



Analysis of The Relationship Between Profitability and Leverage on Stock Returns in Retail Companies Listed on The Indonesia Stock Exchange (IDX) in 2019–2023

**Mutiara Anggreni Dewi¹, Wisang Candra Bintari², Mitta Muthia Wangsi^{3*},
Bekti Wiji Lestari⁴, Nur Aeni Waly⁵**

^{1,2,3 4,5}Fakultas Ekonomi, Universitas Muhammadiyah Sorong, Indonesia

*Corresponding author: mithamuthia@gmail.com

Received:	Revised:	Accepted:	Published:
2 September 2025	14 September 2025	27 September 2025	27 September 2025

Abstrak

Penelitian ini menyajikan analisis pengaruh rasio profitabilitas dan rasio leverage terhadap return saham perusahaan ritel yang terdaftar di Bursa Efek Indonesia dari tahun 2019 hingga 2023. Tujuan dari studi ini adalah untuk memberikan wawasan tentang bagaimana metrik keuangan ini mempengaruhi keputusan investor dan kinerja pasar. Temuan menunjukkan bahwa baik rasio profitabilitas maupun rasio leverage memiliki pengaruh signifikan terhadap return saham, menyoroti pentingnya kesehatan keuangan dalam menarik investasi. Penelitian ini juga menekankan perlunya perusahaan ritel untuk beradaptasi dengan kondisi pasar yang berubah, terutama setelah pandemi COVID-19, yang memaksa banyak peritel untuk meningkatkan kehadiran digital dan strategi operasional mereka. Studi ini berkontribusi pada pemahaman dinamika keuangan di sektor ritel dan menjadi sumber yang berharga bagi akademisi dan praktisi di bidang keuangan.

Kata Kunci: Bursa Efek Indonesia, Leverage, Perusahaan Ritel, Profitabilitas, Return Saham

Abstract

This study presents an analysis of the effect of profitability ratios and leverage ratios on the stock returns of retail companies listed on the Indonesia Stock Exchange from 2019 to 2023. The purpose of this study is to provide insight into how these financial metrics influence investor decisions and market performance. The findings indicate that both profitability ratios and leverage ratios have a significant impact on stock returns, highlighting the importance of financial health in attracting investment. This research also emphasizes the need for retail companies to adapt to changing market conditions, especially after the COVID-19 pandemic, which forced many retailers to increase their digital presence and operational strategies. This study contributes to the understanding of financial dynamics in the retail sector and is a valuable resource for academics and practitioners in the field of finance.

Keywords: Indonesia Stock Exchange, Leverage, Retail Companies, Profitability, Stock Return

INTRODUCTION

Indonesia is a developing country, and with its current high economic growth, there is a push to ensure future expenditures are met. The country needs to enhance the potential of the stock market, or in other words, the stock exchange, as one of the alternatives to support the national economy. In line with technological and informational advancements in the current 4.0

era, investors are now aided in selecting and purchasing company stocks for investment purposes. They can easily access a company's financial condition by utilizing technology systems, such as viewing financial statements through the Indonesia Stock Exchange (IDX) website.

The stock market involves activities related to public offerings and securities trading, public companies and the securities they issue, as well as institutions and professions related to securities. Stock market financial instruments are long-term instruments such as bonds, stocks, mutual funds, and various other products (Aisha et al., 2023; Suwarni et al., 2021). The IDX is the entity that facilitates securities trading between parties (source: <https://ojk.go.id/>). From 2019 to 2023, companies listed on the IDX have shown positive dynamics in Indonesia's stock market, with companies adapting and innovating to meet the ever-changing market demands (source: www.idx.co.id). Currently, stock conditions in Indonesia are experiencing significant fluctuations. According to the latest data on the IDX website, several global and domestic economic factors have influenced stock performance in Indonesia. During the 2019–2023 period, the global retail industry underwent significant changes that affected the performance of retail companies worldwide, including those listed on the IDX. One major impact was the COVID-19 pandemic, which forced retail companies to enhance their digital segments to keep up with high consumer demand (Putriyanti & Angin, 2024). This situation illustrates how continuous profit decline can lead to bankruptcy, prompting companies to implement drastic policies to sustain their operations. In recent years, Indonesia's retail sector has experienced rapid growth and an increase in per capita income.

