An Analysis of Capital Structure and Liquidity towards the Value of a Firm in a Telecommunication Sector

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Abstract : This research was motivated by decline in value of firms of telecommunication subsector in Indonesia Stock Exchange. The purposes of this research are to determine the description of capital structure, liquidity, value of firm. The research method used in this research is descriptive and verificative method. The population of this research is the whole financial reports of telecommunication subsector in Indonesia Stock Exchange since its establishment till now. The samples of this research used consist of quarterly financial reports from 2006-2012. Analysis tools in this research include multiple linear regression used SPSS version 16.0. Whereas hypothesis test used t-test and F-test with level of significance of 95% (0,05). The result showed that capital structure has significant effect on value of firm with a level of significance less than 0,05 that is 0,00. Finally, Strategy to improve capital structure management which has impact on increasing value of firm is required. Then liquidity have insignificant effect on value of firm with a level of significance more than 0,05 that is 0,181. The value of firm be affected by capital structure and liquidity in the mount 78,5% is showed by R Square value, while the remaining 21,5% is influenced by other factors that are not researched.

Keywords : Capital Structure, Liquidity, Value of Firm.

1. INTRODUCTION

The value of firm is an investment price expected to bring the product to the capital investor. Any attempts to optimize the value of firm used to be a successful barometer as increasing the value is improves of welfare the business owner or stockholder. Moreover, the value can represent by stock price. Fluctuation of price is a reflection of investment decision, funding, and asset management of business. Thus, higher stock price increase the value of firm.

The value of firm has correlation to the business capacity in increase the welfare of stockholder (stock value). As was described by Martono & Agus Harjito (2002:13) that "measurement of business welfare arranged by increasing of business owner welfare or stockholder." It is mean that maximizing the value of firms as the target of financial management used to be a business successful measurement or improve of business owner welfare or stockholder. The growing faster investment in this sector since 2009 cued by rapidity the operator business in expansion to any several territories as the attempt to network widening effort. An exchange and outlook the value of firms is represented by PBV ratio in the existing telecommunication industry in Indonesia.

The fourth quarter of 2009 the PBV ratio was increase from 2.06 to 3.56 times, while in 2010 there is a significant decrease of 8.09 times to 2,18 or 73% (www.idx.co.id[online]). It is indicating that decrease of business capability in provides the high returning level relatively that influence to the increase of welfare of capital investor. The development of business's PBV in telecommunication industry in Indonesia since 2009 to 2010 as follows:

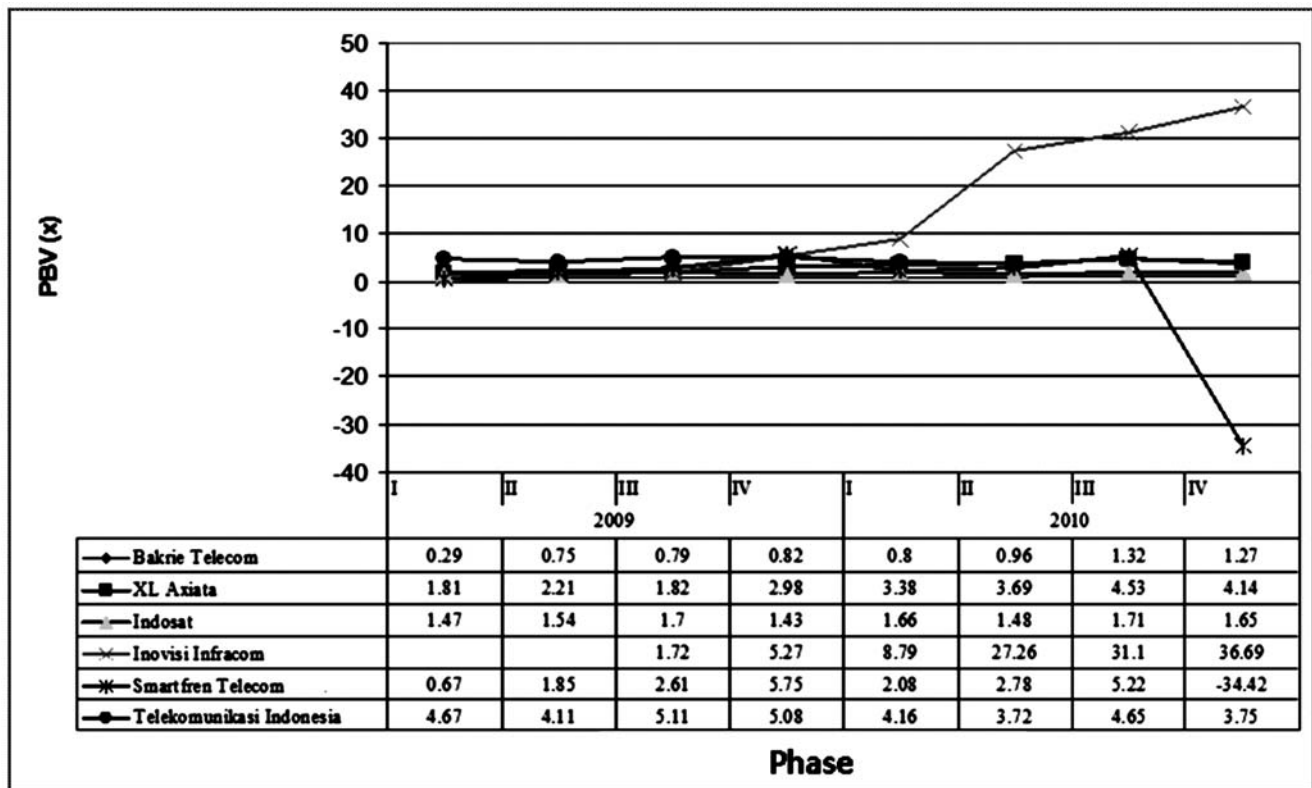* Faculty of Education Economics and Business, Universitas Pendidikan Indonesia

Figure 1: The Development of PBV of telecommunication industry of 2009-2010 periods in quarterly

Resource : www.idx.co.id. Statistic of BEI (reprocess)

Table 1
Stock return of each sectors of capital market

Sector	Years				Means of Return
	2008	2009	2010	2011	
IHSG	-50.55	87.01	45.97	2.97	21.35
Infrastructure	-43.74	48.78	11.93	-13.97	0.75
Consumption	-25.00	105.20	211.18	-37.55	63.46
Trading	-61.86	86.49	67.03	24.95	29.15
Agriculture	-66.47	90.75	28.47	-3.60	12.29
Mining	-44.81	151.03	48.00	-22.90	32.83
Finance	-32.82	71.02	56.48	4.25	24.73
Manufacture	-40.60	123.21	55.39	19.83	39.46
Chemical industry	-42.55	102.96	42.70	2.56	26.42
Diverse industry	-50.55	87.01	45.97	2.97	21.35
Property	-58.57	41.35	36.73	13.93	8.36
Jakarta Islamic Index	-56.01	93.06	27.10	0.75	16.23
LQ45	-55.00	84.44	32.73	1.51	15.92

Resource : http://www.bloomberg.com/(data proceed, accessed in April 21st, 2012)

According to the Figure 1, it is found that PT. Inovisi Infracom that started sitting in BEI since thethird quarter of 2009 had the development level of PBV approximately of 103% quarterly after established. However, it is inversely proportional to the five other businesses that in third quarter to the fourth of 2010, PT Bakrie Telecom was experience the decrease of 3.8%, PT XL Axiata of 8.6%, PT. Indosat of 3.5%, PT Telekomuniaksi Indonesia of 19.3%, and PT Smartfren Telecom of 759%. In other word, the decrease of PBV in PT Smartfren Telecom is the highest decrease than business PBV one in the similar industry.

