

The Effect of Liquidity and Profitability Ratio on Stock Return Through Price to Book Value in Coal Mining Companies on the IDX 2020-2024 Period

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Abstract

This study aims to analyze the effect of liquidity and profitability ratios on stock returns through Price to Book Value (PBV) in coal mining companies listed on the Indonesia Stock Exchange (IDX) during 2020-2024. The research uses secondary data analysis from financial reports of the companies collected through documentation techniques, and the data is analyzed using Partial Least Squares (PLS) based on Structural Equation Modeling (SEM). The results show that profitability significantly influences stock returns and PBV, while liquidity has a negative but insignificant effect on PBV and stock returns. Moreover, PBV does not mediate the relationship between liquidity and stock returns or profitability and stock returns. This study recommends that companies focus on improving profitability to enhance stock returns, while investors should consider profitability performance when making investment decisions. Recommendations for future research include adding other independent variables such as leverage or macroeconomic factors and expanding the sector and period coverage for greater generalization.

Keywords: Liquidity; Profitability; Stock Return; Price to Book Value; Indonesia Stock Exchange

Introduction

The mining sector plays a vital role globally, providing vital raw materials for the energy, construction, technology, and manufacturing industries. Indonesia is a major producer of essential minerals and metals, such as nickel, copper, coal, and tin. Indonesia's mineral production, particularly coal, has steadily increased over time, with Indonesia ranking third in the world. In steam coal production in 2022. Global production in 2022 reached 18.7 billion metric tons, with Asia dominating the market share (61.7%) in global mining production (C. Reichl & M. Schatz 2024).

Indonesia ranks third in the world in coal production, which is a key commodity in power generation, with total coal production reaching 680.7 million metric tons in 2022. According to data from the Ministry of Energy and Mineral Resources, the mining sector's

contribution to Indonesia's GDP in 2023 reached 10.5%, with nearly 80% coming from coal (Ministry of Energy and Mineral Resources of the Republic of Indonesia, 2024). On the other hand, this sector also faces challenges, such as fluctuations in commodity prices and dynamics of renewable energy policies (Ministry of Trade in the Indonesian Coal Mining Association 2025). Previously, various studies have examined the relationship between corporate financial factors, such as liquidity and profitability, and stock performance. Research by Suroso (2022:137-151) showed that liquidity has a positive but insignificant effect on stock returns. Contrary to Suroso, Fachrudin et al. (2021:296-300) found a negative and significant effect. Meanwhile, Sari & Setyadi (2025:134-140) stated that profitability has a positive and significant effect on stock returns in F&B companies. However, Sholikhah & Kartadjumena (2024:3782) found that profitability has a negative effect on stock returns in LQ-45 companies.

Furthermore, inconsistent results were found regarding the relationship between liquidity and Price to Book Value (PBV). Saputra & Kusuma (2025:24-42) concluded that liquidity (CR) has a positive and significant effect on firm value, where PBV is a proxy for firm value. However, different results were shown by Putra et al. (2024:938-949) in the mining sector, where CR had a negative and significant effect on PBV. Meanwhile, Hertina et al. (2021:3489) found that profitability had a positive and significant effect on PBV in nine companies. However, Nurwulandari et al. (2021:257-271) found that profitability had a negative and significant effect on firm value.

Furthermore, inconsistent results regarding the effect of Price to Book Value (PBV) on stock returns. Darmawan et al. (2023:1-15) found that PBV directly impacted stock returns. Meanwhile, research by Rahmanissa & Isyнуwardhana (2022:216-226) in the healthcare sector from 2017-2020 showed a negative and insignificant effect of price to book value on stock returns. Previous research has shown mixed results regarding the relationship between liquidity and stock returns, mediated by Price to Book Value (PBV). Zulfikar & Widhiastuti (2024) found that liquidity does not always significantly influence stock returns, particularly in the mining sector, and high liquidity is not always positively responded to by the market without good profitability performance. Conversely, Murwanti (2019) showed that PBV can mediate the effect between liquidity and stock returns.

