

ABSTRACT

Changes in stock prices at some telecommunications companies listed on IDX are not in line with changes in the level of profitability and company's leverage. Where some companies have experienced a decline in stock prices but the company's ROA has increased (vice versa) and companies that have experienced a decline in DER, but the company's share price has dropped (vice versa). Related to this, a research needs to be done to determine the effect of profitability and leverage on the stock prices of telecommunications companies.

This study aims to obtain information about the relationship of variable profitability, leverage and stock prices. In addition, this study was conducted to determine simultaneous and partial effect of variables profitability and leverage on stock prices.

The research method used is descriptive verification research that is causal. The technique of collecting data is by documentation and literature, the data used is secondary data. The data analysis technique used is panel data with an estimation approach of random effect model.

Based on the results of data processing, it can be known through the f test that simultaneously the variable profitability and leverage have no effect on the share prices of telecommunications companies. Through the t test, it can be known partially that profitability and leverage variables do not affect the stock price of telecommunications companies.

Based on the results of the study, it can be concluded that profitability and leverage do not affect the share price of telecommunications companies on the IDX. However, it does not mean that profitability and leverage are ruled out in making investment decisions in the field of stock, because in this study the profitability and leverage are only measured through ROA and DER as indicators. In addition, the r squared value of the independent variable in the study was able to explain the dependent variable by 1%. That means, 99% can be explained by other variables such as earnings per share, net profit margin, times earned interest ratio, etc.

Keywords: Profitability, Leverage, Stock Price, Telecommunication.