

# The Effects of Financial Performance toward Firm Value on Tourism, Hotel and Restaurant, and Transportation Sectors Listed on Indonesia Stock Exchange

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## ABSTRACT

This study aims to examine the effect of financial ratios on firm value. The sample was chosen using purposive sampling with the data collection period 2016-2019, particularly in the tourism, hotels and restaurants, and transportation sectors listed on the Indonesia Stock Exchange. The sampling technique used purposive sampling, in order to obtain 45 companies per year. The data was collected through the datastream and [www.idx.co.id](http://www.idx.co.id) website, and analyzed by employing SPSS 26 version. Financial performance variables are measured using Current ratio, Acid test ratio, Debt ratio, Debt to Equity ratio, Receivables collection period, Accounts receivable turnover, Gross Profit Margin and Net Profit Margin, while the firm value variable is measured by Price to Book Value (PBV). Since the data should meet the classical assumption test, therefore, normality test, multicollinearity test, heteroscedasticity and autocorrelation were carried out. The results showed that the debt ratio, accounts receivable turnover and net profit margin had a significant effect on firm value. On the other hands, other ratios such as current ratio, acid test ratio, debt to equity ratio, accounts receivable collection period, and gross profit margin do not have a significant effect on firm value.

**Keywords:** accounts receivable turnover, debt ratio, financial performance, net profit margin, price to book value, tourism

## 1. Introduction

Tourism sector is a sector including into strategic programs of Indonesian Government's economic development in the year 2015-2020, aside from industrial, maritime, food and energy sectors. According to Andriani (2014), ASEAN Economic Community (AEC) is the final goal of economy integration as stated in ASEAN Vision 2020. The establishment of AEC was carried out through the four pillars; the achievement of single market and production base, highly competitive economic region, a region of equitable economic development, and a region that is fully integrated with the global economy. The presence of this goal encourages companies in tourism and transportation fields to keep improving their performance in order to develop the economy in the ASEAN region. Similarly, the tourism sector in Mexico has become one of the most influential factors in its economy productivity with the presence of its multiplier effects on the economic activity (Brida, Carrera, & Risso, 2008).

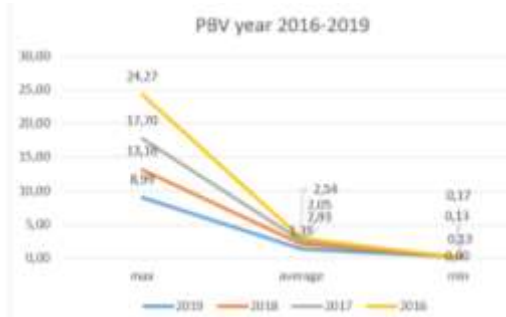
Indonesia has sizeable resources in the form of policies, business and infrastructure environment, as well as natural resources, human and cultural. By having these resources, Indonesia is capable to compete within the

ASEAN Region in developing its economic (Peraturan Pemerintah (PP) tentang Rencana Induk Pembangunan Kepariwisata Nasional Tahun 2010-2025, 2011). Regarding to this matter, the government has issued its policy through Law No 10, year 2009 on Tourism. Article 2 states that the enforcement of tourism is held based on benefit, fair and equitable, independence, participatory, sustainability, and sustainable development (Undang-undang (UU) tentang Kepariwisata, 2009).

The policy provides opportunities to tourism and transportation industries to develop their company performance both internally and externally. Internally, it can be shown from the company's strength in earning profit, and being able to cover up the operational expenses, as well as providing welfare for the shareholders. Externally, the company is able to give future prospects to the shareholders which is later called firm value. This firm value is seen from the stock price in the stock exchange. Husnan & Pudjiastuti (2012) pointed out that firm value is the price paid by the investors when the company is sold. In other words, the firm value is the price where the investors is capable to purchase the

company' stock. The higher the price set by the investors, the higher the firm value is, and vice versa.

One of the measurements used is Price to Book Value (PBV). When PBV is above 1, the stock price of the company becomes expensive, conversely when the value is below 1, it can be said that the stock price of the company is cheap. Based on the data gathered in this study, the stocktaking tendency of PBV on tourism, hotel and restaurant, and transportation sectors is decreasing since 2016 until 2019.



