Financial Performance and Sharia Stock Prices: Evidence from Indonesia's Halal Food and Beverage Industry

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Abstract

This study examined the effects of profitability, liquidity, and solvency on the Sharia stock prices of halal food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the 2019–2021 period. A quantitative research approach was employed using secondary data obtained from audited annual financial statements. The sample consisted of 16 Sharia-compliant companies selected through purposive sampling, resulting in 48 firm-year observations. Multiple linear regression analysis was conducted to evaluate the effects of Return on Assets (ROA), Current Ratio (CR), and Debt-to-Equity Ratio (DER) on Sharia stock prices. The results indicated that profitability and solvency significantly affected Sharia stock prices, whereas liquidity did not have a significant effect. Simultaneously, the three financial ratios explained 40.8% of the variation in Sharia stock prices. These findings suggested that profitability and capital structure were more important than liquidity in determining stock valuation within Indonesia's Islamic capital market. However, the study was limited to the halal food and beverage manufacturing subsector and a three-year observation period. This study contributed updated empirical evidence on the financial determinants of Sharia stock prices and enriched the literature on Islamic capital markets in Indonesia.

Keywords: *Halal Food Industry, Liquidity, Profitability, Sharia Stock Price, Solvency*

1. INTRODUCTION

The Indonesian capital market has experienced substantial growth over the past decade, accompanied by the rapid expansion of Sharia-compliant investment instruments. The increasing number of companies included in the Sharia Securities List has encouraged investors to rely on reliable financial information when evaluating corporate performance and minimizing investment risk. In this context, stock prices reflect investors' assessments of a firm's current condition and future prospects, making financial performance one of the primary considerations in investment decisions (Lim, 2022; Tian, Yang, Zhang, Zhang, Liu, Xie, Que, & Wang, 2023).

Among Sharia-compliant industries, the halal food and beverage manufacturing sector occupies a strategic position because it represents one of the largest contributors to Indonesia's halal economy while attracting increasing interest from both domestic and international investors. The sector operates within a distinctive business environment characterized by compliance with Sharia principles, growing halal consumer demand, and government initiatives to strengthen the national halal ecosystem. These characteristics differentiate halal food and beverage companies from conventional manufacturing firms and may influence how investors evaluate firms' financial performance and future prospects (Hati, Prasetyo, & Hendranastiti, 2026; Puspitasari, & Urumsah, 2022; Rusmita, Zulaikha, Mazlan, Dali, Cahyono, & Ramadhani, 2023). Consequently, halal food and beverage manufacturers operate within a distinctive business environment characterized by compliance with Sharia principles, expanding consumer demand, and increasing investor attention. Despite these favorable conditions, firms remain exposed to fluctuations in production costs, raw material prices, and market demand, which may affect their financial performance and ultimately influence investors' valuation of their shares. Therefore, accounting-based financial information becomes an essential consideration for investors in assessing the sustainability and future growth prospects of Sharia-compliant firms (Doloksaribu, Tambunan, & Rambe, 2023; Rahim, Safitra, & Putra, 2023).

According to Signaling Theory by Spence (1973), financial statements provide important signals regarding a firm's quality and future prospects, thereby reducing information asymmetry between managers and investors. Investors interpret profitability, liquidity, and solvency as accounting signals that influence their expectations of firm value and stock prices (Lim, 2022; Liu, Zhang, & Zhang, 2024). Profitability, measured by Return on Assets (ROA), reflects management's ability to generate earnings from corporate assets and is generally interpreted as a positive signal of future performance. Liquidity, represented by the Current Ratio (CR), indicates a firm's capacity to meet short-term obligations, while solvency, measured by the Debt-to-Equity Ratio (DER), reflects the firm's financing structure and financial risk. These indicators provide important signals that investors incorporate into their investment decisions, which are ultimately reflected in stock prices (Bhaktiar, & Fathoni, 2024; Mariati, & Sinaga, 2022).

