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THE RELATIONSHIP BETWEEN PROFITABILITY AND THE STOCK RETURN

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ABSTRACT

This study investigates the relationship between key profitability indicators—Net Profit Margin (NPM), Operating Profit Ratio (OPR), and Return on Equity (ROE)—and stock returns in Turkish manufacturing firms listed on the Istanbul Stock Exchange (ISE) during the period 2010–2020. Using a panel dataset of 10 firms and applying descriptive statistics, correlation analysis, and regression modeling, the study finds no statistically significant relationship between profitability metrics and stock returns. Although NPM and OPR are positively correlated with ROE, these associations do not translate into statistically significant regression results. The study highlights the complexity of interpreting profitability in emerging markets, suggesting that accounting-based indicators may lack explanatory power over stock performance due to market inefficiencies, investor behavior, and macroeconomic volatility. The findings call for multidimensional analyses and more advanced econometric techniques in future research.

Keywords: *Profitability, Stock Return, Return on Equity (ROE), Net Profit Margin (NPM), Operating Profit Ratio (OPR), Istanbul Stock Exchange (ISE), Regression Analysis, Emerging Markets, Financial Performance, Turkish Manufacturing Sector*

INTRODUCTION

Borsa Istanbul, which has increased profitability, is a main goal of contributing to Turkey's economic stability as it develops future capital markets through its goods and services. Operating revenues (2.5 Turkish Lira billions), net profits (1.4 Turkish Lira billions) and net profits, 43 percent increase compared to the previous year means stable and strong economy in Turkish finance and financial review (Ise Annual Report, 2020). The financial relationship is a great tool for determining whether the company's results increase or fall. Different types of pages use financial conditions to provide insight into business performance or as a sign of financial health for the company. Various conditions are interested in shareholders, potential investors, management, lenders, creditors, regulatory and rivals. Economic conditions are often used for benchmarking. The financial relationship between a company is compared to its peers or an industrial standard. In addition, the financial ratio is used between a given size to understand the financial description analysis. In addition, the economic relationship will present all financial sectors, such as liquidity, solvency and profitability (Alozi and Obidat, 2016)

The study examines the relationship between economic conditions (profitability measures) and stock return using three financial conditions (profitability). Each financial relationship is calculated in a right way. Inputs for these calculations can be found in the company's financial accounts. The research will be held at ten production companies in Türkiye listed at Istanbul Stock Exchange (Ise). A certain amount of statistical analysis will be done. To check this connection. Descriptive statistics, correlation and regression analysis are three of them. According to the findings from the study, profitability and stock returns are quite related. The study showed that there is no correlation between profitability measures and stock returns.

In the dynamic scenario with corporate financing, profitability is accepted as an important calculation to assess business institutions for business and success and success. Surpluses not only serve as a measure of financial results from a company, but also as an important tool for assessing management efficiency and organizational stability (Nishanathini and Nimlatasana, 2013). Between the selection of profitability, the return on equity (ROE) is an important performance indicator, especially valuable by shareholders and potential investors. Roe suggests how well the company generates benefits from the investments of shareholders, and integrates the profitability of the shareholding of the company's assets (Brigham and Houston, 2018).

Competence is usually evaluated through economic conditions such as net surplus margin (NPM), operating result (OPR) and ROE. Each of these conditions highlights different dimensions of economic efficiency. NPM reflects a company's ability to convert sales to net income shows how well the company controls the costs (Viagstini, 2014). On the other hand, the OPR measures the efficiency of operations by comparing operating revenues with total revenue (Kayathiri and Buvenshwaran, 2015). Roe utilizes the results of net profitability and uses the shareholders of the invested equity (Tandelillin, 2010) to reveal returns. These conditions together form a basis for financial decisions, capital allocation and strategic scheme.

Roe is often considered a comprehensive indicator as it combines three important aspects of profitability: net profit margin, asset sales and financial exploitation. This relationship is clarified by the Dupont analysis, which decomposes ROE in these three components, which runs a company's financial performance (Alozi and Obidat, 2016), provides a deep insight into it. For example, a high return, a strong margin, effective assets, or the result of the proper use of debt can occur. Therefore, ROE acts as a connection between profitability and strategic financial management.

