

THE EFFECT OF RETURN ON ASSET, RETURN ON EQUITY, DEBT TO EQUITY RATIO, EARNING PER SHARE, AND PRICE EARNING RATIO ON COMPANY VALUE

Ibnu Muharrom¹

Universitas Muhammadiyah Sukabumi, Sukabumi, Indonesia
ibnumuharrom00@gmail.com



Nor Norisanti²

Universitas Muhammadiyah Sukabumi, Sukabumi, Indonesia
nornorisanti@ummi.ac.id

Kokom Komariah³

Universitas Muhammadiyah Sukabumi, Sukabumi, Indonesia
ko2mpuspa@ummi.ac.id

Abstract

This study aims to determine the magnitude of the influence of Return On Asset, Return On Equity, Debt To Equity Ratio, Earning Per Share and Price Earning Ratio on the Value of the Indonesia Stock Exchange Company in 2019-2023 in the company PT. Bukit Uluwatu Villa Tbk., PT. Destinasi Tirta Nusantara Tbk., PT. Pembangunan Graha Lestari Indah Tbk. PT. Pembangunan Jaya Ancol Tbk., PT. Eastparch Hotel Tbk. And PT. Pioneerindo Gourmet Internasional Tbk partially and simultaneously. The method used in this study is a descriptive verification method. The data used are secondary data obtained from BEI data and/or annual report data for each company, which includes data on Return On Asset, Return On Equity, Debt To Equity Ratio, Earning Per Share, Price Earning Ratio and Company Value. Statistical tests used in this study are classical assumption tests, correlation coefficient analysis, determination coefficient analysis, and hypothesis testing using the SPSS Statistics software program. The 36.5% influence of ROA, ROE, DER, EPS, and PER on company value indicates a significant but not dominant influence. This means that while these factors are important, companies must also consider external factors and non-financial business strategies to increase their company value. Furthermore, investors should consider other factors before making investment decisions.

Keywords: Return On Assets, Return on Equity, Debt to Equity Ratio, Earning Per Share, Price Earning Ratio, Company Value

INTRODUCTION

Indonesia, a country in Asia known for its natural beauty and cultural diversity, has become a popular destination for both international and domestic tourists. The government is currently developing the tourism, hotel, and restaurant sectors, as they are considered crucial to Indonesia's development, particularly as a source of regional and national revenue. Indonesia's foreign exchange earnings from the tourism sector have been increasing annually. In 2019, the tourism sector contributed USD 16.91 billion in foreign exchange, making it the third-largest contributor after oil and gas and palm oil.

The tourism, hotel, and restaurant subsector is one of the sectors listed on the Indonesia Stock Exchange, contributing significantly to the country's economic growth. However, in early 2020, the world was shocked by the COVID-19 virus. Since then, the sector has experienced a drastic decline. The spread of the virus slowed economic growth both nationally and globally. As a result, the tourism, hotel, and restaurant sector has been sluggish, affecting revenue generation and the health of companies. To further understand this, the following table lists the values of companies in the tourism, hotel, and restaurant subsector listed on the Indonesia Stock Exchange.

Table 1
Value of Tourism, Hotel, and Restaurant Companies Listed on the Indonesia Stock Exchange 2019-2023

No	Code	Company name	Year				
			2019	2020	2021	2022	2023
1	BUVA	Bukit Uluwatu Villa Tbk (BUVA)	1.10	1.10	1.20	1.20	1.22
2	PDES	Indonesian Water Destination (PDES)	7.75	7.75	2.17	1.51	1.10
3	PGLI	DevelopmentGraha Lestari Indah Tbk (PGLI)	3.26	2.38	4.46	3.14	1.49
4	PJAA	DevelopmentJaya Ancol Tbk (PJAA)	3.94	2.52	2.24	2.88	3.80
5	EAST	Estpare Hotel Tbk (EAST)	1.84	1.20	1.92	1.90	2.98
6	PTSP	Pioneerindo Gourmet International Tbk	4.55	3.71	7.00	3.50	2.59

