Net Profit Margin, Earnings per Share, Return on Asset, Debt Equity Ratio, and Current Ratio on Firm Value in Agricultural Sector Companies Listed on Indonesia Stock Exchange 2016-2021

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Abstract
This research purposed to determine the effect of net profit margin, earnings per share, return on asset, debt-equity ratio, and current ratio on firm value in agricultural sector companies listed on the Indonesia Stock Exchange in 2016-2021. This study uses secondary data. The sampling technique in this study used purposive sampling. The number of samples obtained was 25 companies. The analysis method of this research uses descriptive analysis and used SmartPLS software. From this research, it can be concluded that Net profit margin has a negative and significant effect on price book value. Return on asset and debt-equity ratio has a positive and significant impact on price book value. Earnings per share partially had a negative and not significant effect on price book value. The current ratio partially had a positive and insignificant effect on price book value.

Keywords: Price Book Value, Net Profit Margin, Earnings per Share, Return on Asset, Debt Equity Ratio, Current Ratio

DOI: https://doi.org/10.35145/jabt.v4i2.131

1.0 INTRODUCTION

In a very rapid business development, companies are required to increase their business activities in order to face increasingly fierce business competition. If the company is able to maintain its existence, the company can survive in business competition, but if the company does not improve its business better, then there is a possibility that the company cannot survive in business competition (Machfiroh et al., 2020). In order to increase the activity of the company required a large enough capital. One way to get this capital is by attracting investors to invest in the company. Increasing the company's value to the maximum is one of the goals of the company because the company's value has increased indicating that the company has good performance (Atmaja, 2020).

Figure 1. JCI and Agricultural Stock Price Index for the 2016-2021 Period

Source: www.finance.yahoo.com
Investors generally will invest in a company whose company value has increased. Firm value (Yusrizal et al., 2022) is an investor’s view of the company’s success which is often associated with stock prices. If the stock price of a company increases, the company value will indirectly increase and vice versa if the company’s stock price decreases, the company value will also decrease. The Jakarta Composite Index is one of the capital market indices used by the Indonesia Stock Exchange. The combined stock price index contains stock price movements of all securities listed on the Indonesia Stock Exchange. The JCI is of concern to investors because the movement of the JCI will affect investors whether they want to buy or sell their shares (Widodo, 2018).

Based on the JCI chart and the Agricultural Stock Price Index, there was fluctuating stock price movements in 2016–2021. The joint stock price tended to increase in 2016 to 2017 and then in 2018 to 2019 it decreased then in 2019 it increased until at the end of 2020 it experienced a drastic decrease but the joint stock price rose slowly again in 2021. This reflects that the overall share price in companies listed on the Indonesia Stock Exchange (IDX) in an unstable condition from year to year. Meanwhile, Agricultural Stock Prices in 2016 to 2020 tend to decrease and in mid-2020 will increase until 2021.

One of the indicators used to describe the value of the company is the price book value. Price Book Value is an indicator to describe how much the market appreciates the book value of a company (Febriyanti et al., 2021). Price book value information (Chandra et al., 2018; Nyoto et al., 2023; Renaldo & Murwaningsari, 2023) describes the company’s performance and prospects in the future. Price Book Value is used to determine which stocks are cheap or expensive. Share values are declared undervalued/cheap if the price book value is less than 1, while the stock value is declared overvalued if the price book value is more than 1 (Habibi et al., 2021).

The agricultural sector is a sector that has the opportunity to develop in Indonesia because it has favorable climatic conditions with a variety of natural resources (I. Firdaus & Rohdiyarti, 2021). The agricultural sector has an important role because most Indonesian people depend on agriculture for their lives. In national development, this sector plays a role in meeting the food needs of the community and acts as a primary sector for other sectors that use agricultural production. Business fields in the agricultural sector absorb labor with an average of 32.21% (Sirait et al., 2021). Apart from business fields, Indonesia’s agricultural exports reached Rp. 390.16 trillion in 2019, Rp. 451.77 trillion in 2020 then increased to Rp. 625.04 trillion in 2021 (nasional.tempo.co). This proves that the agricultural sector can become the backbone of the national economy. Given that since the beginning of the pandemic the Food and Agriculture Organization (FAO) has warned of the possibility that a global food crisis could occur (setkab.go.id). Seeing developments in the agricultural sector, especially economic growth, can be a consideration for investors to invest in agricultural sector companies.

