The Effect of Financial Ratios on Firm Value: Empirical Evidence from Property and Real Estate Sector Companies Listed on the IDX

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ABSTRACT
This study aims to analyze the effect of cash ratio, total asset turnover, net profit margin, and the earning per share on price book value. Firm value is especially critical to investors since it represents the true value of the company. The population of this study is 45 companies registered on the Indonesia Stock Exchange a sector property and real estate during the 2017-2020 period. The sampling technique used is the purposive sampling method and 22 companies were chosen as the sample. This research uses the descriptive quantitative method and the multiple regression test to determine the relationship between variables. The results show that the cash ratio, total asset turnover, net profit margin, and earning per share simultaneously explain 50.3% of the variance in price book value. The cash ratio has a positive and significant effect on price book value, total asset turnover has no significant effect on price book value, net profit margin has a positive and significant effect on price book value, and earning per share has a positive and significant effect on price book value. Every company needs to keep track of its assets.

Keywords:
Cash ratio, total asset turnover, net profit margin, earning per share, and price book value.

1. Introduction
The economic condition of a country can be said to be good if its gross domestic product has increased significantly. The economic condition in Indonesia for the period 2017-2020 shows an increase (Juwita & Diana, 2020). This increase is influenced by household consumption. With this increase, it has increased public interest to invest in the Indonesia Stock Exchange. This is based on the fact that every investor in investing definitely wants the expected profit (Kalfin et al., 2019a; Kalfin et al., 2019b). The company value shows the company’s performance and the company’s management’s ability to manage its assets; this can affect the investor’s assessment of management performance in a company. Firm value helps the investors to know the accurate value of the company and determine whether it is undervalued or not. Firm Value plays a significant role for the investors to find the actual value of the company (Sukono et al., 2020). It helps in comparison of companies having different capital structures (Herdjiono & Sari, 2017).

On the Indonesia Stock Exchange, there are several types of sector companies in Indonesia that have been officially registered. A stock index that measures the stock market, or a subset of the stock market, helps investors compare current price levels with past prices to calculate market performance (Hadi, 2018; Hasbullah et al., 2020; Kalfin et al., 2020). The stock index measures the price changes of a certain group of stocks. The index is most often used as a benchmark against which investors and money managers can measure the performance of their own investments. In this study, the company sector used is a company from the property and real estate sector, the company from the property and real estate sector consists of 45 companies already listed on the Indonesian stock exchange and have a fairly large liquidity value with a large market capitalization, and more investors are interested in compared to other stocks.
A financial ratio that is used to compare the market value of a stock to its book value is called the price to book value (P/B) ratio or price-book value (PBV) (Mahdala et al., 2016). P/B ratio offers a more tangible measure of a company’s value than earnings do and hence it is evaluated by most conservative investors. The P/B ratio is utilized by value investors to ferret out company stocks that are undervalued. It portrays the relationship between what the market perceives the value of a company’s equity to be and the actual book value of its equity. It is, thus, a considerable agency for value investing.

A lower P/B ratio could mean the stock is undervalued. The decreasing price of book value movement can be caused by several factors, such as external and internal factors. External factors include inflation, exchange rates, BI rate, money supply, etc. The internal factors used in this research are financial report ratios. The financial report ratios used are the liquidity ratio proxied by Cash Ratio, the turnover ratio proxied by Total Asset Turnover, the profitability ratio proxied by Net Profit Margin, and the valuation ratio proxied by Earning Per Share.

A cash ratio lower than 1 does sometimes indicate that a company is at risk of having financial difficulty. However, a low cash ratio may also be an indicator of a company's specific strategy that calls for maintaining low cash reserves because funds are being used for expansion. If there is an increase in total asset turnover, the firm value will increase. However, in 2017-2020, the total asset turnover of companies listed on the stock exchange increased but the price book value decreased. A decrease in total asset turnover indicates that the company is not good at managing its assets. Widayati et al. (2019) showed that the total asset turnover has a positive and significant effect on price book value, which demonstrates that the theory is correct. If the net profit margin value increases, the firm value will increase (Dita & Murtaqi, 2014). However, in 2017-2020, the net profit margin of companies listed on the stock exchange increased but the price book value decreased. So, it can be said that there is a gap.