The object of this research is retail sector companies listed on the IDX. Retail sector companies are defined as businesses that market products directly to end consumers for household or personal use, not for resale. However, some companies have managed to survive despite global economic uncertainties affecting Indonesia's stock market performance. Companies such as PT Sumber Alfaria Trijaya Tbk (AMRT), PT Aspirasi Hidup Indonesia Tbk (ACES), PT DFI Retail Nusantara Tbk (HERO), PT Unilever Indonesia Tbk (UNVR), PT Matahari Department Store Tbk (LPFF), and PT Erajaya Swasembada Tbk (ERAA) have demonstrated solid financial performance with consistent growth, revenue, and profitability, attracting both institutional and retail investors. These companies have also adapted and innovated by developing digital channels, expanding store networks, and diversifying products to meet market trends and consumer needs. Their resilience to macroeconomic challenges, such as the COVID-19 pandemic that caused market volatility in 2020, highlights their effective business strategies, enabling recovery and growth in subsequent years. Their consistent presence in the LQ45 index from 2019 to 2023 reflects strong fundamentals, good business adaptation, and high investor confidence in Indonesia's capital market.

This research aims to analyze the relationship between profitability and leverage on stock returns in retail companies listed on the IDX. Understanding how profitability and leverage directly affect stock returns is crucial. Investment activities in the capital market have a primary objective, which is to generate profit (return). Companies that are able to record high profit returns are considered to be in industries with strong financial capabilities (Ersyafdi & Aslamiyah, 2023). Market capitalization reflects the size of a company during a certain period, based on the circulating value of its shares. By examining the financial statements of retail companies targeted for investment, investors can assess whether a company is profitable or experiencing losses, which then becomes a benchmark for investment decisions. Retail companies must quickly adapt to maintain profitability and leverage to attract investors and increase stock value. For investors, this helps in developing better financial strategies to face economic uncertainties. The proposed solution is to implement more effective financial management strategies, including better cost management planning and improving operational efficiency.

RESEARCH METHOD

Type of Research

This research uses a quantitative approach and applies a descriptive method. The chosen approach is quantitative, which involves collecting numerical data. Quantitative data emphasizes numerical values processed statistically to provide quantitative conclusions that describe the relationship between dependent variables. In descriptive quantitative research, the design aims to systematically and accurately portray facts, characteristics, and relationships being studied. The objective of this research is to examine the relationship between profitability (X1) and leverage (X2) with stock returns (Y).

Population and Sample

The sample selection in this study uses a non-probability sampling method, specifically purposive sampling, which is a technique for selecting samples based on specific characteristics. The criteria for sample selection are retail companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023 that consistently published financial reports during that period. Six companies met the sample criteria. The sample criteria are as follows:

Table 1. Sample Criteria

No	Criteria	Number
1	Companies listed in the LQ45 index	45
2	Retail companies not consistently included in LQ45	30
3	Companies that did not distribute dividends consecutively during 2019–2023	9
4	Total	6

Source: Data processed by the Author (2025)

Measurement of Each Variable

Measuring Profitability

According to Ersyafdi et al (2022), profitability measurement aims to clearly describe the company's performance in generating profit over a specific period.

Return on Assets (ROA): Measures the return on total assets.

$$ROA = \frac{\text{Laba Bersih}}{\text{Total Asset}} \times 100\%$$

Return on Equity (ROE): Measures the return on shareholders' equity.

$$ROE = \frac{\text{Laba Bersih}}{\text{Total Ekuitas}} \times 100\%$$

Net Profit Margin (NPM): Measures the percentage of net profit from total revenue.

$$NPM = \frac{\text{Laba Bersih}}{\text{Penjualan Bersih}} \times 100\%$$

Profit Margin (PM): A ratio that measures how much profit is generated from each unit of sales after all costs are deducted.

$$PM = \frac{\text{Laba Kotor}}{\text{Penjualan Bersih}} \times 100\%$$

Measuring Leverage

According to Alfani & Suprihadi (2020), leverage is a ratio used to measure the extent to which a company's assets are financed by debt.

