

## The Effect Of Dividend Policy (Dpr) And Debt To Equity Ratio On Company Value (Pbv) In The Consumer Non-Cyclicals Sector Companies That Registered In Idx On Period Of 2017-2019

Achmad Fadjar<sup>1</sup>, Aris Purnama Nugraha<sup>2</sup>, Dedi Sarifudin<sup>3</sup>

<sup>1</sup>Widyatama University Bandung, Indonesia.

<sup>2</sup>Widyatama University Bandung, Indonesia.

<sup>3</sup>Widyatama University Bandung, Indonesia.

<sup>1</sup>achmad.fadjar@widyatama.ac.id, <sup>2</sup>aris.purnama@widyatama.ac.id, <sup>3</sup>dedi.sarifudin@widyatama.ac.id

**Article History:** Received: 11 January 2021; Revised: 12 February 2021; Accepted: 27 March 2021; Published online: 10 May 2021

**Abstract:** Price to Book Value is one of the variables considered by an investor in determining which shares to buy. The higher value of a company will show the higher prosperity of the shareholders. A decline in share prices will result in a decrease in the prosperity of shareholders. The purpose of this study is to determine the factors that influence Price to Book Value fluctuations, in this study the variable factors are the Dividend Payout Ratio and Debt to Equity Ratio. The objects in this research are Dividend Payout Ratio, Debt To Equity Ratio and Price to Book Value in non-cyclical consumer sector companies listed on the Indonesian Stock Exchange. The number of samples in this study were 34 companies during the 2017-2019 period. The analysis technique in this study uses multiple regression analysis techniques, the tool is used in processing research data is SPSS. The results of this study indicate that the Dividend Payout Ratio has an effect on the Price To Book Value and the Debt To Equity Ratio has no effect on the Price To Book Value. Meanwhile, the Dividend Payout Ratio and Debt To Equity Ratio together have an effect on the Price To Book Value.

**Keywords:** Dividend Payout Ratio, Debt to Equity Ratio, Price to Book Value

### 1. Introduction

Pride for an investor is that he gets high prosperity due to the increased value of the company in which these investors invest. So this requires companies to increase their company value (Agus Sartono, 2015). So that future market prices can be predicted and estimated through several fundamental factors that affect market prices. To be able to see the development of company value, using several parameters, one of which is the Price Book Value which is useful for helping investors in making investment in this case is buying company shares. This is one of the technical steps for calculating a fair share price.

Tri Marlina (2013) argues that the Company Value (PBV) is a ratio that is used as a measure to assess the market price of a company's stock at the level of its performance to its book value and also shows the extent of the company's ability to create firm value relative to the amount of invested capital. So that the Price to Book Value of a company that has increased, the market will look at better prospects in the future owned by the company as a market benchmark. Investors who consider every aspect rationally will of course select stocks that provide a high level of return with low risk. The rate of return that can be obtained from company profits is in the form of dividend distribution with the difference in share prices. Investors can take advantage of accounting profit as one of the basis for the selection process in making decisions for further investment decisions. If the higher the net profit is obtained, the higher the Earnings per Share will be.

This is an phenomenon that related to the performance of stock prices to their book value that occurs in non-cyclical consumer sector companies as illustrated in the following graph:

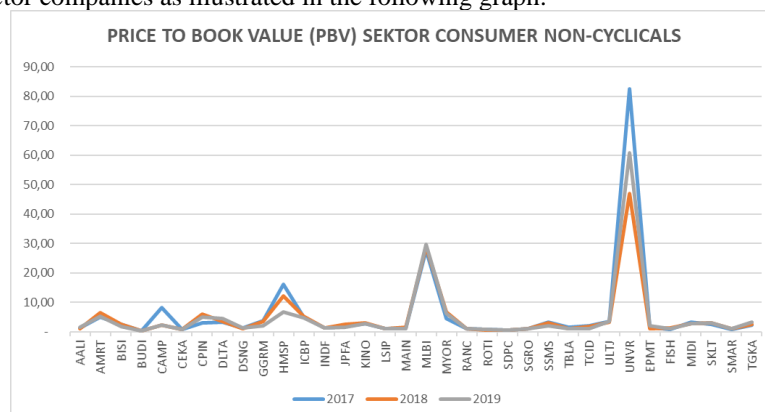


Figure 1. PBV of non-cyclical consumer sector companies for the period 2017-2019

Regarding the problem of fluctuating share prices, the IDX actually has rules regarding auto rejection of stock price movements with a maximum increase and decrease per day of 10% based on Circular Letter No. SE-004/BEI.PSH/10-2008 on October 12th, 2008 concerning on Limitation of the Highest or Lowest Offer Price of Shares Entered into JATS in the Regular Market and the Cash Market).