Source: Processed Data (2021)

Figure 1. The growth of PBV in 2016-2018 on Tourism, Hotel and Restaurant, and Transportation Sectors in Indonesia.

On average, the investors are only able to buy the company at twice the book value per each share. This value can be used by the investors to assess and take it as the basis in estimating the company's financial position in the coming years.

Fitriana, Andini, & Oemar (2016) stated that the main factor that influences the stocks movement and stocks return is the fundamental factor deriving from internal of the company (issuer). If the company that issues the stocks is in good performance, the price of the stock tends to increase.

The development of tourism, hotels and restaurants, and transportation sectors in Indonesia fluctuates in number of cases due to the external factors such as public preferences and government regulations. As a matter of fact, firm performance condition during the observation periods represents the activities turnover which is occurred monthly. Even though in terms of financial, the companies cannot avoid of using debts in supporting their operational activities, they are still capable to pay both short- and long-term liabilities. Additionally in terms of profit, there is a decrease during the observation period, where the net profit rate is only 2% - 4%. It can be said that the development within these sectors requires total support from the government in order to evolve well.

The financial performance is a determination on particular measures that can assess the success of a company in generating its profit (Sucipto, 2003). The company financial performance is determined by financial ratio. There are four groups of financial ratio (Munawir, 2014), they are: 1) Liquidity Ratios. It measures

the ability level of a company to meet its short-term financial obligations on time (Munawir, 2012). In addition, Liquidity can be determined by Current Ratio and Quick Ratio. 2) Solvency Ratios show the the company's ability to meet its long-term obligations (Simamora, 2010). This type of ratio can be measured by Debt Ratio and Debt to Equity Ratio. 3) Activity Ratios are ratios used to evaluate the company's ability in carrying out daily activities or the company's ability in selling, billing, receiving accounts receivable, and utilizing its assets (Munawir, 2014). Activity ratios can be measured by accounts receivable collection periode and accounts receivable turnover. 4) Profitability Ratios show the company's ability in earning profits (Simamora, 2010). It can be measured by both gross profit margin and net profit margin.

The analysis is aimed to evaluate the influence of financial ratios on the firm value in tourism, hotel and restaurant, and transportation sectors. This financial ratios analysis is the first experiment conducted on the above mentioned sectors due to their uniqueness comparing to other sectors, particularly in their characteristics (Yeh & Trejos, 2013). Evans, Stonehouse, & Campbell (2003) indicated that tourism is a fast growing sector that makes the preferences and demands of the customers changing frequently. Therefore, the tourism companies are required to anticipate and comprehend changed preferences of the customers, and quick to react in responding to the changes. Ozdemir (2020) believed that tourism sector has diverse corporate governance, and economic importance as it is complementer and needs close colaboration among various industries.

This study contributes to the company's managers in determining the financial ratios which are capable in predefcting the firm value in the future. Additionally, the government can also give a special attention on to these sectors by providing facilities and programs in order to develop the related sectors in strengthening the Indonesia economy in particular, and ASEAN in general.

## 2. Literature Review and Hypothesis Firm Value

Firm value is a price that would be paid by an investor when the company is being sold (Husnan & Pudjiastuti, 2012). To achieve this value, a company puts some efforts to improve its value by increasing the stocks price. Various ways are performed fundamentally or technically by the shareholders or managers. Fundamentally, financial ratios are used based on the data in financial statements. The go-public companies (the company's stocks have been traded in the stock exchange), should present sufficient information to the related investors concerning the activities held by the company. This information becomes the evaluation for the investors which is reflected through the stock price.

High stock price indicates that the investors or the communities have an excellent evaluation on

the company, so they can purchase the shares with higher price comparing to its PBV. In this circumstance, the higher valued company implies a well-performance of the company. On the contrary, if the stock price decreases, it implies that the investors/ communities have bad evaluation and are incapable to buy the stock with higher price, and even below its book value price. The evaluation is called price to book value (PBV). The measurement is frequently used by the investors in order to see the company's performance in the coming years. If the PBV is above one, means that the company has a good expectancy in the future, and vice versa.

