*International Journal of Business, Management & Economics*
*e-ISSN: 2746-1351*
*Vol. 7, No. 4, November 2026*

# The Effect of Earnings Volatility, Cash Holdings, and Firm Size on Stock Price Volatility, with Firm Value as an Intervening Variable: The Case of Listed Firms Indexed by the Jakarta Islamic Index

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Article Information:

Received: November 02, 2026; Accepted: November 18, 2026; Published: November 19, 2026

**Abstract**

This study aims to determine the effect of Earnings Volatility, Cash Holding, and Firm Size on Stock Price Volatility, with Firm Value as an Intervening Variable, in companies listed on the Jakarta Islamic Index (JII). This study employed an associative method using secondary data. The population in this study was 30 companies, and a sample of 20 companies met certain criteria. The results indicate a positive and significant effect of earnings volatility on firm value, a positive and significant effect of cash holdings on firm value, a positive and significant effect of firm size on firm value, a positive and significant effect of earnings volatility on stock price volatility, a positive and significant effect of cash holdings on stock price volatility, a positive and significant effect of firm size on stock price volatility, and a positive and significant effect of firm value on stock price volatility.

**Keywords:** Earnings Volatility; Cash Holdings; Firm Size; Firm Value; Stock Price Volatility

**JEL Classification**: G12, G32, G30, L25

## 1. Introduction

The development of sharia-compliant stocks in Indonesia shows positive growth, driven by an increase in listed sharia stocks and investors, as well as the roles of regulation and technology. Sharia-compliant company stocks in Indonesia, specifically those on the Indonesia Stock Exchange (IDX), have shifted significantly and are now included in several sharia stock indices. As of 2025, five such indices exist: the Indonesia Sharia Stock Index (ISSI), the Jakarta Islamic Index (JII), the JII70, the IDX Sharia Growth (IDXSHAGROW), and the IDX-MES BUMN 17. Based on these evaluations, PT Barito Pacific Tbk (BRPT) and PT Jasa Marga Tbk (JSMR) have attracted analysts' attention because of their fundamental prospects. The inclusion of BRPT in three sharia indices, ISSI, JII, and JII70, is seen as offering short-term opportunities for investors; this is expected to attract sharia-focused investors and increase liquidity for BRPT shares. In addition to BRPT and JSMR, Kiwoom Sekuritas has also highlighted PT United Tractors Tbk (UNTR) and PT Erajaya Swasembada Tbk (ERAA) as attractive stocks. It issued a "buy" recommendation for UNTR with a target price of IDR 22,700 per share, while it gave



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a "hold" recommendation for ERAA with a target price of IDR 600. (www.amp.konten.co.id)

According to Rohmawati (2017), stock price volatility refers to changes in a company's stock price, driven by factors such as operational activity, supply and demand for the stock, corporate policies, earnings, and various internal and external constraints. Specific factors that can influence stock price volatility include earnings volatility, cash holdings, firm size, and firm value. In this context, stock price volatility is defined as the ratio, or comparison, between the highest and lowest closing stock prices recorded over a single year. High volatility implies that stock prices will fluctuate rapidly, experiencing significant increases and decreases; the converse is also true. Consequently, investors must carefully consider appropriate strategies when making investment decisions. Rapid or substantial movements in stock prices are significant and can signal a company's success; when a company's stock price is high, it can attract additional investment from investors.

According to Indrarini (2019), firm value represents investors' perceptions of how successfully managers have utilized the corporate resources entrusted to them, a concept frequently linked to the company's stock price. Hery (2017) defines firm value as the state a company has reached, reflecting public confidence built over years of operation, from its inception to the present day. In financial management, it is essential to make decisions that define the target firm value to be achieved. Firm value is consistently associated with stock prices and shareholder wealth. Therefore, a favorable external assessment of a company signals positive prospects to investors, which in turn helps drive up the stock price.

According to Dewi and Paramita (2019), earnings volatility refers to fluctuations in the earnings a company accumulates over a specific period. Changes in earnings generated during the current year can serve as a parameter for investors to assess potential returns. According to Wulandari (2020:98), extreme earnings volatility affects stock prices, signaling that an economy, at both the macro and micro levels, is experiencing uncertainty. Research by Anuryana, Yamaly and Candera (2024) indicates that earnings volatility has a positive and significant effect on stock price volatility. In contrast, research by Yulinda, Pujiastuti and Haryono (2020) suggests that earnings volatility has a significant negative effect on stock price volatility.

According to Alnori (2020), holding cash helps avoid costly external financing during periods of environmental uncertainty; it also positions a company favorably for investment during a recovery phase. De Vito and Gómez (2021) suggest that maintaining high cash reserves during a pandemic signals prudent management. Furthermore, it provides a sense of investment security in an uncertain environment, reinforcing the positive signal conveyed by dividends and thereby reducing stock price volatility, specifically, cash holdings exert a significant negative influence on stock price volatility. In contrast, research by Anuryana, Yamaly and Candera (2024) indicates that cash holdings have a positive and significant effect on stock price volatility.