The importance of Roe has been validated through many empirical studies in different countries and industries. For example, Nadayani and Surajaya (2021) demonstrated an important and positive impact of ROE, return on assets (ROA) and NPM on stock returns in Indonesian production companies. Similarly, research from Andztürk and Karabulut (2018) found at the companies listed at Istanbul Stock Exchange that income-to-price and NPM were important prophets of stock returns, which indirectly added profitable measures for ROE. Other studies, such as Al -Money et al. (2021), Strengthen that Roe significantly affects the market value of insurance companies in Jordan, which emphasizes its role as the determinant for fixed valuation (Ahmed et al., 2022).

The central base of this study lies in checking how the ROE company interacts with other profitability conditions to influence performance. Especially in emerging markets such as Türkiye, where Istanbul Stock Exchange (Ise) is becoming increasingly prominent, it is important to understand the relationship between profitability measures and ROE. Ise 2020 annual report has increased by 43% in net profits compared to the previous year, it is necessary to understand how such profitability is translated into equity return (Ise, 2020).

Despite the theoretical expectation of a positive relationship between profitability and ROE, empirical results are not always consistent. In reviewed studies, which analyzed ten Turkish production companies listed on Ise in a decade (2010-2020), regression results showed no statistically significant connection with stock returns between NPM, OPR

and ROE, despite positive descriptions(Bakhtiar 2019),Correlation coefficients between NPM and ROE (0.410), and OPR and ROE (0.368) were important but did not translate into an important regression model, These findings challenge the notion that high profitability naturally leads to high role or better stock development. There can be many explanations for this deviation. First, high rowing can be artificial bloated by excessive gearing, masking of operating disabilities (tandelilin, 2010). Second, market perception and investor behavior can reduce the impact of profitability on stock prices. Third, macroeconomic variables and sector -specific risk can reduce explanatory power in economic conditions, especially in unstable emerging markets.

In addition, other empirical studies indicate opposite evidence from other empirical studies that the specificity of the reference and the region mean significantly. Al Omri et al. (2017) found that NPM and UPR largely affected the indirect determinant gross working capital of ROE. Nalurita (2017), StudyDespite the theoretical expectation of a positive relationship between profitability and ROE, empirical results are not always consistent. In reviewed studies, which analyzed ten Turkish production companies listed on Ise in a decade (2010-2020), regression results showed no statistically significant connection with stock returns between NPM, OPR and ROE, despite positive descriptions, Correlation coefficients between NPM and ROE (0.410), and OPR and ROE (0.368) were important but did not translate into an important regression model, These findings challenge the notion that high profitability naturally leads to high role or better stock development. There can be many explanations for this deviation. First, high rowing can be artificial bloated by excessive gearing, masking of operating disabilities (tandelilin, 2010). Second, market perception and investor behavior can reduce the impact of profitability on stock prices. Third, macroeconomic variables and sector -specific risk can reduce explanatory power in economic conditions, especially in unstable emerging markets. Indonesian companies noticed that the debt-to-property rate (there) affected the stock return, while Roa and Per (Price-Kamai ratio) did not suggest that the capital structure could play more prominent role in shaping the roe than the variables alone.

From a theoretical point of view, the urban theory and signal theory provide the outline to explain these mixed findings. According to Byråte theory, leaders can prioritize individual goals of the shareholder's interest, which can destroy the link between fixed profitability and shareholder return (Brigham and Houston, 2018). The signaling theory suggests that higher ROE indicates better management quality and efficient capital use, and attracts investors (Tandelin, 2010). However, if Roe is achieved at the expense of long -term stability, such as lowering in innovation or cutting in significant expenses, the signal can be misleading.

Therefore, this research advocates a multidimensional evaluation of ROE, one that not only includes profitability, but also includes company -specific, extensive economic and behavioral factors. The study also stated to use advanced economic techniques such as panel data regression, fixed effects modeling or dynamic system GMM, which is responsible for unrelated asymmetry and endogenity, which may explain the lack of significance in simple regression models. In summary, the ratio of profitability and calm is theoretically rooted and numbered. While the profitability of NPM and OPR provides insight into operational efficiency, ROE synthesize this matrix to evaluate the return generated for the shareholders. However, empirical evidence reveals, especially from the emerging markets, the deviations that warn intensive analysis and fate Methos

The purpose of this study is to check the relationship between profitability measures - especially net surplus margin (NPM), operational benefit - ratio (OPR) and the return on equity (ROE) - and their impact on fixed performance between production companies listed on the Istanbul Stock Exchange. Despite theoretical expectations that high functional husbandry should increase calm and, for their part, should positively affect the return on stock, emerging markets such as Turkish are mixed and individual. This study deals with the following research questions: (1) Is there an important relationship between stock return and NPM? (2) Is there an important relationship between stock return and OPR? (3) Does Roee affect significant returns? (4) How do they interact to explain the performance of the variable company? The main goal is to provide empirical evidence of how profitable indicators are related to ROE and stock return, provide insight to those who can help the company's decisions in adapting to financial results. In addition, research contributes to extensive educational discourse on financial management, which enriches literature with emerging economies and public trade companies with relevant reference -specific conclusions.