Capital market provides the chance and possibility to obtain the return to the capital owner, according to the investment characteristic chosen. James C.Van Horne and Jhon M. Wachowicz (2012:116) return is accepted income of the investment includes the exchange of usual market price. The stock return is a factor motivating the investor in investment and retain to the courage f investor in take the risk on investment. The stock return can obtained by stock purchase and sale prices of invested stock (capital gain) and cash acceptance periodically to the particular period of investment (yield/dividend). Herewith The table 1 of stock return of each sectors was listing in BEI in January 20th 2011.

According to the Table 1, it is found that means of return in the last four years for infrastructure sector is 0.75%, consumption of 63.46%, trading of 29.15%, agriculture of 12.29%, mining of 32.89%, finance is 4.25%, manufacture 39.46%, chemical industry is 26.42%, diverse industry is 21.45%, property is 8.36%, Jakarta Islamic Index is 16.23%, and LQ45 is 15.29%. The means of sector in stock return level in consumption is appropriate, while meaning sector of stock return level is worst in infrastructure.

There are any subsectors of business in the infrastructure sector; one of them is the Telecommunication. In present, the Telecommunication demand of Indonesia is high and most people use the Telecommunication instrument daily. In other side, investment has describes that in 2011 the industry experience decrease of stock return. Table 2 displays return of firm Telecommunication subsector of 2006-2011.

Table 2
The stock return in the telecommunication business

No.	Company	Years							
		Jun-08	Dec-08	Jun-09	Dec-09	Jun-10	Dec-10	Jun-11	Dec-11
1.	Bakrie Telecom	0.37	-0.81	1.55	0.13	0.16	0.38	0.55	-0.29
2.	Indosat	0.22	-0.15	0.13	0.05	0.05	0.09	-0.06	0.11
3.	Inovasi Infracom	*	*	*	*	*	*	*	*
4.	Smartfren Telecom	0.56	-0.57	0.00	0.00	0.00	0.00	0.00	0.00
5.	Telekomunikasi Indonesia	0.28	-0.05	0.09	0.26	0.19	0.03	-0.08	-0.04
6.	XL Axiata	0.00	-0.56	0.32	0.54	1.11	0.30	0.16	-0.26
	Means of return	0,29	0.43	0.36	0.18	0.23	0.16	0.12	-0.10

* Partial data

Resource: Idx.co.id and Bloomberg.com (March 12, 2012, data proceed)

By the Table 2 the return of subsector business of telecommunication fluctuation and tend to point on negative trend. At the end of June 2011 the telecommunication business is decrease in return. Means of return is decrease in December 2010 all return of stock in point 0.23 decrease of 0.07 to 0.17 and decrease again to 0.16 for 0.04 to be 0.12 in the end of June 2011 until December 2011 the means of return drop into 0.10 point. It is becomes a problem when investor will reconsidered to invest the capital. Thus, according to the Tandelilin (2010:7) a main reason of people for investment is to obtain the benefit.

In order to gain the optimum value of firms required capability in maintains the financial resource of business in appropriately. It is can see by successful management of capital structure established by comparison of long-terim debt and own capital used by management. A capital structure measured by Debt Equity Ratio (DER) as it a total debt comparison owned by management with own capital (equity). Moreover, the business liquidity can account by using of liquidity ratio including Current Ratio (CR). It is a comparison between current asset and current liability. Total CR considered suitable according to the carefulness about 200% and total lowest of QR is 100% (Martono and Agus Harjito, 2004:55). Value of firms is the investor perception toward the successful level of business to manage the existing resource. Myers and Majluf (1984) had the views that there is an asymmetric information occurred among the business and investor.

