The Impact of EPS, PER, CR, and ROE on the *Sharia* Share Prices on the Indonesia Stock Exchange

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Abstract

The public's demand for *Sharia*-compliant investment has been increasing in tandem with the growth of the Muslim populations. Between 2019 and 2023, the total number of *Sharia*-compliant stock firms listed on the Indonesia Stock Exchange (IDX) has consistently remained stable or increased, with no recorded decline. Despite this promising trend, *Sharia* companies show quite volatile stock price movements. Therefore, conducting a financial ratio analysis is essential. Financial ratios such as Earnings per Share (EPS), Price to Earnings Ratio (PER), Current Ratio (CR), and Return on Equity (ROE) are useful for assessing a company's valuation. This study's novelty lies in integrating Sharia principles with financial ratio analysis to evaluate the financial health of Sharia-compliant firms. This research aims to analyze the influence of EPS, PER, CR, and ROE on the stock prices of Sharia companies. The research utilizes secondary data from the second trimester of 2023, obtained from the IDX. The research employs descriptive and inferential analysis using robust regression. The findings indicate that EPS variable, PER variable, and ROE variable have a positive and significant impact on *Sharia* stock prices. Conversely, CR has no significant effect and has a negative correlation with the stock prices of *Sharia* companies. Therefore, investors need to consider the EPS value, PER, and ROE before making investment decisions.

Abstrak

Permintaan masyarakat terhadap investasi yang sesuai dengan prinsip syariah terus meningkat seiring dengan pertumbuhan populasi Muslim. Antara tahun 2019 hingga 2023, jumlah total perusahaan saham syariah yang terdaftar di Bursa Efek Indonesia (BEI) secara konsisten tetap stabil atau mengalami peningkatan, tanpa adanya penurunan yang tercatat. Meskipun tren ini menjanjikan, pergerakan harga saham perusahaan syariah cenderung berfluktuasi secara signifikan. Oleh karena itu, analisis rasio keuangan menjadi aspek yang krusial. Rasio keuangan seperti Earnings per Share (EPS), Price to Earnings Ratio (PER), Current Ratio (CR), dan Return on Equity (ROE) berguna dalam menilai valuasi perusahaan. Kebaruan penelitian ini terletak pada integrasi prinsip syariah dengan analisis rasio keuangan guna mengevaluasi kesehatan keuangan perusahaan yang sesuai dengan syariah. Penelitian ini bertujuan untuk menganalisis pengaruh EPS, PER, CR, dan ROE terhadap harga saham perusahaan syariah. Data sekunder yang digunakan dalam penelitian ini diperoleh dari Bursa Efek Indonesia (BEI) untuk trimester kedua tahun 2023. Metode penelitian meliputi analisis deskriptif dan inferensial dengan menggunakan regresi robust. Hasil penelitian menunjukkan bahwa variabel EPS, PER, dan ROE memiliki pengaruh positif dan signifikan terhadap harga saham syariah. Sebaliknya, CR tidak memiliki pengaruh yang signifikan serta menunjukkan korelasi negatif terhadap harga saham perusahaan syariah. Oleh karena itu, investor perlu mempertimbangkan nilai EPS, PER, dan ROE sebelum mengambil keputusan investasi.

INTRODUCTION

Indonesia continues to demonstrate strong economic growth despite the global economic slowdown. According to data from Bank Indonesia, investment plays a crucial role in the economy, contributing the second-largest share of 35% to the gross domestic product.[1] This means that investment plays a significant role in the economy. The Indonesian Stock Exchange (IDX) is an institution that provides investment facilities. This expansion aligns with the increasing public awareness of optimal investment strategies, supported by the country's stable economic conditions.[2] The development of the BEI also reflects Indonesia's commitment to achieving the eighth Sustainable Development Goal (SDGs), which promotes decent work and economic growth.

Indonesia has the largest Muslim population in the world, with more than 235 million Muslims, or 87.2% of the population in Indonesia.[3] With the Muslim population wanting to invest in *Sharia*, the Sharia capital market has emerged, offering investment opportunities that adhere to Islamic principles, including Sharia stocks. According to the Main Director of IDX, 62% of the stocks listed on the IDX are *Sharia*-compliant. Additionally, Sharia stocks account for 51% of the market capitalization and 56% of the total transaction value on the IDX.[4] From 2019 to 2023, the number of Sharia-compliant companies increased by 36%, with market capitalization growing at an average annual rate of 10%. This indicates that the opportunity to gain profits on the *Sharia* Stock Market is currently more significant.

