Adpebi International Journal of Multidisciplinary Sciences

https://journal.adpebi.com/index.php/AIJMS

Vol.2, No.1, 2023
ISSN: 2829-8217
pp. 29-41

Factors Affecting Company Value: A Study of Real Estate and Property Companies Listed on the IDX

Indah Ayu Fajariyanti, Lulu Nurul Istanti*
Faculty of Economics and Business, Universitas Negeri Malang, Indonesia
Email: lulu.nurul.fe@um.ac.id

ARTICLE INFO

Research Paper

Article history:
Received: 3 October 2022
Revised: 12 December 2022
Accepted: 30 January 2023

DOI:
https://doi.org/10.54099/aijms.v2i1.326

ABSTRACT

Purpose – This paper seeks to test and analyze the effect of return on assets, current ratio, and debt to equity ratio on the value of real estate and property companies listed on the IDX for five-year time frame. **Methodology/approach – This** research was a quantitative study. The sample of this study was taken using purposive sampling techniques with the following criteria, the first is a real estate and property company that publishes financial statements that have been audited consecutively during the 2015-2019 period, and the second is a real estate and property company whose financial statements contain all the variables needed in the study. The analytical tools in this study are multiple linear regression analysis. **Findings –Based** on the results of research on the multiple regression model, the return on assets and debt to equity ratio have a significant positive effect on price to book value. Meanwhile, the current ratio has no significant effect on the price to book value.**Novelty/value – Price to Book Value** shows how far the company is able to create company value relative to the amount of capital invested. The higher the Price to Book Value ratio, the more successfully the company creates value for shareholders.

Keywords: return on asset, current ratio, debt to equity ratio, price to book value, company value

INTRODUCTION

At this time, many companies have the goal of advancing their company by increasing company value and maximizing company profits. Companies that operate by applying economic principles generally do not only focus on maximizing profits but aim to increase the value of the company and the prosperity of business owners. Property and Real Estate Companies offer investors a considerable range of opportunities to develop. Some of the factors that influence it are seeing the potential for a larger population, the development of housing, apartments, shopping centers, and offices needs to be further improved to attract investors to invest so that it becomes a good prospect for the company in the future. Property and Real Estate companies have a lot of demand or demand for building availability much greater than the supply provided by the company.

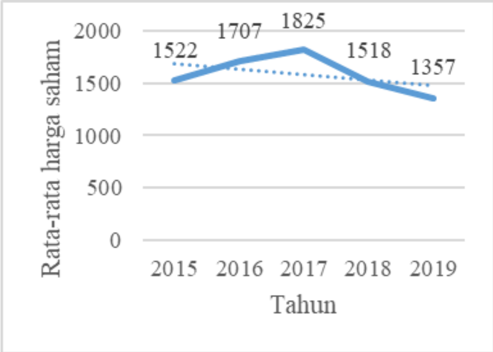

Figure 1 Average share price of property and real estate companies in 2015-2019

Judging from figure 1, the average share price is that investors need an analysis of the risks and profits that will be obtained so that the investments made generate reasonable profits through the company's financial performance. With the information obtained from the financial statements, investors can assess the company whether its performance or not. Usually what is used as an assessment of investors in determining a good company is by looking at the financial ratios contained in the company's financial statements. One of the ratios used in making investment decisions in a company of shareholders is the Price to Book Value Ratio. According to Fahmi (2016:83) Price to Book Value is a ratio used to measure how much the market price per share is with its book value, so that a company that is well run and works efficiently has a high market value against its book value.

The high Price to Book Value level can be used by investors as a positive signal to buy company shares, because the company gains the trust of the public or investors that the company's shares are likely to experience an increase in the future. One of the most important things in maximizing company value is to see how the company can provide profitability for its investors. The most commonly used way in measuring profitability ratios is to use the Return on Asset ratio. Return on Asset is used as a measure of the company's effectiveness in managing its resources to rotate the company's asset capital and measure the effectiveness of financial management in generating sales and investment of the company. The higher the value of Return on Assets, the more efficient the use of company assets in generating net profit so that the company's position becomes better.

The results of Irnawati's research (2019) show that the Return on Asset ratio has a positive and significant effect on Price to Book Value. Similarly, research conducted by Salainti (2019), Sutrisno & Adi (2019), Sandrawati (2016), Handayani (2020), Chasanah & Adhi (2017), Annisa & Chabachib (2017), and Misran & Chabachib (2017) also showed the results of the Return on Asset ratio having a positive and significant effect on Price to Book Value. There are differences in the results of research conducted by Khairunnisa et al (2019) and Triagustina et al (2014) showing that the results of Return on Assets have a negative influence on Price to Book Value. Meanwhile, research conducted by Artati (2020), Oktrima (2017), Sunardi & Febrianti (2020), Aprilia et al (2018), Sondakh et al (2019) and Utami & Welas (2019) showed that the return on assets did not have a significant influence on Price to Book Value.

