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# The Effect of Tato and DER on Stock Prices, with ROA as a Mediator, on the Jakarta Islamic Index

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**Abstract.**
This research aims to analyze the effect of the operational efficiency ratio (*TATO*) and the capital structure ratio (*DER*) on the stock prices of companies listed in the Jakarta Islamic Index (*JII*), with the profitability ratio (*ROA*) as an intervening variable. The research covers the period from 2020 to 2025 and employs a purposive sampling technique. Data analysis was conducted using the Partial Least Square Structural Equation Modeling (*PLS-SEM*) method with the assistance of SmartPLS version 4.0. The results of the hypothesis testing indicate that: (1) *TATO* has a positive and significant effect on stock price (coefficient = 0.272; $t$ = 2.523; $p$ = 0.012); (2) *DER* has a negative and significant effect on stock price (coefficient = -0.289; $t$ = 3.171; $p$ = 0.002); (3) *ROA* has a positive and significant effect on stock price (coefficient = 0.251; $t$ = 3.492; $p$ = 0.000); (4) *TATO* positively affects *ROA* (coefficient = 0.217; $t$ = 2.918; $p$ = 0.004); (5) *DER* negatively affects *ROA* (coefficient = -0.288; $t$ = 4.543; $p$ = 0.000); (6) *ROA* mediates the effect of *TATO* on stock price (coefficient = 0.054; $t$ = 2.094; $p$ = 0.036); and (7) *ROA* mediates the effect of *DER* on stock price (coefficient = -0.072; $t$ = 2.592; $p$ = 0.010). The adjusted R-square value for stock price is 0.158. These findings demonstrate that operational efficiency, capital structure, and profitability ratios significantly influence the market value of Islamic stocks, both directly and through mediation mechanisms.

**Keywords:** Total Asset Turnover (TATO), Debt to Equity Ratio (DER), Return on Asset (ROA), Stock Price, Jakarta Islamic Index (JII).

## INTRODUCTION

In recent years, the world has faced global challenges that have driven a paradigm shift in the international financial system. The COVID-19 pandemic, the climate crisis, and social inequality have reinforced the call for a more sustainable and equitable financial system. In the midst of these demands, Islamic finance has emerged as a promising alternative because of its principles that emphasize fairness, transparency, and alignment with the real sector (Ahmeti & Prenaj, 2015). One of the important instruments in Islamic finance is Islamic stocks, which not only avoid the elements of *riba* and *gharar*, but also encourage ethical and responsible investments. Kasri et al. (2023) stated that the convergence between the principles of *maqasid al-shariah* and the Sustainable Development Goals (SDGs) shows that *shariah* stocks have great potential in supporting inclusive and sustainable global economic development (Adrisa et al., 2021).

In the midst of a global transformation towards a more ethical and socially impact-oriented financial system, the dynamics of *shariah* stock prices are becoming an increasingly interesting topic to study (Alshubiri, 2021). *Shariah*-based financial instruments such as *sukuk* and *shariah* stocks have been used in various countries, including Indonesia, Saudi Arabia, and Malaysia, to support the financing of sustainable development projects such as education, health, and social infrastructure (Kasri et al. 2023). The role of *shariah* stocks in the investment ecosystem based on the values of justice and sustainability makes it an important indicator in

assessing the effectiveness and attractiveness of responsible investments (Anggreani & Sudarsi, 2023). The movement of the total *shariah* shares can be seen in the following figure:

The growth in the number of *shariah* shares in the *Shariah* Securities List increased by 244 from 435 in 2019 to 679 in 2024, representing a 56% increase since 2019. The data shows a significant growth trend that describes *shariah* stocks as attractive stocks for investors.

With its characteristics of avoiding speculative practices and focusing on the real sector, *shariah* stocks offer a different approach to assessing capital market performance (Hair Jr. et al., 2021). When associated with the global development agenda and the principles of *maqasid al-shariah*, fluctuations in *shariah* stock prices can reflect the market's response to sustainability values and business ethics (Ghozali, 2021). Therefore, analysis of the price movements of *shariah* stocks can provide deeper insight into how the market reacts to social impact-oriented investment policies and practices (Azhari et al., 2016).

The capital market has a very important role in supporting the economic growth of a country. Through a mechanism to raise funds from the community, the capital market provides a long-term source of financing for companies to develop their businesses. Fennassi and Qodad (2023) show that countries with developing capital markets tend to have higher economic growth rates compared to countries with limited financial systems. This is due to the ability of the capital market to encourage capital inflows, improve the efficiency of resource allocation, and expand access to productive financing.

