

# **The Effect of Dividend Payout Ratio, Debt to Equity Ratio, and Return on Equity on Price Book Value in Telecommunications Companies Listed on the Indonesia Stock Exchange for the 2017-2021 Period**

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## **Abstract**

This study aims to analyze and empirically prove the effect of Dividend Payout Ratio, Debt to Equity Ratio, and Return on Equity on Price Book Value in Telecommunication Industry Sector companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period both partially and simultaneously. The approach used in this study is an associative approach. The population in the study was 22 companies and the sample used was 6 companies for five years using the purposive sampling method. Data analysis techniques use Classical Assumption Test, Multiple Linear Regression, Hypothesis Test (t Test and F Test) and Coefficient of Determination. The data processing program in the study used SPSS software version 26. The results of the study proved that partially the Dividend Payout Ratio and Return on Equity have a significant effect on the Price Book Value. Meanwhile, the Debt to Equity Ratio does not have a significant effect on the Price Book Value. Simultaneously, the Dividend Payout Ratio, Debt to Equity Ratio, and Return on Equity have a significant effect on the Price Book Value of Telecommunications Industry Sector companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period.

## **Keyword :**

Debt to Equity Ratio, Dividend Payout Ratio, Price Book Value, Return on Equity

## **1. Introduction**

### **1.1. Background**

The COVID-19 pandemic in early 2020 indirectly changed people's lifestyles and the need for digital transformation. This situation has changed society that the internet is a very important need, thus encouraging telecommunications service companies to improve their performance in order to maintain high corporate value in the eyes of investors. Telecommunications companies are information and communication companies as well as providers of telecommunications networks and services in Indonesia. The number of internet users in Indonesia grew by 8.9% between 2019 and 2020, based on data from the Indonesian Internet Service Providers Association (APJII). The role of telecommunications is very important, the development of the telecommunications world is reflected in the number of new companies and their advantages, as well as increasingly fierce competition between companies. The rapid growth of telecommunications is due to the rapid development of the telephone market. In the increasingly fierce business competition, all companies must focus on the company's financial performance and shareholder welfare to further improve competitiveness so that the company can maintain and achieve competitive advantages.

The company's goal in improving its performance is to increase the value of the company. Company value is part of investors' perception or valuation that affects the stock price on the company's performance. Book value is very important for investment decisions because almost all capital market investment decisions are based on PBV value development. Price Book Value is used to measure the movement of a stock's market price against its book value. A good company usually has a Price Book Value ratio above one. This means that the market value of the stock is greater than the book value of the company. Price Book Value indicates the extent to which a company can generate a value that is relatively high to the amount of capital invested. The higher the share price, the better the company will be at creating value for its shareholders. stock valuation information is important to investors and determines which stocks are reasonably priced, too undervalued or overvalued in relation to the Price Book Value ratio.

Table 1. PBV of Telecommunication Companies listed on the IDX for the 2017-2021 period

| No      | Code | Nilai Price Book Value |      |      |      |      | Average |
|---------|------|------------------------|------|------|------|------|---------|
|         |      | 2017                   | 2018 | 2019 | 2020 | 2021 |         |
| 1       | ISAT | 2,86                   | 1,71 | 2,57 | 2,05 | 5,17 | 2,84    |
| 2       | LCKM | 1,47                   | 2,00 | 2,10 | 1,94 | 2,18 | 1,94    |
| 3       | LINK | 3,33                   | 3,01 | 3,05 | 2,80 | 2,81 | 3,00    |
| 4       | TBIG | 2,27                   | 1,98 | 3,63 | 2,96 | 4,05 | 2,98    |
| 5       | TLKM | 3,73                   | 3,30 | 3,39 | 3,24 | 3,13 | 3,36    |
| 6       | TOWR | 4,25                   | 4,62 | 3,83 | 3,83 | 4,28 | 4,20    |
| Average |      | 2,96                   | 2,77 | 3,10 | 2,84 | 3,60 | 3,05    |

Source: IDX Secondary Data, Data Processed 2022

Table 1.1 shows that there are fluctuating movements every year in the price book value of companies in the telecommunications industry sector listed on the Indonesia Stock Exchange (IDX). The average PBV value is Rp 3.05. If you look at the average every year, in 2019 it was IDR 3.10 and increased in 2021 by IDR 3.60. Meanwhile, in 2017 amounted to IDR 2.96, experienced a decrease in 2018 of IDR 2.77 and a slight increase in 2020 of IDR 2.84. The rise in the number of fluctuating PBV ratios in telecommunications companies from 2017 to 2021 has prompted researchers to re-examine the factors that influence price book value.

