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Effect of Profitability, Earnings Per Share, and Firm Size on Stock Prices with Corporate Governance Moderation

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Abstract

Objective – To examine and analyze the effects of profitability, earnings per share, and firm size on stock prices, and to determine the moderating role of good corporate governance in processed food subsector companies listed on the Indonesia Stock Exchange during 2020-2024.

Design/Methodology/Approach – This study employs a quantitative approach using secondary data from 10 companies, resulting in a total of 50 observations. Profitability is measured by return on assets, EPS by net income per shares outstanding, firm size by the natural logarithm of total assets, stock price by closing price, and GCG by institutional ownership. The analysis method used is Moderated Regression Analysis (MRA) with SPSS 26.

Findings – The results show that profitability, EPS, and firm size have a positive and significant effect on stock prices. GCG does not moderate the relationship between profitability and stock prices but significantly moderates the effects of EPS and firm size.

Implications – Financial performance variables are key determinants of stock prices, while GCG enhances investor confidence, particularly in earnings and firm scale, offering theoretical support and practical guidance for companies and investors.

Keywords: Profitability, Earnings per share, Firm Size, Stock Price, Good Corporate Governance.

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INTRODUCTION

The capital market plays a vital role in economic development as a mechanism for fund allocation and an indicator of a country's economic performance. In Indonesia, the performance of the capital market is reflected in the Composite Stock Price Index (IHSG), which represents the overall movement of stock prices listed on the Indonesia Stock Exchange. Fluctuations in stock prices indicate changes in investor confidence toward economic stability and corporate growth prospects (Fahmi, 2020). In this context, understanding the determinants of stock prices becomes essential for both investors and companies.

The processed food subsector, as part of the consumer goods industry, has relatively stable long-term demand due to its role in fulfilling basic needs. However, stock price movements within this subsector during the 2020-2024 period show fluctuations, indicating that investor decisions are influenced by various factors. From the external perspective, data from Kadin (2025) indicate that the food and beverage sector recorded a growth of 8.56% in 2024, however this growth was not consistently followed by an increase in stock prices due to macroeconomic pressures. According to the Central Bureau of Statistics (BPS), household consumption growth in the third quarter of 2024 was 4.91%, lower than 5.05% in the same period of the previous year, reflecting weakening purchasing power. Additionally, the national inflation rate in 2024 was recorded at 1.57% (YoY), indicating relatively weak domestic demand. Furthermore, based on Indonesia Stock Exchange data, the capital market experienced a correction in 2024, as reflected in the decline of the IHSG from 7,273 in 2023 to 7,080 in 2024 (a decrease of 2.65%). Pranata (2024) states that relatively high interest rate policies encouraged investors to shift their funds to safer instruments, thereby reducing interest in stock market investments, including in the processed food subsector.

From the internal perspective, financial performance is a primary consideration in investment decision-making. Profitability reflects a firm's ability to generate earnings from its assets and indicates operational efficiency (Kasmir, 2018). Higher profitability is generally associated with better firm performance and increased investor confidence, leading to higher stock prices (Hertina et al., 2022). Earnings per share (EPS) is another important indicator that measures the amount of profit attributable to each outstanding share and serves as a benchmark for evaluating expected returns (Dewi and Pusparini, 2024). In addition, firm size reflects a company's stability, operational capacity, and access to external financing, which are important considerations for investors (Brigham and Houston, 2020). Larger firms are typically perceived as less risky and more stable, thereby attracting greater investor interest.

Despite the theoretical expectations, empirical findings regarding the effects of profitability, EPS, and firm size on stock prices remain inconsistent. Some studies report a positive and significant relationship, while others find weak or insignificant effects, particularly in emerging markets characterized by higher uncertainty and information asymmetry. These inconsistencies indicate that the relationship between financial performance and stock prices may be influenced by other factors.