PROFITABILITY

Surplus is the most important indicator of a company's total performance. The profitability is assessing a company's capacity to assess a company's capacity and allocate resources for security analysts, shareholders and investors. Shareholders, creditors, potential investors, lenders and the authorities value profitability (Nishanathini and Nimlathasan, 2013). Benefits are the final result of running a company. Surplus earning is considered important for the existence of a company. Professional conditions are classified into two types: gain margin conditions and return rate. It shows the relationship between earnings and sales. Depending on these ratios, gross profits, net profit and return on the investment rate provide a good understanding of the profitability of the business. Investors gain an understanding of the company's general efficiency, while management controls efficiency (Kayathiri and Buvenshwar, 2015). The conditions used in the study are short in the following:

RETURN ON EQUITY

Returns on equity are a measurement used to determine the return of shareholders, according to Brigham and Houston (2018: 141). The value of management performance in adaptation to the return rate for the shareholders is measured upon return to equity.

According to Tandelillin (2010: 372), the return on equity is the second authorization of profitability, which is also an important sign for investors for investing investment. The higher the ROE value, the better the company's performance and the impact on the increase in the stock price (Nadayani and Surajaya, 2021).

NET PROFIT MARGIN (NPM): Pure Profit margin (NPM) is a measure of the return rate in case of net profits compared to net sales. This is a profit-to-sales relationship (Wiagustini, 2014: 90) used to compare revenue from sales. If the net profits are large, the company will be more efficient and healthy.

OPERATING PROFIT RATIO: It is defined as the relationship between operating benefits for the company's income, undeniably one of the most important explanatory variables to investigate the economic efficiency of an organization (Bhayani, 2010). Operating profit margin conditions are a measure of total operational efficiency that takes into account all the costs of general, daily company activity (Kayathiri and Buvenshwar, 2015).

STOCK RETURN CONCEPT: As a result of investment policy, benefits made by companies, people and organizations are known as returns (Fahmi and Hadi, 2009). Investors will not invest until they see returns to the investment. Shares in a company act as proof of ownership. „
According to (Eduardus Tendalillin, 2010), the sources of withdrawal are divided into two categories: returns and capital gains (loss) (Nalurita, 2017).

THE RESEARCH HYPOTHESIS:

This study's hypotheses can be specified as follows:
H0: "There is no statistically significant relationship between the Independent Variables and the Dependent Variable"
$H0_1$: "There is no statistically significant relationship between Net Profit Margin (NPM) and Stock returns".
$H0_2$: "There is no statistically significant relationship between Operating profit ratio (NPM) and Stock returns".
$H0_3$: "There is no statistically significant relationship between Return on Equity (ROE) and Stock returns".

LITERATURE REVIEW ON THE LINK BETWEEN PROFITABILITY AND STOCK RETURNS

Several studies have shown links between stock returns and profitability in different ways. This can be seen from Table 1.1 that most of the relevant studies showed significant and positive relationships between profitability, variables and stock returns.

LITERATURE REVIEW: THE RELATIONSHIP BETWEEN PROFITABILITY AND RETURN ON EQUITY

Competence is universally recognized as a basic dimension of the company's results, which is often used to evaluate operational efficiency and economic health of a company. It represents the company's ability to produce sales, assets or share benefits, and acts as a key indicator of stakeholders, including investors, managers and analysts (Nishthanini and Nilemthasana, 2013). One of the most accepted and used profitability indicators is a return on equity (ROE), which measures a company that measures the return that occurs on the equity of its shareholders. Roe indicates how equity is used to benefit from (Brigham and Houston, 2018). It is calculated as a net income divided by the shareholder's equity and provides a right meter on how shareholder funds are hired (Mohammed and Bakr, 2025).

The Dupont identification breaks ROE into three interconnected components: Net gain margin, asset sales and financial length. This resolution allows analysts to identify whether ROE reforms are driven by operating efficiency, asset use or changes in capital structure (Alozi and Obidat, 2016). A high ROE usually indicates strong financial performance, but still the source of that return - either real or increased debt - is important for assessing the stability of such a performance (Tandelillin, 2010).