There are many factors that can influence the Company Value (PBV). Look at the results of Wardjono's research (2010) show that the Return On Equity and the Company Growth show a significant impact on Company Value (PBV). Then in the case researched by Dede Hertina, Sumiyati and Lia P. A. (2020) shows that the Decision of Funding, Decision of Investment and the Dividend Policy show simultaneously affect to the Company Value (PBV). Then in the case researched by Tri Marlina (2013) shows that the Earning Per Shares (EPS), Return On Equity (ROE) and Debt to Equity Ratio (DER) have a significantly impact to Company Value (PBV). In Putra's (2007) research, it shows that Return on Assets (ROA), Stock beta and Divident Payout Ratio (DER) don't have a significantly impact on Company Value (PBV).

### **The Problem's Formulation**

Based on the description above, so the formulations of these problem in this study are:

1. Does the Divident Policy (DPR) has an effect on the Company Value (PBV)
2. Does the Debt To Equity Ratio (DER) has an effect on the Company Value (PBV)
3. Does the Divident Policy (DPR) and Debt To Equity Ratio as simultaneously have an effect on the Company Value (PBV).

## **2. Literature review**

### **The Company Value (PBV).**

The Company Value or Price to Book Value (PBV) is a ratio that describes the state or condition of a company's stock market price performance on its book value and then becomes one of the parameters used by the market to assess the company's condition.. This variable also shows the achievement of a company regarding how far it is able to create firm value which is relatively high to the amount of invested capital. The higher of the company value, it shal describe the higher prosperous of investors will receive.

According to Wardjono (2010) investors can consider capital market ratios such as the ratio of Price to Book Value, to distinguish which stocks are fair, overvalued, or undervalued. The higher of the Price to Book Value ratio describes the more successful of the company in creating meaningful value for shareholders. Conceptually Price to Book Value is a comparison between stock price to book value per share (Brigham and Gapenski, 2006: 631).

Putri (2014) states that the ratio of Company Value (PBV) can provide an overview and explanation that is closely related to the book value of a company's shares that market players can pay attention to. A company that is running well can generally be seen from the perspective of whether it has a Price to Book Value ratio above one or not, which can reflect that the stock market value is greater than its book value.

### **The Devident Payout Ratio**

Fakhrudin (2008: 191) states that dividends are one of the attractions for investors, especially for those who have a large number of shares and dividend distribution is something to look forward to. So based on this statement dividend payments reflect the company's financial condition and have an impact on market perceptions. Providing adequate dividends will be one of the considerations for investors in buying and holding the shares they own.

### **The Debt to Equity Ratio**

Tri Marlina (2013) states that the capital structure can use a parameter in the form of leverage, which is a parameter that is used to describe the ability of a company to use assets or use funds that have a fixed burden to increase the rate of return or net profit for company owners. A company that utilizes debt is a company that has financial leverage where the benchmark or parameter is that if the greater of the debt proportion that managed by the firm where the owner of capital will bear a greater risk.

According to Raharjaputra (2009: 201; Basilgan & Akman, 2019; Dunga & Mafini, 2019) who states the purpose of the ratio of Debt to Equity is to produce output on the proportion of the amount of debt or funding obtained from outside the company to the equity ownership of the company itself (shareholder equity). Then

according to Joel G. Siegel and Jae K. Shim in Fahmi in Putri (2014) states that the DER is a measuring tool to analyze financial reports which aims to show the amount of collateral that is available to creditors. Ratio of Debt to Equity (DER) is included in the scope of leverage ratio which is used to describe the measure of how much the percentage of company funding is funded by outside parties.

This illustrates that if the risk of the company increases, it will decrease the share price response to accounting earnings information. And if the level of leverage has increased, the risk of the company will increase which in turn will reduce the stock price. the phenomenon of the decline in share prices has the potential to result in a decrease in the ratio of Company Value (PBV).

### 3. Framework

#### The Effect of Dividend Policy (DPR) on Company Value (PBV)

When the company has a stable dividend payout ratio target so far and the company can increase the ratio, investors will believe that management announced a positive change in the company's expected profit. The signal given to investors is that management and the board of directors are fully convinced that financial conditions are better than that reflected in the share price. This dividend increase will have a significant impact on stock prices which will later have a significant effect on Company Value (PBV) (Van Horne and Wachowicz, 1998; Garidzirai et al., 2019; Mogano & Mokoele, 2019; Aksoy, 2019; Bonal et al., 2019; Galatti et al., 2019) in Eva Eko Hidayati (2010). This is the same as research conducted by Putri (2014) which states that the Company Value (PBV) in industrial sector companies can be significantly affected by the Dividend Payout Ratio (DPR) in the 2009-2012 period.

