

THE EFFECT OF LIQUIDITY, SOLVABILITY, ACTIVITY, AND PROFITABILITY RATIO ON FIRM VALUE

(Study in Food and Beverage Companies Listed at Indonesia Stock Exchange)

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Abstract - The firm value can deliver maximum shareholder wealth if the stock price increases. The higher the stock price of a company, the higher the shareholder wealth. The firm value is a reflection of the addition of several firms with debt equity firms. Several factors influence the firm value, some of which are liquidity ratios, leverage, activity, and profitability. The purpose of this study was to determine the effect Liquidity Ratio, Leverage, Activity, and Profitability on Firm Value. This study discussed the effect of liquidity, leverage, activity, and profitability on firm value. The research study was conducted on food and beverage companies listed at Indonesia Stock Exchange in the 2014-2018 period. The population in this study were food and beverage companies listed on the Indonesia Stock Exchange during the 2014-2018 period. Purposive sampling technique was employed to select population. The number of samples obtained was 20 companies. Data were analysed using multiple linear regression methods. The results show that the ratio of liquidity, leverage, activity, and profitability has positive and significant effect to the company's value.

Key Words: *Price to Book Value, Return on Asset, Current Ratio, Debt to Equity Ratio, Total Asset Turn Over*

Abstrak - Nilai perusahaan dapat memberikan kekayaan pemegang saham maksimum jika harga saham naik. Semakin tinggi harga saham suatu perusahaan, semakin tinggi kekayaan pemegang saham. Nilai perusahaan merupakan cerminan dari penambahan sejumlah perusahaan dengan hutang ekuitas perusahaan. Ada beberapa faktor yang mempengaruhi nilai perusahaan, beberapa di antaranya adalah rasio likuiditas, solvabilitas, aktivitas dan profitabilitas. Tujuan dari penelitian ini adalah untuk mengetahui pengaruh Rasio Likuiditas, Solvabilitas, Aktivitas dan Profitabilitas terhadap Nilai Perusahaan. Penelitian ini membahas pengaruh likuiditas, solvabilitas, aktivitas, dan profitabilitas terhadap nilai perusahaan. Penelitian dilakukan pada perusahaan makanan dan minuman yang terdaftar di Bursa Efek Indonesia periode 2014-2018. Populasi dalam penelitian ini adalah perusahaan makanan dan minuman yang terdaftar di Bursa Efek Indonesia selama periode 2014-2018. Pemilihan sampel menggunakan teknik purposive sampling. Jumlah sampel yang diperoleh adalah 20 perusahaan. Data dianalisis menggunakan metode regresi linier berganda. Hasil penelitian menunjukkan bahwa rasio likuiditas, solvabilitas, aktivitas, dan profitabilitas adalah positif dan signifikan terhadap nilai perusahaan.

Kata Kunci: *Price to Book Value, Return on Asset, Current Ratio, Debt to Equity Ratio, Total Asset Turn Over*

INTRODUCTION

Economic growth can be interpreted on the increase of GDP (Gross Domestic Product) value regardless of whether the increase is greater or smaller than an increase in population or changes in economic patterns and structures occur or not. Increased economic growth can be seen from the increase in production results and income received by the community. With high economic growth, it is expected that society will also improve. The welfare of the community increases so that the community can live prosper.

Out of many sectors that contribute to the Indonesian economic growth, processing industry sector is always been the biggest contributor to the formation of Indonesia's GDP, since 1991 (Statistics Indonesia 2019). Data from the Central Statistics Agency (Badan Pusat Statistik, BPS) shows that the Processing Industry sector is a major contributor to the national gross domestic product (GDP).

The food and beverage subsector make a major contribution to the processing industry sector with a consistently positive performance, ranging from its role in increasing productivity, investment, exports to employment (Ministry of Industry, 2018). According to BPS, the role of the food and beverage industry is significant to the economic growth of Indonesia because they have many potent supplies and users. In Indonesia, food and beverage companies are

growing rapidly. This can be seen from the number of companies listed on the Indonesia Stock Exchange (IDX) from period to period because this sector is needed by the community.

The establishment of a company must have a clear purpose. Several main things that declare the purpose of the establishment of a company is to achieve maximum profit with less cost, to prosper the owner of the company or shareholder and maintain the survival of the company, and maximize the value of the company, which reflected in its share price. Besides, the company also has main objective from establishing a company, which is to maximize the welfare or wealth of the shareholders, which can be interpreted by maximizing the share price to increase the value of the company (Febrianti, 2012).

