

# The Influence of Net Profit Margin, Current Ratio and Debt to Equity Ratio on Company Value With Dividend Policy as an Intervening Variable in Retail Subsector Companies for the 2012-2019 Period

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## ABSTRACT

The purpose of this study is to determine the effect of Net Profit Margin, Current Ratio and Debt to Equity Ratio to Firm Value with Dividend Policy as an Intervening variable which shows the dissimilarity of results in previous studies. This research uses the object of Retail sub-sector companies in Southeast Asia for the period 2012-2019. The sampling method used in this study used purposive sampling technique and obtained 19 companies with a total of 152 samples. The analysis technique used is descriptive test analysis, classical assumption test, coefficient of determination test (R<sup>2</sup>), multiple linear regression analysis, t test, F test, path analysis and sobel test. The results of the study partially concluded that the Net Profit Margin had a significant effect on the Price Earnings Ratio. Current Ratio and Debt to Equity Ratio have no significant effect on Price Earnings Ratio. Simultaneously concluded that the Net Profit Margin, Current Ratio and Debt to Equity Ratio have a significant effect on the Price Earnings Ratio. Net Profit Margin has no significant effect on Earnings Per Share. Current Ratio and Debt to Equity Ratio have a significant effect on Earnings PerShare. Price Earnings Ratio has no significant effect on Earnings PerShare. The results of the study can be concluded that Earnings per Share cannot mediate the effect of Net Profit Margin, Current Ratio and Debt to Equity Ratio on Price Earnings Ratio.

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## INTRODUCTION

Retail companies play a very important role both from the perspective of consumers and from the perspective of producers. Viewed from the manufacturer's point of view, retail trade is seen as an expert in the field of selling products in the company. Retail trade is also important because it acts as a buying agent, collector and provider of goods or services that meet the needs of its consumers. The rapid development of a retail company is also impacted by the increasing competition for market share (producers) in the current business world. Companies that want to succeed in today's competition must have a corporate strategy that can understand and attract consumer behavior. That is construction with regard to who the consumers are and what will bring these entrepreneurs to success in selling a product.

Maintaining the continuity of the company is also an important factor that must be maintained by a company, especially in terms of shareholder profits represented by company value. According to (Fahmi (2015:82) company value is a market value ratio that describes the conditions that occur in the market. This ratio is able to provide an understanding for the company's management on the conditions

of implementation that will be implemented and their impact in the future. In measuring company value Price Earnings Ratio indicator is used. Price Earnings Ratio is a comparison between stock prices and earnings per share. In Price Earnings Ratio shows the relationship between the common stock market and Earnings Pershare. Is the company overvalued or undervalued. From the point of view of this ratio, a stock is considered expensive if the overvalued company has a Price Earnings Ratio value greater than 15 ( $> 15$ ) and if the company's Price Earnings Ratio value is less than 10 ( $< 10$ ) then it is considered undervalued. For investors, the greater the Price Earnings Ratio, the expected profit growth will also increase. The value of Price Earnings Ratio in retail companies listed on the Southeast Asian Stock Exchange experienced problems, namely the occurrence of instability and also the fluctuation of the Price Earnings Ratio value from 2012 to 2019 as shown in the following graph:

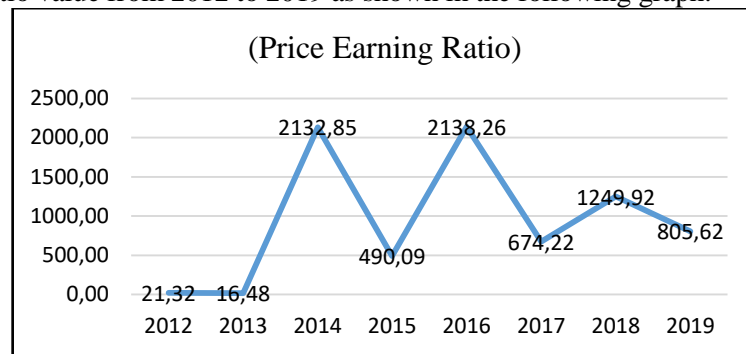


Figure 1. Graph of firm value (PER)

It can be seen from the graph above that the Company Value data with Price Earning ratio indicators for retail companies in Southeast Asia in the period 2012-2019. experiencing data instability every year, the PER value increased in 2014 and 2016. This was influenced by the share price and earnings per share. A large increase in the value of a company can reflect the greater possibility of the company to grow, then it can also increase the interest of investors in investing their shares because the company is believed to be able to manage its performance and funds well. The higher the value of the Price Earnings Ratio, the higher a company can indicate a good company value.

