Bong & Suhartono (2021), who also reported a positive relationship between the Piotroski F-Score and stock prices. The Piotroski F-Score is an important indicator in investment decision-making because, from the perspective of signaling theory, it reflects a company's fundamental strength and overall financial health through the assessment of profitability, leverage and liquidity, and operating efficiency. Companies with positive net income and operating cash flow are generally perceived as having the ability to generate sustainable earnings, while improvements in profit margins and asset turnover indicate effective management of costs and corporate resources.

Furthermore, the Piotroski F-Score helps reduce information asymmetry in the capital market by consolidating multiple financial indicators into a single and easily interpretable measure. An increase in the F-Score signals comprehensive improvements in a company's financial performance, thereby enhancing investor confidence, particularly among investors who adopt value investing strategies. Strong performance across the profitability, financial stability, and operating efficiency dimensions results in a higher F-Score, which investors may interpret as a signal of corporate stability, financial soundness, and favorable future prospects with relatively lower risk. Consequently, companies with higher F-Scores tend to attract greater investor interest, increasing demand for their shares and contributing to higher stock prices. Overall, the findings indicate that profitability and overall financial strength, represented by ROA and the Piotroski F-Score, are positively associated with stock prices. In contrast, leverage, liquidity, operating efficiency, and gross margin measures exhibit negative relationships with stock prices, while operating cash flow does not significantly affect stock valuation. These results suggest that investors place greater emphasis on indicators that reflect sustainable profitability and comprehensive financial performance than on individual accounting measures.

4. CONCLUSION

Based on the findings of this study, ROA and the Piotroski F-Score were found to positively and significantly affect stock prices, indicating that profitability and overall financial strength are important factors associated with stock prices. In

contrast, DAR, CR, TATO, and GPM exhibited significant negative effects on stock prices, while OCF was found to have no significant effect. These findings suggest that stock market participants tend to respond more strongly to indicators reflecting sustainable profitability and overall financial strength than to individual financial indicators. These findings are consistent with signaling theory, which suggests that financial information reflecting strong profitability and overall financial health serves as a positive signal to investors and is subsequently reflected in stock prices. This study contributes to the existing literature by providing empirical evidence regarding the relationship between financial performance indicators, the Piotroski F-Score, and stock prices in the Indonesian capital market. The findings highlight that the Piotroski F-Score remains a relevant measure for explaining stock price movements, complementing traditional profitability indicators such as ROA. Despite these contributions, this study has several limitations. First, the Adjusted R² value of 12.2% indicates that a substantial proportion of stock price variation is explained by factors outside the model. Second, the study focuses only on selected financial performance indicators and the Piotroski F-Score, which may not fully capture the complexity of stock price formation in the capital market. Future studies are encouraged to incorporate additional variables, such as macroeconomic factors (e.g., inflation and interest rates), market-based indicators (e.g., PER and PBV), and non-financial measures such as ESG performance. Future research may also extend the observation period, increase the sample size, or focus on specific industry sectors to improve the generalizability of the findings.

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