On the other hand, the relationship between profitability and stock returns through PBV shows consistent findings. Astohar et al. (2021) demonstrated that profitability has a positive and significant effect on PBV, which in turn increases stock returns in banking. Similar results were found by Kumala & Ahya (2020), who stated that profitability influences stock returns, mediated by firm value. This study aims to address this research gap by analyzing the effect of liquidity and profitability ratios on stock returns through PBV in coal mining companies listed

on the Indonesia Stock Exchange (IDX) during the 2020-2024 period. This period was chosen because it encompasses unique economic dynamics, such as the impact of the COVID-19 pandemic and the surge in coal prices in 2022-2023, which provide a relevant context for examining the financial factors of companies in this sector.

Literature Review

Management

According to Harjito & Martono (2021: 4), financial management, or spending in other literature, is all company activities related to obtaining funds, using funds, and managing assets in accordance with the company's overall objectives. According to Sutrisno (2017: 5), there are three functions of financial management: Investment Decisions; Financing Decisions; and Dividend Decisions. According to Harjito & Martono (2021:13-14), there are three types of corporate goals: achieving or obtaining maximum profit for the prosperity of the company's owners, maintaining its survival, and achieving community welfare as part of the company's social responsibility. According to Fahmi (2012:2), the field of management has three areas that a financial manager must consider: how to raise funds, how to manage funds, and how to distribute funds.

Supporting theories in financial management, namely:

- 1) Signaling Theory
- 2) Efficient Capital Market Theory
- 3) Asymmetric Information Theory

Liquidity

According to Sutrisno (2017:206), liquidity is a company's ability to pay its immediate obligations.

The indicators for this variable are as follows.

- 1) Current Ratio (CR)
- 2) Quick Ratio (QR)
- 3) Cash Ratio

Profitabilitas

According to Kasmir (2023:196), the profitability ratio is a measure of a company's ability to generate profits. The indicators for this variable are as follows.

- 1) Gross Profit Margin (GPM)
 - 2) Net Profit Margin (NPM)
 - 3) Return on Investment (ROI)
 - 4) Return on Equity (ROE)
 - 5) Earning Per Share (EPS)
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Stock Returns

According to Brigham & Houston (2018:145), it is the ratio of a stock's market price to its book value. The ratio of a stock's market price to its book value provides an indication of investors' perception of the company. Companies viewed favorably by investors are sold at a higher book value ratio than companies with lower returns.

Price to Book Value

According to Brigham and Houston (2018:145), PBV is the ratio of a stock's market price to its book value. The ratio of a stock's market price to its book value provides an indication of investors' perceptions of the company. Companies viewed favorably by investors are sold at a higher book value ratio than companies with lower returns. The Price to Book Value (PBV) calculation is the comparison between a company's stock market price and its book value per share.

Stock Returns

According to Harjito & Martono (2021:409), stock (security) returns are the rate of return obtained by investors who invest their funds in stocks over a specific period. Stock returns are calculated by subtracting the stock price at the end of the current period from the stock price at the end of the previous period, then dividing by the stock price at the beginning of that period, and multiplying the result by 100 to obtain a percentage.

Method

This study used documentation techniques to collect secondary data in the form of financial reports of companies listed on the Indonesia Stock Exchange for the period 2020 to 2024. The data collected included statements of financial position, income statements, and a summary of the company's performance over a five-year period. This approach enabled the study to obtain comprehensive information regarding the company's financial condition according to predetermined sample criteria. The data analysis technique in this study uses two approaches, namely descriptive statistics and inferential statistics. Descriptive statistics are used to provide an overview of the financial data of mining sector companies listed on the Indonesia Stock Exchange, specifically related to liquidity, profitability, stock returns, and price to book value, through tabular and graphical presentation. Meanwhile, inferential statistics are performed using the Partial Least Square (PLS) method based on Structural Equation Modeling (SEM) using SmartPLS 3.2.9 software to analyze the relationship between latent variables in the 2020–2024 data. In this analysis, an evaluation is carried out on the outer model to test the validity and reliability of the construct, and the inner model to assess the model's predictive power through the R-Square value and the significance of the relationship between variables. Hypothesis testing is carried out using a bootstrapping procedure where the hypothesis is

accepted if the t-statistic value is greater than 1.96, then the Original Sample if the direction is positive, and the p-value is less than 0.05.