The relationship between net profit margin, current ratio, debt to equity ratio and firm value With the indicator Price earnings ratio has been studied by previous researchers. However, there are inconsistent research results regarding the effect of net profit margin, current ratio and debt to equity ratio on firm value. This shows that there is a research gap between the results of previous studies. The results of research conducted by Rabbani, et al., (2018) stated that Net Profit Margin has a significant effect on the Price of Income Ratio (PER).

Previous research conducted by Sari, et al. (2021) stated that the current ratio affects the price earnings ratio. However, it is inversely proportional to the research conducted by Rabbani, et al., (2018) which states that the current ratio has no effect on the price earnings ratio.

Previous research conducted by Sari, et al. (2021) and Rabbani, et al., (2018) stated that the debt to equity ratio has an effect on the price earnings ratio. However, it is inversely proportional to the research conducted by Jufrizen, et al. (2019) which states that the debt to equity ratio has no effect on the price earnings ratio.

Previous research conducted by Ekaprastyana, et al., (2017) which states that dividend policy has an effect on firm value. However, this is in contrast to research conducted by Zuraida (2019) which states that dividend policy has no effect on firm value.

## LITERATURE REVIEW

### The value of the company

According to Fahmi (2015:82) the market value ratio is a ratio that describes the conditions that occur in the market. This ratio is able to provide an understanding for the company's management on the conditions of implementation that will be carried out and their impact in the future. The value of the company is indicated by the price earnings ratio. its formula is:

$$\text{PER} = \text{Stock price} / \text{Earning Pershare}$$

### **Net profit margin**

According to Kasmir (2016: 202) states that the Net Profit Margin is obtained by comparing operating profit with sales. The higher the value of this ratio, it indicates that the profitability of the company is getting better so that investors are interested in investing their capital. The Net Profit Margin formula is:

$$\text{NPM} = \text{Net Profit} / \text{Net sales}$$

### **Current ratio**

According to Fahmi. (2015:66) Current ratio is a commonly used measure of short-term solvency, the ability of a company to meet cash needs when it matures. The current ratio formula is:

$$\text{CR} = \text{Current Assets} / \text{Current Liabilities}$$

### **Debt to Equity Ratio**

According to Kasmir (2016:157) Debt to Equity Ratio is the ratio used to assess debt to equity. To find this ratio by comparing all debt, including current debt with all equity. the debt to equity ratio formula is:

$$\text{DER} = \text{Total debt} / \text{Total equity}$$

### **Dividend policy**

According to Riyanto (2010:265) dividend policy is a policy concerned with determining the distribution of income (Earnings) between users of income to be paid to shareholders as dividends or to be used in the company, which means the income must be invested in the company. The dividend policy indicator is earnings per share. Its formula is:

$$\text{Divident Policy} = \text{Net Profit} / \text{Number of Shares outstanding}$$

### **Relationship Between Variables**

#### ***Effect of net profit margin on firm value***

According to Kasmir (2016: 202) states that the Net Profit Margin is obtained by comparing operating profit with sales. The higher the value of this ratio, it indicates that the profitability of the company is getting better so that investors are interested in investing their capital. In this case, if the value of the net profit margin is higher, indirectly the company's performance will be more productive and efficient in reducing costs to increase profits from sales, this is considered a positive signal for investors so that it will increase investor confidence to invest in the company. . This is reinforced by the results of previous research conducted by Rabbani, et al.(2018) which states that Net Profit Margin has an effect on firm value. Thus, the following hypothesis can be formulated:

H1 : Net profit margin has an effect on firm value

#### ***Effect of current ratio on firm value***

According to Fahmi. (2015:66) The current ratio is a commonly used measure of short-term solvency, or the ability of a company to meet its money needs when it matures. Companies that have good liquidity capabilities do not make reference in describing the increasing value of the company. The current ratio provides an overview of the company's ability to meet its short-term obligations, where the greater the percentage of the current ratio, the company has a good level of liquidity. This high ratio will affect the interest of investors to invest their funds. If the increase in liquidity is perceived negatively by investors, it means that the higher the current ratio, the more liquid the company is. The higher the liquidation, the more funds available for the company to pay its short-term obligations. This is reinforced by the results of previous research conducted by Sari (2021) which states that the current ratio has an effect on firm value. However, it is inversely proportional to the research conducted by Rabbani, et al., (2018) which states that the current ratio has no effect on firm value. Thus, the following hypothesis can be formulated:

H2: current ratio has an effect on firm value

#### ***Effect of Debt to equity ratio on firm value***

According to Kasmir (2016:157) Debt to Equity Ratio is the ratio used to assess debt to equity. To find this ratio by comparing all debt, including current debt with all equity. The debt to equity ratio will affect the value of the company, if investors think that companies that have a lot of debt will have the opportunity to use their capital for development with the hope that the more the company develops, the more benefits the company will bring so that it will attract investors to buy shares, so the price will increase. stock then the value of the company will also increase. This is reinforced by the results of previous research conducted by Sari (2021) and Rabbani,et al., (2018)

which stated that the Debt to Equity Ratio had an effect on firm value. Thus, the following hypothesis can be formulated:

H3: debt to equity ratio has an effect on firm value

***The effect of net profit margin, current ratio and debt to equity ratio on firm value***

Net Profit Margin is obtained by comparing operating profit with sales. The higher the value of this ratio, it indicates that the profitability of the company is getting better so that investors are interested in investing their capital. Current Ratio provides an overview of the company's ability to meet its short-term obligations, where the greater the percentage of the Current Ratio. Then the company has a good level of liquidity, this high ratio will affect the interest of investors to invest their funds. Debt to Equity Ratio describes the company's ability to pay long-term debt using its own capital. Debt to Equity Ratio will affect the value of the company, if investors think that companies that have a lot of debt will have the opportunity to use their capital for development in the hope that the more the company develops, the more profits the company will attract so that it will attract investors to buy shares, so the price will increase. stock then the value of the company will also increase. This is reinforced by the results of previous research conducted by Rabbani, et al., (2018), which states that Net Profit Margin, Current Ratio, and Debt to Equity Ratio have an effect on firm value. Thus, the following hypothesis can be formulated:

H4 : net profit margin, current ratio and debt to equity ratio have an effect on firm value

***Effect of net profit margin on dividend policy***

Net Profit Margin is obtained by comparing operating profit with sales. The higher the value of this ratio, it indicates that the profitability of the company is getting better so that investors are interested in investing their capital. Dividend policy cannot be separated from profitability because dividend distribution is very dependent on company profits. The value of dividends comes from the profits obtained by the company after fulfilling its obligations, either in the form of interest or taxes. The higher the net profit obtained by the company, the greater the dividends that must be paid. This is reinforced by the results of previous research conducted by Bahareh Pouraghajan et al. (2013), Jufrizen, (2019) and Eka Susilawati, (2014) which state that there is an influence between Net Profit Margin on dividend policy which is measured using the Earnings Per Share indicator. Thus, the following hypothesis can be formulated:

H5: net profit margin has an effect on dividend policy

***Effect of current ratio on dividend policy***

Each company has its own ability to meet its current obligations or debts. To determine the ability of current liabilities owned by the company can be seen from the current assets it has. If the current debt exceeds the current assets of the company, it means that the company cannot bear the short-term debt guaranteed by the current assets. However, the larger the company fulfills its short-term needs with current assets, the stronger the cash position so that the company's ability to pay dividends is greater. This is reinforced by the results of previous studies conducted by Pouraghajan et al. (2013), Jufrizen, (2019) and Susilawati, (2014), Van Rate (2014) and Faruq, (2021) which state that there is an influence between the Current Ratio on dividend policy which is measured using the Earnings Per Share indicator. . Thus, the following hypothesis can be formulated:

H6: current ratio has an effect on dividend policy

***Effect of debt to equity ratio on dividend policy***

Debt to Equity Ratio is the ratio used to assess debt to equity. To find this ratio by comparing all debt, including current debt with all equity. Debt to Equity Ratio is used to measure the company's ability to meet all of its debts. The greater the Debt to Equity Ratio, the higher the liabilities and the lower the Debt to Equity Ratio, the higher the company's ability to meet its debts. The greater the debt of a company will affect the level of income available to shareholders, namely the higher the company's obligations will reduce the ability to pay dividends.

