

The Effect of Working Capital Turnover, Total Asset Turnover, Debt to Equity Ratio, Audit Committee, and Board of Directors on Tobins Q

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Abstract

This research aims to know the influence of Working Capital Turnover (WCTO), Total Asset Turnover (TATO), and Debt to Equity Ratio (DER), Audit Committee, and Board of Director on the firm value. The population in this research is manufacturing companies listed on the Indonesia Stock Exchange for the period 2013-2017. Sampling method used is purposive sampling. The data analysis technique has been carried out by using multiple linear regressions analysis, and the SPSS program 21. The results of this study indicate that Working Capital Turnover (WCTO) has no effect on Tobins Q, while Total Asset Turnover (TATO) has an effect on Tobins Q, Debt to Equity Ratio (DER) has an effect on Tobins Q, Audit Committee has no effect on Tobins Q and Board of Director has an effect on firm value.

Keywords: working capital turnover, total asset turnover, debt to equity ratio, audit committee, board of director, firm value.

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INTRODUCTION

The main objective of company's long-term goal which is maximizing the value of the company [1]. Firm Value is a price paid by prospective buyers when the company will be sold later. Maximum Firm Value will provide benefits for the company because of the trust of investors. The value of the company is very important as a basis for consideration for investors in terms of making investment decisions. This is because the value of the company can describe a condition of the company, so investors in investing will see in terms of Firm Value. If the value of the company is good, then the condition of the company is well illustrated and investors' views on the company will also be good. The rise and fall of stock prices indirectly affects the value of the company, because the value of the company is seen from the prosperity of the shareholders as measured by the company's stock price. According to Chotimah and Amanah [2], the increasing share price of a company increases the value of the company itself (market value of the firm). Conversely, the decline in the company's stock price also decreases the value of the company.

Based on Nurhayati's research [3] the size of the company has a positive and significant effect on debt policy. Business risk has a negative but not significant effect on debt policy. Company liquidity (negative and significant effect on debt policy. Company profitability has a negative and significant effect on debt policy. Firm size has a significant positive effect on firm value. Business risk has a negative but not significant effect on firm value. Company liquidity does not have a significant effect on value company Profitability of the company has a positive and significant effect on firm value, debt policy does not significantly influence the value of the company.

The stock price of companies going public should be high and stable so that the company's value is also high. In fact, not all companies that go public have high stock prices. When the stock price changes fluctuatively, the company does not show the level of prosperity for shareholders. If the company's stock price increases, the company's value shows maximum prosperity for the shareholders. This means proving that

a high stock price will show a good condition of Firm Value. Firm Value is also considered as a proxy that can show the prosperity of shareholders [4].

Firm Value can be measured by several indicators, such as book value and market value of equity. However, these measurements are considered less representative. Investors can consider the measurement of company performance to use that is through Tobin's Q ratio. Tobin's Q is more accurate because it provides an overview of the fundamental aspects and the extent to which the market evaluates companies from various aspects seen by investors in terms of investment decision making [5].

Financial performance is one of the factors that influence the value of the company, where good or not the company's financial performance will be seen by prospective investors to determine stock investment. If the company's financial performance is good, it reflects good corporate value.

The evaluation of a company's financial performance can be done by analyzing financial statements, one of which is the financial ratio in the form of an activity ratio and a leverage ratio. *One calculation of activity ratios is Working Capital Turnover and total assets turnover.*

Research on Working Capital Turnover (WCTO) and Total Asset Turnover (TATO) has been done before. Apritasari and Oetomo [6] who concluded that the results of his WCTO research had a significant effect on firm value, while Afrilian [7] concluded in his research that the WCTO had no effect on firm value. The results of the Chotimah and Amanah [2] study prove that TATO has a significant effect on firm value, while Stiyarini and Santoso [8] TATO have no significant effect on firm value.

One calculation of solvency ratio is Debt to Equity Ratio (DER). According to Haryati and Ayem [9] state that Debt to Equity Ratio does not have a significant effect on firm value. Based on the research of Riza [10], the Debt to equity ratio does not negatively affect the market performance of the Indonesian Stock Exchange issuers' stocks, especially issuers who get Corporate Governance scores from independent GCG rating agencies, in this case measuring stock market performance using Tobins Q.

One calculation of activity ratios is Working Capital Turnover and total assets turnover (Total Asset Turnover). Research on Working Capital Turnover (WCTO) and Total Asset Turnover (TATO) has been done before. Apritasari and Oetomo [11] who concluded that the results of his WCTO research had a significant effect on firm value, while Afrilian [7] concluded in his research that the WCTO had no effect on firm value. The results of the Chotimah and Amanah

[2] study prove that TATO has a significant effect on firm value, while Stiyarini and Santoso [8] TATO have no significant effect on firm value.

One calculation of solvency ratio is Debt to Equity Ratio (DER). According to Chotimah and Amanah [9] in the results of his research it was found that Debt to Equity Ratio (DER) had a significant effect on firm value. While Haryati and Ayem [9] state that Debt to Equity Ratio does not have a significant effect on firm value. Based on the research of Riza [10], the Debt to equity ratio does not negatively affect the market performance of the shares of the Indonesian Stock Exchange, especially those issuers who get Corporate Governance scores from independent GCG rating agencies, in this case measuring stock market performance using Tobins Q.

In the current era of globalization, demands on the paradigm of good corporate governance (GCG) in all economic activities cannot be avoided anymore. If the condition of GCG can be achieved, it is hoped that a clean government and the formation of civil society and good corporate governance will be realized [12]. Good corporate governance (GCG) has a big influence on Corporate Value. In a study conducted by Muryati [13] stated that the mechanism of Good corporate governance (GCG) affects the value of the company. The GCG mechanism is measured using indicators of managerial ownership, independent board of commissioners, board of directors, independent audit committees, and institutional ownership. The value of the company is measured using Tobin's Q. The data analysis technique uses multiple regression analysis. The results of the study included only the independent audit committee variables which negatively affected the value of the company, while the other four independent variables had a positive effect on firm value.