The charge of asymmetric information effect was increase when manager in the business had the superior knowledge on risk distribution and return level of investment project, than new outsider investor. Next, the manager maximizes the actual value of current stockholder claim. Thus, there are any several factor must be considered by financial management in increase the value of firms. In order to re-maximizes the value, an optimum capital structure required to minimize the charge of capital uses comprehensively or means of capital cost. An analysis of capital structure by DER ratio, also, described in Figure 1.4. By grafted data, in the third quarter to fourth 2010, decrease of DER level of PT Subsector Telecommunication occurred in 88.63%, from 13.11 to 76 times.
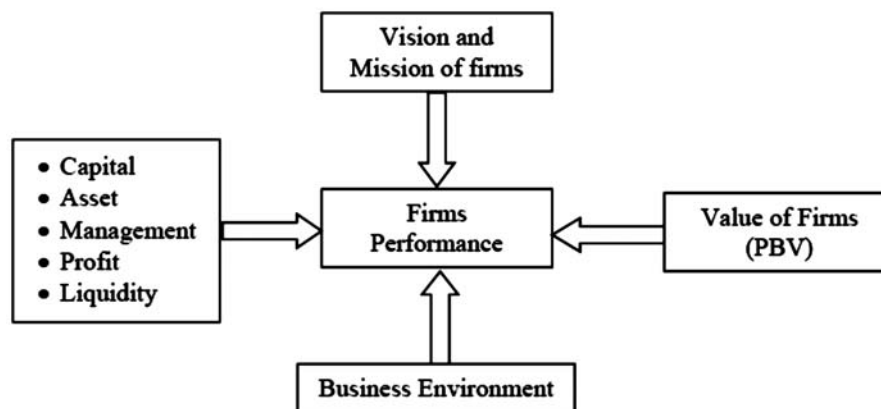

Figure 2: Frame of firms performance

The value of firms represented by PBV of 8.09 times or decreases to 2.18 times or reduce of 73% (ww.idx.co.id, [online]). Reduction of ratio based on calculation of CR PT Subsector Telekomunikasi Tbk in 2009 of 42.48%, decrease to 24.52% in 2010, thus there is decrease of CR by 42.28%. And, the value of QR in 2009 of 40% decrease to 25% in 2010, thus there is decrease of QR by 37.5%. However, CR was experiences the decrease of 42.28%. Finally, how the description of capital structure development and liquidity, and description of value of firms value in PT Subsektor Telekomunikasi Tbk. Last but not least, how the partial influence of capital structure, liquidity to the value of firms in PT Subsector Telekomunikasi Tbk. By the description herewith depicted the framework of research.

By the previous framework, the hypothesis used is: capital structure and liquidity influence to the value of firms.

Method

The study is descriptive analysis and verification to the observed variable consisting of dependent variable (Y) and independent variable (X). The dependent variable is value of firms, while the independent one is capital structure and liquidity. The observed objects are three variables. The value of firms account by using of Price Book Value (PBV) ratio, capital structure account by Debt to Equity Ratio (DER), and the liquidity account by Current Ratio (CR). By the research variable, it is analyze how the influence of capital structure and liquidity influence to the value of firms in Subsector Telecommunication of 2006-2012 periods.
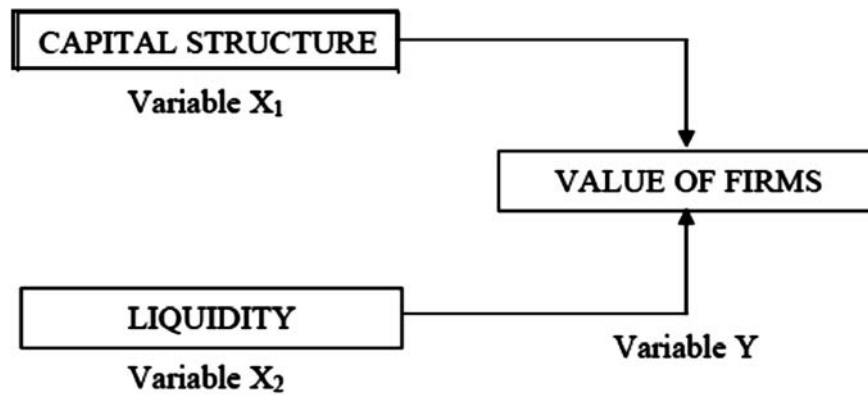
Figure 3: Paradigm of research