Firm value can be used as a benchmark by investors to decide whether the company is worth to invest, and sometimes investors would relate with its stock prices.

High firm value will be followed by high shareholder prosperity. The higher the share price, the higher the company's value. This high value of a Firm shows the high prosperity of shareholders (Brigham and Gapensi, 2006). The measurement of company value can be determined by using the Market Value ratios (Weston and Copeland, 2008). Therefore, in this research, the ratio that used to value a company is the proxy from Market Value Ratio, commonly the ratio of Price Book Value, or PBV.

PBV is one indicator used by investors to see the state or financial position of a company.

Stock investment in the capital market has its appeal for investors because it promises two advantages, dividends and capital gains. Investors in buying and selling shares need to evaluate the company before they buy the shares. In the valuation of the company, there are two analytical approaches, namely fundamental and technical analysis.

In this research, fundamental would be used, whereas fundamental analysis is an analytical tool to determine the value of a company by processing data sourced from internal companies, especially financial statements issued officially by the company. One tool that can be used to assess companies with a fundamental approach is through data on financial statements using financial ratios. Financial ratios are a tool used to help analyze the company's financial statements so that it can be seen as the strengths and weaknesses of a company through a comparison of financial ratios

The financial ratios include Liquidity ratios, Debt Management ratios, Asset Management ratios, Profitability ratios, and Market Value ratios (Brigham & Houston 2015). The financial ratios used in this research include Current Ratio (CR) a proxy from Liquidity Ratios, Debt to Equity Ratio (DER) is a proxy from Solvability Ratios, Total Assets Turnover (TATO) is a proxy from Activity Ratios, and Return on Assets (ROA) is a proxy from Profitability Ratios.

The research samples conducted in this research are the food and beverage companies listed on the Indonesia Stock Exchange (IDX) in the period of 2014-2018.

Based on the contrary results and development of those previous researches with different variables, objects and years of period that have been updated, it is still interesting to do a re-examination of the extent of the role of Current Ratio (CR), Debt to Equity Ratio (DER), Total Assets Turnover (TATO), and Return on Assets (ROA) on Firm Value (Price to Book Value or PBV) through this research with the title "The Effect of Liquidity, Solvability, Activity, and Profitability Ratio on Firm Value (Study in Food and Beverage Companies Listed at Indonesia Stock Exchange)".

LITERATURE REVIEW

Signaling Theory

Brigham and Houston (2011), stated that signs are actions taken by company management that guide investors on how management views the company's prospects. Companies with profitable prospects will try to avoid the sale of shares and seek new capital in other ways, such as using debt. If the manager has confidence that the prospect of the company is good and wants to increase stock prices, the manager will certainly communicate this to investors.

Managers can use more debt, which later acts as a more reliable signal. This is because companies that increase debt can be seen as companies that are

confident in the company's prospects in the future. From the explanation above, it can be concluded that debt is a sign or positive signal from the company.

Firm value

Firm value is an investor's perception of the company which is often associated with stock prices. High stock prices make the value of the company also high. The main objective of the company according to the theory of the firm is to maximize the value of the firm (Salvatore, 2005).

Increasing the value of the company is an achievement, because with the increase in the firm value, the welfare of the owners will also increase.

Price to book value ratio, which captures the relationship between the market value of share capital and its balance sheet value. The ratio summarizes the investor's point of view about the company, management, profitability, liquidity, and future prospects (Reilly & Brown, 1997).

The firm value in this study uses price to book value measurements that describe how much the market values the book value of a company's stock. According to Tandelilin (2001), the relationship between market prices and book value per share can also be used as an alternative approach to determine Price to book value ratio, which captures the relationship between the market value of share capital and its balance sheet value.

The value of a stock, because theoretically, the market value of stock must reflect the value of its book. Well-run companies generally have a price to book value ratio above one, which indicates that the stock market value is greater than the book value. High price to book value reflects the level of prosperity of shareholders, where prosperity for shareholders is the main goal of the company (Weston and Brigham, 2000).

Financial Performance

According to Jumingan (2006), financial performance is a picture of a company's financial condition at a particular period, either about aspects of fundraising or distribution of funds. The company's financial performance can have an effect on the company's value, which provides maximum wealth to shareholders when the stock prices rise. The higher the stock price of a company, the higher the wealth of the shareholders (Fama, 1998).

