

The Effect Of Current Ratio, Net Profit Margin, Debt To Equity Ratio Firm Size And Return On Equity On Price Earning Ratio Empirical Studies On Consumer Goods Industry Companies Listed On Idx (Years 2018-2020)

Achmad Fadjar¹

Widyatama University Bandung, Indonesia
achmad.fadjar@widyatama.ac.id

Yoli Lanar Jumana²

yolilanar@gmail.com

Bangun Gunawan³

bangungunawan8@gmail.com

Abstract

The purpose of this study was to analyze the influence of Current Ratio, Net Profit Margin, Debt To Equity Ratio Firm Size and Return On Equity (ROE) on Price Earnings Ratio (PER) on consumer good companies listed on the Indonesia Stock Exchange. The population in this study is a company listed on the Indonesia Stock Exchange for the period 2018 to 2020. This research is descriptive quantitative research with multiple linear regression analysis methods using SPSS v25 software. The results of this study showed the Return on Equity (ROE), Current Ratio, and Debt to Equity Ratio, partially had a significant effect on the Price Earnings Ratio. While Firm Size partially has no significant effect on the Price Earnings Ratio. For the simultaneous influence of Return on Equity (ROE), Current Ratio, Debt to Equity Ratio, and Firm Size has a significant effect on price earnings ratio (PER) on Consumer Goods companies listed on the Indonesia Stock Exchange.

Keywords

Current Ratio, Net Profit Margin, Debt To Equity Ratio Firm Size, Return On Equity (ROE), Price Earnings Ratio (PER), Bursa Efek Indonesia, Consumer good

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Introduction

The goal of investors to invest in stock securities is to get a low-risk rate of return. There are two forms of return on the investment of shares owned, namely dividends and capital gains. When investing in stocks, investors will invest in company shares that will provide a high rate of return. Investors must be able to analyze whether the stock price that occurs is worth buying and must also detect price movements, knowing what variables determine the stock price, whether it is fundamental, technical, or socio-political. Each variable has a relatively different effect, so that the existence of a stock price that is undervalued or overvalued in essence due to the strength of different determinants (Itemgenova & Sikveland, 2020). A company's profits can make the stock price rise and when that happens, investors also make a profit. If a company has a high Earnings Per Share (EPS), it will have more money available, either to reinvest or distribute to shareholders in the form of dividends. Earnings Per Share indicates a link between the market price of common stock and the Price Earning Ratio. If the company's Price Earning Ratio is high it means that the company's shares can provide a large return for investors.

PER is the main tool for calculating the stock price of a company that is equated with the company's income. Price to earnings is considered to be very influential on the decision making of an investor, before investing his money. Price To Earning Ratio (PER) Is important for investors before deciding to buy shares of a company. Because, PER also determines the steps that must be taken by the investor based on his goals. PER is a market record of the company's future performance or business prospects. Investors believe if the company has good prospects in the future, it will have a high company PER that is visible from the stock price in the market (Luffi & Arsitha, 2016). The consumer goods sector index is still the favorite in the sectoral index since the beginning of the year. Citing data from the Indonesia Stock Exchange (IDX), per consumer goods sector index has only corrected 5.5% since the beginning of the year. This correction is lower than the decline that occurred in the Composite Stock Price Index (ICI), which has decreased by 27.95% since the beginning of the year.

The PER is recognized as a method of assessing a good stock that determines the value of a stock in the upcoming period and determines the amount of capital in the stock, therefore PER is often an important measure for potential investors in investing. PER is also a measure for determining what the market is giving value or price to a company's stock. The desire of investors to analyze stocks through financial ratios such as PER due to the desire of investors or prospective investors for a decent return (return) from a stock investment. This high ratio will grow the expected profit. (Dhankar, 2019; Reilly & Brown, 2011).