Pattiruhu and Paais (2020) define firm size as a metric for evaluating a business entity based on its market capitalization. This is assessed by calculating the value of the company's assets and applying a natural logarithm. Because a company's asset value tends to be very large, the logarithmic transformation makes the data more compatible with other variables. Research by Yulinda, Pujiastuti and Haryono (2020) indicates that firm size has a negative and insignificant effect on stock price volatility. In contrast, Cahyani and Hidayah (2025) find that firm size significantly affects stock price volatility. Regarding the specific issue at hand, stock prices fluctuated significantly, characterized by substantial increases, between 2020 and 2024.



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Between 2020 and 2024, stock prices depreciated the most in 2020, specifically on December 31, 2020.

The average firm value of companies listed on the Jakarta Islamic Index (JII) has fluctuated. In 2020, firm value peaked at 0.125, then fell to 0.109 (a decrease of 0.016) in 2021. It then rose again to 0.117 (an increase of 0.008) in 2022, fell to 0.100 in 2023, and reached its lowest point of 0.082 in 2024. This downward trend suggests that, on average, the market's outlook on these companies' prospects and performance has deteriorated over time. Such fluctuations in firm value, and their subsequent impact on stock price volatility, may be attributed to the research variables: earnings volatility, cash holdings, and firm size. A decline in firm value acts as a negative signal, prompting the market to sell shares rapidly and triggering sharp price movements (volatility). Conversely, the increase observed in 2022, a positive signal, could also drive volatility as optimistic investors enter the market; however, the inability to sustain this growth in the following year points to persistent high risk. Stock price volatility is a key metric and indicator of a company's success; low stock prices generally reflect a lack of investor interest in the firm. Average earnings volatility for companies listed on the Jakarta Islamic Index (JII) also fluctuated; it fell sharply in 2023 to 0.105 from the previous year and fell further to 0.091 in 2024. Meanwhile, average stock price volatility also declined sharply in 2023, dropping to 0.247 from the previous year's level. In 2024, it declined further to 0.230. Consequently, earnings volatility is high, indicating that the company's earnings fluctuate significantly, a factor that should signal high risk to investors. Earnings volatility and stock price volatility differ; the graph shows that stock price volatility did not surge in tandem with earnings volatility.

According to Brigham and Houston (2020), earnings volatility refers to fluctuations in earnings that influence stock prices; the greater the earnings volatility, the more rapidly the stock price tends to rise and fall. Such fluctuations matter to investors because they introduce uncertainty about company earnings and can lead to varying degrees of change in security values. The average cash holdings of companies listed on the Jakarta Islamic Index (JII) fluctuated; in 2023, they fell sharply from the previous year to 0.115, then dropped further to 0.051 in 2024. Similarly, average stock price volatility fell sharply in 2023 to 0.247, then declined further to 0.230 in 2024. Thus, cash holdings and stock price volatility are inconsistent: the period when stock price volatility reached its lowest level, reflecting a relatively calm market environment, also coincided with the lowest level of cash holdings. This suggests companies reallocated excess cash toward more productive activities, such as capital investment, debt reduction, or dividend payments, as the "precautionary motive", the need to hold cash as a buffer against crises, diminished significantly. According to Brigham and Houston (2020), maintaining only the minimum cash required for a company's daily transactional needs carries a high risk of incurring costs from cash shortages, as well as high transaction costs from converting other liquid assets. Company size fluctuated; in 2023, it decreased by 28.192 from the previous year, while in 2024, it increased by 28.245. Furthermore, average stock price volatility fell sharply in 2023, down 0.247 from the prior year, and continued to decline in 2024, falling by 0.230. Consequently, company size and stock price volatility are misaligned; for the most part, these two variables tend to move in the same direction (a positive correlation). An increase in company size fails to dampen stock price volatility, as both move in tandem. This suggests that systemic market risks and external factors (such as post-crisis conditions) influence stock price movements more than a company's internal scale.

According to Hery (2017), company size can influence firm value; a larger scale makes it easier



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for a company to secure funding from both internal and external sources. Investors tend to respond more positively to larger companies, which can enhance their value over time. Fluctuations in firm value serve as a key consideration for investors when making investment decisions. Companies listed on the Jakarta Islamic Index (JII) have experienced fluctuations; in 2023, firm value declined by 0.100 from the previous year, and in 2024, it fell further by 0.082. Furthermore, average stock price volatility for companies listed on the Jakarta Islamic Index (JII) fluctuated: it decreased from the previous year to 0.247 in 2023 and declined further to 0.230 in 2024. This reveals a discrepancy between the influence of firm value and stock price volatility: while internal corporate decisions, such as hoarding cash or achieving a high firm value, may mitigate firm-specific risks (i.e., the risk of failure), they are insufficient to withstand broader market pressures and sentiments, which are reflected in stock price volatility. According to Franita (2018), a high firm value is desirable for company owners, as it signifies greater prosperity for shareholders. Firm value, as reflected in stock market indicators, is heavily influenced by investment opportunities. High firm value correlates with greater value for shareholders, whereas low firm value implies lower value for investors. Stock price volatility is a key indicator of a company's success; conversely, a low stock price often reflects a lack of investor interest in the company.

