SKRIPSI

THE INFLUENCE OF EARNINGS PER SHARE (EPS), PRICE EARNING RATIO (PER), PRICE TO BOOK VALUE (PBV), AND DEBT EQUITY RATIO (DER) ON THE STOCK RETURN OF MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

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DEPARTMENT OF ACCOUNTING

FACULTY OF ECONOMICS AND BUSINESS

HASANUDDIN UNIVERSITY

MAKASSAR

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Muh. Ferial Ferniawan

PREFACE

Acclaim the scientist goes to God All-powerful for His favors so the specialist can complete this proposal. This proposition is the last task to accomplish the Seasoned veteran at Bookkeeping (S.Ak) degree in the Hasanuddin College Personnel of Financial aspects and Business Schooling System.

The scientist wishes to offer thanks to every individual who added to the consummation of this postulation. The researchers should offer their gratitude to Mrs. Dr. Hj. Andi Kusumawati, S.E, M.Si, Ak,. CA., CRA., CRP and Mr. Afdal, S.E., M.Sc, Dec., Ak as the advance notice bunch for the time spent to direct, prod, and give composing help, as well as the discussions that have been driven. Preferably the assist given by all get-togethers with willing be remunerated by God All-strong.

All in all, because of the father and mother close by the experts for the help, counsel, motivation given during the investigation of this proposition. May all parties receive favor from Him for their assistance in successfully completing this proposal.

In spite of getting help from different sources, this proposition is still distant from awesome. If this proposal contains errors, it is entirely the analyst's responsibility, not the assistance providers'. This proposal can be worked on additional through helpful analysis and ideas.

Makassar, 26 October 2023

Muh.Ferial Ferniawan

ABSTRACT

THE INFLUENCE OF EARNINGS PER SHARE (EPS), PRICE EARNING RATIO (PER), PRICE TO BOOK VALUE (PBV), AND DEBT EQUITY RATIO (DER) ON THE STOCK RETURN OF MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

Muh. Ferial Ferniawan
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This study aims to analyze the effect of Earnings Per Share (EPS), Price Earning Ratio (PER), Price To Book Value (PBV), Debt Equity Ratio (DER) on the Stock Return. Data collection was obtained from the annual financial statements of manufacturing companies listed on the IDX for the period 2019 - 2021 totaling 20 companies, using data on the IDX official website (www.idx.co.id) and the official website of each company. The data analysis method uses a special application of multiple linear regression analysis with a quantitative approach. The results showed the effect of: Earnings Per Share (EPS), Price Earning Ratio (PER) and Debt Equity Ratio (DER) have a positive and significant effect on stock returns of manufacturing companies listed on the IDX for the period 2019 - 2021. Price To Book Value (PBV) has a positive and insignificant effect on the stock returns of manufacturing companies listed on the IDX for the 2019-2021 period.

Keywords: Earnings Per Share, Price Earning Ratio, Price To Book Value, Debt Equity Ratio, Firm Size and Stock Return

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CHAPTER I

INTRODUCTION

1.1 Background

The S&P Global Release regarding the Association of Southeast Asian Nations (ASEAN) Purchasing Managers Index (PMI) stated that the condition of the ASEAN manufacturing industry had experienced an accelerated improvement in the last one year in September 2022. Companies showed a significant increase in production output, new orders, purchasing activity, and also an increase in employment. This shows that business confidence in the ASEAN region is solid and strong. The release also said that improvements in the manufacturing sector for the ASEAN region have occurred for the past 12 months, consistently and continuously. This is the fastest growth rate since October 2021, and overall manufacturing expansion has been solid.

The business local area keeps on being keen on putting resources into the capital market considering the rising number of financial backers on the IDX. The principal overseer of IDX (Indonesian Securities exchange), Inarno Djajadi, expressed in an article that was distributed in Purwanti in 2022 that the quantity of capital market financial backers had expanded by 21% from the earlier year, or more than 1.57 million Single Financial backer ID (SID). Inarno continued to say that young monetary sponsor make up 81.74 percent of the total monetary benefactors in Indonesia's capital market." As of June 24, 2022, the number of stock investors had also grown to 3,988,341 SID. This addressed an increment of more than 536 thousand SID, or 15.6%, over the earlier year. As the IDX has advanced, the big number demonstrates a noteworthy public interest in saving offers.