This is reinforced by the results of previous research conducted by Taani (2011), Pouraghajan et al. (2013), Jufrizen, (2019), Susilawati, (2014) and Van Rate (2014), which state that there is a significant influence between the Debt to Equity Ratio on dividend policy which is measured using the Earnings Per Share indicator. However, it is inversely proportional to the results of previous research conducted by Faruq, (2021) which states that the Debt to Equity Ratio has a negative and significant effect on dividend policy which is measured using the Earning Per Share indicator. Thus, the following hypothesis can be formulated:

H7: debt to equity ratio has an effect on dividend policy

***The effect of dividend policy on firm value***

The market value ratio is a ratio that describes the conditions that occur in the market. This ratio is able to provide an understanding for the company's management on the conditions of implementation that will be carried out and their impact in the future. The dividend distribution policy is a guarantee of welfare for shareholders. Investors will be satisfied with the guarantee and give a high valuation of the company which is usually reflected in its share price. Companies that increase dividends per share (EPS) can be interpreted by investors as a positive signal because high dividends indicate that the company believes its future cash flows will be large enough to bear high dividend rates. Companies that increase dividend payments are interpreted by investors as a sign of companies improving their performance. Dividend payments are better than future capital gains.

According to the results of previous research conducted by Ekaprastyana (2017) which states that there is a significant influence between dividend policy on firm value. However, it is inversely proportional to the research conducted by Zuraida (2019) which states that there is no significant effect between dividend policy on firm value. Thus, the following hypothesis can be formulated:

H8: dividend policy has an effect on firm value

***Effect of net profit margin on firm value through dividend policy***

In this case, the intervening variable is used to determine the effect of net profit margin on firm value with dividend policy as a mediating variable. Based on the results of previous research conducted by Santosa (2020) which stated that there was a significant and insignificant effect between Net Profit Margin on firm value and dividend policy as a mediating variable (Intervening). However, it is in contrast to previous research conducted by Nur (2018) which states that there is no significant effect between Net Profit Margin on firm value and dividend policy as a mediating variable (Intervening). Thus, the following hypothesis can be formulated:

H9: dividend policy can mediate the effect of net profit margin on firm value

***The effect of the current ratio on firm value through dividend policy***

In this case, the intervening variable is used to determine the effect of net profit margin on firm value with dividend policy as a mediating variable. Based on the results of previous research conducted by Santosa, (2020) which stated that there was no significant effect between the Current Ratio on firm value and dividend policy as a mediating variable (Intervening). Thus, the following hypothesis can be formulated:

H10: dividend policy can mediate the effect of the current ratio on firm value

***The effect of debt to equity ratio on firm value through dividend policy***

In this case, the intervening variable is used to determine the effect of net profit margin on firm value with dividend policy as a mediating variable. Based on the results of previous research conducted by Santosa (2020) and Nur (2018) which stated that there was no significant effect between the Debt to Equity Ratio on firm value and dividend policy as a mediating variable (Intervening). Thus, the following hypothesis can be formulated:

H11: dividend policy can mediate the effect of debt to equity ratio on firm value

## **RESEARCH METHOD**

The population used in this study is the retail sub-sector companies listed on the Southeast Asian Stock Exchange for the 2012-2019 period, totaling 62 companies. Determination of the sample in this study using a sampling technique with purposive sampling and obtained 19 companies as a sample with an observation period of 8 years, the research data obtained as many as 152 data. According to (Sugiyono 2018:147) Data analysis is an activity after data from all respondents is collected. The data analysis used in this research is descriptive analysis and multiple linear regression analysis. Then to test the hypothesis, the classical assumption test was carried out (normality test, heteroscedasticity test, multicollinearity test, autocorrelation test) t test, F test, coefficient of determination test (R<sup>2</sup>), path analysis and Sobel test. Path analysis is used to test the model of the relationship between variables in the form of cause and effect. The following is an image of the path analysis diagram equation:



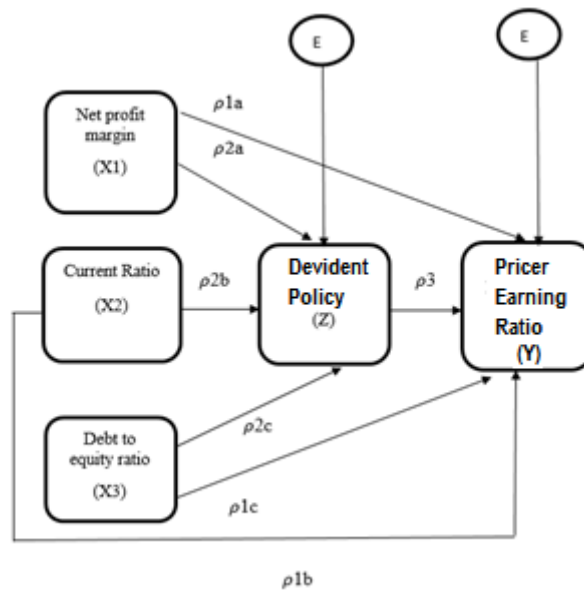


Figure 2. Research Model

$$Z = ZX1 \cdot X1 + ZX2 \cdot X2 + ZX3 \cdot X3 + e1 \dots\dots\dots \text{Substructural 1}$$

$$Y = YX1 \cdot X1 + YX2 \cdot X2 + YX3 \cdot X3 + YZ \cdot Z + e2 \dots\dots\dots \text{Substructural 2}$$