## 2. Literature Review

According to Sugiyono (2019), a conceptual framework explains the relationships between the variables present in a study. In this research, Firm Value (Z) is the dependent variable, while Earnings Volatility (X1), Cash Holdings (X2), and Firm Size (X3) are the independent variables. The Effect of Earnings Volatility on Firm Value. According to Rowena and Hendra (2017), earnings volatility reflects the increases and decreases in a company's earnings over a specific period. Earnings fluctuations can make it difficult for a company to secure external funding, as the firm is perceived as unstable. Signals of such earnings instability may prompt investors to sell the company's shares quickly. Signaling Theory explains the relationship between earnings volatility and firm value. It suggests that earnings volatility is positively associated with firm value, or, more precisely, that unstable earnings signal increased risk and market uncertainty, which , n turn causes stock prices to fluctuate more erratically. Existing research presents mixed findings on this relationship. A study by Thalia Pricilla (2022) indicates that earnings volatility has a significant positive effect on firm value, whereas Pangaribuan (2023) finds that earnings volatility has no effect on firm value. Observed phenomena show that both earnings volatility and firm value have tended to decline significantly over certain periods, suggesting deteriorating performance or a shift in investor perception of the company. High earnings volatility positively influences firm value. Earnings volatility in relation to firm value directly reflects how the market, specifically investors, assesses a company's inherent risks.

The Impact of Cash Holdings on Firm Value. According to Bahrun, Tifah and Firmansyah (2020), cash holdings refer to the cash reserves a company manages, which it can use for investments or distribute to shareholders as dividends. However, holding and retaining cash carries risks. Optimized cash management can increase dividend payouts, which in turn enhances firm value. Maintaining an optimal level of cash, aligned with higher dividend distributions, sends a positive signal to investors. Optimal cash holdings represent the level of cash a company should maintain to avoid excess or deficiency, keeping the balance within a predetermined range. Cash holdings are essential for meeting daily operational requirements; these funds can also be used to distribute cash dividends to shareholders, repurchase shares



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when necessary, or address unforeseen contingencies. Existing research offers mixed findings on this relationship. Silvia and Santoso (2025) suggests that cash holdings have a significant positive impact on firm value. In contrast, Ramadhani and Mariyanti (2026) indicate that cash holdings have a significant negative impact on firm value. Ultimately, the relationship between cash holdings and firm value is maximized when a company maintains cash at an optimal, balanced level, where the risks are weighed against opportunity costs. At this level, a company can sustain its operations, meet short-term obligations, and pursue investments. Consequently, high cash holdings can attract investor interest, which may drive up share prices and reflect the firm's overall value.

The Influence of Firm Size on Firm Value. According to Ramadhani and Mariyanti (2026), firm size indicates a company's success, reflected in its total assets. Larger firm size is often associated with higher debt, which companies use to expand their prospects. Hery (2017) suggests that firm size represents a company's capacity to bear risks that may arise in various situations, a capacity influenced by the firm's scale. Large firms generally carry lower risk than smaller ones. A larger firm size tends to bolster investor confidence, thereby increasing the firm's value. Furthermore, large firms have easier access to capital markets because of their greater flexibility and ability to secure funding. Investors often interpret this as a positive signal that informs their investment decisions and reflects the firm's future value and growth potential; thus, firm size can positively influence firm value. Existing research presents varying findings on this relationship. Jaya (2020) found that firm size does not significantly affect firm value, whereas Wibowo (2021) concluded that firm size has a positive and significant effect on firm value. In some instances, however, a large and stable firm size fails to serve as a positive signal. A sharp decline in firm value toward the end of a period may indicate deeper underlying issues, such as the necessity to downsize assets, which can lead to a significant loss in value. Investors generally favor larger firms over smaller ones, as this can influence their return on investment. Large firms can leverage their assets as collateral to secure funding from investors; consequently, firm size plays a key role in determining both the type and the scale of a company's financing sources.

The Influence of Earnings Volatility on Stock Price Volatility. According to Ariningrum (2023), earnings volatility indicates the stability of a company's annual earnings. Companies with unstable earnings levels signal to investors that they carry a high level of investment risk. High earnings volatility typically reflects fluctuating profit performance, which in turn affects stock prices. Existing research offers mixed findings regarding this relationship. Anuryana, Yamaly and Candera (2024) state that earnings volatility has a positive and significant effect on stock price volatility. Conversely, Triana and Devy (2026) find that earnings volatility has a significant negative effect on stock price volatility. Meanwhile, Wibowo (2021) conclude that earnings volatility has no impact on stock price volatility. In practice, high earnings volatility, indicating that a company’s profits are highly unstable, signals high risk to investors. This elevated business risk directly contributes to increased stock price volatility (i.e., unstable or fluctuating stock prices). Such earnings fluctuations signal instability, prompting investors to exercise caution or sell their shares, which in turn influences stock price movements.