Source: Processed through Annual Report, 2024

The following presents average stock price data for the tourism, hotel, and restaurant sub-sectors listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. The company value of companies listed on the Indonesia Stock Exchange (IDX) in the tourism, hotel, and restaurant sub-sector can be caused by several factors, including decreased revenue due to fewer visitors, decreased assets, reduced asset turnover due to reduced operational activities, financial crises that cause companies to face financing problems, and capital deficiencies caused by losses. In other words, there are variables such as return on assets, return on equity, debt-to-equity ratio, earnings per share, and price-earnings ratio that experience increases and decreases that can affect company value.

Return on assets (ROA) is a ratio used to assess whether a company's assets are maximizing their profit generation. Research by Madani et al. (2020) found that ROA has a positive and significant effect on firm value, while research by Sulistyowati et al. (2021) found that ROA has no significant effect on firm value.

Return on Equity Ratio (ROE) is a return on assets ratio used to assess a company's ability to generate profits from shareholder investments. Research by Riyawati (2019) found that ROE has a positive and significant effect on company value. Meanwhile, research by Assagaf (2020) found that ROE has no significant effect on company value.

The debt-to-equity ratio (DER) is a ratio used to determine a company's ability to pay its obligations/debts. Research conducted by Aulia (2019) found that DER has a significant and positive effect on company value.

Earnings per share (EPS) is a ratio that measures the earnings per share distributed to investors. Research conducted by Udjaili (2021) found that EPS partially had no significant effect on firm value, while simultaneously, EPS had a significant effect.

The price-earnings ratio (PER) is a ratio used to assess the high or low price of a stock based on the company's ability to generate profits. Research conducted by Aulia (2019) found that PER has a significant and positive effect on company value.

Referring to Putri Hermawan's (2018) research, the five variables used in this study (EPS, PER, DER, ROA, and ROE) simultaneously influence stock prices by 47.2%. While the remaining 52.8% is influenced by other factors not examined in the study. After conducting an exploration, the author has found a gap in the objectives of this study, limiting the discussion to only cover the tourism, hotel, and restaurant sectors listed on the Indonesia Stock Exchange with data studied in 2019-2023. Therefore, the author sets the title regarding "The Effect of Return on Assets, Return on Equity, Debt to Equity Ratio, Earnings Per Share, and Price Earning Ratio on Company Value"

RESEARCH METHOD

This study employed descriptive and associative methods with a quantitative approach. According to Sugiyono (2024), "quantitative research can be defined as a research method based on the philosophy of positivism, used to examine a specific population or sample, with data collection using research instruments, and quantitative/statistical data analysis, aimed at testing established hypotheses."

Operationalization of Research

This study uses six variables, namely independent variables (X1, X2, X3, X4, X5) as the independent variables and dependent variables (Y) as the dependent variable. The explanation for each variable is as follows:

1. Independent Variables

The independent variables used in this study are return on assets (X1), return on equity (X2), debt to equity ratio (X3), earnings per share (X4), and price earnings ratio (X5).

2. Dependent Variable

The dependent variable used in this study is company value (Y).

Table 2
Operationalization of Variables

Variables	Indicator
<i>Return on Assets</i> (X1) Kasmir (2016:201)	- Net profit after tax - Total assets
<i>Return on Equity</i> (X2) Kasmir (2016:204)	- Net profit after tax - Total equity
<i>Debt to Equity Ratio</i> (X3) Cashmere (2019:159)	- Total debt - Total equity
<i>Earnings Per Share</i> (X4) Darmadji & Fakhruddin (2016:198)	- Net profit after tax - Number of shares outstanding
<i>Price Earnings Ratio</i> (X5) Budiman (2021:48)	- Share price per sheet - EPS
Company Value (Y) Cashmere (2019:159)	- Stock value - Total equity

Source: Processed by Researchers, 2024.