Many empirical studies have shown direct and indirect relationships between profitability measures - especially net profit margin (NPM) and operating profit (OPR) - and ROE. Between 2017 and 2019, in its study of production companies listed on the Indonesian stock exchange, Nadayani and Surjaya (2021) found that Roa, Roe and NPM had an important and positive impact on the return on stock, which emphasizes the effect of the profitability on the profitability. Similarly, Andztürk and Karabulut (2018) investigated 56 industrial companies at the Istanbul Stock Exchange and revealed that the income-to-interest ratio and NPM made a significant prediction of stock return. Their findings

indirectly suggest that high -profit margins can convert to strong roe, although the specific role of OPR was less pronounced.

However, not all studies converge the same conclusion. In the current study that analyzed 10 Turkish production companies listed on the Istanbul Stock Exchange from 2010 to 2020, the regression model did not show any statistical significant relationship between NPM, OPR and ROE with stock return (Harith, 2025). Although correlation analysis has shown that NPM and OPR were positively associated with ROE (with coefficients of 0.410 and 0.368, respectively), these trade unions failed to reach statistical significance in the Multi -Home Improvement models. The adjusted R-show was negative, which indicates a very weak explanatory rate in the profitability of stock return variation (each, 2025). These results challenge the notion that strong profitability is necessarily translated into better shareholder returns(Ahmed, Mohammad, and Mukhlaf 2022).

Other studies have found opposite results. Al Omri et al. (2017) showed that NPM and UPR significantly affect the performance of working capital, which can indirectly affect ROE. Al Money et al. (2021) also demonstrated that Roe significantly affects the market evaluation of Jordan's insurance companies. Interestingly, Nalurita (2017) found that while the Loan-to-Egen capital ratio (there) had a significant impact on the stock return, Roa and the Price -ia ratio (per) did not suggest that the capital structure and perception of the investor could play a more impressive role than the traditional profitability calculations.

Theoretical approaches provide further insight into this deviation. According to signal theory, a high ROE indicates good governance and effective capital use, the confidence in potentially growing investors (Tandelillin, 2010). On the other hand, the theory theory believes that leaders can prioritize personal goals of shareholders' interest, potentially profitable and shareholder return (Brigham and Houston, 2018) weaken the link. A high calm can also occur from economic manipulation, such as excessive lenses, rather than actual operating performance - remember the misleading relationship when not interpreted in context.

In light of these mixed findings, more nice and multidimensional analysis of ROE is necessary. This involves examining macroeconomic variables, sector -specific dynamics and behavioral financing elements that can modate favorable and links. Advanced economic techniques such as fixed effects models, regression of panel data or dynamic GMM estimates-endogenity and company-specific inequality (Nadayani and Surajaya, 2021; Öztürk & Karabulut, 2018) are quickly necessary.Overall, while Roe remains an important calculation of financial success, the relationship with the profitability level is not always linear or statistically strong. It is affected by a number of internal and external factors, and the lecturer depends much more on the relevant variables. Literature reflects both the value and the limitations of ROE as a proximity process, which strengthens the need for a comprehensive model involving qualitative decisions with quantitative measureme Karan (1996) first analyzed the P/E effect on Istanbul Stock Exchange (Ise) from April 1989 to March 1995.

They created 30 portfolio with different P/E conditions: High, low and medium. The findings from the study showed that Ise has a P/E effect. It is also possible to get better returns in a long time by investing in low P/E portfolio. Uluyol and Ottoman Stock Market Price (2013) are another study of the effect of economic parameters. The study saw 56 industrial companies listed on the Istanbul exchange between (2004 and 2010) (2004 and 2010) (Öztürk, and Karabulut, 2018). We can estimate that the results in the survey conducted in Türkiye were different results, which suggests that further data is needed to make a decision on the question of this study.In addition, this study will check the relationship between stock return and profitability conditions (NPM, OPR and ROE).

Table 1.1: The Relationship between Financial ratios and stock return, applied literature.