Since the implementation of *Sharia* principles, the *Sharia* stock market has gained increasing public interest and continues to grow each year. According to data from KSEI, the number of Sharia stock investors in Indonesia has reached 117,942, reflecting a 12.14% increase from the previous year's total of 105,174 investors.[5] This growth indicates that the supply and demand for *Sharia* company stock on the IDX are increasing.

Share prices are primarily determined by the frequency of supply and demand for stock. The stock price rises as more people buy shares and declines as more people sell them. The increase in the frequency of demand and supply of *Sharia* stock causes a problem in stock investment: price fluctuations.

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[1] Bank Indonesia, "Statistik Ekonomi Dan Keuangan Indonesia," Bank Indonesia, 2023, https://www.bi.go.id/id/statistik/ekonomi-keuangan/seki/default.aspx#headingThree.

[2] Kerenhapukh Irianty Lobo, Ivonne Stanley Saerang, and Victoria Neisye Untu, "Pengaruh Kurs Rupiah, Nilai Impor, Dan Harga Minyak Dunia Terhadap Indeks Harga Saham Gabungan (IHSG) Periode 2018 – 2024," *Jurnal EMBA : Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi* 12, no. 03 (August 5, 2024): 516–27, https://doi.org/10.35794/emba.v12i03.57122.

[3] Badan Pusat Statistik Indonesia, "Sensus Penduduk 2020 - Badan Pusat Statistik," Badan Pusat Statistik, 2020, https://sensus.bps.go.id/main/index/sp2020.

[4] Indonesia Stock Exchange (IDX), "Laporan Keuangan & Tahunan 2023" (Indonesia Stock Exchange (IDX), 2023), https://www.idx.co.id/id/laporan-keuangan-dan-tahunan.
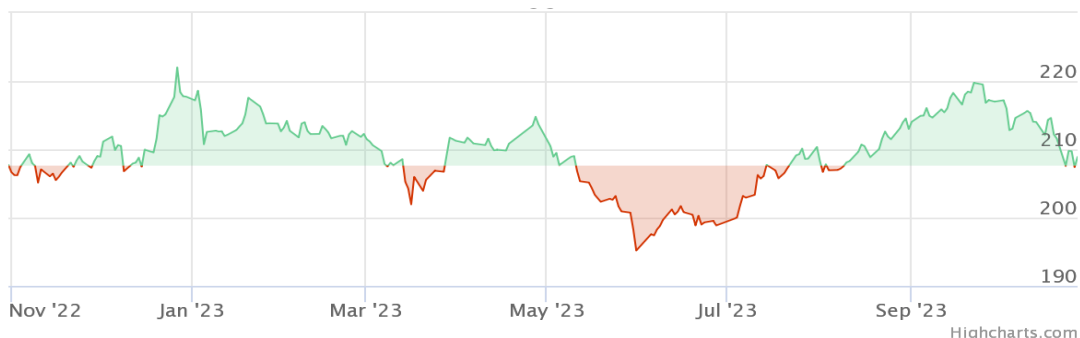
[5] Indonesia Stock Exchange (IDX).

Figure 1. The Indonesian *Sharia* Stock Index of 2022-2023
Source: IDX.co.id

The price movement of the Indonesian Sharia Stock Index (ISSI) fluctuated significantly between 2022 and 2023 (Figure 1). Short-term Islamic investors, including day traders, can exacerbate share price fluctuations. They often trade based on short-term price movements rather than company fundamentals, increasing trade risks and damaging market prices.
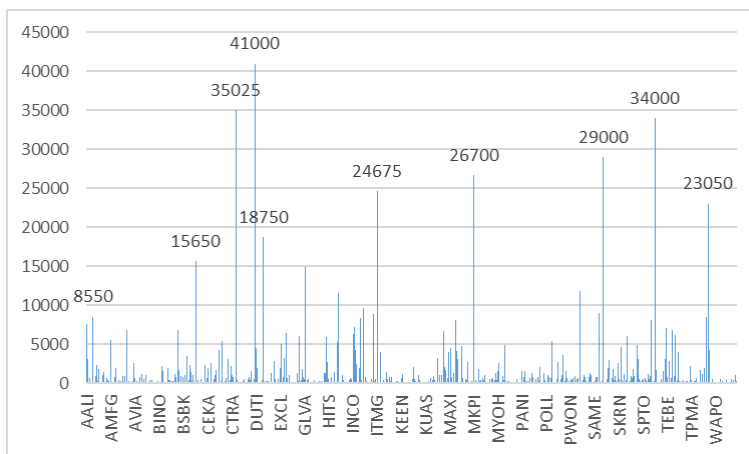

