
Stock Valuation: The Role of Financial Ratio In Cement Companies On The IDX 2012-2022

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Abstract

This research aims to explore the role of Current Ratio, Debt to Equity Ratio, Return on Equity, and Dividend Payout Ratio on Price to Book Value in cement companies listed on the Indonesia Stock Exchange during the 2012-2022 period. This research aims to provide a better understanding of the factors that influence share valuation in the cement industry in Indonesia. The data analysis method used is panel regression with a significance level of 0.05, and STATA software is used to analyze the data. The research results show that Debt to Equity Ratio (DER) and Dividend Payout Ratio (DPR) have a significant influence on Price to Book Value (PBV) in cement companies listed on the Indonesia Stock Exchange. DER describes the relationship between equity and debt in a company's financial structure, while DPR reflects the percentage of net profit paid as dividends to shareholders. An increase in DER or DPR can positively or negatively affect the valuation of cement company shares. Return on Equity (ROE) and Current Ratio (CR) were not found to have a significant influence on PBV. ROE measures the efficiency of using equity in generating profits, while CR shows the company's ability to meet short-term obligations with current assets. These findings provide a deeper understanding for investors, financial analysts and other stakeholders in measuring company value and understanding the factors that contribute to stock valuation in the capital market.

Keywords: Current Ratio, DER, ROE, DPR, PBV.

INTRODUCTION

The development of the cement industry in Indonesia continues to accelerate, showing how important this industry is in the country's development. As a major contributor to infrastructure such as buildings, toll roads, ports, airports and bridges, the cement industry has a vital role in infrastructure development. With the increasing demand for building materials, the cement industry has become the backbone in meeting the need for construction materials for large-scale development projects. Apart from that, the cement industry also makes a significant contribution to economic growth, job creation and improving people's living standards through the development of supporting

infrastructure. Thus, industrial development not only reflects a country's economic progress, but also plays a key role in strengthening the foundations of development (Tayeb et al., 2023).

With the rapid growth of cement companies in Indonesia, competition is also getting tougher. This requires increased performance which is crucial for these companies to maintain and expand their business (Zhang et al., 2021). In the midst of increasingly fierce competition, cement companies must continue to strive to improve operational efficiency, product innovation and service to customers. Improved performance will help companies to remain relevant in the market, maintain competitive advantage, and generate sustainable growth in the long term (Wu et al., 2023).



Access to funds is a key element in maintaining the sustainability of industry, including the cement industry. These funds can be obtained through two main ways: issuing shares on the capital market or debt loans. In the capital market, shares are an instrument that is frequently traded, and the Indonesian Stock Exchange (BEI) is the main platform for stock transactions in Indonesia. Through the issuance of shares, cement companies can raise funds from investors by selling shares of company ownership in the form of shares (Ariffah, 2023). This provides additional capital that can be used for expansion, investment in new technology, or debt repayment. Apart from that, companies can also choose to obtain funds through loans from financial institutions or bonds. Easy and efficient access to capital markets is an important factor in supporting industrial growth and sustainability in Indonesia (Hasanudin et al., 2023).

Debt to Equity Ratio (DER) is an indicator that describes how much of its own capital is used to support the company's debt. The use of debt in company operations is a strategic decision that has complex impacts. Although it can be a powerful source of capital to expand a business and increase revenue, the use of debt also carries certain risks that need to be carefully considered (Chen et al., 2023). Debt allows a company to access additional funds that may not be available through its own capital, expanding its ability to invest in new projects or increase production capacity. This can result in increased revenue and significant business growth (Bertsatos et al., 2016). Too much debt can increase a company's level of financial risk, especially if earnings are not enough to cover growing debt payments. Fluctuations in interest rates and changes in market conditions can also affect the cost and availability of debt, increasing the risks

associated with the use of debt. Company management must conduct a thorough evaluation of the risks and benefits associated with the use of debt before making strategic decisions regarding the company's capital structure. With a careful approach and deep understanding of the implications of debt use, companies can minimize financial risks while maximizing potential growth and profitability (Huang et al., 2023).

Careful debt management is an important factor in a company's financial strategy. By managing debt efficiently, companies can generate a number of significant benefits (Xu et al., 2023). Firstly, this can lead to increased income because funds obtained from debt can be used to finance investments or business expansion that generate additional income. Second, the use of such funds can also increase a company's profits, as debt-financed investments may generate returns higher than the cost of debt. Apart from that, proper debt management can also contribute to an increase in the company's share price. This is because investors tend to see companies with a healthy capital structure and good debt management as more attractive investments (Tian et al., 2023). The increase in share prices will in turn affect the Price to Book Value (PBV), which reflects the market valuation of the company's book value. Thus, careful debt management not only benefits the company in terms of revenue and profits, but can also increase company valuation reflected in PBV (Silvia Indrarini et al., 2019).