In addition, Carvajal and Bebczuk (2019) in the World Bank emphasized that capital market development not only has an impact on the financial sector, but also contributes to macroeconomic stability and increased national productivity. In other words, the existence of a healthy and efficient capital market is an important foundation in creating a conducive and sustainable investment climate.

*Jakarta Islamic Index* (*JII*) is one of the *shariah* stock indices developed by the Indonesia Stock Exchange (IDX) to accommodate the needs of investors who want to invest according to *shariah* principles. This index consists of 30 stocks that are considered the most liquid and have the largest market capitalization among stocks included in the *Shariah* Securities List. Endri et al. (2021) explained that the *Jakarta Islamic Index* (*JII*) functions as an indicator of the performance of *shariah* stocks in Indonesia and is the main reference for investors who avoid *riba*-based transactions, *gharar* (unclear) and *maysir* (speculation).

In the context of the global capital market, *shariah* stock indices such as the *Jakarta Islamic Index* (*JII*) show different characteristics compared to conventional indices, especially in terms of stability and resilience to economic turmoil (Januardin et al., 2020; Jogiyanto, 2013; Khasanah & Suwarti, 2022). Choiruddin et al. (2025) revealed that the *shariah* stock market in Indonesia, including the *Jakarta Islamic Index* (*JII*), tends to show a more stable performance during periods of global economic uncertainty, thanks to the application of *shariah* principles that limit speculative practices and non-transparent transactions.

Stock prices are one of the main indicators in assessing a company's performance in the capital market. However, stock price movements do not always directly reflect the company's fundamental condition, as they are influenced by various factors, both internal and external. Diebold and Yilmaz (2008) show that stock price volatility is closely related to the volatility of economic fundamentals, such as corporate profits and dividends, as well as macroeconomic conditions in general. When a company's fundamentals are unstable, the stock price tends to

fluctuate highly.

Li et al. (2022) also emphasized that factors such as industrial productivity, changes in economic policies, and global conditions such as oil prices and international crises also affect stock price volatility. In this context, analysis of financial ratios is important to understand how the company's internal conditions can affect investor perception and stock price movements.

Thus, understanding stock price fluctuations cannot be separated from the analysis of the company's fundamental factors, including the efficiency of asset use and capital structure. This is the basis for research that focuses on the influence of financial ratios on stock prices, especially in Islamic capital markets such as the *Jakarta Islamic Index*.

Financial ratios are an important tool in evaluating a company's performance and financial condition. These ratios provide an overview of the company's operational efficiency, capital structure, and profitability, all of which contribute to investors' perception of the value of the stock. According to Penman (2013), financial ratio analysis allows investors to assess whether a company is able to manage its assets efficiently, maintain a healthy capital structure, and generate adequate profits from its operational activities.

In order to understand the factors that affect a company's share price in the *Jakarta Islamic Index* (*JII*), an analysis of operational efficiency and financial structure is very important. *Total Asset Turnover* (*TATO*) reflects a company's ability to optimize assets to generate sales, while *Debt to Equity Ratio* (*DER*) indicates the level of leverage and financial risk. These two variables are believed to affect the *Return on Asset* (*ROA*) as an indicator of profitability, which in turn affects the stock price. Research by Abarbanell and Bushee (1997) shows that fundamental signals such as changes in gross margins, capital expenditures, and cost efficiency have a significant relationship with future changes in profits. This indicates that investors can derive valuable information from financial indicators that reflect efficiency and risk, although market analysts do not always make optimal use of them.

Furthermore, Abarbanell and Bushee (1997) found that revisions to analyst predictions do not fully reflect the information from fundamental signals, so investors who are able to read these signals independently have the potential to earn abnormal returns. In the context of the *Jakarta Islamic Index* (*JII*), which consists of *shariah* stocks with conservative and transparent characteristics, operational efficiency and a sound capital structure are the main attractions for investors. *Return on Asset* (*ROA*) should play an important role in mediating the influence of *Total Asset Turnover* (*TATO*) and *Debt to Equity Ratio* (*DER*) on stock prices, as it reflects the company's effectiveness in generating profits from its assets. Thus, the integration between fundamental analysis approaches and an understanding of market behavior can strengthen a more accurate and relevant stock price prediction model for Islamic investors.