The Influence of Cash Holdings on Stock Price Volatility. According to Agency Theory, the relationship between a firm’s cash holdings and its stock price volatility tends to be positive; specifically, higher cash holdings can increase the risk of a "stock price crash." This is often an indirect effect stemming from conflicts of interest. Greater cash holdings, associated with a higher potential for agency conflicts, increase the risk of a future stock price crash, which in



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turn contributes to overall stock price volatility. Conversely, lower cash holdings are associated with a lower risk of such a crash. Existing research presents mixed findings regarding this theory. Anuryana, Yamaly and Candera (2024) state that cash holdings have a positive and significant impact on stock price volatility. In contrast, De Vito and Gómez (2021) suggest that cash holdings can negatively affect stock price volatility. This inconsistency reflects a broader debate in the literature. When cash is managed optimally and volatility is lowest, it reflects a relatively stable market environment, a state that often coincides with lower cash holdings. This suggests the firm has reallocated excess cash to more productive activities, such as capital investment, debt reduction, or dividend payments, because the "precautionary motive" (the need to hold cash as a buffer against crises) has significantly diminished.

The Influence of Firm Size on Stock Price Volatility. Firm size serves as a benchmark for operational performance, reflecting how effectively management operates the company. Larger firms generally have more financial resources for operations; consequently, firm size is often viewed as an indicator of future stability. Therefore, when financial statements provide information regarding firm size, investors may feel more confident investing in larger companies. Such investment decisions are driven by the expectation of achieving a specific return while minimizing the risks associated with stock price fluctuations. According to Ariningrum (2023), firm size serves as a metric for operational performance, reflecting how effectively a company's management oversees its operations. Firm size also characterizes a company's financial profile. Existing research on this topic presents mixed findings. Setiawan and Venona (2022) state that firm size has a positive and significant effect on stock price volatility. In contrast, Triana and Devy (2026) finds that firm size has a negative and significant effect on stock price volatility. Furthermore, the relationship between firm size and stock price volatility is inconsistent; large, stable firm size does not necessarily protect against stock price fluctuations. In this context, firm size can indicate market stability, implying that larger companies may have more stable stock prices, carry lower risk, and be more predictable for investors.

The Influence of Firm Value on Stock Price Volatility. According to Setiawan and Venona (2022), firm value, measured via the Price-to-Book Value (PBV) ratio, is a financial metric that compares a company's market stock price with its book value per share. This ratio shows the relationship between a stock's market price (as traded on an exchange) and the accounting value recorded in the company's financial statements. The PBV ratio is often viewed as an alternative approach to estimating a stock's fair value. Theoretically, a stock's market value should ideally reflect its book value, which represents the company's net assets after deducting liabilities. As a market-based indicator, PBV helps investors assess how much the market price reflects the value of the company's assets. It can help determine whether a stock is undervalued or overvalued and support investment decision-making. Existing research offers varying findings on this relationship. Triana and Devy (2026) state that firm value (PBV) negatively affects stock price volatility. Conversely, Sutrisno (2020) find that firm value has a positive and significant effect on stock price volatility. The relationship between firm value and stock price volatility suggests that fluctuations, whether increases or decreases, in stock price volatility indicate heightened risk regarding the firm's value. Investors may perceive a high stock price as a risk that requires compensation in the form of a higher expected return, given the emphasis placed on the company's valuation.



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## 3. Research Method

This study examines companies listed on the Jakarta Islamic Index (JII), 30 firms registered on the Indonesia Stock Exchange (IDX) between 2020 and 2024, to assess the relationships among earnings volatility, cash holdings, and firm size, with stock price volatility as an intervening variable. The dependent variable (Y) is firm value, measured by the ratio of stock price to book value. The independent variables are earnings volatility (X1), cash holdings (X2), and firm size (X3). Earnings volatility is measured as net income relative to total assets; cash holdings as cash and cash equivalents relative to total assets; and firm size as the natural logarithm of total assets. The intervening variable, stock price volatility (Z), is measured by the difference between the highest and lowest closing stock prices recorded within a single year. The study population consists of all 30 companies listed on the Jakarta Islamic Index (JII) on the Indonesia Stock Exchange (IDX) from 2020 to 2024, with data sourced from www.idx.co.id. A sample of 20 companies was selected from this population, chosen based on specific criteria (purposive sampling). Data were collected through documentation, specifically by gathering financial reports from the Indonesia Stock Exchange website (www.idx.co.id) for companies listed on the Jakarta Islamic Index (JII) between 2020 and 2024. This study uses path analysis.