Figure 2. Volatility of *Sharia* stock prices in the second quarter of 2023
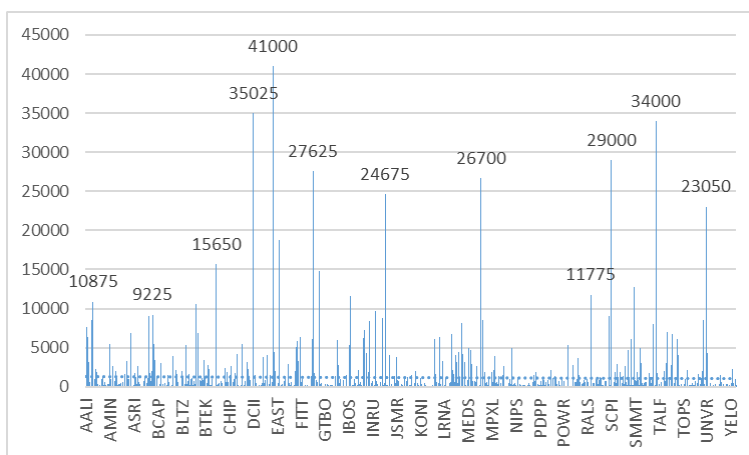Source: idx.co.id

Figure 3. The Conventional Share Prices in Second Trimester 2023
Source: idx.co.id

Al-Muamalat: https://journal.uinsgd.ac.id/index.php/mua/index

Based on Figures 2 and 3, conventional stock market conditions experience high volatility, which can cause sharp stock price fluctuations and make investors vulnerable to significant short-term losses. This illustrates that Sharia stocks manage their risks and finances more strictly under *Sharia* principles.
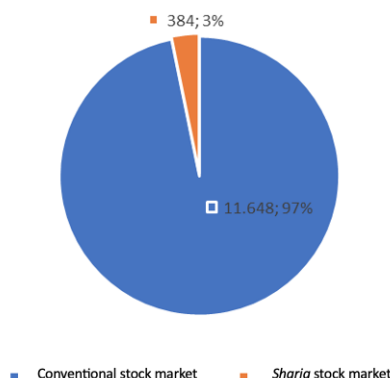

Figure 4. Conventional Capital Market Vs. *Sharia* Capital Market Educational Activities 2022
Source: idx.co.id

Sharia stocks are more attractive for risk management and offer significant profit potential compared to conventional stocks. However, Figure 4 shows that the number of *Sharia* capital market educational activities is still 3% of the total educational activities carried out by the Indonesian Stock Exchange. This means that there is a substantial gap that requires further research. To mitigate risks and enhance investor knowledge, this study aims to provide more detailed insights and promote additional educational activities beyond those offered by the Indonesia Stock Exchange. The findings of this research can offer a broad understanding of the key variables that significantly influence stock prices.

Investor behavior in deciding which share to purchase can be explained by signal theory,[6] as also discussed in recent research.[7] This theory describes how companies provide company financial information to handle asymmetric information between management and outside parties so that all parties can recognize the company's full potential and gain profits.[8] The information provided typically comes in the form of high-quality or integrated financial statements, which will reduce asymmetric information between the company, owners, and outside parties.[9] The application of the signal theory is that investors will assess companies by utilizing available financial information provided by the companies. Hence, investors can buy or sell company shares to get maximum profits.

Previous research on factors influencing *Sharia* stock prices has been carried out by

[6] Stephen A. Ross, "The Determination of Financial Structure: The Incentive-Signalling Approach," *The Bell Journal of Economics* 8, no. 1 (1977): 23, https://doi.org/10.2307/3003485.