When the Covid-19 pandemic is different from the returns that tend to fall. The Price Earning Ratio has been reversed. If the ROE of some companies is even at a minus number. Inversely proportional to the PER of companies engaged in the Consumer goods industry. Here is a chart per consumer goods industry sector during the period 2020:

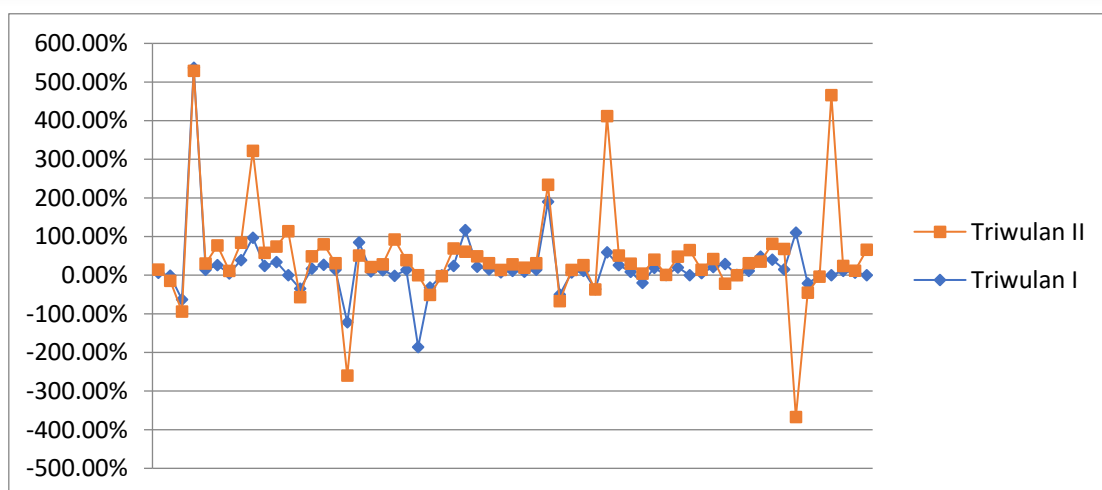


Figure 1.1 Chart PER Consumer Goods Company Source: Indonesia Stock Exchange Statistics (idx.com, 2020)

It can be seen in the data above that per in customer goods industry sector companies tend to still be high. Where the Composite Stock Price Index tends to fall and minus in each sector. The average PER for consumer goods industry in the first quarter of 12% and the second phase actually increased by 5% to 17% this indicates that at the time of the pandemic between march 2020 (Quarter I) to Q2 showed the Price Earning Ratio increased. In contrast to ROE which has mostly decreased. Based on the data above investor decision making at the time of the pandemic is not only based on the ROE of companies that experience an increase or decrease but there are other factors, namely PER. It can be seen that the second quarter of ICI experienced significant losses when compared to the first quarter. This is inversely proportional when compared to per in the Consumer Goods Industry which tends to increase during the second quarter from the second quarter from the first quarter. In the monthly statistics issued by the Indonesia Stock Exchange in the first quarter per for industrial customer goods as a whole or the average in the industry is 12% while in the second quarter it increased to 22%. This means that per customer good industry is still high.

There are factors that can cause price earning ratio (PER) to increase when compared to ICI, among others, are Return on Equity (ROE), Current Ratio (CR), Debt to Equity Ratio (DER), and Firm Size (FS). Here's the related research:

1. Previously conducted relationships between (Jitmaneroj, 2017); Utomo, Andini, and Raharjo (2016) and Batubara and Ramadani (2021) which obtained results that ROE had a positive and significant effect on PER. While in the study Itemgenova and Sikveland (2020) revealed the results that ROE negatively affects PER.
2. The relationship between current ratio and price earning ratio (PER) that has been done before, among others, Mufidah and Sucipto (2020); Utami (2017) and Kurniawan, Habibi, and Arifin (2020) get statistical results that the Current Ratio has a significant effect on PER. While in the Bustani, Kurniaty, and Widyanti (2021) suggested that the Current Ratio had no significant effect on PER.
3. The relationship between Debt to Equity Ratio and Price Earning Ratio (PER) that has been done before, among others, Anggraini and Asmanah (2019); (Lutfi & Arsitha, 2016) and Surjanto and Sugiharto (2021) get statistical results that solvency has a significant effect on PER. While in the study suggested the results that debt to equity ratio does not have a significant effect on PER.
4. The relationship between Firm Size and Price Earning Ratio (PER) that has been done before, among others, (Apriyani & Pulungan, 2020); Arslan, Iltas, and Kayhan (2017) and Kumar (2017) get statistical results that Firm Size has a significant influence on PER. While in the study Aribawa, Sutrisno, and Swasito (2020) suggested the results that Firm Size has no significant effect on PER.

