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Research Article

Impact of Financial Fundamentals on Firm Value: Evidence from Cosmetics and Household Goods Sector

Lala Ahlannisa[1], Zainal Zawir Simon[2*], Dinda Oktavia[3]
[1,2,3] Faculty of Economics and Business, Yarsi University

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Abstract
This study proposes to understand the influence of return on assets, current ratio, debt-to-equity ratio, and total asset turnover on firm value. The research method used is quantitative and uses secondary data, namely the corporate sub-sector cosmetics and household goods listed on the Indonesian Stock Exchange (IDX). The sample used is as many as 6 firms, period 2015-2020 through the purposive sampling method. The method of analysis of panel data. The results obtained in this study show that the simultaneous return on assets, current ratio, debt-to-equity ratio, and total asset turnover affect the firm value. A partial return on assets effect has a negative and significant impact on firm value, a current ratio effect has a positive and significant impact on firm value, a debt to equity ratio has no significant effect on firm value, and total asset turnover has a positive and significant effect on firm value. The managerial implication of these findings is the importance of management in optimizing the use of assets, maintaining healthy financial ratios, and managing the firm's capital structure wisely. Managers need to pay attention to these financial performance indicators of firm value.

Keywords: Return on Assets, Current Ratio, Debt to Equity Ratio, Total Asset turnover, Firm Value

JEL Classification: G32, G33, M41

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Corresponding author: Zainal Zawir Simon (zainal.zawir@yarsi.ac.id)

1. Introduction

Manufacturing firms are currently required to always improve and update with sophisticated technology to compete in the global market. With this, firms can follow and meet the changing needs of consumers (Munawaroh & Simon, 2023; Claude, 2018). One industry that is experiencing development is cosmetics and household goods firms. Products produced for cosmetics and household purposes are in high demand, with growth of up to 20% (Watiningsih, 2018). Various products produced by firms established in the cosmetics and household goods sectors that are listed on the Indonesian Stock Exchange are familiar and consumed regularly by the public.

Manufacturing firms, or what are commonly known as manufacturing firms, are firms whose activities are to process raw materials into finished products that have value from the manufacturing process and can be marketed. In looking at the potential of a firm, we can see the value of the firm over time. Maximizing firm value is the main goal of the firm (Anggraini, 2019). This condition is because the firm's value reflects the good and bad of management in managing its assets. Firm value is important for investors to evaluate the firm as a whole and is a market indicator. The following is a graph of the firm value of the Cosmetics and Household Goods Sub-Sector Manufacturing Firms.

In firm value, profitability is one of the factors that influences the value of a firm. According to Aldo & As'ari (2023), profitability is very important for a firm; this is because to be able to remain constant, a firm must be in a profitable/profitable condition. If a firm does not have profits, of course the firm cannot finance the firm's operations and cannot compete with other competitors. PT Cottonindo Ariesta (KPAS) is unable to create value for investors. States that a ratio value of less than 1 means the firm cannot create value for its shareholders. So, in this case, the value of the firm's shares will be undervalued.

The size of a firm's profitability certainly has a big influence on that firm. If profitability is high, potential investors will decide to invest their capital in the firm. However, if the firm's profitability is low, potential investors will not invest their capital in the firm for fear of experiencing losses (Sihombing, Hutajalu, et al., 2023). Found the results that profitability has a significant effect and a positive impact on firm value. At Kino Indonesia Firm (KINO), the Debt-to-Equity Ratio experiences increases and decreases in value every year. The highest ratio was in 2015, and the lowest DER ratio was in 2018 at 0.03. This finding means the firm can finance its long-term debt. Likewise, shows that leverage has a positive effect on firm value.

Liquidity is a serious concern for firms, so liquidity has a very important role because it can play a role in the firm's success. Investors will consider a firm with good liquidity to have good performance (Saputri & Santoso, 2023). With this, the Mustika Ratu Tbk (MRAT) firm is in a liquid condition, where the firm can finance its short-term debt. Show that there is a positive and significant impact of liquidity on firm value. Total asset turnover or Total Asset Turnover is a ratio used to measure the effectiveness of a firm's total assets in generating sales. In other words, it is used to measure how many sales are generated from cash embedded in total assets (Fadillah & Noormansyah, 2023; Hery, 2017).