*Total Asset Turnover* (*TATO*) measures how effectively a company uses its assets to generate revenue. This ratio reflects operational efficiency and management's ability to manage its resources. Brigham and Houston (2016) stated that the higher the *Total Asset Turnover* (*TATO*) ratio, the better the company is at converting assets into sales.

In addition, the *Debt to Equity Ratio* (*DER*) is also an important indicator in assessing the company's capital structure. The *Debt to Equity Ratio* (*DER*) shows the extent to which a company uses debt compared to its own capital to finance its operations. According to Ross et al. (2019), this ratio helps investors understand the level of financial risk that companies face, as high debt use can increase interest expense and bankruptcy risk.

This research is based on the relevance to the understanding of the factors that affect stock prices, especially in the context of the Islamic capital market. *Total Asset Turnover* and *Debt to Equity Ratio* were chosen because they are both key indicators in the analysis of operational efficiency and the company's capital structure. According to White, Sondhi, and Fried (2003), these ratios provide important information for investors in assessing a company's ability to generate revenue and manage financial risk.

*Return On Asset* (*ROA*) is an important indicator in measuring the effectiveness of a company in generating profits from the total assets owned. This ratio reflects management's efficiency in utilizing the company's resources to create economic value. According to Damodaran (2012), *Return On Asset* (*ROA*) provides a comprehensive overview of a company's profitability without being influenced by the capital structure, so it becomes a neutral and relevant measure in various financial analyses.

In the context of the relationship between financial ratios and stock prices, *Return On Asset* (*ROA*) can play a role in bridging or mediating the influence of operational efficiency and capital structure on the company's market value. Berk and DeMarzo (2017) state that investors tend to pay attention to profitability indicators such as *Return On Asset* (*ROA*) in assessing a company's prospects, as these ratios indicate the company's ability to generate profits from available assets, which ultimately influences investment decisions and stock price movements. Similarly, research by Higgins (2012) shows that *Return On Asset* (*ROA*) is often the most reflective indicator of overall financial performance, and can influence investors' perception of a company's stock value.

Previous studies have shown mixed results related to the influence of *Total Asset Turnover* (*TATO*) on stock prices. Several studies such as Patin et al. (2020) and Hidayat (2020) found that *Total Asset Turnover* (*TATO*) has a positive and significant influence on stock prices, while other studies such as Albertus and Mangunsong (2021) and Lubis et al. (2018) show a positive but insignificant influence. In fact, research by Nurwulandari et al. (2024) and Hidayati et al. (2023) found negative and insignificant influences. This inconsistency shows that there is a research gap in understanding the relationship between *Total Asset Turnover* (*TATO*) and stock prices, especially in the context of Islamic companies in the *Jakarta Islamic Index*, which has not been explored in depth.

The *Debt to Equity Ratio* (*DER*) showed very varied results in previous studies. Several studies such as Gunawan (2020), Junaeni (2017), and Dewi and Suwarno (2022) found a positive and significant influence on stock prices, while other studies such as Madjid and Dhevyanto (2025), Sholihah and Damayanti (2025), and Putri and Hidayat (2025) showed a significant negative influence. In fact, there are studies that show that the *Debt to Equity Ratio* (*DER*) does not have a significant effect partially (Abqari and Hartono, 2020; Mukti and Putri, 2020). These differences in results show that there is a research gap that needs to be explored further, especially in the context of companies that are members of the *Jakarta Islamic Index* and by considering mediation variables such as *Return On Asset* (*ROA*).

Most studies show that *Return On Asset* (*ROA*) has a positive and significant influence on stock prices (Saputra, 2022; Putri & Hidayat, 2025; Dewi & Suwarno, 2022). However, there are also studies that show negative and insignificant influences (Madjid & Dhevyanto, 2025; Choiriyah et al., 2021). In addition, several studies such as Hidayat (2020) and Nurwulandari et al. (2024) examined *Return On Asset* (*ROA*) as a mediating variable, with

results showing that *Return On Asset* (*ROA*) can significantly mediate the relationship between fundamental variables and stock prices. This inconsistency opens up opportunities to further explore the role of *Return On Asset* (*ROA*) as an intervening variable in the relationship between *Total Asset Turnover* (*TATO*) and *Debt to Equity Ratio* (*DER*) on stock prices, especially in Islamic companies in the *Jakarta Islamic Index*.

