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The Influence of Inflation, DER, ROA, and NPM in Stock Returns in Mining Companies Listed on the Indonesia Stock Exchange

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Abstract: This study aims to analyze the factors influencing stock returns as a basis for investment decision-making. Stock return serves as an important indicator reflecting a company's performance as well as investors' confidence in its future prospects. Higher levels of return tend to increase the company's attractiveness to investors. Therefore, understanding the determinants of stock returns is essential to assist investors in managing risk and optimizing investment gains. This study aims to examine and verify the effect of inflation, Debt to Equity Ratio (DER), Return on Assets (ROA), and Net Profit Margin (NPM) on stock returns. This research focuses on mining companies listed on the Indonesia Stock Exchange during the period 2021–2024, with a population of 46 companies. The sampling method used was purposive sampling, resulting in a sample of 28 companies. The data analysis technique employed was multiple linear regression analysis. The results show that inflation has a positive but insignificant effect on stock returns, Debt to Equity Ratio (DER) and Return on Assets (ROA) have a negative but insignificant effect on stock returns and Net Profit Margin (NPM) has a positive but insignificant effect on stock returns.
Keywords: ***Inflation, Debt To Equity Ratio, Return On Assets, Net Profit Margin, Stock Returns.***

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1. INTRODUCTION

The development of the times has driven an increase in the level of competition in the business world, so that a company's sustainability and growth opportunities are highly dependent on the availability of funds and the company's ability to access sources of financing. In the context of the modern economy, one external source of funds that can be utilized by companies comes from investors, who are generally found through the capital market (Sutrisno et al, 2024). The capital market or stock exchange is a forum for transactions of long-term financial instruments that plays an important role in fund mobilization, job creation, income distribution, as well as increasing production capacity and state revenue. One of the instruments most favored by the public is stocks due to their ease of transaction (Yudistirha et al., 2025).

The presence of the capital market allows investors to invest capital in the form of stocks, bonds, or other securities. Stocks represent proof of company ownership that grants rights and obligations to their holders. The main objective of investors in investing is to maximize returns while still considering the risks faced (Hadu et al., 2023). Stock returns become an important indicator in investment decision-making because they reflect the level of profit obtained or expected within a certain period. Investors tend to choose instruments that provide high returns in accordance with the concept of "high risk, high return" (Sari & Nasution, 2024).

However, stock returns are uncertain because they are influenced by stock price fluctuations that can change rapidly. The higher the return offered, the higher the risk that investors must bear (Mangantar et al., 2020). Stock returns also reflect a company's performance and value, making them an important factor in assessing the performance of issuers in the capital market (Parawansa et al., 2021).

Several factors influence stock returns, including inflation, Debt to Equity Ratio (DER), Return on Assets (ROA), and Net Profit Margin (NPM). Inflation is a general increase in the prices of goods and services over a certain period, which can increase investment risk and reduce investors' purchasing power (Utami et al., 2021; Ifdaniyah & Nurhayati, 2023). Debt to Equity Ratio describes the level of a company's dependence on debt, where a higher DER indicates a less healthy financial condition (Ibrahim et al., 2022; Thoraya & Muyassaroh, 2023). ROA indicates a company's ability to generate profits through the utilization of its assets (Parawansa et al., 2021), while NPM reflects a company's ability to generate net profit from sales. (Laulita & Yanni, 2022).

The results of previous studies show inconsistent findings regarding the effects of inflation, Debt to Equity Ratio (DER), Return on Assets (ROA), and Net Profit Margin (NPM) on stock returns. Several studies report a positive effect; for instance, Lestari and Nursiam (2022) found that financial performance ratios such as ROA and NPM positively influence stock returns. In contrast, other studies reveal negative or insignificant effects. Dura (2020) found that DER has a negative and insignificant effect on stock returns, while Handayani and Aprilia (2023) reported that some financial ratios do not significantly affect stock returns. These differences in findings indicate the existence of a research gap that needs to be re-examined, particularly in industrial sectors with high-risk characteristics.