### Liquidity Ratios

As argued by Harjito & Martono (2012), liquidity is the company's ability to meet its short-term financial obligations or should be immediately fulfilled. This type of obligation must pay off within a year by using company's short-term assets. When liquidity assessment gives higher value, a company is considered able to comply with the short-term obligations, or in other words is liquid. There are several measurements used, namely (a) current ratio. It is margin of safety ratio of short-term creditors or the company's ability to pay debts and other payables; (b) acid test ratio. It shows the company's ability to pay the obligation without considering inventory; (c) cash ratio. It is the company's ability to pay the obligations with the available company's cash.

How ever, several previous studies used the measurements of Current Ratio and Quick Ratio (Awulle, Murni, & Rondonuwu, 2018; Fitriana et al., 2016; Permana & Rahyuda, 2019). The hypotheses developed are :

H1 : Current ratio has significant and positive relation on the firm value measured by PBV  
 H2 : Quick ratio has significant and positive relation on the firm value measured by PBV.

### Solvency Ratios

Solvency ratio is the company's ability to meet its financial obligations when it is liquidated for both short- and long-term obligations (Munawir, 2014). Kashmir (2016) believed that solvency ratios is used to measure how leveraged the company is with debt. How much is the firm's debt expenses compare to its assets. Husnan & Pudjiastuti (2012) stated that the measurements that can be used are (a) debt ratio, which is calculating the firm's total assests financed by debts; (b) time interest earned ratio, which shows the ability of net operating income to guarantee the interest expenses borne by the company. (c) debt to equity ratio, which shows the firm's ability to meet all obligations shown in the company's total assets that can be used to pay the long-term debts.

The frequently used ratio in measuring the solvency in several studies is Debt Ratio and Debt to Equity Ratio (Awulle et al., 2018; Fitriana et al., 2016; Permana & Rahyuda, 2019; Rahmawati, Topowijono, & Sulasmiyati, 2015). The greater the solvency value indicates that company's capital structure uses more debts,

and demonstrates a relatively high company risk. Consequently, the investors tend to avoid the stocks with a high DER (Brigham, Houston, & Yulianto, 2011). It is bad indication for the investors resulting lower stock price. The hypotheses developed are:

H3 : Debt ratio has signigficant and negative relation on the company value measured by PBV  
 H4 : Debt equity ratio has signigficant and negative relation on the company value measured by PBV

### Activity Ratios

Activity ratio is a ratio used in measuring the company's effectiveness in using its assets in order to analyze the efficiency level in the usage of company resources (Kashmir, 2016). The higher the activity ratios, the more effective the company in managing the company's operational assets and fund. In addition, Husnan & Pudjiastuti (2012) agreed to use several measurements (a) accounts receivable collection period. It is a daily average needed to convert accounts receivable into cash, or shows the required period of time since the company carrying out credit sales to receiving cash payment; (b) accounts receivable turnover. It is when the company's receivables has a close relationship with the credit sales volume. Thus, these accounts receivable and estimated time in collecting them can be performed by calculating their turnover rate by dividing total of credit sales and the average of accounts receivable; (c) inventory turnover. It is where the similar procedure in evaluating accounts receivable can be applied. It calculates the inventory turnover rate in a given time period which is the ratio between the total cost of goods sold and the average value; and (d) total assets turnover. It exemplifies the company's effectiveness in using all the fixed assets to generate sales and earn profit. The turnover rate is determined by the assets element itself.

In previous empirical study, the activity measurement tends to use sales-related activity; accounts receivable turnover and accounts receivable collection period (Orniati, 2009). The hypotheses developed are:

H5 : Accounts receivable collection period has significant and positive relation on the company value measured by PBV  
 H6 : Accounts receivable has significant and positive relation on the company value measured by PBV

### Profitability Ratios

Profitability Ratio, according to Harjito & Martono (2012) is the company's ability to earn profits from the capital used in order to obtain profits not only from operating activity (sales) but also its capital activity and assets activity or its investment. In their study, Husnan & Pudjiastuti (2012) used several measurements, they are: (a) gross profit margin. It is a ratio between gross profit earned by the company and the sales level achieved at the same period; (b) net profit margin. It is a ratio or a comparison between net

profit that has been earned by the level of sales; (c) return on investment (ROI). It determines the company's ability in generating profits from the assets used. (d) return on equity (ROE). It is a ratio that demonstrates the investment return rate for the shareholders.