Therefore, focusing on these three variables provides a more targeted and in-depth approach in understanding stock price dynamics, especially in the Islamic capital market which has different characteristics from the conventional market. By identifying and strengthening the relationship between *TATO*, *DER*, and *ROA* to stock prices, this study fills a gap in the literature that still rarely explores these three variables in an integrated manner in the context of the *Jakarta Islamic Index*.

In the framework of *shariah* investment, the main principle used is *shariah* compliance, which prohibits the practice of *riba* (interest), *gharar* (uncertainty), and *maisir* (speculation). According to Puteh et al. (2021), the *shariah* stock market exists as an alternative to conventional markets that often do not meet the principles of justice and transparency in Islam. The Islamic stock market offers a more stable and resilient instrument to financial crises, as it avoids transactions that are speculative and unethical.

The *shariah* stock market is based on the theory of market efficiency and intrinsic value, where the stock price reflects the financial performance and business prospects of the company. This study examines the effect of *Total Asset Turnover* (*TATO*) and *Debt to Equity Ratio* (*DER*) on stock prices in the *Jakarta Islamic Index* (*JII*), with *Return On Asset* (*ROA*) as the intervening variable. The research aims to provide an understanding of the influence of operational efficiency and capital structure on profitability and stock market value.

The formulation of the problem includes an analysis of the influence of *TATO* and *DER* on stock prices and *ROA*, and how *ROA* mediates the influence of *TATO* and *DER*. The purpose of the study is to analyze these relationships for the period 2020-2025. The results of the study are expected to provide practical benefits for investors, companies, and regulators. Investors can get information for investment decisions, companies get input to improve performance, and regulators can consider policies based on financial performance. Theoretically, this research is expected to contribute to the development of corporate financial management science.

## MATERIALS AND METHODS

According to Sugiyono (2023), research is a systematic process that uses a scientific approach to obtain data and information relevant to a specific goal. In this study, the approach used is quantitative, which focuses on collecting and analyzing data from a population or sample through random techniques. The analysis was carried out using a statistical method based on the positivism paradigm. The main objective of this study is to test and explain the relationship between the variables studied, including independent, dependent, and mediating variables. This study aims to explore how *Total Asset Turnover* (*TATO*) and *Debt to Equity Ratio* (*DER*) affect stock prices with *Return on Asset* (*ROA*) as an intervening variable in companies listed in the *Jakarta Islamic Index*. The study covers a five-year period, from 2020 to 2025. Data analysis was carried out using *Partial Least Square Structural Equation Modeling* (*PLS-SEM*) with the help of SmartPLS 4.0 software. The analysis stage includes the

evaluation of the measurement model (*outer model*) to ensure the validity and reliability of the indicators, as well as the evaluation of the structural model (*inner model*) to test the hypothesis through the *path coefficient* value and *bootstrapping* with 5000 *subsamples*. The mediation test was carried out by analyzing the *indirect effect* of *TATO* and *DER* on the share price through *ROA*.

## RESULTS AND DISCUSSION

### Hypothesis Test Results (Path Coefficient Estimation)

Estimation of the value on the relationship path in the structural model should show significant results. To assess this significance, a bootstrapping technique is used. This process allows the researcher to evaluate the hypothesis by looking at the value of the parameter coefficient as well as the t-statistical value generated from the bootstrapping algorithm report. The determination of whether or not a relationship is significant is done by comparing the t-statistic value with the t-table value at a significance level of 5% ($\alpha = 0.05$), which is 1.96. If the t-statistic value is greater than 1.96, then the relationship between the variables is considered significant.

**Table 1. Direct Influence Hypothesis Testing Results**

| | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/STDEV\|) | P values |
|---|---|---|---|---|---|
| **DER -> Stock Price** | -0,289 | -0,284 | 0,091 | 3,171 | 0,002 |
| **THE > ROA** | -0,288 | -0,287 | 0,063 | 4,543 | 0,000 |
| **ROA -> Stock Price** | 0,251 | 0,248 | 0,072 | 3,492 | 0,000 |
| **TATO -> Stock Price** | 0,272 | 0,272 | 0,108 | 2,523 | 0,012 |
| **TATO -> ROA** | 0,217 | 0,222 | 0,074 | 2,918 | 0,004 |

Source: Processing Output with smartPLS 4.0

Here are the results of hypothesis testing on structural models:

1) The Effect of TATO on Stock Price The test results show that Total Asset Turnover (TATO) has a positive and significant effect on stock prices. The path coefficient value was 0.272 with a T-statistic of 2.523 (>1.96) and a P-value of 0.012 (<0.05). This shows that the more efficient a company is in using its assets to generate sales, the higher its stock price will be. This means that the hypothesis "H1: The higher the Total Asset Turnover (TATO), the higher the Stock Price" is accepted
2) The Effect of DER on Stock Prices The test results show that the Debt to Equity Ratio (DER) has a negative and significant effect on stock prices. The path coefficient value was -0.289 with a T-value of 3.171 (>1.96) and a P-value of 0.002 (<0.05). The higher the debt-to-capital ratio of a company, the lower its stock price will be in the market. That is, the hypothesis "H2: The higher the Debt to Equity Ratio (DER), the lower the Stock Price" is accepted.
3) The Effect of ROA on Stock Prices The test results show that Return on Assets (ROA) has a positive and significant effect on stock prices. The path coefficient value was 0.251 with a T-value of 3.492 (>1.96) and a P-value of 0.000 (<0.05). This confirms that the higher the level of profitability or profit that the company generates from its assets, the higher the

company's share price. This means that the hypothesis "H3: The higher the Return On Asset (ROA), the higher the Stock Price" is accepted.

4) The Effect of TATO on ROA The test results show that Total Asset Turnover (TATO) has a positive and significant effect on Return on Assets (ROA). The path coefficient value was 0.217 with a T-statistic of 2.918 (>1.96) and a P-value of 0.004 (<0.05). This proves that higher asset turnover efficiency will directly increase the profitability of the company's Return on Assets (ROA). That is, the hypothesis "H4: The higher the Total Asset Turnover (TATO), the higher the Return on Asset (ROA)" is accepted.
5) The effect of DER on ROA The test results show that the Debt to Equity Ratio (DER) has a negative and significant effect on Return on Assets (ROA). The path coefficient value is -0.288 with a T-value of 4.543 (>1.96) and a P-value of 0.000 (<0.05). This proves that an increase in the company's debt level will reduce its ability to generate profits from the total assets it owns. This means that the hypothesis "H5: The higher the Debt to Equity Ratio (DER), the lower the Return on Asset (ROA)" is accepted.

The following are the results of testing the hypothesis of the indirect influence of X on Y through Z:

**Table 2. Indirect Influence Hypothesis Test Results**

| | Original sample (O) | Sample mean (M) | Standard deviation (STDEV) | T statistics (\|O/STDEV\|) | P values |
|---|---|---|---|---|---|
| **LONG > TATTOO -> Stock Price** | 0,054 | 0,055 | 0,026 | 2,094 | 0,036 |
| **THE > ROA > Stock Price** | -0,072 | -0,072 | 0,028 | 2,592 | 0,010 |

Source: Processing Output with smartPLS 4.0

Here are the results of the hypothesis testing on indirect influences:

1) ROA Mediates the Effect of TATO on Stock Price The test results show that the indirect effect of Total Asset Turnover (TATO) on stock price through Return on Assets (ROA) is positive and significant. This is evidenced by a coefficient value of 0.054, a T-statistic of 2.094 (>1.96), and a P-value of 0.036 (<0.05). Return on Assets (ROA) is statistically proven to play a role as a mediating variable (intermediary). The higher efficiency of using Total Asset Turnover (TATO) assets does not directly increase the stock price, but works by increasing the profitability of the Return on Assets (ROA) first, and this increase in profitability is then responded positively by the market so that the stock price increases. This means that the hypothesis "H6: The higher the Return on Asset (ROA) in mediating the Total Asset Turnover (TATO), the higher the Stock Price" is accepted.
2) ROA Mediates the Effect of DER on Stock Prices The test results show that the indirect effect of the Debt to Equity Ratio (DER) on stock price through Return on Assets (ROA) is negative and significant. This can be seen from the coefficient value of -0.072, the T-statistic of 2.592 (>1.96), and the P-value of 0.010 (<0.05). Return on Assets (ROA) is proven to mediate the relationship between the Debt to Equity Ratio (DER) and the stock price. The high debt level Debt to Equity Ratio (DER) lowers stock prices not directly, but through a decrease in Return on Assets (ROA) profitability first. This decline in Return on Assets (ROA) is a negative signal for investors and causes stock prices to fall. Thus, the

hypothesis "H7: The higher the Return on Asset (ROA) in mediating the Debt to Equity Ratio (DER), the higher the Stock Price" is accepted.