In recent developments, corporate governance has gained significant attention as a determinant of firm value. Good Corporate Governance (GCG) refers to a system that regulates and controls a company to ensure transparency, accountability, and fairness. Effective governance mechanisms are expected to reduce agency conflicts and enhance the credibility of financial information, thereby increasing investor trust.

Furthermore, GCG is increasingly examined not only as a direct determinant but also as a moderating variable in the relationship between financial performance and stock prices. Strong governance mechanisms may strengthen the influence of profitability, EPS, and firm size by

improving information quality and reducing uncertainty faced by investors. However, empirical evidence on the moderating role of GCG remains inconclusive. Some studies suggest that GCG strengthens the relationship between financial performance and stock prices, while others find that its moderating effect is limited or insignificant.

These inconsistencies highlight the existence of a research gap, particularly in the context of the processed food subsector in Indonesia, which has unique characteristics and market dynamics. Therefore, this study aims to examine the effect of profitability, earnings per share, and firm size on stock prices, with good corporate governance as a moderating variable in processed food subsector companies listed on the Indonesia Stock Exchange during the 2020-2024 period. This research is expected to contribute to the financial literature by providing empirical evidence on the role of corporate governance in strengthening the relationship between financial performance and stock prices, as well as offering practical insights for investors and corporate management in decision making.

Literature Review

Signalling Theory

Signalling theory was introduced by Spence (1973), which states that parties possessing superior information will provide signals to other parties in order to reduce information asymmetry. These signals take the form of information reflecting the condition and prospects of an entity, which can be used as a basis for decision-making. Through the presence of such signals, parties with limited information are able to make more accurate assessments regarding a company's performance and future prospects, thereby minimizing the risk of incorrect decisions.

Agency Theory

According to Brigham and Houston (2020), agency theory explains the relationship between company owners (principals) and management (agents) who are authorized to manage the company. Differences in interests and information asymmetry between the two parties may give rise to conflicts, where management may make decisions that are not always aligned with shareholders' objectives. Therefore, effective monitoring mechanisms and the implementation of good corporate governance are necessary to minimize agency conflicts and ensure that managerial decisions remain transparent and accountable.

Profitability

Profitability refers to a company's ability to generate profits effectively and efficiently by utilizing all of its available resources. According to Astuti et al. (2021), higher profitability indicates better financial performance, as it reflects the company's ability to create added value and provide optimal returns to shareholders. Profitability also serves as an important indicator for investors and management in evaluating corporate performance and functions as a basis for investment decision-making and overall firm valuation. According to Astuti et al. (2021:55), return on assets can be calculated using the following formula:

$$\text{Return On Assets} = \frac{\text{Net Income}}{\text{Total Assets}} x\ 100\% \quad \text{.....(1)}$$

Earnings Per Share

Earnings per share is a ratio that indicates the net income earned by a company per outstanding share. According to Hery (2015), earnings per share is used to assess a company's ability to provide returns to its shareholders. Meanwhile, Kasmir (2018:115) states that earnings per share reflects the net income available for each share and serves as a tool for investors to evaluate the company's profitability level. According to Brigham and Houston (2020), earnings per share can be calculated using the following formula:

$$\text{Earnings per share} = \frac{\text{Net Income}}{\text{Number of Outstanding Shares}} \quad \text{.....(2)}$$

Firm Size

Firm size is an important indicator in assessing a company's capacity, stability, and competitive position. According to Brigham and Houston (2020), firm size can be measured through total assets, total revenue, or total equity. Meanwhile, Hanafi and Halim (2016) state that total sales and market capitalization may also serve as additional indicators. Firm size is commonly transformed into its natural logarithm form in order to produce more proportional data and allow comparisons among companies with different scales of operation. Larger firms generally have better reputations, broader access to funding sources, and greater ability to withstand risks compared to smaller firms. According to Ghozali (2018:38), firm size can be calculated using the following formula:

$$\text{Firm Size} = \text{Ln}(\text{Total}(\text{Assets})) \quad \text{.....(3)}$$

Stock Price

Stock price is the market price of a share formed based on the forces of supply and demand in the capital market (Hartono, 2017). Stock prices reflect investors' expectations and perceptions regarding a company's performance and prospects, and are used as a tool to evaluate the company's ability to generate profits, manage assets, and maintain business stability. A high stock price indicates strong investor confidence in the company's future prospects, whereas a low stock price reflects declining market confidence. In this study, stock price is measured using the year-end closing price of processed food subsector companies during the research period from 2020 to 2024.