During the Covid-19 pandemic, household consumption stocks (consumer goods) have bright prospects. Moreover, historically, consumption sector stocks were able to survive amid the economic slowdown. Consumer goods stocks recorded the lowest decline compared to other sectors during the current year (year to date / ytd). In fact, since the composite stock price index (JCI) fell from the level of 4,000 on March 24, some consumer goods stocks have been positive. When the market experiences bearish as it currents, all sectors are corrected very deeply. However, the consumption sector decreased the least, which was only 11%. (ytd) (Putri, Hutagalung, Octavia, & Virginia, 2020).

Here is the Probability Ratio of Return on Equity (ROE) in Consumer Goods Industry Sector Companies:

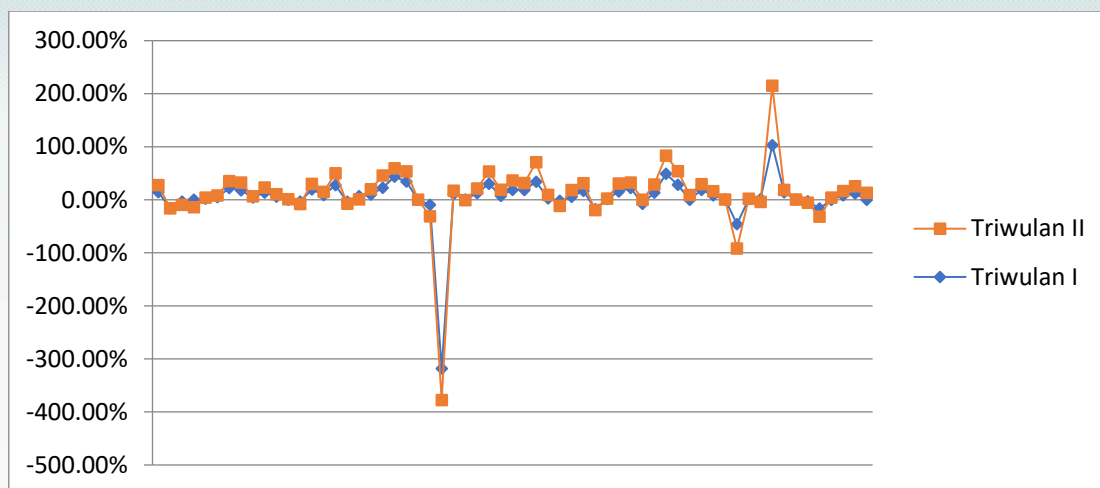


Figure 1.2 Graph of ROE of Consumer Goods Companies Source: Indonesia Stock Exchange Statistics (idx.com, 2020)

Based on the data above for Consumer Goods Industry companies mostly experienced a decrease in Return (revenue) from the first quarter of 2020. Decrease in the second quarter of 2020 which occurred due to the high Covid-19 in Indonesia. The decrease in return on equity in the second quarter did not make investors stop investing in companies with the consumer goods industry. This happens because consumer goods industry companies are the main supply companies in the daily needs of life.

The Problem's Formulation

From the background of the above problem it can be formulated as follows:

1. Does ROE affect the PER of Consumer Goods Industry.
2. Does the Current Ratio affect the PER of Consumer Goods Industry.
3. Does the DER affect the PER of Consumer Goods Industry.
4. Does Firm Size affect the PER of Consumer Goods Industry.
5. Does ROE, Current Ratio, DER and Firm Size simultaneously affect the PER of Consumer Goods Industry.

Literature Review

Price Earning Ratio (PER)

PER is one of the fundamental analysis approaches that calculates the ratio of the price of shares per share to earnings per share as the basis of the analysis, and shows the period of time required for funds to be returned when the stock price rises and earns a profit on the company in a given period. Price Earning Ratio is a market appreciation of the company's future performance or business prospects. Investors believe that in the future a company that has good prospects will have a high PER seen from the stock price in the market (Lutfi & Arsitha, 2016). Price Earning Ratio is recognized as a good stock valuation method that determines the value of shares in the period to come and determines the amount of capital in the stock, therefore PER is often an important measure for prospective investors in investing. PER is also a measure for determining what the market is giving value or price to a company's stock. The desire of investors to analyze stocks through financial ratios such as PER due to the desire of investors or prospective investors for a decent return (return) from a stock investment. This high ratio will grow the expected profit (Dhankar, 2019; Reilly & Brown, 2011).