[7] Sunanta Wiguna and Etty Murwaningsari, "The Effect of Systematic Risk, Operating Cash Flow and Growth Opportunities on Future Earnings Response Coefficients (FERC), Working Capital as A Moderation Variable," *International Journal of Social and Management Studies* 3, no. 2 (2022): 34–45, https://ijosmas.org/index.php/ijosmas/article/view/111.

[8] I. Gusti Ayu Purnamawati, "The Effect of Capital Structure and Profitability on Stock Price (Study of the Manufacturing Sector in Indonesia Stock Exchange)," *International Journal of Business, Economics and Law* 9, no. 1 (2016): 10–16, https://www.ijbel.com/.

[9] Tya Restianti and Linda Agustina, "The Effect of Financial Ratios on Financial Distress Conditions in Sub Industrial Sector Company," *Accounting Analysis Journal* 7, no. 1 (July 30, 2018): 25–33, https://doi.org/10.15294/aaj.v7i1.18996.

various scholars. These studies provided different significance and direction. Research by Oktrivina, Andamari, and Erwandi found that the Price-to-Earnings Ratio (PER) and Return on Equity (ROE) significantly influence Sharia stock prices.[10] However, research by Haq concluded that PER did not significantly affect share prices, while Earnings Per Share (EPS) had a significant positive effect.[11] Research by Ridha found that ROE positively affected share prices, while the Current Ratio (CR) did not.[12] Research by Devi and Artini discovered that ROE had a positive impact, while PER negatively influenced Sharia stock prices.[13] Findings from Utami and Darmawan revealed a significant positive effect of EPS on Sharia stock prices but found that ROE had no effect.[14] Finally, research by Rahmadewi and Abundanti concluded that while PER had a positive effect, EPS, CR, and ROE negatively influenced stock prices.[15] This research aims to address these gaps in the literature in several ways. First, our research focuses on *Sharia* companies using the latest data found in IDX. Additionally, we use stock price variables to provide insights into how the market values shares at a given time, which can assist investors in making informed decisions by comparing stock prices across different Sharia companies. Our research focuses on the company's financial ratios, including Earning Per Share (EPS), Price Earning Ratio (PER), Current Ratio (CR), and Return on Equity (ROE). We also apply robust regression, which can accommodate outliers, a common phenomenon found in cross-section data, to obtain more accurate results. Drawing from the background discussion and previous studies, the research hypothesizes that EPS, PER, CR, and ROE positively influence *Sharia* stock prices.

RESEARCH METHOD

This research analyzes the effect of Earnings per Share, Price Earning Ratio, Current Ratio, and Return on Equity on *Sharia* Stock Prices. The data source used in this research was secondary data from the official website of the Indonesian Stock Exchange. This research used five research variables: a dependent variable and four independent variables. The dependent variable in this research was the closing price of *Sharia* stock after reporting the company's financial statements in the second quarter, as of June 30, 2023. The data selection was made for practical reasons, ensuring a sufficient number of observations for the analysis. Given the cross-sectional nature of the data, the results would represent

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[10] Amelia Oktrivina, Basis Gumilarsih Andamari, and Firza Erwandi, "Pengaruh Price Earning Ratio, Debt Equity Ratio, Dan Return on Equity Terhadap Harga Saham Syariah Periode 2017-2019," *SERAMBI: Jurnal Ekonomi Manajemen Dan Bisnis Islam* 4, no. 1 (April 25, 2022): 2017–19, https://doi.org/10.36407/serambi.v4i1.484.

[11] Sinta Ainul Haq, "Pengaruh Price to Book Value, Earning Per Share Dan Price Earning Ratio Terhadap Return Saham Syari'ah Dengan Firm Size Sebagai Variabel Moderasi" (Undergraduate Thesis, Universitas Islam Negeri Salatiga, 2023), http://e-repository.perpus.uinsalatiga.ac.id/15761/.

[12] M. Arsyadi Ridha, "Pengaruh Rasio Keuangan, Ukuran Perusahaan, Dan Arus Kas Operasi Terhadap Harga Saham Syariah," *JIA (Jurnal Ilmiah Akuntansi)* 4, no. 2 (December 31, 2019): 184–200, https://doi.org/10.23887/jia.v4i2.21404.