The higher the total asset turnover, the more effective the firm's assets are in generating firm profits, creating opportunities for investors to invest, and increasing the firm's share price. This is in line with research conducted by Astutik (2017), which shows that the Activity Ratio has a positive effect on firm value.

2. Literature Review and Hypothesis

Literature Review

Agency Theory

Agency Theory is a relationship where management acts as an agent entrusted by investors to manage the firm. This theory was first put forward by Jensen & Meckling (2019). In this case, according to him, the firm owner is the "agent," while the shareholder is the "principal." According to Fadila Angraini (2023), agency theory is a condition that occurs in a business where the manager as the executor is called the agent and the capital owner (owner) as the agent is the main person who builds a partnership contract which is called a "bond contract," this partnership agreement contains an agreement which explains that firm management must work optimally to provide maximum satisfaction, as a high return for capital owners. Santosa (2019) state that agency theory is based on three assumptions. These assumptions are assumptions about human nature, assumptions about organizations, and assumptions about information.

Profitability Ratio
Santosa et al. (2021) argue that the profitability ratio is a ratio used to measure a firm's capability to generate profits in its normal business activities. This ratio not only determines a firm's ability to generate income but is also useful for evaluating the effectiveness of a firm's business operations management. Profitability ratios have many purposes and benefits, including measuring a firm's ability to generate profits at a certain time and evaluating the firm's profit position from the previous year to the current year. States that the definition of profitability ratio is the firm's ability to generate profits in accordance with its sales, total assets, and capital. The higher the level of profitability of a firm, the more guaranteed the survival of the business entity will be. According to Santosa and Puspitasari (2019), profitability is defined as a ratio that assesses a firm's ability to earn profits. This ratio also provides a measure of firm management efficiency. This can be seen in the profits generated from sales and investment income. According to Hantono (2018), the profitability ratio is a ratio that shows the firm's ability to generate profits. The higher the rate of return, the higher a firm's ability to generate high financial profits.

Liquidity Ratio
Liquidity ratios are ratios that show a firm's ability to fulfill its commitments or pay its short-term obligations. In other words, the liquidity ratio is a useful ratio for measuring the extent of a firm's ability to pay off its short-term debt. To meet short-term obligations, firms need to have a good level of cash readiness or other short-term assets. These assets can also be easily converted or converted into funding sources (Santosa et al., 2020). The liquidity ratio allows firm owners to evaluate management's ability to control funds entrusted to the firm, including funds allocated to pay the firm's short-term obligations (Hery, 2017). The liquidity ratio is a ratio used to measure a firm's ability to meet its short-term obligations. This ratio is calculated through working capital sources, namely current assets and current liabilities.

According to Sihombing et al. (2023), the liquidity ratio is a ratio that represents a firm's ability to meet short-term obligations. This means that when a firm is charged, it can pay back its debts, especially outstanding debts. In other words, the liquidity ratio represents or measures a firm's ability to fulfill its obligations when the deadline is reached, both external parties (business unit liquidity) and internal parties (firm liquidity).

Leverage Ratio
According to Karima and Ghazali (2023), the solvency ratio or leverage ratio is a ratio used to measure the extent to which a firm's assets are financed by debt. In other words, it is the amount of liabilities a firm has relative to its assets. The leverage ratio is intended to measure how much a firm obtains capital with external capital. Excessive debt puts a firm at risk because it falls into the extreme debt category. In short, firms fell into very high levels of debt and found it difficult to reduce their debt burden. The leverage ratio, also known as the solvency ratio, is a ratio that shows how well a firm is financed with debt. This ratio also shows the level of security of the lender (creditor).

