

ABSTRACT

The Effect of Price Earning Ratio and Return on Equity on Stock Returns (In Pharmaceutical Companies Listed on the Indonesian Stock Exchange)

Agung Nugroho¹⁾, Dalizanolu Hulu, S.E., M.E., CRM., CRP²⁾,

- 1) *Development Jaya University Management Study Student Program*
- 2) *Lecturer of Pembangunan Jaya University Management Study Program*

This research was conducted with the aim of analyzing the price earning ratio and return on equity on stock returns in pharmaceutical subsector companies listed on the Indonesia Stock Exchange in 2018-2021. The type of research used is quantitative research. The data source used is secondary data. The population used is pharmaceutical subsector companies listed on the Indonesia Stock Exchange (BEI) (<https://www.idx.co.id/>), and Yahoo Finance (<https://finance.yahoo.com/>). The data collection technique in this research used a purposive sampling technique for 8 companies. The data analysis technique used in this research is panel data regression analysis using Panel Data Estimation (Chow test, Hausman test, and Lagrange multiplier test), Classical Assumption Test, and Hypothesis Testing (coefficient of determination test, t test, and F test) with using Eviews 10 software. The result is that the Price Earning Ratio has a positive and significant effect on stock returns. Apart from that, return on equity has no effect on stock returns because investors pay more attention to company profit information than capital.

Keywords: Price Earning Ratio, Return on Equity and Stock Return