The description that has been presented can provide a fairly complete picture of the role and importance of Return on Equity (ROE), Current Ratio, and Dividend Payout Ratio (DPR) in assessing share value and company performance, however there is a lack of identifying the relationship between these factors. it holistically. The research

gap that can be identified is the need for a more in-depth study to explore the interaction between ROE, Current Ratio, and DPR simultaneously in the context of stock value assessment. Moreover, it is still not clear how changes in one of these factors can affect the other factors and their impact on overall stock valuations. Research that focuses on analyzing the interdependence between ROE, Current Ratio, and DPR can provide more comprehensive insight into how these factors influence each other in influencing company share valuations. Thus, further research in this area can provide a valuable contribution in deepening understanding of the factors that influence share valuation and company performance (Awaludin et al., 2023).

This research utilizes several relevant financial theories. Capital Structure Theory is used to analyze the relationship between the use of debt and equity in a company's capital structure, with a focus on the Debt to Equity Ratio. Investment Decision Theory is the basis for understanding how companies allocate capital to investments that produce optimal levels of return, especially related to Return on Equity (ROE). Dividend Policy Theory is the basis for exploring company decisions in dividing profits between dividend payments and profit retention, which is related to the Dividend Payout Ratio. Meanwhile, Current Ratio analysis can be understood through Financial Management Theory which considers liquidity and risk management in company financial management. Lastly, Stock Valuation Theory provides insight into how the market values shares based on fundamental factors, including Price to Book Value (PBV) which reflects the market valuation of the company's book value (Baum et al., 2021).

Analysis involving variables such as Current Ratio, Debt to Equity Ratio, Return on Equity, Dividend Payout Ratio,

and Price to Book Value can be understood through various relevant financial theories. One theory that can be applied is investment decision theory which includes the concept of capital structure. This theory suggests that a company's decision to use debt (Debt to Equity Ratio) can affect the value of the company and the valuation of its shares. In other words, the choice of capital structure can influence the risk and rate of return for investors (Movahhedi et al., 2024).

Current Ratio (CR)

To measure a company's ability to meet its short-term obligations with current assets, it can be analyzed through financial management theory which considers liquidity and risk management. A company's ability to manage its short-term obligations can influence its credibility in the market and investors' perceptions of investment risk (Gunartin et al., 2021).

Debt to Equity Ratio (DER)

Financial ratios are used to evaluate how much a company uses debt to finance its operations compared to the equity capital it has (Ibnussoim et al., 2023). This ratio is calculated by dividing a company's total debt by its total equity. DER provides an idea of how much leverage or debt a company has in its capital structure. The higher the DER, the greater the proportion of debt compared to the company's own capital, which can increase financial risk because the company has to pay debt interest regularly and has debt repayment obligations. On the other hand, a low DER may indicate that the company tends to rely on its own capital to fund its operations, which may indicate financial stability. The use of DER in financial analysis helps investors and analysts to understand a company's level of financial risk and potential return on investment.

Return on Equity (ROE)

An important indicator that measures the efficiency of a company's

use of capital in generating profits. In this context, agency theory is also relevant, describing the relationship between corporate management and shareholders. A high ROE can reflect good management performance, but can also indicate agency problems if fund allocation is inefficient (Movahhedi et al., 2024).

Dividend Payout Ratio

Shows how much of the company's profits are distributed to shareholders as dividends, relevant to dividend decision theory. This theory examines the factors that influence a company's decision to divide profits between dividend payments and profit retention. Understanding dividend policy provides insight into a company's preferences for profit distribution and its impact on stock valuation (Chen et al., 2023).

Price to Book Value (PBV)

Reflects market valuation of the company's book value. Stock valuation theories such as asset valuation theory and efficient capital market theory can be used to explain the factors that influence PBV (Mahmudiono et al., 2024). This theory examines how public information and market behavior influence stock prices and the relative valuation of a company. Thus, understanding these theories can provide a strong basis for analyzing the relationship between these variables and the valuation of cement company shares on the Indonesian Stock Exchange.