The financial performance aims to assess the financial condition and achievements of the company that are usually measured by financial ratio. A financial ratio is defined as the systematic use of rates to interpret the financial statements to determine the strengths and weaknesses of a firm as well as the company's historical performance and current financial position (Rao, 2013).

Ratio Analysis

Ratio analysis is one of the basic tools of financial analysis. It is an important tool in business planning and decision making as it explores the strengths, weaknesses, opportunities, and threats facing the company (B.F Online, 2014). Generally, managers use financial ratios to analyze a company's financial performance before deciding. Financial ratios reveal how a company is financed, how it uses its resources, its ability to pay its debts, and its ability to generate profit.

Financial ratios allow for comparisons and, therefore, are intertwined with the process of benchmarking, comparing one's business to others or the same company at a different point in time. In many cases, benchmarking involves comparisons of one company to the best companies in a comparable peer group or the average in that peer group or industry.

In the process of benchmarking, investor identifies the best firms in their industry, or in another industry where similar processes exist, and compares the results and processes of those studied to one's own results and processes on a specific indicator or series of indicators (Boundless, 2014).

For ratios to be useful and meaningful, they must be calculated using reliable, accurate financial information and calculated consistently from period to period, Used in

used in comparison to internal benchmarks and goals, used in comparison to other companies in your industry, viewed both at a single point in time and as an indication of broad trends and issues over time, and carefully interpreted in the proper context, considering there are many other important factors and indicators involved in assessing performance.

The types of financial ratios commonly used by companies in determining company performance and identifying company decisions, can be grouped into 4 categories, namely

Profitability Ratio

According to Sartono (2010), profitability is the ability that companies earn profits about sales, total assets, and own capital. Profitability is a fundamental aspect of the company, because it provides a great attraction for investors who will instill funds in the company as well as a measure of the effectiveness and efficiency of using all the resources that are in the company's operational processes.

The profitability ratio can be calculated with operating margin, profit margin, return on total assets, return on common equity, return on invested capital, and basic earning power (BEP) ratio.

Liquidity Ratio

The liquidity ratio is an indicator of the company's ability to pay for every short-term financial obligation at maturity with use of available current assets.

The liquidity ratio can be calculated with current ratio and quick, or acid test, ratio.

Asset Management Ratios or Activity Ratio

According to Brigham and Houston (2012: 88), Activity Ratio is a ratio used to measure how effectively the firm is managing its assets. Indicators of activity ratio in general there are four, namely inventory turnover, the average collection period, fixed asset turnover, and total asset turnover (Fahmi, 2014: 162).

Debt Management Ratios or Solvability Ratio

According to Brigham and Houston (2015: 114), Debt management ratios or solvability ratio is a set of ratios that measure how effectively a firm manages its debt, both short-term and long-term financial obligations. The solvability ratio can be calculated with Total debt to total capital, times interest earned (TIE), and debt to equity ratio (DER).

HYPOTHESES

H1: There is a positive influence between the Current ratio and Firm value ratios of the Food and Beverage companies listed at Indonesia Stock Exchange in the period 2014-2018.

H2: There is a positive influence between the Debt-to-Equity ratio and Firm value ratios of the Food and Beverage companies listed on the Indonesia Stock Exchange in the period 2014-2018.

H3: There is a positive influence between the Total Assets Turnover ratio and Firm value ratios of the Food and Beverage companies listed at Indonesia Stock Exchange in the period 2014-2018.

H4: There is a positive influence between the Return on Assets ratio and Firm value ratios of the Food and Beverage companies listed at Indonesia Stock Exchange in the period 2014-2018.

RESEARCH METHOD

This type of research used in this research is Explanatory research. Explanatory research is a research that aims to explain the position of the variables studied and the relationship between one variable with another (Sugiyono, 2014: 6).

The data used in this research is quantitative data that is data in the form of numbers contained in financial statements. According to Sugiyono (2014: 59), Quantitative data is a characteristic of a variable whose values are expressed in numerical form. The data in this research are in the form of financial statements from the Food and Beverage companies listed at Indonesian Stock Exchange (IDX) in the period 2014-2018.

The population refers to be a group of people, institutions or organizations, events, or things of interest that the researcher wants to investigate.

According to Sekaran and Bougie (2016: 236), the population is defined as the whole group of people, events, or the interest that the researcher would like to examine. The population in this research is Food and Beverages companies from the Manufacturing Sector listed at Indonesia Stock Exchange from period 2014 to 2018. According to IDX concluded as much as 26 companies listed.