If the value per share increases, then the firm value will increase (Martina, 2019). However, in 2017-2020, the value per share of companies listed on the stock exchange increased but the price book value decreased, which mean that the theory was a gap. Earnings per share (EPS) is one of the concerns of investors. Investors will prefer companies that have a high earning value because the higher the earnings per share of a company, the better is its profitability. A consistently growing EPS means that the investor is getting a share of the company's growing profits consistently. Growing EPS also indicates that the company is creating value for its investors.

1. To determine the effect of Cash Ratio, Total Asset Turnover, Net Profit Margin, and Earning Per Share on the Value of the Firms Property and Real Estate Sector Companies Index for the 2017-2020 Period.
2. To determine the effect of Cash Ratio on the Value of the Firms Property and Real Estate Sector Companies Index for the 2017-2020 Period.
3. To determine the effect of Total Asset Turnover on the Value of the Firms Property and Real Estate Sector Companies Index for the 2017-2020 Period.
4. To determine the effect of Net Profit Margin Value of the Firms Property and Real Estate Sector Companies Index for the 2017-2020 Period.
5. To determine the effect of Earning Per Share on Value of the Firms Property and Real Estate Sector Companies Index for the 2017-2020 Period.

2. Literature Review

2.1. Firm Value

High stock prices create high company value which can be a factor in the success of meeting its objectives (Rogers et al., 1994). The increase in company value reflects the company’s performance which will have an impact on increasing investor confidence in the company. This causes many investors to invest in the capital market.

Important company decisions can affect financial management which has an impact on company value including profitability, capital structure, dividend decisions, and investment decisions (Sudiani & Wiksuanu, 2018). Company value is very important for investors and potential investors because company value can measure how high the price of the company is if the company is sold, which means that if the company value is high, the level of satisfaction of investors will be higher. A company's stock price reflects investor perception of its ability to earn and grow its profits in the future.

Firm value has 3 measurement methods, namely Price Earnings Ratio (PER), Price Book Value (PBV), and Tobin’s Q. Price-earnings ratio is the relationship between a company’s stock price and earnings per share (EPS). It is a popular ratio that gives investors a better sense of the value of the company. To get the desired price
book value, the company’s stock price must be higher than the book value of the company. Meanwhile, the value of Tobin’s Q can be obtained by measuring the share price per share against the company’s book value (Wang, 2015).

2.2. Price Book Value (PBV)

Price book value is often used to assess stock prices and is an indicator of consideration for an investor in investing (Dita & Murtaqi, 2014). Hence, it can be said that the price book value can help investors assess the company’s performance. The price-to-book (P/B) ratio has been favored by value investors for decades and is widely used by market analysts. Traditionally, any value under 1.0 is considered a good P/B value, indicating a potentially undervalued stock. However, value investors often consider stocks with a P/B value under 3.0 (Chen & Steiner, 1999).

A lower P/B ratio can mean that the stock is undervalued or something is fundamentally wrong with the company. This ratio gives you an idea if investors are paying too much for what would be left if the company declared bankruptcy (Laurens, 2018). PBV has several advantages that cannot be used using other ratios. PBV provides a relatively stable, intuitive measure of value that can be compared to the market price. Given reasonably consistent accounting standards across firms, price-book value ratios can be compared across similar firms for signs of under or overvaluation. Even firms with negative earnings, which cannot be valued using PE ratios, can be evaluated using price-book value ratios. The calculation of this ratio is done using the following formula:

\[
\text{Price Book Value} = \frac{\text{The Price of a building stock}}{\text{The Book Value of the common stock}}
\]

2.3. Cash Ratio

The cash ratio is a measurement of a company's liquidity, specifically the ratio of a company's total cash and cash equivalents to its current liabilities. The metric calculates a company's ability to repay its short-term debt with cash or near-cash resources, such as easily marketable securities. Besides that, the cash ratio is a very important ratio for investors to consider. Because this can affect how much dividend that investors will receive in the future. The cash ratio is most commonly used as a measure of a company's liquidity. If the company is forced to pay all current liabilities immediately, this metric shows the company's ability to do so without having to sell or liquidate other assets (Zainuddin et al., 2017).