Another factor that can increase the value of the company is the liquidity ratio. The liquidity ratio has a role as a measure of the company's ability to meet short-term obligations. According to Cashmere (2016:145) liquidity can be used to determine the company's ability to fulfill obligations or debts paid at maturity. According to Hanafi & Halim (2016:75) Current Ratio is the company's ability to meet short-term debt by using current assets. The company must be sufficient in meeting the availability of liquidity assets, it must not be too small which can hinder the operational needs in the daily company, and cannot be too large either because it can cause a decrease in efficiency which also has an impact on low levels of profitability. The ratio used to measure the liquidity ratio is to use the Current Ratio. Current Ratio is measured by current assets divided by current debt.

Based on the results of research conducted by Irnawati (2019) shows that the Current Ratio ratio has a positive and significant effect on Price to Book Value. The same is the case with research conducted by Sutrisno & Adi (2019), Sunardi & Febrianti (2020), Aprilia et al (2018), Yuliani et al. (2020), Hasania et al (2016) and Handayani (2020), which also showed the results of the Current Ratio ratio had a positive and significant effect on Price to Book Value. Contrary to the results carried out by Utami & Welas (2019), Putra et al (2016) and Sicily et al (2019) shows that the current ratio results have a negative influence on price to book value. Meanwhile, research conducted by Artati (2020), Oktrima (2017), Chasanah & Adhi (2017), Misran & Chabachib (2017), Khairunnisa et al (2019), Annisa & Chabachib (2017), and Salainti (2019) stated that the Current Ratio had no effect on Price to Book Value. This shows that the effect of the ratio of liquidity to the value of the company still varies and further research is needed.

The solvency ratio can be used as one of the risk markers of the enterprise, so that the calculation of solvency can reduce the risk of debt greater than the capital in the capital structure. According to Cashmere (2010:112) the solvency ratio is used to find out the amount of funds provided by creditors to the owners of the company. Debt to Equity Ratio is a ratio used to assess debt with equity which is calculated by comparing total debt with total equity If the Debt-to-Equity Ratio is higher, the value of the company will increase as long as the Debt-to-Equity Ratio has not reached its optimal point.

Research conducted by Annisa & Chabachib (2017) shows that the Debt-to-Equity Ratio ratio has a positive and significant effect on Price to Book Value. Similarly, research conducted by Purnama (2019), Chasanah & Adhi (2017), Khairunnisa et al (2019), Devianasari & Suryantini (2015), Salainti (2019), Yuliani et al. (2020), Hasania et al (2016), Utami & Welas (2019) and Misran & Chabachib (2017) also showed the results of the Debt-to-Equity Ratio ratio had a positive and significant effect on Price to Book Value. Contrary to the results carried out by Sunaryo & Adiyanto (2018) which showed that the Debt-to-Equity Ratio ratio had a negative and significant effect on price to book value. In contrast to the results carried out by Kayobi (2015), Oktrima (2017), Sutrisno & Yulianeu (2017), Sandrawati (2016), Sunardi & Febrianti (2020), Handayani (2020), Aprilia et al (2018), Radiman (2018), Sondakh et al (2019), Lubis et al (2017), Putra et al (2016), Jusriani and Rahardjo (2013) and Purba & Africa (2019) which stated that the Debt-to-Equity Ratio has no effect on price to book value. This shows that the effect of solvency ratios on company value still varies and further research is needed.

Price to Book Value shows how far the company is able to create company value relative to the amount of capital invested. The higher the Price to Book Value ratio, the more successfully the company creates value for shareholders. Return On Assets, Current Ratio, and Debt to Equity Ratio are factors that affect Price to Book Value. The purpose of this study is to test the effect of Return on Assets, Current Ratio, and Debt to Equity Ratio on company value in property and real estate companies listed on the IDX in 2015-2019.

LITERATURE REVIEW

Return on Assets and Price to Book Value

Each company has a goal to advance its company by increasing company value and maximizing company profits and wants to prosper investors by taking the maximum profit. Return on Assets is one of the ratios that can show how high the profit income earned by the company is. shareholders will judge a company as good for them to invest in one of them by looking at the Rate of Return on Assets. Therefore, every company will try to do various ways to increase profits. Return on Assets is used to calculate the net profit earned from the use of assets. High profits in the company have good prospects, it will have an impact on increasing the stock price which can increase the value of the company. Annisa & Chabachib (2017) mentioned that the higher the Return on Assets ratio will attract investors so they will be interested in investing in the company. This means that the higher the Return on Assets with attractive stocks, the more it will increase the value of the company.

This statement is similar to research conducted by Salainti (2019), Sutrisno & Adi (2019), Sandrawati (2016), Handayani (2020), Chasanah & Adhi (2017), Annisa & Chabachib (2017), and Misran & Chabachib (2017), it was found that there were similarities in results related to Return on Assets which had a positive and significant effect on Price to Book Value. From these various studies, it can be concluded that Return on Assets has a significant effect on Price to Book Value

H1: Return on Asset has a significant effect on Price Book Value

Current Ratio and Price to Book Value

According to Cashmere (2016:145), liquidity can be used to determine the company's ability to fulfill obligations or debts paid at maturity. The Current Ratio shows the company's ability to repay debts. The current ratio is the result of the division of current assets with the current debt of a company. Misran & Chabachib (2017) states that the higher the Current Ratio indicates the higher the company's ability to meet its current obligations or in repaying its debts. The company's high ability to liquidity gives confidence to investors in investing so that it can increase the stock price so that the company's value also increases.