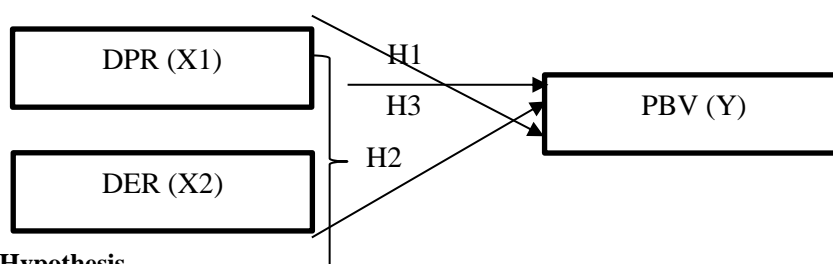
#### Effect of Debt to Equity Ratio (DER) on Company Value (PBV)

Rakhimsyah and Barbara in Putri (2014) state that the condition of the high ratio of Debt to Equity (DER) will illustrate the condition of a high debt value as well, to increase the value of the company, of course the company will need a number of funds to help the company's operations run. where the funds can be obtained from outside parties in the form of debt.. According to Brigham and Houston (2006; Ahmad et al., 2019; Boureima & Abdoua, 2019) that the use of debt can also have an influence on the price of shares owned by the company. If debt increases, it will also increase company value.

Companies with a high level of debt will be able to increase the profit per share, which in turn will increase the company's stock price, which means that it will increase the value of the company. This is the same as research conducted by Putri (2014) which states that the Company Value (PBV) in industrial sector companies can be significantly affected by the Debt to Equity Ratio (DER) in the 2009-2012 period.

To make it easier in understanding the effect of Dividend Policy (DPR) and Debt to Equity Ratio (DER) on Company Value (PBV), it can be drawn as follows.

Figure 2  
Framework



### 4. Hypothesis

From the description above, the hypothesis proposed in this study are as follows:

H1: Dividend Policy (DPR) has an effect on the Company Value (PBV) in non-cyclical consumer sector companies that listed on the IDX during the 2017-2019 period.

H2: Debt to Equity Ratio (DER) has an effect on the Company Value (PBV) in non-cyclical consumer sector companies that listed on the IDX during the 2017-2019 period.

H3: Dividend Policy (DPR) and Debt to Equity Ratio (DER) have a mutual effect on Company Value (PBV) in non-cyclical consumer sector companies that listed on the IDX during the 2017-2019 period.

**5. Research methods**

**Population and Samples**

Objects of research in this case involves the variable Dividend Policy (DPR) and Debt to Equity Ratio (DER) and Company Value (PBV) in non-cyclical consumer sector companies listed on the IDX in the 2017-2019 period.

The research population in this case is the primary consumer goods sector companies listed on the IDX in the 2017-2019 period, as many as 78 companies by carrying out the sampling process using purposive sampling technique. The criteria used in this research technique are as follows:

1. Non-cyclical consumer sector companies listed on the IDX for the period 2017-2019.
2. Non-cyclical consumer sector companies that publish an annual reports for the period 2017-2019 period.
3. Non-cyclical consumer sector companies that earned profits and distributed cash dividends for 3 consecutive years during the 2017-2019.

**Table 1  
Research Samples**

No	Company Names	No	Company Name
1	PT.Astra Agro Lestari	18	PT.Multi Bintang Indonesia
2	PT.Sumber Alfaria Trijaya	19	PT.Mayora Indah
3	PT.BISI International	20	PT.Supra Boga Lestari
4	PT.Budi Starch & Sweetener	21	PT.Nippon Indosari Corpindo
5	PT.Campina Ice Cream Industry	22	PT.Millennium Pharmacon International
6	PT.Wilmar Cahaya Indonesia	23	PT.Sampoerna Agro
7	PT.Charoen Pokphand Indonesia	24	PT.Sawit Sumbermas Sarana
8	PT.Delta Djakarta	25	PT.Tunas Baru Lampung
9	PT.Dharma Satya Nusantara	26	PT.Mandom Indonesia
10	PT.Gudang Garam	27	PT.Ultra Jaya Milk Industry & Trading
11	PT.H.M. Sampoerna	28	PT.Unilever Indonesia
12	PT.Indofood CBP Sukses Makmur	29	PT.Enseval Putera Megatrading
13	PT.Indofood Sukses Makmur	30	PT.FKS Multi Agro
14	PT.Japfa Comfeed Indonesia	31	PT.Midi Utama Indonesia
15	PT.Kino Indonesia	32	PT.Sekar Laut
16	PT.PP London Sumatra Indonesia	33	PT.Smart
17	PT.Malindo Feedmill	34	PT.Tigaraksa Satria

Source: Processed by secondary data

**The Method of Collecting Data**

The data type is used in this study is secondary data then techniques of data collecting is based on documentation in financial reports published by the IDX through its official website (www.idx.co.id) and from the companies official websites or related.

The types of data in this study are secondary where the it is obtained use documentation techniques on financial reports of companies published on the official website owned by the IDX and the company official website or related.