Operational variable

Table 3
Operational variable of research

No.	Variable	Variable concept	Indicator	Scale
1.	Capital structure (X_1)	Comparison of long-term funds shown by comparison of long-term debt to the own capital. (Martono & Agus Harjito, 2007:240)	DER = total cash Owner capital	Ratio
2.	Liquidity (X_2)	Business competence to accomplish the long-term financial liability or immediate accomplishment (Martono & Agus Harjito, 2007:240)	CR = current asset x 100% Current liability	Ratio
3.	Value of firms (Y)	Acceptable value on investment usually in expected cash that will bring the result to the capital investor. (Brigham & Erdhardt, 2002:47)	PBV = market price/share Book value/share	Ratio

- Statistical data of Indonesia Stock Exchange in IDX Quarterly statistic.
- Data of quarter financial report of Subsector Telecommunication issued by Indonesia Stock Exchange.
- Data of quarter financial report of Subsector Telecommunication.
- Another secondary data related to the study.

Population, sample, and sampling technique

The population is financial report since Subsector Telecommunication established to present. The sample of research is financial report of Subsector Telecommunication of 2006 to 2012. The reason of sample use as follows:

- Business as the sample is the firm with observed problem.
- The sample of period is the year with the observed problem.

Data analysis

The regression analysis used to assess the value of variable Y based on score of variable X and the assessment of exchange the variable Y to each unit of exchange in variable X. Equation of linear regression analysis generally to two independent variables as follows:

$$Y = a + b_1 X_1 + b_2 X_2$$

where

Y = Variable of value of firms

X_1 = Vriable of capital structure

X_2 = Variable of liquidity

a = Constanta

b_1, b_2 = Regression coefficient of each independent variables

Provision of hypothesis

The tested hypothesis in research is related to whether exist or no influence of the independent variables to the dependent variable. The hypothetical test arranged is zero one (H_0) arguing that correlation coefficient is insignificant. Meanwhile the alternative hypothesis (H_a) depict that correlation coefficient is significant. When the zero hypotheses (H_0) denied, the alternative hypothesis (H_a) is accepted. The formulation of H_0 and Ha as follows:

- In partial

  $H_{01} : \rho = 0$ there is no significant influence of capital structure to the business

  $H_{a1} : \rho \neq 0$ there is significant influence of liquidity to the value of firms

  $H_{02} : \rho = 0$ there is no significant influence of liquidity to the value of firms

  $H_{a2} : \rho \neq 0$ there is significant influence of liquidity to the value of firms

- Simultaneously

  $H_{03} : \rho = 0$ there is no significant influence in simultaneously of capital structure and liquidity to the value of firms

  $H_{a3} : \rho = 0$ there is significant influence in simultaneously of capital structure and liquidity to the value of firms

2.   RESULTS

The development of business of Subsector Telecommunication

Table 4

The development of value of firms by using of PBV, DER, CRSubsector of Telecommunication of 2006-2012 periods

No	Years	Quarter	Stock price (Rp)	Book value			PBV (x)	CR (%)	DER (x) DER (x)
				Capital (million)	Total stock shared (million)	BV value			
1.	2006	IV	320	1,591,113	19,585	214,29	0,89	81.24	3.94
2.	2007	I	260	1,617,184	19,585	554,20	1,69	82.57	3.15
		II	295	1,635,467	20,236	399,99	1,00	80.82	3.65
		III	285	1,800,846	20,236	486,34	1,29	88.99	3.20
		IV	260	1,796,186	20,236	426,84	1,53	88.76	2.93