Table 1.1 Manufacturing Company Share Prices 2019-2021

Stock code	**Company name**	**Share Price (Rupiah)**		
		2019	**2020**	**2021**
CAMP	PT Campina Ice Cream Industry Tbk	374	340	306
ULTJ	Ultra Jaya Milk Tbk	1,680	1,600	1,430
LION	Lion Metal Works Tbk	1,350	763	923
KINO	PT Kino Indonesia Tbk	3,430	2,120	3,840
ACES	Ace Hardware Indonesia Tbk	1,495	1,387	1.155
MYOR	Mayora Indah Tbk	1,300	2050	2,550
MIDI	Midi Utama Indonesia Tbk	1,340	1270	1995
CINT	PT Chitose Internasional Tbk	290	260	240
GGRM	Gudang Garam Tbk	41,550	42,400	42,800
SIDO	PT Herbal Medicine and Pharmaceutical Industry Sido Munncul Tbk	638	799	865

Source: Close Price, Indonesia Stock Exchange (www.idx.co.id/id), March 2023

The calculation of the average share decreases annually, as shown in Table 1.1, which depicts the share prices of manufacturing companies that are listed on the IDX from 2019 to 2021. However, the share prices of a number of businesses increased between 2019 and 2021. Gudang Garam Tbk with the most raised share cost of a gathering association recorded on the IDX in 2019 got a handle on that there was an augmentation of 2.4% from 2019 to 2020. The proposition cost of PT Kino Indonesia Tbk. Lion Metal Works Tbk's share price decreased by 43% from 2019 to 2020, but experienced a significant increase of 81% from 2020 to 2021. The fact that organizations in the IDX assembling file for 2019-2021 exhibit stock cost vacillations makes sense given the information above. The value of an association is reflected in its part cost. Assuming the business is fruitful, rous financial backers will normally be keen on the portions of the ization.

Investors will be interested in the required future rate of return (return) in relation to the company's risk. Financial backers are most attracted to businesses with high yields but low risk. The company is currently not appealing to financial backers in the event that both the benefit rate and the risk level increase. The organization will document an allure assuming the expanded income is adequate to make up for the expanded gamble. Financial backers frequently try not to face challenges. People have started investing in IDX to get the expected returns. Investors' expectations for returns do not always materialize in the manner they desire. Despite the best efforts of businesses, profits can fluctuate or even decrease. Financial backers battle to go with choices seeing speculations subsequently. The result of the speculation is known as return.

According to (Wulandari, 2016), the rate of return on investment is the sum of the dividend/yield and capital gains. This shows that yield is pay that is paid to investors as profits now and again or at a foreordained development date, while capital increase is the contrast between the cost of offers at the hour of procurement and deal. When it comes to investing, the typical objective of investors is to achieve the anticipated rate of return. Dividends and investment gains make up the returns. The capital addition is the contrast between the price tag and selling cost of the offers. Expecting a negative value is known as a capital mishap or, most of the time, a capital loss.

As indicated by the flagging hypothesis, financial backers will respond to the organization's worth in light of the data gave. Monetary supporters will be bound to put their capital in an organization with a higher worth in light of ...act that an expansion in the organization's worth will bring about an ...nmon yield for financial backers. As a result, an organization's stock costs will become more unpredictable. The cost to book esteem (PBV) proportion is utilized to decide if stock costs are finished or underestimated. A low cost to book esteem is a mark of undervaluation, which is beneficial to long haul financial backers. A low PBV value, on the other hand, may suggest that the fundamentals' quality and performance have deteriorated. As per Hery (2016), the PBV worth ought to likewise be contrasted with the PBV of other patrons' portions in a similar industry.

Earlier examination on Income Per Offer (EPS) and Value Acquiring Proportion (PER) yielded different ends. (Rahmat and Fatimah, 2022) showed that profit per offer and cost procuring proportion fundamentally affect organization stock returns in their examination by (Santy, 2017). In any case, Kurniati and Pratama's examination from 2022 exhibited that profit for each offer and cost income proportion affect organization stock returns and are not huge.

Different outcomes were also found in a few studies that included PBV and DER (Obligation to Value Proportion). As per (Wahasusmia and Badaria, 2020) and (Pangestu and Yahya, 2022), the PBV and DER essentially affect stock returns in their examinations. In any case, this is as opposed to (Kurniati and Pratama's, 2022) statement that the PBV esteem and DER meaningfully affect stock returns and are not critical.

Because of this establishment, I'm anxious to lead this examination, as past examinations have uncovered inconsistent discoveries. Since financial backers regularly assess stock returns in view of the presentation of the organization, specialists will examine the effect of EPS, PER, PBV, and DER ock returns. Hence, taking the title, I'm keen on leading this examination; ct of Earnings Per Share (EPS), Price Earning Ratio (PER), Price To

Book Value (PBV), and Debt Equity Ratio (DER) on Stock Returns of Manufacturing Companies Listed on the Indonesia Stock Exchange"

1.2 Problem Formulation

The following are the research issues that arise as a result of the preceding context:

1. Does *Earning Per Share* affect Stock Return?
2. Does *the Price Earning Ratio* affect Stock Returns?
3. Does *Price To Book Value* affect Stock Return?
4. Does *the Debt To Equity Ratio* affect Stock Returns?