Dividend policy is the decision whether the profits generated by the company will be distributed to shareholders as dividends or withheld for capital increase to finance future investments. Dividend policy is reflected in the estimated Dividend Payout Ratio. This ratio shows the percentage of the company's profit paid to shareholders in cash. The dividend payout ratio determines the amount of profit that can be held as a source of funding. The greater the retained earnings, the less the amount of profit allocated for the payment of dividends.

The capital structure is the key to improved performance and productivity. Determining the optimal capital structure requires the role of enterprise management. The capital structure has a positive as well as significant direction to the value of the company. The Debt to Equity Ratio describes the extent to which an owner's equity can cover its debt to outsiders. This ratio is also known as the leverage ratio. The lower the Debt to Equity Ratio, the better and if the higher the Debt to Equity Ratio ratio, it shows that the composition of total debt (short-term and long-term) is greater than the total capital, thus having a large impact on the company's obligations to external parties (creditors).

Profitability is considered important because it is a metric that measures a company's financial performance and can be used as a benchmark for assessing a company. Return on equity is the rate of return on equity of a company. Owner's equity is the total net worth of the company. Return on equity is an important metric for company owners because this ratio describes management's return on capital provided by the company owner. The increase in Return on Equity shows that the company's prospects are improving, meaning that the company has the potential to increase its revenue.

Based on the background above, the formulation of the problem in this study is as follows:

1. Does the Dividend Payout Ratio affect the Price Book Value of telecommunications companies listed on the Indonesia Stock Exchange (IDX)?
2. Does the Debt to Equity Ratio affect the Price Book Value of telecommunications companies listed on the Indonesia Stock Exchange (IDX)?
3. Does Return on Equity affect the Price Book Value of telecommunications companies listed on the Indonesia Stock Exchange (IDX)?
4. Does the Dividend Payout Ratio, Debt to Equity Ratio, and Return on Equity affect the Price Book Value of telecommunications companies listed on the Indonesia Stock Exchange (IDX)?

## 1.2. Literature Review

### 1.2.1. Price Book Value

Price Book Value is the relationship between a stock's price and its book value. This ratio is used to assess the amount of price per share in the market compared to the book value per share and to estimate the stock to be of fair value, undervalued or even overvalued. The high PBV ratio illustrates the high value of the company in the eyes of investors. The standard amount of price to book value in the company is  $>1$  which is indicated by stocks that are worthy of consideration. (Abdalloh, 2018)

### 1.2.2. Dividend Payout Ratio

Dividend Payout Ratio is a dividend payment obtained by determining the amount of retained earnings as a source of funding or reinvested in the company, as well as showing the percentage of profit paid to investors. This ratio measures the amount of the share of net profit after tax paid to shareholders as dividends, the greater

this ratio means that the less part of the retained profit to cover investments made by the company. (Sudana, 2015)

### 1.2.3. Debt to Equity Ratio

Debt to equity ratio is a comparison between debt and capital. This ratio is used to assess the amount of the company's total assets financed from the company's debt. The higher the value of this ratio, the higher the risk of bankruptcy of the company. If the calculation of the debt to equity ratio is less than 1, the company is in a good condition, because it shows that the company's debt is smaller than the capital owned by the company. (Sutrisno, 2012)

### 1.2.4. Return on Equity

Return on equity is a comparison between profit after tax and own capital in order to assess the company's ability to create net profit. This ratio shows the efficiency of using one's own capital. If this ratio is higher, the better. This means that the company's position will be stronger, and vice versa. (Kasmir, 2015)

