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The Effect of Debt to Equity Ratio, Return on Assets, and Total Assets Turnover on Company Value
(Study On Food and Beverage Sub-Sector Manufacturing Companies on The Indonesia Stock Exchange In 2016-2020)

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Abstract
This study is intended to determine the effect of the ratio of Debt to Equity Ratio, Return on Assets, and Total Assets turnover on Company Value in food and beverage sub-sector manufacturing companies on the Indonesia Stock Exchange in 2016-2020. The Purposive sampling method and the number of samples taken from as many as 15 companies from the observation period of 5 consecutive years in food & and beverage sector companies on the Indonesia Stock Exchange. Eviews 9 is the analytical tool used in this study. The result states that the Debt to debt-equity ratio is negative and insignificant to the Company's Value. Return On Assets has a positive and significant influence on Company Value as well and Total Assets turnover has a positive and significant effect on Company Value.
Keywords: Debt to Equity Ratio, Return On Asset, Total Assets Turn Over, Firm Value

1. Introduction

Return on Assets (ROA) is the capability of a business unit to obtain a certain number of assets owned by the business unit. Used in calculating the amount of investment carried out through the use of its activities (Endang Murtiningsih, 2012). It shows the level of utility received by the company that maintains the so-called investment level. Return on Asset (ROA) is used to show how far the capabilities of the assets owned by the company can benefit. This ratio is the most important ratio among other ratios and profitability. The ROA value which increased in 2019 to 0.11 and then the company's value increased to 2.97 has similarities with the research of Firlana Akbar and Irham Fahmi (2020), the higher the ROA obtained by the company, the more the company value increases.

The value of the company can be influenced by the total turnover of assets (TATO) because the TATO ratio is used to calculate its effectiveness in realizing sales (Sudana, 2011). The higher the value of the tattoo, the more effectively and efficiently the company will use its assets to support sales. This is not by the phenomenon in 2019 where the average company value increased by 2.97 but the average TATO value decreased by 1.06 times. Thus, it can be mentioned that the variable values of the company and TATO encounter different directions. This is the same with the research of Siswoyo (2012) and Sang Ho Kim and Dennis Taylor (2013). The size of DER, ROA, and TATO *can have an effect and not have a significant influence on Company Value, to support theoretical studies and existing phenomena the author presents several studies on* DER, ROA, and TATO on Company Value. This is supported by previous research including:

1.1. The Effect of *Debt to Equity Ratio* on Company Value

Based on Nila Izatun Nafisah *(2018), the Debt to Equity Ratio has a negative and substantial influence on company value, this opinion was again expressed by A.A.Ngr Bgs Aditya Permana & Henny Rahyuda (2018), that the* Debt to Equity Ratio has a negative and substantial influence, while there are different opinions expressed by Ekarina Novayanti (2017), and also Siti Nur'aidawati (2018) that the *Debt to Equity Ratio* has a positive & substantial influence on the company

1.2. The Effect of *Return on Assets* on Company Value

According to Mirza Laili Inoditia Salainti (2019), I Gusti Ayu Diah Novita Yanti &; Ni Putu Ayu Darmayanti (2019), as well as Vintia A. H. M Suranto and Stanley K Walandouw (2017) Return on Assets, *has a positive and substantial influence on company value, while according to Adji Widodo (2018),* Return on Assets *does not influence company value.*

1.3. The Effect of *Total Assets Turnover* on Company Value

According to Leonardy Gunawan (2016), Nia Willi Yanti and Stefani Chandra (2019) stated that *Total Asset turnover* has a positive effect on company value while according to Putri Utami and Welas (2019) and Anggelia B. Nursalim, Paulina V. Rate, Dedy N. Baramuli (2021), TATO does not affect company value

There have been several studies that have been conducted previously related to several factors that influence company value, but some of the previous studies have shown unstable results and have differences. Seeing this, there are research gaps and inconsistencies in previous research results, it becomes interesting to dig deeper into several factors that influence company value through the use of the Company Value variable as a dependent variable using the ratio of debt to *DER, ROA, TATTOO* as an independent variable. Based on this background, it can be seen that there is a phenomenon and the results of previous research, the author chose the title of this study, namely "**The Effect of Debt To Equity Ratio, Return On Assets, and Total Assets Turn Over on Company Value (Study on Food and Beverage Sub-Sector Manufacturing Companies**)"