The cash ratio is almost like an indicator of a firm’s value under the worst-case scenario say, where the company is about to go out of business. It tells creditors and analysts the value of current assets that could quickly be turned into cash, and what percentage of the company’s current liabilities these cash and near-cash assets could cover. The calculation of this ratio is done using the following formula:

\[
\text{Cash Ratio} = \frac{\text{Cash or Cash Equivalent}}{\text{Current Liabilities}}
\]

2.4. Total Asset Turnover (TAT)

The total asset turnover ratio compares the sales of a company to its asset base. The ratio measures the ability of an organization to efficiently produce sales and is typically used by third parties to evaluate the operations of a business. This ratio is also used to see how effective the company is in operating its cash funds to realize the maximum possible income or sales. The higher the asset turnover ratio, the more efficient a company is at generating revenue from its assets. Conversely, if a company has a low asset turnover ratio, it indicates it is not efficiently using its assets to generate sales. So that if the turnover ratio increases, the income or sales that the company gets will be even greater and will have an impact on increasing the profits and value of the company, and investors would be interested in investing in that company (Rahayu & Susilowibowo, 2014).

Asset turnover ratio is an important financial ratio used to understand how well the company is utilizing its assets to generate revenue. Every company must analyze and improve the asset turnover ratio. Generally, a low asset turnover ratio suggests problems with surplus production capacity, poor inventory management, and bad tax collection methods. Low-margin industries always tend to have a higher asset turnover ratio. The easiest way to improve the asset turnover ratio is to focus on increasing revenue. The assets might be properly utilized, but the sales could be slow resulting in a low asset turnover ratio. The company needs to increase its sales by more promotions and by quick movements of the finished goods. If the profit increases, the total asset turnover will be high (Widayati et al., 2019).

Obsolete or unused assets should be liquidated quickly. Assets, that are not used frequently, should be analyzed to see whether there is a sense in retaining those. Basically, the company should sell those assets that do not add to the bottom line regularly. The calculation of this ratio is done using the following formula:
Total Asset Turnover = \frac{Sales}{Total\ Assets}

2.5. Net Profit Margin (NPM)

The net profit margin, or simply net margin, measures how much net income or profit is generated as a percentage of revenue. It is the ratio of net profits to revenues for a company or business segment. Because this sale is one of the most influential factors in promoting net profit (Khan & Khokhar, 2015). The greater the net profit generated by the company, the better the investor’s view of the company.

NPM is used to see the company’s ability to generate net income from sales made (Husaini, 2012). NPM measures how much net income is generated as a percentage of revenues received. NPM helps investors assess if a company's management is generating enough profit from its sales and whether operating costs and overhead costs are being contained. Investors commonly look at a company's profitability history to assess the risks of investing in such a company. To an incoming investor, the number of years to recover an investment in a given business is calculated based on previous net profit records. The calculation of this ratio is done using the following formula:

\[
Net\ Profit\ Margin = \frac{Earning\ after\ interest\ and\ tax}{Sales} \times 100\%
\]

2.6. Earnings Per Share (EPS)

Earnings per share or EPS is an important financial measure, which indicates the profitability of a company. EPS indicates how much money a company makes for each share of its stock, and is a widely used metric to estimate corporate value. A higher EPS indicates greater value because investors will pay more for a company's shares if they think the company has higher profits relative to its share price.

EPS is a financial ratio, which divides net earnings available to common shareholders by the average outstanding shares over a certain period of time. The EPS can be increased by the company is that they earn more or if they expand their margin by lowering costs. They can also utilize share buybacks, this means that they lower the amount of shares that can be bought without making any alterations to profits. This in turn raises the EPS. The calculation of this ratio is done using the following formula:

\[
Earning\ Pershare = \frac{Profit\ shares\ of\ common\ stock}{Earning\ shares\ outstanding} \times 100\%
\]

3. Research Method

The research method used is the descriptive quantitative method. This study was conducted to analyze how the effect of financial ratios on the firm value of companies property and real estate sub sector index for the 2017-2020 period. Using this method, the influence of different financial ratios on the firm value is measured through a quantitative approach (data processing) using several predetermined variables. The data collected is based on the actual data without manipulation so that it can be tested further.