### 1.2.5. Conceptual Framework

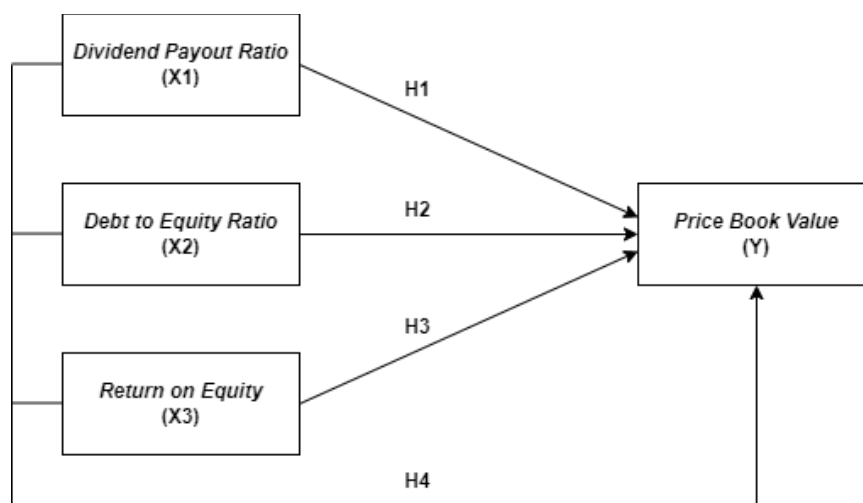


Figure 1. Conceptual Framework

### 1.2.6. Research Hypothesis

H1: Dividend Payout Ratio has a significant effect on the Price Book Value of telecommunications industry sector companies listed on the Indonesia Stock Exchange (IDX).

H2: Debt to Equity Ratio has a significant effect on the Price Book Value of telecommunications industry sector companies listed on the Indonesia Stock Exchange (IDX).

H3: Return on Equity has a significant effect on the Price Book Value of telecommunications industry sector companies listed on the Indonesia Stock Exchange (IDX).

H4: Dividend Payout Ratio, Debt to Equity Ratio, and Return on Equity have a significant effect on the Price Book Value of telecommunications industry sector companies listed on the Indonesia Stock Exchange (IDX).

## 3. Research Methods

### 3.1. Types of Research

The research approach used in this study is a quantitative approach using associative analysis techniques. Sujarweni (2015) defines that associative research is research that aims to uncover the relationship between two or more variables and is used to build theories that help explain, predict, and control symptoms. Where this research is carried out to determine the posttrial and simultaneous influence between the Dividend Payout Ratio (DPR), Debt to Equity Ratio (DER), and Return on Equity (ROE) on the Price Book Value (PBV) in telecommunications industry sector companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period.

### 3.2. Population and Sample

The population in this research is all telecommunications industry sector companies listed on the Indonesia Stock Exchange (IDX) from 2017 to 2021 which totaled 22 companies. The sample was obtained by purposive sampling, namely selecting samples with certain criteria so that 6 samples of telecommunications industry sector companies were obtained with a 5-year annual financial report period so that the number of research data was obtained as many as 30 research samples.

Some of the criteria established for obtaining the sample are as follows:

1. Telecommunications industry sector companies listed on the Indonesia Stock Exchange (IDX) for the 2017-2021 period.
2. Telecommunications industry sector companies that publish financial statements with positive equity values during the 2017-2021 period.
3. Telecommunications industry sector companies that distributed dividends in cash during the 2017-2021 period.

### 3.3. Data Analysis Methods

The data analysis techniques used in this study are Classical Assumption Test, Multiple Linear Regression, Hypothesis Test (t Test and F Test) and Coefficient of Determination with the help of research data processing program, namely using SPSS software version 26. Multiple linear regression is a regression model involving several independent variables. Multiple linear regression analysis was performed to test how the direction and how much the independent variable affects the dependent variable (Ghozali, 2016). The regression equation used is as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

|         |                          |
|---------|--------------------------|
| $Y$     | = Price book value       |
| $a$     | = Constant               |
| $\beta$ | = Regression coefficient |
| $X_1$   | = Dividend payout ratio  |
| $X_2$   | = Debt to equity ratio   |
| $X_3$   | = Return on equity       |
| $e$     | = Standard Error         |

