

ABSTRACT

In 2018, Indonesia was ranked 9th among the world's largest pulp producers and 6th among the world's largest paper producers. Based on the national industrial policy, the pulp and paper industry is one of the priority industries. The annual growth of the pulp and paper industry shows that the industry has good development capabilities, so that pulp and paper companies must be able to run the company's organizational wheels more effectively. Every company was founded to maximize profits. Profit is the result of profits obtained by the company from its business within a certain period of time. Financial performance is a very important thing, because financial performance is influential and can be used as a tool to assess whether the company is growing or vice versa. One of the analytical tools for financial statements is to use financial ratio analysis. The financial statements are analyzed to find out the meaning of the numbers listed in the financial statements so that they are useful for investors to invest.

This study was conducted to determine the simultaneous and partial effect of Liquidity Ratio and Profitability on earnings per share of manufacturing companies in the basic industry and chemical sub-sector pulp and paper listed on the Indonesia Stock Exchange. The data from this study are the financial statements of manufacturing companies in the basic industry and chemical sub-sector pulp and paper listed on the Indonesia Stock Exchange during 2016-2020.

This study uses quantitative methods with descriptive research and panel data regression analysis using Eviews 11 SV software. The hypothesis was tested using the analysis of sampling in this study is purposive sampling so that the sample in this study is a manufacturing company in the basic industrial sector and chemical sub-sector pulp and paper listed on the Indonesia Stock Exchange with a research period of 5 years from 2016 to 2020. So that it is obtained 35 samples.

The results of this study indicate that the variables of Liquidity Ratio and Profitability have a simultaneous effect on earnings per share. Partially, the Profitability Ratio variable has a positive effect on earnings per share. While the Liquidity Ratio variable has no significant effect on earnings per share of manufacturing companies in the basic industry and chemical sub-sector pulp and paper listed on the Indonesia Stock Exchange in 2016-2020.

For further researchers, it is expected to increase the period range so that the research results obtained are expected to be more detailed, and for further researchers it is expected that in measuring financial ratios other measurements can be used such as activity ratios, solvency ratios, and investment ratios.

Keywords: Earning Per Share, Liquidity Ratio, Profitability Ratio