JRSSEM 2024, Vol. 04, No. 2, 1687 – 1698
E-ISSN: 2807 - 6311, P-ISSN: 2807 - 6494

The Effect of Fundamental Ratios on Stock Returns In The Coal Mining Sector on The Idx (2018-2023)

Mudzakir, Temy Setiawan
Universitas Bunda Mulia, Indonesia
Email: m81230037@student.ubm.ac.id, l1291@lecturer.ubm.ac.id
*Correspondence: m81230037@student.ubm.ac.id

ABSTRACT: This research aims to examine the impact of financial ratios, including Debt to Equity Ratio (DER), Current Ratio (CR), and Accounts Receivables Turnover Ratio (RTO), on Stock Return, mediated by Return on Equity (ROE). The background of this study highlights the role of various financial ratios, such as solvency ratio (DER), liquidity ratio (CR), activity ratio (RTO), and profitability ratio (ROE), on stock returns. Previous research has shown varied results regarding the influence of financial ratios on stock returns. This research employs a quantitative descriptive method with Stata as the analytical tool. It evaluates the impact of DER, CR, RTO, ROE, and Stock Return on coal mining companies listed on the Indonesia Stock Exchange (IDX) during the period of 2018-2023. The total sample comprises 108 data points from 18 companies. The analytical method used is multiple linear regression with panel data, processed using Stata. The results indicate that DER, CR, and RTO do not affect stock returns, whereas ROE significantly affects stock returns. DER affects ROE, while CR and RTO do not affect ROE. Additionally, ROE as an intervening variable does not mediate the influence of DER, CR, and RTO on stock returns. This research is expected to assist investors in analyzing the stocks of coal mining companies traded on the Indonesia Stock Exchange and help companies optimize their financial performance, enhance operational performance, and ultimately maximize shareholder value.

Keywords: debt to equity ratio, current ratio, accounts receivables turnover ratio, return on equity, stock return

INTRODUCTION

Economic growth in a country is significantly influenced by the capital market. In Indonesia, the capital market has become a trend among the public, evidenced by the high volume of stock trading. The capital market serves as an investment avenue, allowing investors to own shares in companies and analyze potential returns from various investment opportunities. It trades instruments like stocks and bonds. Stocks represent ownership in a company, giving shareholders part ownership. Significant shareholders have greater influence within the company. There are two types of shares: common and preferred. Common shares grant voting rights at General Meetings, while preferred shares offer fixed dividends (Nadyayani & Suarjaya, 2021).

Economic growth is a crucial factor in predicting stock returns. It reflects increased production activities, measurable by indicators like GDP (Nuzula & Nurlaily, 2020). When the economy grows, companies typically see increased demand for their products or services, boosting their revenue and profitability. Stable and sustainable economic growth creates a conducive business environment, facilitating access to financial resources for expansion, investment, and innovation, thus enhancing long-term competitiveness and profitability. Investors are more attracted to companies with promising long-term growth prospects.

However, economic growth can fluctuate. During slowdowns or recessions, company performance can suffer, leading to lower stock prices and returns (Nuzula & Nurlaily, 2020). The Covid-19 pandemic significantly impacted Indonesia's economy, slowing growth from 5.02% in 2019 to 2.97% in 2020. Unemployment rose from 5.28% in 2019 to 7.07% in 2020 (World Bank). The pandemic disrupted global supply chains and limited economic activities, reducing Indonesia's exports by about 2.6% in 2020, affecting sectors contributing 18.5% to the GDP.

In Indonesia's capital market, economic uncertainty due to the pandemic caused a significant drop in investment volume and investor confidence. Decreased demand impacted company profits, reflected in falling stock prices on the Indonesia Stock Exchange (IDX). The Composite Stock Price Index (IHSG) fell drastically from 5,863 in February 2020 to a low of 3,911 in March 2020, a 38% drop in two months. The Financial Services Authority (OJK) reported the IHSG fell from 6,300 to 4,194 in the first three months of 2020. Transaction volumes also declined significantly in 2020 compared to the previous year, reflecting future market concerns. Investor panic increased with the emergence of Covid-19 variants like Delta and Omicron in late 2021 and early 2022. The Indonesian financial and economic markets continue to evolve over time, including stocks on the IDX.