3.1. Source and Method of Data Collection

3.1.1. Data Source

The resulting data source is secondary data. Secondary data refers to data that is collected by someone other than the primary user. Sources of data in this research were books, financial journals, previous research, and financial reports from companies that were sampled in the study, namely companies property and real estate sub sector index during the 2017-2020 period.

3.1.2. Data Collection Methods

The population and sample in this study used are property and real estate sub sector index during the 2017-2020 period. Data collection starts from the 2017-2020 period due to fluctuating movements in the price book value. The population in the study is 45 companies. Sampling was carried out using purposive sampling method with the following criteria:

1. Property and real estate companies that go public and listed on idx.
2. Property and real estate companies registered and still active on idx for the 2017-2020 period.
3. The company must publish the financial report in rupiah for the 2017-2020 period and include the value of the variables studied, namely the liquidity ratio proxied by Cash Ratio, the turnover ratio proxied by Total
Asset Turnover, the profitability ratio proxied by Net Profit Margin, and the valuation ratio proxied by Earnings Per Share.

A sample of 23 companies with a research time of 4 years is considered so that the amount of data obtained is 45 data. Table 1 is a sample of the research:

<table>
<thead>
<tr>
<th>No</th>
<th>Stock Code</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>APLN</td>
<td>Agung Podomoro Land Tbk.</td>
</tr>
<tr>
<td>2</td>
<td>BAPA</td>
<td>Bekasi Asri Pemula Tbk.</td>
</tr>
<tr>
<td>3</td>
<td>BEST</td>
<td>Bekasi Fajar Industrial Estate</td>
</tr>
<tr>
<td>4</td>
<td>BKSL</td>
<td>Sentul City Tbk.</td>
</tr>
<tr>
<td>5</td>
<td>BSDE</td>
<td>Bumi Serpong Damai Tbk.</td>
</tr>
<tr>
<td>6</td>
<td>CTRA</td>
<td>Ciputra Development Tbk.</td>
</tr>
<tr>
<td>7</td>
<td>DART</td>
<td>Duta Anggada Realty Tbk.</td>
</tr>
<tr>
<td>8</td>
<td>DILD</td>
<td>Intiland Development Tbk.</td>
</tr>
<tr>
<td>9</td>
<td>GAMA</td>
<td>Aksara Global Development Tbk.</td>
</tr>
<tr>
<td>10</td>
<td>GPRA</td>
<td>Perdana Gapuraprima Tbk.</td>
</tr>
<tr>
<td>11</td>
<td>GWSA</td>
<td>Greenwood Sejahtera Tbk.</td>
</tr>
<tr>
<td>12</td>
<td>JRPT</td>
<td>Jaya Real Property Tbk.</td>
</tr>
<tr>
<td>13</td>
<td>LPCK</td>
<td>Lippo Cikarang Tbk.</td>
</tr>
<tr>
<td>14</td>
<td>LPKR</td>
<td>Lippo Karawaci Tbk.</td>
</tr>
<tr>
<td>15</td>
<td>MDLN</td>
<td>Modernland Realty Tbk.</td>
</tr>
<tr>
<td>16</td>
<td>MTLA</td>
<td>Metropolitan Land Tbk.</td>
</tr>
<tr>
<td>17</td>
<td>PLIN</td>
<td>Plaza Indonesia Realty Tbk.</td>
</tr>
<tr>
<td>18</td>
<td>PPRO</td>
<td>PP Properti Tbk.</td>
</tr>
<tr>
<td>19</td>
<td>PUDP</td>
<td>Pudjiadi Prestige Tbk.</td>
</tr>
<tr>
<td>20</td>
<td>PWON</td>
<td>Pakuwon Jati Tbk.</td>
</tr>
<tr>
<td>21</td>
<td>RBMS</td>
<td>Ristia Bintang Mahkotasejati Tbk.</td>
</tr>
<tr>
<td>22</td>
<td>RDTX</td>
<td>Roda Vivatex Tbk.</td>
</tr>
<tr>
<td>23</td>
<td>TARA</td>
<td>Agung Semesta Sejahtera Tbk.</td>
</tr>
</tbody>
</table>