Previous empirical studies have reported inconsistent findings regarding the effects of financial performance on stock prices. Several studies have shown that profitability positively influences stock prices because firms with stronger earnings are perceived to possess better growth prospects and greater investment potential. In contrast, the relationship between liquidity and stock prices remains inconclusive, while the influence of leverage varies depending on investors' perceptions of financial risk and firms' capital structures (Ayuningsih, & Winarso, 2023; Lestari, & Robianto, 2023; Trisnowati, Achsani, Sembel, & Andati, 2022). Despite these findings, most previous studies have focused on manufacturing firms in general or conventional companies, with relatively limited empirical evidence concerning Sharia-compliant halal food and beverage manufacturers. This sector operates under distinctive characteristics, including compliance with Sharia principles, a rapidly expanding halal market, and increasing investor interest, which may shape investors' responses to financial information differently from those in conventional industries (Hati et al., 2026). Therefore, further investigation is required to provide a more comprehensive understanding of how profitability, liquidity, and solvency influence the stock prices of Sharia-compliant halal food and beverage companies in Indonesia.

Therefore, this study examines the effects of profitability (ROA), liquidity (CR), and solvency (DER) on the stock prices of Sharia-compliant halal food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the 2019–2021 period. By focusing on a strategically important sector within Indonesia Islamic capital market, this study contributes to the literature by extending empirical evidence on the relationship between financial performance and stock prices in a Sharia context. The findings are expected to provide valuable insights for investors, corporate managers, and policymakers in evaluating corporate financial performance and supporting informed investment decision-making.

2. LITERATURE REVIEW

Financial performance is widely recognized as one of the primary determinants of stock valuation because it reflects a firm's operational efficiency, financial stability, and future growth prospects. According to Signaling Theory (Spence, 1973), managers possess superior information regarding a firm's current condition and future prospects compared with external investors. To reduce information asymmetry, firms communicate this information through financial statements, which serve as credible signals of corporate quality. Investors subsequently interpret these signals when assessing investment opportunities and estimating future firm value. Consequently, accounting information remains an essential basis for investment decisions because it provides standardized and verifiable evidence of corporate performance. Recent studies also indicate that financial information continues to play a significant role in determining investors' decisions despite the increasing availability of alternative information sources and digital investment platforms (Asyik et al., 2023; Lim, 2022; Liu et al., 2024; Nofal et al., 2024). Therefore, profitability, liquidity, and solvency are among the most important financial indicators used to explain stock price movements.

Within the Islamic capital market, investment decisions are influenced not only by the expectation of financial returns but also by compliance with Sharia principles. Sharia-compliant companies are required to operate within ethical business practices and financial structures that avoid excessive uncertainty (*gharar*), speculative activities (*maysir*), and interest-based financing (*riba*). These principles encourage transparency, accountability, and sustainable business practices, making financial performance an important indicator for evaluating both firm quality and Sharia compliance. Consequently, investors in Sharia-compliant securities tend to place greater emphasis on firms' financial stability and long-term sustainability when assessing investment opportunities. Previous studies have also demonstrated that Sharia compliance influences market valuation and investors' perceptions of firm quality, indicating that financial information remains highly relevant in explaining stock price movements in Islamic capital markets (Berakon et al., 2024; Farooq & Ahmed, 2022; Sukor & Halim, 2022).

Profitability represents a firm's ability to generate earnings from its available resources and is commonly measured using Return on Assets (ROA). From the perspective of Signaling Theory, higher profitability sends a positive signal regarding managerial efficiency and the firm's ability to generate sustainable earnings in the future. Firms that utilize their assets efficiently are generally perceived as having stronger future cash flows and dividend potential, thereby increasing investor confidence and enhancing firm value. Previous empirical studies consistently report that profitability contributes positively to firm valuation because investors interpret strong earnings performance as evidence of sustainable competitive advantage and future growth potential (Abbas et al., 2022; Ahmed et al., 2024). Nevertheless, stock prices are not determined solely by profitability because investors also consider other aspects of financial performance and external economic conditions.