Despite the sharp decline, the IHSG began a positive reversal in March 2020, reaching a peak of 7,377 in September 2022, driven by government stimulus and global economic recovery, boosting investor optimism. Stock price movements depend on buying and selling pressures, with buying pressure dominating post-decline, pushing prices upward (Source: https://www.djkn.kemenkeu.go.id/artikel/baca/16064/Pandemi-Covid-19-Dan-Menurunnya-Perekonomian-Indonesia.html).

Given this context, assessing profit growth through financial ratios is essential for future decision-making. Various financial ratios have specific functions in defining a company's condition, aiding stakeholders in precise decision-making. Investors must also consider other factors like industry conditions, company financial performance, and risks when evaluating potential stock returns. Positive economic growth tends to support company performance, increasing profitability and, ultimately, providing higher returns for investors.

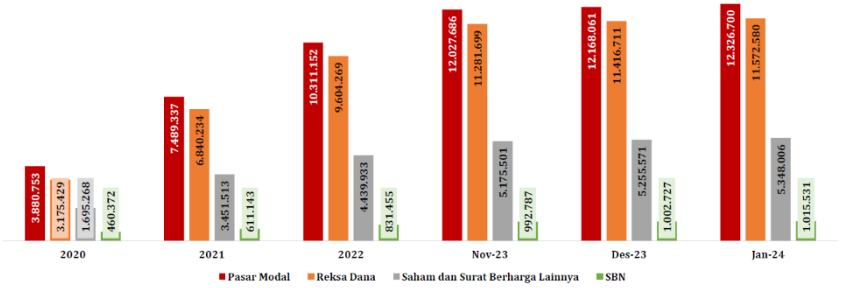
Stock investment has become increasingly popular among Indonesians, especially millennials. Previously, only certain groups were familiar with this investment type. Now, young professionals and millennial entrepreneurs are well-versed in capital markets, investments, and stocks. By the end of 2023, the number of capital market investors reached 12.16 million, with stocks being the most popular investment product. The table below shows a significant increase in investor growth in the capital market year over year

until 2023 (source: https://idx.co.id/id/berita/artikel?id=3e247091-5ef1-ee11-b808005056aec3a4).

This research aims to examine the impact of financial ratios, including Debt to Equity Ratio (DER), Current Ratio (CR), and Accounts Receivables Turnover Ratio (RTO), on Stock Return, mediated by Return on Equity (ROE).

The novelty of this research lies in its exploration of the combined effects of specific financial ratios—Debt to Equity Ratio (DER), Current Ratio (CR), and Accounts Receivables Turnover Ratio (RTO)—on stock returns, with a focus on the mediating role of Return on Equity (ROE) within the context of Indonesia's capital market. Unlike previous studies that often examine these ratios in isolation, this research integrates them into a unified analytical framework, offering a more comprehensive understanding of their impact on stock performance. Furthermore, the study is particularly relevant in the post-pandemic era, where shifts in economic conditions and investor behavior, especially among the growing demographic of millennial investors, highlight the need for updated insights into financial predictors of stock returns. This approach provides fresh perspectives on how these financial ratios can inform investment decisions in an evolving market landscape.

RESEARCH METHODOLOGY



SID	Pertumbuhan investor				
	2021	2022	Nov-23	Des-23	Jan-24
Pasar Modal	92,99%	37,68%	1,21%	1,17%	1,30%
Reksa Dana	115,41%	40,41%	1,28%	1,20%	1,37%
Saham dan Surat Berharga Lainnya*	103,60%	28,64%	1,36%	1,55%	1,76%
SBN	32,75%	36,05%	1,59%	1,00%	1,28%

* Tersimpan di sistem KSEI

www.ksei.co.id | 2

Table 1. Investor Growth in the Capital Market (2020-2023)

Investors typically evaluate a stock by examining the financial performance of the issuing company. Companies strive to maintain and enhance their performance to positively impact stock returns, thereby increasing the value of their investment portfolios. Return is a measure of a company's success, representing the gains from stock investments. Returns can be either realized (already occurred) or expected (anticipated in the future) (Jogiyanto, 2013). Achieving returns from capital market investments is challenging due to the associated risks, which are proportional to potential returns.