Results and Discussion

Overview of the Research Object

Table 1 Coal Mining Companies in the IDX 2020-2024

No.	Stock Code	Issuer Name	IPO date
1	ABMM	PT. ABM Investama Tbk	Des 06, 2011
2	ADRO	PT. Adaro Energy Tbk	Jul 16, 2008
3	ARII	PT. Atlas Resources Tbk	Nov 08, 2011
4	BSSR	PT. Baramulti Suksessarana Tbk	Nov 08, 2012
5	BUMI	PT. Bumi Resources Tbk	Jul 30, 1990
6	BYAN	PT. Bayan Resources Tbk	Agu 12, 2008
7	DSSA	PT. Dian Swastatika Sentosa Tbk	Des 10, 2009
8	GEMS	PT. Golden Energy Mines Tbk	Nov 17, 2011
9	GTBO	PT. Garda Tujuh Buana Tbk	Jul 09, 2009
10	HRUM	PT. Harum Energy Tbk	Okt 06, 2010
11	IATA	PT MNC Energy Investments Tbk	Sep 13, 2006
12	INDY	PT. Indika Energy Tbk	Jun 11, 2008
13	ITMG	PT. Indo Tambangraya Megah Tbk	Des 18, 2007
14	KKGI	PT. Resource Alam Indonesia Tbk	Jul 01, 1991
15	MBAP	PT. Mitrabara Adiperdana Tbk	Jul 10, 2014
16	PTBA	PT. Bukit Asam Tbk	Des 23, 2002
17	SMMT	PT. Golden Eagle Energy Tbk	Des 01, 2007
18	TOBA	PT. TBS Energi Utama Tbk	Jul 06, 2012

Source: Processed by Researchers, 2025

Data Analysis and Testing

Outer Model

1. Outer Loading

Convergent validity is a measure of the extent to which an indicator accurately reflects the construct it represents. The following are the results for each indicator in the variables of liquidity, profitability, price to book value, and stock returns.

Table 2 Outer Loading Calculation Results

Variabel	Indikator	Initial Outer Loading Model	New Outer Loading Model
Likuiditas (X ₁)	CR	0,987	0,988
	ChR	0,971	0,970
	QR	0,992	0,992
Profitabilitas (X ₂)	GPM	0,867	0,866
	NPM	0,841	0,842
	ROA	0,925	0,924
	ROE	0,857	0,858
	EPS	0.295	-

Price To Book Value (Z)	PBV	1,000	1,000
Return Saham (Y)	RS	1,000	1,000

Source: Smart-PLS 3 Data Processing Results, 2026

Based on the outer loading obtained, several indicators did not meet convergent validity. This indicator was EPS in the profitability variable (X2). This was because the outer loading value formed was less than 0.7. Subsequently, these indicators were removed and retested. From the retest results, all indicators showed outer loading values above 0.7. Overall, the results of this outer loading calculation indicate that the indicators used in this study are of good quality and valid in describing their respective constructs.