3	2008	I	151	1,773,886	20,236	386,11	1,63	87.66	1.72
		II	115	1,696,384	20,236	333,57	1,81	83.83	1.37
		III	74	1,520,893	20,236	233,94	2,15	75.16	0.98
		IV	50	727,318	20,236	5,18	5,45	35.94	1.39
4	2009	I	50	546,681	20,236	55,77	7,72	27.02	1.85
		II	50	457,767	20,236	47,45	9,29	22.62	2.21
		III	59	287,367	33,034	31,31	17,19	8.70	6.78
		IV	50	792,532	33,034	34,75	5,00	23.99	2.08
5	2010	I	50	594,799	33,034	37,58	7,19	18.01	2.78
		II	50	354,789	37,036	24,52	13,11	9.58	5.22
		III	50	62,284	42,881	18,24	75,52	1.45	34.42
		IV	50	119,482	118,566	21,52	38,53	1.01	49.62
6	2011	I	50	3,380,397	118,566	48,96	2,67	28,51	1,75
		II	50	3,015,420	118,618	40,09	3,25	25,42	1,97
		III	50	4,110,401	118,618	29,98	1,97	34,65	1,44
		IV	50	3,268,971	118,639	25,63	2,76	27,55	1,81
7	2012	I	66	4,915,744	17,796	44,36	1,77	276,22	0,24
		II	92	5,073,081	17,796	25,48	1,64	285,06	0,32
Total			2577	40,775,466	1,028,912	1489,84	-33,26	3586,10	-23,05
Means			112,04	1,772,846	44,735	64,77	-1,45	155,92	-1,00

Resource: Financial report of Subsector Telecommunication (reprocessed)

The Regression analysis

By the result of examination it is can seen that the influence of capital structure measured by DER, liquidity by CR to the value of firms by PBV in Subsector Telecommunication, used the multiple regression analysis. The calculation of regression coefficient is arranged by using of SPSS 16.0 for Windows. The result of equation of multiple regression is shown in Table 5.

Table 5
Regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1.	(Constant)	-2.498	1.786	
	DER	.591	.072	.857
	CR	.011	.008	.145

$$Y = \text{Variable of value of firms (measured by PBV)}$$

Y = Variable of value of firms (measured by PBV)
X_1 = Variable of capital structure (measured by DER)
X_2 = Variable of liquidity (measured by CR)
a = Constanta
b_1, b_2 = Regression coefficient of each independent variables

By the Table 4, the equation of double regression as follows:

$$Y = -2.498 + 0.591\ X_1 + 0.011\ X_2$$

Thus, according to the double regression equation means that:

- Constanta of -2/498 is that there is no variable of capital structure (DER) and liquidity variable (CR) the variable of value of firms (PBV) is -2.498.
- The regression coefficient to the capital structure (DER) of 0.591 shows that every increasing of capital structure of 1 time (in condition that constant liquidity variable); it will increase the value of firms (PBV) of 0.589 times or the value of firms (PBV will increase of 0.591 times when the increase occurred in capital structure at once.
- The regression coefficient of liquidity (CR) of 0.011 shows that each increase of liquidity of 1% (in condition that variable of constant capital structure); it will increase the value of firms (PBV) of 0.011 times or the value of firms (PBV) will increase of 0.011 times when increasing of liquidity of 1% occurred.

By statistical hypothetically it is mean that the situation of population that will be tested the validity based on data obtained by sample of research (statistic). In other word, it is an assessment of population by sample data. The partial testing carried out to find out the validity (significance) of correlation of independent variable to the dependent variable in condition that independent variable is constant. The result of test by SPSS 16.0 for Windows can see by table as follows:

Table 5
The result of T-test

Model B		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error	Beta			
1	(Constant)	-2.498	1.786		-1.398	.177
	DER	.591	.072	.857	8.214	.000
	CR	.011	.008	.145	1.386	.181

(*a*) Dependent Variable: PBV

According to the Table 5, obtained that score of $t1$ is 8.214 and $t2$ is 1.386. Then, determine of receiving or rejection locations H_0 in comparison with the $t_{account}$ and t_{table}. The criteria as follows:

H_0 denied : t_{table} or $t_{account} > t_{table}$

H_0 accepted : $t_{table} < t_{account} > t_{table}$

Score of t_{table} determined by:

- Degree of freedom is $n - 2 = 23 - 2 = 21$

- Two part testing

Based on data t_{table} obtained by table of distribution t, the critical area is $-t_{table} < t_{account} < t_{table}$ (t_{table} is 2.080). Thus, under t account, it can see that:

- $t_{account}$ out of acceptance area is H_0; that $t_{account} > t_{table}$ (8214 > 2.080) and significance level more than 0.05, that is 0.181, thus H_0 accepted and Ha denied or there is no significant influence between liquidity to the value of firms in Subsector Telecommunication by condition that liquidity variable is constant in consideration.
- $t_{account}$ out of acceptance area is Ha; that $t_{account} \leq t_{table}$ (1.386 > 2.080) and significance level more than 0.05, that is 0.181, thus H_0 accepted and Ha denied or there is a significant influence between liquidity to the value of firms in Subsector Telecommunication by condition that capital structure variable is constant in consideration.

Hypothetical test

The hypothetical test uses statistical F-test. It arranged to prove whether any significant or insignificant influences between variable X_1 and X_2 simultaneously to the variable Y. Calculation of F-test sustained by SPSS 16.0 for Windows program shown in Table 6.

Table 6
Result of F-test ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1.	Regression	2960.777	2	1480.388	36.582	.000[a]
	Residual	809.360	20	40.468		
	Total	3770.137	22			

By the result of calculation above, it is obtained F score of 36.582. Then, it is determined acceptance area and rejection H_0 by comparison to score of $F_{account}$ and F_{table}. The criteria as follows:

H_0 denied : $F_{account} > F_{table}$

H_0 accepted : $F_{account} < F_{table}$

Score of F_{table} determined by :

- Degree of free, F1(numerator) = k = 2 = dF2 (denominator) = $n - 2 = 23 - 2 = 21$
- Significance level (α) = 0.05 (5%)
- Dual part testing

It is obtained $F_{account}$ of 36.582 by significance score of 0.000 to α = 0.05(5%), dF1 = k = 2 and dF2 = $n - 2 = 23 - 2 = 21$, by distribution table F obtained F 0.05; 2; 21 of 3.47. As $F_{account} > F_{table}$ or 36.582 > 3.47 and significance score less than 0.05 or 0.000, H0 denied and Ha accepted, thus it is mean that capital structure and liquidity simultaneously influences in significant to the value of firms in PT Subsektor Telekomunikasi Tbk.

3. DISCUSSION

The value of firms is the management effort and play important role to improve of business performance. The long-term target of business in financial management is to optimize the value of firms. In other side, the value is an estimation of investor to the successful level of business to manage the human resource respectively. There are any factor must be considered in business to improve of value of firms. The situation shows performance of capital structure to increase the value of firms in developing the business, increase the investor trust. It is along with the description of Nguyen Thanh Cuong and Nguyen Thi Canh, 2012 that the decision of capital structure as important matter of business organization and maximizing accepted return to the other business and capacity to encounter the competition.

In this research carried out the analysis on capital structure to bring information on business competence to finance their business by loan of stockholder. Then, liquidity provides information on business

competence to accomplish the short-term financial liability. Finally, value of firms gives information on business capability to improve of stockholder welfare. The situation was increase the trust and wise of financial institution to sustain the performance of Subsector Telecommunication. Wening (2009) arguing that larger ownership by financial institution, bigger their vote and force to optimize the value of firms.

Partially, variable of capital structure measured by DER influence significantly to the value of firms of Subsector Telecommunication. Thus, the value of capital structure increases it also to the value of firms and vice-versa and Ronald w. masulis (1983) by its a positive debt level information effect in market. It is accordance with the first sub hypothetic was present, a capital structure influence to the value of firms. Larger capital structure represents the promised turning level by business to increase. The turning level can sustain the investor to invest their capital. However, when total debt increasingly without accompany with total capital increase, there is influence to the unwell capital structure as total capital do not gives guarantee to the total debt must be guaranteed by management and run off investor. It is found in work of Wippern RF (1966) arguing that the decision of capital structure important to improve of maximizing the owner welfare. It has been argued by Anup Chowdhury, Suman Paul Chowdhury (2010) that the power of capital structure management is determine of industrial level in the market, thus influence to the value of firms.