Financial reports are a description of the activities carried out by the company in a certain period which are presented in the form of rupiah and foreign currencies (Machfiroh et al., 2020). The performance of financial statements can be analyzed using financial ratios. Financial ratios can describe the strengths and weaknesses of a company’s financial performance. Financial ratios can be used as a consideration for investors to stop or continue investing (NS, 2020).

Net Profit Margin is a ratio that measures the company’s net income from sales. An increased Net Profit Margin shows that the company generates large profits from its sales. This can be a reference for investors to continue to invest in the company so that the price book value increases. Research conducted (Pardedeh et al., 2019), (Supia et al., 2021), and (Pangesti et al., 2020) shows that there is an effect of net profit margin on price book value while the research conducted (Ningsih et al., 2021) and (Aulia, 2021) show that there is no net profit margin effect on the price book value.

Earnings Per Share is a ratio that can describe the company’s ability to gain profits in the future based on the number of shares owned. High Earning Per Share shows the amount of profit per share owned by the company to be distributed to shareholders. Earnings Per Share is of concern to both investors and potential investors because high earnings per share shows that the company can provide welfare to shareholders. Research conducted (Rifai et al., 2020) and (Purnama & Sufiyati, 2021) shows that there is an effect of earnings per share on price book value, while according to (Hutapea et al., 2021) and (Udjali et al., 2021) it shows no there is an effect of earnings per share on price book value.

Return On Assets is used to measure the return on total assets after interest and taxes (Wahyuningsih & Widowati, 2018). If the value of the return on assets is higher, the profits will be obtained by the company and vice versa if the return on assets is lower, the losses will be obtained by the company. High Return on Assets will increase profitability so that stock prices will increase followed by an increase in price book value (Steven et al., 2021). Research conducted (Melati & Prasetiono, 2021), (Udjali et al., 2021), and (Wahyu & Mahfud, 2018) shows that there is an effect of return on assets on price book value while research (Utami & Welas, 2019) and (Sondakh et al., 2019) shows that there is no effect of return on assets on price book value.

The Debt Equity Ratio is a ratio that compares the amount of debt to the amount of equity. A low Debt Equity Ratio shows that the company has the ability to pay all of its debts/obligations and shows that the company has good performance. The value of a low debt equity ratio will make the company’s shares in great demand so that the share price will increase followed by an increase in the price book value. A high Debt Equity Ratio will pose a risk to the company because debt that is too high can reduce the company’s profitability (Vina et al., 2021) which will indirectly reduce the price book value (Salaanti & Sugiono, 2019). The research conducted (M. F. Firdaus et al., 2019), (Salainti & Sugiono, 2019), and (Wahyu & Mahfud, 2018) showed that there was an effect of debt equity
ratio on price book value while the research was conducted (Sondakh et al., 2019) and (Udjali et al., 2021) show that there is no effect of the debt equity ratio on price book value.

Current Ratio is a ratio that measures a company's ability to pay its short-term obligations in a timely manner. Companies that are unable to pay their obligations indicate a low Current Ratio in companies that can cause a lack of investor confidence in the company because the company is considered to be experiencing financial problems (Nasution et al., 2020). If a company's Current Ratio is too high, it will cause a decrease in share prices which indirectly reduces the price book value because it shows that the company has idle funds (Hutapea et al., 2021). Research conducted (Safira & Suci, 2021), (Widyantoruan et al., 2021), and (Salainti & Sugiono, 2019) shows that there is an effect of Current Ratio on price book value while research (Steven et al., 2021) and (Wiyono & Pratama, 2021) shows that there is no effect of the Current Ratio on the price book value.

The objectives of this study are as follows: (1) To identify and evaluate the effect of net profit margin on price book value in agricultural sector companies in 2016-2021. (2) Knowing and evaluating the effect of earnings per share on price book value in agricultural sector companies in 2016-2021. (3) Knowing and evaluating the effect of the current ratio on price book value in agricultural sector companies in 2016-2021. (4) Knowing and evaluating the effect of the debt equity ratio on price book value in agricultural sector companies in 2016-2021. (5) Knowing and evaluating the effect of the current ratio on price book value in agricultural sector companies in 2016-2021.