Information :

Y= Firm Value

XY= Path Coefficient For Direct Effect X to Y

Direct Effect = XY

Indirect Effect = XZ X ZY

Total Effect of X to Y correlation = XY = (rho XZ X ZY)

The Sobel test can be used to determine whether the intervening effect is significant or not. Path analysis will produce coefficients that show direct and indirect effects between variables. The magnitude of the direct effect can be seen through the output coefficient figures from the SPSS results, while the indirect effect is obtained by multiplying the Ghozali coefficient (2018). The Sobel test is used to test the strength by comparing the tcount value with the complete ttable, the following formula is:

$$S_{ab} = \sqrt{b^2 Sa^2 + a^2 Sb^2 + Sa^2 Sb^2}$$

$$t_{hitung} = \frac{ab}{S_{ab}}$$

## RESULTS AND DISCUSSION

Contains the results of empirical research or theoretical studies that are written in a systematic, critical analysis, and informative. The use of tables, figures etc. is only as a support to clarify the discussion and is limited to supporters who are truly substantial, for example tables of statistical test results, images of test results of models etc. Discussion of the results is argumentative concerning the relevance of the results, theories, previous research and empirical facts found, and shows the novelty of the findings.

### Path Analysis

Based on the results of multiple linear regression analysis obtained the equation of substructure one and substructure two. Here is the research path diagram:

$$Z = -0,151X1 + 0,267X2 + 0,362X3 + 0,934e1$$

$$Y = -0,312X1 + 0,181X2 + 0,019X3 + 0,055Z + 0,943e2$$

Great value e1 =  $\sqrt{1 - 0,127} = 0,934$  dan Great value e2 =  $\sqrt{1 - 0,110} = 0,943$

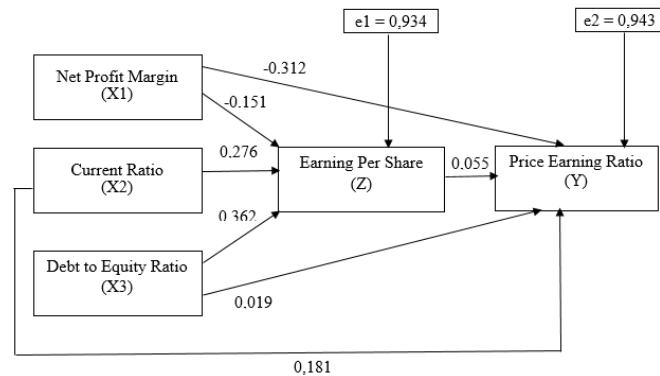


Figure 8. Equation of path analysis diagram

Based on the path coefficients in the picture above, it can be seen that the direct and indirect effects of Net Profit Margin, Current Ratio, and Debt To Equity Ratio on Price Earning Ratio can be calculated as follows:

a. Direct Effect (Direct Effect or DE)

1. Effect of Net Profit Margin on Price Earnings Ratio = -0.312
2. Effect of Current Ratio on Price Earnings Ratio = 0.181
3. Effect of Debt To Equity Ratio on Price Earnings Ratio = 0.019
4. Effect of Net Profit Margin on Earnings Per Share = -0.151
5. Effect of Current Ratio on Earnings Per Share = 0.276
6. Effect of Debt To Equity Ratio on Earnings Per Share = 0.362
7. Effect of Earning Per Share on Price Earning Ratio = 0.055

b. Indirect Effect (IE)

1. Effect of Net Profit Margin variable on Price Earnings Ratio through Earnings Per Share = -0.151 x 0.055 = 8.305
2. The effect of the Current Ratio variable on the Price Earnings Ratio through Earnings Per Share = 0.276 x 0.055 = 0.015
3. The effect of the Debt To Equity Ratio variable on the Price Earnings Ratio through Earnings Per Share = 0.362 x 0.055 = 0.019

c. Total Effect (Total Effect)