Debt to Equity Ratio (DER): Measures the proportion of debt to shareholders' equity.

$$DER = \frac{\text{Total Hutang}}{\text{Total Ekuitas}} \times 100\%$$

Debt to Asset Ratio (DAR): Measures the proportion of debt to total assets.

$$DAR = \frac{\text{Total Hutang}}{\text{Total Ekuitas}} \times 100\%$$

Measuring Stock Returns

According to Lyanto & Masyitah (2023), realized return is the actual return that has occurred, calculated from the change in stock price between the previous and current periods. This indicator helps investors make decisions based on an understanding of the company's financial reports and the potential future stock returns.

Return Ratio: Calculated using the formula for stock return based on price changes.

$$R_t = \frac{P_t - P_{t-1}}{P_{t-1}}$$

RESULTS

Hypothesis Testing

Partial Test (t-Test)

The t-test shows how far each independent variable (X) individually explains the dependent variable (Y) (Ghozali, 2016).

Figure 1. Partial Test Results for X1 and Y

Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	36,524	7,285		1,424	0,026
	Profitabilitas	0,451	0,884	0,700	5,138	0,000

a. Dependent Variable: Return Saham

Source: Data processed by the Author (2025)

Figure 2. Partial Test Results for X2 and Y

Coefficients ^a						
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	96,362	2,061		-6,738	0,011
	Leverage	0,213	0,668	0,146	1,015	0,000

a. Dependent Variable: Return Saham

Source: Data processed by the Author (2025)

The results show: profitability has a significance value of 0.000, which is less than 0.05, indicating a significant positive effect on stock return. Leverage also has a significance value of 0.000, which is less than 0.05, indicating a significant positive effect on stock return.

Simultaneous Test (F-Test)

The F-test evaluates the overall significance of the regression model to determine how much the independent variables collectively affect the dependent variable.

Figure 3. Simultaneous Test Results (F-Test)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4,657	2	5,314	9,518	.000 ^b
	Residual	3,494	27	1,294		
	Total	7,254	29			
a. Dependent Variable: Return Saham						
b. Predictors: (Constant), Leverage, Profitabilitas						

Source: Data processed by the Author (2025)

The significance value is $0.000 < 0.05$, indicating that profitability and leverage together significantly influence stock return.

Multiple Linear Regression Analysis

This analysis is used to determine regression coefficients and their significance, helping to answer the research hypotheses. It also shows the strength and direction of the relationship between the dependent and independent variables.

Figure 4. Multiple Linear Regression Analysis Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	96,362	77,852		1,238	0,226
	Profitabilitas	0,213	0,366	0,236	5,813	0,000
	Leverage	0,190	0,166	0,457	1,147	0,001
a. Dependent Variable: Return Saham						

Source: Data processed by the Author (2025)

Regression Equation:

$$Y = 96,362 + 0,213 X_1 + 0,190 X_2 + e$$

Explanation:

1. The constant value is 96.362, meaning that if profitability and leverage are zero, the stock return is 96.362.
2. The profitability coefficient is 0.213 (positive), meaning that a one-unit increase in profitability increases stock return by 0.213.
3. The leverage coefficient is 0.190 (positive), meaning that a one-unit increase in leverage increases stock return by 0.190.

Coefficient of Determination (R^2)

The R^2 value indicates how much of the variation in the dependent variable can be explained by the independent variables. An R^2 value close to 1 means the independent variables provide nearly all the information needed to predict the dependent variable.

Figure 5. Coefficient of Determination Test Results

Model Summary ^a					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.693 ^a	0.481	0.447	0.4795805	1.181
a. Predictors: (Constant), Leverage, Profitabilitas					
b. Dependent Variable: Return Saham					

Source: Data processed by the Author (2025)

The Adjusted R^2 value is 0.447, meaning that 44.7% of the variation in stock return can be explained by profitability and leverage. The remaining 55.3% is influenced by other variables not examined in this study.