Liquidity reflects a firm's ability to meet its short-term financial obligations and is commonly measured using the Current Ratio (CR). Adequate liquidity indicates effective working capital management and reduces the probability of financial distress, thereby providing a positive signal regarding the firm's short-term financial resilience. Investors generally perceive firms with sufficient liquidity as possessing lower default risk and greater operational stability. However, maintaining excessively high liquidity may also indicate inefficient utilization of current assets, limiting profitability and reducing value creation. Consequently, previous empirical studies have reported inconsistent evidence regarding the influence of liquidity on stock prices because investors may interpret high liquidity either as financial strength or as inefficient resource allocation (Loppies et al., 2022; Umar & Al-Faryan, 2023).

Solvency, represented by the Debt-to-Equity Ratio (DER), measures the proportion of debt financing relative to shareholders' equity and reflects a firm's long-term financial risk. Capital structure theory suggests that debt financing provides opportunities for business expansion and tax advantages while simultaneously increasing the possibility of financial distress. Therefore, investors evaluate leverage by balancing its potential benefits against the associated financial risks. Firms maintaining an optimal capital structure are generally expected to enhance firm value, whereas excessive leverage may reduce investor confidence because of higher repayment obligations and bankruptcy risk. As a result, the influence of solvency on stock prices differs across industries, firm characteristics, and market conditions (Ahmed et al., 2024; Bui et al., 2023; Rehan et al., 2024).

Previous empirical studies have produced inconsistent findings regarding the effects of profitability, liquidity, and solvency on stock prices. Several studies concluded that profitability is the dominant determinant of stock prices because higher earnings provide positive signals regarding firms' future prospects. In contrast, other studies reported that liquidity has an insignificant influence, while the effect of leverage varies according to industrial characteristics, financial risk, and investors' perceptions (Ayuningsih & Winarso, 2023; Lestari & Robianto, 2023; Trisnowati et al., 2022). Furthermore, many recent studies have focused on banking institutions, ESG performance, financial distress, capital structure, or general manufacturing companies rather than simultaneously examining profitability, liquidity, and solvency within Indonesia's Sharia-compliant halal food and beverage manufacturing industry. Considering the distinctive characteristics of Sharia-compliant firms and the strategic role of the halal food and beverage sector in Indonesia's Islamic economy, empirical evidence explaining how financial performance influences Sharia stock prices remains relatively limited (Kismawadi, 2024; Rusmita et al., 2023). Therefore, further investigation is necessary to provide a more comprehensive understanding of the relationships between profitability, liquidity, solvency, and the stock prices of Sharia-compliant halal food and beverage manufacturing companies listed on the Indonesia Stock Exchange.

3. RESEARCH METHODOLOGY

This study employed a quantitative research approach with an associative design to examine the effects of profitability, liquidity, and solvency on Sharia stock prices. The research used secondary data obtained from the audited annual financial statements of halal food and beverage manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2021 period. This approach was considered appropriate because it enabled the examination of causal relationships between financial performance indicators and Sharia stock prices using measurable financial data (Hair, Black, Babin, & Anderson, 2019).

The population consisted of 26 halal food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the observation period. The sample was selected using purposive sampling because this technique enables researchers to obtain observations that best represent the research objectives based on predetermined criteria. Purposive sampling was considered appropriate since not all listed companies consistently fulfilled the requirements regarding Sharia compliance and the availability of complete financial data throughout the observation period. The sampling criteria were as follows: Companies consistently included in the Sharia Securities List during 2019–2021, companies publishing complete audited annual financial statements, and companies providing complete financial information required for the research variables. Based on these criteria, 16 companies were selected, resulting in 48 firm-year observations (Baltagi, 2021).

The dependent variable in this study was Sharia stock price, measured using the annual closing stock price. The independent variables consisted of profitability, liquidity, and solvency, represented by Return on Assets (ROA), Current Ratio (CR), and Debt-to-Equity Ratio (DER), respectively. The operational definitions of the research variables are presented in Table 1.