1. The influence of the Net Profit Margin variable on the Price Earnings Ratio through Earnings Per Share = -0.312 + 8.305 = 7.993
2. The effect of the Current Ratio variable on the Price Earnings Ratio through Earnings Per Share = 0.015 + 0.015 = 0.03
3. The effect of the Debt To Equity Ratio variable on the Price Earnings Ratio through Earnings Per Share = 0.019 + 0.019 = 0.038

**Sobel test (sobel test)**

1. Sobel test the effect of Net Profit Margin on Price Earnings Ratio through Earnings Per Share  
 Based on Table 6 obtained a = -1.923 and Sa = 1.210 while in Table 7 obtained b = -3.141 and Sb = 0.981 then:

$$S_{ab} = \sqrt{b^2 Sa^2 + a^2 Sb^2 + Sa^2 Sb^2}$$

$$Sab = \sqrt{((-3,141)^2 \times 1,210^2) + ((-1,923)^2 \times 0,981^2) + (1,210^2 \times 0,981^2)}$$

$$= \sqrt{(9,8658 \times 1,4641) + (3,6979 \times 0,9623) + (1,4641 \times 0,9623)}$$

$$= \sqrt{14,44451 + 3,55848 + 1,40890}$$

$$= \sqrt{19,41189}$$

$$= 4,4058$$

$$t_{count} = \frac{(-1,923)(-3,141)}{4,405}$$

$$= 1,371$$

Based on the results of the indirect effect of Net profit margin on Price earning ratio through Earnings per share of 0.047, the value of t count = 1.371 with t table = 1.98238. Thus, t arithmetic (1.371) < t table (1.98238) then Earnings per share is not able to mediate the effect of Net profit margin on Price Earnings Ratio.

2. Sobel test the effect of Current Ratio on Price Earnings Ratio through Earnings Per Share Based on Table 6 obtained a = -1.547 and Sa = 0.633 while in Table 7 obtained b = 0.826 and Sb = 0.521, then:

$$S_{ab} = \sqrt{b^2 Sa^2 + a^2 Sb^2 + Sa^2 Sb^2}$$

$$S_{ab} = \sqrt{((0,826)^2 \times 0,633^2) + ((-1,547)^2 \times 0,521^2) + (0,633^2 \times 0,521^2)}$$

$$= \sqrt{(0,6822 \times 0,4006) + (2,3932 \times 0,2714) + (0,4006 \times 0,2714)}$$

$$= \sqrt{0,2732 + 0,6495 + 0,1087}$$

$$= \sqrt{1,0314}$$

$$= 1,0155$$

$$t_{\text{count}} = \frac{(-1,547)(0,826)}{0,015}$$

$$= -1,277$$

Based on the results of the indirect effect of Current ratio on Price Earnings Ratio through Earnings per share is 0.015, the value of t count = 1.277 with t table = 1.98238. Thus, t arithmetic (1.277) < t table (1.98238) then Earnings per share is not able to mediate the effect of Current Ratio on Price Earnings Ratio.

3. Sobel test the effect of Debt To Equity Ratio on Price Earnings Ratio through Earnings Per Share. Based on Table 6 it is obtained that a = 2.705 and Sa = 0.818 while in Table 7 it is obtained that b = 0.112 and Sb = 0.688, then:

$$S_{ab} = \sqrt{b^2 Sa^2 + a^2 Sb^2 + Sa^2 Sb^2}$$

$$S_{ab} = \sqrt{((0,112)^2 \times 0,818^2) + ((2,705)^2 \times 0,688^2) + (0,818^2 \times 0,688^2)}$$

$$= \sqrt{(0,0125 \times 0,6691) + (7,3170 \times 0,4733) + (0,6691 \times 0,4733)}$$

$$= \sqrt{0,0083 + 3,4631 + 0,3166}$$

$$= \sqrt{3,788}$$

$$= 1,9462$$

$$t_{\text{count}} = \frac{(2,705)(0,112)}{1,946}$$

$$= 0,155$$

Based on the results of the indirect effect of the Debt to equity ratio on the Price Earnings Ratio through Earnings per share of 0.019, the value of t count = 0.155 with t table = 1.98238. Thus, t arithmetic (0.155) < t table (1.98238) then Earnings Per Share is not able to mediate the effect of Debt to Equity Ratio on Price Earnings Ratio.