This statement is similar to research conducted by Sutrisno & Adi (2019), Sunardi & Febrianti (2020), Aprilia et al (2018), Yuliani et al. (2020), Hasania et al (2016), and Handayani (2020), which also showed that the current ratio had a positive and significant effect on Price to Book Value.

H2: Current Ratio has a significant effect on the price to book value

Debt to Equity Ratio and Price to Book Value

A company in general must be doing debt to run the company's operations. Debt is a burden that must be borne by the company. the debt owed by the company is the way the company runs its company even though the debt is also the heaviest burden that must be borne by the company. According to Cashmere (2016:112), the solvency ratio is used to find out the number of funds provided by creditors to the owners of the company. this ratio is used to find out each capital that is used as collateral for a debt.

The Debt-to-Equity Ratio is a ratio that shows the company's equity ability to be used to meet obligations. This ratio measures how much a company's assets are financed by creditors. The Value of Debt-to-Equity Ratio influences the value of the company because the optimal use of debt can increase the company's activities so that it will generate higher profits. However, the greater the debt, the greater the obligations that must be borne by the company, and this causes investor confidence in the company to decline. The decline in investor confidence is due to an increase in debt that affects the level of net income available to investors, which means that the higher the company's debt will further decrease the company's ability to pay dividends to investors.

The relationship between Debt-to-Equity Ratio and Price to Book Value is similar to research conducted by Purnama (2019), Chasanah & Adhi (2017), Khairunnisa et al (2019), Devianasari & Suryantini (2015), Salainti (2019), Yuliani et al. (2020), Hasania et al (2016), Utami & Welas (2019) and Misran & Chabachib (2017) which also showed the results of the Debt-to-Equity Ratio ratio had a positive and significant effect on the price to book value.

H3: Debt to Equity Ratio has a significant effect on Price Book Value

METHOD

Based on its purpose, this research is a quantitative study. The sampling technique uses purposive sampling techniques. Research instruments are tools or facilities used by researchers to facilitate research in collecting data to be systematic and easier to process (Sangaji & Sopiah, 2010: 149). This study uses data testing regarding return on assets, current ratio, debt to equity ratio, and price to book value. The instruments used in this study are in the form of documents and financial statements that have been published by the company and selected data that are by and related to research variables. The analytical tools in this study are multiple linear regression analysis with Return on Asset, Current Ratio, and Debt to Equity Ratio as independent variables and Price to Book Value as dependent variables

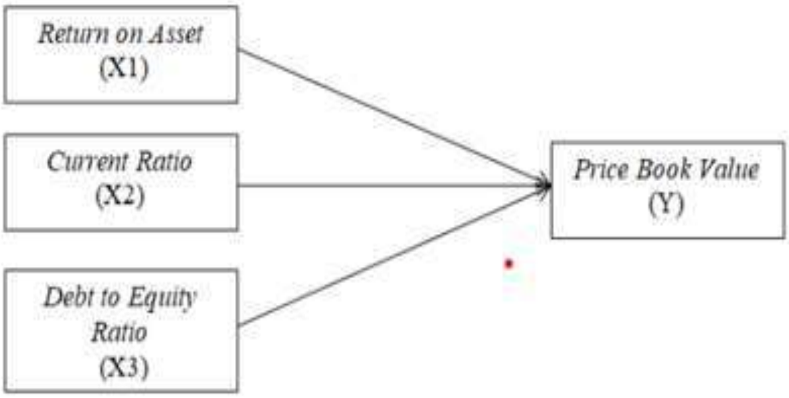

Figure 2 Research design

The population of this study is a manufacturing company in the property and real estate sector listed on the Indonesia Stock Exchange for the 2015-2019 period. The population can be obtained in www.idx.go.id with a population of 64 companies. The samples in the study used purposive sampling techniques with criteria that published financial statements that had been audited consecutively during the 2015-2019 period, and the financial statements contained all the variables needed in the study, namely as many as 45 property and real estate companies

RESULT AND DISCUSSION

Results

Price to Book Value

Price to Book Value is a ratio used to see how much the market price per share is with its book value so that a company that is well run and works efficiently has a high market value against its book value. Price to Book Value in this study is calculated by dividing the stock price by the book value per share. The following are the results of the Price to Book Value calculation on Property and Real Estate companies listed on the Indonesia Stock Exchange for the 2015-2019 period.