High profitability exemplifies the company's ability in generating the profits for the company and shareholders. As a matter of fact, profitability is one of very sensitive indicators, and acknowledged by the investors when buying or selling the company shares.

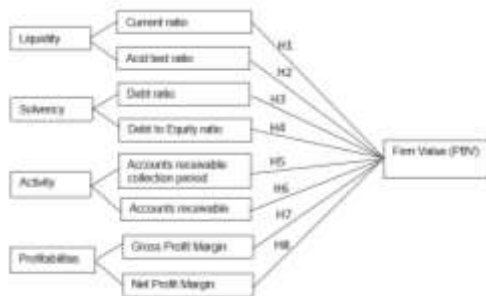
This present study uses the measurements derived from the sales activity which are gross profit margin (GPM) and net profit margin (NPM) referring to the studies of Fitriana et al (2016), Permana (2019), Awulle (2018), and Rahmawati (2015). The hypotheses developed are:

H7 : Gross profit margin has significant and positive relation on the company value measured by PBV

H8 : Net profit margin has significant and positive relation on the company value measured by PBV

**Conceptual Framework**

Based on the literature review taken, the conceptual framework of this study links the dependent and independent variables as seen in Figure 2. The dependent variable within this study is the firm value measured by Price to Book Value (PBV). Whereas the independent variable is the liquidity (the measurement of current and quick ratios), solvency (the measurement of debt ratio, debt to equity ratio), activities (the measurement of accounts receivable collection period and accounts receivable turnover), and profitability ratio (the measurement of GPM and NPM). Ratio – the aforementioned ratio is the one used in measuring a company financial performance, and deriving from this financial performance the firm value can be made.



Source: Processed Data (2021)  
Figure 2. Conceptual Framework

**3. Methodology**

This study was an empirical study applying quantitative method. The data were collected through datastream database (Refinitiv Eikon), and through www.idx.co.id website to present the company's financial data on tourism, hotel and restaurant, and transportation sectors listed on Indonesia Stock Exchange (ISE) in 2016-2019 observation period. That certain period was chosen based on the assumption that the tourism and transportation circumstances were already in

good condition. Year 2020 was not included due to the COVID-19 pandemic where the mobility of Indonesian community was restricted, accordingly tourism, hotel and restaurant, and transportation sectors that should comply the government policies.

The purposive sampling was chosen as the appropriate sampling technique by taking the samples with specific criteria. The population was companies including into tourism, hotel and restaurant, and transportations sectors, in view of their performances which contributed to the economic development in the ASEAN region. The development within these sectors were expected to develop well, and had a good firm value, so that they could contribute in the Indonesia's economic development. Referring to the ISE data, the total amount of the companies within these sectors in 2019 were 80. Below is the criteria of the companies's sampling technique.

Table 1. Criteria of the sampling technique

Sampling Criteria	Number of Companies
Companies in Tourism, Hotel and Restaurant sectors	38 companies
Companies in Transportation sector	42 companies
Listed above year 2016	(28) companies
Companies with incomplete data to be processed	(7) companies
<b>Sample Companies</b>	<b>45 companies</b>

Source: Processed Data (2021)

**Operational Definition of Independent Variable**

Liquidity ratios. It is a ratio that demonstrates the company's ability to meet its short-term obligation which is due.

- a) Current Ratio-CR (X<sub>1</sub>) is margin of safety ratio of short-term creditors or the company's ability to pay current debts. The greater the ratio value, the higher the company's ability to cover up its current debts by using the company's current assets.

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

- b) Acid Test Ratio demonstrates the company's ability to meet its obligations without paying attention to its inventory.

$$\text{Acid test ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

Solvency Ratio is also called leverage ratio, which measures the extent of the company financed by using debts.