The influence of Current Ratio, Debt to Equity Ratio (DER), Return on Equity (ROE), and Dividend Payout Ratio (DPR) on Price to Book Value (PBV) has significant implications in assessing company performance and valuation. Current Ratio and Debt to Equity Ratio (DER) are two financial ratios that provide an overview of the company's financial condition. Current Ratio describes a company's ability to meet short-term obligations using current

assets, such as cash, receivables and inventory. The higher the Current Ratio, the greater the company's ability to pay its short-term obligations (Streit et al., 2023). Meanwhile, DER shows how much a company uses debt in its capital structure compared to its own capital or equity. A high DER indicates that the company relies more on debt to fund its operations, while a low DER indicates a tendency to use more own capital (Zhuang et al., 2023).

Return on Equity (ROE) and Dividend Payout Ratio (DPR) reflect the company's performance and dividend policy. ROE measures a company's efficiency in using equity capital to generate profits, while DPR indicates the percentage of net profits distributed as dividends to shareholders (Ren et al., 2023). The combination of these four ratios provides a comprehensive picture of the company's financial health, operational performance and dividend policy, which is very important for investors, analysts and stakeholders to understand in making investment decisions and assessing company performance.

The relationship between variables such as Current Ratio, Debt to Equity Ratio (DER), Return on Equity (ROE), Dividend Payout Ratio (DPR), and Price to Book Value (PBV) reflects how the market assesses a company based on its fundamental factors. For example, a high DER may signal a greater level of financial risk, as the company uses more debt in its capital structure. This can result in lower PBV because investors tend to give lower assessments to companies with higher risk (Hussain et al., 2023). Conversely, a high ROE can indicate the efficient use of equity capital in generating profits, which can increase PBV because investors value good performance. A low DPR may indicate that the company is choosing to retain more profits for investment rather than distributing them as dividends, which can

also affect PBV. By understanding the relationship between these variables and PBV, investors and analysts can make better judgments about company valuation and investment potential (Wu et al., 2023).

High ROE and low DPR can be a catalyst in increasing PBV because investors tend to value strong financial performance and attractive dividend potential. A high ROE indicates the company's efficiency in generating profits from its equity capital, while a low DPR indicates the company's possibility of retaining profits for future investment (Y. Chen et al., 2023). These two factors reflect a company's financial stability and

health, which positively influences the market's assessment of its shares (Ren et al., 2023). By understanding the impact of these variables on PBV, investors and analysts can make smarter investment decisions and gain a better understanding of the Company's share valuation (Hasanudin et al., 2023).

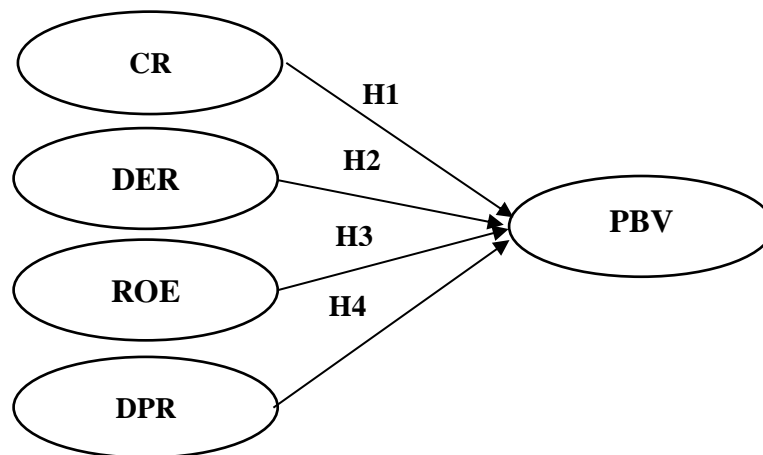
H1: Current Ratio has a significant effect on Price to Book Value

H2: Debt to Equity Ratio has a significant effect on Price to Book Value

H3: Return on Equity has a significant effect on Price to Book Value

H4: Dividend Payout Ratio has a significant effect on Price to Book Value

Figure 1. Research Thinking Framework



METHODS

This research relies on data accessed from the Indonesian Stock Exchange, including the official IDX website and the official websites of relevant cement industry companies. The data collection process for this study relied on secondary data obtained from reliable and publicly accessible sources. Specifically, the financial reports of cement companies listed on the Indonesian Stock Exchange (IDX) during the period 2012 to 2022 were the primary source of data. These financial reports were accessed through the official IDX website (www.idx.co.id) and the respective corporate websites of the cement companies. By using these established platforms, the study ensured

the credibility, reliability, and accuracy of the financial information utilized in the analysis.