Table 1: Price to Book Value of Property and Real Estate companies 2015-2019

	Price to Book Value				
	2015	2016	2017	2018	2019
Mean	1,66	1,57	1,48	1,28	1,04
Max	5,90 (PLIN)	7,53 (PLIN)	11,76 (PLIN)	9,02 (PLIN)	10,12 (PLIN)
Min	0,12 (RBMS)	0,10 (OMRE)	0,18 (GWSA)	0,14 (LPCK)	0,04 (ASRI)

Figure 3 Average Price to Book Value

Based on figure 3, explains the analysis of the average Price to Book Value of property and real estate companies in 2015-2019, which has decreased continuously every year. This can be seen in 2015 with the average Price to Book Value of property and real estate companies reaching the highest value of 1.66 and experiencing a decrease in the average value of Price to Book Value successively which occurred in 2016-2019 with values of 1.57, 1.48, 1.28 and 1.04. The decline that occurred in the average Price to Book Value value of property and real estate companies showed a lower share price. However, the decline that occurred in the average Price to Book Value of property and real estate companies did not reach below 1 which shows that property and real estate companies still have a market value per share greater than their book value. The decrease that occurred in the average Price to Book Value of Property and Real Estate companies showed the lower share price to the book value per share.

Return on Assets

Return on Assets is a profitability ratio used to measure a company's income in making a profit based on the assets it has. Return On Assets is used to measure how effective a company is in making a profit by utilizing the assets owned by the company. The higher the Return on Assets ratio indicates that the more effective the company is in managing assets to take advantage. Return on Assets in this study is calculated by dividing net profit after tax by total assets. The following are the results of the calculation of Return on Assets in Property and Real Estate companies in 2015-2019.

Table 2: Return on Assets of Property and Real Estate companies 2015-2019

	Return On Assets				
	2015	2016	2017	2018	2019
Mean	4,52	3,78	3,12	2,69	1,63
Max	18,57(GWSA)	18,14(MKPI)	17,48(MKPI)	20,00(ELTY)	17,53(DMAS)
Min	-5,05(COWL)	-4,01(RBMS)	-6,00(MTSM)	-9,00(MTSM)	-11,00(MTSM)

Figure 4 Average Return on Assets

Based on figure 4, explains the condition of the Return on Assets of property and real estate companies in 2015-2019 which has decreased successively. This can be seen in 2015 with the average Return on Assets of property and real estate companies reaching the highest value of 4.76 and experiencing a decrease in the average value of Return on Assets in 2016-2019 of 4.22, 3.46, 3.39 and the lowest reaching a value of 1.77. The highest Return on Assets value was obtained by Bakrieland Development Tbk company with issuer code ELTY getting a value of 20.00 in 2018. As for the lowest value obtained by Metro Realty Tbk company with the issuer code MTSM successively from 2017 to 2019 with the acquisition of Return on Assets value of -6.00, -9.00 and the lowest in 2019 with the return on assets value of -11.00. The decrease in the average value of Return on Assets in property and real estate companies shows the smaller level of profit obtained by shareholders.

Current Ratio

The Current Ratio is a ratio used to measure the company's ability to pay debts at maturity using its current assets. The higher the Current Ratio ratio indicates that the greater the company's ability to meet its short-term obligations by using current assets. The current Ratio in this study uses calculations by dividing current assets by current debt. The results of the Calculation of Current Ratio in Property and Real Estate companies in 2015-2019.

Table 3: Current Ratio of Property and Real Estate companies 2015-2019

	Current Ratio				
	2015	2016	2017	2018	2019
Mean	2,03	2,56	2,18	2,38	2,18
Max	15,65(MTSM)	19,07(MTSM)	11,42(MTSM)	12,77(DMAS)	14,15(BAPA)
Min	0,20(BKDP)	0,21(BKDP)	0,18(BKDP)	0,17(BKDP)	0,28(COWL)

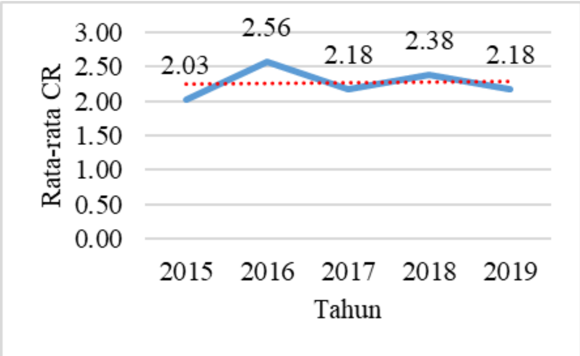

Figure 5 Average Current Ratio

It can be seen in the condition of the Current Ratio in property and real estate companies listed on the Indonesia Stock Exchange for the period 2015 - 2019. Based on the data above, which shows the average value of the Current Ratio in property and real estate companies in 2015-2019 has fluctuated. This can be seen in 2015 the average value of the Current Ratio in property and real estate companies reached 2.03 and increased in 2016 which reached a value of 2.56. In 2017 the average value of the Current Ratio in property and real estate companies decreased to 2.18 and increased again in 2018 with the average value of the Current Ratio reaching 2.38. And in 2019 the average value of the Current Ratio in property and real estate companies decreased again from the previous year's gain with a value of 2.18. The ups and downs of the Current Ratio value in property and real estate companies are a fairly good indicator because it indicates that the company can use its assets efficiently and manage its capital well.

Debt to Equity Ratio

The debt-to-Equity Ratio is a ratio used to assess the debt that is owned that can be paid using the capital that the company has. The Debt-to-Equity Ratio compares total debt with the company's total equity. The greater the value of the Debt-to-Equity Ratio indicates that the company utilizes more debt than the equity owned by the company. The results of the Calculation of Debt-to-Equity Ratio in Property and Real Estate companies in 2015-2019.