This study uses mining companies listed on the Indonesia Stock Exchange (IDX) during the period 2022–2024 as the research object. The mining sector was selected because it has a relatively high level of risk and stock price volatility compared to other sectors, but is accompanied by large potential returns that

attract investors (Lestari & Nursiam, 2022). Based on this background, this study is entitled "The Effect of Inflation, Debt to Equity Ratio (DER), Return on Assets (ROA), and Net Profit Margin (NPM) on Stock Returns of Mining Companies Listed on the Indonesia Stock Exchange for the Period 2022–2024."

2. LITERATURE REVIEW

Signaling theory

Signaling theory explains that signals are forms of communication or indications conveyed by company management to external parties, particularly investors, either directly or through information that requires further analysis, with the aim of influencing market assessments of the company. The signals conveyed must contain strong informational value in order to be able to change external perceptions (Ghozali, 2022).

Company management that demonstrates good performance tends to convey positive information as an indication of the company's future prospects, so that the market can distinguish between healthy and less healthy companies (Brigham & Ehrhardt, 2015 in Handayani & Aprilia, 2023). Financial information plays an important role for investors because it provides an overview of the company's past and current conditions as well as its future prospects in order to ensure business continuity (Ross, 1977 in Dura et al., 2020).

Stock return

Stock return is the level of profit or rate of return obtained by investors from stock investments made in a company. Stock return reflects the income received by shareholders as a result of their investment activities, thus becoming the main objective of investors when investing (Permaysinta & Sawitri, 2021 Christine et al., 2023).

According to Erica et al. (2021), stock return is also understood as the value obtained from investment activities, either in the form of dividends or other income expected by investors, where higher returns will increase investors' interest in purchasing shares. The level of stock return is influenced by informational signals received by investors from the company, particularly through financial statements, so that positive signals can encourage investment decisions and increase stock returns.

Inflation

According to Rukmini et al. (2022), inflation is a general increase in prices that reflects a decline in the purchasing power of money, where the higher the inflation rate, the lower the value of money. A high level of inflation reflects a relatively high investment risk because it can suppress the rate of return received by investors and increase production costs due to rising prices of goods and raw materials, which in turn leads to a decline in demand, sales, and company revenues (Ifdaniyah & Nurhayati, 2023).

In relation to signaling theory, inflation provides a negative signal to investors regarding potential investment risk, which can reduce investor confidence and stock demand, and subsequently lead to a decline in stock prices and stock returns. Therefore, inflation becomes an important indicator in capital market

analysis and investor behavior (Nugroho et al., 2023).

***Debt to Equity Ratio* (DER)**

Debt to Equity Ratio (DER) is a solvency ratio used to measure the ability of a company's own capital to serve as collateral for its liabilities, as well as to indicate the proportion between total debt and equity in corporate financing (Dini et al., 2021). DER describes the company's ability to meet its obligations using its own capital, where a high DER value reflects greater corporate risk due to the increasing proportion of debt compared to equity (Lestari & Nursiam, 2022). In relation to signaling theory, a low DER value provides a positive signal to investors because it indicates a low level of debt, increases investor confidence, and has the potential to encourage an increase in stock prices and stock returns (Handayani & Aprilia, 2023).

***Return on Assets* (ROA)**

Return on Assets (ROA) is a profitability ratio used to measure a company's ability to generate profits from all of its assets and reflects the level of management efficiency in managing company assets during operational activities (Hadu et al., 2023). A higher ROA value indicates better company performance in utilizing assets to generate profits, thereby increasing investor interest, encouraging an increase in stock prices, and ultimately leading to higher stock returns (Lestari & Nursiam, 2022). In relation to signaling theory, a high ROA value provides a positive signal to investors because it indicates the company's ability to generate high profits, which in turn increases the returns obtained by investors.

***Net Profit Margin* (NPM)**

Net Profit Margin (NPM) is a ratio that measures the amount of a company's net profit relative to sales, indicating the company's ability to generate net profit from each sale made (Ramadhani et al., 2021). A higher NPM value reflects increasingly productive and effective company performance in managing sales and costs, thereby increasing investor confidence, encouraging stock demand, and resulting in higher stock prices and stock returns (Arramdhani & Cahyono, 2020).In relation to signaling theory, a high NPM value provides a positive signal to investors because it indicates the company's ability to generate high profits, thereby attracting investment interest and increasing stock returns.