- a) Debt Ratio calculates the company's total assets financed by using debts.

$$\text{Debt ratio} = \frac{\text{Total Debt}}{\text{Total Asset}}$$

- b) Debt to Equity Ratio indicates total debts and total equity in company's funding, and the ability of company's capital to meet all of its obligations.

$$\text{Debt to equity ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

Activity Ratio is a ratio that measures the efficiency level in the usage of company resources

- (a) Accounts receivable collection period. It is a daily average needed to convert accounts receivable into cash, or shows the required period of time starting from the company carries out credit sales to receives cash payment.

$$\text{Accounts receivable collection period} = \frac{\text{Total accounts receivable}}{\text{Credit sales}/365}$$

- (b) Accounts receivable turnover. It is when the company's accounts receivables has a close relationship with the credit sales volume. Thus, these accounts receivable and estimated time in collecting them can be performed by calculating their turnover rate.

$$\text{Accounts Receivable turnover} = \frac{\text{Credit Sales}}{\text{Average Accounts Receivable}}$$

Profitability Ratio is a ratio that measures the level of effectiveness in managing the company shown by the profit amount generated from sales and investments.

- a) Gross profit margin is a ratio between gross profit earned by the company and achieved sales rate at the same period.

$$\text{Gross profit margin} = \frac{\text{Gross Profit}}{\text{Total Sales}}$$

- b) Net profit margin is a ratio or a comparison between achieved net profit and sales rate.

$$\text{Net profit margin} = \frac{\text{Net Profit after Tax}}{\text{Total Sales}}$$

### Operational definition of dependent variable

The dependent variable in this study is the firm value measured by Price to Book Value (PBV), as seen in the formula below:

$$\text{PBV} = \frac{\text{Price per Share}}{\text{Book Value per Share}}$$

### Data Analysis Methods

This study utilized econometric model for analysis method implementing multiple regression analysis for its hypotheses testing. The multiple regression analysis was applied in order to test the influence of company's performance variable, namely: current ration, acid test ratio, debt ratio, debt to equity ratio, accounts receivable collection period, receivable turnover, gross profit margin, and accounts receivable turnover on the firm value measured by PBV. The regression econometric model can be seen as follow:

$$\text{PBV} = \alpha + \beta_1\text{CR} + \beta_2\text{AT} + \beta_3\text{DR} + \beta_4\text{DER} + \beta_5\text{PeP} + \beta_6\text{PPI} + \beta_7\text{GPM} + \beta_8\text{NPM} + \epsilon$$

The hypotheses testing was to examine the propriety of theoretical concept with regression processing result taking regression coefficient and level of significance of each company's performance variables as the basis. This testing was carried out simultaneously (Test F), and partially (Test T) by comparing them in 5% probability scale.

Prior to the hypotheses testing, classic assumption test was carried out in order to determine whether the regression econometric model has demonstrated representative and significant correlation. The tests conducted were normality, multicollinearity, heteroscedasticity and autocorrelation tests.

### Results and Discussion

The initial step of classic assumption test was normality test using one sample kolmogrof-Smirnov Test method, in order to figure out whether the residuals was normally or abnormally distributed. When the test result has >0,05 significance value, it can be said that the residual value is normally distributed. In the preliminary test results, Asymp. Sig value is at 0,000 which means not normal. As a consequence, transform is performed on the dependent variable (PBV), and debt ratio variable. The results are Asymp. Sig value increasing to 0,200, with 0,072 > 0,05 significance value, which means that the processed data is normally distributed (Ghozali, 2011).

Table 2. Results of Normality Testing

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		180
Normal	Mean	,0000000
Parameters <sup>a,b</sup>	Std. Deviation	,43946159
Most Extreme	Absolute	,064
Differences	Positive	,064
	Negative	-,033
Test Statistic		,064
Asymp. Sig. (2-tailed)		,072 <sup>c</sup>

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: SPSS Output (Processed data, 2021)

Multicollinearity test is to ensure the existence and the absence of intercorrelation or collinearity in the regression model among independent variables. This multicollinearity test employs tolerance value and VIF. Ghozali (2011) examined that the indications of multicollinearity will not presence if the Tolerance Value (TOL) is > 0,100, and VIF is < 10,00. Hence, the results obtained from data processing were >0,100 for TOL Value for all variables, and < 10,00 for VIF Value. It indicates that the data processing does not encounter multicollinearity indications.