RESULTS AND DISCUSSION

The population in this study of Tourism, Hotel and Restaurant Sub-Sector Companies listed on the Indonesia Stock Exchange for the 2019-2023 period was 35 companies. Based on the results of research on companies listed on the Indonesia Stock Exchange in the Hotel, Restaurant and Tourism sector listed on the Indonesia Stock Exchange for the 2019-2023 period, the companies include PT. Bukit Uluwatu Villa Tbk., PT. Destinasi Tirta Nusantara Tbk., PT. Pembangunan Graha Lestari Indah Tbk. PT. Pembangunan Jaya Ancol Tbk., PT. Eastparch Hotel Tbk. And PT. Pioneerindo Gourmet Internasional Tbk. The following data model that has been carried out through Ms.Excel calculations is presented in Table 3.

Table 3

The results of the highest and lowest average calculation data for companies listed on the Indonesia Stock Exchange in the Hotel, Restaurant, and Tourism sector for the 2019-2023 period.

Company Code	ROA Value (%)	ROE Value (%)	DER Value	EPS Value	PER Value	Company Value (PBV)
BUVA	-16.82	-267.79	9.36	-54.53	13.24	2.36
PDES	-7.46	-45.40	4.15	73.24	-4.24	4.75
PGLI	-19.63	-56.73	0.74	-14.25	12.07	2.85
PJAA	-0.02	-1.24	1.37	-6.20	3.00	0.71

EAST	5.68	6.21	0.11	4.60	29.96	1.42
PTSP	-0.30	10.76	1.27	-13.76	11.70	6.50
Highest	5.68	10.76	9.36	73.24	29.96	6.50
Lowest	-19.63	-267.79	0.11	-54.53	-4.24	0.71

Source: Processed by Researchers, 2025

According to Raiyan et al. (2020), Return on Assets (ROA) is the ratio of net profit to total assets. The table above shows that the lowest average ROA in 2019-2023 was held by PGLI with an average value of -19.63%, while the highest average value was held by EAST with an average value of 5.68%.

According to Kasmir (2016:204), Return on Equity (ROE) describes the rate of return obtained from a company's own capital or equity. Based on the table above, it can be seen that the lowest average ROE in 2019-2023 was owned by BUVA companies with an average value of -267.79%, while the highest average value was owned by PTSP companies with an average value of 10.76%.

According to Sujarweni (2019) The debt-to-equity ratio is the comparison between the amount of debt and the amount of equity, which aims to indicate the company's capital capacity to cover all its obligations. Based on the table above, it can be seen that the lowest average DER in 2019-2023 was owned by EAST company with an average value of 0.11, while the highest average value was owned by BUVA company with an average value of 9.36.

According to Darmadji, & Fakhruddin (2016:198) Earnings Per Share (EPS) is a ratio that shows the share of profit for each outstanding share. The higher the EPS, the greater the profit or dividends provided to shareholders. The table above shows that the lowest average EPS from 2019 to 2023 was held by BUVA, with an average value of -54.53, while the highest average value was held by PDES, with an average value of 73.24.

According to Budiman (2021: 48), the Price Earnings Ratio (PER) is used to assess the price of a stock based on the company's ability to generate net profit. Net profit refers to earnings per share. The lower the PER, the more affordable the stock. The table above shows that the lowest average PER from 2019 to 2023 was held by PDES, with an average value of -4.24, while the highest average value was held by EAST, with an average value of 29.96.

Based on the research results and data obtained, the following table and graph present the value of companies in the hotel and restaurant tourism sector listed on the IDX for the 2019-2023 period. According to Bahriah, Norisanti, and Danial (2022:5), company value is the investor's view of the extent to which a company is successful in managing its resources, which is reflected in the company's stock price. Company value in this study is represented by Price to Book Value (PBV). According to Sya'diah, Norisanti, and Ramdan (2022:3), a low PBV indicates that the stock price is cheaper. Based on the table above, it can be seen that the lowest average PBV in 2019-2023 was owned by PJAA companies with an average value of 0.71, while the highest average value was owned by PTSP companies with an average value of 6.50.