Stock investments carry significant risks, necessitating thorough analysis by investors before making investment decisions. Investors analyze a company's financial condition to inform their stock investment decisions and understand potential stock returns. One common approach is fundamental analysis, which examines financial factors influencing stock returns (Nuzula & Nurlaily, 2020). There is a positive relationship

between return and risk: higher risk correlates with higher returns, and lower risk with lower returns. Risk can be minimized through diversification, creating a portfolio of various assets.

Several factors can predict stock returns, requiring investors to have adequate information about the company's current state. Financial information, summarized in the company's financial statements, is crucial. Companies aim to determine an ideal capital structure and raise new capital while maintaining alignment with their capital structure goals.

The coal mining industry is particularly significant in Indonesia's economy, making it a compelling sector for research. From January to December 2023, 20 primary commodities contributed 42.47% to non-oil and gas exports. Coal was the largest contributor, with export values reaching USD 42.69 billion, accounting for 17.58% of total non-oil and gas exports.

Table 2. Export of 20 Primary Commodities for the Period 2017-2023

EKSPOR 20 KOMIDITI PRIMER
PERIODE : 2017 - 2023 (JAN - DES)

Nilai (FOB) : RIBU US$

NO.	URAIAN	2017	2018	2019	2020	2021	2022	TREND (%) 17-22	JAN - DES		PERUB. (%) 23/22	PERAN THDTOTAL EKSPOR NON MIGAS 2023(%)
									2022	2023		
1	**BATUBARA**											
	Batubara	20,473,278.3	23,968,066.3	21,728,071.0	16,454,112.3	31,508,252.0	54,599,499.6	16.84	54,599,499.6	42,694,467.9	-21.80	17.58
2	**CPO DAN TURUNANNYA**											
	CPO	4,698,219.6	3,576,480.2	3,641,686.8	4,743,566.8	2,737,923.1	3,403,088.4	-5.96	3,403,088.4	3,055,133.6	-10.22	1.26
	Turunan CPO	13,815,242.9	12,953,732.4	11,074,587.9	12,620,354.1	24,017,212.9	24,335,428.8	14.74	24,335,428.8	19,630,279.3	-19.33	8.08
	Turunan CPKO	1,831,767.9	1,368,561.5	868,916.1	1,084,232.4	1,850,889.1	1,890,783.4	3.74	1,890,783.4	1,286,086.9	-31.98	0.53
3	**KONSENTRAT BIJIH LOGAM**											
	Bijih & konsentrat tembaga	3,439,603.9	4,186,741.9	1,280,054.3	2,412,203.6	5,386,225.8	9,243,990.5	19.83	9,243,990.5	8,326,476.7	-9.93	3.43
4	**LOGAM DASAR**											
	Nikel	631,533.4	779,729.6	796,247.6	794,496.8	1,271,693.8	5,931,436.6	43.60	5,931,436.6	6,806,278.8	14.75	2.80
	Tembaga	2,054,642.0	1,958,303.1	1,840,560.2	1,891,742.7	3,045,450.1	2,782,299.6	8.54	2,782,299.6	2,285,005.4	-17.87	0.94
	Timah	1,594,817.9	1,550,679.7	1,282,538.5	1,129,978.4	2,441,771.4	2,386,245.3	9.73	2,386,245.3	1,783,632.8	-25.25	0.73
5	**KARET OLAHAN**											
	Crumb rubber (TSNR/SIR)	4,958,262.3	3,836,686.9	3,426,069.5	2,900,869.0	3,893,591.5	3,449,938.2	-5.38	3,449,938.2	2,415,583.4	-29.98	0.99
6	**KOPI**											