## 4. Results and discussion

### 4.1. Descriptive Statistical Test

Table 2. Descriptive Statistical Test

|                    | N  | Descriptive Statistics |         |        |                |
|--------------------|----|------------------------|---------|--------|----------------|
|                    |    | Minimum                | Maximum | Mean   | Std. Deviation |
| DPR (X1)           | 30 | -.38                   | 5.21    | .8117  | 1.49284        |
| THE (X2)           | 30 | .08                    | 5.15    | 1.6580 | 1.52764        |
| ROE (X3)           | 30 | -.17                   | .66     | .1610  | .14789         |
| PBV (Y)            | 30 | 1.47                   | 5.17    | 3.0524 | .93094         |
| Valid N (listwise) | 30 |                        |         |        |                |

Source: SPSS Data Processing Results

From the results of the descriptive statistical test in table 4.1 above, the conclusions that can be drawn are as follows:

1. The minimum dividend payout ratio is -0.38 while the maximum dividend payout ratio is 5.21. The mean dividend payout ratio value is 0.8117 which means that the dividend distributed annually is 81% while the standard deviation value of 1.49284 can be interpreted to mean that the level of the company's size variable data dissemination size is 1.49.
2. The minimum value of debt to equity ratio is 0.08 while the maximum value of debt to equity ratio is 5.15. The mean debt to equity ratio value is 1.6580 and the standard deviation value is 1.52764 which can be interpreted to mean that the level of the size of the distribution of variable debt to equity ratio data is 1.53.
3. The minimum return on equity value is -0.17 while the maximum return on equity value is 0.66. The mean return on equity value is 0.1610 which means that the company's ability to profit from its own capital is 16% while the standard deviation value of 0.14789 can be interpreted to mean that the level of the size of the spread of variable data return on equity is 0.15.

4. The minimum price book value is 1.47 while the maximum price book value is 5.17. The mean price book value is 3.0524 while the standard deviation value of 0.93094 can be interpreted to mean that the level of the price book value variable data spread is 0.94.

## 4.2. Test Classical Assumptions

### 4.2.1. Normality Test

Table 3. Kolmogorov-Smirnov Normality Test

| One-Sample Kolmogorov-Smirnov Test |                | Unstandardized Residual |
|------------------------------------|----------------|-------------------------|
| N                                  |                | 30                      |
| Normal Parameters <sup>a,b</sup>   | Mean           | 3.0524                  |
|                                    | Std. Deviation | .93094                  |
| Most Extreme Differences           | Absolute       | .100                    |
|                                    | Positive       | .100                    |
|                                    | Negative       | -.056                   |
| Test Statistic                     |                | .100                    |
| Asymp. Sig. (2-tailed)             |                | .200 <sup>c,d</sup>     |

Source: Data Output SPSS

Table 4. 2 indicates that the *Kolmogorov-Smirnov* value is 0.100 and the Asymp value. Sig. (2-tailed) by 0.200. The results can be concluded that the residual data in this regression are normally distributed due to the Asymp value. Sig. (2-tailed) above 0.05.

### 4.2.2. Multicholnearity Test

Table 4. Multicholnearity Test

| Coefficients <sup>a</sup> |            | Collinearity Statistics |        |
|---------------------------|------------|-------------------------|--------|
| Model                     |            | Tolerance               | BRIGHT |
| 1                         | (Constant) |                         |        |
|                           | DPR (X1)   | .810                    | 1.234  |
|                           | THE (X2)   | .796                    | 1.256  |
|                           | ROE (X3)   | .912                    | 1.096  |

Source : Data Output SPSS

Table 4.3 shows that the Tolerance X1 values are 0.810, X2 is 0.796 and X3 is 0.912. As well as the VIF value of X1 of 1,234, X2 of 1,256 and X3 of 1,096. That is, the resulting value of Tolerance is above 0.100 and the value of the VIF is below 10.00. The results can be concluded that there is no multicholnearity in this regression model.