Table 1. Operational definition of research variables

Variable	Proxy	Measurement	Scale
Profitability	Return on Assets (ROA)	Net Income / Total Assets × 100%	Ratio
Liquidity	Current Ratio (CR)	Current Assets / Current Liabilities	Ratio
Solvency	Debt-to-Equity Ratio (DER)	Total Debt / Total Equity	Ratio
Sharia Stock Price	Closing Price	Annual Closing Stock Price (IDR)	Ratio

Financial data were collected through documentation techniques using audited annual reports obtained from the official Indonesia Stock Exchange website and the official websites of the sampled companies. The collected data were analyzed using descriptive statistics and multiple linear regression analysis to examine the partial and simultaneous effects of profitability, liquidity, and solvency on Sharia stock prices. Multiple linear regression was selected because the study aimed to evaluate the influence of several independent variables on a single dependent variable while estimating the individual contribution of each variable to Sharia stock prices.

Although the dataset consisted of firm-year observations, this study employed pooled multiple linear regression rather than panel data analysis because the primary objective was to examine the overall relationship between financial performance indicators and Sharia stock prices across the observation period. In addition, the relatively short observation period (2019–2021) limited the time dimension of the dataset, making multiple linear regression an appropriate analytical approach for the research objectives.

Prior to hypothesis testing, the regression model was evaluated using classical assumption tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests, to ensure that the assumptions underlying Ordinary Least Squares (OLS) regression were satisfied and that the estimated coefficients were valid and reliable. Subsequently, the hypotheses were tested using the t-test to examine the partial effect of each independent variable and the F-test to examine their simultaneous effect. The coefficient of determination (R^2) was calculated to measure the proportion of variation in Sharia stock prices explained by the independent variables. The multiple linear regression model emp Formula 1 loyed in this study is expressed as follows:

$$SP = \alpha + \beta_1 ROA \\ + \beta_2 CR + \beta_3 DER + \epsilon \tag{1}$$

Where SP represents the Sharia stock price, α is the regression constant, β_1–β_3 are the regression coefficients, and ε is the error term.

4. RESULTS AND DISCUSSION

4.1 Descriptive Analysis

This section presents the descriptive statistics of the research variables to provide an overview of the financial performance of Sharia-compliant food and beverage manufacturing companies during the 2019–2021 observation period. The analysis focuses on profitability, liquidity, and solvency before hypothesis testing. The descriptive performance of the sampled companies is presented in Table 2.

Table 2. Descriptive performance of sampled companies (2019–2021)

Company	Average ROA (%)	Average CR	Average DER (%)	Financial Performance
CAMP	4.49	1307.00	12.80	High liquidity, low profitability
CEKA	12.70	475.30	23.25	Strong financial condition
CLEO	11.34	147.60	47.87	Moderate performance
DLTA	15.59	678.60	22.50	Strong profitability and liquidity
DMND	0.06	3.24	0.39	Weak profitability
GOOD	6.52	1.59	1.11	Moderate performance
HOKI	0.18	2.27	0.39	Low profitability
ICBP	5.39	2.20	0.89	Moderate performance
INDF	2.42	1.32	0.97	Low profitability
MLBI	9.32	78.66	90.17	High leverage
MYOR	7.55	193.20	80.70	Moderate leverage
ROTI	5.20	2.73	0.47	Stable performance
STTP	16.91	234.70	27.30	Strong profitability
ULTJ	15.20	3.32	48.02	Good profitability
SKBM	0.62	1.33	0.86	Weak profitability
SKLT	38.50	1.55	87.40	Highest profitability

The descriptive results indicate considerable variation in the financial performance of the sampled companies. In terms of profitability, PT Sekar Laut Tbk (SKLT) recorded the highest average Return on Assets (38.50%), indicating superior efficiency in utilizing corporate assets to generate earnings. Conversely, DMND, HOKI, and SKBM reported relatively low profitability, suggesting limited effectiveness in converting assets into net income.