The Effect of Inflation on Stock Returns

Inflation is a tendency for prices of goods and services to increase continuously and persistently, whereas temporary price increases cannot be categorized as inflation (Pratama et al. in Latumaerissa, 2025). Stock return is the level of profit obtained by investors from stock investments in the form of capital gains or losses as well as dividends (Laulita & Yanni, 2022). High inflation can increase production costs, reduce corporate profitability, and weaken stock prices, thereby causing stock returns to decline (Octavianny & Suleiman in BPS, 2025).

From the perspective of the efficient market hypothesis, predictable inflation has already been reflected in stock prices, so its impact on returns is relatively small (Izza et al., 2025). Based on signaling theory, unexpected inflation provides a negative signal to investors because it reflects economic uncertainty and the potential decline in corporate earnings. The study by Febrianti et al. (2024) shows

that inflation has a negative and significant effect on stock returns.

Based on the explanation above, the following hypothesis can be formulated:
H1: Inflation has a negative and significant effect on stock returns.

The Effect of Debt to Equity Ratio (DER) on Stock Returns

Debt to Equity Ratio (DER) is a financial ratio that shows the proportion between debt and equity in financing a company's assets (Suarniti et al., 2021). The higher the DER value, the greater the company's dependence on debt financing compared to equity, which indicates increased financial risk and may reduce investor interest in investing in the company's stock (Nugroho et al., 2023). This condition has the potential to suppress stock prices and cause a decline in stock returns, particularly in mining sector companies (Firmansyah et al., 2022; Yobeldan & Petronila, 2023).

A company's capital structure, including the level of Debt to Equity Ratio (DER), provides information to investors regarding the company's financial condition and prospects. A high DER level can provide a negative signal because it increases financial risk, such as high interest burdens and default risk, causing investors to reduce their interest in investing in the company's stock (Rahardian & Hersugondo in Lindayani & Dewi, 2021). The study by Suarniti et al. (2021) shows that DER has a negative and significant effect on stock returns. Based on the explanation above, the following hypothesis can be formulated:
H2: Debt to Equity Ratio (DER) has a negative and significant effect on stock returns.

The Effect of Return on Assets (ROA) on Stock Returns

Return on Assets (ROA) reflects a company's ability to generate profits from all of its assets and indicates the level of efficiency in managing its financial resources. The higher the ROA value, the more efficient the company is in generating profits, which can increase investor interest in investing and lead to rising stock prices in the capital market (Rukmini et al., 2022). Stock return is the level of profit obtained by investors from their investments (Lestari & Nursiam, 2022). An increase in ROA indicates higher corporate profits, which encourages investor interest, increases stock demand, and ultimately raises stock returns (Hadu et al., 2023).

Return on Assets (ROA) serves as information conveyed by management to investors regarding the company's financial condition and prospects. A high ROA is perceived as a positive signal because it reflects the company's ability to generate sustainable profits, thereby increasing investor confidence and contributing to higher stock prices and stock returns (Ningsih & Maharani in Almira & Wiagustini, 2022). The study by Jaya and Kuswanto (2021) shows that ROA has a positive and significant effect on stock returns. Based on the explanation above, the following hypothesis can be formulated:
H3: Return on Assets (ROA) has a positive and significant effect on stock returns.

The Effect of Net Profit Margin (NPM) on Stock Returns

Net Profit Margin (NPM) is a ratio used to measure a company's ability to generate net profit from each sale. The higher the NPM value, the better the company's ability to generate higher net profit (Januardin et al., 2020). Stock return

is the result obtained by investors from investments made in the capital market (Parawansa et al., 2021). A high NPM value reflects operational efficiency and sound financial conditions, thereby increasing investor interest and leading to higher stock prices and expected stock returns (Hasanudin et al., 2020).