2. Construct Reliability and Validity

Construct Reliability and Validity are used to demonstrate the reliability and validity of data using different algorithms. The following are the results of Construct Reliability and Validity:

Table 3 Results of Construct Reliability and Validity Calculations

	Cronbach's Alpha	Composite Reliability	AVE
Likuiditas	0,983	0,989	0,967
PBV	1,000	1,000	1,000
Profitabilitas	0,897	0,928	0,762
Return Saham	1,000	1,000	1,000

Source: Smart-PLS 3 Data Processing Results, 2026

The results of the Construct Reliability and Validity calculations presented in Table 3 indicate excellent reliability and validity of the measurement model used in this study. The Cronbach's Alpha and Composite Reliability (CR) values for the Liquidity, Profitability, PBV, and Stock Return constructs are all greater than 0.700, indicating very high reliability and consistency. In addition, the Average Variance Extracted (AVE) values for the Liquidity (0.967) and Profitability (0.762) constructs indicate excellent validity, while PBV and Stock Return have perfect AVE values (1.000), indicating that these constructs can fully explain the variance of the related indicators. Overall, these results indicate that the measurement model applied in this study has excellent reliability and validity, meaning that the model can be trusted to accurately describe the constructs being measured.

3. Colinearity Statistics

The Variance Inflation Factor (VIF) is used to check data collinearity. It measures data collinearity for a pair of exogenous-endogenous or endogenous-endogenous variables and collinearity for the indicators used. The following are the results of the Variance Inflation Factor (VIF) test:

Table 4 VIF Calculation Results

	PBV	Return Saham
Likuiditas	1,097	1,131
Profitabilitas	1,097	1,339
PBV		1,223

Source: Smart-PLS 3 Data Processing Results, 2026

The results of the Variance Inflation Factor (VIF) calculation presented in Table 4 indicate that the measurement model in this study is free from significant multicollinearity problems. The VIF value is used to measure the potential for a very strong relationship between two or more constructs in the model, which could interfere with the accuracy of parameter estimates. A low VIF value indicates the absence of significant multicollinearity. In this table, the VIF value for the Liquidity construct against PBV is 1.097 and for Stock Return is 1.131, both of which indicate that there is no significant multicollinearity problem between Liquidity and the other constructs. The VIF value for PBV against Stock Return is 1.223, also indicating no multicollinearity problem. Similarly, the Profitability construct has a VIF value against PBV of 1.097 and against Stock Return of 1.339, both of which indicate that there is no significant multicollinearity problem. Overall, these results indicate that the parameter estimates in the measurement model of this study are stable and reliable, as there are no serious multicollinearity problems.

Inner Model

1. Koefisien Determinasi (R-Square)

The r-squared value indicates how much the independent variable is able to explain the variance of the dependent variable. The results of the coefficient of determination (r-squared) test are as follows:

Table 5 Results of R-Square Calculation

	R Square	R Square Adjusted
PBV	0,182	0,163
Return Saham	0,061	0,028

Source: Smart-PLS 3 Data Processing Results, 2026

The R-square and adjusted R-square calculations presented in Table 5 indicate the extent to which variability in the dependent construct can be explained by the independent constructs in the model. The R-square value describes the proportion of variance in the dependent variable

that can be explained by the independent variables, while the adjusted R-square provides a more realistic picture by considering the number of independent variables in the model. For the PBV construct, the R-square value of 0.182 indicates that 18.2% of the variability in PBV can be explained by the independent constructs in the model, while the adjusted R-square value of 0.163 indicates that 16.3% of the variability in PBV can still be explained after considering the number of independent variables in the model. These values are relatively low, indicating that there are still other factors influencing PBV that are not captured by this model.

For the Stock Return construct, the R-Square value of 0.061 indicates that only 6.1% of the variability in Stock Returns can be explained by the independent construct, and the Adjusted R-Square value of 0.028 is even lower, indicating that only 2.8% of the variability in Stock Returns can be explained after adjusting for the number of independent variables. These values indicate that this model has very limited explanatory power for Stock Return variability.