2.0 LITERATURE REVIEW

Signaling Theory
Signal theory was first put forward by Michael Spense in 1973. Signal theory explains how companies provide signals to the public to reduce information (Ansorimal et al., 2022; Lumbantoruan et al., 2021) asymmetry. The signals given by the company contain bad news or good news. One type of information provided by the company is a financial report that describes the condition of the company. These financial reports will be used by interested parties, one of which is investors to analyze the performance of a company. In addition, with financial reports, investors will distinguish companies that are likely to have high and low values (Himawan & Andayani, 2020).

Net Profit Margins
Net Profit Margin is the ratio used to measure a company's ability to generate profits at a certain level of sales. This ratio compares net profit to sales. A high Net Profit Margin indicates that the company earns a high enough profit at a certain level of sales, while a low net profit margin indicates that sales are low so that the profit the company gets is also low (Kasmir, 2018).

Earnings Per Share
Earnings Per Share is a ratio that measures a company's success in achieving profits for shareholders. By knowing the value of earnings per share, investors can estimate how much profit they get. Low earnings per share indicates that the company's performance is not good, conversely, high earnings per share can increase the welfare of shareholders. Investors will get dividends and capital gains if earnings per share are high (Kasmir, 2018).

Return On Assets
Return On Assets is the ratio used to measure the level of profit on the company's total assets. A high return on assets indicates that the company uses its assets to the maximum to obtain net profit after tax, while a low return on assets indicates that the company's net profit is small (Kasmir, 2018).

Debt Equity Ratio
Debt Equity Ratio is the ratio used to assess debt to equity (Putri et al., 2022; Renaldo, Andi, et al., 2021; Renaldo, Suhardjo, et al., 2021). The debt equity ratio (Lasrya et al., 2021) is used to measure how much a company's assets are financed by debt where the company uses debt to finance its business activities rather than using its own capital. This ratio is useful for knowing the amount of funds provided by borrowers (creditors) with company owners (Suyono et al., 2020). A low debt equity ratio indicates that the company is able to pay its long-term obligations, while a high debt-equity ratio indicates that the company has a lot of debt from outsiders, so it is at risk of difficulty paying its obligations. Therefore, companies with high debt levels need to manage their debts well (Kasmir, 2018).

Current Ratio
The Current Ratio is a ratio to measure a company's ability to meet/pay short-term obligations/debt that is due soon when billed as a whole. This ratio is the most commonly used ratio to determine a company's ability to meet its short-term obligations. A low current ratio indicates that the company has liquidity problems, while a current ratio that is too high indicates that there are idle funds. This ratio is a form of measuring the security level of a company (Kasmir, 2018).

The value of the company
Firm value (Quaye et al., 2020) is the public's view of the company's performance as reflected in the share price formed by demand and supply in the capital market. For companies, increasing the value of the company shows
that the company's performance is good so that potential investors are sure to invest funds in related companies. In addition, an increase in the value of the company indicates that the company has the opportunity to obtain more guaranteed profits and prosperity for investors (Suryani & Djawoto, 2021).

**Influence Between Variables and Hypotheses**

**Effect of Net Profit Margin on Price Book Value**

Net Profit Margin is the ratio used to measure the amount of net profit a company gets from sales. If the value of the net profit margin is higher, the company is said to be able to generate large profits so that the company can reduce operational costs so that profits increase which will have an impact on increasing the price book value. A low Net Profit Margin indicates that the company's operational activities are less productive which will make the company suffer losses because the company's operations are not going well.

Research conducted (Pardede et al., 2019), (Supia et al., 2021), and (Pangesti et al., 2020) shows that there is an effect of Net Profit Margin on price book value while research conducted (Ningsih et al., 2021) and (Aulia, 2021) show that there is no effect of the Net Profit Margin on the price book value. Based on the description above, the first hypothesis in this study is as follows:

H1: Net Profit Margin has an influence on Price Book Value

**Effect of Earnings Per Share on Price Book Value**

Earnings Per Share is a form of ratio that describes the profits of shareholders from the shares they own. If the earnings per share in a company is high, the company's profit rate will increase so that it will encourage investors to increase the capital invested in related companies. This will increase the price book value of the company.