**6. Operationalization of Variables**

**Independent Variable (X)**

**1. Dividend Policy (DPR) (X1)**

Dividend Payout Ratio (DPR) is the policy of company in determining whether to pay dividends or not, reduce or increase the amount of dividends, or pay dividends with the same amount distributed in the previous period (Nurainun and Sinta, 2007). According to Ang (1997) in Putri (2014) that the Dividend Payout Ratio is calculated as follows:

$$DPR = \frac{DPS}{EPS}$$

Information:

DPR = Dividend payout ratio

DPS = Divident per share =  $\frac{\text{Dividend}}{\text{Number of Shares Outstanding}}$

EPS = Earning per share =  $\frac{EAT}{\text{Number of Shares Outstanding}}$

**2. Debt to Equity Ratio (X2)**

Debt to Equity Ratio (DER) is the ratio of the amount of debt to the amount of equity owned which is used as a parameter to measure the level of the ability of ownership of equity to pay off the company's debt. The way in processing this ratio is by comparing the value between all company debts on all the company's equity. This ratio is used in finding the amount of funds provided by external parties (creditors) to funds owned by the company. In other words, this ratio has the intention of knowing each monetary value of its own capital which is used as collateral for debt owned by the company. This means that from this ratio whether the position of the owner of the company is getting stronger or vice versa (Kasmir, 2014: 157). It can be formulated as follows:

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$$

**Dependent Variable (Y)**

Nurainun and Sinta (2007) state that Company Value is the price that investors should pay to become part of ownership of a corporate. The Company Value (PBV) in this study is by utilizing a parameter in the form of ratio of the Price to Book Value where this is closely related to the development of own capital which compares the market value of equity to the book value per share. In this study, the ratio of Company Value (PBV) can be found using the following formula:

$$PBV = \frac{\text{Market Value of Equity}}{\text{Book Value per Share}}$$

Market Value of Equity is a company data element that can be searched by finding the number of shares of a company that is on the market then multiplied by the closing price of the shares in the relevant year (Rokhayati, 2005: 9). Book Value per Share can be obtained using the following formula (Hartono in Mathilda, 2012) in (Putri, 2014):

$$BVS = \frac{\text{Total Equity}}{\text{Number of Shares Outstanding}}$$

**The Method of Data Analysis**

In this study we use an analysis tool, namely SPSS.V.21.0 software to assist in calculating multiple linear regression analysis as a data analysis method that we use. In the data analysis stage, the classical assumption test was used in the form of normality, autocorrelation, multicollinearity and heteroscedasticity tests. Then the hypothesis testing used the size t-test, the F-test and the Coefficient of Determination.

**7. Results of analysis and discussion**

**Classic assumption test**

**Test of Normality**

Kolmogorov-Smirnov (K-S) is a non-parametric statistical testing formula that is used to test the residual normality of the data we obtain in our statistical tests. The K-S test was carried out with a hypothesis (Ghozali, 2016: 110):

H0: residual data are normally distributed

HA: residual data did not have normal distribution

If sig > 0.05, then H0 is declared worthy of acceptance.

**Table 2**  
**Results of Normality Test (After data is logged. Neutral)**

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		102
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	1.02244394
Most Extreme Differences	Absolute	.077
	Positive	.077
	Negative	-.051
Test Statistic		.077
Asymp. Sig. (2-tailed)		.149 <sup>c</sup>

Source: output data processed by SPSSV.21.0

By the table 2, after the data is transformed to a neutral logarithm (Ln) because previously there were many outliers and the sample could not be excluded from the study, the significance was 0.149 can be stated that Asymp.Sig. (2-tailed) is 0.149>0.05, this means that the residual data is normally distributed. This shows that the residual data we use in this study are distributed in normal conditions.

**Test of Autocorrelation**

To see whether there is autocorrelation, we use the Durbin Watson test (Trihendradi, 2008: 213) in (Putri, 2014):

1. 1.717 <DW <2.282 There is not an autocorrelation
2. 1.637 <DW <1.717 or 2.282 <DW <2.362 Can not be concluded
3. DW <1.637 or DW > 2.362 There is auto correlation

**Table 3**  
**Autocorrelation Test Results**

Model Summary <sup>b</sup>	
Model	Durbin-Watson
1	1.720

a. Predictors: (Constant), LnDER, LnDPR

b. Dependent Variable: LnPBV

Source: output data processed by SPSSV.21.0

Based on table 3 above, that it has been free from the autocorrelation state of the regression equation in this study, because the numbers on DW is 1,720 between 1,717 and 2,282 (1,717 <1,720 <2,282), which means that this regression equation meets the autocorrelation-free requirements..