[13] Ni Nyoman Sri Jayanti Perwani Devi and Luh Gede Sri Artini, "Pengaruh ROE, DER, PER, Dan Nilai Tukar Terhadap Return Saham," *E-Jurnal Manajemen Universitas Udayana* 8, no. 7 (March 10, 2019): 4183, https://doi.org/10.24843/EJMUNUD.2019.v08.i07.p07.

[14] Martina Rut Utami and Arif Darmawan, "Pengaruh DER, ROA, ROE, EPS Dan MVA Terhadap Harga Saham Pada Indeks Saham Syariah Indonesia," *JOURNAL OF APPLIED MANAGERIAL ACCOUNTING* 2, no. 2 (September 30, 2018): 206–18, https://doi.org/10.30871/jama.v2i2.910.

[15] Pande Widya Rahmadewi and Nyoman Abundanti, "Pengaruh EPS, PER, CR Dan ROE Terhadap Harga Saham Di Bursa Efek Indonesia," *E-Jurnal Manajemen Universitas Udayana* 7, no. 4 (March 8, 2018): 2106, https://doi.org/10.24843/EJMUNUD.2018.v07.i04.p14.

conditions at a single point in time and would not account for long-term effects. Meanwhile, the independent variables were ROE, EPS, PER, and CR. The data analysis was performed using RStudio, and purposive sampling was applied to select the sample. The process for obtaining the units of analysis is outlined in Table 1. The research uses descriptive analysis and inferential analysis using robust regression using STATA to analyze the effect of EPS, PER, CR, and ROE on the *Sharia* stock price.[16] Robust regression is a method used when the distribution of errors is not normal and/or several outliers influence the model.[17] Robust regression is an analytical tool that is more appropriate for analyzing data that contains outliers and provides results that are resistant to the presence of outliers. These outlier values can lie in the independent, dependent, or both variables.[18]

Table 1. The Process of Sample Selection

No	Criteria	Number of Company
1	The *Sharia* company and listed on the Indonesia Stock Exchange in the second quarter of 2023	539
2	The company had never been delisted at the time of research	0
3	Financial report data is complete and can be accessed at the time of research	-11
4	Negative company equity	-158
	Number of observation	370

Source: Data processed by the author using RStudio, (2024)

Outlier detection was conducted by examining the Cook's D Bar Plot value in Figure 5. The figure shows 12 *Sharia* stock price data outliers, which have an influence on the regression model. Despite their presence, these outliers could not be removed because they represent important data points. As a result, robust regression was chosen for analysis, as it is resistant to the influence of outliers, ensuring the derivation of a reliable equation.

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[16] Peter J. Huber and Elvezio M. Ronchetti, *Robust Statistics*, 1st ed., Wiley Series in Probability and Statistics (Wiley, 2009), https://doi.org/10.1002/9780470434697; Colin Chen, "Robust Regression and Outlier Detection with the ROBUSTREG Procedure," in *Proceedings of the Proceedings of the Twenty-Seventh Annual SAS Users Group International Conference* (Citeseer, 2002); Robert A. Yaffe, "Robust Regression Modeling with STATA Lecture Notes" (Avenue: Social Science and Mapping Group Academic Computing Services, 2002); Douglas C. Montgomery, Elizabeth A. Peck, and G. Geoffrey Vining, *Introduction to Linear Regression Analysis* (New Jersey: John Wiley & Sons, 2021).

[17] David J. Olive, *Applied Robust Statistics* (Carbondale: Southern Illinois University, 2005).

[18] Chen, "Robust Regression and Outlier Detection with the ROBUSTREG Procedure."
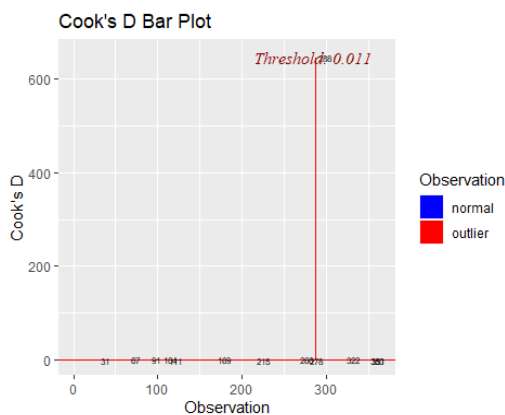
Figure 5. Outliers detection using Cook's D Bar Plot
Source: Data processed by the author using RStudio, (2024)