Regarding liquidity, CAMP, CEKA, DLTA, and STTP exhibited substantially higher Current Ratios than the other companies, reflecting stronger short-term financial capacity. However, excessively high liquidity does not necessarily indicate better financial performance because idle current assets may reduce operational efficiency. This finding is consistent with Umar and Al-Faryan

(2023), who emphasized the importance of efficient working capital management in improving corporate performance, and Alnori and Bugshan (2022), who argued that liquidity management influences firm performance depending on corporate financial strategies.

The solvency analysis shows that most companies maintained relatively conservative capital structures, while PT Multi Bintang Indonesia Tbk (MLBI) recorded the highest average Debt-to-Equity Ratio (90.17%), indicating greater reliance on debt financing. Although leverage can support business expansion, excessive debt may increase financial risk and reduce investor confidence. This finding is consistent with Ahmed, Rahman, Rehman, Imran, Hossain, and Dunay (2024) and Bui, Nguyen, and Pham (2023), who reported that an optimal capital structure contributes positively to firm performance and firm value by balancing financing benefits with financial risk.

Overall, the descriptive analysis demonstrates that the sampled companies possess diverse financial characteristics in terms of profitability, liquidity, and solvency. These variations provide an appropriate basis for examining whether differences in financial performance contribute to differences in Sharia stock prices. Similar findings were reported by Berakon, Wibowo, Indarti, Muhammad, and Yusfiarto (2024), Kismawadi (2024), and Rusmita, Zulaikha, Mazlan, Dali, Cahyono, and Ramadhani (2023) who emphasized that differences in financial performance and operational efficiency influence firm value and investors' assessments in the Islamic capital market.

4.2 Hypothesis Testing

Table 3. Summary of hypothesis testing results

Hypothesis	Variable	Result	Contribution
H_1	Return on Assets (ROA) → Sharia Stock Price	Supported (Significant)	18.6%
H_2	Current Ratio (CR) → Sharia Stock Price	Not Supported (Insignificant)	2.73%
H_3	Debt-to-Equity Ratio (DER) → Sharia Stock Price	Supported (Significant)	23.3%
H_4	ROA, CR, and DER → Sharia Stock Price	Supported (Simultaneously Significant)	40.8%

Table 3 summarizes the results of the regression analysis. The findings indicate that profitability (ROA) and solvency (DER) have significant effects on Sharia stock prices, whereas liquidity (CR) does not significantly influence stock prices. Furthermore, the regression model is statistically significant in explaining the relationship between financial performance and Sharia stock prices. The coefficient of determination (R^2) shows that profitability, liquidity, and solvency jointly explain 40.8% of the variation in Sharia stock prices, while the remaining 59.2% is attributable to other financial and non-financial factors outside the proposed model.

4.3 Effect of Profitability on Sharia Stock Prices

The findings demonstrate that profitability, measured by Return on Assets (ROA), has a positive and significant effect on Sharia stock prices, contributing 18.6% to stock price variation. This result indicates that firms capable of generating higher earnings through efficient asset utilization tend to receive higher market valuations. Higher profitability increases investors' expectations regarding future cash flows and dividend distribution, thereby encouraging stronger demand for company shares.

This finding supports Signaling Theory, which explains that corporate financial performance functions as a signal that reduces information asymmetry between managers and investors. A higher ROA communicates management's ability to utilize corporate resources efficiently and maintain sustainable earnings, leading investors to perceive the firm as financially sound and capable of generating long-term value. Within the Islamic capital market, profitability is particularly important because investors not only seek financial returns but also value firms demonstrating sustainable performance consistent with Sharia principles.

The findings are consistent with Nofal et al. (2024), who reported that high-quality financial information strengthens investor confidence and improves market responses. Similar results were reported by Alghifari et al. (2022) and Meiryani et al. (2023), who concluded that superior financial performance positively contributes to firm value. Likewise, Farooq & Ahmed (2022) and Ryandono et al. (2025) emphasized that profitability remains one of the most important considerations for investors in Sharia-compliant firms because sustainable earnings reflect both financial strength and long-term business viability.