	Author/s	Data and indicators	year	country	Result
1	Nadyayani and Suarjaya	(2017-2019) period, ROA, ROE, NPM.	**2021**	**Indonesia**	ROA, ROE and NPM simultaneously have a significant positive effect on stock returns.
2	Öztürk & Karabulut	2008-2016, Current Ratio, Profit Margin, Earnings to Price	**2017**	**Turkey**	In the Istanbul Stock Exchange, earnings to price and net profit margin are significant in explaining stock returns, however the current ratio is minor.
3	Al Omari et al.	Net Profit Margin(NPM), Operating Profit Margin (OPM) and Gross profit margin (GPM). 2011-2015 period.	**2017**	**Jordan**	there is significant impact of independent variable on the dependent variable gross working capital.
4	Al Maani and et. al	period (2015-2019), Current Ratio, Net Operating Capital, ROA, ROE and NPM.	**2021**	**Jordan, ASE.**	The ROE has an effect on the market value of Jordanian insurance firms' shares.

5	Allozi and Obeidat	(2001-2011) Return on Assets (ROA), Return on Equity (ROE), Earnings Per Share (EPS), Net Profit Margin (NPM) Debt Ratio (DR)Debt to Equity Ratio (DER) Interest Coverage Ratio (CR) -Gross Profit Margin (GPM)	**2016**	**Jordan**	Stock return is strongly correlated with (GPM), (ROA), (ROE), and (EPS). The others (NPM)
6	Nalurita	ROA, DE R and PER 2010-2014	**2015**	**Indonesia**	partial inferred Debt to Equity Ratio (DER)have significant effect on stock return. Price Earning Ratio (PER) and Return on Asset (ROA) don't have significance effect on stock return.
7	Nishanthini and Nimalathasan	profitability indicators: Gross Profit Ratio (GPR), Operating Profit Ratio (OPR), Net Profit Ratio (NPR) Return on Investment (ROI), Return on Capital Employed (ROCE)	**2013**	**Sri Lanka**	Manufacturing businesses' profitability isn't as good as it might be.

DATA METHODOLOGY ANALYSIS AND RESULTS

This section presents the empirical function used in the study, as well as with statistical analysis and interpretation of results. The analysis is structured to investigate the ratio of stock returns and major profitability indicators using a combination of descriptive data, correlation analysis and multiple regression modeling. These methods work to test the hypotheses in the study and provide insight into the underlying economic mobility.

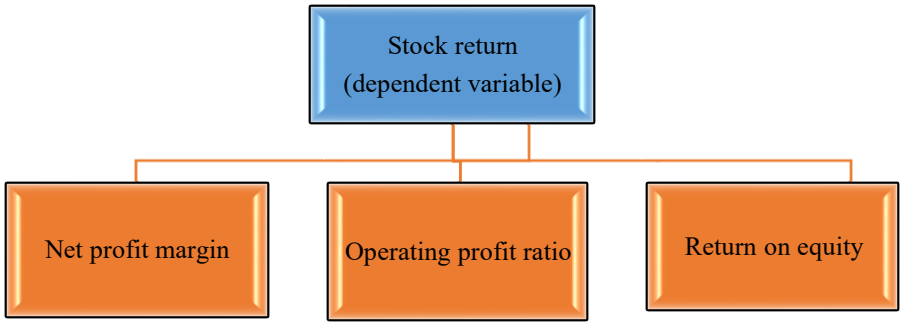
Correlation analysis examines linear ratios between stock return and chosen profitability, especially net profit margin (NPM), operating profit (OPR) and withdrawal on equity (ROE). This step identifies the strength and direction of the associations between the variables before running the regression analysis.

Subsequently, a multiple regression model is used for expectations to what extent the profitability explains the variation in stock returns. The model is specified using a pool dataset that includes ten production companies listed at Istanbul Stock Exchange (Ise) in the period 2010-2020. The following financial model is used:

Ri,t=α0+β1NPMi,t+β2OPRi,t+β3ROEi,t+εi,tR_{i,t} = \alpha_0 + \beta_1 \text{NPM}_{i,t} + \beta_2 \text{OPR}_{i,t} + \beta_3 \text{ROE}_{i,t} + \varepsilon_{i,t}Ri,t=α0+β1NPMi,t+β2OPRi,t+β3ROEi,t+εi,t
Where:

- Ri,tR_{i,t}= Realized stock return of firm *i* in year *t*
- α0\alpha_0α0 = Intercept term
- β1,β2,β3\beta_1, \beta_2, \beta_3β1,β2,β3 = Coefficients representing the marginal effects of NPM, OPR, and ROE, respectively
- NPMi,t\text{NPM}_{i,t}NPMi,t = Net Profit Margin of firm *i* in year *t*
- OPRi,t\text{OPR}_{i,t}OPRi,t = Operating Profit Ratio of firm *i* in year *t*
- ROEi,t\text{ROE}_{i,t}ROEi,t = Return on Equity of firm *i* in year *t*
- εi,t\varepsilon_{i,t}εi,t = Error term capturing unexplained variation

This model enables evaluation of how each profitability is helping to explain the behavior of stock returns within the Turkish production sector. Recovery results are later explained to validate or refute the hypotheses in the study, providing evidence of whether profitability matrixes greatly affect the share benefit. The study was conducted at 10 companies in the production sector in Türkiye listed on the Istanbul Stock Exchange in the period 2010-2020.