2. Research Methods

The population used in this study is all consumption sector companies (food & beverages) listed on the Indonesia Stock Exchange in 2016-2020. Using quantitative methods. Meanwhile, this study used techniques of *purposive sampling* alongside categories. Consumption sector (food & beverage) companies that were stably listed on the Indonesia Stock Exchange in 2016-

2020, stably issued audited financial statements in 2016-2020, providing the necessary information from research variables in 2016-2020. After selecting all food and beverage sector companies, 15 companies were found to be included in the category.

The reference data used in this study is secondary data in the form of the company's annual financial statements obtained indirectly from the first source. The type of data in this study is quantitative, meaning that this study uses some data in the form of numbers. In this study, the data source used for secondary data is the company's financial statements for 2016-2020 which are registered on the Indonesia Stock Exchange page. The population in this study is all manufacturing companies in the consumption section, namely food & beverages registered on the Indonesia Stock Exchange (IDX) for the 2016-2020 period that issued consecutive financial statements in that period. The sample categories contained in this study are as below: (1) Food & beverage sub-sector companies listed on the Indonesia Stock Exchange (IDX) in 2016-2020; (2) The company issued consecutive annual financial reports on the Indonesia Stock Exchange (IDX) during the 2016-2020 observation period; (3) The Company uses rupiah units in its financial statements; and (4) Have complete data regarding research Based on the established benchmark, a total of 15 companies were obtained with a total of 75 observational data (15x5).

Descriptive statistical analysis is used to provide an overview or description of something seen from the average value (mean), minimum value, maximum value, and standard deviation value from Winanrno research data (2015: 39). The definition is as follows: (1) The mean is the average of the data, obtained by summing all the data and dividing by the numeration of the data; (2) The median is the middle value (or the average of the two middle values when the data is even) when the data is sorted from smallest to largest. The median is a middle measure that is not easily affected by outliers, especially when compared to the mean; (3) Maximum and minimum are the largest and smallest values of the data; and (4) Standard deviation is a storage measure obtained from the square root of the average of the accurate number of deviations between each value and its mean

Hypothesis in research is interpreted as a temporary conjecture on the research problem. It is called temporary because it is only based on theories or estimates that are not certain of its truth. Provisional presumptive testing in this study was carried out using partial testing (Test t). The hypothesis to be tested and partially ascertained in this study is related to the influence of independent variables, namely *DER, ROA, and TATTOO* on Company *Value* which is the dependent variable. The t-test is used in testing how much influence the independent variable has in describing the dependent variable in part with a level of significance a = 0.05 (5%). If the value is less than the significance level, then the independent variable finds a substantial effect on the dependent variable. Meanwhile, if the value of the t-test is greater than the level of significance, then the independent variable does not have any influence on the dependent variable the t-value > t-table and sig < 0.05 then it means that the independent variable affects the dependent variable.

3. Results and Discussion

3.1. Results

Table 1. Descriptive Statistics

	THE	TWO PEOPLE	THIS	For example
Mean	0.793333	0.088800	1.025867	2.259333

Median	0.700000	0.060000	0.950000	2.110000
Maximum	1.960000	0.530000	3.100000	7.060000
Minimum	0.130000	-0.060000	0.130000	0.120000
Std. Dev.	0.503491	0.106808	0.605689	1.430670
Skewness	0.559248	2.160614	1.382263	0.820542
Kurtosis	2.406833	8.334998	5.873095	3.598181
Jarque-Bera	5.009006	147.2975	49.67900	9.534306
Probability	0.081716	0.000000	0.000000	0.008505
Sum	59.50000	6.660000	76.94000	169.4500
Summa Sq. Dev.	18.75927	0.844192	27.14762	151.4645
Observations	75	75	75	75

Based on the results of Table 1, descriptive statistics of the food and beverage sub-sector can be seen with a sample of 75 companies, the DER variable has a minimum value of 0.130000 and a maximum value of 1.960000. The average DER owned by 75 companies shows a result of 0.793333 and the deviation value of DER is 0.503491, meaning that DER has a low level of data variation because the standard deviation value is below the average Variable *Return On Asset* has a minimum value of - 0.060000 and a maximum value of 0.530000. The average ROA of 75 companies is 0.088800 with a standard deviation of ROA of 0.106808, which means that the distribution of ROA values is good.