4.4 Effect of Liquidity on Sharia Stock Prices

Liquidity, represented by the Current Ratio (CR), was found to have no significant effect on Sharia stock prices, contributing only 2.73% to stock price variation. This finding suggests that investors do not primarily rely on short-term liquidity when evaluating Sharia-compliant companies. Instead, investors appear to place greater emphasis on indicators that directly reflect long-term profitability and financial sustainability.

One possible explanation is that most sampled companies maintained relatively adequate liquidity throughout the observation period, making liquidity less useful for distinguishing firm quality. Although sufficient liquidity reduces the risk of short-term financial distress, excessively high liquidity may indicate inefficient utilization of current assets and idle resources. Consequently, investors may interpret liquidity as a supporting indicator rather than a principal determinant of stock valuation.

These findings are consistent with Loppies et al. (2022), who concluded that the Current Ratio alone does not consistently explain stock price movements. Pebriani et al. (2024) similarly argued that liquidity becomes more meaningful when interpreted together with other indicators of financial performance. Furthermore, Asyik et al. (2023) suggested that investors increasingly evaluate firms using comprehensive financial reporting rather than relying on a single accounting ratio, explaining the insignificant relationship observed in this study.

4.5 Effect of Solvency on Sharia Stock Prices

The results further indicate that solvency, measured by the Debt-to-Equity Ratio (DER), significantly affects Sharia stock prices, contributing 23.3% to stock price variation. This finding implies that investors consider capital structure an important indicator of long-term financial stability when assessing Sharia-compliant companies. Firms maintaining balanced leverage are generally perceived as having stronger financing capacity while avoiding excessive financial risk.

From a theoretical perspective, capital structure represents an important financial signal because it reflects management's financing decisions and risk management capability. Although debt may support business expansion, excessive leverage increases financial obligations and bankruptcy risk. Investors therefore evaluate whether firms maintain an appropriate balance between debt financing and shareholders' equity. In the context of the Islamic capital market, prudent debt management is particularly relevant because Sharia-compliant firms are expected to maintain financing structures consistent with Islamic financial principles.

These findings support Rehan et al. (2024), who demonstrated that capital structure influences investors' perceptions of financial stability in Sharia-compliant firms. Ahmed et al. (2024) similarly found that an optimal financing structure improves firm performance, while Abbas et al. (2022) and Sukor & Halim (2022) emphasized that prudent debt management contributes to sustainable corporate value and strengthens investor confidence within Islamic capital markets.

4.6 Simultaneous Effect of Profitability, Liquidity, and Solvency

The regression results indicate that profitability, liquidity, and solvency simultaneously have a significant effect on Sharia stock prices, with the proposed model explaining 40.8% of the variation in stock prices. This finding demonstrates that investors evaluate firms based on multiple dimensions of financial performance rather than relying on a single financial ratio. While profitability and solvency individually exert stronger influences than liquidity, the combined contribution of the three variables confirms that accounting information remains highly relevant in determining stock valuation.

Nevertheless, approximately 59.2% of the variation in Sharia stock prices is explained by variables beyond the proposed model. Factors such as corporate governance, sustainability reporting, macroeconomic conditions, ESG performance, firm size, and investor sentiment may also influence stock price movements. These findings are consistent with Gunawan & Nakajima (2025), Asyik et al. (2023), Rahim et al. (2023) and Kuzmin et al. (2025) who argued that investors increasingly integrate both financial and non-financial information when evaluating firm value in modern capital markets.

4.6.1 Research Implications

The findings of this study provide both theoretical and practical implications regarding the determinants of Sharia stock prices in Indonesia's halal food and beverage manufacturing industry. Empirically, the results demonstrate that profitability and solvency significantly influence Sharia stock prices, whereas liquidity does not have a significant effect. These findings indicate that investors place greater emphasis on a firm's long-term financial performance and capital structure than on its short-term liquidity position when evaluating Sharia-compliant companies.