Table 3. Result of Multicollinearity Testing  
**Coefficients<sup>a</sup>**

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Current R (x1)	,407	2,460
Quick R (x2)	,450	2,223
Trans_debt (x3)	,633	1,579
DER (x4)	,966	1,035
Priode_Piutang (x5)	,824	1,213
Piutang TO (x6)	,882	1,134
GPM (x7)	,643	1,554
NPM (x8)	,788	1,269

a. Dependent Variable: Trans\_PBV

Source: SPSS Output (Processed Data, 2021)

Heteroscedasticity test is to examine the occurrence of inequalities on variances within the linear regression model from one observation residual to another. A good regression model is when homoscedasticity is occurred, or heteroscedasticity is not existed. The heteroscedasticity test employs glacier test by regressing independent variable with its residual absolute value. The basis is if the significance value between independent variable and residual absolute is greater than 0,05, then the heteroscedasticity is not occurred. From the transformed data, the value of heteroscedasticity test is obtained. It can be seen that the significance value based on the absolute value is above 0,05 for all variables. Thus, the heteroscedasticity within the model is not occurred.

Table 4. Result of Heteroscedasticity Testing  
**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients	Stand ardzied	Coeffi cients	Stand		
				B	Std. Error	Beta
1 (Constant)	,414	,047			8,887	,000
Current R (x1)	1,320E-6	,000	,062	,525	,600	
Quick R (x2)	,000	,000	,090	,811	,419	
Trans_debt (x3)	-2,178	1,243	-,165	-1,751	,082	
DER (x4)	8,409E-5	,000	,081	1,064	,289	
Priode_Piutang (x5)	-1,802E-6	,000	-,129	-1,565	,120	
Piutang TO (x6)	-8,632E-6	,000	-,071	-,886	,377	
GPM (x7)	-6,390E-6	,000	-,068	-,726	,469	
NPM (x8)	-3,097E-6	,000	-,028	-,327	,744	

a. Dependent Variable: abs\_res

Source: SPSS Output (Processed Data, 2021)

Autocorrelation test is to determine the presence of variables correlation in the prediction model with time changing, where it is expected that there is no autocorrelation in regression model. Ghozali (2011) highlighted that there is no indications of autocorrelation if the value of Durbin-Watson is in between du and 4-du. Referring to the SPSS results, du value in table value distribution of Durbin-Watson based on k

(8), and N (180) with 5% significance is du (1,8496) < Durbin Watson (2,196) < 4-du (2,1504). As Durbin-Watson value is in between du and 4-du, therefore autocorrelation indications are not occurred in data.

Table 5. Result of Autocorrelation Testing  
**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,488 <sup>a</sup>	,238	,202	,44962	2,196

a. Predictors: (Constant), NPM (x8), Piutang TO (x6), DER (x4), Trans\_debt, Priode\_Piutang (x5), GPM (x7), Quick R (x2), Current R (x1)

b. Dependent Variable: Trans\_PBV

Source: SPSS Output (Processed Data, 2021)

## Results

### Model Goodness of Fit Test

The simultaneously conducted regression model testing (Table 6) presents F value at 6,678 and 0,000 (<0,05) significance rate. It can be argued that this regression model is a fit model and can be used in foreseeing the changes on firm value.

Table 6. Model Goodness of Fit Testing  
**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	10,800	8	1,350	6,678	,000 <sup>b</sup>
Residual	34,570	171	,202		
Total	45,370	179			

a. Dependent Variable: Trans\_PBV

b. Predictors: (Constant), NPM (x8), Piutang TO (x6), DER (x4), Trans\_debt, Priode\_Piutang (x5), GPM (x7), Quick R (x2), Current R (x1)

Source: SPSS Output (Processed Data, 2021)

Referring to the regression results on the summary model (Table 7), the determination coefficient result (R<sup>2</sup>) is 0,238 (23,8%). It can be noted that, on the basis of the model established, the ability of independent variable (financial performance) can only explain 23,8% changes on PBV, whereas the remainder is influenced by other variables which have not been included into the research model.