1.3 Research Objectives

The following goals of this study are based on the data presented in the problem formulation:

1. to test and examine how Earnings Per Share affect Stock Return
2. to test and examine how the Price Earnings Ratio affects Stock Return
3. to test and examine how Price to Book Value affects stock returns
4. to determine how the Debt to Equity Ratio affects stock Returns

1.4 Research Benefits

The usefulness of this research consists of theoretical usefulness and practical usefulness.

1.4.1 Theoretical Uses

The development of studies on the effect of stock returns on EPS, PER, PBV, and DER within the framework of agency theory (Agency Theory) and signaling theory will benefit theoretically from this research. In addition, financial statement research can benefit from this study's reference.

1.4.2 Practical Use

This study's findings are also expected to be helpful to readers and to provide information and input to companies going public to boost stock prices, particularly manufacturing companies.

1.5 Writing Systematics

Systematics of Exploration Composing This keeps the rules for proposal composing (Personnel of Financial aspects and Business, 2022). In postulation composing It will comprise of 5 sections in particular, presentation, audit of, research strategies, research results, and conversation research discoveries as well as shutting as follows :

CHAPTER I INTRODUCTION

Systematics of Exploration Composing This keeps the rules for proposal composing (Personnel of Financial aspects and Business, 2022). In postulation composing It will comprise of 5 sections in particular, presentation, audit of, research strategies, research results, and conversation research discoveries as well as shutting as follows :

CHAPTER II LITERATURE REVIEW

Chapter II covers The underpinning of the hypothesis that turned into the premise to dissect the issue, as per the subject or issue contemplated, the hypothesis utilized in this writing audit depends on exactness, importance, and intricacy in the exploration point.

CHAPTER III RESEARCH METHOD

The examination plan, the exploration area and time, the populace and test, the kind of examination and the wellsprings of information, the strategies for ring information, the functional meanings of the factors in the examination, the instruments utilized in the exploration, and the information examination are undeniably shrouded in Part III.

CHAPTER IV RESULTS OF RESEARCH AND DISCUSSION

Chapter IV covers the data obtained and describes the research results through statistical analysis and hypothesis testing of problems and answers research questions or problem formulation integrating research results with the theories built.

CHAPTER V CLOSING

Conclusions, which are succinct and precise statements that describe the findings of the research and discussion, as well as the outcomes of testing the hypothesis or accomplishing the goals of the research, are included in Chapter V. All of the described research results are summarized in the study's conclusion, which should follow the same order as the problem formulation, objectives, results, and discussion to maintain consistency.

CHAPTER II

LITERATURE REVIEW

2.1 Signalling Theory

The signaling theory states, high-quality businesses will communicate their quality to investors and potential investors. Financial backers are supposed to have the option to recognize great and terrible. The situation known as "separating equilibrium," or the balance of separation, resulted from this condition. That is, the company ought to be able to distinguish itself from the business environment, which views it as part of a group of bad businesses. According to (Ismarinanda and Bawono, 2022) signaling theory, a company ought to send signals to people who use financial statements. The sign, for instance, is as advancements or data that makes sense of an organization is superior to different organizations. Signaling theory suggests that individuals or groups will use signals or cues to convey information to others. In the context of financial markets, signaling theory suggests that companies may use certain signals to communicate their expectations about their future performance to investors.

In this instance, management of the company is conveying their perspectives on the prospects for the company's future to investors through their instructions to them. Data about the organization's tasks, monetary execution, and different variables that could influence its development in what's to come is probably going to be available to the administration. Management is expressing their confidence in the company's future success xpressing their views on the company's prospects to investors.

Depending on their own assumptions and beliefs about the company, investors may interpret these signals in a variety of ways. For instance, investors may interpret management's confidence in the company's future prospects as a positive sign and increase their investment. On the other hand, investors may interpret this as a negative signal and reduce their investment in the business if management expresses caution or pessimism regarding the company's prospects for the foreseeable future.

Overall, signaling theory can help us understand how companies communicate with investors and how investors interpret those signals to make investment decisions.