Research conducted (Rifai et al., 2020) and (Purnama & Sufiyat, 2021) shows that there is an effect of Earning Per Share on price book value, while according to (Hutapea et al., 2021) and (Udjali et al., 2021) it shows no there is an effect of Earning Per Share on the price book value. Based on the description above, the second hypothesis in this study is as follows:

H2: Earning Per Share has an influence on Price Book Value

**Effect of Return on Assets on Price Book Value**

Return On Assets is the ratio used to measure a company's ability to generate profits with all the assets owned by the company. The higher this ratio indicates that the company is effectively utilizing its assets in generating net profit after tax while at the same time indicating the amount of dividends received by shareholders. If the value of Return on Assets is higher, the profits obtained by the company will increase so that it will increase the price book value. Low Return on Assets indicates the company is not optimal in using assets to generate profits.

Research conducted (Melati & Prasetyono, 2021), (Udjali et al., 2021), and (Wahyu & Mahfud, 2018) shows that there is an effect of Return on Assets on price book value while research (Utami & Welas, 2019) and (Sondakh et al., 2019) shows that there is no effect of Return on Assets on price book value. Based on the description above, the third hypothesis in this study is as follows:

H3: Return on Assets has an influence on Price Book Value

**Effect of Debt Equity Ratio on Price Book Value**

Debt Equity Ratio is the ratio used to measure the proportion of debt to capital. A high Debt Equity Ratio indicates that the debt level of the company is high so that there is a possibility that the company cannot pay off debt which will cause a decrease in the price book value while a low Debt Equity Ratio indicates that the company is able to pay its obligations where this can convince investors to invest in the company so that will increase the price book value.

The research conducted (M. F. Firdaus et al., 2019), (Salainti & Sugiono, 2019), and (Wahyu & Mahfud, 2018) showed that there was an effect of Debt Equity Ratio on price book value while the research was conducted (Sondakh et al., 2019) and (Udjali et al., 2021) show that there is no effect of the Debt Equity Ratio on price book value. Based on the description above, the fourth hypothesis in this study is as follows:

H4: Debt Equity Ratio has an influence on Price Book Value

**Effect of Current Ratio on Price Book Value**

Current Ratio is a ratio to measure a company's ability to use company assets to pay off short-term liabilities. A high Current Ratio indicates that the company has sufficient funds to pay off its short-term obligations while at the same time indicating that the company has a high level of liquidity so that investors believe in the company's performance where this will increase the company's stock price followed by an increase in the price book value. Current Ratio that is too low causes a decrease in stock prices which makes investors think that the company is not liquid.

Research conducted (Safira & Suci, 2021), (Widyaningish et al., 2017), and (Salainti & Sugiono, 2019) shows that there is an effect of Current Ratio on price book value while research (Steven et al., 2021) and (Wiyono & Pratama, 2021) shows that there is no effect of the Current Ratio on the price book value. Based on the description above, the fifth hypothesis in this study is as follows:

H5: Current Ratio has an influence on Price Book Value
Framework
Based on the hypotheses that have been determined, further research will be carried out regarding the effect of net profit margin, earnings per share, return on assets, debt equity ratio, and current ratio on firm value proxied by price book value. Then the framework of this research is as follows:

![Figure 2. Thinking Framework](image)

3.0 METHODOLOGY

Place and time of research
This research was conducted on agricultural sector companies listed on the Indonesia Stock Exchange (IDX) in 2016-2021. Research data were obtained from several websites including the Indonesia Stock Exchange (IDX), known as www.idx.co.id and the company's official website. The time of the research starts in October to December 2022.

Population and Sample
The population in this study are all agricultural sector companies listed on the Indonesia Stock Exchange during the 2016-2021 period. There are 25 companies that make up the population. The sampling technique used in this study was purposive sampling. The criteria for determining the sample in this study are as follows:

<table>
<thead>
<tr>
<th>No</th>
<th>Sample Criteria</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agricultural companies listed on the IDX for the 2016-2021 period</td>
<td>25</td>
</tr>
<tr>
<td>2</td>
<td>Companies that went IPO during the study period</td>
<td>-8</td>
</tr>
<tr>
<td>3</td>
<td>Agricultural companies that do not have complete financial statements</td>
<td>-2</td>
</tr>
</tbody>
</table>