Table 7. Result of Coefficient of Determination  
**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,488 <sup>a</sup>	,238	,202	,44962

a. Predictors: (Constant), NPM (x8), Piutang TO (x6), DER (x4), Trans\_debt, Priode\_Piutang (x5), GPM (x7), Quick R (x2), Current R (x1)

b. Dependent Variable: Trans\_PBV

Source: SPSS Output (Processed Data, 2021)

The established regression model provides goodness of fit value, thus the variable influence can be analyzed partially. The testing of hypothesis 1 to 8 are shown in the processing

result of multiple linear regression in Table 8 below.

Table 8. Result of Regression Testing Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1,982	,080		24,646	,000
Current R (x1)	-5,329E-6	,000	-,129	-1,228	,221
Acid test (x2)	,001	,000	,165	1,655	,100
Trans_debt (x3)	-6,877	2,149	-,268	-3,200	,002
DER (x4)	,000	,000	,100	1,465	,145
Priode_Piutang (x5)	-8,719E-7	,000	-,032	-,438	,662
Piutang TO (x6)	6,835E-5	,000	,289	4,062	,000
GPM (x7)	2,905E-5	,000	,159	1,908	,058
NPM (x8)	3,424E-5	,000	,157	2,093	,038

a. Dependent Variable: Trans\_PBV

Source: SPSS Output (Processed Data, 2021)

Considering the regression results, the model of the result is obtained, seen as follow:

$$PBV = 1,982 - 0,000005 CR + 0,001 AT - 6,877 DR + 0,00 DER - 0,0000008 PeP + 0,00006 PPI + 0,00002 GPM + 0,00003 NPM + \epsilon$$

The hypotheses testing will be accepted when the regression coefficient table has < 0,05 value. Hypothesis 1 demonstrates the relationship of current ratio and PBV which has 0,221 (> 0,05) significance value. The result indicates that current ratio has no significant relation on the changes of PBV. Hypothesis 2 shows the relationship of acid test ratio and PBV which has 0,100 (> 0,05) significance value. It expresses that acid test ratio has no significant relation on the changes of PBV. Hypothesis 3 determines the relationship of debt ratio and PBV which has 0,002 (< 0,05) significance value. The coefficient value of debt ratio is negative at 6,877 which means that the increase on debt ratio for 1% can decrease the PBV for 6,877%. Hypothesis 4 indicates the relationship of DER and PBV which has 0,145 (> 0,05) significance value. It can be noted that DER has no significance relation on the changes of PBV. Hypothesis 5 implies the relationship of accounts receivable collection period on PBV which has 0,100 (> 0,05) significance value. Affirming that accounts receivable collection period has negative relation, even though it is insignificant on the changes of PBV. Hypothesis 6 shows the relationship of accounts receivable turnover and PBV which has 0,000 (< 0,05) significance value. The coefficient value of accounts receivable turnover is positive at 0,00006, which means the 1% increase on accounts receivable turnover can increase PBV for 0,00006%. Hypothesis 7 demonstrates the relationship of gross profit margin and PBV which has 0,058 (> 0,05) significance value. It points out that gross profit margin has positive relation, even though it is insignificant on the changes of PBV. Hypothesis 8 expresses the relationship of net profit margin and PBV which has 0,038 (< 0,05) significance value. The coefficient value of

net profit margin is positive at 0,00003, indicating that the 1% increase on net profit margin can increase PBV for 0,00003%.

## Discussion

Considering the result of multiple linear regression, that formed regression model indicates this model is fit and is able to determine dependent variable, which is the firm value. More over, the hypothesis test results of financial performance ratio influence the firm value on tourism, hotel and restaurant, and transportation sectors during the observation period, the determining ratio that significantly affects the firm value is debt ratio (solvency ratio) accounts receivable turnover (activity ratio), and net profit margin (probability ratio). These three ratios become main priority in increasing the firm value. In term of manager, this ratio is expected to be well-managed, so its value can provide an increase on the firm value. Likewise, the government can implement policies in increasing the company operational activity within tourism, hotel and restaurant, and transportation sectors.