Activity Ratio
The activity ratio is a ratio used to measure the level of effective use of firm assets. This ratio is also called the turnover ratio. The higher the turnover ratio, the more effective a firm is in using its firm assets. The activity ratio is an indicator used to measure the effectiveness of using a firm's assets. The activity ratio is the activity carried out by a firm in running its business, both in sales, purchases, and other activities (Harahap, 2020). According to Brigham & Houston (2018) activity ratio, also known as asset management ratio, this ratio is used to measure how effectively a firm manages its assets. According to Van Horne (2019) activity ratio, also known as efficiency or sales ratio. This ratio measures how effectively a firm uses different assets.

The value of the firm
Find that firm value is investors' perception of a firm and is often linked to share prices. The higher the share price, the higher the firm value. Firm value reflects the market price of the number of

shares issued by a firm. The value of a firm depends on the performance of firm management, which is obtained from analysis of the firm's financial ratios. According to Brigham & Houston (2017), firm value is the present value of future free cash flows after applying a discount rate in accordance with the weighted average cost of capital. According to Santosa (2020) state that firm value is net operating profit after tax, or net operating profit after tax divided by the weighted average cost of capital. Meanwhile, firm value is a condition achieved by a firm and a situation that shows consumer trust in the firm through the process of activities several years from the firm's founding until now.

Conceptual Framework

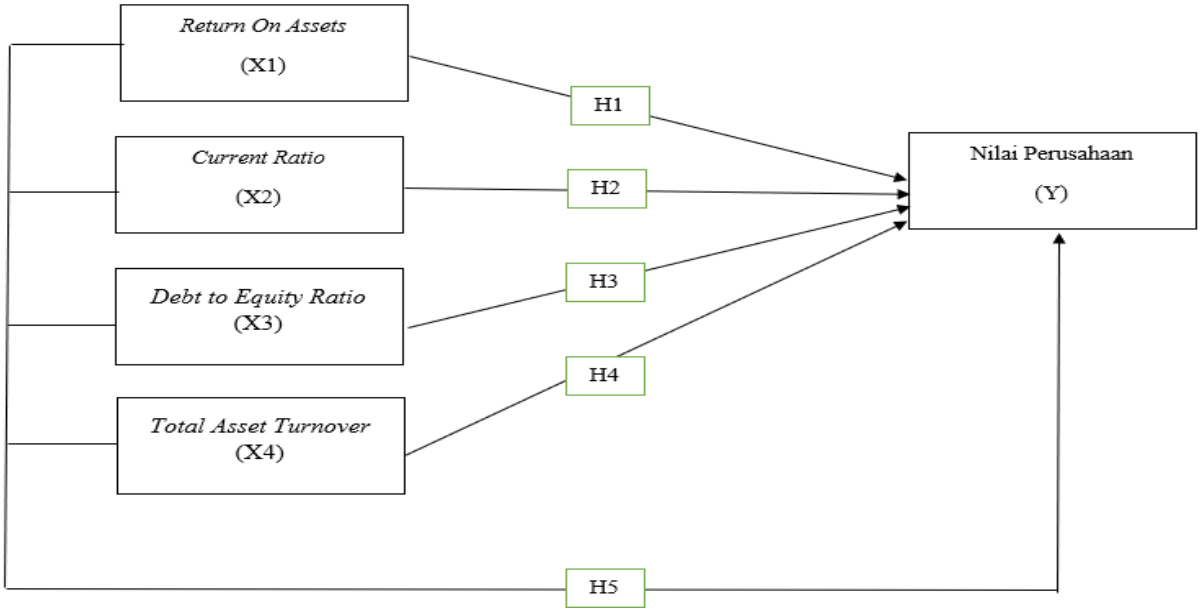

Figure 1. Conceptual Framework

Hypothesis

The Effect of Return on Assets on Firm Value

According to Haryati & Ayem (2019), Return on Assets is a ratio that aims to see how much the rate of return on assets owned by a firm is. A positive Return on Assets shows that the firm can gain profits from the total assets that have been used for the firm. However, if the Return on Assets shows a negative result, this means the firm is experiencing a loss. The results show that Return on Assets has a partially significant positive effect on firm value. This is also in line with research conducted by Husna & Satria (2019), which also shows the results that Return on Assets has a positive effect on firm value. This shows that the higher the value of the Return on Asset ratio, the better prospects it will show for the firm, and therefore, this can encourage investor demand for equity. A positive reaction from investors will increase share prices, which can then increase firm value. This is also in line, which states that the greater the ROA value, the indicates good firm performance because the greater the return on investment, which will increase the value of the firm. By referring to theory and supported by previous research, the following hypothesis can be formulated:

H1: Return on assets has a positive and significant effect on firm value

The Influence of the Current Ratio on Firm Value

The current ratio is the firm's ability to fulfill firm obligations that must be paid immediately. The current ratio is an indicator used to measure a firm's liquidity, which shows the firm's ability to meet its short-term debt. If the percentage of a firm's current ratio is low, this is considered a liquidation problem, which means that the firm needs to have the ability to meet its short-term creditors. The greater the current ratio percentage value, the means the firm can meet its

operational needs. Research by Aggarwal and Padhan (2017) shows that the current ratio has a positive and significant effect on firm value. This finding is also in line with research conducted by Ikhsan (2019) which shows the results that the current ratio has a positive and significant effect on firm value. The greater this ratio, the more efficient the firm is in utilizing firm assets so that it will influence investor interest. This finding is because the higher the CR value, the smaller the firm's failure to fulfill its short-term obligations. By referring to theory and supported by previous research, the following hypothesis can be formulated:
H2: Current Ratio has a positive and significant effect on firm value

The Influence of Debt-to-Equity Ratio on Firm Value
Debt to Equity Ratio is the ratio used to measure debt to capital. This ratio is useful for knowing how much funds the borrower (creditor) has provided to the firm. This statement means that this ratio is also used to determine the funds used as collateral for debt. For firms, the higher this ratio, the better. On the other hand, if this ratio is low, this means that it indicates a low level of funding and a higher risk if there is a loss or depreciation of the value of the firm's assets. The results show that DER has a positive and significant influence on firm value. This is also in line with research conducted, which shows the results that DER has a positive and significant effect on firm value. In the Thread-off Theory, the position of the capital structure is below the optimum point so that the additional debt will increase the value of the firm.

Conversely, if the capital structure is above the optimum point, additional debt will reduce the value of the firm. Assuming that the target point of optimal capital structure has not been reached, we predict a positive relationship with firm value based on trade-off theory. By referring to theory and supported by previous research, the following hypothesis can be formulated:
H3: Debt to Equity Ratio has a positive effect on firm value

The Effect of Total Asset Turnover on Firm Value
Total Asset Turnover is a ratio that describes the efficiency of using all firm assets to produce a certain sales volume. If turnover is slow, then the assets owned by the firm are too large compared to the firm's sales level. The higher the total asset turnover, the more efficient the use of these assets. The results show that total asset turnover has a significant positive effect on firm value. This argument is also in line, which shows the results that total assets turnover (TATO) has a significant positive effect on firm value. A high TATO value indicates that a firm's effectiveness is increasing and is considered a good signal to attract investors to invest capital in the firm and ultimately can increase share prices and increase firm value. By referring to theory and supported by previous research, the following hypothesis can be formulated:
H4: Total Asset Turnover has a positive effect on Firm Value

The Influence of Return on Assets, Current Ratio, Debt to Equity Ratio, and Total Asset Turnover on Firm Value
Based on previous research conducted by all researchers, it can be concluded that Return on Assets, Current Ratio, Debt to Equity Ratio, and Total Asset Turnover can be used as models that influence firm value. From this empirical evidence, the hypothesis is as follows:
H5: Return on Assets, Current Ratio, Debt to Equity Ratio, and Total Asset Turnover can be used as a model that simultaneously influences firm value

3. Data and Method

Data Types and Sources
The data used are financial reports of firms in the cosmetics and household goods subsector that meet the research's sample criteria and have been registered on the Indonesia Stock Exchange for the 2015-2020 period. The data source used in this research is secondary data obtained indirectly from the source but obtained through intermediary media or published, collected, and processed by other parties.