Source: IDX 2021

3.2. Data Analysis Techniques

The analysis technique of this research is statistical analysis technique using multiple linear regression analysis. Regression analysis is a set of statistical processes for estimating the relationships between a dependent variable and one or more independent variables. Classic assumptions are made to see whether the data tested has a normal distribution or not to carry out the next stage.

Classical assumptions consist of several test assumptions that must be fulfilled, including the normality which is used to determine if a data set is well-modeled by a normal distribution and to compute how likely it is for a random variable underlying the data set to be normally distributed. Then multicollinearity test, which refers to a situation in which more than two explanatory variables in a multiple regression model are highly linearly related. Then, the autocorrelation analysis measures the relationship of the observations between the different points in time, and thus seeks for a pattern or trend over the time series. And then the heteroscedasticity test to see if there is an inequality of the model in the observed variables and this test must not occur heteroscedasticity.

If all the classical assumption tests have met, then the next test stage can be carried out, namely the multiple linear regression analysis test. Multiple linear regression is a model for predicting the value of one dependent variable based on two or more independent variables (Januaviani et al., 2020a; Januaviani et al., 2020b). The formula for multiple linear regression analysis in this study is as follows:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Description:

- **Y** = Price Book Value
- **A** = Constants
- **\( \beta_1, \beta_2, \beta_3, \beta_4 \)** = Partial Coefficient Regression
X1 = Cash Ratio
X2 = Total Asset Turnover
X3 = Net Profit Margin
X4 = Earning Per Share
е = Error

The regression coefficient value above is a fundamental method because it can be used as a basis for research analysis. The positive β coefficient value indicates that the independent variable affects the dependent variable, whereas if the β coefficient value is negative it indicates that the independent variable does not affect the dependent variable and this causes the dependent variable to experience a decrease in value. The result of testing this regression analysis shows or research whether these variables have a relationship or not. In testing the significance of all independent variables whether or not they have an effect on the dependent variable, it is necessary to do an ANOVA (F-test) approach and to test the significance level of each variable it is necessary to do a t-test. In this study, the tool used to test the significance was SPSS Version 24.

4. Results

4.1. Descriptive Analysis

Descriptive statistics can be useful for two purposes: 1) to provide basic information about variables in a dataset and 2) to highlight potential relationships between variables. Descriptive statistics used in this study consisted of the data (N), the average value (mean), minimum, maximum, and standard deviation of data.

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>0.02</td>
<td>4.16</td>
<td>0.6857</td>
<td>0.86664</td>
</tr>
<tr>
<td>TOT</td>
<td>0.00</td>
<td>1.08</td>
<td>0.1624</td>
<td>0.12892</td>
</tr>
<tr>
<td>NPM</td>
<td>0.01</td>
<td>2.78</td>
<td>0.4149</td>
<td>0.53593</td>
</tr>
<tr>
<td>EPS</td>
<td>0.04</td>
<td>3190.69</td>
<td>133.8183</td>
<td>397.43763</td>
</tr>
<tr>
<td>PBV</td>
<td>5058</td>
<td>53959278</td>
<td>3120063.88</td>
<td>10574359.860</td>
</tr>
</tbody>
</table>

4.2. Normality Test

A normality test is a method of data processing used in research to test data that is normally distributed or not. In this normality test, several methods can be used, such as the chi-square test, probability plot test, and the Kolmogorov-Smirnov test. In this research, the normality test used the probability plot test method by seeing whether the plot points were scattered or not.

**Figure 1.** Histogram and Diagram P Plot
Based on the histogram display, it can be seen that the dependent curve and regression standardized residual form an image like a bell, and Based on the Normal P-Plot Regression Standardized display, it can be seen that the points spread around the diagonal line. Therefore, based on the normality test, the data is normally distributed.