A sample is a part of the number and characteristics of the population. The sampling technique that will be used in this research by the researcher is the purposive sampling method, namely the method of determining the sample with specific considerations (Sugiyono, 2009).

Data analysis is the process of gathering or collecting, modeling, and transforming data to highlight and obtain useful information that provides advice, conclusion, and supports decision making. Data analysis methods use in this research are descriptive statistical tests, classic assumption tests, goodness of fit tests, coefficient of determination (R^2), multiple linear regression, and hypothesis testing with t test. Data analysis and hypothesis testing tools use Statistical Product and Service Solutions (SPSS) software.

FINDING AND DISCUSSION

Classic Assumption Test

The classic assumption tests used in this research are the normality test, the multicollinearity test, the autocorrelation test, and the heteroskedasticity test. The test results are presented as follows:

Normality Test

One-Sample Kolmogorov-Smirnov Test		
N		Unstandardized Residual
		100
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.48589330
Most Extreme Differences	Absolute	.078
	Positive	.078
	Negative	-.072
Kolmogorov-Smirnov Z		.782
Asymp. Sig. (2-tailed)		.573

a. Test distribution is Normal.

b. Calculated from data.

Table 1

Normality Test Result

This test is conducted to determine whether the residual value is spread normally or not.

The test procedure is carried out by the Kolmogorov-Smirnov test. If the value of sig. (p-value) > 0.05, then H_0 is accepted, which means that normality is fulfilled. The results of the normality test can be seen in Table 4.1. From the calculation results obtained sig. 0.573 (can be seen in Table 4.1) or greater than 0.05; then, the provisions of H_0 are accepted namely, that the assumption of normality is fulfilled.

Multicollinearity Test

This multicollinearity test was conducted with SPSS 20 in this research and the result can be seen in **Table 2**

Table 2
The Result of Multicollinearity Test

Independent Variable	Collinearity Statistics	
	Tolerance	VIF
CR	0.607	1.646
DER	0.579	1.728
TATO	0.771	1.296
ROA	0.652	1.533

Based on **Table 2**, the following test results from each independent variable:

- The Tolerance for CR is 0.607
- The Tolerance for DER is 0.579
- The Tolerance for TATO is 0.771
- The Tolerance for ROA is 0.652

In the test results, it was found that the whole Tolerance value > 0.1 so that it can be concluded that there is no multicollinearity between independent variables.

Multicollinearity test can also be done by comparing the value of VIF (Variance Inflation Factor) with number 10. If the value of $VIF > 10$ or then multicollinearity occurs.

If the value of $VIF > 10$ or then multicollinearity occurs. The following are the results of testing each independent variable:

- VIF for CR is 1.646
- VIF for DER is 1.728
- VIF for TATO is 1.296
- VIF for ROA is 1.533

From the results of these tests it can be concluded that there is no multicollinearity between independent variables. Thus, the assumption test for the absence of multicollinearity can be fulfilled.

Autocorrelation Test

To find out whether there is autocorrelation or not, it is necessary to look at the Durbin-Watson critical area table. This research uses 4 independent variables so that the value of $K = 4$ and there are 100 observations so that the value of $n = 100$ by using a critical value of 4%. Therefore $du = 1,758$ and $4-du = 2,242$. It says there is no autocorrelation if $du \leq d \leq (4 - du)$. The autocorrelation test results can be seen in **Table 3**.

Table 3
Autocorrelation Test Results

Model Summary ^a					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.735 ^a	.540	.520	.48602	2.011

a. Predictors: (Constant), ROA, TATO, CR, DER

b. Dependent Variable: PBV

From **Table 3** it is known that the Durbin Watson test value is 2.011 which is located between 1.758 and 2.242, it can be concluded that the assumption with no autocorrelation has been fulfilled.