A high NPM is perceived as a positive signal from management to investors regarding the company's performance and financial stability. This signal can enhance market confidence and encourage greater investment interest, which ultimately leads to an increase in stock returns (Kasmir, 2019). The study by Qotrunnada et al. (2021) shows that Net Profit Margin (NPM) has a positive and significant effect on stock returns. Based on the explanation above, the following hypothesis can be formulated:

H4: Net Profit Margin (NPM) has a positive and significant effect on stock returns.

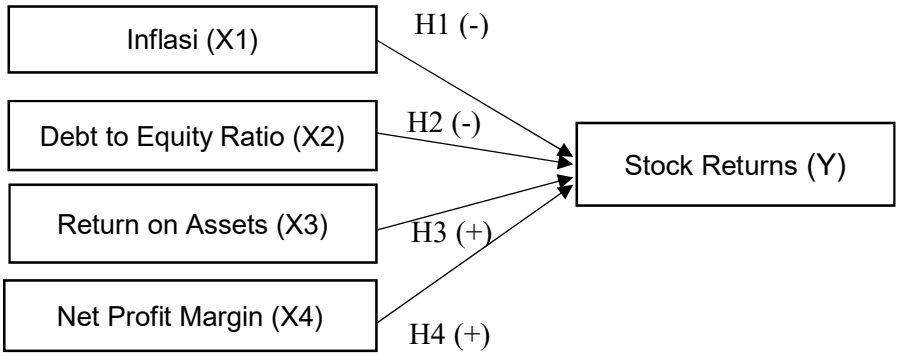

Figure 1 Research Model

Based on the figure above, the author formulates the research hypotheses to examine and analyze the effect of Inflation, Debt to Equity Ratio (DER), Return on Assets (ROA), and Net Profit Margin (NPM) on stock returns.

3. RESEARCH METHOD

Type and Source of Data

This study is a quantitative research aimed at analyzing the effect of Inflation, Debt to Equity Ratio (DER), Return on Assets (ROA), and Net Profit Margin (NPM) on stock returns. The data used in this study are secondary data obtained from the annual reports of mining companies listed on the Indonesia Stock Exchange (IDX) for the period 2022–2024. The data were accessed through the official website of the Indonesia Stock Exchange at www.idx.co.id and www.finance.yahoo.com

Population and Sample

The population in this study consists of mining companies listed on the Indonesia Stock Exchange (IDX) during the period 2022–2024. The sample was determined using a purposive sampling technique based on the following criteria: (1) mining companies listed on the Indonesia Stock Exchange during the period 2022–2024; (2) companies that consistently published annual reports during the 2022–2024 period; and (3) mining companies that have complete financial

statement data relevant to the variables required for this study, namely stock returns, inflation, Debt to Equity Ratio (DER), Return on Assets (ROA), and Net Profit Margin (NPM).

Table 1. Sample Selection Results

Criteria	Number
Mining companies listed on the Indonesia Stock Exchange (IDX) during 2022–2024	46
Companies that did not consistently publish financial statements during the 2022–2024 period	(2)
Companies with incomplete data related to the research variables during 2022–2024	(16)
Total sample	28
Observation period (years)	3
Total observations during the 2022–2024 observation period	84

Source: Secondary data processed, 2025.

Based on Table 1, it is known that there were 46 companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2024 period. After data screening based on the predetermined criteria, a total of 28 companies were selected as the research sample. Therefore, the total number of observations in this study is 84 observations over three periods.

Operational Definition of Variables

This study uses one dependent variable and four independent variables. The operational definitions of the variables are as follows:

Stock Return

Return is the result obtained from an investment (Almira & Wiagustina, 2020). According to Sidarta and Syarifudin (2022), the higher the stock return of a company, the greater the investor interest in investing their capital. This increase in investment interest encourages companies to manage and utilize the funds obtained optimally in order to enhance firm value, which ultimately contributes to an increase in stock returns. However, it should be understood that an increase in stock returns is also accompanied by an increase in the level of risk borne by investors. Formula: (Almira & Wiagustina, 2020)

$$Rt = \frac{Pt - P(t-1)}{P(t-1)} x100\% \quad \text{.....(1)}$$

Inflation

Inflation is a tendency for the general and sustained increase in the prices of goods and services. Under inflationary conditions, companies tend to face constraints in the production process due to rising production costs. This increase in costs causes product selling prices to become higher and less affordable for consumers, which ultimately leads to a decline in the company's sales volume (Dewi & Yusuf, 2023). Formula: (Melinda et al., 2024).