Data collection technique
The data collection technique used in this research is the documentation technique, which involves studying or collecting notes or documents relating to the problem under study. The documentation data originating from cosmetic and household goods sub-sector manufacturing firms registered in the Indonesian Stock Exchange for the 2015-2020 period are used.

Population and Sample
Population
A population is a generalized area consisting of objects or subjects that show certain characteristics that researchers have studied and determined to draw. The population in this research is the Cosmetics and Household Appliances Sub-Sector Manufacturing Firms registered on the IDX during the 2015-2020 period, totaling 7 firms.

Sample
A sample is part of the research population data determined by researchers who expect the same characteristics as the population. The method for determining this sample is purposive sampling, which is a sampling method with certain considerations.

Table 1. Sample Criteria

No.	Information	Number of Firms
1.	Population of firms in the cosmetics and household goods sub-sector in the 2015-2020 period.	(7)
2.	Firms that do not publish financial reports in the 2015-2020 period.	(1)
Number of sample firms that match the criteria		6
Number of years of observation		6
Amount of research data		36

Source: processed data (2022)

Based on the established criteria, this study's sample consisted of (six) cosmetic and household goods sub-sector manufacturing firms registered on the IDX for the 2015-2020 period.

Panel Data Regression Analysis
Panel regression models are based on panel data. Panel data includes observations from the same cross-section or individual units over several periods. Using panel data has several advantages. First, they increased the sample size. Second, when studying repeated cross-sectional observations, panel data are best suited to studying the dynamics of change. Third, panel data allows us to study complex behavioral patterns more easily.

4. Results

Descriptive Analysis Results
Descriptive statistics describe the variables in this research. The descriptive data used in this research are 6 sectors of cosmetics and household goods listed on the IDX during the research period. Based on the results of descriptive statistical analysis, the following will display the characteristics of the samples used in this research, including the average (mean), middle value (mean), maximum value (max), minimum value (min), and standard deviation for each variable.

Table 2 Descriptive Analysis Results

	PBV	ROA	CR	DER	TATO
Mean	2.572511	-0.001078	1.625097	1.047369	0.986425
Median	2.093450	0.027750	1.390000	0.713600	0.921200
Maximum	8.372600	0.505000	3.917000	3.159000	2.391800
Minimum	0.002900	-1.210000	0.518200	0.030000	0.076500

Std. Dev.	2.189977	0.345861	1.019629	0.887911	0.608949
Observations	36	36	36	36	36

Source: Processed Results (2022)

Table 2 shows that 36 firm observations were made in this study. The average value of the PBV variable is 2.572511, with a standard deviation of 2.189977. PT owns the highest (maximum) PBV value. Kino Indonesia Tbk in 2016 amounted to 8.372600, while several firms, including PT, owned the lowest (minimum) value. Akasha Wira International Tbk in 2018, PT. Kino Indonesia in 2015, PT. Martina Berto Tbk in 2020, PT. Mustika Ratu Tbk in 2019, PT. Unilever Indonesia Tbk in 2018 and PT. Cottonindo Ariesta Tbk in 2015.

Classic assumption test

Based on the regression method selection test that has been carried out previously through 3 tests, including the Chow test, Hausman test, and Lagrange multiplier test, it can be concluded that the selection of the estimation model used is the Random Effect Model.

Normality Test

The significant level used in this research is 0.05. Thus, the results of this test are based on the condition that if the probability value is smaller than 0.05, then Ho is rejected, and H1 is accepted. Meanwhile, if the probability value is greater than 0.05, then Ho is accepted, and H1 is rejected.