DESCRIPTIVE STATISTICS

The descriptive statistics for the dependent variable and the independent variables used in the study are presented in the table2.1 below.

Table (2.1): descriptive

Descriptive statistics

	N	minimum	maximum	mean	Std. deviation
NPM	44	-.53	.37	.1237	.13391
OPR	44	.04	.61	.2106	.10748
ROE	44	-1.02	9.50	.6662	1.92720
R	44	-1.27	.63	-.0858	.37559
VALID N (List wise)	44				

Table 2.1 presents the descriptive statistics for the variables used in the study: Net Profit Margin (NPM), Operating Profit Ratio (OPR), Return on Equity (ROE), and Stock Return (R), based on a sample of 44 firm-year observations from manufacturing companies listed on the Istanbul Stock Exchange.

The average value of NPM is 0.1237, which shows that the companies in the sample in the sample generated approximately 12.4% net profits per sales unit. NPM varies from a minimum -0.53 to a maximum of 0.37, reflecting significant variation in companies, including some reporting of pure deficits. The standard deviation of 0.13391 confirms the moderate spread around the average.

OPR shows the importance of 0.2106, suggests that on average, operational benefits are 21.1% of total revenue. Relatively narrow limit for values - with standard deviations from 0.04 to 0.61 - 0.10748, indicates relatively low variability in operating efficiency of companies compared to NPMS.

In contrast, Roe shows the most clear variation between the favorable indicators, with 0.6662 with a particularly wide range from -1,6662 and from -1.02 to 9.50. This high spread, reflected in a standard deviation of 1,92720, suggests that some companies provided negative equity returns - possibly due to damage or high gearing - both obtained exceptionally high returns on equity, possibly upwards (Mohammad in Al., 2021).

Dependent variables, stock return (s), means -0.0858, indicating the average negative return for the trial period. The minimum return seen is -1.27, and a maximum of 0.63, a significant area in market results. The standard deviation of 0.37559 suggests significant instability in stock returns between committee companies. Overall, descriptive figures indicate profitability in the Turkish production sector and sufficient inequality in market results. The presence of both negative and positive values in all variables reveals the importance of further statistical analysis to assess the nature and strength of them.

CORRELATION ANALYSIS

According to the following table (2.2), there is a relatively high correlation between NPM and OPR (0.566) that is important at (1) percentage levels. The second largest correlation coefficient is between NPM and ROE (0.410), which is important at level (1) percent. The third largest important correlation is between OPR and ROE (0.368) which is also important at level (5) percent. In addition, the double coefficient coefficient between independent variables is important and has a limit for little medium (0.035). (0.566). According to the correlation data presented in the partner correlation table (2.2) For independent factors with stock returns, it seems modest and statistically insignificant.

Table (2.2): Correlation analysis

		NPM	OPR	ROE	R
NPM	Person Correlation	1	.566**	.410**	.035
	Sig (2- tailed)		.000	.006	.824
	N	44	44	44	44
OPR	Person Correlation	.566**	1	.368*	-.037
	Sig (2- tailed)	.000		.014	.811
	N	44	44	44	44

ROE	Person Correlation	.410**	.368*	1	-.063
	Sig (2- tailed)	.006	.014		.684
	N	44	44	44	44
R	Person Correlation	.035	-.037	-.063	1
	Sig (2- tailed)	.824	.811	.684	
	N	44	44	44	44

** Correlation is significant at the 0.01 level (2- tailed).
* Correlation is significant at the 0.05 level (2- tailed).

Table 2.2 shows the Piercene correlation coefficient among the main variables in the study: Net profit margin (NPM), operating profit (OPR), return on equity (ROE) and stock return (R), based on 44 comments. This matrix provides the strength of linear conditions and direction between profitability indicators and dependent variables, stock returns.
The results indicate a strong and statistically important positive correlation between NPM and OPR (R = 0.566, p <0.01), suggests that companies with a high net benefit margin also show more operating profit. This corresponds to financial arguments, as both Matrix receive the operation of a company and is careful.