	Kopi arabica/robusta	1,175,393.1	806,878.6	872,355.4	809,158.9	849,373.2	1,135,516.2	-0.27	1,135,516.2	915,919.6	-19.34	0.38
7	**MAKANAN OLAHAN**							-				
	Snack (Camilan)	1,078,601.9	1,079,218.4	1,129,562.3	1,211,312.8	1,399,025.8	1,556,796.8	7.97	1,556,796.8	1,489,231.0	-4.34	0.61
	Udang kemasan	500,414.5	768,891.7	722,694.9	874,999.9	1,172,647.4	1,038,448.1	15.71	1,038,448.1	921,437.9	-11.27	0.38
8	**LOGAM MULIA**											
	Waste and scrap logam mulia	906,921.2	1,383,916.5	966,027.7	1,057,979.3	1,152,220.0	1,306,982.5	3.99	1,306,982.5	859,167.4	-34.26	0.35
	Emas (gold)	1,895,257.6	2,032,313.9	3,552,075.6	5,541,877.9	1,519,588.8	1,027,514.3	-9.49	1,027,514.3	850,107.9	-17.27	0.35
9	**MARGARIN**							-				
	Margarin	908,715.2	856,422.3	731,197.2	861,797.5	1,631,401.3	1,963,798.3	18.53	1,963,798.3	1,773,351.3	-9.70	0.73
10	**MINYAK NABATI/LEMAK HEWANI OLAHAN**							-				
	Minyak nabati dihidrogenasi	315,664.5	283,195.7	254,411.9	288,508.0	837,883.6	1,414,606.5	36.46	1,414,606.5	1,259,725.8	-10.95	0.52
11	**PULP**							-			-	
	Pulp	2,383,601.8	2,649,463.3	2,782,740.3	2,535,977.9	3,284,806.3	3,699,161.9	8.17	3,699,161.9	3,490,930.1	-5.63	1.44
13	**UDANG OLAHAN**							-			-	
	Udang beku	1,423,904.4	1,362,466.3	1,273,010.1	1,419,772.1	1,536,478.0	1,457,097.9	1.69	1,457,097.9	1,115,545.2	-23.44	0.46
14	**BUNGKIL DAN PAKAN TERNAK**							-			-	
	Bungkil (oil-cake) lainnya	8,392.0	3,624.9	30,309.9	50,454.1	127,096.9	1,110,405.4	176.58	1,110,405.4	1,342,794.4	20.93	0.55
	Bungkil sawit	442,671.6	607,133.6	562,701.5	664,604.2	1,153,687.0	1,067,160.8	20.38	1,067,160.8	854,975.2	-19.88	0.35
SUBTOTAL 20 KOMODITI PRIMER		**64,536,906.0**	**66,012,506.9**	**58,815,818.7**	**59,347,998.8**	**90,817,217.9**	**124,800,199.0**	**12.95**	**124,800,199.0**	**103,156,130.3**	**-17.34**	**42.47**
TOTAL EKSPOR NON MIGAS		**153,083,813.6**	**162,840,945.0**	**155,893,738.4**	**154,940,753.0**	**219,362,077.9**	**275,906,077.4**	**11.57**	**275,906,077.4**	**242,874,572.1**	**-11.97**	**100.00**

Sumber : BPS (diolah PDSI, Setjen Kementerian Perdagangan)

The coal industry faces challenges such as price fluctuations, stringent regulations, and the global shift toward renewable energy. These factors make the financial performance and stock returns of coal companies crucial for investors (Astutik, 2021). Government regulations and reduced mining permits can impact production, revenue, and stock prices.

Previous research has examined the impact of financial ratios on stock returns. Debt to Equity Ratio (DER) measures the proportion of debt to equity. (Nadyayani & Suarjaya, 2021) found a negative impact of DER on stock return, while (Lisiani & Mappanyukki, 2021) found a significant impact. Current Ratio (CR) measures a company's ability to meet short-term obligations. (Dewi, Endiana, & Arizona, 2020) found no significant impact of CR on stock returns. Accounts Receivables Turnover Ratio (RTO) measures the effectiveness of managing receivables. Irfan et al. (2023) found no significant impact of RTO on stock returns.