According to Ghaeli (2017) PER is a ratio to set the value of a company that measures its current stock price relative to its earnings per share. The price-earnings ratio is usually calculated as the market value per share divided by earnings per share. Typically, a high PER

ratio illustrates that investors anticipate higher profit growth in the coming years, while companies with lower PER expect lower growth. In fact, a low PER indicates either the company is currently undervalued or performing very well compared to past trends.

Return on Equity (ROE)

According to [Subramanyam \(2014\)](#) ROE is the ratio to measure net income after tax with corporate capital. ROE informs the company's capacity to earn net income after tax by using the company's capital. If the higher the ROE ratio, then the use of company capital carried out by management will be more efficient ([Brigham & Houston, 2021](#)).

ROE growth shows the company's better opportunities because it means the potential for increased profits earned by the company, so investor confidence will increase and make it easier for the company's management to attract capital in the form of shares ([Brigham & Houston, 2021](#)).

Current Ratio

According to [Robinson \(2020\)](#) Current Ratio is a measuring tool for liquidity capability (short-term solvency) which is the ability to pay debts that immediately must be met with current assets. According to [Brigham and Ehrhardt \(2013\)](#) This Current Ratio is to measure how much current assets can be used to pay off current liabilities.

Current ratio is the result of comparison used to measure a company's wealth in meeting short-term obligations that will approach the deadline by using the total current assets available ([De Villiers & Hsiao, 2018](#)).

According to [Prasoona and Reddy \(2021\)](#), "The current ratio is a ratio to measure a company's ability to pay short-term liabilities or debts that are immediately due at the time of overall billing." Current Ratio can be concluded that how much ability the company to pay its obligations by using current debt. Creditors do not need to worry because the company will pay its obligations on time.

Debt to Equity Ratio(DER)

DER is the debt ratio indicated by the relationship between the capital provided by creditors (suppliers and banks) who lend cash to the company and the remaining shareholder capital within the company ([Prasoona & Reddy, 2021](#)). DER is a proxy for calculating solvency or leverage ratios. DER is the ability of a company in fulfilling its obligations indicated by how much of its own capital is used to pay debt, in percentage ([Cashmere, 2015](#)). DER provides a comparison between total debt and the total equity of the company intended as a source of business funding. The larger the DER signifies that the capital structure of the business is taking advantage of more debt owed relative to equity. Greater dividend payments increase the opportunity to enlarge capital from external sources ([Subramanyam, 2014](#)).

Firm Size

The size of the company is a classification of the size of a company judging by the number of assets, the number of sales, the value of the stock market, and so on ([De Villiers & Hsiao, 2018](#)). The greater the total assets, the larger the size of a company, the larger the assets, the greater the capital planted ([De Villiers & Hsiao, 2018](#)). So that researchers use the total assets of the company used as research. [De Villiers and Hsiao \(2018\)](#) mentions that the company's size advantage has a good explanation compared to profit-based variables. Therefore, the size of a company is a view to determine how large the company is by looking at the amount of equity, the number of sales and the amount of assets. Thus, the higher a company will facilitate the stability of the company and will reduce risk for investors. According to [Omisore, Yusuf, and Christopher \(2011\)](#) the amount of companies measured using natural logs (Ln) of total assets aims to reduce fluctuations in excess data, the number of assets can be simplified without changing the proportion of the actual amount.

Conceptual Framework

Effect of ROE on PER

In a study conducted by [Utomo et al. \(2016\)](#), related to the relationship between ROE and PER showed the result that the ROE has a significant and positive effect on the PER. In another study conducted by [Jitmaneroj \(2017\)](#) obtained the result that return on equity has a positive and significant effect on the price earning ratio. The same findings in a study conducted by [Batubara and Ramadani \(2021\)](#) showed the results that return on equity has a significant positive effect on the PER. Furthermore, in research conducted by [Akbar \(2021\)](#) the influence of ROE on the PER showed the results that ROE has a positive and significant influence on the PER. Similar things obtained by [Soesilo, Gunadi, and Vandriani \(2020\)](#) in his research showed that ROE has a significant positive effect on the PER.