RESULTS AND DISCUSSIONS

Sharia Share Price, EPS, PER, CR, and ROE in Indonesia Stock Exchange (IDX) Second Trimester 2023

Table 2. Summary Descriptives

Statistics	*Sharia* Share Price	EPS	PER	CR	ROE
N	370	370	370	370	370
Min	50	0,04	0,77	0,05	0,01
Q1	169,50	4,39	16,87	1,31	0,02
Median	477	15,31	30,26	1,99	0,05
Mean	1.985,14	195,68	201,96	3,29	0,07
Q3	1.553,75	50,05	64,17	3,37	0,08
Max	41.000	37.424,16	18.656,59	31,18	0,67
Modus	50	1,67	8,30	1,29	0,01
Std. Deviasi	4.726,74	1.984,73	1.440,25	4,19	0,07
Varians	22.342.040	3.939.163	1.401.107	1.754	0,005

Source: Data processed by the author using RStudio, (2024)

The results of the descriptive analysis in Table 2 show the observations of 370 selected samples of *Sharia* companies. The minimum *Sharia* share price value is 50 rupiah per share, meaning that an investor purchasing one lot of stocks (equivalent to 100 shares) would only need an initial investment of IDR 5,000. The maximum price for *Sharia* stock is IDR 41,000 per share, with the average price being IDR 1,985. The third quartile value is Rp. 1,553.75, a vast difference from the maximum price, indicates to researchers that there are outliers in *Sharia* stock price data in the second quarter of 2023.

The Earning per Share (EPS) variable shows the lowest EPS value is 0.04 while the maximum EPS value is 37424.16. These values have very different differences, indicating the fluctuations in share prices. Many companies generate only a small net profit per share, as

reflected by the third quartile value of 50.04, which is closer to the lowest value than the highest. Only certain companies can produce EPS with very high levels of business processes.

The Price Earning Ratio (PER) variable shows that the smallest PER value is 0.77, while the average PER value for Sharia companies is 201.96. This indicates that many investors still want to buy a stock whose PER value is more than three, even though many investor experts say a PER value > 3 is considered expensive on the stock market.[19] This signals that many investors ignore the PER value when buying *Sharia* stock on the Indonesian Stock Exchange.

Next, the Current Ratio (CR), which measures a company's liquidity, indicates how well a company can manage its debt by assessing the current cash available. The minimum CR value for *Sharia* companies is 0.05. A CR value of less than 1 means the company has more debt, and there is an indication that the company puts less priority on the company's liquidity. The average CR value is 3.288, and the maximum is 31.180. The first quartile is still larger than 1, at 1.312. This implies that not all Sharia companies prioritize liquidity in their business operations.

The Return on Equity (ROE) variable for *Sharia* companies shows relatively weak values, with most being below 1. The average ROE value is 0.07, with the minimum and maximum values of 0.01 and 0.67, respectively. ROE is a ratio utilized by investors to assess how effectively a company leverages and optimizes its equity to maximize its profitability. This condition means that companies need to utilize better and optimize capital.

The Effect of Earning per Share, Price Earning Ratio, Current Ratio, and Return on Equity on *Sharia* Share Prices

The robust regression was carried out because outliers in the independent and dependent variables could not be eliminated.[20]

Table 3. Robust M-estimation Regression Results

Variables	Coefficients	Std. Error	t-value	Probability
Intersep	958	45,52	21,05	0,00
ZEPS$_i$	1519,86	45,76	33,22	0,00
ZPER$_i$	145,79	45,59	3,19	0,00
ZCR$_i$	-79,97	45,83	- 1,75	0,67
ZROE$_i$	324,63	45,99	7,06	0,00
F-statistics		0,00	Adj R^2	0,94

Source: Data processed by the author using RStudio, (2024)

[19] Romys Binekasri, "Banyak Saham 'Mercy' Harga 'Bajai' Di Bursa!" (CNBC Indonesia, 2021), https://www.cnbcindonesia.com/.

[20] Semra Türkan, Meral Cetin, and Oniz Toktamis, "Outlier Detection by Regression Diagnostics Based on Robust Parameter Estimates," *HACETTEPE JOURNAL OF MATHEMATICS AND STATISTICS* 41, no. 1 (2012), https://avesis.hacettepe.edu.tr/yayin/2358c7b9-2381-4858-b305-10e33bd5b612/outlier-detection-by-regression-diagnostics-based-on-robust-parameter-estimates; Soemartini, "Pencilan (Outlier)" (Bandung: Universitas Padjajaran, 2007), https://www.scribd.com/doc/92860263/OUTLIER-PENCILAN; Chen, "Robust Regression and Outlier Detection with the ROBUSTREG Procedure."