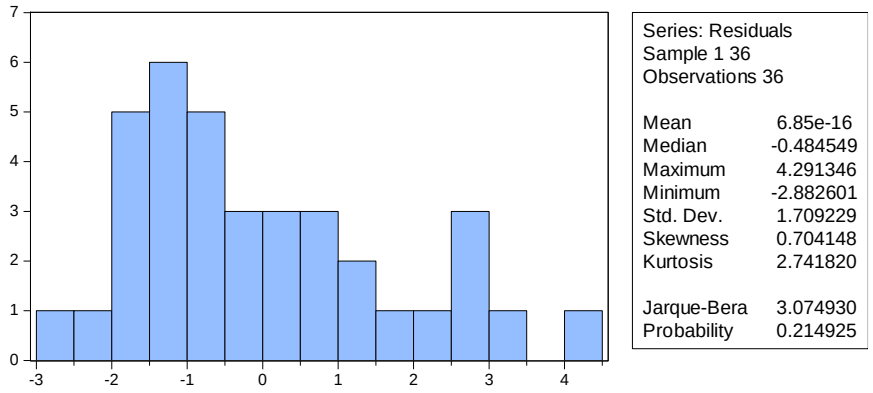

Figure 2. Normality Test

Based on the output results above, it shows that the Jarque Bera value is 3.074930 with a probability value of 0.214925. Where the probability value is greater than 0.05, then the residual is normally distributed.

Multicollinearity Test

In this test, it can be seen from the correlation coefficient value obtained from the Correlation Matrix results in Eviews 10. If the correlation coefficient value between each independent variable is more than 0.8, then multicollinearity occurs.

Table 3. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.494411	11.69995	NA
ROA	0.665716	1.832135	1.832117
CR	0.087967	7.601751	2.104108
DER	0.155120	6.840473	2.813640
TATO	0.283888	8.958862	2.421980

Source: Processed Results (2022)

Based on the table above shows the median VIF value for each variable, all variables have a VIF value of less than 10, so it can be concluded that in this regression model, there is no multicollinearity.

Heteroscedasticity Test

This test is carried out to see whether the variables have the same confounding variables or not. To find out whether a variable exists or not, we test with the Glejser can be carried out using Eviews 10. The following are the results of testing the heteroscedasticity assumption:

Table 4. Heteroscedasticity Test Results

F-statistic	1.953307	Prob. F (4,31)	0.1264
Obs*R-squared	7.246916	Prob. Chi-Square (4)	0.1234
Scaled explained SS	8.042374	Prob. Chi-Square (4)	0.0900

Source: Processed Results with Eviews 10 (2022)

Table 4 shows the results of the heteroscedasticity test above, which shows the value of Prob. The Chi-Square obtained was 0.0900, which was greater than the value α = 0.05. Based on these results, it can be concluded that there is no heteroscedasticity problem.

Panel Data Regression Analysis

Hausman test

In this test, the panel data estimation model is determined by looking at the probability values in the random cross-section. If the probability value in the Cross-section is <0.05, then Ho is rejected and H1 is accepted, so the recommended estimation model is the Fixed Effect Model. On the other hand, if the probability value in the Cross-section is > 0.05, then Ho is accepted and H1 is rejected, so the recommended model is the Random Effect Model.

Table 5. Hausman Test Results

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effect			
Test summary	Chi-Sq statistic	Chi-Sq d.f.	Prob
Cross-section Random	46.104151	4	0.0000

Source: Processed Results with Eviews 10 (2022)

From the results above in Table 5., it is known that the probability value of the Chi-square value of 0.0000 is smaller than 0.05, so Ho is rejected. So it can be concluded that based on the results of the Hausman Test, the best panel data estimation model is the Fixed Effect Model (FEM).

Based on the results of selecting panel data model estimates, it shows that the Fixed Effect Model is the best regression in this table. So table 5. above can be obtained from the following regression equation:

$$\mathbf{PBVit = 1.584128 - 0.216851ROAit\ 0.324398CRit - 0.009344DERit + 0.477236TATOit} \quad (1)$$

Partial T Test

The t test was carried out to determine the effect of each independent variable partially on the dependent variable.