Good Corporate Governance

According to the Forum for Corporate Governance Indonesia (as cited in Putri and Sarumpaet, 2024), good corporate governance refers to a set of systems, rules, and mechanisms that regulate the relationships among management, shareholders, creditors, employees, the government, and other stakeholders. Good corporate governance aims to ensure that a company is managed professionally, transparently, and accountably, so that corporate decisions reflect a balance of interests among all parties involved. The implementation of good corporate governance can enhance investor confidence, support corporate stability, and facilitate the achievement of long-term corporate objectives. According to Sari (2017), institutional ownership as a proxy for good corporate governance can be calculated using the following formula:

$$\text{Institutional Ownership} = \frac{\text{Number of Shares Held by Institutions}}{\text{Total Outstanding Shares}} \text{ x } 100\% \quad \text{.....(4)}$$

Research Framework

Hypothesis

Profitability reflects a company's ability to generate profits from its operational activities through the utilization of its total assets. A high level of profitability indicates strong corporate performance, which can enhance investor confidence in the company's future prospects. This condition may increase investment interest and ultimately lead to higher stock prices in the capital market. Although profitability is theoretically regarded as an important factor influencing stock prices, empirical findings remain inconsistent. Dewi and Pusparini (2024) found that return on assets has a negative and significant effect on stock prices, whereas Sunaryo and Sulantari (2022) reported that profitability proxied by return on assets has no effect on stock prices. These inconsistent findings indicate the existence of a research gap, particularly in processed food subsector companies. Therefore, the following hypothesis is proposed: **H1: Profitability has a positive and significant effect on stock prices.**

Earnings per share represents the amount of net income earned by investors for each outstanding share. EPS reflects the company's ability to generate profits for shareholders and is often used by investors as a basis for evaluating corporate performance and prospects. A higher EPS indicates greater potential returns for investors, thereby providing a positive signal for investment decisions. This condition may increase stock demand and drive stock price growth in the capital market. However, empirical findings remain inconclusive. Al Barohin and Nasution (2023) found that EPS has a positive effect on stock prices, whereas Dewi and Pusparini (2024) reported that EPS has no significant effect on stock prices. These differences indicate a research gap, particularly within the processed food subsector. Therefore, the following hypothesis is proposed: **H2: Earnings per share has a positive and significant effect on stock prices.**

Firm size reflects the scale of a company, commonly measured by total assets. It represents operational capacity, stability, and the company's ability to cope with business uncertainty. Larger firms generally have broader access to funding, relatively lower risk levels, and better sustainability prospects, which may create positive perceptions among investors. This condition can increase investment interest and potentially raise stock prices. However, empirical results remain inconsistent. Hertina et al. (2022) found that firm size has a positive and significant effect on stock prices, whereas Angelina and Salim (2021) found that firm size has a negative and insignificant effect. These inconsistent findings suggest a research gap, particularly in processed food subsector companies. Therefore, the following hypothesis is proposed: **H3: Firm size has a positive and significant effect on stock prices.**

Good corporate governance (GCG) is a governance system designed to direct and control corporate activities based on the principles of transparency, accountability, responsibility, independence, and fairness. One commonly used mechanism of GCG is institutional ownership, as institutional investors tend to conduct more effective monitoring of management performance. Strong monitoring is expected to ensure that reported profits accurately reflect actual corporate performance, thereby strengthening the effect of profitability on stock prices. However, empirical findings remain inconsistent. Anggitasari and Mutmainah (as cited in Ramadhani, 2020) found that institutional ownership strengthens the effect of return on assets on stock prices, whereas Sari and Ridwan (2017) reported that GCG does not moderate the effect of return on assets on stock prices. These inconsistencies indicate a research gap, particularly in processed food subsector companies. Therefore, the following hypothesis is proposed: **H4: Good corporate governance moderates the effect of profitability on stock prices.**