Table 4: Debt to Equity Ratio of Property and Real Estate companies 2015-2019

	Debt to Equity Ratio				
	2015	2016	2017	2018	2019
Mean	71,31	73,04	77,28	75,01	70,53
Max	220,56(BIKA)	258,59(BIKA)	340,69(PLIN)	336,37(PLIN)	310,25(COWL)
Min	-10,23(GPRA)	3,47(RBMS)	5,70(OMRE)	4,33(DMAS)	6,82(TARA)

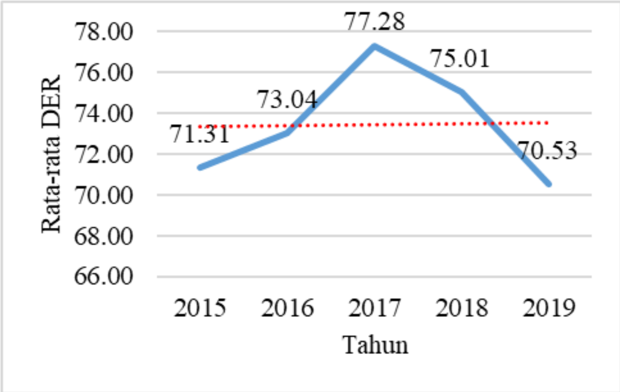

Figure 6 Average Debt to Equity Ratio

Based on figure 6, explains the condition of the Debt to Equity Ratio of property and real estate companies in 2015-2019 which experienced fluctuations. Judging from 2015, the value of the Debt to Equity Ratio reached 71.31 and increased in the following year, namely in 2016 with a Debt to Equity Ratio of 73.04. Meanwhile, the highest Debt to Equity Ratio value was obtained in 2017 which reached 77.28, and experienced a continuous decline in 2018 and 2019, where the average debt to equity ratio reached values of 75.01 and 70.53. The Debt to Equity Ratio reflects the company's risk of utilizing debt. So that the lower the value of the Debt to Equity Ratio shows that the company has a debt that is smaller than its current assets so that the risks owned by the company are smaller. However, the ups and downs in the value of the Debt to Equity Ratio that occurs in property and real estate companies do not reach a figure above 100 which shows that property and real estate companies can minimize company risks and can make good use of debt.

Multiple Linear Regression Analysis

Multiple Linear Regression Analysis is useful for providing answers to the influence that independent variables will have on dependent variables (Priyatno, 2017:169). The analytical tools in this study used two variables, namely independent variables, and dependent variables. The regression model to be used in this study is as follows:

$$Y=\alpha+\beta 1\ X1+ \beta 2\ X2+ \beta 3\ X3+e$$

The results of the multiple linear regression analysis in this study can be seen in the following table:

Table 5: Multiple Linear Regression Analysis Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	87.869	25.681		3.422	.001
	ROA	.078	.023	.225	3.419	.001
	CR	-.001	.000	-.093	-1.364	.174
	DER	.006	.002	.207	3.048	.003

$$Y\hat{}= 0.078X1 – 0.001X2 + 0.006X3$$

Means:
1. The Regression coefficient of Return on Assets 0.078 states that any increase in Return on Assets with a value of one point or 1% can have a positive effect on the Price to Book Value of Property and Real Estate companies listed on the IDX in 2015-2019 by 78% assuming other variables are constant.
2. The Current Ratio regression coefficient of -0.001 states that any increase in the Current Ratio with a value of one point or 1% can negatively affect the Price to Book Value of Property and Real Estate companies listed on the IDX in 2015-2019 by 1% assuming other variables are constant. But since the significant value is more than 5% then it cannot be interpreted.
3. The Debt to Equity Ratio regression coefficient of 0.006 states that any increase in the Debt to Equity Ratio with a value of one point or 1% can have a positive effect on the Price to Book Value of Property and Real Estate companies listed on the IDX in 2015-2019 by 6% assuming other variables are constant.

Goodness Of Fit Test

The F test in this study was used to determine whether the Return on Assets, Current Ratio, and Debt to Equity Ratio had a simultaneous effect on Price to Book Value. Pengujian was performed using a significance level of 0.05 ($\alpha = 5\%$). The results of the f test in this study can be seen in the following table.

Table 6: Goodness of Fit Test Results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	772.182	3	257.394	8.651	.000[b]
	Residual	6.575.514	221	29.753		
	Total	7.347.696	224			

Table 6 shows the calculated F value of 8.651>the F table of 3.04, and the sig value<of the significance level of 0.05, or the value of 0.000<0.05. Then H0 is rejected, which means that the variable Return on Asset, Current Ratio, and Debt to Equity Ratio have a simultaneous effect on Price to Book Value.