2. F-Square

F-square is a measure used to assess the relative impact of an influencing (exogenous) variable on an influenced (endogenous) variable (Juliandi, 2018). The following data from the F-Square test results for related research are as follows:

Table 6 Results of F-Square Calculation

	PBV	Return Saham
Likuiditas	0,032	0,003
Profitabilitas	0,221	0,047
PBV		0,006

Source: Smart-PLS 3 Data Processing Results, 2026

For the PBV construct, the F-Square value for Liquidity is 0.032, indicating a weak influence. The F-Square value for Profitability is 0.221, indicating a significant influence on PBV. For the Stock Return construct, the F-Square value for Liquidity is 0.003, indicating a very weak influence, while for Profitability, the F-Square value is 0.047, indicating a weak influence. The F-Square value for PBV on Stock Return is 0.006, also indicating a very weak influence.

Pengujian Hipotesis

1. Path Coefficients Results

In this study, if the P-value is less than 0.05, the model is accepted. The following are the Path Coefficients output results from the study:

Table 6 Output Results of Path Coefficients

	Original Sample (O)	T Statistics (O/STDEV)	P Values
Likuiditas -> Return Saham	0,054	0,455	0,649

Profitabilitas -> Return Saham	0,243	2,451	0,015
Likuiditas -> PBV	-0,168	2,712	0,007
Profitabilitas -> PBV	0,445	4,804	0,000
PBV -> Return Saham	-0,079	0,713	0,476

Source: Smart-PLS 3 Data Processing Results, 2026

The following are the results of the Path Coefficients output from the research:

- 1) Liquidity on Stock Returns has an Original Sample (O) value of 0.054, with a T Statistics of 0.455, and a P Value of 0.649. Because the P Value is greater than 0.05, the relationship between Liquidity and Stock Returns is not significant.
- 2) Profitability on Stock Returns has an Original Sample (O) value of 0.243, with a T Statistics of 2.451, and a P Value of 0.015. Because the P Value is smaller than 0.05, the relationship between Profitability and Stock Returns is significant with a positive influence.
- 3) Liquidity on PBV has an Original Sample (O) value of -0.168, with a T Statistics of 2.712, and a P Value of 0.007. Because the P Value is smaller than 0.05, the relationship between Liquidity and PBV is significant with a negative influence.
- 4) Profitability on PBV has an Original Sample (O) value of 0.445, with T Statistics of 4.804, and a P Value of 0.000. Because the P Value is smaller than 0.05, the relationship between Profitability and PBV is significant with a positive influence.
- 5) The PBV versus Stock Return has an Original Sample (O) value of -0.079, with a T Statistics of 0.713, and a P Value of 0.476. Because the P Value is greater than 0.05, the relationship between PBV and Stock Return is not significant.

2. Output Results Specific Indirect Effect

Table 7 Specific Indirect Effect Output Results

	Original Sample (O)	T Statistics (O/STDEV)	P Values
X₁ -> Z -> Y	0,013	0,609	0,543
X₂ -> Z -> Y	-0,035	0,616	0,538

Source: Smart-PLS 3 Data Processing Results, 2026

Table 4.16 presents the Specific Indirect Effect output results, which measure the indirect influence between the independent variables (Liquidity and Profitability) on the dependent variable (Stock Return) through the mediator (Price to Book Value). The following output results are obtained:

- 1) Liquidity through Price to Book Value on Stock Returns has an Original Sample (O) value of 0.013, with a T Statistics of 0.609, and a P Value of 0.543. Because the P Value

is greater than 0.05, the indirect effect of Liquidity through Price to Book Value on Stock Returns is not significant.

- 2) Profitability through Price to Book Value on Stock Returns has an Original Sample (O) value of -0.035, with a T Statistics of 0.616, and a P Value of 0.538. Because the P Value is greater than 0.05, the indirect effect of Profitability through Price to Book Value on Stock Returns is not significant.