Moreover, there is preliminary research in correlation with the influence of capital structure to the value of firms, the research of Euis Soliha and Taswan (2002) carrying out the study on "influence of debt policy to the value of firms and any influencing factors." Sample of business are whole firms was listed to the Indonesia Stock Exchange (BEI) since 1992 to 1996. By the result, it is found that policy of debt (capital structure) influence positively and significant to the value of firms. It is correlated the business competence to improve of stockholder welfare. Jensen Meckling (1976) by the research shows that ownership structure influences the value of firms. By improve of stockholder welfare (stock rate), the value of firms will be optimum. Maximizing the value of firms used to be a successful measurement of business as by increase the value of firms it is improve of business owner welfare or stockholder (Martono and Agus Harjito, 2002:13). The business must consider the capital structure composition that can influence the value of firms as shown by market price. As was described by Marton and Agus Harjito (2003:168), "the optimum capital structure decipherable as capital structure that can minimize the cost of capital usage comprehensively or capital cost in average, thus will increase the value of business.

Then, larger debt used will increase the value of firms or higher the stock price. The reason is as the payable debt interest can reduce the tax paid by management. The tax saving is a benefit to the stockholder, thus the increasing value of firms represent to the increasing of stock price. Use of debt will increase the returning level expected to the stockholder or increasing risk that must be experienced. As was described by Suad Husnan (2004:70) "higher ratio shows bigger the debt of management than own capital."

Then the liquidity variable measured by CR do not influence significantly to the value of firms. Insignificance of liquidity effect to the value of firms is caused by restricted sample of financial report used in research. By add the total sample, predicted that it is confirm the powerful influence between liquidity to the value of firms. Thus, it is do not suitable to the second sub hypothesis was presented, liquidity influence to the value of firms. Even though, however, the influence between liquidity and value of firms according to the statistical analysis do not significant, it is still represent the influence to both of them. Thus it is suitable to the description of Gitman (2003:108) arguing that there are any several factors influences to the value of firms, one of them is value of liquidity.

Moreover, simultaneously, according to the calculation result and statistical analysis, the capital structure and liquidity influences in significant simultaneously to the value of firms Subsector Telecommunication. Total influence of capital structure measured by DER and CR to the value of firms measured by PBV is 78.5%. It is mean that the value of firms of Subsector Telecommunication influenced by capital structure and liquidity, while the remains is 21.5% influenced by other variable.

4. CONCLUSION

The value of firms is an attempt to manage the business performance improvement. By increasing stockholder welfare (stock price), the value of firms is going maximum. The power of management of capital structure determine of industrial level in the market, thus influence to the value of firms. Finally, in partial the analysis between capital structure and value of firms being the strategic decision. It is becomes a description that in 2006 to 2009 the capital structure was increase, in 2010 decrease and increase in 2011. The decrease occurred by total debt tend to increase while total capital is decrease.

Partially there is no influence between liquidity to the value of firms. The conceal occurred as liquidity in 2006 to 2007 was increase, it is caused by increasing current asset larger than payable liability. And in 2007 to 2011 tend to decrease in fluctuation. The low of liquidity caused by reduction of total current asset can used to guarantee the payable liability or business operational.

Then it is suggested to the investor to consider any indicators of capital structure can be measured by Debt to Equity Ratio as the variable has influence significantly to the value of firms measured by PBV. Finally, to the observer who want to study the problem in the future on information of capital structure and liquidity to the value of firms, suggested to used any several factors that influence the value of firms, add the number of observed companies, and add the financial report period used to be the research data.

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