Some studies have also explored Return on Equity (ROE) as an intervening variable between financial ratios and stock returns. ROE measures a company's ability to generate profits from its equity. (Marlisa, Suminar, Ariana, & Rera, 2021) found that ROE mediates the impact of DER on stock returns.

Despite previous studies, results remain varied and inconsistent. There is limited research specifically on Indonesian coal mining companies using DER, CR, RTO, and ROE variables. This study aims to analyze the impact of DER, CR, and RTO on stock returns with ROE as a mediating variable for coal mining companies listed on the Indonesia Stock Exchange (IDX) during the 2018-2023 period.

LITERATURE REVIEW

Signaling Theory

Signaling Theory, introduced by Michael Spence in 1973, is used to convey information to the market and assist prospective investors in making funding decisions. This theory illustrates how management communicates information about the company's condition that may influence investor decisions. According to Suhendri (2023), company information can elicit diverse reactions from investors, affecting stock prices. (Houston, 2011) state that

management actions provide clues to investors about the company's prospects, while (Thurston, 2012) describes signals as actions taken by high-type managers that would not be rational for low-type managers. (Suhadak, Kurniaty, Handayani, & Rahayu, 2018) assert that high-quality companies intentionally signal to allow investors to distinguish them from lower-quality firms. Positive information can enhance funding decisions and stock prices, while negative information may diminish both. (Suganda, 2018) explains that signals from both internal and external company information influence stock price movements. This theory is relevant for analyzing financial ratios in investor decision-making.

Efficient Market Hypothesis

A capital market is considered efficient if prices reflect all available information. (Suhadak et al., 2018) differentiate between operational efficiency and pricing efficiency. Fama (1970) classifies market efficiency into three forms: weak form, where prices reflect past information; semi-strong form, where prices reflect all publicly available information; and strong form, where prices reflect all information, including private information. This study adopts the semi-strong form of market efficiency to evaluate the efficiency of the coal mining sector on the Indonesia Stock Exchange (IDX) and the impact of fundamental ratios on stock returns.

Financial Ratios

Financial ratio analysis is a common method for analyzing financial statements. These ratios provide management with guidance for setting targets and standards. The types of financial ratios include:

1. Debt to Equity Ratio (DER)

   DER measures the relative proportion of debt to equity in a company's capital structure (Lisiani & Mappanyukki, 2021). This ratio indicates the extent to which a company is financed by debt versus its own capital. A high DER signals higher financial risk due to greater obligations for interest and principal payments, increasing the risk of default and bankruptcy. Conversely, a low DER suggests lower financial risk, as the company is financed more by its own capital. DER can impact company profitability through financial leverage (Nasution & Septian, 2024).
2. Current Ratio (CR)

   CR is a liquidity ratio that measures a company's ability to meet short-term obligations with its current assets. A high CR indicates good short-term debt-paying ability, but if excessively high, it may signal inefficient asset utilization. Conversely, a low CR may suggest difficulties in meeting short-term obligations, increasing liquidity risk.
3. Accounts Receivable Turnover Ratio (RTO)

   RTO measures the effectiveness of a company in managing its receivables by calculating how often receivables are collected within a period (Kasmir, 2009). A high RTO indicates effective receivables management, while a low RTO may suggest issues with receivables collection or lenient credit policies (Astutik, 2021).
4. Return on Equity (ROE)

   ROE measures a company's ability to generate profit from its equity (Iskandar, 2021). A high ROE indicates efficient use of capital and investment appeal. ROE is also influenced by financial leverage, where the use of debt can enhance ROE due to leverage effects (Basri, Rum, & Pasulu, 2023) (Jin, Xu, Liu, Haris, & Weqar, 2022).
5. Stock Return

   Stock Return refers to the gains or losses an investor earns from investing in a company's stock over a specific period (Lestari & Waluyo, 2024). Stock return reflects changes in the investment's value from both price changes (capital gain/loss) and dividend

income. Analyzing stock returns is crucial for investors in evaluating their investment performance.