$$Inf\ (t) = \frac{IHK\ (t) - IHK\ (t-1)}{IHK\ (t-1)} \text{ x } 100\% \quad \text{.....(2)}$$

***Debt to Equity Ratio* (DER)**

Debt to Equity Ratio (DER) is a ratio that measures a company's performance in meeting its long-term debt obligations by comparing total liabilities to total equity (Larasati & Suhono, 2022). The lower the Debt to Equity Ratio (DER), the safer the company's financial condition is considered to be, as it indicates that the proportion of debt to equity is relatively small, thereby reducing the financial risk borne by the company (Yudistirha et al., 2025). Debt to Equity Ratio (DER) can be calculated using the following formula (Gultom & Lubis, 2021):

$$\text{DER} = \frac{\text{Total Liabilitie}}{\text{Total Equity}} \quad \text{.....(3)}$$

***Return on Assets* (ROA)**

Return on Assets (ROA) is a profitability ratio used to measure a company's success in generating profits from all of its assets. ROA reflects how effectively a company utilizes its total assets to generate earnings. The higher the ROA value, the greater the stock return that can be obtained by investors (Utami et al., 2021). Return on Assets (ROA) can be calculated using the following formula (Khoiriyah & Wahyu, 2023):

$$\text{ROA} = \frac{Net\ Profit}{\text{Total Assets}} \text{x} 100\% \quad \text{.....(4)}$$

***Net profit Margin* (NPM)**

According to Hadu et al. (2023), Net Profit Margin (NPM) is a financial ratio used to measure a company's ability to generate net profit from each sale made. An increase in the Net Profit Margin (NPM) reflects improved financial performance. This condition indicates that the company is able to generate higher net profit from its sales, Thereby increasing the returns received by shareholders. Consequently, investors and potential investors tend to be more interested in investing their funds in the company (Siregar, 2022). Net Profit Margin (NPM) can be measured using the following formula (Qotrunnada et al., 2021):

$$\text{NPM} = \frac{Net\ Profit}{\text{Sales}} \quad \text{.....(5)}$$

Data Analysis

Descriptive statistics

According to Sugiyono (2020), descriptive statistics is a statistical method used to describe or explain the characteristics of data from a sample or population as they are, without conducting hypothesis testing or making general conclusions. Ghozali (2022) states that descriptive statistics provide an overview or description of data based on the mean, standard deviation, variance, maximum, minimum, sum, range, kurtosis, and skewness (distribution asymmetry). In this study, the variables described using descriptive statistics are inflation, Debt to Equity Ratio (DER), Return on Assets (ROA), and Net Profit Margin (NPM).

Classical Assumption test

To test the feasibility of the regression model used, it must first satisfy the classical assumption tests. The classical assumption tests in this study consist of multicollinearity, autocorrelation, heteroscedasticity, and normality tests.

Multiple Linear Regression Analysis

The data analysis technique used in this study is multiple linear regression analysis. Multiple linear regression is an analytical model used to examine the effect of two or more independent variables on one dependent variable. The regression model used to analyze the effect of inflation, Debt to Equity Ratio (DER), Return on Assets (ROA), and Net Profit Margin (NPM) in this study is as follows:

$$Y: \alpha + \beta 1\ X1 + \beta 2\ X2 + \beta 3\ X3 + \beta 4\ X4 + e$$

Information:

Y	: Stock Return as the Dependent Variable
α	: Constant
β1, β2, β3, β4	: Regression Coefficient
X1	: Inflation
X2	: DER as an Independent Variable
X3	: ROA as an Independent Variable
X4	: NPM as an Independent Variable
e	: *Standard Error*