4.3. Multicollinearity Test Result

Multicollinearity can affect any regression model with more than one predictor. It occurs when two or more predictor variables overlap so much in what they measure that their effects are indistinguishable. The multicollinearity test is seen from the Variance Inflation Factor (VIF) value, if the VIF value is less than 10 it means there are no multicollinearity problems among the independent variables, and if the VIF value is greater than 10 then there are multicollinearity problems.

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>CR</td>
<td>.905</td>
</tr>
<tr>
<td>TOT</td>
<td>.899</td>
</tr>
<tr>
<td>NPM</td>
<td>.809</td>
</tr>
<tr>
<td>EPS</td>
<td>.879</td>
</tr>
</tbody>
</table>

Based on the table, with VIF values < 10, it can be concluded that the regression model formed does not occur multicollinearity symptoms.

4.4. Autocorrelation Test Results

Autocorrelation refers to the degree of correlation between the values of the same variables across different observations in the data. In a regression analysis, the autocorrelation of the regression residuals can also occur if the model is incorrectly specified.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.709*</td>
<td>.503</td>
<td>.480</td>
<td>7622518,576</td>
<td>1.112</td>
</tr>
</tbody>
</table>

In this study, to see whether there was a relationship between variables or not, it was done using the Watson Durbin test. The result shows that the DW < dL, namely 1.112 < 1.4464 which means that there is positive autocorrelation.

4.5. Heteroscedasticity Test Result

The heteroscedasticity test was used to analyze the variance inequality of the residuals between observations. If the spread and scattered residual patterns do not form a certain pattern, it can be interpreted that the data does heteroscedasticity problem. A good regression model shows no heteroscedasticity symptoms.

![Figure 2. Research Data Scatterplot](image-url)
Based on the appearance on the scatterplot, it can be seen that the plot spreads randomly both above and below zero on the Studentized Residual Regression axis, so it can be said that in the model there is no heteroscedasticity problem.

4.6. Multiple Regression Analysis

This test is conducted to identify the influence that occurs on the dependent variable and the independent variable. Table 5 show the results of the multiple regression test:

<table>
<thead>
<tr>
<th>Coefficients*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
</tr>
<tr>
<td>CR</td>
</tr>
<tr>
<td>TOT</td>
</tr>
<tr>
<td>NPM</td>
</tr>
<tr>
<td>EPS</td>
</tr>
</tbody>
</table>

a. Dependent Variable: PBV

Based on Table 5. The resulting regression equation is as follows:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_3 X_4 + e \]

\[ Y = \alpha + 5.275.576\cdot CR +(-7.079.085)\cdot TOT +(-3.481.701)\cdot NPM +13.924\cdot EPS + e \]

1. Constant = 233.571, if the value of Cash Ratio, Total Asset Turnover, Net Profit Margin, and Earning Per Share is 0 then the price book value will decrease by 233.571 points.
2. The regression coefficient for the Cash Ratio is 5.275.576; if the cash ratio increases by 1 point, then the price book value will decrease by 5.275.576 points. The coefficient is positive, which means that there is a positive relationship between the cash ratio and the price book value.
3. The regression coefficient for Total Asset Turnover is -7.079.085; if the total asset ratio increases by 1 point the price book value will increase by 7.079.085 points. The coefficient is negative, which means that there is a negative relationship between total asset turnover and price book value.
4. The regression coefficient for Net Profit Margin is -3.481.701; if the net profit margin increases by 1 point the price book value will increase by 3.481.701 points. The coefficient is negative, which means that means that there is a negative relationship between the net profit margin and price book value.
5. The regression coefficient for Earning Per Share is 13.924; if earning per share increases by 1 point the price book value will decrease by 13.924 points. The coefficient is positive, which means that there is a positive relationship between earnings per share and the price book value.

4.7. Statistical F

Statistical F is used to test whether the independent variable on the dependent variable influences it simultaneously or partially.