## 4. Findings and Discussions

Below is the descriptive statistics. The stock price volatility variable ranges from -0.030 (below the mean) to 0.349 (above the mean). The mean firm value is 0.10113, while the mean stock price volatility is 1630.41681 (above the mean). The standard deviation for firm value is 0.152180 (below the mean), which indicates a high level for firm value; furthermore, the standard deviation for stock price volatility.

Table 1. Descriptive Statistics

**Descriptive Statistics**

| Variables | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Earning volatility | 100 | -.030 | .349 | .06582 | .076271 |
| Cash holding | 100 | -8662611.78 | 1918987.75 | -95935.9704 | 1219003.45736 |
| Firm size | 100 | .000 | 33.332 | 26.42897 | 6.710301 |
| Firm value | 100 | .000 | .591 | .13113 | .152180 |
| Stock price volatility | 100 | .000 | 24633.493 | 1630.41681 | 3830.081728 |
| Valid N (listwise) | 100 | | | | |

This study uses path analysis to calculate the direct, indirect, and total effects. This can be observed from the results of the path analysis calculations, as follows:

Table 2. R-Squared Test

**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .866[a] | 0.750 | 0.742 | 383.25535 |

a. Predictors: (Constant) Earning volatility (X1), Cash holding (X2), Firm size (X3),

The model summary shows an R-squared value of 0.750, or 75.0%. This indicates that earnings volatility, cash holdings, and firm size collectively account for 75% of the variation in firm value. The remaining 25% is influenced by other variables not examined in this study.

The coefficients from Table 3 are as follows: 0.415 for earnings volatility, 0.679 for cash holdings, and 0.286 for firm size. Consequently, the regression equation is: Y = 0.415X1 +



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0.679X2 + 0.286X3 + 0.25. Additionally, it shows that the significance (sig) value for earnings volatility is 0.000. Because this value is less than 0.05, earnings volatility significantly affects firm value. Similarly, the significance value for cash holdings is 0.000 (less than 0.05), indicating that cash holdings significantly affect firm value. Finally, the significance value for firm size is 0.000 (less than 0.05), indicating that firm size has a significant effect on firm value.

Table 3. Regression Result

| Model | | *Unstandardized Coefficients* | | | |
|---|---|---|---|---|---|
| | | *B* | *Std. Error* | *t* | *Sig.* |
| 1 | *(Constant)* | 602.281 | 86.887 | 6.932 | 0.000 |
| | Earning volatility | 3.341 | 0.000 | 8.117 | 0.000 |
| | Cash holding | 4594.021 | 345.810 | 13.285 | 0.000 |
| | Firm size | 17.333 | 3.092 | 5.605 | 0.000 |

The effect of independent variables on dependent variable through the intervening variable is as follow:

Table 4. R-Squared Test

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .921[a] | 0.849 | 0.843 | 0.02807 |

a. Predictors: (Constant), Firm value (Y), Firm size (X3), Cash holding (X3), Earning volatility (X3)

The model summary shows an R-squared value of 0.849, or 84.9%. This indicates that earnings volatility, cash holdings, firm size, and firm value collectively explain 84.9% of the variation in stock price volatility. The remaining 15.1% is driven by other variables not examined in this study. The coefficients are 0.448 for earnings volatility, 0.540 for cash holdings, 0.228 for firm size, and 0.881 for firm value. Consequently, the equation is: Z = 0.448 X1 + 0.540 X2 + 0.228 X3 + 0.881 Y + 0.151. Furthermore, the significance (sig) value for earnings volatility is 0.000; since this is less than 0.05, earnings volatility has a significant effect on stock price volatility. The sig value for cash holdings is 0.000, also less than 0.05, indicating that cash holdings significantly affect stock price volatility. Similarly, the sig value for firm size is 0.000 (less than 0.05), indicating that firm size significantly affects stock price volatility. Finally, the sig value for firm value is 0.000, which is less than 0.05, indicating that firm value also significantly affects stock price volatility.

Table 5. Regression Result

| Model | | *Unstandardized Coefficients* | | *Standardized Coefficients* | | |
|---|---|---|---|---|---|---|
| | | *B* | *Std. Error* | *Beta* | *T* | *Sig.* |
| 1 | (Constant) | 0.107 | 0.008 | | 13.756 | 0.000 |
| | Earning volatility (X1) | 0.284 | 0.043 | 0.448 | 6.663 | 0.000 |
| | Cash holding (X2) | 0.006 | 0.000 | 0.540 | 22.634 | 0.000 |
| | Firm size (X3) | 1.721 | 0.000 | 0.228 | 4.397 | 0.000 |
| | Nilai Perusahaan (Y) | 8.273 | 0.000 | 0.881 | 11.067 | 0.000 |

a. *Dependent Variable*: Volatilitas Harga Saham (Z)

According to Table 3 and Table 5, it can be concluded that: (1) the t-value of 8.117 exceeds the