Regression Coefficient Test

The Regression Coefficient test is used to determine whether or not an independent variable partially has a significant effect on the dependent variable. The Regression Coefficient test in this study was used to determine whether partially the Return on Asset, Current Ratio, and Debt to Equity Ratio affected Price to Book Value. The results of the t-test in this study can be seen in the table as follows:

Table 7: Regression Coefficient Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	87.869	25.681		3.422	.001
	ROA	.078	.023	.225	3.419	.001
	CR	-.001	.000	-.093	-1.364	.174
	DER	.006	.002	.207	3.048	.003

Based on the table 7 of regression coefficient test results, it can be interpreted as follows:
1. The Variable Return on Asset has a calculated value of 3,419 with a sig value smaller than the alpha value (0.05) or a value of 0.001<0.05 it is concluded that the Return on Asset has a significant influence on the Price to Book Value.

2. The Current Ratio variable has a calculated value of -1.364 with a sig value greater than the alpha value (0.05) or a value of 0.174>0.05 which can be concluded that the Current Ratio has no significant influence on the Price to Book Value.
3. The Variable Debt to Equity Ratio has a calculated value of 3,048 with a sig value smaller than the alpha value (0.05) or a value of 0.003<0.05 which can be concluded that the Debt to Equity Ratio has a significant influence on the Price to Book Value

Discussion

Effect of Return on Assets on Price to Book Value

Return On Assets had a positive and significant effect on the Price to Book Value of Property and Real Estate companies in 2015-2019. The results of research by Sutrisno & Adi (2019) and Sandrawati (2016) also stated that The Return on Assets has a positive and significant influence on the Price to Book Value so that the lower the company's Return on Assets, the lower the Price to Book Value owned by the company. The use of signaling theory for Return on Assets information in this study shows that the level of profit that will be obtained by investors is getting lower every year from 2015-2019. This gives a negative signal to investors to be careful again to invest their funds in the form of stocks in Property and Real Estate companies.

This result is possible because the condition of the shares of Property and Real Estate companies listed on the Indonesia stock exchange has a fairly high demand for shares, but is not followed by the availability of goods or land owned by Property and Real Estate companies. As a result, the Property and Real Estate sector experienced a phase of stagnation which resulted in a reduction in investors' capital income to Property and Real Estate companies.

Effect of Current Ratio on Price to Book Value

The Current Ratio did not have a significant effect on the Price to Book Value of Property and Real Estate companies in 2015-2019. The results of the research conducted by Annisa & Chabachib (2017), and Salainti (2019) which have results relevant to this study, namely the Current Ratio has no effect on Price to Book Value. This shows that the Current Ratio does not affect investors in calculating investments. Because the Current Ratio can only show the company's ability to cover its current debt using current assets in a company whose position is not paid much attention to by an investor in investing.

The results of this study are also inconsistent with the signaling theory which states that companies with profitable prospects will try to avoid selling shares and seeking new capital through other means, such as using debt, but this theory contradicts the results of this study which states that debt is a high-risk financial resource. For this reason, the results of this research show that the Current Ratio is not the only indicator that can be the basis for investors' decision-making in investing. This is because for investors there are other indicators that are more dominant in determining where to place capital to invest.

Effect of Debt to Equity Ratio on Price to Book Value

The debt to Equity Ratio has a positive and significant effect on the Price to Book Value of Property and Real Estate companies in 2015-2019. These results are the same as research conducted by Utami & Welas (2019) and Misran & Chabachib (2017) which showed results that the Debt to Equity Ratio had a positive and significant effect on Price to Book Value. This shows the company's ability to pay its long-term obligations, so it can be said that companies engaged in the Property and Real Estate sector listed on the Indonesian stock exchange for the period 2015-2019 are doing their best to create good corporate value.

The use of the Debt to Equity Ratio can increase the value of the company because, in taxation, interest paid using debt is deductible, which allows the company to get tax relief. This shows that if the Debt to Equity Ratio increases then the value of the company will increase as well. Conversely, if the Debt to Equity Ratio is reduced or decreased, the value of the company will decrease.

CONCLUSION

The results of this study show that the lower the company's Return on Assets, the lower the Price to Book Value owned by the company. The condition of shares of Property and Real Estate companies listed on the Indonesian stock exchange has a fairly high demand for shares but is not followed by the availability of goods or land owned by Property and Real Estate companies (the level of supply owned by the company is low). This resulted in the Property and Real Estate sector experiencing a phase of stagnation which resulted in a reduction in investors' capital income to Property and Real Estate companies. The Current Ratio does not affect investors in calculating investments. Because the Current Ratio can only show the company's ability to cover its current debt using current assets in a company whose position is not paid much attention to by an investor in investing. The higher the company's Debt to Equity Ratio, the higher the Price to Book Value owned by the company. The use of the Debt-to-Equity Ratio can increase the value of the company because in taxation, the interest paid 64 using debt is deductible, which allows the company to obtain tax relief.

REFERENCES

Annisa, R., & Chabachib, M. (2017). Analisis Pengaruh Current Ratio (CR), Debt To Equity Ratio (DER), Return on Assets (ROA) Terhadap Price To Book Value (PBV), Dengan Dividend Payout Ratio Sebagai Variabel Intervening (Studi Kasus pada perusahaan industri manufaktur yang terdaftar di BEI P.Diponegoro Journal of Management, 6(1), 1–15.