DISCUSSION

Effect of Profitability on Stock Return

This study explains that the profitability variable has a positive and significant effect on stock return, as its significance value is less than 0.05. This indicates that the higher a company's ability to generate profit or the more effective the management is in running the company the greater the return investors will enjoy from their stock investments, and vice versa. Therefore, this finding can serve as a consideration for external parties when evaluating a company as a potential investment target, offering not only effective but also high returns. Additionally, it provides valuable information that can help reduce uncertainty regarding the company's future prospects.

Effect of Leverage on Stock Return

This study also shows that the leverage variable has a significance value less than 0.05, indicating a significant effect on stock return. This means that a company's ability to repay its debts or finance its operations whether through debt or equity will influence the level of return investors receive from their stock investments. High leverage can serve as a control mechanism for owners to limit risky managerial behavior. However, it also increases the risk of bankruptcy, which can reduce stock value and returns. Thus, leverage affects stock return because increased financial risk can lower investor confidence.

Effect of Profitability and Leverage on Stock Return

Based on the results of the F-test, the significance value is $0.000 < 0.05$, indicating that profitability and leverage together (simultaneously) have a significant effect on stock return. The coefficient of determination (Adjusted R^2) is 0.447 or 44.7%, meaning that stock return (Y) is influenced by profitability (X1) and leverage (X2). The remaining 55.3% is explained by other variables not examined in this study. In this context, strong profitability becomes important information communicated by management to reduce information asymmetry. This leads investors to perceive the company as having bright prospects, increasing stock demand and positively impacting stock returns. On the other hand, high leverage indicates a high level of company debt. While leverage can help control risky managerial behavior, it also raises the risk of bankruptcy, which can reduce stock value and investor trust thus affecting stock return.

CONCLUSIONS

Profitability (X1) has a positive and significant partial effect on stock return (Y) in retail companies listed in the LQ45 index on the Indonesia Stock Exchange (IDX) during the period 2019–2023. Based on the results of simple linear regression, where profitability is the independent variable and stock return is the dependent variable, it was found that profitability

has a positive and significant influence on stock return. Leverage (X2) also has a significant partial effect on stock return (Y) in retail companies listed in the LQ45 index on the IDX during the same period. From the results of simple linear regression, where leverage is the independent variable and stock return is the dependent variable, it was found that leverage has a significant and negative influence on stock return.

Furthermore, the variables profitability and leverage simultaneously have a positive and significant effect on stock return in retail companies listed in the LQ45 index on the IDX during 2019–2023. The significance value obtained from statistical calculations is 0.000, which is less than the threshold of 0.05 ($0.000 < 0.05$). The F-test results indicate that the independent variables jointly have a significant effect on stock return.

LIMITATIONS & SUGGESTIONS

This study has several limitations. It only covers data from retail companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period, so the results may not be generalizable to other sectors or time periods. Additionally, the use of purposive sampling limited the sample size to six companies, which may affect the reliability of the findings due to the limited amount of data. Therefore, future research should consider integrating qualitative factors, expanding the scope beyond two years, and including other sectors to obtain more comprehensive insights.