Table 3 shows the results of estimating regression coefficients for the Islamic stock price equation using robust M-estimation regression. Using a significance level of 5%, three independent variables, ZEPSi, ZPERi, and ZROEi, significantly affect *Sharia* share prices. The variable has the most considerable effect on *Sharia* stock prices is the X1 or ZEPSi variable. The variable that does not have a significant effect and has a negative direction on *Sharia* stock prices is ZCRi.

The Earning per Share (EPS) variable has a significant and positive impact on Sharia stock prices listed on the Indonesia Stock Exchange, with a coefficient of 1,519.86 at a 5% significance level. The positive coefficient of EPS in this research aligns with the findings of Utami and Darmawan, which stated that EPS positively impacts *Sharia* stock prices.[21] A positive relationship between EPS and the stock price was also found in the Jordanian Stock Exchange (JSE).[22] It also significantly affected stock prices in Indonesia's Property Companies Stock Exchange.[23] The company's share price will increase along with the increase in the company's EPS value. This suggests that a higher EPS in a Sharia stock sends a positive signal to investors, increasing demand for the stock and driving up the share price. Companies that can generate high EPS values are considered more profitable, attracting more investors, which in turn pushes stock prices higher.

The coefficient of Price Earning Ratio (PER) shows that this variable has a positive and significant impact on Sharia stock prices. This means that increasing PER will lead to an increase in *Sharia's* stock price. Companies with high PER value are considered companies in great demand by investors. While a high PER indicates that the stock is more expensive, investors are still willing to purchase it because they believe the company is reasonably valued, which causes stock prices to rise. The results of this research support the findings of previous research.[24]

The Current Ratio (CR) variable does not significantly affect stock price. Previous research by Masrizal et al. also did not find a significant relationship between CR and Islamic stock prices.[25] However, these findings differ from those of Banchuenvijit, who researched agricultural companies in Thailand and found a significant relationship between CR and

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[21] Utami and Darmawan, "Pengaruh DER, ROA, ROE, EPS Dan MVA Terhadap Harga Saham Pada Indeks Saham Syariah Indonesia."

[22] A. T. Gharaibeh et al., "An Empirical Study of the Relationship Between Earnings per Share, Net Income and Stock Price," *Applied Mathematics & Information Sciences* 16, no. 5 (2022): 673–79, https://doi.org/10.18576/amis/160502.

[23] Devi Lutfiah and Dedi Sulistiyo Soegoto, "Return on Assets, Debt to Equity Ratio, and Earning per Share Impact on Stock Price in Property Companies Stock Exchange" (International Conference on Business, Economic, Social Science, and Humanities – Economics, Business and Management Track (ICOBEST-EBM 2019), Atlantis Press, 2020), 181–85, https://doi.org/10.2991/aebmr.k.200108.042.

[24] Kadek Yurika Dwi Safitri et al., "The Impact of Debt to Equity Ratio, Price Earning Ratio, Earning Per Share to the Stock Price on Banking Sectors Listed in Info Bank 15 Index 2014-2018," *American Journal of Humanities and Social Sciences Research (AJHSSR)* 4, no. 5 (2020): 49–56, https://www.ajhssr.com/wp-content/uploads/2020/05/G20454956.pdf; Ekrem Meric, Melik Kamisli, and Fatih Temizel, "Interactions among Stock Price and Financial Ratios: The Case of Turkish Banking Sector," *Applied Economics and Finance* 4, no. 6 (2017): 107–15, https://ideas.repec.org/a/rfa/aefjnl/v4y2017i6p107-115.html; Pankaj Kumar, "Impact of Earning Per Share and Price Earnings Ratio on Market Price of Share: A Study on Auto Sector in India," *International Journal of Research -GRANTHAALAYAH* 5, no. 2 (February 28, 2017): 113–18, https://doi.org/10.29121/granthaalayah.v5.i2.2017.1710; Rahmadewi and Abundanti, "Pengaruh EPS, PER, CR Dan ROE Terhadap Harga Saham Di Bursa Efek Indonesia"; Ida Ayu Made Aletheari and I. Ketut Jati, "Pengaruh Earning Per Share, Price Earning Ratio, Dan Book Value Per Share Pada Harga Saham," *E-Jurnal Akuntansi* 17, no. 2 (November 10, 2016): 1254–82, https://ojs.unud.ac.id/index.php/akuntansi/article/view/21667.