Aprilia, R., Puspitaningtyas, Z., & Prakoso, A. (2018). Pengaruh Current Ratio, Total Asset Turnover dan Debt to Equity Ratio Terhadap Price to Book Value dengan Return on Asset Sebagai Variabel Intervening (Studi Pada Perusahaan Sektor Industri Barang Konsumsi di Bursa Efek Indonesia Periode 2013-2017). Profita: Komunikasi Ilmiah Akuntansi Dan Perpajakan, 11(3), 329–358. https://doi.org/10.22441/profita.2018.v11.03.001

Artati, D. (2020). Pengaruh Return on Assets, Size dan Current Ratio Terhadap Nilai Perusahaan Melalui Kebijakan Dividen. JBMA, 7(1), 111–131. http://jurnal.amaypk.ac.id/index.php/jbma/article/view/92

Chasanah, A., & Adhi, D. (2017). Profitabilitas, Struktur Modal dan Likuiditas Pengaruhnya Terhadap Nilai Perusahaan Pada Perusahaan Real Estate Yang Listed di BEI (Profitability, Capital Structure and Liquidity Influence on Corporate Value on Listed Real Estate Companies in BEI, 2012-20. Fokus Ekonomi, 12(2), 131–146. https://doi.org/10.34152/fe.12.2.109-128

Devianasari, N., & Suryantini, N. (2015). Pengaruh Price Earnings Ratio, Debt to Equity Ratio, dan Dividend Payout Ratio Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur yang Terdaftar di Bursa Efek Indonesia. E-Jurnal Manajemen Udud, Vol. 4(N0.11), 3646–3674.

Fahmi, I. (2016). Pengantar Manajemen Keuangan. Bandung: CV Alfabeta.

Hanafi, M. M & Halim, A. (2016). Analisis Laporan Keuangan. Edisi 5. Yogyakarta: UPP STIM YKPN.

Handayani, R. (2020). Effects of Tax Avoidance and Financial Performance on Firm Value. International Journal of Management Studies and Social Science Research Effects, 2(5). www.ijmsssr.org

Hasania, Z., Murni, S., & Mandagie, Y. (2016). Pengaruh Current Ratio, Ukuran Perusahaan Struktur Modal, dan Roe Terhadap Nilai Perusahaan Farmasi yang Terdaftar di Bursa Efek Indonesia Periode 2011-2014. Jurnal Berkala Ilmiah Efisiensi, 16(03), 133–144.

Jusriani, I. F., & Rahardjo, S. N. (2013). Analisis Pengaruh Profitabilitas, kebijakan dividen, kebijakan hutang, dan kepemilikan manajerial terhadap nilai perusahaan. Diponegoro Journal of Accounting. ISSN (Online) 2337-3806, 2(2), 1–10.

Kasmir. (2010). Pengantar Manajemen Keuangan. Jakarta: Kencana Prenada Media.

Kasmir. (2016). Analisis Laporan Keuangan. Jakarta: Raja Grafindo Persada.

Kayobi, I. (2015). Pengaruh Debt to Equity Ratio (DER), Debt to Total Asset (DTA), Dividen Tunai, dan Ukuran Perusahaan Terhadap Nilai Perusahaan (Perusahaan Manufaktur Sektor Barang Konsumsi yang Terdaftar di Bursa Efek Indonesia Periode 2011-2014). Jurnal Akuntansi dan Keuangan, 4(1), 100–120. http://dx.doi.org/10.36080/jak.v4i1.396

Khairunnisa, T., Taufik, & Thamrin, K. (2019). Pengaruh Debt to Equity Ratio, Return on Assets, Assets Growth, Current Ratio, dan Total Assets Turnover Terhadap Nilai Perusahaan Pada Perusahaan Sektor Makanan dan Minuman yang Terdaftar di Bursa Efek Indonesia. Jurnal Ilmiah Manajemen. 16(1), 31-44. https://doi.org/10.29259/jmbt.v16i1.9253

Lubis, I., Sinaga, B., & Sasongko, H. (2017). Pengaruh Profitabilitas, Struktur Modal, dan Likuiditas Terhadap Nilai Perusahaan. Jurnal Aplikasi Bisnis dan Manajemen. 3(3), 458-465. https://doi.org/10.17358/jabm.3.3.458

Misran, M., & Chabachib, M. (2017). Analisis Pengaruh DER, CR dan TATO terhadap PBV dengan ROA sebagai Variabel Intervening. Diponegoro Journal of Management, 6(1), 1–13.

Oktrima, B. (2017). Pengaruh Profitabilitas, Likuiditas, Dan Struktur Modal Terhadap Nilai Perusahaan (Studi Empiris: Pt. Mayora Indah, Tbk. Tahun 2011 –2015). Jurnal Sekuritas, Manajemen Keuangan, 1(1), 98–107. http://dx.doi.org/10.32493/skt.v1i1.622

Priyatno, D. (2017). Pengolahan Data Terpraktis. Yogyakarta: CV Andi Offset.