Earnings per share is frequently used by investors as a basis for assessing profitability performance and making investment decisions. However, earnings information may create information asymmetry between management and shareholders. In such circumstances, the implementation of good corporate governance becomes essential to enhance transparency and accountability in financial reporting. Through institutional ownership mechanisms, GCG is expected to strengthen the effect of earnings per share on stock prices by ensuring that reported earnings reflect the company's true performance. Nevertheless, empirical findings remain inconsistent. Amelia et al. (2021) found that GCG strengthens the effect of EPS on stock prices, whereas Sari and Ridwan (2017) found no moderating role of GCG. These differences indicate a research gap, particularly within the processed food subsector. Therefore, the following hypothesis is proposed: **H5: Good corporate governance moderates the effect of earnings per share on stock prices.**

Large firm size does not necessarily guarantee efficiency and transparency in asset management. Therefore, the implementation of good corporate governance is essential to ensure that corporate activities are conducted transparently and accountably. GCG is expected to align managerial decisions with the interests of shareholders and stakeholders, thereby strengthening the effect of firm size on stock prices. However, empirical findings remain inconsistent. Maulida and Gusni (2025) found that institutional ownership strengthens the effect of firm size on stock prices, whereas Aulia (2022) found no significant moderating role of GCG. These inconsistencies indicate a research gap, particularly in processed food subsector companies. Therefore, the following hypothesis is proposed: **H6: Good corporate governance moderates the effect of firm size on stock prices**.

METHODS

This study employs a quantitative approach with a causal associative design (explanatory research) approach aimed at examining the effect of profitability, earnings per share, and firm size on stock prices with good corporate governance as a moderating variable. The data used are secondary data obtained from companies' financial statements accessed through the Indonesia Stock Exchange (IDX) and analyzed using statistical tests.

The population in this study consists of all food and beverage sector companies in the processed food subsector listed on the IDX during the 2020-2024 period, with an initial total of 27 companies. Since not all companies have complete and consistent data, purposive sampling was applied with the following criteria: (1) processed food subsector companies that were listed and consistently recorded on the IDX from 2020-2024, (2) companies that generated profits during 2020-2024, (3) companies that published complete good corporate governance reports during 2020-2024, and (4) companies that were not subject to stock trading suspension during 2020-2024.

This study employs the documentation method as the data collection technique by gathering secondary data sourced from companies' financial statements. The data were obtained from the official website of the IDX as well as from GIBEI STIESIA Surabaya for the 2020-2024 period. This method was chosen because the data have been publicly published and are accessible to the public.

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

The results of the descriptive statistical analysis in this study are as follows:

Table 1. Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	50	.018	.194	.08640	.041885
EPS	50	11.305	1489.392	361.78238	391.973717
FZ	50	27.375	32.938	29.75634	1.643932
SP	50	99	13625	4092.72	3741.910
IO	50	.052	.994	.69295	.281590
Valid N (listwise)	50				

Source: Secondary data, processed (2025)

Based on the results of the descriptive analysis in Table 1, the N column shows that the total number of observations used in this study is 50, derived from processed food subsector companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

The profitability has a minimum value of 0.018 at PT Budi Starch and Sweetener Tbk (BUDI) and a maximum value of 0.194 at PT Siantar Top Tbk (STTP). The mean value (0.08640) is higher than the standard deviation (0.041885), indicating a relatively narrow data distribution and low variation.