Source: Processed data, 2022

Operational Research Variables
The variables to be studied are grouped into the dependent variable (Y) or it can be called the dependent variable and the independent variable (X) or it can also be called the independent variable which consists of:

Net Profit Margin (X1)
Based on research (Kasmir, 2018), the net profit margin can be calculated using the following formula:

\[
NPM = \frac{(Earning\ After\ Interest\ and\ Tax\ (EAT))}{Sales}
\]

Earning Per Share (X2)
Based on research (Kasmir, 2018), earnings per share can be calculated using the following formula (Sudarno, Renaldo, Hutahuruk, et al., 2022):

\[
EPS = \frac{(Net\ Income)}{(Common\ Shares\ Outstanding)}
\]

Return On Assets (X3)
Return on assets can be calculated using the following formula (Anton et al., 2021):

\[
ROA = \frac{(Earning\ After\ Interest\ and\ Tax)}{(Total\ Asset)}
\]
Debt Equity Ratio (X4)
Based on research (Kasmir, 2018), the debt equity ratio can be calculated using the following formula:
\[ \text{DER} = \frac{\text{Debt}}{\text{Equity}} \]

Current Ratio (X5)
Based on research (Kasmir, 2018), the current ratio can be calculated using the following formula:
\[ \text{CR} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \]

Firm Value (Y)
Firm value in this study is proxied by price book value (PBV). Based on research (Sugiono & Untung, 2016), firm value can be calculated using the following formula:
\[ \text{PBV} = \frac{\text{Share Market Price}}{\text{Share Book value}} \]

Data analysis technique
Descriptive Analysis
Descriptive analysis is a method used to analyze data by describing/illustrating the data that has been collected as it is without intending to make general conclusions/generalizations. Descriptive analysis is an analysis that describes the variable data to be studied. Descriptive analysis can be seen from the average value (mean), standard deviation (standard deviation), maximum value, and minimum value of each variable (Sugiyono, 2013).

Data Multicollinearity Test
The multicollinearity test is used to test whether in a regression model a high correlation can be found between the independent variables. The multicollinearity test can be seen by the variance inflation factor (VIF) and the tolerance value for each variable. If the VIF value is less than 10 and the tolerance is close to 1, the research data is said to be free from multicollinearity symptoms and vice versa if the VIF value is greater than 10 and the tolerance is away from 1, the research data is said to be free from multicollinearity symptoms (Ghozali, 2016).

Determination Coefficient Test (R2)
This model aims to measure how far the model’s ability to explain and describe variations in the dependent variable. The value used in the coefficient of determination is the Adjusted R Square value. An Adjusted R Square value that is smaller than 0 indicates that the ability of the independent variable to explain the dependent variable is very limited and conversely an Adjusted R Square value that is greater than 1 indicates that the independent variable is able to provide all the information needed to predict the dependent variables (Ghozali, 2016).

Multiple Linear Regression Equations
The multiple linear regression equation aims to see how much influence the independent variables have on the dependent variable. This equation is used to state the causal relationship between the independent variables and the dependent variable and estimate the value of the dependent variable based on the value of the independent variable.

Hypothesis Test (t test)
The hypothesis test aims to determine the significance of the influence of the independent variables individually on the dependent variable by assuming the other independent variables are constant (Ghozali, 2016). This test is done by comparing tcount or tstatistic with ttable. If the tcount or tstatistic value ≥ ttable, significant or Pvalue ≤ 0.05; then there is a significant effect partially from the independent variable on the dependent variable and if the tcount or tstatistic < ttable, is significant or Pvalue > 0.05; then there is a partially insignificant effect of the independent variable on the dependent variable.

4.0 RESULTS AND DISCUSSION

Descriptive Analysis
Descriptive data in this study can be seen in table 2 as follows:

<table>
<thead>
<tr>
<th>Table 2. Descriptive Data</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Net Profit Margin</td>
</tr>
<tr>
<td>Earning Per Share</td>
</tr>
<tr>
<td>Return On Asset</td>
</tr>
<tr>
<td>Debt Equity Ratio</td>
</tr>
<tr>
<td>Current Ratio</td>
</tr>
</tbody>
</table>
Average | Minimum | Maximum | Standard Deviation
--- | --- | --- | ---
Price Book Value | 1.122 | -0.716 | 7.086 | 0.965

Source: Processed data, 2022

**Net Profit Margin (NPM)**
The highest net profit margin value is Provident Agro Tbk (PALM) of 8.3524 while the lowest net profit margin value is Gozco Plantations Tbk. (GZCO) of -2.8402. The average net profit margin value of 0.0335 is smaller than the standard deviation of 1.2153 which indicates that the net profit margin data varies or is increasingly inaccurate with the average.