**Test of Multicollinearity**

Ghozali (2016: 91-92) states that the cutoff value commonly used to describe multicollinearity is by looking at the VIF and tolerance value, provided by:

1. Tolerance value < 0.10.
2. VIF value > 10.

**Table 4**  
**Multicollinearity Test Results**

**Coefficients<sup>a</sup>**

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	LnDPR	.985	1.015
	LnDER	.985	1.015

a. Dependent Variable: LnPBV

Source: output data processed by SPSS V.21.0

From table 4 it can be seen that the variable DPR (X1) shows Tolerance with a weighted value of  $0.985 > 0.10$  and VIF with a number of weighted is  $1.015 < 10$ . The variable DER (X2) performs a tolerance with a number of weighted is  $0.985 > 0.10$ , and perform a VIF with a number of weighted is  $1.015 < 10$ . So that we can summarize that each independent variable have a tolerance with a number more than 0.10 and a VIF number less than 10. Thus, we can draw the conclusion that two independent variables above used in this research do not occur Multicollinearity symptoms..

**Test of Heteroscedasticity**

Heteroscedasticity testing is intended to produce information about whether there are similarities or differences in variance from one observation to another in the regression model used in a study. According to Suliyanto (2011: 98), one test to see whether the regression model is free from heteroscedasticity is to do the testing of Rank Spearman.

The results of the Rank Spearman test were carried out using the SPSS.V.21.0 software tool, so we can see in the table below:

**Table 5**  
**Test Results of Heteroscedasticity (Test of Rank-Spearman)**

**Correlations**

			Unstandardized Residual
Spearman's rho	DPR	Correlation Coefficient	-.069
		Sig. (2-tailed)	.488
		N	102
	DER	Correlation Coefficient	-.076
		Sig. (2-tailed)	.446
		N	102
Unstandardized Residual		Correlation Coefficient	1.000
		Sig. (2-tailed)	
		N	102

Source: output data processed by SPSS V.21.0

From the processed data in table 5 above, we can see that the significance value of the independent variable X1 (Dividend Payout Ratio) is 0.488. While the significance value of the independent variable X2 (Debt to Equity Ratio) is 0.446, so we can draw conclusions from the significance value of the two independent variables above which has a Sig value.  $> \alpha$  where the  $\alpha$  value is 0.05 so that we can ensure that heteroscedasticity does not occur in the model used.

**The Test of Multiple Regression**

**Table 6**

The Test Result of Multiple Regression Coefficients<sup>a</sup>

Model		Unstandardized Coefficients
		B
1	(Constant)	1.103
	LnDPR	.284
	LnDER	.031

a. Dependent Variable: LnPBV

Source: output data processed by SPSS V.21.0

From table 6 above, we get a formula for the multiple regression model equation, which is as follows:

$$PBV(Y) = 1.103 + 0.284(X1) + 0.031(X2) + e$$

Information:

1. With a number of constant is 1.103, this indicates if two variables in this research are eliminated, PBV will have a weighted value of 1.103.
2. The regression coefficient X1 is Dividend Payout Ratio of 0.284 This indicates a unidirectional relationship, meaning that if the value of the Dividend Payout Ratio increases by one unit it will cause the PBV to increase by 0.284. Assuming the regression coefficient value of other variables is constant or constant.
3. The regression coefficient X2 is the Debt to Equity Ratio(DER) of 0.031. This shows there is a unidirectional relationship, meaning that if the Debt to Equity Ratio has an increase in value weight by one unit, it will cause the PBV to increase by 0.031. With the assumption that the regression coefficient value of other variables is fixed or constant..

### 8. Hypothesis testing

#### The Testing of Partial (t-test)

Table 7  
The Testing Result of Partial (t-test) Coefficients<sup>a</sup>

Model		t	Sig.
1	(Constant)	7.349	.000
	LnDPR	2.542	.013
	LnDER	.284	.777

a. Dependent Variable: LnPBV

Source: output data processed by SPSS V.21.0

Table 7 we can describe that the Dividend Payout Ratio (X1) contains a t-count number of 2.542 at a significance level of 0.013. Judging from the t-count with a numerical weight greater than the t-table with a ratio of  $2.542 > 1.984$  and containing a significance level smaller than the constant level of 0.05, then H0 is not accepted and H1 is accepted, or in other words that the Company Value (PBV) can be significantly affected by the Dividend Policy (DPR) on companies engaged in the primary consumption sector listed on the IDX for the 2017-2019 period.

Debt to Equity Ratio (X2) contains a t-count value of 0.284 at a significance level of 0.777. Judging from the results above, it shows that the t-count number is smaller than the number in the t-table, namely  $0.284 < 1.984$  and contains a significance level greater than the constant level of 0.05, then H2 is not accepted and H0 is accepted or in other words that Debt to Equity Ratio does not have a significant effect on the Price to Book Value of companies engaged in the primary consumption sector listed on the IDX in the 2017-2019 period..

#### The Testing of Simultaneous (F\_test)

Table 8



The Testing Result of Simultaneous (F\_Test)  
ANOVA<sup>a</sup>

Model		F	Sig.
1	Regression	3.231	.044 <sup>b</sup>
	Residual		
	Total		

a. Dependent Variable: LnPBV

b. Predictors: (Constant), LnDER, LnDPR

Source: output data processed by SPSS V.21.0

According to Sugiyono (2014) in Bayu et al. (2021) To test the regression coefficient simultaneously, the F test can be carried out. The aim is to see whether in the regression model, all x variables simultaneously affect variable Y.