The population of the study consisted of all companies classified under the cement subsector and listed on the IDX during the research period. The sample was drawn from this population with strict adherence to inclusion criteria to maintain consistency and relevance. The criteria included the requirement that the selected companies must have been consistently listed on the IDX throughout the 2012-2022 period. This consistency ensured the availability of comprehensive financial data for all the years included in the analysis. Additionally, the companies were required to have published complete and

detailed financial statements for each fiscal year within the designated period, enabling robust and uninterrupted data analysis.

The data collected encompassed critical financial indicators, including the Current Ratio (CR), Debt to Equity Ratio (DER), Return on Equity (ROE), and Dividend Payout Ratio (DPR), which were used as independent variables. The dependent variable, Price to Book Value (PBV), was also extracted from the same financial reports. These metrics were meticulously compiled from audited financial statements to eliminate errors and ensure the integrity of the dataset. By focusing on these key financial ratios, the study aimed to explore the relationships between corporate financial performance indicators and stock valuation in the cement industry.

A purposive sampling method was applied to select six companies from the cement subsector that met the criteria (Pugu et al., 2024). This method allowed the study to concentrate on firms that provided sufficient data for longitudinal analysis while maintaining homogeneity in industry-specific characteristics. The decision to focus on six companies was informed by the need to ensure detailed and focused analysis while representing the cement subsector comprehensively within the IDX.

To ensure data standardization, financial reports from all sampled companies were collected for each year within the study period. This approach provided a panel data structure that facilitated the use of advanced econometric techniques such as panel regression analysis. Data standardization also ensured that the variables were comparable across companies and time periods, thereby enhancing the robustness and validity of the findings.

The methodological rigor applied in data collection allowed the research to derive meaningful insights into the financial performance and stock

valuation of cement companies on the IDX. By utilizing official financial reports and applying stringent sampling criteria, the study ensured that the data were both representative and reflective of the dynamics of the cement industry during the study period. This comprehensive approach addressed the objectives of the research while providing a robust foundation for the statistical analysis and subsequent interpretation of results

The main focus of this research is on cement companies listed on the BEI during the period 2012 to 2022. The data sources used are secondary data, obtained from financial reports published by the BEI (www.idx.co.id) as well as official financial reports from related cement companies. The population studied includes all cement subsector manufacturing companies listed on the IDX from 2013 to 2022. For analysis, this research uses a sample of financial reports from 2012 to 2022 from six companies in the cement subsector. Using this data, the research aims to provide better insight into the factors that influence stock valuations in the Indonesian cement industry.

RESULTS

Test Chow

Table 1. Chow Test Test Results

F(5,56) = 18.82
Prob > F = 0.0000

Source: Primary data processed, 2024

The Chow test is a statistical method used to determine the most appropriate model for estimating panel data, namely the Common Effect Model (CEM) or Fixed Effect Model (FEM). Based on the Chow Test results, the Probability > F in the Fixed Effect Model (FEM) estimation shows the number 0.0000, which indicates that the Probability > F is less than 5%, so H0 is rejected. This means that, based on the Chow Test results, the most suitable estimation model is the Fixed Effect Model (FEM). This shows that using this

model is more suitable for estimating panel data used in research.

Table 2. Hausman results

Number of obs = 66
Number of groups = 6
Obs per group:
Min = 11
Avg = 11.0
Max = 11
Wald chi2(4) = 55.37
Prob > chi2 = 0.0000

Source: Primary data processed, 2024

The Hausman test is a method used in panel data regression analysis to determine the most suitable model for estimating panel data. In this research, the Fixed Effect Model was used as one of the models tested. The results of the Hausman test show that the Prob>chi2 value is 0.0000, which indicates that Prob>chi2 is less than 5%. This results in

rejection of the null hypothesis (H0). Therefore, based on the Hausman test results, the most appropriate estimation model is the Random Effect Model (REM). These results suggest that using the Random Effect Model is more appropriate in estimating the panel data that has been used in this research.

Multicollinearity Test

Table 3. Multicollinearity Test

Variables	VIF	1/VIF
LnCR	1.57	0.638259
LnDER	1.79	0.558075
LnROE	1.25	0.802418
LnDPR	1.57	0.638939
Mean VIF	1.54	

Source: Primary data processed, 2024

Based on the results of the Variance Inflation Factor (VIF) analysis in the table, it was found that the value for each variable tends to be close to 1, with an average Variance Inflation Factor (VIF) of 1.54. This shows that the VIF value does not exceed the predetermined limit of 10. Thus, it can be concluded that there is no indication of multicollinearity

problems in this research. These results provide confidence that the variables used in regression analysis do not have too strong a relationship with each other, so they can be interpreted more accurately in explaining the relationship between the independent variable and the dependent variable.