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t-table value of 1.985, with a significance level of 0.000 < 0.05 (significant). Therefore, H01 is rejected, and Ha1 is accepted, indicating a positive and significant effect of earnings volatility on firm value for companies listed on the Jakarta Islamic Index (JII); (2) t-value of 13.285 exceeds the t-table value of 1.985, with a significance level of 0.000 < 0.05 (significant). Therefore, H02 is rejected, and Ha2 is accepted, indicating a positive and significant effect of cash holdings on firm value for companies listed on the Jakarta Islamic Index (JII); (3) t-value of 5.605 exceeds the t-table value of 1.985, with a significance level of 0.000 < 0.05 (significant). Therefore, H03 is rejected, and Ha3 is accepted, indicating a positive and significant effect of firm size on firm value for companies listed on the Jakarta Islamic Index (JII); (4) t-value of 6.663 is greater than the t-table value of 1.985, with a significance level of 0.000 < 0.05 (significant). Therefore, H04 is rejected, and Ha4 is accepted, indicating a positive and significant effect of earnings volatility on stock price volatility for companies listed on the Jakarta Islamic Index (JII); (5) t-value of 22.634 is greater than the t-table value of 1.985, with a significance level of 0.000 < 0.05 (significant). Therefore, H05 is rejected, and Ha5 is accepted, indicating a positive and significant effect of cash holdings on stock price volatility in companies listed on the Jakarta Islamic Index (JII); (6) t-value of 4.397 is greater than the t-table value of 1.985, with a significance level of 0.000 < 0.05 (significant). Therefore, H06 is rejected, and Ha6 is accepted, indicating a positive and significant effect of firm size on stock price volatility in companies listed on the Jakarta Islamic Index (JII); (7) t-value of 11.067 is greater than the t-table value of 1.985, with a significance level of 0.000 < 0.05 (significant). Therefore, H07 is rejected, and Ha7 is accepted, indicating a positive and significant effect of firm value on stock price volatility in companies listed on the Jakarta Islamic Index (JII).

The Influence of Earnings Volatility on Firm Value: Evidence from Companies Listed on the Jakarta Islamic Index (JII). The test results demonstrate that earnings volatility has a positive and significant influence on the firm value of companies listed on the Jakarta Islamic Index (JII). This finding aligns with Octavia, Sinaga and Simangunsong (2022), which identifies earnings volatility as a factor affecting firm value. Thus, the empirical evidence confirming the impact of earnings volatility on firm value is supported by theoretical foundations. This study is consistent with Thalia Pricilla (2022), which also found a positive and significant influence of earnings volatility on firm value. Conversely, Pangaribuan (2023) reported conflicting results, concluding that earnings volatility does not significantly affect firm value. These discrepancies may arise from differences in sample selection, the time period analyzed, and the market conditions prevailing at the time of the study. According to Rowena and Hendra (2017), earnings volatility reflects the fluctuations, increases and decreases, in a company's earnings over a specific period. Such instability can make it difficult for a company to secure external funding. In this study, earnings volatility shows an upward trend; however, this suggests the company generates stable earnings, as the firm's value remains unaffected by these fluctuations. Specifically, average earnings volatility for PT United Tractors Tbk (UNTR) from 2020 to 2024 increased by 0.349. This implies that, in this context, higher earnings volatility may correspond to increased investor interest. For PT United Tractors Tbk (UNTR), investors perceive higher earnings volatility as reflecting the company's inherent risks, which in turn influences its valuation. Based on the observed phenomenon of earnings volatility, and consistent with findings for companies listed on the Jakarta Islamic Index (JII), earnings volatility has a positive and significant impact on firm value. When earnings reach their peak, investors' potential capital gains increase; consequently, investors tend to hold the company's shares for the long term.



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The Impact of Cash Holdings on Firm Value for Companies Listed on the Jakarta Islamic Index (JII). The test results show that cash holdings positively and significantly influence the firm value of companies listed on the Jakarta Islamic Index (JII). This finding aligns with Octavia, Sinaga and Simangunsong (2022), which identifies cash holdings as a factor affecting firm value. Thus, the observed influence of cash holdings on firm value is theoretically supported. This study's findings are consistent with previous research by Ramadhani and Mariyanti (2026), which found that cash holdings have a negative and significant impact on firm value. Conversely, research by Silvia and Santoso (2025) presents a conflicting result, indicating that cash holdings have a positive and significant impact on firm value. According to Bahrun, Tifah and Firmansyah (2020), cash holdings refer to the cash reserves available to management, which can be utilized for investments or distributed to shareholders as dividends. Cash holdings in this study show an upward trend among the companies analyzed. Based on the average cash holdings indicator for 2020–2024, PT Petrosea Tbk (PTRO) recorded the highest value at 0.381, while PT Bukit Asam Tbk (PTBA) recorded the lowest average value at 0.000. A low average cash holding value may lead investors to perceive a company unfavorably, potentially causing a loss of confidence and discouraging capital investment. Conversely, high cash holdings, which help a company remain resilient during challenging economic periods, can bolster investor confidence and attract new investment; ultimately, this can increase the company's stock price, which reflects its overall value. Based on the phenomenon of cash holdings and consistent with this study's findings on companies listed on the Jakarta Islamic Index (JII), cash holdings have a positive and significant impact on firm value. Cash holdings enable a company to support operational activities, meet short-term obligations, and undertake investments. Consequently, high cash holdings can attract investors, which may drive up stock prices and reflect the firm's value.