**Earnings Per Share (EPS)**
The highest earning per share value is Astra Agro Lestari Tbk (AALI) of 1098.5150 while the lowest earning per share value is Bakrie Sumatera Plantations Tbk. (UNSP) with an average of -1957.5150. The average value of earnings per share is 73.5508 which is smaller than the standard deviation of 378.0986 which indicates that the earnings per share data varies or is increasingly inaccurate with the average.

**Return On Assets (ROA)**
The highest return on asset value is Provident Agro Tbk (PALM) of 0.4930 while the lowest return on asset value is Bakrie Sumatera Plantations Tbk. (UNSP) of -0.5825. The average value of return on assets is 0.0068 which is smaller than the standard deviation of 0.1229 which indicates that the data on return on assets varies or is increasingly inaccurate with the average.

**Debt Equity Ratio (DER)**
The highest debt equity ratio is Jaya Agra Wattie Tbk. (JAVA) of 14.9631 while the lowest debt equity ratio is Bakrie Sumatra Plantations Tbk (UNSP) of -45.9315. The average value of the debt equity ratio is 0.8549 which is smaller than the standard deviation of 5.6835 which indicates that the debt equity ratio data varies or is increasingly inaccurate with the average.

**Current Ratio (CR)**
The highest current ratio value is Provident Agro Tbk (PALM) of 11.8303 while the lowest current ratio value is Bakrie Sumatera Plantations Tbk. (UNSP) of 0.0601. The average current ratio value is 1.7776 which is smaller than the standard deviation of 1.9573 which indicates that the current ratio data varies or is increasingly inaccurate with the average.

**Corporate Value (PBV)**
The highest Price Book Value is Jaya Agra Wattie Tbk. (JAVA) of 7.0856 while the lowest price book value is Bakrie Sumatera Plantations Tbk. (UNSP) of -0.7157. The average price book value of 1.1220 is greater than the standard deviation of 0.9652 which indicates that the price book value data is less varied or more accurate than average.

**Data Multicollinearity Test**
The multicollinearity test results show that the VIF value of the dependent variable, namely the price book value of the independent variables consisting of net profit margin, earnings per share, return on assets, debt equity ratio, and current ratio, has a VIF value <10 which indicates that there are no symptoms of multicollinearity in this research.

**Determination Coefficient Test (R2)**
The test results for the coefficient of determination show that the value of R Square Adjusted is 0.249 (24.9%) so that it can be concluded that the independent variables, namely net profit margin, earnings per share, return on assets, debt equity ratio, and current ratio have an influence on the dependent variable, namely price book value of 24.9%. While the remaining 75.1% is influenced by other factors outside of the variables in this study.

**Multiple Linear Regression Equations**
Multiple linear regression equations are used to state the causal relationship between the independent variables and the dependent variable and estimate the value of the dependent variable based on the value of the independent variable. The following are the results of the multiple linear regression equation test formed in this study:
Table 3. SmartPLS outputs

| Variable       | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | T Statistics (|O/ STDEV|) | P Values | Conclusion |
|----------------|---------------------|-----------------|----------------------------|-----------------------------|----------|------------|
| NPM → PBV      | -0.441              | -0.476          | 0.203                      | 2.170                       | 0.030    | Significant |
| EPS → PBV      | -0.219              | -0.187          | 0.120                      | 1.817                       | 0.070    | Not significant |
| ROA → PBV      | 0.622               | 0.661           | 0.231                      | 2.690                       | 0.007    | Significant |
| DER → PBV      | 0.454               | 0.481           | 0.155                      | 2.922                       | 0.004    | Significant |
| CR → PBV       | 0.172               | 0.217           | 0.141                      | 1.222                       | 0.222    | Not significant |