Table 6. T Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.584128	0.077136	20.53673	0.0000
ROA	-0.216851	0.089214	-2.430678	0.0223

CR	0.324398	0.086040	3.770322	0.0008
DER	-0.009344	0.075364	-0.123991	0.9023
TATO	0.477236	0.214040	2.229657	0.0346

Source: Processed Results with Eviews 10 (2022)

Based on the table above, the t test results show the explanation that return on assets has a negative and significant effect on company value. The current ratio variable has a positive and significant effect on company value. The debt to equity ratio variable has a negative and insignificant effect on company value. The total asset turnover variable has a positive and significant effect on company value.

Simultaneous F Test

The F test is used to test whether the independent variables jointly (simultaneously) influence the dependent variable. In this research, the F test was carried out to test the Return on Assets (ROA), Current Ratio (CR), Debt-to-Equity Ratio (DER), and Total Asset Turnover (TATO) variables on the firm value variable. The F test can be seen by looking at the probability value of the F-statistic.

Table 7. F Test Results

Weighted Statistics			
R-squared	0.926282	Mean dependent var	6.165618
Adjusted R-squared	0.907294	S.D. dependent var	6.754962
S.E. of regression	1.334747	Sum squared resid	117.5823
F-statistic	48.78269	Durbin-Watson stat	1.545613
Prob(F-statistic)	0.000000		

Source: Processed Results (2022)

Based on the results of the table above, the probability value of the F-statistics is 0.000000, where this value is smaller than the significance value of 0.05. F-table count result is 2.679. The F-statistic value is greater than the F-Table value, namely 48.78269 > 2.679, so it can be concluded that together (simultaneously), the independent variables are Return on Assets (ROA), Current Ratio (CR), Debt to Equity Ratio (DER) and Total Asset Turnover (TATO) influence the dependent variable, namely firm value.

5. Discussion

The Effect of Return on Assets (ROA) on Firm Value

Based on the results of the tests that have been carried out, Return on Assets (ROA), from a probability value that is smaller than the significance value in the negative direction. It can be concluded that Return on Assets (ROA) has a negative and significant effect on firm value. This finding can be interpreted as if the value of Return on Assets increases, then the value of Price to Book Value will decrease; conversely, if Return on Assets decreases, then the value of Price to Book Value will increase. This result is in line with research conducted by Ali and Faroji (2021) and Risqi and Suyanto (2022), which state that ROA has a negative and significant effect on firm value. The results of this research are inversely proportional to research conducted by Putri et al. (2021), which shows the results that Return on Assets (ROA) has a significant effect in a positive direction on firm value. It is explained that increasing the ROA value will show a bright picture for a firm because ROA shows the level of return on investment provided by the firm using all the assets owned by the firm. So, this high ROA will be responded to positively by investors and can increase the firm value.

The Effect of the Current Ratio on Firm Value

Based on the results of the tests that have been carried out, the Current ratio of the probability value is smaller than the significance value in a positive direction. So, the current ratio has a positive and significant effect on firm value. This result can be interpreted as if the value of the Current Ratio increases, the value of Price to Book Value will also increase. Conversely, if the value of the Current Ratio decreases, the value of Price to Book Value will also decrease. This result is similar to Kahfi

et al. (2020), which shows the results that the current ratio has a significant positive effect on firm value. A high level of liquidity will reduce the firm's failure to fulfill short-term obligations to creditors. The high or low liquidity ratio (current ratio) will influence investors in investing their funds. The greater this ratio, the more efficient a firm is in utilizing the firm's current assets. This finding is different which states that liquidity has a negative and significant effect on firm value because firms that have a high liquidity ratio will tend to retain profits. As a result, the greater the profit retained by the firm, the smaller the amount of dividends distributed to investors, so this can also reduce investors' interest in investing.