### 4.2.3. Heteroskedasticity Test

Table 5. Heteroskedasticity Test

| Coefficients <sup>a</sup> |            | Unstandardized Coefficients |            | Standardized Coefficients |        |
|---------------------------|------------|-----------------------------|------------|---------------------------|--------|
| Model                     |            | B                           | Std. Error | Beta                      | t      |
| 1                         | (Constant) | 2.210                       | .143       |                           | 15.508 |
|                           | DPR (X1)   | .136                        | .051       | .218                      | 2.666  |
|                           | THE (X2)   | .095                        | .050       | .156                      | 1.889  |
|                           | ROE (X3)   | 4.938                       | .485       | .784                      | 10.184 |

Source r: Data Output SPSS

Table 4.4 shows that the signification values (Sig.) at X1 are 0.232, X2 is 0.052 and X3 is 0.225. Overall, the variable has a signification value greater than 0.05 so it can be concluded that there is no heteroskedasticity in this regression model.

#### 4.2.4. Autocorrelation Test

Table 6. Autocorrelation Test

| Model | R                 | R Square | Model Summary <sup>b</sup> |                            |               |
|-------|-------------------|----------|----------------------------|----------------------------|---------------|
|       |                   |          | Adjusted R Square          | Std. Error of the Estimate | Durbin-Watson |
| 1     | .893 <sup>a</sup> | .704     | .670                       | .53500                     | 1.685         |

Source : Data Output SPSS

Table 4. 5 indicates that the DW value is 1.685. While in Durbin Watson's table the value of  $dU = 1,650$  and the value of  $4-dU = 2,350$ . The value  $k$  indicates the number of free variables and  $N$  indicates the number of research samples with  $k = 3$  and  $n = 30$  with a signification of 5%. Then it can be concluded that the DW value is between the  $dU$  and  $4dU$  values, this indicates that there is no autocorrelation problem in the regression model.

#### 4.3. Multiple Linear Regression Analysis

 Table 7. Multiple Linear Regression Analysis Coefficients<sup>a</sup>

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Itself. |
|-------|------------|-----------------------------|------------|---------------------------|--------|---------|
|       |            | B                           | Std. Error | Beta                      |        |         |
| 1     | (Constant) | 2.210                       | .143       |                           | 15.508 | .000    |
|       | DPR        | .136                        | .051       | .218                      | 2.666  | .013    |
|       | THE        | .095                        | .050       | .156                      | 1.889  | .070    |
|       | ROE        | 4.938                       | .485       | .784                      | 10.184 | .000    |

Source : Data Output SPSS

Based on the results of the regression test in table 4.6 above, it is known that the multiple linear regression equation is as follows:

$$PBV = 2,210 + 0,136 \text{ DPR} + 0,095 \text{ DER} + 4,938 \text{ ROE} + e$$

From the results of the regression equation model above, it can be explained as follows:

1. The value of the constant indicates a positive number that is 2.210. This result can be interpreted to mean that if the magnitude of the value of all independent variables is 0, then the magnitude of the company value (price book value) is 2.210.
2. The value of the variable coefficient dividend payout ratio is 0.136. This result can be interpreted to mean that if the dividend payout ratio increases by one unit, the company's value (price book value) will increase by 0.136 or 13.6% units assuming all other independent variables are constant.
3. The value of the variable coefficient debt to equity ratio is 0.095. This result can be interpreted to mean that if the debt to equity ratio increases by one unit, then the company's value (price book value) will increase by 0.095 units assuming all other independent variables are constant.
4. The value of the variable coefficient of return on equity is 4,938. This result can be interpreted that if the return on equity increases by one unit, then the company's value (price book value) will increase by 4,938 units assuming all other independent variables are constant.
- 6.

