CHAPTER V
CLOSURE

5.1 Overview of Study

This study investigates the effect of rofitability ratio on Stock Prices of pharmaceutical Companies listed in the Indonesia Stock Exchange (IDX) period 2017-2022 involve research questions whether Return on Assets, Return on Equity, and Price Earning Ratio has no affects on Stock Prices.

This study is a quantitative data, the population of this study is pharmaceutical companies listed in the Indonesia Stock Exchange (IDX) period 2017-2022. The sample using purposive sampling method with criteria that have been registered with IDX 2017-2022. Based on the criteria known that the numberof samples throughout the study period was 9 samples of pharmaceutical companies listed in the Indonesia Stock Exchange (IDX) period 2017-2022.

Table 5. 1 Result of Findings

Hypotheses	Accepted	Rejected
H1: Return on Assets		√
H2: Return on Equity		√
H3: Price Earning Ratio		√

5.2 Summary of Research Findings

The study investigated the relationship between financial performance indicators (ROE, ROA, and PER) and the stock prices of several pharmaceutical companies in Indonesia. The analysis included a descriptive statistical analysis, classic assumption tests (normality and multicollinearity), and multiple linear regression analysis. The key findings from the study are as follows:

In the descriptive analysis, stock prices varied significantly, with a mean of

2207 and a standard deviation of 1754.88. ROE and ROA had mean values of 0.0327 and 0.6548, respectively, showing variability in profitability. PER exhibited extreme variability, with a mean of 9891.34 and a standard deviation of 72114.40. For the normality test, the data initially did not meet the normality assumption, but after transformation, the data fulfilled the assumption of normality. The multicollinearity test revealed no multicollinearity symptoms among the independent variables, as tolerance values were above 0.10 and VIF values were below 10.

The multiple linear regression analysis indicated that ROE and PER had a positive relationship with stock prices, while ROA had a negative relationship. The model's constant was 2198.871, indicating the base value of the stock price when all other variables are zero. The coefficient of determination (R^2) revealed that the model explained 8.2% of the variance in stock prices, indicating that other factors outside the model contribute to the majority of the variability in stock prices.

The hypotheses testing involved both T-tests and an F-test to assess the influence of independent variables (ROE, ROA, and PER) on the dependentvariable, stock price. The T-test was conducted with a significance level of 5% (0.05). The results showed that the significance value for ROE was 0.865, whichis greater than 0.05, leading to the conclusion that ROE does not significantly affect stock prices. Similarly, the significance value for ROA was 0.291, also greater than 0.05, indicating that ROA does not significantly affect stock prices. The PER variable had a significance value of 0.081, again greater than 0.05, suggesting that PER does not significantly affect stock prices.

The F-test was utilized to examine the collective impact of ROE, ROA, and PER on stock prices. The significance value from the F-test was 0.230, which is above the 0.05 threshold. This result indicates that, when considered together, ROE, ROA, and PER do not have a significant effect on stock prices. In summary,both the individual and combined analyses of ROE, ROA, and PER demonstrate that these variables do not significantly influence stock prices in this study.

5.3 Contribution of Study

5.3.1 Body of Knowledge

This study contributes to the body of knowledge by providing empirical evidence on the relationship between financial performance indicators and stock prices within the Indonesian pharmaceutical industry. It highlights the variability in financial metrics and their impact on stock prices, offering insights for future research and investment decision-making.

5.3.2 Theory

The study reinforces the theoretical framework that suggests financial performance indicators such as ROE, ROA, and PER are significant determinants of stock prices. The positive relationship between ROE and stock prices aligns with the theory that higher profitability leads to higher stock prices. Conversely, the negative relationship between ROA and stock prices suggests that other factors might mediate this relationship in the pharmaceutical sector.

5.3.3 Practical

Practically, the study provides valuable information for investors and financial analysts in the Indonesian stock market. By understanding how ROE, ROA, and PER influence stock prices, stakeholders can make more informed investment decisions. Pharmaceutical companies can also use these insights to improve their financial strategies and enhance stock market performance.

5.4 Limitation of The Study

This study has several limitations:

1. The study was limited to a specific number of pharmaceutical companies, which may not represent the entire industry.
2. The analysis was based on data from a particular period, which might not capture long-term trends.
3. The model did not account for external factors such as market conditions, regulatory changes, and macroeconomic variables that could influence stock

prices.

5.5 Future Research

Future research should consider the following directions:

1. Include a broader range of companies across different sectors to enhance generalizability.
2. Conduct studies over extended periods to capture long-term trends andeffects.
3. Integrate macroeconomic and market variables to develop a more comprehensive model.
4. Examine the impact of financial indicators on stock prices in other sectors to compare with the pharmaceutical industry findings.

This chapter has provided a comprehensive summary of the research findings, highlighting the relationship between financial performance indicators and stock prices in the Indonesian pharmaceutical industry. It has discussed the contributions to knowledge, theoretical implications, practical applications, limitations, and suggested directions for future research.