REFERENCES

- Alfan, M., & Suprihhadi, H. (2020). Pengaruh Profitabilitas, Leverage, dan Likuiditas terhadap Harga Saham Perusahaan Indeks LQ45. *Jurnal Ilmu Dan Riset Manajemen*, 15(ISSN 2085-1375), 44–64.
- Alicia Kristin, M., & Nugraheni. (2023). The Influence of Profitability, Leverage, and Liquidity on Stock Prices in the Food and Beverage Sector Listed on the Indonesia Stock Exchange. *Riwayat: Educational Journal of History and Humanities*, 6(4), 2281–2296. <http://jurnal.usk.ac.id/riwayat/>
- Averina, R. Y., & Widagda, I. G. N. J. A. (2021). PENGARUH LEVERAGE DAN PROFITABILITAS TERHADAP RETURN SAHAM PADA PERUSAHAAN MANUFAKTUR PADA BEI 2019. *Tjyybjb.Ac.Cn*, 27(2), 635–637.
- Averina & Widagda (2021) “Pengaruh literasi keuangan dan inklusi keuangan terhadap kinerja umkm di sidoarjo.” *Tjyybjb.Ac.Cn* 27(2):635–37.
- Ersyafdi, I., & Aslamiyah, Z. (2023). Pengaruh Rasio Keuangan dan Ukuran Perusahaan terhadap Return Saham Jakarta Islamic Index 70. *IQTISHODUNA*, 19(2), 173–191. doi:<https://doi.org/10.18860/iq.v19i2.19273>
- Ersyafdi, I. R., Wani, D. N., & Aryani, H. F. (2022). Pengaruh Rasio Keuangan, Karakteristik Perusahaan dan Intellectual Capital terhadap Financial Distress pada Perusahaan Lembaga Keuangan. *Inovasi: Jurnal Ekonomi, Keuangan, dan Manajemen*, 18(3), 581–590.
- Ghozali. (2015). Pengaruh Kecerdasan Linguistik Terhadap Hasil Belajar Peserta Didik Dalam Pembelajaran Bahasa Indonesia Kelas Vi Sdn 1 Lingsar.
- Ghozali. (2016). Pengaruh Kepemimpinan Transformasional dan Motivasi terhadap Kinerja Sumber Daya Manusia di Universitas Cokroaminoto Yogyakarta.
- Lyanto, B., & Masyitah, E. (2023). Faktor-Faktor Yang Mempengaruhi Harga Saham Pada Perusahaan LQ45 Yang Terdaftar Di BEI 2018-2020. 1. <http://kti.potensi-utama.ac.id/index.php/MAIBIE/index>
- Maesarah, F., Siti, H., Hariana Intian, R., Saputra, H. H., Fkip, P., & Mataram, U. (2024). Pengaruh Kecerdasan Linguistik Terhadap Hasil Belajar Peserta Didik Dalam Pembelajaran Bahasa Indonesia Kelas Vi Sdn 1 Lingsar. 09, 6296–6310.
- Meliza, Ningrum, E. V., & Putri Citradika, D. (2024). Pengaruh Leverage terhadap Return Saham dan Peranan Kebijakan Deviden sebagai Variabel Moderasi. *J-Aksi : Jurnal Akuntansi Dan Sistem Informasi*, 5(1), 45–53. <https://doi.org/10.31949/jaksi.v5i1.8343>

- Rochma, P. I. N., Wibowo, A. S., & Setiawan, R. Y. (2024). Pengaruh Kepemilikan Manajerial, Kepemilikan Institusional, Profitabilitas Terhadap Nilai Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia Periode 2021–2022. *Jurnal Akuntansi Publik Nusantara*, 2(2), 6-16.
- Putriyanti, D., & Angin, P. (2024). ANALISIS PERBANDINGAN KINERJA KEUANGAN PERUSAHAAN RETAIL YANG TERDAFTAR DI BEI PASCA COVID-19. 21(01), 67–78.
- Siti Nuridah, Joelianti Dwi Supraptiningsih, Sopian Sopian, & Mutiara Indah. (2023). Pengaruh Profitabilitas Dan Ukuran Perusahaan Terhadap Struktur Modal Pada Perusahaan Ritel. *Jurnal Mutiara Ilmu Akuntansi*, 1(1), 155–169. <https://doi.org/10.55606/jumia.v1i1.1135>
- Pradya et al., (2024). Pengaruh Digitalisasi UMKM, Persepsi Atas Informasi Akuntansi dan Prinsip Going-Concern terhadap Efektivitas Pelaporan Keuangan UMKM Sesuai SAK EMKM. *Vokasi: Jurnal Riset Akuntansi*, 13 (1). 138-149. <https://ejournal.undiksha.ac.id/index.php/JJAKUN/article/view/61332>
- Meliza et al., (2024). Dampak Literasi Keuangan dan Pendapatan terhadap Keputusan Investasi dengan Perilaku Keuangan sebagai Variabel Intervening. *INOBIIS: Jurnal Inovasi Bisnis dan Manajemen Indonesia*, 7(3). 311-322. <https://doi.org/10.31842/jurnalinobis.v7i3.321>
- (Siti Nuridah et al., 2023). Pengaruh Hutang Dan Modal Terhadap Profitabilitas Pada Perusahaan Property Dan Real Estate. *Jura: Jurnal Riset Akuntansi*, 1(2). 01-10.