From table 8, the F-count value is 3.231 when compared with the F-table value obtained of 3.09 where  $F_{count} > F_{table} = 3.231 > 3.09$ , it means that  $H_0$  is not accepted and  $H_3$  can be accepted, then we can rely this result is to the theory which states that if the  $F_{count}$  result is more than the  $F_{Table}$  value and the significance value has a numerical weight smaller than the constant value of 0.05, so it can be concluded that the Dividend Policy (DPR) and Debt to Equity Ratio (DER) variables have a significant effect on Company value (PBV) in primary consumption sector companies listed on the IDX for the 2017-2019 period.

### The Test of Determination Coefficient

Table 9  
The Test Result of Determination Coefficient  
Model Summary<sup>b</sup>

Model	Adjusted R Square
1	.042

a. Predictors: (Constant), LnDER, LnDPR

b. Dependent Variable: LnPBV

Source: output data processed by SPSS V.21.0

From Table 9 above, we can see value of the coefficient of determination (Adjusted R Square) is 0.042. This gives an understanding of the results of data processing with a percentage of 4.20%, indicating that the Company Value (PBV) can be influenced by two variables in this research, namely the Dividend Policy (DPR) and Debt to Equity Ratio (DER). Then the rest, there are other variables outside the variables in this study that can affect PBV with a percentage of 95.80%.

## 9. Discussion

### Dividend Policy (DPR) on Company Value (PBV)

From the results of the data processing above, a statement by the author can be drawn where the analysis shows that the ratio of dividends to profits received by the company or in other terms Dividend Policy (DPR) has a significant effect on Company Value (PBV) engaged in the non-cyclicals consumer sector listed on the IDX in the 2017-2019 period. So if proportion of shareholders who receive dividends is greater, it shows the good the performance and operations of the corporate and makes the corporate more valuable (Hussain et al., 2020).

Our research results in a statement that is in accordance with the opinion of Fakhrudin (2008: 191) that dividends are one of the attractions for investors, especially those who have a large number of shares and dividend distribution is what is expected. Then the opinion of Halim (2015: 4) expresses his opinion by stating that dividend payment is basically an indirect communication to shareholders regarding the level of company profitability. This research is in line with the research of Titin KW, Sriyanto and Euis K. (2018) and Dede Hertina, Sumiyati and Lia Puteri Astama (2020) which state that the Dividend Policy in this case is the Dividend Policy (DPR) has a significant effect on the Company Value (PBV). This is also in line with the research of Bayu W., Albert, Feren

H. and, Sovi (2021) which states that the the Company Value (PBV) can be significantly affected by the Dividend Policy (DPR) in industrial sector companies.

#### **Debt to Equity Ratio (DER) on Company Value (PBV)**

Regarding Company Value (PBV), is it affected by the company's debt to capital ratio. Based on the results of data processing on financial statements related to the relationship between the two variables, we find that the condition of the Company Value (PBV) can't be significantly affected by the Debt to Equity Ratio (DER) for the 2017-2019 period.

In the absence of a significant influence above, investors will not be too focused on the size of the company's debt. Investors will instead focus on how companies use these funds effectively and efficiently to manage expenses to get a balance between income and expenses. If this ratio is maintained in an ideal manner it will increase the Company Value (PBV). This results is accordance with the study of Eva Eko Hidayati (2009), Devina and Ivonne (2016) and Dede Hertina, Sumiyati and Lia Puteri Astama (2020) which state that the amount of Company Value (PBV) is not significantly affected by the ratio of debt ownership to company equity ownership (DER). The results is same with the opinion of Modigliani and Miller (1958) in Devina and Ivonne (2016) which state that the debt ratio is irrelevant and has nothing to do with optimal capital structure. This result is same with the research of Bayu W., Albert, Feren H., and Sovi (2021) which states that the size of the Price to Book Value (PBV) in industrial sector companies cannot be influenced by the size of the level of Debt to Equity Ratio (DER).

#### **Dividend Policy (DPR) and Debt to Equity Ratio on Company Value (PBV)**

After processing the data above, it is related to whether the Company Value (PBV) can be affected by two variables simultaneously, which in this study are the dividend policy variable (DPR) and debt policy (DER). In the data processing we concluded that the Company Value (PBV) in primary consumption sector companies in the 2017-2019 period was significantly affected by the Dividend Policy (DPR) and Debt to Equity Ratio.