<table>
<thead>
<tr>
<th>Test Result F-test</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANOVA*</td>
</tr>
<tr>
<td>Model</td>
</tr>
<tr>
<td>Regression</td>
</tr>
<tr>
<td>Residual</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

a. Dependent Variable: PBV
b. Predictors: (Constant), EPS, TOT, CR, NPM

Based on Table 6. It can be seen that the F count is 22.032 and at a significant level 0.000 < 0.05 so it can be said that the four independent variables are the liquidity ratio proxied by Cash Ratio, the turnover ratio proxied...
by Total Asset Turnover, the profitability ratio proxied by Net Profit Margin, and the valuation ratio proxied by Earning Per Share simultaneously affects the Price Book Value.

4.8. The Result of Determination Coefficient Test ($R^2$)

The coefficient of determination shows the percentage of the independent variable on the dependent variable. By looking at the high percentage level, the higher the influence of these variables. Table 7 are the result of the determination test:

<table>
<thead>
<tr>
<th>Model</th>
<th>$R$</th>
<th>$R^2$</th>
<th>Adjusted $R^2$</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.709</td>
<td>0.503</td>
<td>0.480</td>
<td>7622518.576</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), EPS, TOT, CR, NPM
b. Dependent Variable: PBV

Based on Table 4, the value of the coefficient of determination or $R^2$ is 0.503 or 50.3% which means the dependent variable can be influenced by the independent variable. It can be said that 50.3% of the variable price book value is influenced by the liquidity ratio proxied by cash ratio, the turnover ratio proxied by total asset turnover, the profitability ratio proxied by net profit margin, and the valuation ratio proxied earnings per share. Meanwhile, 49.7% was influenced by other variables in the financial ratios not used in this study.

4.9. Statistical T

<table>
<thead>
<tr>
<th>Model</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.141</td>
<td>.888</td>
</tr>
<tr>
<td>CR</td>
<td>5.442</td>
<td>.000</td>
</tr>
<tr>
<td>TOT</td>
<td>-1.083</td>
<td>.282</td>
</tr>
<tr>
<td>NPM</td>
<td>-2.100</td>
<td>.039</td>
</tr>
<tr>
<td>EPS</td>
<td>6.495</td>
<td>.000</td>
</tr>
</tbody>
</table>

Based on Table 8. It can be explained as follows:

1. The value of $t$ count > $t$ table is (5.442 > 1.720) and the significant level is 0.000 < 0.05, then H0 is rejected. This means that there is a significant impact of Cash Ratio on Price Book Value.
2. The value of -$t$ count > -$t$ table is (-1.083 > -1.720) and the significant level is 0.282 > 0.05, then H0 is accepted. This means that there is no significant impact of Total Asset Turnover on Price Book Value.
3. The value of -$t$ count > -$t$ table is (-2.100 < -1.720) and the significant level is 0.039 < 0.05, the H0 is rejected. This means that there is a significant impact of Net Profit Margin on Price Book Value.
4. The value of $t$ count > $t$ table is (6.495 > 1.720) and the significant level is 0.000 < 0.05, then H0 is rejected. This means that there is a significant impact of Earning Per Share on Price Book Value.

5. Discussion

5.1. The Effect of Financial Ratio on Price Book Value

Financial statement analysis is the process of analyzing a company's financial statements for decision-making purposes. External stakeholders use it to understand the overall health of an organization as well as to evaluate financial performance and business value. The value of a company can be measured by several existing financial ratios. Several ratios that can measure company value are profitability, leverage, liquidity, and activity ratios. With financial ratios, investors get very clear and complete information about the condition of the company they are investing in, so that investors can make decisions with full consideration.

Financial ratios are important and greatly affect company value. With financial ratios, investors can see the financial condition, debt owned and profits earned. Generally, too much debt is a bad thing for companies and shareholders because it inhibits a company's ability to create a cash surplus. Furthermore, high debt levels may
negatively affect common stockholders, who are last in line for claiming payback from a company that becomes insolvent.

The result of this test proves that simultaneously the liquidity ratio proxied by Cash Ratio, the turnover ratio proxied by Total Asset Turnover, the profitability ratio proxied by Net Profit Margin, and the valuation ratio proxied by Earning Per Share affect the Price Book Value up to 50.3%. The rest is influenced by other variables that are not in this study. This shows that the importance of a company’s performance to maintain investors’ confidence in the company.