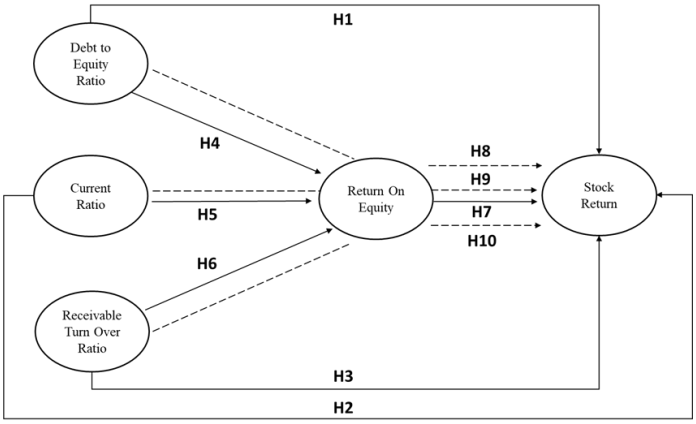


Figure 1. Research Framework

METHODOLOGHY

The study employs an explanatory research design with a quantitative approach. Explanatory research aims to elucidate causal relationships between variables through hypothesis testing. A quantitative approach is utilized due to the reliance on numerical data and statistical analysis to address research questions. Data is secondary, sourced from financial reports of coal mining companies listed on the Indonesia Stock Exchange (IDX) for 2018-2023.

Variables include Debt to Equity Ratio (DER), Current Ratio (CR), and Accounts Receivable Turnover Ratio (RTO) as independent variables, Return on Equity (ROE) as a mediating variable, and stock return as the dependent variable.

The operational variables include DER, CR, RTO (independent), ROE (mediating), and stock return (dependent), all measured on a ratio scale. Data is collected through documentation, with financial reports from IDX serving as the primary instrument. Analysis involves multiple linear regression using panel data and Moderated Regression Analysis (MRA) to assess the impact of DER, CR, and RTO on stock returns, both directly and indirectly through ROE. Statistical tests such as Chow Test, Hausman Test, Lagrange Multiplier Test, and Sobel Test are used to determine the most suitable regression model and to verify the significance of mediating effects. The results aim to provide insights into financial factors influencing stock performance in the Indonesian coal mining sector.

RESULT AND DISCUSSION

The descriptive statistics based on maximum, minimum, mean, and standard deviation values provide an overview of the research data, as shown in the table below. This table presents the descriptive data for each research variable. The study includes a sample of 18 companies, each with data spanning 6 years (2018-2023), resulting in a total of 108 observations.

The following is a discussion of the results for each hypothesis test:

1. Impact of Debt to Equity Ratio (DER) on Stock Returns:

   The study found that the Debt to Equity Ratio (DER) does not significantly affect stock returns, contrary to the initial hypothesis (H1). The significance test yielded a p-value of 0.094, indicating that DER has no substantial impact on stock returns. DER measures a company's leverage and financial risk by comparing debt to equity. Despite the potential for debt to enhance earnings growth with lower capital costs, high DER may increase

financial risk and cause investor caution. This is particularly true if credit management is poor or economic conditions fluctuate. The impact of DER on financial returns can vary by industry and financial strategy.

2. Impact of Current Ratio (CR) on Stock Returns:

   The hypothesis (H2) that the Current Ratio (CR) affects stock returns was not supported by the results. The significance test showed a p-value of 0.324, suggesting CR does not impact stock returns. CR measures a company's ability to meet short-term obligations and is considered an indicator of liquidity. Despite good liquidity potentially reassuring investors about short-term obligations, CR alone does not influence stock performance. Other factors such as growth, profitability, investor sentiment, and macroeconomic conditions may play a more significant role.

3. Impact of Accounts Receivable Turnover Ratio (RTO) on Stock Returns:

   The hypothesis (H3) that the Accounts Receivable Turnover Ratio (RTO) affects stock returns was not supported. The test yielded a p-value of 0.401, indicating RTO does not significantly affect stock returns. RTO measures the efficiency of credit collection, which is an indicator of credit management effectiveness. However, despite high RTO indicating good credit management, it does not necessarily translate to increased stock attractiveness if other financial indicators such as revenue or profit are declining. Market sentiment and short-term trends often overshadow operational performance.