Purba, J., & Africa, L. (2019). The Effect of Capital Structure, Institutional Ownership, Managerial Ownership, and Profitability on Company Value in Manufacturing Companies. The Indonesian Accounting Review, 9(1), 27. https://doi.org/10.14414/tiar.v9i1.1619

Purnama, H. (2019). Pengaruh Planning Tax, dan Debt to Equity Ratio (DER) dan Kepemilikan Manajerial Terhadap Nilai Perusahaan Pada Industri Pertambangan yang Terdaftar Pada Bursa Efek Indonesia Periode 2014-2018. Jurnal Akuntansi dan Manajemen Akmenika, 16(2), 255–270. https://doi.org/10.31316/akmenika.v16i2.391

Putra, E., Kepramareni, P., & Novitasari, N. (2016). Pengaruh Kinerja Keuangan, Inflasi dan Tingkat Suku Bunga Terhadap Nilai Perusahaan. Seminar Nasional Universitas Mahasaraswati Denpasar, 569–579.

Radiman. (2018). Pengaruh Debt to Equity Ratio dan Total Assets Turnover Terhadap Price to Book Value dengan Return on Asset Sebagai Variabel Intervening. Jurnal Riset Finansial Bisnis. 2(3), 99–110.

Salainti, M. (2019). Pengaruh Current Ratio, Total Asset Turnover dan Debt to Equity Ratio dan Return on Asset Terhadap Nilai Perusahaan. Jurnal Ilmu dan Riset Manajemen, 8(10), 1–23

Sandrawati, V. (2016). Effect Of Debt-to-Equity Ratio (DER), Return on Asset (ROA), Earning Per Share (EPS) And Systematic Risk to Corporate Value (Study on LQ45 Companies Listed in Indonesian Stock 2011-2014). www.idx.co.id

Sangaji, E. M & Sopiah. (2010). Metodologi Penelitian: Pendekatan Praktis dalam Penelitian. Yogyakarta: Andi Offset.

Sisilia, M., Sitompul, M., Sihite, E., Chairunnisa, U., & Lombu, N. (2019). Pengaruh Kebijakan Dividen, Return on Equity Dan Current Ratio Terhadap Nilai Perusahaan (PBV) Pada Perusahaan Sektor Property, Real Estate Building Construction di Bursa Efek Indonesia Pada Periode 2014-2017. Jurnal Mutiara Manajemen, Vol 4(No 1), 285–300.

Sondakh, P., Saerang, I., & Samadi, R. (2019). Pengaruh Struktur Modal (ROA, ROE dan DER) Terhadap Nilai Perusahaan (PBV) Pada Perusahaan Sektor Properti yang Terdaftar di BEI (Periode 2013-2016). Jurnal EMBA, 7(3), 3079–3088. https://doi.org/10.35794/emba.7.3.2019.24196

Sunardi, N., & Febrianti, F. (2020). Likuiditas dan Kebijakan Hutang Pengaruhnya terhadap Kinerja Perusahaan dan Dampaknya Terhadap Nilai Perusahaan pada Industri Sektor Telekomunikasi di Indonesia. Jurnal Ilmiah Manajemen Forkama, 3(3). http://dx.doi.org/10.32493/frkm.v3i3.6206

Sunaryo, D., & Adiyanto, Y. (2017). Pengaruh Debt to Equity Ratio (DER) dan Dividend Payout Ratio (DPR) Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur Sektor Hasil Industri Untuk Konsumsi yang Terdaftar di BEI Tahun 2012 –2017. Jurnal Manajemen. 7(1), 33–53. https://doi.org/10.30656/jm.v7i1.896

Sutrisno, W., & Yulianeu. (2017). Pengaruh CR, DER Dan Tato Terhadap PBV Dengan ROA Sebagai Variabel Intervening (Studi Pada Perusahaan Property & Real Estate yang Terdaftar Pada BEI Tahun 2010-2014). Journal of Management. 3(3).

Sutrisno. (2012). Manajemen Keuangan Teori, Konsep dan Aplikasi. Yogyakarta: Ekonisia.

Triagustina, L., Sukarmanto, E., & Helliana, H. (2014). Pengaruh Return on Asset (ROA) Dan Return on Equity (ROE) Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur Subsektor Makanan Dan Minuman Yang Terdaftar di Bursa Efek Indonesia Periode 2010-2012. Prosiding Akuntansi, 28–34. http://dx.doi.org/10.29313/.v0i0.1549

Utami, P., & Welas. (2019). Pengaruh Current Ratio, Return on Asset, Total Asset Turnover dan Debt to Equity Ratio Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Manufaktur Sub Sektor Properti dan Real Estate yang Terdaftar di Bursa Efek Indonesia Periode 2015-2017). Universitas Budi Luhur, 8(1), 57–76. http://dx.doi.org/10.36080/jak.v8i1.840

Yuliani, Edward, Y., & Simorangkir, E. (2020). Effect of Current Ratio and Debt to Equity on Price to Book Value with Return on Equity as an Intervening Variable in the Consumer Goods Industry Sector in Companies Listed on the IDX in the Period 2016-2018. Journal of Research in Business, Economics, and Education. 2(5), 1121-1131.