Then the results of this study are in line with research from Ni Luh D., and NI Putu SS, (2014), which states that the company value in manufacturing companies can be significantly influenced by several factors, including Eraning Policy (PER), Debt Policy (DER), Dividend Policy (DPR) simultaneously. Although the difference is we do not place or do not include the Price Earning Ratio variable in this study. So it is exactly the same as the research of Bayu W., Albert, Feren H., and Sovi (2021) which states that the variables of Debt Policy (DER), Profit Policy (PER), Sales Growth, NPM, Corporate Responsibility, Dividend Policy (DPR) have an effect significantly on company value (PBV) in companies engaged in the industrial sector. The difference between our research and the previous one is that several factors such as ROE, Sales Growth, NPM, and CR are not included in our study. And this research is in line with the research of Dede Hertina, Sumiyati and Lia Puteri Astama (2020) which states that the company value (PBV) can be influenced by the DER level, PER level and the rasio level of DPR. However, we do not include the investment decision variable (PER) in this study.

## **10. Conclusions and suggestions**

### **Conclusion**

1. Dividend Policy (DPR) has a significant effect on Company Value (PBV) in primary consumption sector corporate listed on the IDX for 2017-2019.
2. Debt to Equity Ratio (DER) do not have a significant effect on Company Value (PBV) in primary consumption sector corporate listed on the IDX for 2017-2019.
3. Dividend Policy (DPR) and Debt to Equity Ratio (DER) together have a significant effect on company value (PBV) in primary consumption sector corporate listed on the IDX for 2017-2019.

### **Suggestion**

1. For further research, it can be an information study material to be refined for further study, especially due to changes in sector classification by the IDX in 2021, by taking samples from other company sectors and adding other independent variables that can affect Company Value (PBV)
2. For potential investors, the Dividend Payout Ratio variable can be used as a consideration in analyzing investment plans in the non-social consumer sector.
3. For issuers engaged in the consumer non-chemical sector, pay more attention to dividend distribution to shareholders in addition to the need to increase profits, with the aim of making investors prosperous.

**Reference**

1. Aksoy, B. (2019). Determination of map literacy of undergraduate geography students. *Review of International Geographical Education Online*, 9(3), 591-603.
2. Ahmad, S. H. E. R., Kashif, M., Sattar, A., Qayyum, A., Sami, U. A., Nawaz, A., & Manaf, A. (2019). Characterization Of Peanut (*Arachis Hypogaea* L.) Germplasm For Morphological And Quality Traits In An Arid Environment. *Turkish Journal Of Field Crops*, 24(2), 132-137.
3. Boureima, S., & Abdoua, Y. A. O. U. (2019). Genotype by Yield\* Trait Combination Biplot Approach to Evaluate Sesame Genotypes on Multiple Traits Basis. *Turkish Journal of Field Crops*, 24(2), 237-244.
4. Bonal, J. R., Lorenzo Calvo, A., & Jiménez Saiz, S. L. (2019). Key Factors on Talent Development of Expertise Basketball Players in China. *Revista de psicología del deporte*, 28(3), 0009-16.
5. Bangun, Nurainun and Sintia Wati. 2007. Analisis Pengaruh Profitabilitas dan Kebijakan Dividen Terhadap Nilai Perusahaan Perdagangan, Jasa dan Investasi yang Terdapat di Bursa Efek Jakarta. *Jurnal Akuntansi/Tahun XI*, Vol. 2, Hal. 107-120
6. Basilgan, M., & Akman, A. S. (2019). An Empirical Analysis On The Impact Of The Foreign Direct Investments On Export Performance: Turkey Case. *International Journal of Economics and Finance Studies*, 11(2), 89-105.
7. Garidzirai, R., Meyer, D. F., & Muzindutsi, P. F. (2019). The impact of economic sectors on local economic development (led): the case of the Capricorn region, Limpopo province, South Africa. *International Journal of economics and finance studies*, 11(2), 20-35.
8. Brigham, Eugene and Joel F. Houston. 2006. *Dasar-Dasar Manajemen Keuangan*. Diterjemahkan oleh: Ali Akbar Yulianto. Jakarta: PT.Salemba Empat.
9. Devianasari, Ni Luh and Ni Putu S. S. 2015. Pengaruh Price Earning Ratio, Debt To Equity Ratio, Dan Dividen Payout Ratio Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia. *E-Jurnal Manajemen Unud*, Vol. 4, No. 11, 2015: 3646 – 3674
10. Dunga, H., & Mafini, C. (2019). Socio-Economic Factors Influencing The Education Of The Girl Child In Zomba, Malawi. *The International Journal of Social Sciences and Humanity Studies*, 11(2), 20-38.
11. Devina L.A., Ivonne S. 2016. Pengaruh Price Earnings Ratio, Debt To Equity Ratio Dan Dividend Payout Ratio Terhadap Nilai Perusahaan BUMN Yang Terdaftar Di Bursa Efek Indonesia Periode 2011-2014. *Jurnal Berkala Ilmiah Efisiensi*. Volume 16 No. 02
12. Eko, Eva H. 2010. Analisis Pengaruh DER, DPR, ROE Dan Size Terhadap PBV Perusahaan Manufaktur Yang Listing Di BEI Periode 2005-2007. Thesis EJEFA32+12.pdf, <http://eprints.undip.ac.id>
13. Ghozali, Imam. 2016. *Aplikasi Analisis Multivariate dengan Program IBM SPSS 21*. Semarang: Badan Penerbit Universitas Diponegoro.
14. Galatti, L. R., Marques, R. F., Barros, C. E., Montero Seoane, A., & Rodrigues Paes, R. (2019). Excellence in Women Basketball: Sport Career Development of World Champions and Olympic Medalists Brazilian Athletes. *Revista de psicología del deporte*, 28(3), 0017-23.
15. Halim, Abdul. 2015. *Analisis Investasi dan Aplikasinya dalam Aset Keuangan dan Aset Riil*. Jakarta: Salemba Empat.
16. Hendy M. Fakhruddin. 2008. *Go Public: Strategi Pendanaan dan Peningkatan Nilai Perusahaan*. Jakarta: PT.Elex Media Komputindo.
17. Hertina, Dede,; Sumiyati,; Lia P.A. 2020. Company Value Impact Funding Decisions, Investment Decisions And Dividend Policy. *Palarch's Journal Of Archaeology Of Egypt/Egyptology* 17(4), 3569-3576. ISSN 1567-214x
18. Hussain, H. I., Kot, S., Thaker, H. M. T., & Turner, J. J. (2020). Environmental Reporting and Speed of Adjustment to Target Leverage: Evidence from a Dynamic Regime Switching Model. *Organizacija*, 53(1), 21-35.
19. Kasmir. 2014. *Analisis Laporan Keuangan*. Edisi Satu. Cetakan Ketujuh. Jakarta: PT Raja Grafindo Persada.
20. Koesmia, Titin W.,; Sriyanto,; Enis Khaerunnisa. 2018. Pengaruh Kebijakan Dividen Terhadap Nilai Perusahaan Dengan Kebijakan Hutang Sebagai Variabel Intervening Pada Perusahaan Sub Sektor Industri Barang Konsumsi Periode 2011-2016. Universitas Sultan Ageng Tirtayasa. Volume XI, Nomor 1, Desember 2018
21. Mogano, P., & Mokoele, N. (2019). South African Climate Change Adaptation Politics: Urban Governance Prospects. *The International Journal of Social Sciences and Humanity Studies*, 11(1), 68-83.