4. RESULTS AND DISCUSSION

Partial Test

Table 2. t-Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	Sig.	Information
	B	Std. Error	Beta		
(Constant)	3,666	2,458		,145	
Inflasi	1,172	,730	,261	,118	Rejected
DER	-,047	,221	-,040	,831	Rejected
ROA	-,047	,253	-,048	,853	Rejected
NPM	,386	,312	,311	,224	Rejected

Source: data processing, 2025

Based on Table 2 showing the results of the *t-test*, this test was conducted to determine the partial effect of each independent variable on the dependent variable. The results can be explained as follows:

a. The test results indicate that the Inflation variable has a regression coefficient value of 1.172 with a significance value of 0.118. Since the significance value is greater than 0.05, it can be concluded that Inflation has a positive but insignificant effect on stock returns; therefore, the hypothesis is rejected.

b. The test results indicate that the DER variable has a regression coefficient value of −0.047 with a significance value of 0.831. Since the significance value is greater than 0.05, it can be concluded that DER has a negative but insignificant effect on stock returns; therefore, the hypothesis is rejected.
c. The test results indicate that the ROA variable has a regression coefficient value of −0.047 with a significance value of 0.853. Since the significance value is greater than 0.05, it can be concluded that ROA has a negative but insignificant effect on stock returns; therefore, the hypothesis is rejected.
d. The test results indicate that the NPM variable has a regression coefficient value of 0.386 with a significance value of 0.224. Since the significance value is greater than 0.05, it can be concluded that NPM has a positive but insignificant effect on stock returns; therefore, the hypothesis is rejected.

Discussion

The Effect of Inflation on Stock Returns

Based on the results of the partial test (t-test) presented in Table 2, the inflation variable has a regression coefficient of 1.172 with a significance value of 0.118. This significance value is greater than the 0.05 significance level, indicating that inflation has a positive but insignificant effect on stock returns. Therefore, the hypothesis stating that inflation has a significant effect on stock returns is rejected.

These results indicate that changes in the inflation rate during the research period were not sufficient to have a meaningful impact on stock returns. This condition suggests that investors tend to anticipate inflation fluctuations in their investment decision-making processes by utilizing macroeconomic analysis and relevant financial information. As a result, increases in inflation do not directly affect stock returns. Inflation is considered a systematic risk that cannot be eliminated through diversification.

Therefore, investors anticipate its impact by adjusting their asset allocation, selecting inflation-resistant assets, and incorporating inflation expectations into their valuation models. In addition, the stability of monetary policy and the ability of companies to adjust prices and operational costs may have mitigated the impact of inflation on stock performance.

The findings of this study are consistent with the results of previous studies by Putri and Panjaitan (2024) and Zukhrufiah et al. (2025), which state that inflation has a positive but insignificant effect on stock returns.

The Effect of Debt to Equity Ratio (DER) on Stock Returns

Based on the results of the partial test (t-test) presented in Table 2, the Debt to Equity Ratio (DER) variable has a regression coefficient of −0.047 with a significance value of 0.831. This significance value is greater than 0.05, indicating that DER has a negative but insignificant effect on stock returns. Therefore, the hypothesis stating that DER has a significant effect on stock returns is rejected.

These findings indicate that the level of corporate leverage, as reflected in DER, has not been a primary consideration for investors in determining stock returns. Investors tend not to rely solely on a company's capital structure but also consider other factors such as growth prospects, earnings stability, and overall market conditions. In addition, debt usage that remains within reasonable limits may be perceived as a corporate strategy to support operational activities without posing significant risk to stock returns.

The use of debt can provide financial leverage, enabling companies to expand their operations, invest in productive assets, and optimize capital structure. When managed effectively, debt financing may enhance profitability by increasing the return on equity, as long as the returns generated from the invested funds exceed the cost of debt. However, excessive reliance on debt may increase financial risk and potentially reduce firm performance.

The results of this study are consistent with the findings of Fradana and Widodo (2023) and Hikmat et al. (2025), which state that the Debt to Equity Ratio (DER) has a negative but insignificant effect on stock returns.