3. Hypothesis Testing Summary

Hypothesis testing was conducted by comparing the t-statistic value and the t-table value of 1.96. The independent variable is said to influence the dependent variable if the t-statistic value is greater than the t-table. In addition, the research hypothesis is declared accepted if it has a P-value of less than 0.05. Based on the results of statistical calculations that have been performed using the SmartPLS 3.0 application, the results can be used to answer the hypothesis in this study. Hypothesis testing uses an inner model evaluation reviewed by Path Coefficients and Specific Indirect Effect. The following are the results of the hypothesis test in this study:

Table 8 Hypothesis Testing

Hipotesis	Konstruk	Original Sample	t-statistics	P-Value	Keputusan
1	$X_1 \rightarrow Y$	0,054	0,455	0,649	H _a Ditolak H ₀ Diterima
2	$X_2 \rightarrow Y$	0,243	2,451	0,015	H _a Diterima H ₀ Ditolak
3	$X_1 \rightarrow Z$	-0,168	2,712	0,007	H _a Diterima H ₀ Ditolak
4	$X_2 \rightarrow Z$	0,445	4,804	0,000	H _a Diterima H ₀ Ditolak
5	$Z \rightarrow Y$	-0,079	0,713	0,476	H _a Ditolak H ₀ Diterima
6	$X_1 \rightarrow Z \rightarrow Y$	0,013	0,609	0,543	H _a Ditolak H ₀ Diterima
7	$X_2 \rightarrow Z \rightarrow Y$	-0,035	0,616	0,538	H _a Ditolak H ₀ Diterima

Source: Smart-PLS 3 Data Processing Results, 2026

Based on the results of the hypothesis testing data in Table 8, it can be concluded that two of the seven hypotheses proposed in this study are accepted. This is because the two accepted hypotheses meet the requirements for acceptance, namely having a positive original sample, a t-statistic greater than 1.96, and a P-value less than 0.05.

1. Testing the effect of liquidity (X1) on stock returns (Y). The direction of the effect is positive, but with a t-statistic of 0.455, less than 1.96, and a P-value of

- 0.649, greater than 0.05, this effect is insignificant. Therefore, H_a is rejected and H_0 is accepted.
2. Testing the effect of profitability (X_2) on stock returns (Y). The direction of the effect is positive, with a t-statistic of 2.451, greater than 1.96, and a P-value of 0.015, less than 0.05, this effect is proven significant. Therefore, H_a is accepted and H_0 is rejected.
 3. Testing the effect of liquidity (X_1) on price-to-book value (Z). The effect is negative, with a t-statistic of 2.712 greater than 1.96 and a P-value of 0.007, which is less than 0.05. This effect is proven significant. Therefore, H_a is accepted and H_0 is rejected.
 4. Testing the effect of profitability (X_2) on price-to-book value (Z). The effect is positive, with a t-statistic of 4.804 greater than 1.96 and a P-value of 0.000, which is less than 0.05. This effect is highly significant. Therefore, H_a is accepted and H_0 is rejected.
 5. Testing the effect of price-to-book value (Z) on stock returns (Y). The effect is negative, with a t-statistic of 0.713 less than 1.96 and a P-value of 0.476 greater than 0.05. This effect is not significant. Therefore, H_a is rejected and H_0 is accepted.
 6. Testing the mediation path of liquidity (X_1) through price to book value (Z) on stock returns (Y). The direction of the effect is positive with a t-statistic of 0.609, less than 1.96, and a P-value of 0.543, greater than 0.05. This effect is not significant. Therefore, H_a is rejected and H_0 is accepted.
 7. Testing the mediation path of profitability (X_2) through price to book value (Z) on stock returns (Y). The direction of the effect is negative with a t-statistic of 0.616, less than 1.96, and a P-value of 0.538, greater than 0.05. This effect is not significant. Therefore, H_a is rejected and H_0 is accepted.

Discussion

1. The Effect of Liquidity on Stock Returns

The test results show that liquidity (X_1) does not significantly affect stock returns (Y). The P-value is greater than 0.05 (0.649), and the t-statistic is less than 1.96 (0.455), therefore, the hypothesis stating that liquidity has a positive and significant effect on stock returns is rejected. Although there is a positive trend, the effect is weak and inconsistent. This aligns with the Efficient Market Hypothesis (EMH), which states that information about liquidity is reflected in stock prices. Research by Suroso (2022:884-897) also found that liquidity has a positive but insignificant effect on stock returns.