Source: Processed data, 2022

Based on these data, the following equation can be obtained:

\[ \text{PBV} = -0.441 \text{NPM} - 0.219 \text{EPS} + 0.622 \text{ROA} + 0.454 \text{DER} + 0.172 \text{CR} \]

Hypothesis Test (t test)

The hypothesis test describes the influence of the independent variables individually on the dependent variable. If it is significant ≤ 0.05 then the independent variable has a significant influence on the dependent variable and conversely if it is significant > 0.05 then the independent variable has no significant effect on the dependent variable. The following is the result of data processing used to test the hypothesis in graphical form where the red line indicates that there is no significant influence and the green line indicates that there is a significant influence:

**Effect of Net Profit Margin on Price Book Value**

Based on the results of data processing contained in the table above, it is known that the variable net profit margin has a P value of 0.030 while an alpha of 0.05 (P value <0.05). So, it is concluded that H1 is accepted. The results of this test indicate that the variable net profit margin has a significant effect on price book value.

**Effect of Earning Per Share on Price Book Value**

Based on the results of data processing contained in the table above, it is known that the earning per share variable has a P Value of 0.070 while an alpha of 0.05 (P Value > 0.05). So, it is concluded that H2 is rejected. The results of this test indicate that the earning per share variable has no significant effect on price book value.

**Effect of Return on Assets on Price Book Value**

Based on the results of data processing contained in the table above, it is known that the variable return on assets has a P Value of 0.007 while an alpha of 0.05 (P Value < 0.05). So, it is concluded that H3 is accepted. The results of this test indicate that the variable return on assets has a significant effect on price book value.

**Effect of Debt Equity Ratio on Price Book Value**

Based on the results of data processing contained in the table above, it is known that the variable debt equity ratio has a P value of 0.004 while an alpha of 0.05 (P value <0.05). So, it is concluded that H4 is accepted. The results of this test indicate that the debt equity ratio variable has a significant effect on price book value.
Effect of Current Ratio on Price Book Value
Based on the results of data processing contained in the table above, it is known that the variable current ratio has a P value of 0.222 while alpha is 0.05 (P value > 0.05). So, it is concluded that H5 is rejected. The results of this test indicate that the current ratio variable has no significant effect on price book value.

Results and Discussion
Effect of Net Profit Margin on Price Book Value
Net Profit Margin is a ratio that describes how much profit a company gets based on a certain level of sales. A high Net Profit Margin indicates that the company has good performance so that it can reduce operational costs while maximizing profits. Net Profit Margin that is too low indicates that the company's operational activities are inefficient. The results of this study indicate that the net profit margin has a negative and significant effect on price book value.

The results of this study are in accordance with research (Atmojo & Susilowati, 2019), (Supia et al., 2021), and (Juwita, 2017) which show that net profit margin has a negative effect on price book value but is different from research (Pardede et al., 2019) and (Pangestii et al., 2020) which show that net profit margin has a positive effect on price book value and is not the same as research (Ningsih et al., 2021), (Hellen, 2017), and (Aulia, 2021) which shows that the net profit margin has no effect on the price book value.

Effect of Earning Per Share on Price Book Value
Earnings per Share is a ratio that describes how much profit a shareholder gets based on the number of shares he owns. High Earning Per Share indicates high company profits where the profits will be distributed to shareholders. The results of this study indicate that earnings per share have a negative and insignificant effect on price book value.

The results of this study are in accordance with research (Rakasiwi et al., 2017), (Setyaningsih & Friantin, 2020), and (Purnama & Sufiyati, 2021) which show that earnings per share has a negative effect on price book value but is different from research (Rifai et al., 2020) which shows that earnings per share has a positive effect on price book value and is not the same as research (Hutapea et al., 2021), (Pangaribuan et al., 2019), and (Udjali et al., 2021) which shows that earnings per share has no effect on price book value.

Effect of Return on Assets on Price Book Value
Return On Assets is a ratio that describes how effectively a company uses its assets to generate profits. A high return on assets indicates that the company is making good use of its assets to make a profit so that the price book value will increase (Firmansyah et al., 2022; Stevany et al., 2022), while a low return on assets indicates that the company is not using its assets to the fullest to make a profit. The results of this study indicate that return on assets has a positive and significant effect on price book value.