Effect of Current Ratio on Price Earning Ratio

In a study conducted by [Utami \(2017\)](#) related to the relationship of antera current rasion influence on price earning ratio showed results that the current ratio has a positive and significant effect on the price earning ratio. In another study conducted by [Mufidah and Sucipto \(2020\)](#) the results showed that statistically the current ratio has a significantly positive effect on the price earning ratio. Similar findings were also found in the study [Kurniawan et al. \(2020\)](#) which shows the results that there is a positive and significant influence between the current ratio on the PER.

Effect of DER on PER

In research conducted by [Lutfi and Arsitha \(2016\)](#) related to the influence between debt to equity ratio on PER shows that debt to ratio has a positive and significant effect on the price earning ratio. In another study conducted by [Anggraini and Asmanah \(2019\)](#) found a similar thing that there is a significant and positive influence relationship between debt to equity ratio to price earning ratio. Similarly obtained in a study conducted by [Surjanto and Sugiharto \(2021\)](#) findings showed that the debt to equity ratio has a significantly positive effect on the PER. Furthermore, in the research conducted by [Martono \(2019\)](#) in his research that showed that the DER has a positive and significant effect on the PER.

The Effect of Firm Size on the PER

In a study conducted by [Arslan et al. \(2017\)](#), related to the influence between firm size on price earning ratio shows the results that firm size has a positive and significant effect on the price earning ratio. In another study conducted by [Apriyani and Pulungan \(2020\)](#) showed results that firm size has a positive and significant effect on the PER. Similar findings were obtained in a study conducted by [Kumar \(2017\)](#) that firm size has a significant positive effect on the price earning ratio.

To make it easier to understand the influence of Current Ratio, Net Profit Margin, DER to Firm Size and ROE on Price PER. Can be withdrawn as follows:

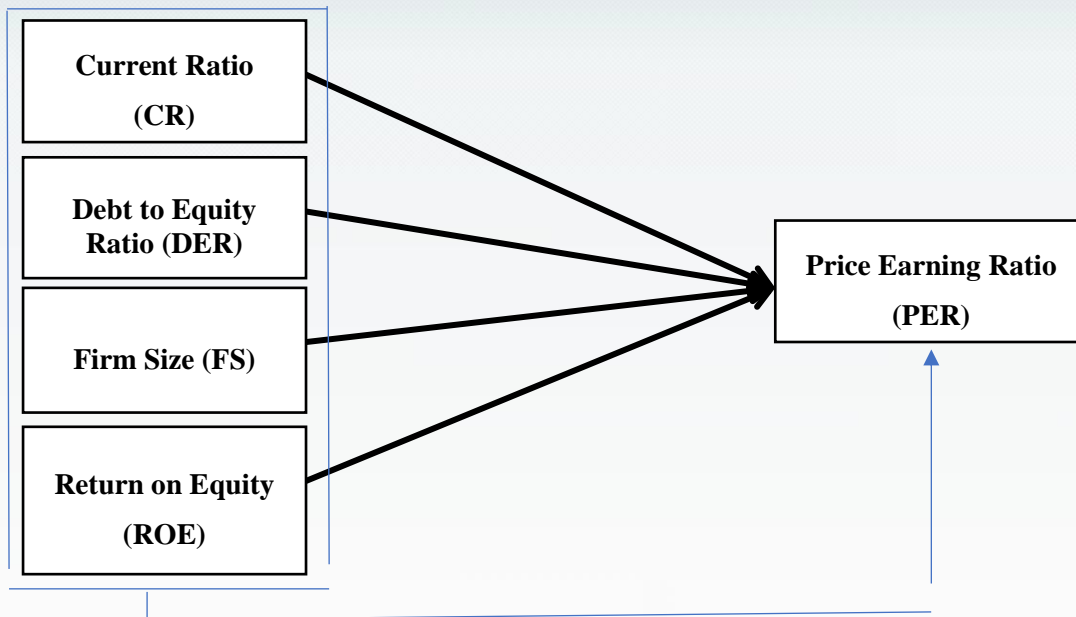


Figure 2.1 Research Model Framework

Hypothesis

From the description above, the hypothesis of this study is as follows:

- H₁ : ROE has a significant effect on the PER in Consumer Goods Industry.
 H₂ : CR has a significant effect on PER in Consumer Goods Industry.
 H₃ : DER has a significant effect on the PER in Consumer Goods Industry.
 H₄ : Firm Size has a significant effect on the PER in Consumer Goods Industry.
 H₅ : ROE, CR, DER, and Firm Size simultaneously have a significant effect on the PER in Consumer Goods Industry.