Market participants will attempt to analyze and interpret information that has been announced on the stock market as either good news (a "good signal") or bad news (a "bad signal"). The flagging hypothesis gives motivations to organizations to pass data related on to monetary reports to outer gatherings of the organization. The asymmetry of information between management and external parties is the basis for the desire to provide information regarding financial reports. Therefore, in order to lessen the degree of information asymmetry, the thing that needs to be done is to send out a message to outsiders through the financial reports of the company. These reports need to contain reliable financial information about the company and will give an overview of the company's prospects for future sustainability.

Companies with promising prospects won't sell shares; rather, they'll look for new capital gains by borrowing more money than their normal capital ture targets. Conversely, businesses with promising prospects typically ose of their stock. This implies that when an organization reports the issuance of offers, it communicates something specific that the organization's administration thinks the organization's possibilities are terrible. The company will send a negative signal by issuing new shares if it does this more frequently than usual, which will lower its stock price. which could result in a decrease in stock prices (Rahmani, 2020). An indication that a company has a high firm value is an increase in the stock price. In this manner, the firm value or value of the company can benefit shareholders in line with rising share prices (Jamilah, 2021).

2.2 Stock returns

According to (Desy and Astohar, 2012), the term "stock return" refers to the amount of money investors make from an investment. The result of an investment is the stock return. Investments need to be aware that they can still result in losses in addition to profits. These increases or misfortunes are unequivocally impacted by the financial backer's capacity to break down the state of the stock cost which is a flashing evaluation that is affected by many variables including the condition (execution) of the organization, outer imperatives, the organic market for shares on the lookout, as well as the capacity of financial backers to investigate corporate securities.

Almira and Wiagustini, (2020), returns can be as acknowledged returns that have happened or anticipated returns that poor person happened however are normal later on. A return that has happened and is determined utilizing information from the past is known as an acknowledged return. Return acknowledgment is critical in light of the fact that it is utilized as an exhibition marker for the business. Future risks and anticipated returns can alculated using this return from the past. The relationship between risk return plays a significant role in investor behavior. The money related speculation looks at adventure assessment that has a high bet, monetary sponsor require a higher speed of get back as well. An expected return is a return that hasn't happened yet but is expected to happen in the future. As sane people, financial backers will consider the normal return and how much gamble that should be borne as a sensible result of the choices that have been taken. The formula for stock return is:

$$Stock\ Return = \frac{\boldsymbol{Pt1 - Pt0}}{\boldsymbol{Pt0}}\ \boldsymbol{X\ 100}$$

2.3 Earning Per Share (EPS)

1. EPS Definition

The earnings per share calculated by Darmadji and Hendy (2011:154) is a ratio that indicates the percentage of earnings per share. In 2015, Kasmir: 207) The ratio per share, also known as the book value ratio, is a measure of management's ability to make money for shareholders. It is possible to draw the conclusion that the ability of a company to generate earnings per share it owns is measured by Earning Per Share.

2. Elements of Earning per Share

Fahmi (2011) : "earnings per share (EPS) is net profit after tax divided by the number of shares outstanding". The following is a definition of each component of earnings per share:

a. Net profit

Soemarso (2004:227) said that "Net benefit is the last figure in the pay explanation". In the wake of deducting charges, we call it net benefit after charge (Net Benefit After Duty). This figure demonstrates the rise in net ital. The increase in net capital is the difference between all revenues l profits minus all expenses and losses. This is your net benefit.

b. Outstanding Shares

Outstanding shares are the number of shares issued by companies owned by insiders and investors (Chasanah and Kiswara, 2017)

3. Earnings per Share Measurement

The ratio of the size of the dividend that will be paid to investors per share after the dividend has been deducted is known as Earnings per Share (Nenobais and Manafe, 2022). can be figured out as follows:

$$Earning\ per\ Share\ = \frac{Earning\ after\ Tax - Dividen}{Stock\ Shareholder}$$

2.4 Price Earning Ratio (PER)

1. Definition of Price Earning Ratio

Gitman (2015, p. 131) The Price Earning Ratio (PER) compares the profit generated by each share to the share price. PER, or price-to-earnings ratio, is a financial metric that is commonly used to evaluate the relative value of a company's stock. The ratio is calculated by dividing the current market price of a company's stock by its earnings per share (EPS) over the past 12 months.

A higher PER generally indicates that the market has high expectations for the company's future earnings growth. This could be due to a number of factors, such as the company's strong financial performance, favorable market conditions, or a positive outlook for its industry.

However, it's important to note that a high PER does not necessarily mean that the company will continue to experience high growth in the future. There are many factors that can impact a company's performance, uding changes in the market, shifts in consumer preferences, and tuations in the economy.

Investors should also consider other factors, such as the company's financial health, management team, and competitive landscape, when making investment decisions. While a high PER may be a positive sign, it should not be the sole basis for an investment decision.