The earnings per share has a minimum value of 11.305 at PT Budi Starch and Sweetener Tbk (BUDI) and a maximum value of 1,489.392 at PT Indofood Sukses Makmur Tbk (INDF). The mean value (361.78238) is lower than the standard deviation (391.973717), indicating a wide data distribution and high variation.

The firm size has a minimum value of 27.375 at PT Sekar Laut Tbk (SKLT) and a maximum value of 32.938 at PT Indofood Sukses Makmur Tbk (INDF). The mean value (29.75634) is higher than the standard deviation (1.643932), indicating a relatively narrow data distribution.

The stock price has a minimum value of 99 at PT Sekar Laut Tbk (SKLT) and a maximum value of 13,625 at PT Indofood Sukses Makmur Tbk (INDF). The mean value (4,092.72) is higher than the standard deviation (3,741.910), indicating relatively low variation.

The good corporate governance, proxied by institutional ownership, has a minimum value of 0.052 at PT Tigaraksa Satria Tbk (TGKA) and a maximum value of 0.994 at PT Nippon Indosari Corpindo Tbk (ROTI). The mean value (0.69295) is higher than the standard deviation (0.281590), indicating a narrow data distribution and low variation.

Moderated Regression Analysis

The results of the moderated regression analysis in this study are as follows:

Table 2. Results of Moderated Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-7.660	2.322		-3.299	.002
	ROA	.365	.091	.159	3.990	.000
	EPS	.680	.045	.843	15.049	.000
	FZ	3.774	.759	.161	4.973	.000
	ROA_IO	.261	.147	.363	1.775	.083
	EPS_IO	.166	.064	.658	2.578	.013
	FZ_IO	.505	.187	1.077	2.704	.010

Source: Secondary data, processed (2025)

From the data presented in Table 2, it can be incorporated into the moderated regression equation as follows:

SP = -7,660 + 0,365 ROA + 0,680 EPS + 3,774 FZ + 0,261 ROA*IO + 0,166 EPS*IO + 0,505 + FZ*IO + ε

The results of the moderated regression model can be interpreted as follows: (1) The constant value (α) of –7,660 indicates that if profitability, earnings per share, firm size, and good corporate governance as a moderating variable are equal to zero, then the stock price of processed food subsector companies listed on the Indonesia Stock Exchange during the 2020-2024 period would be –7,660. (2) The profitability (ROA) coefficient of 0,365 indicates a positive (direct) relationship between profitability and stock price. This means that when profitability increases, the stock price increases by 0.365 and conversely. 3) The earnings per share (EPS) coefficient of 0,680 indicates a positive (direct) relationship between earnings per share and stock price. This implies that when EPS increases, the stock price increases by 0,680 and conversely. (4) The firm size coefficient of 3,774 indicates a positive (direct) relationship between firm size and stock price. This means that when firm size increases, the stock price increases by 3,774 and conversely. (5) The coefficient of profitability moderated by good corporate governance (ROA_IO) of 0,261 indicates a positive relationship between moderated profitability and stock price. This coefficient shows that good corporate governance strengthens the effect of profitability on stock price by 0,261. Thus, when ROA_IO increases, the stock price also increases, and conversely. (6) The coefficient of earnings per share moderated by good corporate governance (EPS_IO) of 0,166 indicates a positive relationship between moderated EPS and stock price. This suggests that good corporate governance strengthens the effect of EPS on stock price by 0,166. Therefore, when EPS_IO increases, the stock price increases, and conversely. (7) The coefficient of firm size moderated by good corporate governance (FZ_IO) of 0,505 indicates a positive relationship between moderated firm size and stock price. This means that good corporate governance strengthens the effect of firm size on stock price by 0,505. Thus, when FZ_IO increases, the stock price also increases, and conversely.