The results of this study are in accordance with research (Melati & Prasetiono, 2021), (Salaanti & Sugiono, 2019), and (Wahyu & Mahfud, 2018) which show that return on assets has a positive effect on price book value but is different from research (Udjali et al., 2021) which shows that return on assets has a negative effect on price book value and is not the same as research (Utami & Welas, 2019), (Oktary & Muliani, 2020), and (Sondakh et al., 2019) which shows that returns on assets has no effect on the price book value.

Effect of Debt Equity Ratio on Price Book Value
Debt Equity Ratio is a ratio that compares debt to capital. A high debt equity ratio indicates that the company has high debt which makes it difficult for the company to pay off its debts. A low debt equity ratio shows that the company can pay its obligations on time. The results of this study indicate that the debt equity ratio has a positive and significant effect on price book value.

The results of this study are in accordance with research (M. F. Firdaus et al., 2019), (Salainti & Sugiono, 2019) and (Wahyu & Mahfud, 2018) which show that the debt equity ratio has a positive effect on price book value but is different from research (Melati & Prasetiono, 2021) and (Listyawati & Kristiana, 2020) which show that the debt equity ratio has a negative effect on price book value and is not the same as research (Sondakh et al., 2019) and (Udjali et al., 2021) which shows that debt equity ratio has no effect on price book value.

Effect of Current Ratio on Price Book Value
Current Ratio is a ratio that describes a company's ability to pay off its short-term obligations. A high Current Ratio indicates that the company is liquid and has sufficient cash to pay off its short-term obligations so that it can attract investors to invest in companies that can indirectly increase the price book value. A Current Ratio that is too low
indicates that the company is illiquid or has financial problems. The results of this study indicate that the current ratio has a positive and insignificant effect on price book value. The results of this study are in accordance with research (Safira & Suci, 2021), (Umairiyah & Salim, 2018), (Widyaningsih et al., 2017) which shows that the current ratio has a positive effect on price book value but is different from research (Utami & Welas, 2019) and (Salainti & Sugiono, 2019), which shows that the current ratio has a negative effect on price book value and is not the same as research (Steven et al., 2021), (Wulandari et al., 2021), and (Wiyono & Pratama , 2021) which shows that the current ratio has no effect on the price book value.

5.0 CONCLUSION

Conclusion
This study aims to determine the effect of net profit margin, earnings per share, return on assets, debt equity ratio, and current ratio on firm value in agricultural sector companies listed on the Indonesian stock exchange in 2016-2021. Based on the data analysis that has been carried out and the discussion that has been described, the results of the study can be concluded that (1) Net Profit Margin has a negative and significant effect on price book value. (2) Earning Per Share has a negative and insignificant effect on price book value. (3) Return On Assets has a positive and significant effect on price book value. (4) Debt Equity Ratio has a positive and significant effect on price book value. (5) Current Ratio has a positive and insignificant effect on price book value.

Limitation
There are several limitations in this study, namely (1) In this study using the SPSS (Statistical Program for Social Science) test tool, but the data was not normally distributed so that the test tool used in this study was changed to SmartPLS (Partial Least Square). (2) In this study there were incomplete financial reports so that they could not be used as samples.

Recommendation
Based on the research that has been done regarding the effect of net profit margin, earnings per share, return on assets, debt equity ratio, and current ratio on firm value in agricultural sector companies listed on the Indonesian stock exchange in 2016-2021, the researchers would like to provide suggestions, namely (1) For companies, it is expected to improve financial performance, especially in the ratio of return on assets and debt equity ratio, and current ratio because it is known that return on assets, debt equity ratio, and current ratio have a positive influence on price book value. However, companies must be careful if the debt equity ratio and current ratio are too high, so it is advisable to manage debt and cash properly. (2) Investors are expected to pay attention to company ratios such as return on assets, debt equity ratio, and current ratio in determining investment decisions. (3) For future researchers, it is recommended to use other variables that can affect price book value such as company size (Anton et al., 2022), return on equity, dividend payout ratio, fraud (Renaldo et al., 2021; Renaldo, Sudarno, et al., 2022), earnings management (Sudarno et al., 2022), Business Intelligence (Renaldo et al., 2023; Renaldo, Suhardjo, et al., 2022), etc.

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