Research Methods

Population, Sample and Sampling Techniques

The population in this study was 62 companies with a research period of 2018 to 2020 in consumer goods industry companies listed on the Indonesia Stock Exchange (IDX). By using purposive sampling technique, the number of company samples obtained as many as 44 companies.

Research Procedure

Data collection techniques are taken in two ways, among others :

- 1) The reference data collected comes from the IDX by means of documentation. (www.idx.co.id), and in www.e-bursa.com and read matters related to and related to profitability factors.
- 2) Literature studies is information obtained from literature used as a theoretical foundation.

Operational Research Variables

Here are the variables used in this study.:

1. Independent variables used are ROE, Current Ratio, Net Profit Margin, DER and Firm Size.
2. The endogenous variables used are Competitive Advantage and Price Earning Ratio (PER).

Data Collection Procedure

Data used descriptive quantitative research by using SPSS v25 software to assist in calculating multiple linear regression analysis as the data analysis method we use. At this stage of data study, classical assumption tests are used in the form of normality, autocorrelation, multicollinearity and heteroscedasticity tests. Then hypothesis testing uses the t-test, F-test and Coefficient of Determination measures.

Results Of Analysis And Discussion

Descriptive Statistical Studies

Table 4.1.
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Price_Earning_Ratio	440	-1,0458	11,8263	2,629261	1,2336683
Current_Ratio	440	-5,7220	2,4150	,021776	2,0894143
Debt_to_Equity_Ratio	440	-2,3098	1,6902	-,429528	,7385090
Firm_Size	440	-3,7777	2,1244	1,131235	1,0156583
Return_on_Equity	440	-3,3979	6,1598	1,925612	1,2295934
Valid N (listwise)	440				

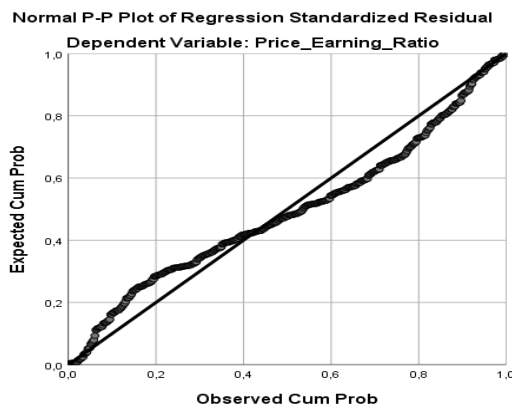
Source: Secondary data processed 2021

In [table 4.1](#) it is known that the amount of data used in this study is as many as 440 companies. Descriptive statistics show that the Variable Current Ratio(CR) has the highest minimum value of -5.7220 and the Price Earning Ratio has the highest maximum value and the highest average of 11.8263 and 2.629261.

Classic assumption test

Test of Normality

Figure 4.1.
Test of Normality



Source: Secondary data processed 2021

Based on the Normal P-Plot graph that can be seen in figure 4.2, it is known that the data spreads around the diagonal line and follows the direction of the diagonal line, so that the regression model meets the assumption of normality which means it can be inferred normal distributed data.