In addition, NPM and ROE are positively correlated (R = 0.410, p <0.01), which means that the net profits are associated with high returns on equity by increasing net surplus margin. This relationship is in accordance with the notion that the net income level profitability contributes directly to the stock return. Similarly, OPR and ROE also shows an important positive correlation (R = 0.368, p <0.05), which strengthens the approach that operational efficiency plays a role in increasing equity returns.

In contrast, none of the profitability indicators show statistically significant relationships with the return on equity (s). R and NPM (R = 0.035, p = 0.824), OPR (R = -0,037, p = 0.811) and ROE (R = -063, p = 0.684) are all very low and statistically insignificant. These findings suggest that variation in the profitability of this sample is not directly translated into changes in market -based stock returns. This may reflect the effect of non-economic factors such as the investor's feeling, macroeconomic instability or company-specific effects

REGRESSION ANALYSIS

Table 2.3 displays the results of the regression of the independent variables against the stock return. R (106) is the correlation of the independent variables with the dependent variable, and specifies the independent variables that are incorporated into the regression model. After taking into consideration all of the intercorrelations between the independent variables.

Table (2.3): Regression Model Summery

Model	R	R square	Adjusted R Square	Std. Error of the estimate
1	106[a]	0.011	- .063	.38721

a: Predictors: (constant), ROE, OPR, NPM.

Table 2.3 presents a summary statistics on several linear regression models, which were estimated to check the effect of the net surplus margin (NPM), operating profit rate (OPR) and to check the return on equity (ROE) on the stock return (s). The performance of the model is assessed through main indicators such as correlation coefficients (s), coefficients (R OFF), adjusted R and, and a standard error in estimates.
Many correlation coefficients (s) are 0.106, indicating a very slightly linear relationship between common profitability and stock return. The coefficient of determination (R RANS) is 0.011, which means that only 1.1% variation in the stock return is explained by the model. This suggests that the profitability degree, as defined in this study, provides a minimum contribution to the explanation of stock return behavior in the sample companies.

More severe, adjusted r get is negative (-0.063), which means the model performs worse than a simple medium-based prediction. A negative adjusted R usually indicates that independent variables, when collecting, do not increase the model's explanatory power and even can introduce unnecessary complexity.

The standard error of estimates (0.38721) reflects further spread of stock returns observed from estimated values. Given the low R and and the negative adjustment RG, the limited future accuracy of the relatively high error model confirms.
In summary, the regression model lacks statistical power and explanation. Weak R and and and negatively adjusted by indicated that the profitability (NPM, OPR and ROE) does not explain variation of shares in Turkish production companies seen during the study period. It asks for caution in explaining the benefits

ANOVA TABLE

According to Table (2.4), the model F value of (0.153) is insignificant. In other words, the F-value indicates that the regression model is statistically insignificant in general, due to its value is more than 5%.

Table (2.4): ANOVA [a] table

Model	Sum of squares	df	Mean Square	F	Sig.
1 regression	.069	3	.023	.153	.927[b]
Residual	5.997	40	.150		
Total	6.066	43			

a: dependent variable: R

a. Predictors: (constant), ROE, OPR, NPM.

Table 2.4 provides analysis of variance (ANOVA) results for several linear regression models that assess the effect of the net profit margin (NPM), operating profit ratio (OPR) and return to Equity (ROE) on stock return (s). The ANOVA test evaluates whether the overall regression model explains the variables variables depending on the model without a prophet. Recovery of classes represents variation in stock returns (0.069) represents variation in stock returns that occur according to the combined linear effects of independent variables (NPM, OPR and ROE). The Restyoga (5.997) of the routes indicates unexplained variation, which remains high in relation to the model yoga of the squares, indicating a poor model adaptation. The total sum of classes (6,066) confirms that regression only says an insignificant fraction of total variance. The F-statistical value is 0.153, with an associated meaning (p-value) of 0.927, above the traditional threshold of 0.05 or 0.10. This means that the model is not statistically important as a whole, and there is no evidence that common prophets (NPM, OPR, ROE) explains a meaningful part of the variability of the storage return.

In conclusion, the ANOVA results first reinforce the regression findings: The model lacks explanatory power, and the concept ratio that has predicted stock returns to a large extent. These findings suggest that accounting -based profitability can play a more important role in influencing the stock performance in committee companies in addition to measures.