## Discussion :

### Effect of Net Profit Margin on Firm Value

Based on the data that has been processed, it is found that the Net Profit Margin has a t-count value of -3.200 with a significance value of 0.002. Based on the t distribution table, the t table is 1.98238. So it can be concluded that t count > t table (-3.200 > 1.98238) and significance < 0.05 (0.002 < 0.05) which means Ha is accepted or the Net Profit Margin variable has a negative effect on Price Earnings Ratio. The results of this study are in line with previous research conducted by (Rabbani, 2018) which states that Net Profit Margin has an effect on firm value.

### Effect of Current Ratio on Firm Value

Based on the data that has been processed, the results show that the Current Ratio has a t-count value of 1.586 with a significance value of 0.116. Based on the t distribution table, the t table is 1.98238. So it can be concluded that t count < t table (1.586 < 1.98238) and significance > 0.05 (0.116 > 0.05) which means Ha is rejected or the Current Ratio variable has no positive effect on Price Earnings Ratio. The results of this study are not in line with previous research conducted by (Sari, 2021) which stated that the Current Ratio had an effect on firm value.



### **Effect of Debt to Equity Ratio on Firm Value**

Based on the data that has been processed, the results show that the Debt To Equity Ratio has a t-count value of 0.162 with a significance value of 0.871. Based on the t distribution table, the t table is 1.98238. So it can be concluded that t count < t table ( $0.162 < 1.98238$ ) and significance > 0.05 ( $0.871 > 0.05$ ) which means  $H_a$  is rejected or the Debt To Equity Ratio variable has no positive effect on Price Earnings Ratio. The results of this study are not in line with the results of previous studies conducted by (Sari, 2021) and (Rabbani, 2018) which stated that the Debt To Equity Ratio had an effect on firm value.

### **Effect of Net Profit Margin, Current Ratio and Debt to Equity Ratio on Firm Value**

Based on the data that has been processed, the results show that the F table value is 2.69 and the calculated F value is 4.271 so, the calculated F value is greater than the F table value, which is  $4.271 > 2.69$  and the significance value is smaller (<) than 0.05 ( $0.007 < 0.05$ ). meaning that all variables Net Profit Margin, Current Ratio and Debt to Equity Ratio simultaneously affect the variable Price Earnings Ratio. The results of this study are in line with the results of previous research conducted by (Rabbani, 2018), which states that Net Profit Margin, Current Ratio, and Debt to Equity Ratio have an effect on firm value.

### **Effect of Net Profit Margin on Dividend Policy**

Based on the data that has been processed, the results show that the Net Profit Margin has a t count of -1.589 with a significance value of 0.115. Based on the t distribution table, the t table is 1.98238. So it can be concluded that t count < t table ( $-1.589 < 1.98238$ ) and significance > 0.05 ( $0.115 > 0.05$ ) which means  $H_a$  is rejected or the Net Profit Margin variable has no negative effect on Earnings Per Share. The results of this study are not in line with the results of previous studies conducted by Bahareh (Pouraghajan et al. 2013), (Jufrizen, 2019) and (Susilawati, 2014) which stated that there was an influence between Net Profit Margin on dividend policy which was measured using indicators Earnings Per Share.

### **Effect of Current Ratio on Dividend Policy**

Based on the data that has been processed, the results show that the Current Ratio has a t count of 2.446 with a significance value of 0.016. Based on the t distribution table, the t table is 1.98238. So it can be concluded that t count > t table ( $2.446 > 1.98238$ ) and significance < 0.05 ( $0.016 < 0.05$ ) which means  $H_a$  is accepted or the Current Ratio variable has a positive effect on Earnings Per Share. The results of this study are in line with the results of previous studies conducted by (Pouraghajan et al. 2013), (Jufrizen, 2019) and (Susilawati, 2014), (Van Rate, 2014) and (Faruq, 2021) which stated that the existence of The influence of the Current Ratio on dividend policy is measured using the Earnings Per Share indicator.

### **Effect of Debt to Equity Ratio on Dividend Policy**

Based on the data that has been processed, the results show that the Debt to Equity Ratio has a t count of 3.308 with a significance value of 0.001. Based on the t distribution table, the t table is 1.98238. So it can be concluded that t count > t table ( $3.308 > 1.98238$ ) and significance < 0.05 ( $0.001 < 0.05$ ) which means  $H_a$  is accepted or the Debt to Equity Ratio variable has a positive effect on Earnings Per Share. The results of this study are in line with the results of previous studies conducted by (Mari'e Hasan Hamed Banykhaled 2011), (Pouraghajan et al. 2013), (Jufrizen, 2019), (Susilawati, 2014) and (Van Rate 2014), which states that there is a significant influence between the Debt to equity ratio on dividend policy which is measured using the Earnings Per Share indicator.