5.2. The Effect of Cash Ratio on Price Book Value

The liquidity ratio illustrates the company’s ability to manage debt; the size of the debt owned by the company will be affected by the liquidity ratio so that it does not significantly affect Firm Value. Liquidity ratios are of four types, namely Current Ratio, Quick Ratio, Cash Ratio, and Cash Turnover Ratio. The cash ratio sometimes referred to as the cash asset ratio is a liquidity metric that indicates a company’s capacity to pay off short-term debt obligations with its cash and cash equivalents. The ratio that can be generally to measure how much cash a firm has to pay off debts owed by the firm.

The test result prove that the cash ratio variable has a value t count > t table is (5.442 > 1.720) and the significant level is 0.000 < 0.05, then H0 is rejected. This means that there is a significant impact of Cash Ratio on Price Book Value. This proves that liquidity has an effect on the book value of prices. This can be a consideration for investors in making decisions because the results of this test mean that the company is doing well in fulfilling its short-term obligations.

5.3. The Effect of Total Asset Turnover on Price Book Value

The company's cash ability to generate income can be calculated by the cash turnover ratio so that it can be seen how the company's ability to manage its cash to generate profits. The higher the total asset turnover ratio, the greater the number of sales that can be made by the company, which means the profit generated will be large.

Based on the results of the study, the total asset turnover variable has a value of -t count > -t table, namely -1.083 > -1.720 with a significant level of 0.282 > 0.05. This proves that total asset turnover does not have a positive effect on book value prices. Where the company is not good at using its funds effectively for cash turnover, this management is not going well from year to year so that there is an increase in this turnover ratio which affects the value of the company.

5.4. The Effect of Net Profit Margin on Price Book Value

The value of the company is strongly influenced by the profitability ratio, so that if the value of the company is high, the company's position is considered more valuable for investors. Companies that have high profits will increase investor confidence to invest in the company. Net profit margin is one way to calculate profitability which is used to see the company's ability to generate net profit from sales revenue. A high net profit margin indicates that the business is pricing its products correctly and is exercising good cost control.

Based on the results of the study, the net profit margin variable has a value of -t count > -t table which is -2.100 < -1.720 with a significant level of 0.039 <0.05, meaning that the net profit margin variable has a positive and significant effect on book value prices. Because the value is significantly smaller than cronbach alpha, it can be concluded that the net profit margin variable has an effect on the book value variable.

5.5. The Effect of Earning Per Share on Price Book Value

Earning per share is one way to measure profitability that can be used to assess the company's ability to generate net income. Companies that generate high profits are certain to have high earnings per share values. Earnings per share will affect the level of success of the company in increasing the value of the company, the level of earnings per share will affect the confidence of investors to invest because the value of earnings per share has a significant effect on the value of the company.

Based on the results of the study, the earnings per share variable has a value of t count > t table that is 6.495 > 1.720 with a significance level of 0.000> 0.05. This means that the earning per share variable has a positive and significant effect on the book value of the price. This of course affects investors' assessment of the company's ability to generate profits and fulfill its obligations.
6. Conclusion

Based on this research, we can conclude the following: (a) Cash Ratio, Total Asset Turnover, Net Profit Margin, and Earning Per Share of Price Book Value simultaneously has an effect of 50.3%, the rest is influenced by variables not used in this study. (b) Cash Ratio has a positive and significant effect on Price Book Value. The result of this study indicates that if the cash ratio decreases or increases, it will affect firm value. (c) Total Asset Turnover has no significant effect on Price Book Value. The result of this study indicates that if the total asset turnover decreases or increases, it will affect not firm value. (d) Net Profit Margin has a positive and significant effect on Price Book Value. The result of this study indicates that if the net profit margin decreases or increases, it will affect firm value. (e) Earnings Per Share has a positive and significant effect on Price Book Value. The result of this study indicates that if the earning per share decreases or increases, it will affect firm value.

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References


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