Heteroscedasticity Test

Table 4. Heteroskedasticity Test

Chi2(1) = 0.93
Prob > chi2 = 0.3349

Source: Primary data processed, 2024

Based on the Prob > chi2 value of 0.3349 from the data presented, it can be concluded that this value is greater than 0.05. This shows that the regression model is free from symptoms of

heteroscedasticity or momoscedasticity. In this context, momoscedasticity refers to the assumption that the variance of the error of a regression model remains constant for all independent values.



Thus, these results indicate that the variation of the regression error does not depend on the values of the independent variables. Therefore, the regression model used can be considered to

adequately meet the assumption of homoscedasticity, allowing a more reliable interpretation of the results of the regression analysis carried out.

Coefficient of Determination

Table 5 R Test Results

R-squared: Within = 0.1240 Between = 0.0033 Overall = 0.0219
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Source: Primary data processed, 2024

Based on the data presented, the R-Within value is 0.1240 or the equivalent of 12.40%. This shows that the variables Current Ratio (CR), Debt to Equity Ratio (DER), Return on Equity (ROE), and Dividend Payout Ratio (DPR) together are able to explain 12.40% of the variation in Price to Book Value (PBV). Thus, approximately 12.40% of

the fluctuations in PBV can be explained by variations in the CR, DER, ROE, and DPR variables used in the regression model. Even though this percentage may be relatively low, these variables still make a significant contribution to explaining the PBV value of a company in the context of this study.

F test

Table 6.F Test Results

F test that all $u_i=0$: $F(5,56) = 18.52$ Prob > F = 0.0000

Source: Primary data processed, 2024

Based on the data presented, the calculated F value is 18.82 with a Prob > F value of 0.000. This shows that together, the variables Current Ratio (CR), Return on Equity (ROE), Debt to Equity Ratio (DER), and Dividend Payout Ratio (DPR) have a significant influence on Price to Book Value (PBV). Thus,

these results confirm that the regression model that includes these four variables has a significant fit to the data, and these variables together make an important contribution in explaining variations in PBV in the context of this study.

T test

Table 7. T test (Partial)

PBV	Coefficient	std. err	Q	P>t	[95% conf. intervals]
CR	.1084451	.0666497	1.63	0.109	-.0248292 .2417194
DER	-.4005429	.0647636	-6.18	0,000	-.5300458 -.2710401
ROE	.2513282	.1337015	1.88	0.065	-.0160245 .518681
DPR	.2871569	.1080749	2.66	0.010	.0710478 .503266
cons	.5751035	.3582213	1.61	0.114	-.1412043 1,291,411

Source: Primary data processed, 2024

Based on the table above, it can be interpreted that:

1. The $P > 1 t 1$ value for the ROE variable is 0.065, with a coefficient of 0.2513282 and a positive sign. With an alpha significance level of 0.05, a $P > 1 t 1$ value greater than 0.05 causes rejection of H3 and acceptance

of H0. Therefore, it can be concluded that ROE does not have a significant influence on PBV.

2. In the CR variable, the $P > 1 t 1$ value is 0.109 with a coefficient of 0.1084451 and a positive sign. With an alpha significance level of 0.05, a $P > 1 t 1$ value greater than 0.05



results in rejection of H4 and acceptance of H0. Thus, it can be concluded that CR does not have a significant effect on PBV.

3. The DER variable has a $P > 1 t 1$ value of 0.000, with a coefficient of -0.4005429 and a negative sign. With an alpha significance level of 0.05, a $P > 1 t 1$ value that is smaller than 0.05 results in acceptance of H1 and rejection of H0. Therefore, it can be concluded that DER has a significant influence on PBV.
4. The $P > 1 t 1$ value for the DPR variable is 0.010, with a coefficient of 0.2871569 and a positive sign. With an alpha significance level of 0.05, because the $P > 1 t 1$ value is smaller than 0.05, H2 is accepted while H0 is rejected. This implies that DPR has a significant influence on PBV.