### **The Effect of Dividend Policy on Firm Value**

Based on the data that has been processed, the results show that Earnings Per Share has a t-count value of 0.564 with a significance value of 0.574. Based on the t distribution table, the t table is 1.98238. So it can be concluded that t count < t table ( $0.564 < 1.98238$ ) and significance > 0.05 ( $0.574 > 0.05$ ) which means  $H_a$  is rejected or the Earnings Per Share variable has no positive effect on Price Earnings Ratio. The results of this study are in line with the results of previous research conducted by (Zuraida, 2019) which states that there is no significant effect between dividend policy on firm value.

### **The effect of net profit margin on firm value with dividend policy as a mediating variable**

Based on the data that has been processed, the results show that based on the results of the indirect effect of Net profit margin on the Price Earnings Ratio through Earnings per share of 0.047, the value of t count = 1.371 with t table = 1.98238. Thus, t count ( $1.371 < 1.98238$ ) then Earnings per share is not able to mediate the effect of Net profit margin on Price Earnings Ratio. The

results of this study are in line with the results of previous research conducted by (Nur 2018) which states that there is no significant effect between Net Profit Margin on firm value and dividend policy as a mediating variable (Intervening).

#### **Effect of Current Ratio on firm value with dividend policy as a mediating variable**

Based on the data that has been processed, the results show that based on the results of the indirect effect of the Current Ratio on the Price Earnings Ratio through Earnings per share of 0.015, the value of  $t$  count = 1.277 with  $t$  table = 1.98238. Thus,  $t$  arithmetic (1.277) <  $t$  table (1.98238) then Earnings per share is not able to mediate the effect of Current Ratio on Price Earnings Ratio. The results of this study are in line with the results of previous research conducted by (Santosa, 2020) which states that there is no significant effect between the Current Ratio on firm value and dividend policy as a mediating variable (Intervening).

#### **Effect of Debt to Equity Ratio on firm value with dividend policy as a mediating variable**

Based on the data that has been processed, the results show that based on the results of the indirect effect of the Debt to Equity Ratio on the Price Earnings Ratio through Earnings per share of 0.019, the value of  $t$  count = 0.155 with  $t$  table = 1.98238. Thus,  $t$  arithmetic (0.155) <  $t$  table (1.98238) then Earnings per share is not able to mediate the effect of Debt to Equity Ratio on Price Earnings Ratio. The results of this study are in line with the results of previous research conducted by According to the results of previous studies conducted by (Santosa, 2020) and (Nur 2018) which stated that there was no significant effect between the Debt to Equity Ratio on firm value and dividend policy. as a mediating variable (Intervening).

## **CONCLUSION**

Based on the data analysis that has been done, it can be concluded that: Partially Net Profit Margin (X1) and Current Ratio (X2) has a significant effect on Price Earnings Ratio (Y) but Debt to Equity Ratio (X3) has no significant effect on Price Earnings Ratio (Y) while for simultaneous testing Net Profit Margin (X1), Current Ratio (X2), and Debt to Equity Ratio (X3) have a significant effect on Price Earnings Ratio (Y). Partially Net Profit Margin (X1) has no significant effect on Earnings Per Share (Z) but Current Ratio (X2), Debt to Equity Ratio (X3) has a significant effect on Earnings Per Share (Z). Price Earnings Ratio (Y) has no significant effect on Earnings Per Share (Z). Earnings per share (Z) is not able to mediate the effect of net profit margin (X1), current ratio (X2) and debt to equity ratio (X3) on price earnings ratio (Y).

Suggestion : (1) For the author, the results of this study are very useful and useful to explore the author's insight and knowledge to be more thorough and more careful in finding the right research variables and also easy to understand. (2) For the company, this research is useful as input and material considerations for managing finances that will affect the value of a company on the Net Profit Margin, Current Ratio, and Debt to Equity Ratio as well as improving and increasing the value of a company with dividend policy as an intervening variable. (3) For investors, who will invest the results of this research are expected to be useful as a reference point in making investment decisions. Investors should pay more attention to existing indicators and also existing financial reports that can affect the value of the company in order to make it easier for investors to invest in a company whether it is feasible or not.

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