Classical Assumption Test

Classical assumption tests included normality and heteroscedasticity tests. The test results are shown in the following table:

Table 4
Classical Assumption Test Results

Test	Criteria	Scale	Results	Information
Classical Assumptions	Normality	0.05	0.070	Normal
	Heteroscedasticity	0.05	X1 : 0.940 X2 : 0.337 X3 : 0.833 X4 : 0.77 X5 : 0.484	Heteroscedasticity does not occur

Source: Processed by Researchers, 2025

Based on the normality test above, it can be seen that the significance value (Asymp. Sig. (2-tailed) is 0.070. This explains that the value has been normally distributed because it is greater than the significance value of 0.05. Based on the heteroscedasticity test, it can be seen that the significance value of ROA is 0.940, ROE 0.337, DER 0.833, EPS 0.770, and PER 0.484. The variables above have a significance value greater than 0.05, so it can be concluded that there is no heteroscedasticity.

Data Analysis and Hypothesis Testing

Data analysis was carried out using multiple linear regression techniques with the following testing stages: (1) multiple correlation coefficient (2) coefficient of determination (3) multiple linear regression (4) T test (5) F test. The test results can be seen in the following table:

Table 5
Data Analysis and Hypothesis Testing

Test	Criteria	Scale	Results	Information
Data analysis	Multiple correlation coefficient	0.60 – 0.799	0.678	Strong
	Coefficient of Determination	Kd 0	0.460/46%	Weak Influence
	Multiple linear regression	$Y^* = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5$	2.555- 0.049+0.015+0.457+0.001- 0.013	Positive constant value
	T-test		X1-Y : -1418>2.045 X2-Y : 2.716>2.045 Thitung>Ttabel X3-Y : 2.716>2.045 X4-Y : 2.186>2.045 X5-Y : -1.005>2.045	Not Significant Significant Significant Significant Not Significant
	F test	Fcount>FTable	4,983 >2.62	Significant

Source: Data Processed by Researchers, 2025

The Influence of Return on Assets on Company Value

The regression results show that ROA negatively impacts firm value, with a coefficient of -0.049. This means that every one-unit increase in ROA actually decreases firm value. This is supported by the t-test, where the calculated t-value is $-1.418 < \text{the t-table value of } 2.045$ and the significance level is $0.016 < 0.05$, indicating that ROA has a significant partial negative impact on firm value. These results align with research by Firah Damayanti Udjaili (2021), which also found a significant effect of ROA on firm value.

This finding contradicts the theory of Bahri, Komariah, and Jhoansyah (2023), which states that ROA reflects the ability of assets to generate profits. Generally, a high ROA is considered positive, but in this study, it actually had a negative impact on company value.

The Effect of Return on Equity on Company Value

The regression results show that ROE has a positive effect on firm value, with a coefficient of 0.015. This means that every one-unit increase in ROE will result in a 0.015-unit increase in firm value. This is supported by the t-test, where the calculated t-value of 2.716 is greater than the t-table value of 2.045, and the significance level is $0.009 < 0.05$, indicating that ROE has a significant partial positive effect on firm value. These results also align with research by Firah Damayanti Udjaili (2021), which found that ROA significantly influences firm value.

This finding aligns with Kasmir's (2016) theory, which states that ROE reflects the rate of return on equity. A higher ROE is better, as it indicates the company's ability to efficiently manage its equity to generate profits.

The Influence of Debt to Equity Ratio on Company Value

The regression results show that DER has a positive effect on firm value, with a coefficient of 0.457. This means that every one-unit increase in DER will cause a 0.457-unit increase in firm value. This is supported by the t-test, where the calculated t-value of 3.751 $> \text{t-table } 2.045$ and a significance level of $0.001 < 0.05$, indicating that DER partially has a significant positive effect on firm value. These results are also in line with research by Triana Zuhrotun Aulia (2019) which found that DER has a significant positive effect on firm value.