22. Marlina, Tri. 2013. Pengaruh Earning Per Share, Return On Equity, Debt To Equity Ratio dan Size Terhadap Price To Book Value. *Fundamental Analysis for Stock*. Maret 2013, Hal 59-72
23. Putra, Tito P. 2007. Pengaruh Kinerja Keuangan Dan Beta Saham Terhadap Price To Book Value (Studi pada Perusahaan Real Estate dan Property yang Listed di BEI 2004-2006). [eprints.undip.ac.id](http://eprints.undip.ac.id)
24. Putri, Siti Meilani, W. 2014. Pengaruh Dividend Payout Ratio (Dpr), Debt Equity Ratio (Der), Return On Asset (Roa), Dan Size Perusahaan Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia (Bei) Periode 2009-2012. *e- Journal. Fakultas Ekonomi. Universitas Maritim Raja Ali Haji. Tanjungpinang*. 2014
25. Raharjaputra, Hendra S. 2009. *Manajemen Laporan Keuangan dan Akuntansi. Untuk Eksekutif Perusahaan*. Jakarta: Salemba Empat
26. Rokhayati, Isnaeni. 2005. Analisis Hubungan Investment Opportunity Set (IOS) dengan Realisasi Pertumbuhan Serta Perbedaan Perusahaan yang Tumbuh dan Tidak Tumbuh Terhadap Kebijakan Pendanaan dan Dividen di Bursa Efek Jakarta. *SMART: Vol. 1 No. 2 Januari 2005*
27. Sartono, Agus. 2015. *Manajemen Keuangan: Teori dan Aplikasi*. Edisi Keempat. Yogyakarta: BPFE
28. Surat Edaran No. SE-004/BEI.PSH/10-2008 tanggal 12 Oktober 2008 tentang Pembatasan Harga Penawaran Tertinggi atau Terendah atas Saham yang Dimasukkan ke JATS di Pasar Reguler dan Pasar Tunai
29. Wardjono. 2010. Analisis Faktor-Faktor Yang Mempengaruhi Price To Book Value Dan Implikasinya Pada Return Saham. *Dinamika keuangan dan perbankan*. Mei 2010 Vol. 2, No. 1, 184-367-1-SM.doc
30. Wulandari, Bayu,; Albert,; Feren H.,; Sovi. 2021. Pengaruh DER, ROE, SG, NPM, CR, DPR terhadap Nilai Perusahaan Sektor Industri yang terdaftar di BEI. *Owner: Riset & Jurnal Akuntansi*. e-ISSN : 2548-9224 | p-ISSN : 2548-7507. Volume 5 Nomor 1, Februari 2021
31. [www.idx.co.id](http://www.idx.co.id)