Heteroscedasticity Test

The Heteroscedasticity test was conducted with SPSS 20 in this research and the result is as follows. The results of heteroscedasticity test can be seen in **Figure 1**

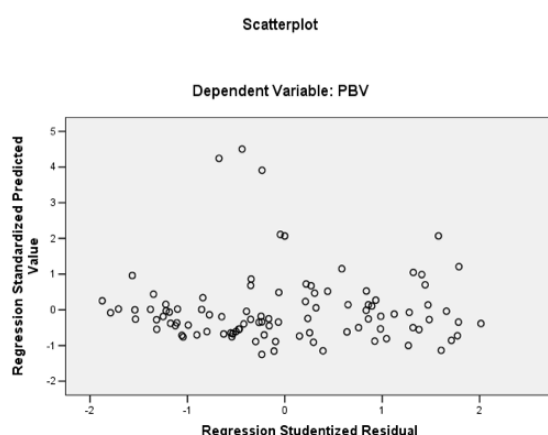


Figure 1
(Test of Heteroscedasticity)

Based on **Figure 1**, it was found that the scatterplot display diagram spreads and does not form a particular pattern, so heteroscedasticity does not occur, so it can be concluded that the remainder has a homogeneous variety (constant) or in other words, there are no symptoms of heteroskedasticity in the regression model and has been fulfilled. Therefore, the regression model is feasible to use.

Result of F Test (Goodness of Fit)

Based on **Table 4**, the calculated F value of 27.836. While the F table ($\alpha = 0.05$; db regression = 4; db residual = 95) is equal to 2.467. Because F value > F table is 27.836 > 2.467 or Sig. F (0.000) < $\alpha = 0.05$, then the regression analysis model is good for estimation.

If the linear regression model that is estimated to be fit means the model can explain the effect of the independent variables CR (X1), DER (X2), TATO (X3), and ROA (X4) on firm value (Y) which are the dependent variable.

Table 4
Test F

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	27.395	4	6.849	27.836	.000 ^a
	Residual	23.373	95	.246		
	Total	50.768	99			

a. Predictors: (Constant), ROA, TATO, CR, DER

b. Dependent Variable: PBV

Multiple Linear Regression Analysis

Multiple linear regression analysis is a mathematical model that can be used to find out the pattern of relations between two or more independent variables on one dependent variable.

Table 5
Result of Multiple Linear Regression Analysis

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.008	0.153		6.594	0.000
X1	0.075	0.024	0.274	3.065	0.003
X2	0.216	0.081	0.245	2.674	0.009
X3	0.136	0.048	0.224	2.823	0.006
X4	0.050	0.021	0.207	2.396	0.019

This research tests the hypotheses by using Multiple Linear Regression analysis to determine how the independent variables consisting of CR, DER, TATO, and ROA, affect the dependent variable, namely firm value. By using the help of SPSS for Windows ver. 21.00 the result of Multiple Linier Regression analysis is obtained as shown in Table 5.

The regression equation is obtained as follows:

$$Y = 1.008 + 0.075 X_1 + 0.216 X_2 + 0.136 X_3 + 0.050 X_4 + e$$

Result of Determination Coefficient (R^2)

Table 6
Result of Test Determination Coefficient

Model Summary ^a					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.735 ^a	.540	.520	.49602	2.011

a. Predictors: (Constant), ROA, TATO, CR, DER
b. Dependent Variable: PBV

From the analysis in **Table 6**, obtained results adjusted R^2 in the amount of 0,520. This means that 52% of the PBV variable will be influenced by the independent variables, namely CR (X_1), DER (X_2), TATO (X_3), ROA (X_4). While the remaining 48% PBV variables will be influenced by other variables that are not discussed in this research.

In addition, through the result of Testing the Determination Coefficient can obtain a correlation coefficient which shows the magnitude of the relationship between the independent variables namely CR (X_1), DER (X_2), TATO (X_3), ROA (X_4) to the variable PBV, with the value R (correlation coefficient) in the amount of 0,735. This correlation value indicates that the relationship between independent variables namely CR (X_1), DER (X_2), TATO (X_3), ROA (X_4) with the dependent variable, which is PBV, are included in the strong category because they are in the interval between 0.6 – 0.8.

Test Hypothesis

Result of t Test

T test results in this research using SPSS 21.0 can be seen in **Table 7**

Table 7
Test t / Partial

Variable	T	Sig.	Information
CR	3.065	0.003	Significant
DER	2.674	0.009	Significant
TATO	2.823	0.006	Significant
ROA	2.396	0.019	Significant

Source: Processed Data (2019)

According to **Table 7** the following results are obtained:

1. H1: Current Ratio has significant influence on Firm Value
2. H2: Debt to Equity Ratio has significant influence on Firm Value
3. H3: Total Assets Turnover has significant influence on Firm Value
4. H4: Return on Assets has significant influence on Firm Value

DISCUSSION RESEARCH

A. The Effect of Liquidity Ratio on Firm Value

The result in this study shows the Current Ratio (CR) a proxy from Liquidity ratios from the Food and Beverages companies sub-sector listed at IDX in the period from 2014-2018 do have a significant effect on the Firm Value. Claimed by Brigham and Houston (2015:100), Current Ratio (CR) measures the capability of a company to pay its short obligation using its assets in the near future. Thus, a high CR generally indicates a very strong, safe liquidity position.