This finding aligns with Kasmir's (2019) theory, which states that DER is used to measure the ratio between a company's debt and equity and indicates the extent of collateral a company provides to creditors. An increasing DER can indicate a company's ability to optimally utilize debt to fund operational and investment activities, ultimately increasing company value.

The Effect of Earnings Per Share on Company Value

The regression results show that EPS has a positive effect on firm value, with a coefficient of 0.001. This means that every one unit increase in EPS will cause a 0.001 unit increase in firm value. This is supported by the t-test, where the calculated t-value of 2.186 $> \text{t-table } 2.045$ and a significance of $0.042 < 0.05$, so that EPS partially has a significant positive effect on firm value. This result differs from the research of Ayuningsih, Sunarya, and Norisanti (2019) which stated that EPS has a significant negative effect on firm value, but this difference may be caused by differences in industrial sectors, research periods, or other external factors.

This finding aligns with the theory of Darmadji & Fakhruddin (2016), which explains that EPS indicates the portion of profit earned for each outstanding share. The higher the EPS, the greater the profit received by shareholders, which ultimately increases the company's attractiveness to investors and drives up its value.

The Influence of Price Earning Ratio on Company Value

The regression results show that PER has a negative effect on firm value, with a coefficient of -0.013. This means that every one-unit increase in PER actually causes a decrease in firm value by 0.013 units. This is supported by the t-test, where the calculated t-value is $-1.005 < t\text{-table } 2.045$ and the significance level is $0.032 < 0.05$, indicating that PER has a significant partial negative effect on firm value. This result is inconsistent with Triana Zuhrotun Aulia's (2019) research, which found that PER has a significant positive effect on firm value.

This finding contradicts Budiman's (2021) theory, which states that the PER (Per Share) is used to assess whether a stock is expensive or cheap based on earnings per share. A higher PER typically reflects investors' expectations of future earnings growth, which should positively impact the company's value. However, in this study, an increase in the PER actually had a negative impact. Investors likely believe the PER increase is not accompanied by sufficient earnings growth or consider the company's shares to be overvalued, making them unattractive for investment.

CONCLUSION

There is a negative and significant influence of Return On Asset on company value in tourism, hotel and restaurant sub-sector companies listed on the Indonesia Stock Exchange (IDX). There is a positive and significant influence of Return On Equity on company value in tourism, hotel and restaurant sub-sector companies listed on the Indonesia Stock Exchange (IDX). There is a positive and significant influence of Debt to Equity Ratio on company value in tourism, hotel and restaurant sub-sector companies listed on the Indonesia Stock Exchange (IDX). There is a positive and significant influence of Earning Per Share on company value in tourism, hotel and restaurant sub-sector companies listed on the Indonesia Stock Exchange (IDX). There is a negative and significant influence of Price Earning Ratio on company value in tourism, hotel and restaurant sub-sector companies listed on the Indonesia Stock Exchange (IDX).

REFERENCES

- Abdurrahman Firdaus Thaha. (2020). The Impact of Covid-19 on MSMEs in Indonesia. Brand Journal.
- Adi, W. (2020). Examining Property and Real Estate Stocks.
- Agus, S. (2011). Financial Management Theory and Application. BPEF.
- Aliansyah, Helmi, Hermawan, W. (2019). The Role of the Tourism Sector in the Economic Growth of Regencies/Cities in West Java. Master of Economics Study Program, Airlangga University.
- Anwar, M. (2019). Fundamentals of Corporate Financial Management. Prenadamedia Group.