Test of Multicollinearity

Table 4.2.
Test of Multicollinearity

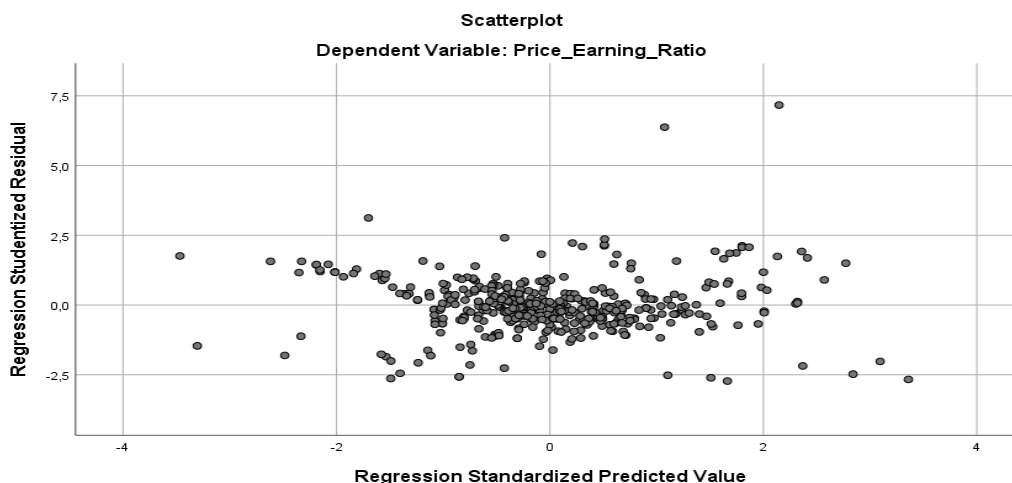
Coefficients ^a							
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics
		B	Std. Error	Beta			Tolerance
1	(Constant)	3,239	0,153		21,181	,000	
	Current_Ratio	,118	0,045	0,200	2,626	,009	0,353
	Debt_to_Equity_Ratio	-,209	0,076	-0,125	-2,754	,006	0,994
	Firm_Size	-,150	0,092	-0,123	-1,620	,106	0,353
	Return_on_Equity	-,276	0,045	-0,275	-6,089	,000	0,999
							VIF
							2,835
							1,006
							2,835
							1,001

Source: Secondary data processed 2021

In table 4.2 it is known that each of the independent variables used namely CR, DER, Firm Size (FS) and ROE has a VIF value of < 10 (and a Tolerance value of > 0.10), this illustrates that in the regression model above avoids multicollinearity problems.

Test of Heteroscedasticity

Figure 4.2.
Test of Heteroscedasticity



Source: Secondary data processed 2021

In the graph image above it appears that residual data dot patterns spread by not having a specific pattern, so it can be said that regression capital meets assumptions or is free from symptoms of heteroplasticity.

Test of Autocorrelation

Table 4.3.
Autocorrelation Test
Model Summary^b

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate	Durbin-Watson
1	,333 ^a	,111	,103		1,1686787	1,813

IDX Data Source: Processed 2018

Based on the [table](#) above, the known lower limit (DL) value of Durbin Watson's [table](#) for n = 440 and k = 8 at a significant rate of 5% is 1,813 (4-DI of 1,813) and the upper limit value (DU) is 1,876 (4-Du of 1,813) Durbin Watson's value of 1,813 is in the $Du \leq DW \leq 4-Du$, meaning based on durbin Watson's autocorrelation criteria it can be known that there is no autocorrelation in this regression model.

Hypothesis Testing

The Testing Of Partial (T-Test)

Table 4.4.
Partial Regression Test (T Value Test)

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error				Beta	Tolerance
1	(Constant)	3,239	0,153		21,181	0,000		
	Current_Ratio	0,118	0,045	,200	2,626	0,009	,353	2,835
	Debt_to_Equity_Ratio	-0,209	0,076	-,125	-2,754	0,006	,994	1,006
	Firm_Size	-0,150	0,092	-,123	-1,620	0,106	,353	2,835
	Return_on_Equity	-0,276	0,045	-,275	-6,089	0,000	,999	1,001

Source: Secondary data processed 2021

The results of the test in [table 4.4](#) obtained the following regression model equation formula :

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

$$Y = 3,239 + 0.118 CR + -0.209 DPR + -0.150 FS + -0,276 ROE + 0.153$$

The Testing of Simultaneous (F_test)

TABLE 4.5.
The Testing of Simultaneous (F_test)

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	74,003	4	18,501	13,546	,000 ^b
	Residual	594,127	435	1,366		
	Total	668,131	439			

Source: Secondary Data processed 2021

In [table 4.5](#) there is a result that the value F is 13.546 with a significance value of $0.000 < 0.05$

(alpha 5%). Thus independent variables consisting of Current Ratio (CR), DER, Firm Size (FS) and ROE simultaneously and simultaneously have a significant effect on the variable dependent PER.

The Test of Determination Coefficient

Table 4.6.