#### 4.4. Hypothesis Testing

##### 4.4.1. Partial Test (t-test)

 Table 8. Partial Test (t-test) Coefficients<sup>a</sup>

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Itself. |
|-------|------------|-----------------------------|------------|---------------------------|--------|---------|
|       |            | B                           | Std. Error | Beta                      |        |         |
| 1     | (Constant) | 2.210                       | .143       |                           | 15.508 | .000    |
|       | DPR (X1)   | .136                        | .051       | .218                      | 2.666  | .013    |
|       | THE (X2)   | .095                        | .050       | .156                      | 1.889  | .070    |
|       | ROE (X3)   | 4.938                       | .485       | .784                      | 10.184 | .000    |

Source : Data Output SPSS

The test results were significant independent variables at tabel 4. 7 will be described as follows:

1. The results of the partial test t show a dividend payout ratio with a significant value of 0.013 smaller than 0.05 which means that the variable dividend payout ratio has a significant positive effect on the price book value so that H1 can be accepted.
2. The results of the partial t test showed a debt to equity ratio with a significant value of 0.070 greater than 0.05 which means that the variable debt to equity ratio has no significant effect on the price book value so that H2 is rejected.
3. The results of the partial t test show a return on equity with a significant value of 0.000 smaller than 0.05 which means that the variable return on equity has a significant positive effect on the price book value so that H3 can be accepted.

#### 4.4.2. Model Fit Test (F Test)

Table 9. Model Fit Test (F Test)

| ANOVA <sup>a</sup> |            |                |    |             |        |                   |
|--------------------|------------|----------------|----|-------------|--------|-------------------|
|                    | Model      | Sum of Squares | df | Mean Square | F      | Itself.           |
| 1                  | Regression | 21.597         | 3  | 7.199       | 52.933 | .000 <sup>b</sup> |
|                    | Residual   | 3.536          | 26 | .136        |        |                   |
|                    | Total      | 25.133         | 29 |             |        |                   |

Source : Data Output SPSS

Based on the test results in table 4.8 above, a calculated F value of 52.933 with a significance value of 0.000 was obtained. So it can be concluded that H4 is accepted which means that the variables Dividend Payout Ratio (DPR), Debt to Equity Ratio (DER), and Return on Equity (ROE) simultaneously have a significant effect on Price Book Value (PBV) and the research on this model is worthy of research.

#### 4.4.3. Coefficient of Determination (R<sup>2</sup>)

Table 10. Coefficient of Determination Test (R<sup>2</sup>)

| Model Summary <sup>b</sup> |                   |          |                   |                            |
|----------------------------|-------------------|----------|-------------------|----------------------------|
| Model                      | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1                          | .839 <sup>a</sup> | .704     | .670              | .53500                     |

Source : Data Output SPSS

Based on the test results in table 4.9 above, the value of the coefficient of determination (Adjusted R Square) is 0.670. The result can be interpreted to mean that the magnitude of the variation of independent variables in influencing the regression equation model is 67% while the remaining 33% is influenced by other factors that are not included in the regression model.

### 4.5. Discussion

#### 4.5.1 Effect of Dividend Payout Ratio (X1) on Price Book Value (Y)

From the results of the hypothesis test, it can be seen that partially the Dividend Payout Ratio has a significant influence on the Price Book Value. This is indicated by a significance figure of 0.013 smaller than alpha 0.05 (sig. 0.013 < 0.05) so that H1 is acceptable. Dividend Payout Ratio has a significant effect on company value (PBV). With a significant relationship direction, it means that the increase in Dividend Payout Ratio is followed by an increase in Price Book Value.

This dividend distribution provides information or signals about the company's financial performance according to the views of investors. The investment resulting from the dividend policy has positive information about the company in the future and also has a positive impact on the value of the company. Large and small amounts of dividend payments greatly affect the decision-making by investors regarding the company's profits. The amount of dividends can affect the stock price. If the dividends paid are high, then the stock price tends to be high so that the value of the company is also high. On the other hand, if the dividend paid is small, the company's share price is also low. The ability to pay dividends is closely related to the company's ability to make a profit.

#### 4.5.2. Effect of Debt to Equity Ratio (X2) on Price Book Value (Y)

From the results of the hypothesis test, it can be seen that partially the Debt to Equity Ratio does not have a significant influence on the Price Book Value. This is indicated by a significance figure of 0.070 greater than

alpha 0.05 (sig. 0.070 < 0.05) so H2 is rejected. The debt ratio reflects the level of risk of a company, investors are not only profit-oriented, but also consider the level of risk owned by the company.