COEFFICIENTS

Table (2.5): Coefficients [a]

Model	Unstandardized coefficients		standardized coefficients	t	Sig.
	B	Std. Error	Beta		
1 (constant)	-.063	.132		-.475	.637
NPM	.298	.555	.106	.537	.594
OPR	-.234	.678	-.067	-.346	.731
ROE	-.016	.034	-.082	-.468	.642

a: dependent variable: R

Table 2.5 reports a coefficient for several linear regression models, which are used to evaluate the effect of three profitability indicators - NENT BENEFIT margin (NPM), Operating Profit Ratio (OPR) and Return -Stock Returns (R). The model blockage (stable) is estimated at the T value of -063 and -0,475 (p = 0.637) with a T value of 0.132, and shows that it is not statistically important. This suggests that in the absence of variation in independent variables, the expected stock return is not meaningful from zero.

When it comes to independent variables, all three prophets received statistically insignificant coefficients, as clarified by their high P-values (more than 0.05):

• NPM has a positive uncontrolled coefficient of 0.298, with a standard error of 0.555 and a T-value of 0.537 (p = 0.594). Despite the positive signal, the result lacks statistical significance, and this sample has no reliable linear ratio between net surplus margin and stock return.

• OPR -0.346S T value and P value of 0.731 provide a negative unstable coefficient of -0.234, indicating that changes in the operating profit ratio do not significantly affect the return on stock.

• Roe, often regarded as a large means of profitability for the shareholder, also shows no significant relationship with stock returns. It has an unstable coefficient of -0,016, very low T value of -0,468 and p -man of 0.642. This result is contrary to theoretical expectation that high ROE will have a positive impact on market evaluation.

The standardized coefficients (beta)-for all variable-npm (0.106), Opr (-0.067) and Roe (-082) confirmation of the weak explanatory power of these prophets, because their magazine is small and is not different from zero.
In summary, regression coefficients indicate that none of the profitability (NPM, OPR, ROE) has a statistically significant impact on the stock return in Turkish production companies. These results reinforce the conclusions of the model summary and the pre -ANOVA table, which suggests that other factors beyond traditional profitability indicators can drive stock returns in this context.

CONCLUSION

Based on the findings of empirical analysis, the study concludes that the sample listed on the Istanbul exchange of profitability is not a statistically significant impact on the stock return between Turkish production companies. especially:
• Pure profit margin (NPM) shows no statistical significant relationships with stock returns.
• Department of operation (OPR) shows no meaningful relationship with stock returns.
• Despite its theoretical significance as a major profitability indicator, no significant impact on the return on stock.

These results suggest that in terms of this study, accounting -based profitability calculations are not reliable prophets of market -based performances. Recovery and correlation analysis continuously indicates that variations in profitability are not translated into variation in stock returns. The regression model was adjusted by negative, and all estimated coefficients were statistically insignificant, emphasizing the weak explanatory power of the selected economic indicators.

These findings are contrary to many pre - -emirical studies, which reported strong and important relationships between profitability measures and stock returns. For example, in its study of Indonesian production companies, Nadayani and Surjaya (2021) found that Roa, Roe and NPMS together have a significant and positive impact on the stock return at the same time. Similarly Al Omri et al. (2017), in the context of Jordan, stated that profitability indicators largely affected the fixed performance.

The extra contrast certificates are given by Al Money et al. (2021), who concluded that Roe has a positive impact on the market value of shares in Jordan's insurance companies. In addition, Nalurita (2015) scored mixed results in the Indonesian context: While the Loan-to-Egen Capital Relationship (there) was significantly related to stock returns, Price-Yuti (per) (per) and the return on the property (ROA) did not show a significant impact-a significant effect was partially adapted to the findings in the current study.

Together, the results of this research contribute to extensive educational discourse by revealing reference -specific and market -sensitive nature of profitability return. Factors such as market efficiency, investor behavior, fixed sizes and external economic conditions that Türkiye can convey or unclear the relationship in emerging markets.

RECOMMENDATIONS FOR FUTURE RESEARCH

Future studies should consider expanding the scope of analysis to include a large and more different samples, a longer horizon and further explanatory variables such as fixed size, leverage, dividend payment rate, macroeconomic indicators and investor spirit indices. In addition, the use of advanced economic techniques such as data models, time chain analysis or structural equation can achieve deep insight into complex dynamics between modeling company level profitability and market-based results. The discovery of regional differences and comparison of cross composition can also further enrich the understanding and generality in conclusions.

In the conclusion, although this study does not provide any empirical support for an important link between the profitability of Turkish production and stock return, it provides only valuable insight into the limits to rely on Accounting B.

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