

ABSTRACT

Previous research on profitability specifically discussing return on equity, especially in pharmaceutical subindustry health company listed on Indonesia Stock Exchange after the COVID-19 pandemic has not been widely studied by previous researchers. The object of this research is pharmaceutical subindustry health company listed on Indonesia Stock Exchange covering the period 2016-2020. The sample used in this study amounted to 9 companies. Multivariate linear regression was used to analyze the data with SPSS for Windows version 23. This research based on 5 independent variables such as current ratio, debt equity ratio, total asset turnover ratio, total sales, net working capital and one dependent variable is profitability (return on equity).

This result shows each of liquidity (current ratio), company efficiency (total asset turnover ratio), firm size (total sales), working capital (net working capital) have a positive significant effect on return on equity. Further leverage (debt equity ratio) shows a negative but not significant effect on return on equity.

Companies are expected to give more attention to the current ratio, total asset turnover ratio, total sales, net working capital because they have a significant positive effect on profitability. Meanwhile, for shareholders are expected to be a reference in making investment decisions especially investing in the pharmaceutical industry in Indonesia. Further for the next research it is expected to add another variable outside of this study because the result of Adjusted R Square only 49.8% and the research period is longer so that the results are more representative of the profitability of pharmaceutical companies in Indonesia.

Keywords: *current ratio, debt equity ratio, total asset turnover ratio, total sales, working capital, return on equity, profitability, pharmaceutical, Indonesia*