The TATO variable has a minimum value of 0.130000 and a maximum value of 3.100000. The average TATO owned by 75 companies is 1.025867 and the standard deviation value is 0.605689 which means that TATO has a low level of data variation because the standard deviation value is below the average. The company value variable with Tobin's Q has a minimum value of 0.120000 and a maximum value of 7.060000. The average Tobin's Q owned by 75 companies is 2.259333 and the standard deviation value is 1.430670, which means that Tobin's Q has a low level of data variation because the standard deviation value is below the average.

3.2. Hypothesis Test

The statistical test t has the purpose of finding the influence of each independent variable on the dependent variable, by considering that other variables are equal or stable. To get the hypothesis accepted or rejected, it is necessary to compare t-count and t-table, and substantial with a substantial level in this study, namely a = 5% = 0.05. If t-count > t-table then the independent variable affects the dependent variable. Meanwhile, if t-count<t-table then the independent variable finds no influence on the dependent variable.

Table 2. Test t (FEM)

Dependent Variable: NP
Method: Panel EGLS (Cross-section weights) Date: 01/25/22 Time: 14:30
Sample: 2016 2020
Periods included: 5
Cross-sections included: 15
Total panel (balanced) observations: 75
Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.030182	0.154256	13.16113	0.0000
THE	-0.244828	0.149846	-1.633865	0.1078
TWO PEOPLE	1.589054	0.682399	2.328630	0.0234
THIS	0.275155	0.129271	2.128513	0.0376

H_1: Debt to Equity Ratio has a negative and significant effect on Company Value

The first hypothesis test conducted in the study is that *DER* has a negative and significant effect on company value. The results of the study resulted in a tcount of -1.633865 < from a table of 1.99394 with a probability value of 0.1078 which is greater than 0.05 meaning that DER does not affect the value of the company. A high DER value reflects the company's inability to manage its debt properly and further increases the risk to investors. Thus, the hypothesis of this study which states that the *variable Debt to Equity Ratio* (DER) has a negative and significant effect on company value is rejected.

H_2: ROA has a positive and significant effect on Company Value

The second hypothesis test conducted in this study is that ROA has a positive and significant effect on company value. The results of this study show that ROA has a calculated value of 2.328630 > from Table 1.99394 and a significance value of 0.0234 which is smaller than 0.05. This result shows that if the ROA value increases, the company's value also increases because this means that the level of efficiency and effectiveness of using the company's capital is quite good. So the hypothesis of this study which states that the variable Return On Asset (ROA) has a positive and significant effect on company value can be accepted.

H_3: Tattoos have a positive and significant effect on Company Value

The third hypothesis test conducted in this study TATO has a significant positive effect on company value. The results of this study show that TATO has a calculated value of 2.128513 > from Table 1.99394 and a significance value of 0.0376 which is smaller than 0.05. This shows that if the value of TATO is more efficient in using all assets in generating sales, then the assets rotate faster to get profits. Thus, the hypothesis of this study which states that the TATO variable has a positive and significant effect on company value is acceptable.

3.2 Discussion

The Effect of Debt to Equity Ratio on Company Value

The results of this study variable *Debt to Equity Ratio* (DER) have a negative insignificant effect on the value of the company. This means that this shows that the DER variable does not affect the value of the company. Because the greater the company's debt, the more it affects the size of the company's profit and loss. This is supported by *the pecking order theory,* which explains why companies that have higher levels of profit have smaller levels of debt. The company will strive to use debt that does not exceed the normal capital structure target if it wants its company to have profitable prospects. The lack of influence of the variable Debt To Equity Ratio (DER) on company value indicates that this ratio serves to determine every rupiah of own capital used for debt security (Kasmir, 2012). The amount of DER value indicates that the company's source of capital is very dependent on external parties. When the company is unable to manage its debt optimally, it will have a negative impact on the company's financial condition. So the company should be able to manage its debts well, optimize debt management, and pay all obligations owed so that the company's financial condition and company value are in stable condition.