2. Elements of the Price Earning Ratio

Fahmi (2011), namely: "the elements contained in the Price Earning Ratio are the market price per share and earnings per share ". The definition of each element of the Price Earning Ratio is explained as follows:

a. Market price per share

The share price represents the current market value of a single share of a company's stock, and it can fluctuate frequently based on a variety of factors such as supply and demand, company performance, economic conditions, and investor sentiment. This volatility in stock prices can create opportunities for investors to make gains or losses depending on their timing and strategy. It's important to keep in mind that stock prices can be influenced by many factors, and predicting their movements can be challenging even for experienced investors. Due to requests and offers made by buyers and sellers of shares, stock prices can fluctuate in mere seconds or minutes.

b. Earnings per share

Earnings per share are the level of net profit for each share. The higher this ratio shows that the company can improve the welfare of shareholders.

3. Price Earning Ratio Measurement

Margaretha (2011: 27) a company that has a high level of Price ning Ratio is usually a company that has a high growth rate, this shows t the market expects profit growth in the future. Conversely, companies that have a low level of Price Earning Ratio have a low growth rate. can be calculated as follows:

$$Price\ Earning\ Ratio = \frac{Market\ Price\ Per\ Share}{Earning\ Per\ Share}$$

2.5 Price to Book Value (PBV)

1. PBV Definition

According to Tandelilin (2017: 324) Price to Book Value (PBV) is an illustration of the relationship between the stock market price and the book value per share which can be used to determine the value of a share where the market value of a share must reflect its book value. According to Brigham & Houston (2013: 113) price to book value or also known as the market to book ratio (M/B ratio) is a market assessment of the price of a company based on its book value. Companies that have low risk and/or high growth rates will be considered good by investors and companies with these characteristics will have a high market-to-book ratio.

2. Elements of Price to Book Value

Tandelilin (2017: 324), namely: " the component that measures the price to book value consists of the stock market price and the book value per share ". The definition of each element of price to book value is explained as follows:

a. Stock Market Price (Market Price)

The price that is listed on the exchange at a specific time is the stock price. In a brief amount of time, stock prices can rise or fall. Due to requests and offers made by buyers and sellers of shares, stock prices can fluctuate nere seconds or minutes.

b. Book Value

The shareholder's net assets (net assets) are represented by the book value per share. Net assets are equal to total shareholder equity (Jogiyanto, 2017:202)

3. Price to Book Value Measurement

The ratio of price to book value is a crucial indicator of a company's strong commitment to the market. Efforts to increase the PBV ratio mean that it is an effort to increase company value (Nenobais and Manafe, 2022). can be calculated as follows:

$$Price\ to\ Book\ Value\ = \frac{Market\ Price\ Per\ Share}{Book\ value\ per\ share}$$

2.6 Debt to Equity Ratio (DER)

1. Definition of Debt to Equity Ratio

A high Debt to Equity Ratio (DER) indicates that the company is relying heavily on debt to finance its operations and growth, which may result in financial difficulties and increased risk. Investors may perceive such companies as less stable and riskier investments, which can lead to lower demand for their shares and, consequently, a decline in stock prices. Furthermore, high levels of debt can make it challenging for a company to meet its debt obligations, particularly during times of economic downturns or if interest rates rise, which can potentially lead to bankruptcy. However, it is worth noting that a high DER may not always be a negative indicator, and it depends on the company's industry, business model, and financial strategy (Marini and Dewi, 2019).

2. Elements of the Debt to Equity Ratio (DER)

Kasmir (2015), namely: " the component that measures the debt to equity ratio consists of the company's total debt and the company's total capital". The definition of each element of price to book value is explained as follows:

a. Total Liability

The total liability or total debt referred to in the calculation formula for debt-to-equity ratio (DER) is the entire amount of debt the company owes, including both short-term debt and long-term debt, as of a particular point in time or for a particular accounting period. The formula for DER is:

“DER = Total Liabilities / Shareholders' Equity”

The higher the resulting ratio, the more heavily the company is financed by debt relative to equity, which can indicate that the company is taking on more risk. High levels of debt can make it more difficult for a company to meet its financial obligations, particularly during difficult economic times. However, a high DER may not necessarily be a bad thing if the company is able to effectively manage its debt and generate strong profits. Ultimately, investors should consider a range of financial ratios and other factors when evaluating the financial health and potential risks of a company.

b. Equity Value

Equity that comes from the company's owner and remains permanently incorporated into the business is known as own capital. Equity from this source is funds that come from company owners or can also come from ained earnings or earnings.