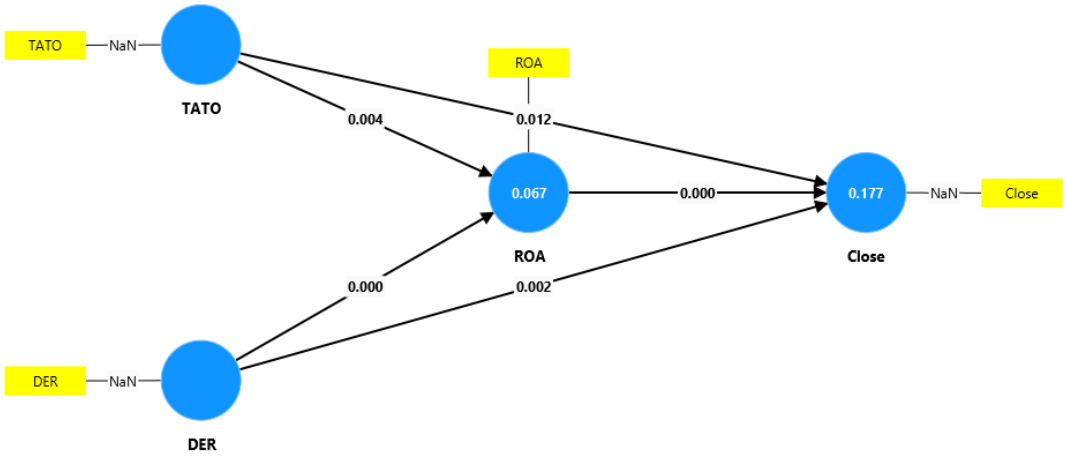


**Figure 1. Bootstrapping Test Results**
Source: Processing Output with smartPLS 4.0

**Interpretation**

The analysis in this study aims to determine the direct and indirect influence of Total Asset Turnover (TATO) and Debt to Equity Ratio (DER) on the share price of companies that are members of the Jakarta Islamic Index (JII), with Return on Asset (ROA) as the intervening variable. The test was conducted using the Partial Least Square Structural Equation Modeling (PLS-SEM) approach through SmartPLS 4.0 software. Based on the results of the bootstrapping test, all hypotheses proposed in this study were proven to be statistically significant, both direct and indirect influences.

The test results show that Total Asset Turnover (TATO) has a positive and significant effect on the stock price, with a coefficient value of 0.272 and a t-statistical value of 2.523. This indicates that the higher the efficiency of the company in using its assets to generate sales, the higher the stock price. In other words, an increase in the company's operational efficiency will give a positive signal to investors, which in turn increases the market value of the company's shares (Kabajeh et al., 2012).

Furthermore, the Debt to Equity Ratio (DER) has been proven to have a negative and significant effect on the stock price, with a coefficient value of -0.289 and a t-statistic of 3.171. This means that the higher the debt-to-equity ratio, the lower the company's share price. This suggests that a capital structure that is overly dependent on debt can increase financial risk, which in turn lowers investor confidence in the company's prospects.

The Return on Asset (ROA) variable also showed a positive and significant influence on the stock price, with a coefficient value of 0.251 and a t-statistic of 3.492. This means that the higher the company's ability to generate profits from its assets, the higher the stock price. ROA is an important indicator for investors in assessing the effectiveness of management in managing company resources.

In addition to the direct influence, this study also found that ROA significantly mediated the relationship between TATO and stock price, with an indirect coefficient value of 0.054 and a t-statistic of 2.094. This means that the efficiency of asset use not only has a direct impact on

the stock price, but also indirectly through an increase in the company's profitability. Similarly, ROA mediated the influence of DER on stock prices negatively and significantly, with a coefficient value of -0.072 and a t-statistic of 2.592. This suggests that an unhealthy capital structure will lower profitability, which ultimately negatively impacts the stock price.

Overall, the results of this study support signaling theory, where financial ratios such as TATO, DER, and ROA provide important signals to investors in assessing the company's performance and prospects. These findings also reinforce the importance of fundamental analysis in investment decision-making, particularly in the Islamic capital market which emphasizes the principles of prudence and sustainability.