The Effect of Return on Assets (ROA) on Stock Returns

Based on the results of the partial test (t-test) presented in Table 2, the Return on Assets (ROA) variable has a regression coefficient of −0.047 with a significance value of 0.853. This value is greater than the 0.05 significance level, indicating that ROA has a negative and insignificant effect on stock returns. Therefore, the hypothesis stating that ROA has a significant effect on stock returns is rejected.

These results indicate that the company's ability to generate profits from its assets does not significantly influence stock returns. This may be due to investors focusing more on short-term returns and external market factors rather than asset profitability. In addition, ROA information may already be reflected in stock prices, reducing its relevance as a new signal. Although asset utilization remains important, especially in mining activities, ROA does not appear to be a primary consideration for investors in this study.

The findings of this study are consistent with previous research by Mellinia et al. (2024) and Safitri and Santoso (2025), which state that Return on Assets (ROA) has a negative and insignificant effect on stock returns.

The Effect of Net Profit Margin (NPM) on Stock Returns

Based on the results of the partial test (t-test) presented in Table 2, the Net Profit Margin (NPM) variable has a regression coefficient of 0.386 with a significance value of 0.224. This significance value is greater than 0.05, indicating that NPM has a positive but insignificant effect on stock returns. Therefore, the hypothesis stating that NPM has a significant effect on stock returns is rejected.

These findings indicate that the company's efficiency in generating net profit from sales does not directly affect stock returns. Therefore, companies are expected to anticipate market price volatility by implementing effective financial and risk management strategies, particularly to maintain the stability of their financial performance, especially net profit. Although Net Profit Margin (NPM) reflects the company's operational performance, investors may place greater emphasis on other factors, such as macroeconomic conditions, market sentiment, and the company's future growth potential when making investment decisions.

The results of this study are consistent with previous studies by Arramdhani and Cahyono (2020) and Putri et al. (2020), which state that Net Profit Margin (NPM) has a positive but insignificant effect on stock returns.

5. CONCLUSION

This study aims to analyze the effect of inflation, Debt to Equity Ratio (DER), Return on Assets (ROA), and Net Profit Margin (NPM) on stock returns of mining companies listed on the Indonesia Stock Exchange during the 2022–2024 period. Based on the results of multiple linear regression analysis, it can be concluded that partially, inflation, DER, ROA, and NPM do not have a significant effect on stock returns.

Inflation shows a positive but insignificant relationship with stock returns, indicating that changes in the inflation rate during the research period were not strong enough to directly influence investors' investment decisions in the mining sector. DER and ROA exhibit negative but insignificant effects on stock returns, suggesting that the level of financial risk and the effectiveness of asset utilization were not dominant factors in determining stock returns. Meanwhile, NPM has a positive but insignificant effect on stock returns, indicating that the company's ability to generate net profit has not been fully reflected in stock return movements in the capital market.

Overall, the findings suggest that stock returns of mining companies are not only influenced by macroeconomic factors and corporate financial performance, but also by other factors outside the research model, such as market conditions, commodity price fluctuations, and investor sentiment.

Research Limitations

This study has several limitations. First, the observation period is relatively short, covering only 2022–2024, and therefore may not fully capture long-term conditions and the cyclical nature of the mining industry. Second, the independent variables are limited to inflation and selected financial ratios, which may not comprehensively represent all fundamental and external factors affecting stock returns. Third, the study focuses solely on mining companies listed on the Indonesia Stock Exchange, limiting the generalizability of the findings to other sectors. Fourth, the analytical method employed is limited to multiple linear regression, which may not fully capture dynamic or non-linear relationships among variables.

Recommendations

Based on these limitations, future research is recommended to:

1. Extend the observation period to better capture economic dynamics and industry cycles.
2. Include additional variables such as interest rates, exchange rates, global commodity prices, firm size, price-to-earnings ratio (PER), and non-financial variables such as market sentiment.
3. Apply more diverse analytical methods, such as panel data regression, time-series models, or other econometric approaches to obtain more robust results.
4. Expand the research object to other industrial sectors or conduct cross-sector comparisons to enhance the generalizability of the findings.

With these improvements, future studies are expected to provide more comprehensive, accurate, and relevant results in explaining the determinants of stock returns and to contribute more broadly to the development of capital market research.

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