Determination Coefficient Test (R²)

Model Summary ^b						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	,333	0,111	,103	1,1686787	1,813	

Source: Secondary Data of IDX, processed 2021

In [table 4.6](#), the result is that the magnitude of the coefficient of determination (Adjusted R Square) in this study is 0.111 or 1.1%. This indicates that the contribution of independent variables consists of CR, DER, Firm Size FS and ROE. PER is 1.1%, While the remaining 99.9% (100% - 1.1%) is determined by other variables contained in this test..

Discussion

Effect of Current Ratio on Price Earning Ratio

From the test results it is known that the Current Ratio variable has a significant effect on the Price Earning Ratio where the Sig value is 0.009 or below the value of 0.05 ($0.009 < 0.05$) with a positive regression coefficient direction of 0.118. The conclusion of this first test is that a partial regression test over current ratio has a positive and significant effect on PER in Consumer Goods Industry (H1 Accepted) companies..

Previous research, among others, is [Kurniawan et al. \(2020\)](#) which states that the Current Ratio has a positive and significant effect on the Price Earning Ratio. According to [Bustani et al. \(2021\)](#); [Utomo et al. \(2016\)](#) and [Wibowo, Putra, Dewi, and Radianto \(2019\)](#) Current Ratio had no positive and significant effect on price earning ratio.

The Effect of DER on PER

From the test results we can find out that the DER variable has a significant effect on PER this is characterized by a Sig value of 0.006 or the value is still below the value of 0.05 ($0.006 < 0.05$) with a positive regression coefficient direction of -0.209. It was concluded that the results of partial regression tests in this study's DER negatively and significantly affected the PER in Cosumer Goods Industry (H2 Accepted) companies.

Previous research, among others, namely [Anggraini and Asmanah \(2019\)](#) and [Surjanto and Sugiharto \(2021\)](#) which stated that the Debt to Equity Ratio had a positive and significant effect on the Price Earning Ratio.

The Effect of FS on the PER

We can know the test results inform that the Firm Size variable is not significant to the Price Earning Ratio this is characterized by a Sig value of 0.106 or above the value of 0.05 ($0.106 > 0.05$) with a positive regression coefficient of -0.150. It was concluded that the partial regression test results in this study were negative firm size to the Price Earning Ratio in Cosumer Goods Industry (H3 Rejected) companies.

Previous research, among others, namely [Aribawa et al. \(2020\)](#); [Utomo et al. \(2016\)](#), and [Arslan](#)

et al. (2017) which states that Firm Size has no significant negative effect on the Price Earning Ratio.

Effect of ROE on PER

We can know the test results inform that the ROE variable has a significant effect on per this is characterized by a Sig value of 0.000 or below the value of 0.05 ($0.000 < 0.05$) with a positive regression coefficient direction of -0.276. The conclusion of the regression test results partially that ROE has a negative and significant effect on PER in Cosumer Goods Industry (H4 Accepted) companies.

Previous research, among others, namely Akbar (2021); Utomo et al. (2016), and Soesilo et al. (2020) which states that ROE has a positive and significant effect on the PER.

Conclusions & Suggestion

Conclusion

1. The results of the first hypothesis test (H1) prove that ROE partially affects the PER in consumer goods companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020.
2. The results of the second hypothesis test (H2) proved that the Current Ratio partially had a significant effect on the PER in consumer goods companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020.
3. The results of the third hypothesis test (H3) proved that the DER partially had a significant effect on the PER in consumer goods companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020.
4. The results of the fourth hypothesis test (H4) proved that Firm Size partially had no significant effect on the PER in consumer goods companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020.
5. The results of the fifth hypothesis test (H5) prove that ROE, Current Ratio, DER, and Firm Size simultaneously have a significant effect on PER in Consumer Goods companies listed on the Indonesia Stock Exchange (IDX) in 2018-2020.

Suggestion

In future research, other variables can be added that reflect macroeconomic conditions in the study, among others: Rupiah / US \$ Exchange Rate, Inflation, SBI Interest Rate, Gross Domestic Product (GDP) and other financial information variables that are suspected to affect the Price Earning Ratio, especially financial performance ratios such as Dividend Payout Ratio, Quick Ratio, Profit Margin and other financial ratios.

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