Classical Assumption Test

Normality Test

The results of the normality test in this study are as follows:

Table 3. Results of Kolmogorov–Smirnov Normality Test

		Unstandardized Residual
N		50
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.45459739
Most Extreme Differences	Absolute	.099
	Positive	.069
	Negative	-.099
Test Statistic		.099
Asymp. Sig. (2-tailed)		.200[c,d]

Source: Secondary data, processed (2025)

Based on the results of the Kolmogorov–Smirnov test in Table 3, the Asymp. Sig. value is 0,200. This value is > 0,05, indicating that the regression model satisfies the normality assumption or is normally distributed.

Multicollinearity Test

The results of the multicollinearity test in this study are as follows:

Table 4. Result of Multicollinearity

Model		Collinearity Statistics		Conclution
		Tolerance	VIF	
1	(Constant)			
	ROA	.566	1.767	No Multicollinearity Occurs
	EPS	.436	2.295	No Multicollinearity Occurs
	FZ	.586	1.707	No Multicollinearity Occurs

Source: Secondary data, processed (2025)

Based on the results of the multicollinearity test in Table 4, it can be observed that the tolerance values for each variable in this study are > 0,10 and the VIF values are < 10. Therefore, it can be concluded that the regression model used does not experience multicollinearity problems.

Autocorrelation Test

The results of the autocorrelation test using the Durbin–Watson method are as follows:

Table 5. Result of Autocorrelation

Model	Durbin-Watson	Conclution
1	1.993	No Autocorrelation Occurs

Source: Secondary data, processed (2025)

Based on the results of the autocorrelation test in Table 5, the Durbin–Watson (DW) value is 1,993. This indicates that the regression model satisfies the assumption of no autocorrelation and is appropriate for use in this study.

Heteroscedasticity Test

The results of the heteroscedasticity test in this study are as follows:

Table 6. Result of Heteroscedasticity

Model		Sig	Conclution
1	(Constant)	.052	
	ROA	.061	No Heteroscedasticity Occurs
	EPS	.074	No Heteroscedasticity Occurs
	FZ	.054	No Heteroscedasticity Occurs

Source: Secondary data, processed (2025)

Based on the results of the heteroscedasticity test in Table 6, all independent variables have significance values > 0,05. Therefore, the regression model is considered free from heteroscedasticity.

Model Feasibility Test

F-Test

The results of the F-test in this study are as follows:

Table 7. Result of F-Test

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	78.058	6	13.010	372.321	.000[b]

	Residual	1.503	43	.035
	Total	79.561	49	

Source: Secondary data, processed (2025)

Based on the results of the F-test in Table 7, the significance value is 0,000 < 0,05. Therefore, the regression model is considered feasible. This indicates that the variables profitability, earnings per share, and firm size are able to explain the stock price variable.

Coefficient of Determination Test (R^2)

The results of the coefficient of determination (R^2) test in this study are as follows:

Table 8. Result of Coefficient Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.991[a]	.981	.978	.186928

Source: Secondary data, processed (2025)

Based on the results of the coefficient of determination test in Table 8, the R Square value of 0,981 indicates that profitability, earnings per share, and firm size, with good corporate governance as a moderating variable, are able to explain 98.1% of the variation in stock prices. The remaining 1.9% is explained by other variables outside the research model.

Hypothesis Test

The results of the hypothesis testing in this study are as follows:

Table 9. Result of Hypothesis Test

Model		Unstandardized Coefficients		T	Sig.	Conclution
		B	Std. Error			
1	(Constant)	-7.660	2.322	-3.299	.002	
	ROA	.365	.091	3.990	.000	Significant
	EPS	.680	.045	15.049	.000	Significant
	FZ	3.774	.759	4.973	.000	Significant
	ROA_IO	.261	.147	1.775	.083	Not Significant
	EPS_IO	.166	.064	2.578	.013	Significant
	FZ_IO	.505	.187	2.704	.010	Significant

Source: Secondary data, processed (2025)

