

ABSTRACT

“THE EFFECT OF RETURN ON ASSET, NET PROFIT MARGIN AND CURRENT RATIO ON STOCK RETURNS OF PHARMACEUTICAL COMPANIES LISTED ON THE IDX IN THE 2020-2023 PERIOD”

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The capital market holds a significant function within the economy, particularly in delivering crucial information about a company's financial performance that can impact investor decision-making. Stock returns serve as a primary benchmark for investors in evaluating the gains from their investments. Fundamental aspects such as profitability (ROA), net profit margin (NPM), and liquidity (CR) are believed to affect stock returns. Nonetheless, earlier research has presented inconsistent findings concerning the correlation between these variables and stock returns especially within the pharmaceutical industry, which possesses distinct business traits and is subject to various external influences, including regulatory frameworks and fluctuations in demand for healthcare products. The research investigates “how Return on Assets (ROA), Net Profit Margin (NPM), and Current Ratio (CR) influence stock returns among pharmaceutical firms listed on the Indonesia Stock Exchange (IDX) between 2020 and 2023”. Adopting a quantitative methodology, the study utilizes panel data to explore these financial indicators' impact. Regression techniques are employed to assess the connection between the predictor variables and stock performance, using secondary data sourced from financial statements and historical stock price information.

This research aims to offer valuable perspectives for investors by highlighting the importance of financial indicators when evaluating opportunities within the pharmaceutical industry. Furthermore, the findings may serve as a strategic guide for corporate financial managers in optimizing capital structure, thereby enhancing firm value and boosting the appeal of their stocks in the capital market.

Keywords: Return on Assets (ROA), Net Profit Margin (NPM), Current Ratio (CR), Stock Returns, Pharmaceutical Companies, Indonesia Stock Exchange