The result of this study is in line with the research conducted by Winstone and Hutabarat (2019) and Roza, Kardinal, and Wijaya (2014), which states that CR does have a significant effect on stock prices. However, it is not in line with the research conducted by Ningsih and Sari (2019) and Husna and Satria (2019)

B. The Effect of Solvency Ratio on Firm Value

The result in this study shows the Debt to Equity Ratio (DER) a proxy from Solvency ratios from the Food and Beverages companies sub-sector listed at IDX in the period from 2014-2018 do have a significant effect on the Firm Value. The results of the study show that DER has a significant effect on firm value, which means that investors in making purchasing decisions consider information about the value of DER because from the perspective of the ability to pay the total debt, the lower the ratio, the better the company's ability to pay its obligations.

The results are in line with the research conducted by Marangu & Jagongo (2014) prove that the liquidity ratio significantly affects company value. Debt to Equity Ratio has a positive influence on firm value and in line with this study result.

C. The Effect of Activity Ratio on Firm Value

The results of research on TATO in the Food and Beverage sub-sector companies listed at IDX show that TATO has a significant effect on firm value.

It means that if there is an increase in TATO, the firm value will decrease significantly. Total asset turnover (TATO) is one of the activities ratios that measure efficiency and effectiveness in managing assets owned by the company through the level of sales. (I Made Sudana, 2011). Total asset turnover (TATO) is one of the activities ratios that measure efficiency and effectiveness in managing assets owned by the company through the level of sales. (I Made Sudana, 2011).

This result is in line with the research conducted by Sulayman and Arif (2012) which states that there is a significant and positive relationship between turnover and firm value. Thus, the turnover ratio has a positive influence on company value and in line with this study result.

D. The Effect of Profitability Ratio on Firm Value

The results in this research show that the ROA in the Food and Beverage sub-sector companies listed at IDX show that ROA has a significant effect on firm value. It means that if there is an increase in ROA, the firm value will experience a significant increase. It means the profitability ratio is a ratio for assessing the company's ability to seek profits. Profitability is the company's ability to make a profit. High profitability will give a positive signal for investors that the company is in a condition that is profitable.

This result is in line with the research conducted by Batool K. Asiri and Salwa A. Hameed (2014) prove that profitability ratios significantly affect and can increase company value. In addition, previous studies have shown better performance measurements, finding that ROA has a positive and significant influence on firm value. In the contrary, Chen and Chen (2011) and Kabajeh et al. (2012) found that ROA has a positive and significant effect on firm value. Thus, profitability has a positive influence on company value and in line with this study result.

RESEARCH IMPLICATION

Based on the results of research conducted on Food and Beverages companies listed at Indonesia Stock Exchange from 2014 until 2018, it was found that four independent variables were known to have a significant effect on Firm Value, namely the Current Ratio (CR), Debt Equity Ratio (DER), Turn Asset Turn Over (TATO), and Return on Assets (ROA).

The result of this study shows that the Current Ratio (CR) variable influence significantly on Firm Value. CR shows the extent to which current liabilities are covered by those assets expected to be converted to cash shortly. A high current ratio generally indicates a very strong and safe liquidity position (Brigham and Houston, 2015: 100). Since this study proves CR influence Firm Value, the management of all the companies

in this study can use the information as opportunity to maintain or increase the value of CR in the near future.

In this study, the Debt to the Equity ratio has a significant influence on Firm Value. According to Reilly and Brown (2012: 299), the DER measures how many amounts of debt (in the form of a percentage) have been used compared to the company's equity to conduct the company's activities and operations. All companies should be able to maintain the proposition of the DER for the sake of the health companies, its welfare of its shareholders, and its Firm Value. Investors can use this information as a consideration before investing in a company because DER is one of the factors in receiving high nor low dividends. The lower the DER, the higher the company's ability to pay its liabilities. The greater the proportion of debt used for the capital structure of a company, the greater the obligation. The increase in debt, in turn, will affect the amount of income available to stockholders or dividends to be received, because these obligations take priority over dividend distribution. Therefore, this variable should be an important factor that must be considered for Investors, especially in viewing the Firm Value.