3. Debt to Equity Ratio Measurement

The debt ratio that businesses use to use their capital to pay off short-term or long-term debt is called the Debt to Equity Ratio. Calculation of Debt to Equity Ratio according to exposure. (Kasmere, 2015). can be calculated as follows:

$$Debt\ to\ Equity\ Ratio = \frac{Total\ Debt}{Total\ Capital}$$

2.7 Firm Size

The development of the business world in Indonesia has caused Large companies require employees with a broad level of knowledge and good employee attitudes according to ethics in both small and large companies (Riani et al., 2020). Company size is the size of a company in various ways, among others, expressed by the amount of wealth (total assets), stock market value, total sales in one year of the sales period, the number of workers, and the total fixed book value of the company (Yanti et al., 2020).

Syahadati, (2018) Company size is a scale that can be categorised as small or large as a company which can be measured based on total assets, stock market value, total sales, and so on. According to Masud Machfoedz (1994), basically company size is only divided into three categories, namely large firms, medium firms, and small firms. The determination of this company is based on the company's total assets, namely the company size category:

1. Large Firm A large firm is a company that has a net worth of more than IDR 10 billion including land and buildings. Has sales of more than IDR 50 billion per year

2. Medium Firm Medium-sized companies are companies that have a net worth of Rp 1 billion to 10 billion including land and buildings. Has sales greater than IDR 1 billion and less than IDR 50 billion
3. Small Firm A small firm is a company that has a net worth of at most IDR 200 million excluding land and buildings and has sales of at least IDR 1 billion per year

2.8 Previous Research

Past exploration or observational survey is one of the references in leading examination, by sharing the consequences of past exploration that can be utilized as supporting information for analysts. A few past examinations are pertinent to this exploration, like (Fitra and Nursito, 2022) with the title " Impact EPS and NPM on Stock Costs on Organizations Recorded in the LQ45 File" This study means to dissect the impact of EPS and NPM on stock costs in Organizations Recorded in the LQ45 List. The regression approach is used in this quantitative research method. Test the coefficient of determination of the EPS and NPM variables, which have a 55.3% effect on stock prices and a significant effect on stock prices simultaneously, is the study's conclusion.

Jamilah, (2021) study (Studies on Consumer Goods Companies Listed on the Exchange) examines the effects of ROA, ROEM NPM, and DER on stock prices prior to and during the COVID-19 pandemic. The Converence Sampling method and a descriptive quantitative research type, as well as a sampling strategy, are utilized in this study. Personal Administered Questionnaires (PAQ) are the method of data collection utilized in this study. re the Covid-19 pandemic, the research demonstrates that ROA, ROEM I, and DER have a positive and significant impact on stock prices.

A research project titled "The effect of earnings per share, price earning ratio, price to book value, and debt to equity ratio on stock prices in Indonesian Sharia Stock Index (ISSI) companies" was carried out by Amaliyah and Perwitasari in 2017. This examination utilizes a kind of exploration. This research is quantitative, or research that uses numbers, statistical management, structures, and controlled experiments to study quantitative phenomena based on positivism's emphasis on objective phenomena. Stock prices are significantly influenced by earnings per share, according to the findings of the study. Stock prices are not affected by PER, DER, or PBV.

The findings of the study suggest that PBV and NPM have a significant positive impact on DPR, while EPS and PER have a negative impact. This indicates that manufacturing companies with higher PBV and NPM ratios are more likely to have higher DPR, while those with higher EPS and PER ratios are less likely to have higher DPR. It is worth noting that the study found that all four financial ratios had a significant influence on DPR, suggesting that these ratios can be useful indicators of a company's financial performance and its ability to pay dividends to shareholders.

Overall, this study provides valuable insights into the relationship between financial ratios and dividend payout ratios in the context of manufacturing companies listed on the Indonesian Stock Exchange. The findings of the study may be useful for investors and analysts looking to make investment decisions in this sector, as well as for companies themselves looking to improve their financial performance and dividend payouts.