From a theoretical perspective, the findings support signaling theory, which suggests that corporate financial performance serves as an important signal for reducing information asymmetry between managers and investors. Companies with higher profitability and balanced capital structures tend to receive more favorable market valuations because they are perceived as having stronger financial sustainability and lower investment risk. These findings are consistent with previous studies emphasizing the importance of financial performance and capital structure in enhancing firm value and investor confidence (Ahmed et al., 2024; Hermawan et al., 2025; Umar & Al-Faryan, 2023)

From a practical perspective, the findings suggest that managers of halal food and beverage manufacturing companies should prioritize strategies that improve profitability through efficient asset utilization while maintaining prudent debt management. Although adequate liquidity remains essential for supporting business operations, maintaining excessively high levels of current assets does not necessarily enhance market valuation. Therefore, companies should allocate financial resources efficiently to achieve sustainable financial performance and strengthen investor confidence.

Although the proposed model explained 40.8% of the variation in Sharia stock prices, the remaining variation indicates that market valuation is also influenced by other factors, including corporate governance, sustainability performance, macroeconomic conditions, investor sentiment, and other firm-specific characteristics. Future studies are therefore encouraged to incorporate both financial and non-financial variables to provide a more comprehensive understanding of stock price formation within Indonesia's Islamic capital market.

5. CONCLUSIONS

5.1 Conclusion

This study examined the effects of profitability, liquidity, and solvency on the Sharia stock prices of halal food and beverage manufacturing companies listed on the Indonesia Stock Exchange during the 2019–2021 period. The findings revealed that profitability (ROA) and solvency (DER) significantly influenced Sharia stock prices, whereas liquidity (CR) did not have a significant effect. Simultaneously, the three financial performance indicators explained 40.8% of the variation in Sharia stock prices, indicating that investors evaluate Sharia-compliant companies based primarily on long-term financial performance and capital structure rather than short-term liquidity.

These findings contribute to the Islamic capital market literature by providing empirical evidence that accounting-based financial performance remains an important determinant of stock valuation within Indonesia's Sharia-compliant halal food and beverage industry. The study also extends the application of Signaling Theory in the context of the Islamic capital market by demonstrating that profitability and solvency serve as stronger financial signals than liquidity in influencing investors' valuation decisions. Consequently, the findings enrich the understanding of how investors interpret financial information when evaluating Sharia-compliant companies and provide practical insights for managers and investors seeking to strengthen corporate value through sustainable financial performance.

5.2 Research Limitations

This study has several limitations. First, the observation period was limited to three years (2019–2021), which may not fully capture long-term changes in corporate financial performance and stock price movements. Second, the analysis focused exclusively on Sharia-compliant companies within the halal food and beverage manufacturing sector listed on the Indonesia Stock Exchange, limiting the generalizability of the findings to other industries. Finally, the regression model explained 40.8% of the variation in Sharia stock prices, indicating that other financial and non-financial factors also contribute to stock price determination.

5.3 Suggestions and Directions for Future Research

Future research is encouraged to extend the observation period and include companies from broader industrial sectors to improve the generalizability of the findings. Researchers are also recommended to incorporate additional variables, such as corporate governance, firm size, earnings quality, sustainability performance, environmental, social, and governance (ESG) factors, macroeconomic indicators, and investor sentiment, to enhance the explanatory power of stock price prediction models. Such efforts are expected to provide a more comprehensive understanding of the determinants of Sharia stock prices and support the development of the Islamic capital market literature.

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AUTHOR CONTRIBUTIONS

KSP contributed to the conceptualization, methodology development, data collection, data analysis, and preparation of the original manuscript draft. AH contributed to the development of the conceptual framework, literature review, manuscript review, validation, and research supervision. YAA contributed to methodology refinement, literature analysis, interpretation of findings, and critical review of the manuscript. QOM contributed to data analysis support, validation, manuscript editing, and overall quality assurance of the research. All authors have read and agreed to the published version of the manuscript.

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