The Influence of Firm Size on Firm Value for Companies Listed on the Jakarta Islamic Index (JII). The test results demonstrate that firm size has a positive and significant influence on the value of companies listed on the Jakarta Islamic Index (JII). This finding aligns with Octavia, Sinaga and Simangunsong (2022), which identifies firm size as a factor influencing firm value. Thus, this study's evidence on the impact of firm size on firm value is theoretically supported. This study is consistent with previous research by Wibowo (2021), which states that firm size has a positive and significant effect on firm value. Conversely, research by Jaya (2020) presents a conflicting result, suggesting that firm size does not significantly affect firm value. According to Hery (2017), firm size reflects a company's capacity to bear risks that may arise in various situations, which is influenced by the company's scale. Larger companies generally face lower risks compared to smaller ones. Larger firm size tends to bolster investor confidence, which subsequently increases firm value. Firm size measures in this study indicate an upward trend among the companies analyzed. Based on the firm size indicator, PT Telkom Indonesia Tbk (TLKM) recorded the highest average value of 0.381 for the 2020–2024 period, while PT Bukit Asam Tbk (PTBA) recorded the lowest value at 0.000. This suggests that larger firm size, as seen in PT Telkom Indonesia Tbk (TLKM), can enhance investor confidence, thereby positively influencing investment decisions. For companies listed on the Jakarta Islamic Index (JII), the findings indicate that firm size has a significant negative impact on firm value. Investors tend to prioritize larger firms over smaller ones, as firm size influences investment returns. Larger companies can leverage their assets as collateral to secure funding from investors; consequently, firm size determines both the type and scale of a company's financing sources.

The Influence of Earnings Volatility on Stock Price Volatility in Companies Listed on the



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Jakarta Islamic Index (JII). The test results demonstrate that earnings volatility has a positive and significant influence on stock price volatility for companies listed on the Jakarta Islamic Index (JII). This finding aligns with the theory proposed by Silvia and Santoso (2025), which suggests that several factors can influence stock price volatility, including earnings volatility. Thus, the result confirming the influence of earnings volatility on stock price volatility is theoretically supported. This finding is consistent with previous research by Anuryana, Yamaly and Candera (2024), which states that earnings volatility has a positive and significant effect on stock price volatility. Conversely, Triana and Devy (2026) report a conflicting result, indicating that earnings volatility has a significant negative effect on stock price volatility. According to Ariningrum (2023), earnings volatility is an indicator that measures the stability of a company's annual earnings. Companies with unstable earnings levels signal to investors that they carry a higher investment risk. Based on the earnings volatility indicator for companies listed on the Jakarta Islamic Index (JII) between 2020 and 2024, PT United Tractors Tbk (UNTR) recorded the highest value at 0.349, while PT Pertamina Gas Negara Tbk (PGAS) recorded the lowest at 0.000. This implies that PT United Tractors Tbk (UNTR), which shows the highest earnings volatility, might be perceived differently by investors, potentially leading to a higher stock price, even though the company's earnings are highly volatile, a factor that typically signals high risk to investors. A company's business risk is considered high, which directly increases stock price volatility. Based on earnings volatility, and consistent with this study's findings on companies listed on the Jakarta Islamic Index (JII), earnings volatility has a positive and significant impact on stock price volatility. High business risk directly increases stock price volatility (i.e., the stock price becomes unstable or prone to fluctuations). Companies with high earnings volatility generate net profits, indicating sound financial condition or profitability, while a large asset base can provide future benefits, provided those assets are managed effectively.

The Influence of Cash Holdings on Stock Price Volatility in Companies Listed on the Jakarta Islamic Index (JII). The test results show that cash holdings positively and significantly influence stock price volatility in companies listed on the Jakarta Islamic Index (JII). These findings align with the theory proposed by Silvia and Santoso (2025), which suggests that several factors can influence stock price volatility, including cash holdings. Thus, this study's finding, that cash holdings influence stock price volatility, is theoretically supported. This study is consistent with previous research by Anuryana, Yamaly and Candera (2024), which states that cash holdings have a positive and significant impact on stock price volatility. Conversely, research conducted by De Vito and Gómez (2021) presents a conflicting result, suggesting that cash holdings amplify a negative effect on stock price volatility. According to Agency Theory, the relationship between a company's cash holdings and stock price volatility tends to be positive; specifically, cash holdings may increase the risk of a "stock price crash", an effect that often arises indirectly from conflicts of interest. For the cash-holdings indicator, an analysis of companies listed on the Jakarta Islamic Index (JII) between 2020 and 2024 shows that PT Petrosea Tbk (PTRO) recorded the highest value at 0.381, while PT Bukit Asam Tbk (PTBA) recorded the lowest average value at 0.000. This implies that higher cash holdings, which carry greater potential, also entail a higher risk of a future collapse in stock prices, thereby contributing to overall stock price volatility. Conversely, lower cash holdings are associated with a lower risk regarding the returns a company might generate. Based on the phenomenon surrounding cash holdings, and in the context of companies listed on the Jakarta Islamic Index (JII), this study demonstrates that cash holdings have a positive and significant impact on stock



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price volatility. The more cash a company retains, the more its stock price fluctuates. This suggests that investors respond strongly to a company's cash policy, potentially driven by uncertainty about how those funds will be used.