The results of this study show that Total Asset Turnover (TATO) has a positive and significant effect on the share price of companies that are members of the Jakarta Islamic Index (JII). These findings indicate that the efficiency of the company in managing assets to generate sales is a positive signal for investors. In the context of signaling theory, a high TATO reflects good operational efficiency, which is then captured by the market as a promising performance indicator. This is in line with the findings of Patin et al. (2020) and Arismutia (2024), which stated that TATO has a positive influence on stock prices. However, it is different from the results of research by Hidayati et al. (2023) and Nurwulandari et al. (2024) which found a negative or insignificant influence. These differences can be due to the characteristics of the industry sector being studied, the time period, or the methodological approach used. In this study, the focus on Islamic companies in JII which tend to be more conservative and efficient in the use of assets, is a factor that strengthens the positive relationship between TATO and stock prices.

Meanwhile, the Debt to Equity Ratio (DER) shows a negative and significant influence on stock prices. These results reinforce the argument that overly debt-ridden capital structures increase financial risk, which ultimately lowers investor confidence. In the framework of signaling theory, a high DER can be a negative signal because it indicates the potential for high interest expense and the risk of bankruptcy. These findings are consistent with the research of Sholihah and Damayanti (2025) and Putri and Hidayat (2025), which also found the negative influence of DER on stock prices. However, these results contradict the studies of Gunawan (2020) and Junaeni (2017) which found a positive effect. This difference can be explained by the different industry context and optimal leverage levels between companies. In the context of Islamic companies, excessive use of debt is contrary to the principles of prudence and stability upheld in Islamic finance.

The Return on Asset (ROA) variable has been proven to have a positive and significant effect on stock prices. A high ROA reflects the effectiveness of management in generating profits from the assets owned, which is the main indicator in assessing the company's performance. These results support the theory of intrinsic value, in which the stock price reflects the real value of a company based on its profitability. These findings are in line with the research of Saputra (2022) and Dewi and Suwarno (2022), but different from Madjid and Dhevyanto (2025) who found a negative influence. This difference can be caused by differences in industry sectors and macroeconomic conditions when collecting data. In the context of JII, companies that are able to maintain profitability consistently will be more appreciated by the market because they are considered more stable and in accordance with sharia principles.

Interestingly, ROA has also been proven to mediate the influence of TATO and DER on stock prices. The positive mediation of ROA on TATO's relationship to stock price shows that operational efficiency not only has a direct impact, but also increases profitability which in turn drives up the stock price. In contrast, the negative mediation of ROA on the relationship of DER to stock price suggests that poor capital structure lowers profitability, which ultimately depresses stock prices. These findings reinforce the research results of Hidayat (2020) and Sukesti et al. (2021), which stated that ROA is an important pathway in explaining the relationship between financial ratios and company market value. In the context of the Islamic capital market, the role of ROA as a mediating variable becomes very relevant because it reflects the balance between efficiency, risk, and sustainability.

Overall, the results of this study confirm that investors in the Islamic capital market not only consider financial ratios separately, but also pay attention to how they interact and affect the profitability of companies. This approach is in line with the principles of maqasid al-shariah which emphasizes sustainability, justice, and intrinsic value in economic activities. Therefore, the integration between operational efficiency, capital structure, and profitability is key in understanding stock price dynamics in the sharia market.

## CONCLUSIONS

Based on the analysis, this study concludes that *Total Asset Turnover* (*TATO*) has a positive and significant influence on stock prices, showing that efficiency in utilizing assets increases stock value. On the other hand, the *Debt to Equity Ratio* (*DER*) has a negative and significant effect on stock prices, suggesting that reliance on debt can reduce the attractiveness of stocks. *Return on Asset* (*ROA*) also has a positive and significant effect on stock prices, reflecting the effectiveness of management in managing assets. *TATO* has a positive effect on *ROA*, while *DER* has a negative effect, which shows that dependence on debt reduces profitability. In addition, *ROA* mediates the relationship between *TATO* and stock price positively, as well as between *DER* and stock price negatively, confirming that asset utilization efficiency and a healthy capital structure are important to increase the value of a company's shares. Based on the research findings, several suggestions can be considered. For investors, it is advisable to pay attention to *TATO* and *ROA* ratios as indicators of efficiency and profitability in making investment decisions, while also being cautious of companies with high *DER* due to potential financial risks. For company management, these results can serve as a basis for improving asset management to enhance operational efficiency and consider more prudent funding policies to avoid negative impacts on profitability and stock prices. For future researchers, it is recommended to add other variables such as macroeconomic factors or corporate governance, extend the research period, and use different analytical methods to enrich perspectives and findings related to the dynamics of Islamic stock prices.

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