[25] M. Masrizal et al., "Analysis of Return on Equity, Current Ratio and Debt to Equity Ratio on Islamic Stock Price Jakarta Islamic Index," in *Advances in Business, Management and Entrepreneurship* (CRC Press, 2020).

share prices.[26] Insignificant results can occur because CR is a financial ratio that compares the company's current assets with the company's short-term debt, where financial capability does not only take into account short-term conditions but can also take into account long-term conditions.[27] The insignificance of CR in our study may also be due to differences in market characteristics, as our research focuses on Sharia stocks. Our findings are inconsistent with research conducted by Wardi, who found that the greater the CR value a company has, the greater its ability to meet its operational needs.[28] Working capital is especially crucial to maintaining the company's performance.

The Return on Equity variable positively and significantly influences the *Sharia* share prices. The results of this research align with research conducted by Ridha, who found that ROE has a positive and significant effect on share prices.[29] ROE has a positive and significant effect on *Sharia* share price, which is also found in the *Sharia* stock market in Malaysia.[30] The positive influence provided by ROE can be a signal for investors when making investment decisions. This shows that the higher the ROE in a *Sharia* Share, the more the share price will increase. Companies that can generate high ROE values are seen as more efficient in utilizing their equity, which attracts investors and drives share prices up.

This research has shown the influence of ROE, CR, PER, and EPS variables on *Sharia* share price. Several things can be applied to *Sharia* investment strategies. This research shows a positive and significant influence of ROE on *Sharia* share prices, which shows that investors need to consider high company performance when investing in *Sharia* shares to obtain maximum profits. The higher the ROE, the higher the company's performance.[31] On the other hand, investors can disregard the CR variable, as this research found no significant impact on Sharia share prices. The Price-Earning Ratio (PER) describes the market response to the company's ability to generate profits in the future. The research results conclude that an increasing Price Earning Ratio value will make share prices more expensive, showing that the company can grow well. In other words, the higher the Price Earning Ratio, the greater the investor's confidence, and the stock demand will rise. With increasing demand for shares, the company's share price will increase. EPS shows the net income that investors get per number of shares. The more investors want to buy shares, the more demand for shares will increase, and prices will increase. The findings in this research also show the importance of fundamental analysis of factors that influence stock prices so that investors can pay attention to factors proven to show a significant relationship and provide maximum profits for investors.

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CONCLUSIONS

In the second quarter of 2023, 67% of Sharia stocks listed on the Indonesian Stock Exchange were priced below IDR 1,000, indicating that they are still relatively affordable, with a minimum price of IDR 50. The condition of the *Sharia* stock market at the time of research had high price fluctuations seen of tremendous variance values. The large gap between the third quartile and maximum values suggests the presence of outliers in the data. The ROE variable for *Sharia* companies shows that the value is still low, with values remaining below one. This signals to investors that the companies have room for improvement in leveraging equity. Additionally, the Price-Earnings Ratio (PER) is often disregarded by many investors when purchasing Sharia stocks on the Indonesia Stock Exchange. The Current Ratio (CR) shows that not all Sharia companies prioritize managing their liquidity risk in their business processes.

This research, which employed Robust Regression using the M-estimation method, found that, with a 95% confidence level, the variables Return on Equity (ROE), Price-Earning Ratio (PER), and Earnings per Share (EPS) have a positive and significant effect on *Sharia* share prices. The result also shows that the Current Ratio (CR) variable has an insignificant effect on *Sharia* share prices. However, this study has some limitations. It only considers the financial ratios of ROE, CR, PER, and EPS in analyzing Sharia share prices, while other factors may also influence stock prices. Meanwhile, other factors might influence stock prices. Additionally, the use of cross-sectional data limits the generalization of the results. Further studies could explore and involve more financial ratios influencing stock prices and enhancing the scope of other markets.

CONFLICT OF INTEREST

The authors declare no conflict of interest.

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