4. Impact of DER on Return on Equity (ROE):

   The hypothesis (H4) that DER influences Return on Equity (ROE) was supported. The significance test showed a p-value of 0.028, indicating DER has a significant effect on ROE. DER measures how much debt a company uses to finance its assets compared to shareholder equity. Higher DER can enhance ROE because borrowed funds may generate more returns compared to their cost. However, higher DER also increases financial risk, especially if cash flows are insufficient to service the debt, which could affect the company's sustainability.

5. Impact of CR on Return on Equity (ROE):

   The hypothesis (H5) that the Current Ratio (CR) affects ROE was not supported. The significance test showed a p-value of 0.198, indicating CR does not impact ROE. CR measures short-term liquidity, but it does not influence a company's ability to generate returns on equity. Effective liquidity management does not necessarily translate to higher profitability or ROE. The presence of ample liquidity does not guarantee efficient use of resources to generate higher returns for shareholders.

6. Impact of RTO on Return on Equity (ROE):

   The hypothesis (H6) that the Accounts Receivable Turnover Ratio (RTO) affects ROE was not supported. The test yielded a p-value of 0.125, showing that RTO does not significantly impact ROE. RTO measures the efficiency of debt collection, but its effectiveness in boosting ROE is limited. High RTO indicates good credit management but does not ensure that this efficiency translates into higher equity returns. Other factors, such as administrative costs or investment impacts, may mitigate the benefits of high RTO.

7. Impact of ROE on Stock Returns:

   The hypothesis (H7) that Return on Equity (ROE) affects stock returns was supported. The significance test revealed a p-value of 0.001, indicating ROE significantly impacts stock returns. ROE measures a company's ability to generate profit from shareholder equity. An increase in ROE can be perceived by investors as a sign of higher profitability, which typically influences stock returns positively. However, in some cases, higher ROE might signal

increased risk or unsustainable practices, potentially leading to negative stock performance if market expectations are not met.

8. Impact of DER on Stock Returns through ROE:

   The hypothesis (H8) that DER affects stock returns through ROE was not supported. The significance test showed a z-value of 1.4623, which is less than the threshold of 1.96, indicating DER through ROE does not significantly affect stock returns. Although DER and ROE are crucial for understanding financial performance, their combination does not significantly influence stock returns. Other factors such as macroeconomic conditions, market sentiment, and company-specific strategies may have a more substantial impact.

9. Impact of CR on Stock Returns through ROE:

   The hypothesis (H9) that CR affects stock returns through ROE was not supported. The significance test yielded a z-value of -1.6506, below the critical value of 1.96, suggesting CR through ROE does not affect stock returns. CR and ROE are important financial indicators, but their combined effect on stock returns is insignificant. Investors may prioritize other factors over liquidity and equity profitability when evaluating stock performance, including market trends and broader economic factors.

10. Impact of RTO on Stock Returns through ROE:

    The hypothesis (H10) that RTO affects stock returns through ROE was not supported. The significance test revealed a z-value of -1.6734, indicating RTO through ROE does not significantly influence stock returns. Although RTO and ROE provide insights into credit management and profitability, their combined effect on stock returns is limited. Market conditions, investor sentiment, and other external factors are likely more influential in determining stock performance than the interplay between RTO and ROE.

CONCLUSION

This study evaluates 18 coal mining companies listed on the Indonesia Stock Exchange (IDX) from 2018 to 2023, utilizing secondary data sourced from annual reports accessible via www.idx.co.id. The analysis focused on Debt to Equity Ratio (DER), Current Ratio (CR), and Accounts Receivable Turnover Ratio (RTO), with Return on Equity (ROE) serving as the mediating variable and stock return as the dependent variable. The research employed purposive sampling based on predefined criteria. Findings indicate that DER, CR, and RTO do not significantly impact stock returns in the coal mining sector within the study period. However, DER does have a notable effect on ROE, whereas CR and RTO do not. ROE, in turn, affects stock returns, but DER, CR, and RTO do not influence stock returns through ROE. For future research, it is advised to develop a more intricate analytical model incorporating additional pertinent variables specific to the coal mining industry and to explore the comparative effects of fundamental ratios on stock returns across various sectors within the Indonesian capital market. From a managerial perspective, it is recommended that companies improve transparency and communication concerning fundamental ratios to investors and stakeholders, adopt proactive management strategies for critical financial ratios, and identify opportunities to enhance long-term company value while ensuring short-term stock performance stability. The study's limitations include difficulties in acquiring complete and precise data on fundamental ratios for each company and inconsistencies in historical data, which may impact the validity of the findings and their applicability to the broader coal mining sector.