The level of risk of the company is reflected in the DER which shows how much of its own capital is owned by the company in fulfilling the company's obligations. Every investor certainly avoids investing in companies that have a high DER number because it reflects a high level of risk but investors will be interested in investing in companies if the value of the DER does not exceed the debt limit and is not greater than the company's capital. This shows that if the higher the DER ratio, the greater the risk faced and the investor will ask for a high level of profit. A high DER ratio also indicates a low proportion of own capital to finance assets. In addition, creditors also assume that there is a large risk from the company so that the creditor can provide considerable interest, so that the company's ability to get money from outside sources is limited which will affect the value of the company.

#### **4.5.3. Effect of Return on Equity (X3) on Price Book Value (Y)**

From the results of the hypothesis test, it can be seen that partially Return on Equity has a significant influence on Price Book Value. This is indicated by a significance figure of 0.000 smaller than alpha 0.05 (sig. 0.000 < 0.05) so that H3 is acceptable. Return on Equity has a significant impact on company value (PBV). With a significant relationship direction, it means an increase in Return on Equity followed by an increase in Price Book Value.

Companies that succeed in increasing profitability every year, will provide attractiveness to investors. Investors will trust companies that are able to generate large profits because the returns obtained are also large, so this is a positive signal for investors from the company. Return on Equity indicates the success or failure of management in maximizing the return on shareholders' investment and emphasizes the return on income with respect to the amount invested. The higher this ratio, the greater the value of the company's profitability, which in the end can be a positive signal for investors in making investments to obtain a certain return. The share price and the number of shares outstanding will affect the value of the company, if the share price and the number of shares outstanding rise, then the value of the company will also rise.

## **5. Conclusions and Suggestions**

### **5.1. Conclusion**

1. The first hypothesis that states that the Dividend Payout Ratio has a significant effect on the Price Book Value of telecommunications industry sector companies listed on the Indonesia Stock Exchange (IDX) can be accepted with a significant value (0.013). Therefore, the increase in the Dividend Payout Ratio that is distributed is one of the factors that affect the stock price because it can increase the trust of shareholders so that the value of the company becomes high as well.
2. The second hypothesis that the Debt to Equity Ratio has a significant effect on the Price Book Value of telecommunications industry sector companies listed on the Indonesia Stock Exchange (IDX) was rejected with a significant value (0.070). Therefore, the Debt to Equity Ratio is getting bigger, indicating that the company's condition tends to be less good because the value of the company's debt is greater than the capital owned by the company.
3. The third hypothesis that states that Return on Equity has a significant effect on the Price Book Value of telecommunications industry sector companies listed on the Indonesia Stock Exchange (IDX) can be accepted with a significant value (0.000). Therefore, a well-managed Return on Equity will increase the value of the company, because the ROE level can influence investors to buy shares and will increase the value of the Price Book Value.
4. The fourth hypothesis that states that the Dividend Payout Ratio, Debt to Equity Ratio, and Return on Equity have a significant effect on the Price Book Value of telecommunications industry sector companies listed on the Indonesia Stock Exchange (IDX) can be accepted with a significant value (0.000). So that the management of dividend policy, capital structure, and profitability can affect the value of the company because it will have an impact on the company's prospects.

### **5.2 Advice**

1. We recommend that the Dividend Payout Ratio level should always be considered so that it remains high and does not decrease. Because from the results of research, the dividend policy proxied through the Dividend Payout Ratio can effectively attract investors to invest, resulting in an increase in the company's value.
2. We recommend that efficiency in debt repayment and the use of equity must always be considered so that profits or profits continue to increase. The higher the debt to equity ratio, the lower the price book value. And also improving the capital structure also needs to be done because a good capital structure allocation

can increase the value of the company and if the company value is high then investors will be interested in investing.

3. We recommend that the amount of equity owned is better managed to increase productivity. The higher the return on equity, the higher the company value (price book value). And also an increase in profitability also needs to be done because the level of profitability can affect the value of the company and if the value of the company is high it will give a positive signal for investors to invest.
4. We recommend maximizing asset management or funding optimally, because the Dividend Payout Ratio Debt to Equity Ratio, and Return on Equity affect the Price Book Value and also further increase the ability to obtain profits that can increase the value of the company.

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