Based on the results of the hypothesis testing in Table 9, the conclusions are as follows: (1) The profitability test shows a t-value of 3,990 with a significance level of 0,000 ≤ 0,05. This indicates that profitability has a positive and significant effect on stock prices, therefore H1 is accepted. (2) The earnings per share test also shows a positive and significant effect on stock prices, with a t-value of 15,049 and a significance level of 0,000 ≤ 0,05, therefore H2 is accepted. (3) The firm size test shows a t-value of 4,973 with a significance level of 0,000 ≤ 0,05, indicating that firm size has a positive and significant effect on stock prices, therefore H3 is accepted. (4) The moderating variable test shows that the interaction between profitability and good corporate governance has a t-value of 1,775 with a significance level of 0,083 ≥ 0,05. This indicates that good corporate governance does not moderate the effect of profitability on stock prices, therefore H4 is rejected. (5) The interaction between earnings per share and good corporate governance shows a t-value of 2,578 with a

significance level of 0,013 ≤ 0,05. This indicates that good corporate governance significantly moderates the effect of earnings per share on stock prices, therefore H5 is accepted. (6) The interaction between firm size and good corporate governance shows a t-value of 2,704 with a significance level of 0,010 ≤ 0,05. This indicates that good corporate governance moderates the effect of firm size on stock prices, therefore H6 is accepted.

Discussion

Profitability Has a Positive and Significant Effect on Stock Prices

The results of this study indicate that profitability, proxied by return on assets (ROA), has a positive and significant effect on stock prices. These finding indicate that, for processed food subsector companies listed on the Indonesia Stock Exchange during the 2020-2024 period, a higher level of profitability reflects the company's ability to efficiently manage its total assets to generate profit, thereby increasing investor confidence and leading to higher stock prices. High profitability indicates effective management performance in utilizing company assets, which serves as a positive signal for investors in assessing company performance and future prospects amid economic uncertainty. This result is consistent with the findings of Dewi and Pusparini (2024), who state that return on assets has a positive and significant effect on stock prices. However, this finding contradicts the study by Sunaryo and Sulantari (2022), which concludes that return on assets does not have a significant effect on stock prices. The difference in results may be attributed to variations in research periods, economic conditions, and sector characteristics, as their study examined the broader food and beverage sector, which is more heterogeneous compared to the processed food subsector used in this study.

Earnings per share Has a Positive and Significant Effect on Stock Prices

The results of this study indicate that earnings per share (EPS) has a positive and significant effect on stock prices. This finding suggests that, for processed food subsector companies listed on the Indonesia Stock Exchange during the 2020-2024 period, a higher EPS reflects the company's ability to generate net income per share for investors. As a direct indicator of profitability, EPS plays an important role in assessing return potential and contributes to an increase in stock prices. A high EPS provides a positive signal regarding the stability of company performance and its future prospects amid economic uncertainty. This result is consistent with the findings of Al Barohin and Nasution (2023), who state that earnings per share has a positive and significant effect on stock prices. However, this finding contradicts the study by Dewi and Pusparini (2024), which concludes that earnings per share does not have a significant effect on stock prices. The difference in results may be influenced by differences in research periods and research object characteristics. The previous study examined companies included in the IDX30, which generally have relatively stable performance, whereas this study focuses on the processed food subsector during the 2020-2024 period, marked by global economic uncertainty. Consequently, earnings per share may have become a more prominent indicator for investors during this period.

Firm Size Has a Positive and Significant Effect on Stock Prices

The results of this study indicate that firm size has a positive and significant effect on stock prices. This suggests that company size is an important consideration for investors in assessing stock value, as firm size reflects the magnitude of assets, operational capacity, and financial stability of a company. For processed food subsector companies listed on the Indonesia Stock Exchange during

the 2020-2024 period, larger companies are perceived as having a better ability to manage business risks and maintain sustainable financial performance. This finding is consistent with the study by Hertina et al. (2022), which states that firm size has a positive and significant effect on stock prices. However, this result contradicts the findings of Angelina and Salim (2021), who concluded that firm size has a negative and insignificant effect on stock prices. The difference in results may be attributed to variations in sector characteristics and research periods. During the period of global economic uncertainty from 2020-2024, and within the processed food subsector which heavily depends on production efficiency and distribution stability firm size becomes a crucial indicator of a company's resilience and competitiveness, thus attracting greater attention from investors in determining stock prices.