In this study, Turn Asset Turn Over (TATO) was found to influence Firm Value significantly. Total asset turnover (TATO) is one of the activity ratios that measure efficiency and effectiveness in managing

assets owned by the company through the level of sales (I Made Sudana, 2011). High TATO indicates that the company can provide flexibility for the company in its operations. A high TATO will provide a good signal to the market because the company can manage its assets well so that it can generate a high level of sales. The implication for the Management is expected to be a motivation to maintain and improve the companies' performance.

Based on the results and discussion of Return on Assets (ROA) influence the Firm Value significantly. It means that any increase in ROA will significantly influence the Firm value. The point is that the use of this ratio shows the efficiency of the company. The results of this study indicate that ROA has a significant effect on Firm Value, which shows that when a company profits increase, the value of the company will also increase. It also indicates that the company can help investors to determine the condition of the company in the future. Financial information will explain the company's financial performance, so when a company's ROA is high, investors will consider it as a positive signal, which will help investors decide to invest and this will make the company's value go up.

CONCLUSIONS AND

RECOMMENDATIONS

A. CONCLUSION

In this research the independent variables used were the variable CR (X_1), DER (X_2), TATO (X_3), ROA (X_4),

on the dependent variable, PBV (Y). Based on the results of the analysis that has been done, the following conclusions can be drawn:

1. In this study, the variable measurement was using a Current Ratio (CR) a proxy from the Liquidity ratios. Statistical test results with the t-test showed that the variable Current Ratio (CR) has a significant effect on the value of the company (PBV) of the Food and Beverage sub-sector listed on the Indonesia Stock Exchange in 2014-2018. It indicates that the ability of a company to pay its short-term debt effect highly on its Firm Value.
2. A proxy from Solvency Ratios, the Debt to Equity ratio (DER) was used as a measurement in this study. The results of statistical tests with the t-test show that the Debt to Equity ratio (DER) has a significant effect on Firm value (PBV) of the Food and Beverage sub-sector companies listed on the Indonesia Stock Exchange in the 2014-2018 period. It means that the higher the DER, the higher the Firm Value. It is because investors tend to invest companies that have a high DER, and they are aware that the company uses more debt than equity to run its activities.
3. In this study, the result of the t-test concluded that Total Assets Turnover (TATO), a proxy from Activity ratios, has a positive and significant effect to Firm Value (PBV).

TATO ratio is considered beneficial for creditors and company owners (shareholders) because it can show the level of efficiency of the company to increase sales and TATO is also useful for company management to find out how effectively the company manages its assets to increase the value of the company which will result in increasing the value of the company.

4. The last variable took as a measurement in this study is a proxy from Profitability ratios, Return on Assets (ROA). The result shows that Return on Assets has a positive and significant effect to Firm Value. It indicates that all the companies in this study are good enough to get a maximum profit from the total assets owned by each company. Thus, high ROA information will be a positive signal for investors that can increase investor prosperity, because the rate of return or dividend will be even greater.
5. This study shows that the results of the t-test from the Current Ratio (CR) variable had the highest t value and the beta coefficient compared to other variables, which conclude that the CR variable has the dominant influence on PBV. It can be very useful to the management of all companies and Investors as a consideration.

B. RECOMMENDATION

Based on the above conclusions, the findings in this research can be suggested by several suggestions can be put forward that can be useful for the industry, investor, future researcher and other parties.

As for the advice given, among others:

1. For companies, especially for the Food and Beverage sub-sector, they must be able to improve company performance which is reflected by its financial performance with the financial ratios. The Food and Beverages subsector companies are expected to can maintain and improve the quality of the Current Ratio (CR), because the CR variable has a dominant influence in influencing PBV.
2. For investors who will invest in shares should consider all the independent variables, namely Current Ratio (CR), Debt to Equity Ratio (DER), Total Assets Turnover (TATO), and Return on Assets (ROA) as part of information before investing. It is because they are proven to have a significant influence to the value of the company in which can indicate prosperity for shareholders.
3. For the next researcher should expand the object of research and be able to add to the research period. And also, it is recommended to be aware of the period of using sample stock price because some samples in this research have few quite low prices in which against the theory of the objective of a company. Thus, find theories that support your research very well. Considered to find more companies who are robust fundamentally and well-known reputation.

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