- Aryaningsih. (2018). The effect of ROA, ROE, and EPS on stock returns in food and beverage companies listed on the IDX. Semarang. UNPAND.
- Ayuningsih, E Sunarya, N Norisanti. (2019:6) Analysis of the Relationship between Return on Equity and Earnings Per Share and Company Value of PT. Astra Agro Lestari Tbk.
- Bahri, Komariah, and Jhoansyah. (2023) Analysis of Return on Asset Return on Equity Debt to Asset Ratio Debt to Equity Ratio Against Stock Returns. *Journal of Economic, Business and Accounting*, Volume 7 Number 1.
- Bahriah, Norisanti, and Danial. (2022:5) The Role of Return on Assets in Moderating the Effect of Capital Structure and Return on Equity on Company Value in Food and Beverage Sub-Sector Companies Listed on the Indonesia Stock Exchange in 2017-2019. *Journal of Economic, Business and Accounting* Volume 5.
- Budianto, EWH, & Dewi, NDT (2023). Research Mapping of the Operating Cost to Operating Income Ratio (BOPO) in Sharia and Conventional Hotels, Restaurants, and Tourism: A VOSviewer Bibliometric Study and Literature Review. *Journal of Accounting and Finance*.
- Budiharti, Komariah, and Nurmala. (2023:7) The Influence of Human Resource Competence and Interpersonal Communication on Work Effectiveness.
- Darmadji, T., & Fakhruddin, H. . (2016). *Capital Markets in Indonesia*. Salemba Empat.
- Dety Mulyanti. (2017). *Corporate Financial Management*. Accurate Accounting Scientific Journal.
- Fahmi, I. (2012). *Financial Performance Analysis*. Alfabeta.
- Ghozali. (2017). *Multivariate Analysis Application with SPSS Program*. UNDIP.
- Hatta, E., N, and S. (2018). The Influence of Capital Structure, ROA, and ROE on Company Value in Telecommunication Companies. *Journal of Management Science and Research*.
- Isbahi, M. B., Zuana, M. M. M., & Toha, M. (2024). The Multi-Social Relation of the Cattle Industry in the Plaosan Subdistrict Animal Market of Magetan Regency. *Malacca: Journal of Management and Business Development*, 1(1), 31–46. <https://doi.org/10.69965/malacca.v1i1.51>
- Kasmir. (2013). *Financial Report Analysis*. Raja Grafindo Persada.
- Kasmir. (2016). *Human Resource Management (Theory and Practice)*. PT Raja Grafindo Persada.
- Kasmir. (2019). *Introduction to Financial Management*. Prenadamedia Group.
- Lisa Handayani. (2019). The Influence of Employee Performance, Interpersonal Communication, and Physical Work Environment on Customer Satisfaction Through Service Quality. Department of Economic Education, Faculty of Economics, Semarang State University.
- Listiawati, Komariah, and Jhoansyah. (2024) The Effect of Liquidity Ratio, Leverage, and Return on Equity on Financial Distress. *Management Studies and Entrepreneurship Journal* Volume 5(2).
- Mikrad, M., and AB (2020). The Influence of Capital Structure, Liquidity, and Investment Decisions on Company Value in Service Companies in the Tourism, Hotel, and Restaurant Sub-Sector Listed on the IDX in 2014-2018. *Dynamic Management Journal* 4(1).
- Musthafa. (2017). *Financial Management*. Andi Offset.

- Purnaya, IGK (2016). Human Resource Management. Andi.
- Rini Astuti. (2022). Corporate Financial Management. Widinabhakti.
- Sugiyono. (2022). Quantitative Research Methods. Alfabet.
- Sujarweni, VW (2019). FINANCIAL REPORT ANALYSIS: Theory, Application, and Research Results. Pustaka Baru Press.
- Sya'diah, Norisanti, and Ramdan. (2022:3) Analysis of Price to Book Value, Current Ratio, Return on Equity, and Debt to Equity Ratio on Stock Prices.
- Timotius. H. (2017). Introduction to Knowledge Management Approach Research Methodology for Knowledge Development. Andi.
- Umi Narimawati. (2010). Research Methodology: The Basis for Compiling Economic Research. Genesis.