2.9 Research Framework

This exploration expects to inspect and examine the impact of Profit Per Offer, Value Acquiring Proportion, Cost To Book Worth, and Obligation Value Proportion Consequences for Assembling Organization Stock Value Strategy Recorded on the INDONESIA STOCK Trade. The researcher provides a description of the theoretical concepts outlined above in the form of a research framework as follows:

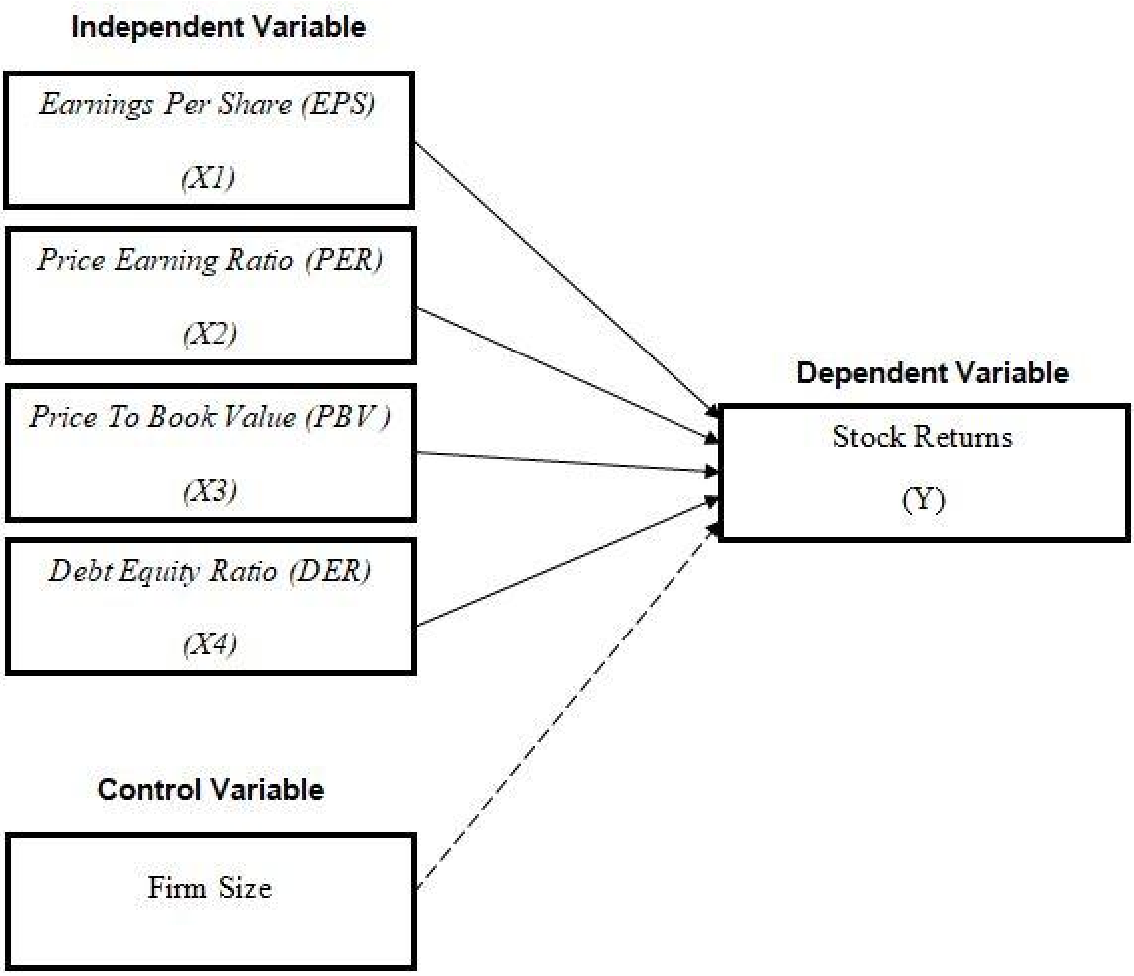

Figure 2.1
Conceptual Framework

2.10 Research Hypothesis

2.10.1 Effect of Earnings Per Share (EPS) on Stock Returns

EPS is one way to gauge a company's success. A business that has a higher EPS is more likely to be able to make a net profit from each share. An increase in the company's earnings per share (EPS) indicates increased investor prosperity. expressing that financial backers' assessment of a guarantor's exhibition will be impacted by the degree of benefit created per share possessed. "The level of demand for the company's shares is affected by the higher the EPS value," according to (Humaerah, 2022), since investors are more likely to believe that the company's future prospects are very promising.

Organizations have a motivating force to intentionally give outer gatherings monetary revealing data, which is made sense of by the flagging hypothesis. The organization is bound to share data since it and outcasts have different data. When everything is considered, associations more deeply study an association's true capacity than untouchables (monetary benefactors, banks). Provide signals to outsiders, one of which is reliable financial information that will reduce uncertainty about future company prospects, is one way to reduce information asymmetry (Bringham, 2016). As per the discoveries of the examination directed by Ismarinanda and Bawono, which expressed that EPS significantly impacts stock returns, the higher the EPS, the higher the pace of stock returns, as well as the other way around (Bringham, 2016), The accompanying speculation for this study can be planned considering the previous depiction:

Earnings per share have a positive effect on stock returns.