The Effect of Debt-to-Equity Ratio on Firm Value

Based on the results of the tests that have been carried out, the Debt-to-Equity Ratio has a greater probability value in a negative direction. So, the debt-to-equity ratio has a negative and insignificant effect on the firm value that can be interpreted as meaning that changes that occur in the Debt-to-Equity Ratio do not affect the firm value (Price to Book Value). This finding is in line which states that leverage (DER) does not have a significant effect on firm value. Firms with large debts have a high risk of returning the cost of their debt; this affects investors' interest in investing their funds into the firm; a decline in investor interest will impact the firm's value in the future. Which shows the results that leverage (DER) has a positive and significant influence on firm value. The use of leverage can increase firm value because the firm is able to increase production levels to obtain greater profits due to the use of debt. The advantage of a firm using debt is that the interest paid can be deducted for tax purposes, thereby reducing the effective cost of debt. This ratio also provides opportunities for firms to expand so that they can increase the amount of profit generated and ultimately have a positive influence on firm value.

The Effect of Total Asset Turnover on Firm Value

Based on the results of the tests that have been carried out, Total Asset Turnover (TATO) obtained a probability value that is smaller than in the positive direction. So, it can be concluded that Total Asset Turnover (TATO) has a positive and significant effect on firm value. This result can be interpreted as if the value of Total Asset Turnover increases, then the value of Price to Book Value will also increase; conversely, if the value of Total Asset Turnover decreases, then the value of Price to Book Value will also decrease. Which shows the results that Total Asset Turnover has a positive and significant effect on firm value. This finding means that the higher the TATO value means that the firm's turnover is getting better; it can be said that the total assets owned by the firm are able to make sales effectively and efficiently. So, the higher the TATO value, the more investors will like the firm because it is considered that the firm is able to manage its assets optimally. However, on the contrary, this is different from research conducted by Astutik (2017) which shows the results that Total Asset Turnover has an insignificant negative effect on firm value. The results of this test indicate that high total asset turnover reduces firm value. This condition is a negative signal from the market. Prospective investors perceive that the proportion of assets (total assets) dominated by fixed assets is approaching extreme conditions. This condition causes inefficiency for the firm; the impact, in turn, creates negative sentiment for investors, which affects share prices in the form of a decline so that the value of the firm also decreases.

6. Conclusion

In this final section, the author will explain several conclusions and suggestions from the results of the research that has been carried out. As follows: Based on the results of testing the first hypothesis, Return On Assets (ROA) shows that partially there is a negative and significant influence of Return On Assets (ROA) on firm value (PBV) in cosmetics and household goods firms listed on the Stock Exchange Indonesia (BEI) for the 2015-2020 period, based on the results of testing the second hypothesis Current Ratio (CR) that partially there is a positive and significant influence of the Current Ratio (CR) on firm value (PBV) in listed cosmetics and household goods firms on the Indonesia Stock Exchange (BEI) for the 2015-2020 period, based on the results of testing the third hypothesis, Debt to Equity Ratio (DER), partially Debt to Equity Ratio (DER) has no effect on firm value (PBV) in cosmetics and household goods firms that listed on the Indonesia Stock Exchange (BEI) for the 2015-2020 period. The managerial implication for a brief conclusion is the need for careful monitoring of Return on Assets, Current Ratio, Equity Ratio, and Total Asset

Turnover as key factors in increasing firm value and making appropriate decisions in financial management.

Recommendation

Based on the conclusions above, the following suggestions are given: The results of this research are expected to be a consideration for investors in firms by looking at Return on Assets (ROA), Current Ratio (CR), Debt to Equity Ratio (DER), Total Asset Turnover (TATO), and Firm Value. In future research, it would be best to add a sample of all firms listed on the IDX, not just the cosmetics and household goods sectors, and add an observation period to get more accurate results. In future research, it is recommended to add other variables that affect firm value. It is hoped that this research can be used as a consideration and reference for further researchers in the same field in the future to do better. Conduct analysis using historical data covering a longer period to understand how the relationship between financial fundamentals and firm value has changed over time and identify any long-term trends that may exist. Incorporate qualitative approaches, such as interviews with firm managers, analysis of annual reports, and literature review, to gain deeper insight into how fundamental financial factors interact with non-financial factors in determining firm value. Conduct research that focuses more on specific variables that may have a significant impact on firm value in the cosmetics sector and household goods, such as product innovation, marketing strategy, and environmental sustainability.

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