2. The Effect of Profitability on Stock Returns

Profitability (X2) significantly affects stock returns (Y), with a P-value less than 0.05 (0.015) and a t-statistic greater than 1.96 (2.451). This indicates that companies with high profitability have the potential to deliver higher stock returns. This finding aligns with Spence's Signaling Theory, which states that companies with high profitability send a positive signal to the market, increasing investor interest and stock returns. Research by Sari & Setyadi (2025:134-140) also found that high profitability increases a company's attractiveness to investors and positively impacts stock returns.

3. The Effect of Liquidity on Price to Book Value (PBV)

Liquidity (X1) significantly influences PBV (Z), but with a negative effect (-0.168). The p-value is greater than 0.05 (0.007), which contradicts the expectation that liquidity should have a positive effect on PBV. This result aligns with Signaling Theory, which states that excessive liquidity can send a negative signal to the market, indicating a company is not aggressively pursuing growth opportunities. Research by Putra et al. (2024:938-949) in the mining sector also found that CR negatively affects PBV.

4. The Effect of Profitability on Price to Book Value

Profitability (X2) significantly influences PBV (Z), with a P-value less than 0.05 (0.000) and a t-statistic greater than 1.96 (4.804). Companies with high profitability tend to have higher PBV. This finding supports the theory of Modigliani and Miller, which states that a company's market value is influenced by its financial performance, one of which is profitability. Research by Hertina et al. (2021:3489) shows that high profitability increases a company's PBV. Pengaruh Price to Book Value terhadap Return Saham PBV (Z) does not significantly influence stock returns (Y), with a P-value greater than 0.05 (0.476) and a t-statistic less than 1.96 (0.713). This is consistent with the Efficient Market Hypothesis (EMH), which states that stock prices reflect all relevant information, including PBV. Wakarmamu's (2025:1283-1290) research also found that PBV does not significantly influence stock prices in food and beverage manufacturing companies on the Indonesia Stock Exchange.

5. The Effect of Liquidity on Stock Returns through Price to Book Value

Liquidity (X1) through PBV (Z) does not significantly affect stock returns (Y). The p-value is greater than 0.05 (0.543), and the t-statistic is less than 1.96 (0.609). This supports the Efficient Market Hypothesis (EMH), which states that stock prices in an efficient market reflect all relevant information. Research by Zulfikar & Widhiastuti (2024:50) also found that liquidity does not significantly affect stock returns, although mediated by PBV, particularly in the mining sector.

6. The Effect of Profitability on Stock Returns through Price to Book Value

Profitability (X2) through PBV (Z) does not significantly affect stock returns (Y). The p-value is greater than 0.05 (0.538), and the t-statistic is less than 1.96 (0.616). This aligns with the Efficient Market Hypothesis (EMH), which states that stock prices reflect all available information, and external factors or market sentiment may be more influential. Research by Almuzayyad & Wardana (2025:314-340) also found that PBV did not mediate the effect of ROA on stock returns.

Conclusion

Based on the analysis, the following conclusions can be drawn:

1. Liquidity has a positive but insignificant effect on stock returns. This indicates that this hypothesis is rejected.
2. Profitability has a positive and significant effect on stock returns. This indicates that this hypothesis is accepted.
3. Liquidity has a significant but negative effect on price-to-book value. Although the effect is significant, the direction of the negative effect contradicts initial expectations, so this hypothesis is rejected.
4. Profitability has a positive and significant effect on price-to-book value. This indicates that good profitability increases a company's market valuation, so this hypothesis is accepted.
5. Price-to-book value has a negative but insignificant effect on stock returns. This indicates that this hypothesis is rejected.
6. The effect of liquidity on stock returns through price-to-book value is positive but insignificant. This indicates that this hypothesis is rejected.

The effect of profitability on stock returns through price-to-book value is negative but insignificant. This indicates that this hypothesis is rejected.

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