2.10.2 Effect of Price Earning Ratio (PER) on Stock Returns

The PER proportion is the proportion of the stock cost to the pay from each offer. According to PER data (Tandelilin, 201, 7:375), investors need to put in a certain amount of money to buy a single profitable business. The higher the PER exhibits the chance of a stock expense being regarded higher by monetary benefactors about pay per share so the higher PER similarly shows the more exorbitant the stock is about benefit per share. When a company has a high PER, investors are more likely to be interested in purchasing shares, which can result in an increase in share prices (Husnan, 201, 9:75). The development in stock costs that happens will be addressed unequivocally by monetary supporters since they will get capital expands which is one of the pieces of stock returns, in this way showing that PER will affect stock returns.

This study supports the idea that this signal is information about management's efforts to carry out the owner's wishes. Financial statements, promotions, or other information claiming that the company is superior to others are examples of signals. The utilization of flagging hypothesis is firmly connected with data as monetary proportions on stock returns. Consequently, in the event that the proportions are great, it will be a decent sign (uplifting news) for financial backers. Since with great proportions it will actually want to show that the organization's monetary presentation is great. then financial backers will be keen on putting their assets as protections or offers. The huge interest for offers will make the offer cost increment. Risdiyanto and Suhermin (2016) found that the Value Procuring Proportion emphatically ts stock returns, supporting this hypothesis. Considering the first ction, the accompanying speculation can be formed for this review:

H $_2$: Price earning ratio has a positive effect on stock returns

2.10.3 Effect of Price To Book Value (PBV) on Stock Returns

. PBV is the division of the market cost per share by the book esteem per offer to decide the fair cost of an offer by computing the last offer cost at the book worth of the organization's most recent yearly monetary report. The greater the PBV ratio, which indicates the company's success in generating value from shareholder capital, In this review, it was found that PBV essentially affected stock returns. This shows that PBV is a sign that contains data for going with venture choices for financial backers. The better the organization esteem, the more intrigued financial backers will be in effective money management their assets. so that when the stock cost will build, the effect on stock returns will likewise increment. The PBV proportion depicts how much the market values the book worth of an organization's portions. It represents that the higher the organization's stock cost shows the better the organization's presentation, so it can give a superior pace of return from here on out. The consequences of this study are in accordance with the aftereffects of exploration led by (Ristyawan, 2019).

This examination is as per signal hypothesis which contains data in pursuing venture choices by financial backers. The better the organization's worth, the more intrigued financial backers will be in effective money management their assets. so the offer cost will increment with an effect on stock returns likewise encountering an increment. The PBV proportion represents how much the market esteems the book worth of an organization's portions. gives a thought that the higher the organization's on cost shows the better the organization's presentation, so it can give a rior pace of return from now on. The consequences of this study are in accordance with the aftereffects of exploration led by (Ristyawan, 2019). This hypothesis is upheld by research led (Akbar and Herianingrum, 2015), the consequences of this study are that PBV significantly affects changes in stock returns. In view of the portrayal over, the speculation in this exploration can be planned as follows:

H $_3$: Price to book value has a positive effect on stock returns

2.10.4 Effect of (DER) on Stock Returns

Assuming the DER is high, it implies that the organization depends intensely on credits from outside sources to maintain its business. 2019) (Marini and Dewi). DER mirrors an association's respectably high bet so generally speaking monetary benefactors will as a rule avoid stocks that have a high DER regard. The stock cost will for the most part fall with respect to the higher the gamble of utilizing more obligation. It is guessed that financial backers will actually want to assess the organization's wellbeing by contrasting credit capital with their own capital. The usage of gigantic commitment can achieve a lower association's ability to pay its commitments so the bet guaranteed by the association will increase. At the point when the DER is high, financial backers keep away from organization shares since they will more often than not stay away from risk.

This exploration is as per flagging hypothesis, the obligation did by the organization has a positive effect in light of the fact that rising obligation implies expanding risk. Higher gamble will affect higher stock returns too. So DER can emphatically affect stock returns. Market participants will attempt to analyze and determine whether the information is good news (a "good al") or bad news (a "bad signal") when it is announced in the stock ket. Signal hypothesis gives motivations to organizations to pass data related on to fiscal reports to outside parties. The inclination to give data connected with fiscal summaries depends on the presence of data imbalance among the executives and outside parties.. This hypothesis is upheld by Wingsih's (2019) research, which found that DER decidedly affects stock gets back all the while. Considering the first depiction, the accompanying speculation can be formed for this review:

H $_4$: DER has a positive effect on stock returns