DISCUSSION

The Influence of Current Ratio on Price to Book Value

The $P > 1 t 1$ for the Current Ratio (CR) variable is 0.109, exceeding the alpha significance level set at 0.05. These results indicate that the effect of CR on Price to Book Value (PBV) is positive, but not statistically significant. As a result, the alternative hypothesis (H1) is rejected, while the null hypothesis (H0) is accepted. These findings indicate that CR does not have a significant influence on PBV in cement sector manufacturing companies on the Indonesia Stock Exchange. CR itself indicates the company's ability to meet short-term obligations with the current assets it owns. Although a high Current Ratio (CR) can be a good indicator of liquidity for a company, which in turn can increase investor confidence in the company's financial health, the findings of the study (Su et al., 2023) shows that CR does not have a significant influence on Price to Book Value (PBV). Although liquidity is an important factor in assessing the financial stability and sustainability of a company, its impact on

market valuation, as reflected in PBV, may not be as prominent. This suggests that investors may be more inclined to consider other factors besides liquidity when assessing the value of a company in the capital market (Hasanudin and Pratama, 2023).

The Effect of Return on Equity on Price to Book Value

The $P > 1 t 1$ for the Return on Equity (ROE) variable is 0.065, which exceeds alpha (0.05), indicating that the influence of ROE on Price to Book Value (PBV) is positive but not significant. In other words, ROE does not have a significant impact on PBV in cement sector manufacturing companies on the Indonesia Stock Exchange. Return on Equity (ROE) reflects a company's ability to generate high net profits relative to shareholder equity (Ferriswara, Sayidah and Agus Buniarto, 2022). However, findings from a study conducted by Muhammad Faishal Kahfi show that ROE directly influences company value significantly. However, the results of this research reveal that ROE does not have a significant influence on Price to Book Value (PBV). One possible explanation is that the net profit generated by the company is not proportional to the capital invested. This shows that other factors may be more dominant in determining share valuation, which causes ROE to not have a significant influence on PBV in the context of the cement industry on the Indonesia Stock Exchange.

The Effect of Dividend Payout Ratio on Price to Book Value

The significant value of $P > 1 t 1$ for the Dividend Payout Ratio (DPR) variable, with a value of 0.010 which is smaller than alpha (0.05), indicates that DPR has a significant influence on Price to Book Value (PBV). Therefore, H3 is accepted and H0 is rejected, confirming that DPR has a significant effect on PBV in cement companies on the Indonesia Stock Exchange (BEI). Dividend Payout Ratio (DPR) is a measure that shows how



much dividend a company pays as a percentage of its net profit. These findings confirm that DPR has a significant impact on stock valuation. Previous studies, such as those conducted by (Fadianti et al., 2024; Huang et al., 2023) also support this finding by showing that DPR has a positive and significant effect on Price to Book Value (PBV).

The Influence of Debt to Equity Ratio on Price to Book Value

The $P > 1$ t 1 value of 0.000, which is smaller than alpha (0.05), results in rejection of H_0 and acceptance of H_4 . This means that changes in the Debt to Equity Ratio (DER) have a significant and negative impact on the Price to Book Value (PBV) of manufacturing companies in the cement sector listed on the Indonesia Stock Exchange. DER is a measure that shows how much a company uses borrowed funds compared to its own capital (Søndergaard, 2023). If DER is negative, it indicates that the company's own capital is greater than its total debt. A decrease in profitability associated with an increase in the debt to capital ratio can affect a company's share price. A high DER can signal greater financial risk, which in turn can influence investors' perception of the company. Previous studies by (Nebie et al., 2023) also show that DER has a significant and negative effect on PBV, emphasizing the importance of an appropriate balance between own capital and debt in a company's capital structure.

CONCLUSION

1. Data analysis shows that the Current Ratio (CR) is not significant in influencing PBV in cement sector manufacturing companies on the Indonesia Stock Exchange in 2012-2022, although the influence remains positive. A high CR condition indicates good liquidity, allowing the company to easily meet its short-term

obligations.

2. The influence of Debt to Equity Ratio (DER) on PBV in cement sector manufacturing companies on the Indonesia Stock Exchange for the 2012-2022 period is negative and significant. This indicates a high debt to equity ratio, which can increase the company's financial risk in the long term.
3. Data analysis shows that Return on Equity (ROE) is not significant in influencing PBV in cement sector manufacturing companies on the Indonesia Stock Exchange in 2012-2022, even though it has a positive influence. A high ROE reflects efficiency in using equity capital to gain profits.
4. The results of data analysis confirm that the Dividend Payout Ratio (DPR) has a significant influence on PBV in cement sector manufacturing companies on the Indonesia Stock Exchange for the 2012-2022 period. This indicates that the dividend policy chosen by companies plays an important role in their funding and financing.

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