The Influence of Firm Size on Stock Price Volatility for Companies Listed on the Jakarta Islamic Index (JII). The results indicate that firm size has a positive and significant influence on stock price volatility for companies listed on the Jakarta Islamic Index (JII). These findings align with the theory proposed by Silvia and Santoso (2025), which identifies several factors that can influence stock price volatility, including cash holdings. Thus, this study's evidence on the impact of cash holdings on stock price volatility is theoretically supported. These results are consistent with previous research by Octavia, Sinaga and Simangunsong (2022), which states that cash holdings have a positive and significant effect on stock price volatility. In contrast, research by Donna Rizky (2022) presents conflicting findings, suggesting that cash holdings have a negative and significant effect on stock price volatility. According to De Vito and Gómez (2021), firm size, sometimes discussed alongside cash holdings, serves as a benchmark for a company's operational performance, reflecting how effectively management runs the firm. Based on cash holdings, the average cash position for companies listed on the Jakarta Islamic Index (JII) from 2020 to 2024 shows that PT Telkom Indonesia Tbk (TLKM) holds the highest value at 33,332, while PT Bukit Asam Tbk (PTBA) holds the lowest value at 0.000. This suggests that as a company's size increases, so does its access to financial resources for operations; consequently, the stability of a company's size over time may influence the volatility of its stock price. Based on cash holdings and this study's findings on companies listed on the Jakarta Islamic Index (JII), cash holdings have a positive and significant effect on stock price volatility. The larger the company size, the higher its stock price fluctuations. Stock price volatility reflects the stability, risk level, and predictability of a company's stock price; investors tend to react more strongly to information about large companies, which often leads to sharper stock price movements.

The Effect of Firm Value on Stock Price Volatility in Companies Listed on the Jakarta Islamic Index (JII). The test results demonstrate that firm value has a positive and significant effect on stock price volatility for companies listed on the Jakarta Islamic Index (JII). This finding aligns with the theory proposed by Silvia and Santoso (2025), which suggests that several factors can influence stock price volatility, including firm value. Thus, this study's result, confirming the influence of firm value on stock price volatility, is theoretically supported. This finding is consistent with previous research by Sutrisno (2020), which found that firm value has a positive and significant effect on stock price volatility. Conversely, De Vito and Gómez (2021) reported conflicting results, indicating that firm value, measured by the Price-to-Book Value (PBV) ratio, negatively affects stock price volatility. According to Setiawan and Venona (2022), the Price-to-Book Value (PBV) is a financial ratio used to compare a company's market stock price with its book value per share. Regarding the firm value indicator, an analysis of the average firm value for companies listed on the Jakarta Islamic Index (JII) between 2020 and 2024 reveals that the company with the highest average value is PT Adaro Energy Indonesia Tbk (ADRO), which recorded a value of 149,173, while the lowest average was PT Indah Kiat Pulp & Paper Tbk (INKP) at 581. This implies that for PT Adaro Energy Indonesia Tbk (ADRO), the high value may encourage investors to invest capital. In contrast, for PT Indah Kiat Pulp & Paper Tbk, the low value may lead investors to doubt the company's ability to generate profit. Based on firm value, measured by the Price-to-Book Value (PBV) ratio, and findings from this study of companies listed on the Jakarta Islamic Index (JII), firm value (PBV) has a positive and



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significant impact on stock price volatility. This suggests that a high firm value often invites speculation. Investors tend to be more active in buying and selling shares perceived to have high value, which ultimately creates sharp price fluctuations; such upward or downward movements in stock price volatility indicate increased risk associated with the firm's value.

## 5. Conclusion

It can be concluded that there are significant effect of earning volatility, cash holding and firm size through stock price volatility on firm value. For companies listed on the Jakarta Islamic Index (JII), improving corporate performance can help increase company profits. Furthermore, it is essential to consider factors such as earnings volatility, cash holdings, and firm size in relation to stock price volatility, using firm value as an intervening variable, to maximize profits. Minimizing the risks borne by the company can also attract investors and facilitate the acquisition of external capital. This research is intended to serve as a basis for evaluation, encouraging investors to carefully weigh their decisions before committing capital to a company. Additionally, when making investment decisions, investors should review a company's sustainability reports to distinguish between sound investment opportunities and less favorable ones.

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