Good Corporate Governance Does Not Moderate the Effect of Profitability on Stock Prices

The results of this study indicate that good corporate governance, proxied by institutional ownership, does not moderate the effect of profitability on stock prices. This suggests that, although theoretically institutional ownership is expected to enhance management oversight, the level of institutional ownership in processed food subsector companies during the 2020-2024 period tended to be stable with relatively low variation, making its role as a moderating variable not strong enough. Under these conditions, investors respond more directly to a company's profitability performance rather than the corporate governance mechanisms in place. This finding is consistent with the study by Sari and Ridwan (2017), which states that good corporate governance does not moderate the effect of profitability on stock prices. However, it contradicts the study by Anggitasari and Mutmainah (2012), which found that institutional ownership can moderate the effect of profitability on stock prices. The difference in results may be influenced by the characteristics of the subsector and the economic conditions during the research period. In the processed food subsector during the global economic uncertainty of 2020-2024, investors tend to prioritize observable financial performance indicators, so the role of good corporate governance as a factor strengthening the effect of profitability on stock prices has not yet appeared significantly.

Good Corporate Governance Moderates the Effect of Earnings per share on Stock Prices

The results of this study indicate that good corporate governance, proxied by institutional ownership, is able to moderate the effect of earnings per share (EPS) on stock prices. This suggests that the impact of EPS on stock prices becomes stronger when supported by effective corporate governance mechanisms. For processed food subsector companies during the 2020-2024 period, institutional ownership plays a role in enhancing management oversight, making the earnings per share information presented by the company more credible to investors. This finding is consistent with the study by Amelia et al. (2021), which states that good corporate governance can moderate the effect of EPS on stock prices. However, it contradicts the study by Sari and Ridwan (2017), which found that good corporate governance does not moderate the effect of EPS on stock prices. The difference in results may be due to variations in research objects and periods. In the processed food subsector during the 2020-2024 period of economic uncertainty, investors tend to pay more attention to EPS that is supported by high-quality corporate governance, making the role of good corporate governance as a moderating variable more significant in influencing stock prices.

Good Corporate Governance Moderates the Effect of Firm Size on Stock Prices

The results of this study indicate that good corporate governance, proxied by institutional ownership, is able to moderate the effect of firm size on stock prices. This suggests that the impact of company size on stock prices becomes stronger when supported by effective corporate governance mechanisms. For processed food subsector companies during the 2020–2024 period, larger companies are perceived as having greater business stability and better resilience, especially amid economic uncertainty. This finding is consistent with the study by Maulida and Gusni (2025), which states that good corporate governance can moderate the effect of firm size on stock prices. However, it contradicts the study by Aulia (2022), which found that good corporate governance does not significantly moderate the effect of firm size on stock prices. The difference in results may be influenced by variations in economic conditions and the characteristics of the research subsector. During the 2020–2024 period of economic uncertainty, institutional ownership plays an important role in ensuring effective management of company assets, thereby strengthening the effect of firm size on stock prices.

CONCLUSION

This study concludes that profitability, earnings per share, and firm size each have a positive and significant effect on stock prices. Good corporate governance does not moderate the relationship between profitability and stock prices, but it significantly strengthens the effects of EPS and firm size, indicating that governance enhances the credibility of earnings and investor trust, particularly in larger firms. However, this study is limited by its five-year observation period (2020-2024), the restricted set of independent variables, and the use of institutional ownership as a single proxy for GCG. Future research is recommended to extend the observation period, incorporate additional firm-specific and macroeconomic variables, and employ broader governance proxies. Practically, firms should improve profitability, maintain stable EPS, and strengthen governance practices, while investors should consider these factors when making investment decisions.

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