Debt ratio has significantly negative influence on the firm value within tourism, hotel and restaurant, and transportation sectors. Rompas (2013) agreed that debt ratio has negative and significantly affected the firm value. Taken the analysis into account in terms of operational, tourism, hotel and restaurant, and transportation sectors require a great fund, therefore, the managers should pay more attention in managing the company's finance. The decision in making investment is also included which should go through a deep thought process. When the investment is taken from debts, it will set out a greater interest expenses, which affects the decrease on the share price and the firm value eventually. Fitriana et al. (2016) pointed out that the increase on debt is a bad foreshadow for the investors, as it can decrease the share price.

Accounts receivable turnover ratio has significantly positive relation on firm value. It is in accordance with the study's result of Mayasari & Anggraini (2016) which examined the accounts receivable turnover as well on the shares return in the telecommunication industry. Taken into account that in tourism, hotel and restaurant, and transportation sectors, cash sales transactions has smaller percentage. The customers have the tendency to purchase the products sold on installment. In consequences, accounts receivable turnover becomes an indication on the firm value. The faster the accounts receivable turn over, the more increase the firm value is.

Profitability Ratios that has significant and positive relation on the firm value is net profit margin ratio. It is correspondingly with Rompas (2013)'s study that took place in State-owned Enterprise (SOE) companies listed on Indonesia Stock Exchange. Moreover, net profit margin is one of considerable aspects in investment. The higher the net profit margin is, the greater the profits for the shareholders are, thus, the demands of the shares are increasing as well. The investors tend to purchase the company's shares which cause the price becoming higher

and the firm value increasing. As well as the sectors taken in this recent study, their business opportunities will increase in as much as the substantial finance they will earn.

## Conclusions

As a matter of fact, one of strategic programs in Indonesia's economic development in 2015-2020 is tourism sector, and it has become a compelling indicator in the economic growth within the ASEAN region. Significantly, companies within this industry should increase their performance and exhibit a good value in order to catch the attention of the investors. The aim of this study is to examine the relation of financial ratio on the firm value. Financial performance variable is measured using current ratio, acid test ratio, debt ratio, debt to equity ratio, accounts receivable collection period, accounts receivable turnover, gross profit margin, and net profit margin, whereas variable of firm value is measured by price to book value (PBV). The data of the study should meet classic assumption tests which consist of normality, multicollinearity, heteroscedasticity, and autocorrelation tests. The findings of this study points out that debt ratio, accounts receivable turnover, and net profit margin have significant relation on the firm value. Conversely, current ratio, acid test ratio, debt to equity ratio, accounts receivable collection period, and gross profit margin has no significant relation on the firm value.

Hence, the related ratios verified in this current study are solvency ratio (debt ratio), activity ratios (accounts receivable turnover), and profitability ratios (net profit margin). This confirming that tourism, hotel and restaurant, and transportation sectors are unprecedented, as the capital (utilizing debts), and activity are sensitive concerning the firm value due to its higher fixed cost. In addition, activity ratio is an indicator that defines operational activities, as it is related to service and customer trust. Satisfied customers will be always put their loyalty on the company. Thus, the companies should take into consideration concerning the services provided, as negative information can make their existing and/ or prospecting customers change their preferences. Profitability ratio is a consequence of the service activities given. When the customers are satisfied, the companies will gain higher tips and can also escalate other investments. On the contrary, if the customers are unsatisfied, the companies can go bankrupt immediately. Notably, this factor is the one that characterizes tourism sector from other sectors.

## Limitations and Future Research

This study still has several limitations worth mentioning, one of which is the short time period in carrying it out, thus the result obtained still unable to demonstrate maximum test result. Therefore, further research should consider more in extending the duration of the observation period, so that it can achieve substantive

outcome. Likewise, adding more variables that may influence the firm value is recommended, due to the current research that still gives 23,8% contribution value to firm value, while the other 76,2% remain unutilized.

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