The results of this study have similarities with the research of Isabella Permata Dhani and A. A Gde Satia Utama (2017) where DER is negative and insignificant to the value of the company, because the higher the value of DER, the company's profitability decreases. The decrease in profitability will lead to a decrease in company value but the results of this study are not in line with the research of Ta'dir Eko Prasetia, Parengkuan Tommy, and Ivone S.

Saerang (2014) which states that the *variable Debt To Equity Ratio* partially has a positive and significant effect on Company Value.

The Effect of Return On Assets on Company Value

The results of this study show that the variable Return On Asset has a positive and significant effect on the value of the company. The influence of this ratio indicates that if the ROA value rises, it means that the company's value is also increasing. ROA is a ratio that can describe the company's ability to utilize its assets to obtain profits. A high percentage of ROA indicates that the company can manage assets well. Return On Asset is one of the offices for investors and potential investors in making investment decisions. This is supported by *signaling theory* where according to Brigham and Houston (2010), a signal or signal is a step from the company to make a signal to investors about how management sees the company's opportunities. Companies with a high ROA percentage value reflect good company value, so investors are encouraged to put their capital in the company. The cause of a high Return On Assets means that the company can utilize the assets owned to obtain profits. Where high-profit income reflects that the company's financial management has been carried out properly and optimally.

The percentage ROA ratio is not only useful for investors but can also be used by companies in making business expansion decisions. If the ROA value shows a value that reaches the target or is high, the company has the potential to develop its business which will encourage investors to put their capital. The results of this study are in line with the research of A. Ayu Kemara Dewi and Ida Bagus Badjra (2017) as well as Jeni Irnawati (2019) state that the increase in profits obtained by the company can increase a company's value. A high ROA value reflects the company can manage well the assets it has to generate profits. Contrary to the results of this study, Putri Utami and Welas (2019) stated that ROA does not affect company value.

The Effect of Total Assets Turnover on Company Value

TATO is a ratio that reflects the level of efficiency in the use of all company assets or total assets in generating sales volume. In this study, the Total Assets turnover variable has a significant positive effect on the value of the company, which means that if the value of TATO rises, the value of the company also rises. Total Asset Turn Over is one of the offices for investors and potential investors in making investment decisions, meaning that the company can utilize funds embedded in assets and can increase profits and cash flow so that potential investors will be interested in investing shares in the company and will also affect the value of the company. The results of this study are supported by *signaling theory* where according to Brigham and Houston (2010), a signal or signal is a step from the company to make a sign to investors about how management sees company opportunities. The cause of higher Total Assets turnover means that the turnover of assets owned by the company is getting better because the higher the value of the TATO, it reflects that the company can manage its assets optimally.

TATO is an asset turnover ratio to see the extent of the company's ability to manage sales using all assets owned. If the company wants good corporate value, then the company must be able to maximize the management of its assets. The increased asset turnover reflects the company's capability when manage its assets well to generate high sales. The more sales increase, the greater the profit generated, and the value of the company will also increase.

This research has results that are in line with Nila Izatun Nafisah (2018) and Siti Nur'aidawati (2018) who stated that Total Assets turnover has a positive and significant effect on company value. Contrary to the results of this study, Arna Tiara Febrianti and Yuni Sukandani (2019) stated that TATO does not have a significant effect on company value.

4. Conclusion

Based on the results of research and discussion of the effect of Debt to Equity Ratio, Return On Assets, and Total Assets turnover on Company Value in food and beverage sub-sector manufacturing companies on the Indonesia Stock Exchange in 2016-2020 using the Eviews 9 test, Variables *Debt to Equity Ratio* partially has a negative and insignificant influence on the Company's Value in the Food & Beverage sector on the Indonesia Stock Exchange in 2016-2020. Variable *Return on Asset* partially has a positive and significant influence on Company Value in the Food &; Beverage sector on the Indonesia Stock Exchange in 2016-2020. The Total Assets Turn Over variable partially has a positive and significant influence on Company Value in the Food &; Beverage sector on the Indonesia Stock Exchange in 2016-2020.

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