

ABSTRACT

Hadi,Saiful, 2012 ESSAY. Title : The Effects of Return on Equity (ROE) and Return On Assets (ROA) on the Share Return through Earning per Share (EPS) (A Study on manufacturing Companies in 2009-2011)

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Keywords :Return on Equity,Return on Assets,Earning per Share,Return Saham.

Investments in financial assets contain many uncertainties. Basically investors wanting to invest their capital in return or a high return rate. Therefore, investors should be smart to choose which companies can generate higher profits, so it can receive a high return as well. To assess the ability of the company in generating profits can be through information stated in financial reports which can be observed by computing the financial ratios. This study aimed at (1) investigating the effects of Return on Equity (ROE) directly on the share return and indirectly through Earning per Share (EPS) (2) investigating the effects of Return on Assets (ROA) directly on the share return and indirectly through Earning per Share (EPS) on manufacturing companies in 2009-2011.

The design of the study was associative causative. The population in this study was the entire manufacturing companies listed in the Indonesian Stock Exchange during 2009-2011 of which 73 manufacturing companies listed in the Indonesian Stock Exchange during 2009-2011 were taken to be the samples. In addition, the data analysis was path analysis to observe direct effects of exogenous variables, which were Return on Equity (X1) and Return on Assets (X2) on the endogenous variable, which was share return (Y) and indirect effects through the intervening variable, which was Earning per Share (Z).

The findings were that Return on Equity (ROE) indirectly had insignificant effects on the share return, but directly it had significant effects through Earning per Share (EPS). Besides, Return on Assets (ROA) indirectly had insignificant effects on the share return and indirectly had insignificant effects through Earning per Share (EPS) on the manufacturing companies listed in the Indonesian Stock Exchange during 2009-2011