REFERENCES

Astutik, Wahyuni Sri. (2021). *Manajemen Investasi*. Media Nusa Creative (Mnc Publishing).

Basri, Irfan, Rum, Muh, & Pasulu, Milka. (2023). Perputaran Modal Kerja, Arus Kas Operasi Dan Days Receivable Turnover, Terhadap Kinerja Keuangan Pt. Rejeki Persada Property. *Jurnal Online Manajemen Elpei*, *3*(1), 453–466.

Dewi, Ni Luh Yunita Astuti Purnama, Endiana, I. Dewa Made, & Arizona, I. Putu Edy. (2020). Pengaruh Rasio Keuangan Dan Kebijakan Deviden Terhadap Return Saham. *Kumpulan Hasil Riset Mahasiswa Akuntansi (Kharisma)*, *2*(3).

Houston, Eugene F. Brigham; Joel F. (2011). *Dasar-Dasar Manajemen Keuangan Edisi 11 Buku 2*. Salemba Empat.

Iskandar, Isda. (2021). *Analisis Laporan Keuangan*.

Jin, Guangchun, Xu, Jian, Liu, Feng, Haris, Muhammad, & Weqar, Faizi. (2022). Does R&D Investment Moderate The Relationship Between The Covid-19 Pandemic And Firm Performance In China's High-Tech Industries? Based On Dupont Components. *Technology Analysis & Strategic Management*, *34*(12), 1464–1478.

Jogiyanto, Hartono. (2013). Teori Portofolio Dan Analisis Investasi Edisi Kedelapan. *Yogyakarta: Bpfe*.

Lisiani, Lisiani, & Mappanyukki, Ratna. (2021). The Effect Of Der, Dpr, Roe, And Pbv On Stock Return (Study On Non-Financial Companies Listed On The Idx In The Period 2017-2019). *Jppi (Jurnal Penelitian Pendidikan Indonesia)*, *7*(4), 712–721.

Marlisa, Vina, Suminar, Suminar, Ariana, Tunggu, & Rera, Deska Lafairi. (2021). Profitabilitas Sebagai Mediasi Struktur Modal Dan Pertumbuhan Perusahaan Terhadap Return Saham Syariah. *Ekomabis: Jurnal Ekonomi Manajemen Bisnis*, *2*(02), 113–124.

Nadyayani, Dewa Ayu Dewi, & Suarjaya, Anak Agung Gede. (2021). The Effect Of Profitability On Stock Return. *American Journal Of Humanities And Social Sciences Research (Ajhssr)*, *5*(1), 695–703.

Nasution, Yuslinda, & Septian, Rizki Andri. (2024). Analisis Cr, Der, Roe Dan Dpr Terhadap Return Saham Perusahaan Manufaktur Yang Terdaftar Di Beiperiode 2017-2021. *Jurnal Manajemen*, *9*(2), 89–107.

Nuzula, Nila Firdausi, & Nurlaily, Ferina. (2020). *Dasar-Dasar Manajemen Investasi*. Universitas Brawijaya Press.

Suganda, T. Renald. (2018). *Teori Dan Pembahasan Reaksi Pasar Modal Indonesia*. Puntadewa.

Suhadak, Suhadak, Kurniaty, Kurniaty, Handayani, Siti Ragil, & Rahayu, Sri Mangesti. (2018). Stock Return And Financial Performance As Moderation Variable In Influence Of Good Corporate Governance Towards Corporate Value. *Asian Journal Of Accounting Research*, *4*(1), 18–34.

Thurston, Scott. (2012). *New Orrington Parcel*.