In Syafitri's [14] study, the Audit Committee variable, the Board of Directors, the Board of Commissioners had an effect on Tobin's Q, but the varabel of Managerial Ownership had no effect on Tobin's Q.

LITERATURE REVIEW

Signaling Theory

Signaling theory suggests about how a company should give a signal to users of financial statements. Signal theory is a sign given by the company to investors as a clue about how to view the company's prospects. Companies with profitable prospects will avoid selling shares and will seek new capital in other ways, one of which is using debt [15].

Agency Theory

Agency theory is a theory that defines the relationship between principals and agents. Agency theory explains that agency relations is a contract where one or more people (principals) govern another person

(agent) to do a service in the name of the principal and authorize the agent to make the best decision for the principal. If both parties have the same goal to maximize the value of the company, it is believed that the agent will act in a manner that is in accordance with the interests of the principal [16].

The value of the company

According to Harmono [17], Firm Value is a company performance that is reflected by the stock price formed by demand and supply in the capital market which reflects the community's assessment of the company's performance. Firm Value describes how good or bad management is in managing its wealth, this can be seen from the measurement of financial performance obtained. Corporate value is also explained as an investor's perception of the level of success of the company that is often associated with stock prices.

Working Capital Turnover (WCTO)

Kasmir [18] suggests that working capital turnover is one of the ratios to measure or assess the effectiveness of a company's working capital for a certain period. This means how much working capital revolves over a period or in a period.

Total Asset Turnover (TATO)

According to Fahmi [19], Total asset turnover is also called total asset turnover. This ratio sees the extent to which the assets owned by the company occur in circulation effectively.

Syamsudin [20] argues that Total Asset Turnover is the level of efficiency of the overall use of company assets in generating certain sales volumes. The higher ratio of Total Asset Turnover means the more efficient use of all assets in generating sales.

Debt to Equity Ratio (DER)

According to Kasmir [21] Debt to equity ratio is a ratio used to assess debt with equity. This ratio is sought by comparing all debt, including current debt with all equity.

Good Corporate Governance (GCG)

In order to improve company performance, protect the interests of stakeholders and improve compliance with laws and regulations as well as code of conduct that apply generally to the industry per company, companies are required to carry out their business activities based on the principles of Good Corporate Governance. The implementation of Good Corporate Governance in the corporate industry must always be based on five basic principles. a. Transparency, namely openness in expressing material and relevant information and openness in carrying out the decision making process. b. Accountability, namely clarity of functions and implementation of corporate accountability so that management runs effectively. c. Responsibility, namely the suitability of the

management of the company with the applicable laws and regulations and the principles of sound corporate management. d. Independence is the management of the company professionally without any influence/pressure from any party. e. Fairness, namely justice and equality in fulfilling the rights of stakeholders that arise based on agreements and applicable laws and regulations. One of the causes of the crisis in Indonesia was the lack of supervision carried out on company directors which should be the responsibility of the board of commissioners. The Corporate Governance mechanism consists of internal mechanisms and external mechanisms. Internal mechanism is a way of controlling a company by using internal structures and processes including general meeting of shareholders, composition of board of directors and board of commissioners, meeting of board of directors [32], 1998 in Sutaryo and Wibawa, [22], managerial ownership, executive compensation and audit committee [23] while external mechanisms include market control, debt financing levels, and external auditors Barnhart and Rosentein 1998 in Sutaryo and Wibawa, [22]. External mechanisms are a way to influence companies other than by using internal mechanisms such as the quality of external audits Barnhart and Rosentein [32], 1998 in Sutaryo and Wibawa, [22], government regulations (investor ownership protection), monitoring debtholder, and ownership of parties such as institutional ownership [23].

Previous Research

Previous research that can support this research is Chotimah and Amanah [2], conducting research whose results show that the current ratio does not significantly influence stock returns and firm value (tobins'Q). Total assets turn over does not have a significant effect on stock returns but has a significant effect on firm value (tobins'Q). While the debt to equity ratio, return on assets, return on equity, price earnings ratio has a significant effect on stock returns and firm value (tobins'Q). Apritasari and Oetomo [6], conducted research with results that showed that Financial Leverage, Inventory TurnOver (ITO), and Working Capital TurnOver (WCTO) had a significant effect on firm value. Prasetiono and Utami [24], conducted research whose research results showed that TATO had a significant positive effect on ROA. Whereas WCTO and DER have a significant negative effect on ROA. TATO variable has positive and insignificant effect on firm value.

The WCTO variable has a significant negative effect on firm value. DER and ROA variables have a significant positive effect on firm value. Based on path analysis and sample test, it can be concluded that ROA mediates the effect of TATO on firm value. However, ROA does not mediate the influence of WCTO and DER on ROA. Rinnaya *et al.* [16], conducted research with results that showed that profitability (ROA), activity ratio (TATO), funding decisions (DER) and

investment decisions had a significant effect on firm value. Astutik [25], conducted a study whose results showed that ROA had a positive and significant effect on firm value, while CR, SG and TATO had a negative insignificant effect, while DER had a positive and insignificant effect on firm value.

Hoque *et al.* [26] conducted a study whose results stated that capital structure (CS), debt to equity (DER), debt to asset (DR), fixed assets to total assets (Tangibility), earnings before interest and taxes to interest charges (ICR), financial leverage multiplier (FLM) significantly affects the value of the firm (VF). Yegon *et al.* [27], conducted research on companies listed on the Nairobi Securities Exchange in 2005-2012 to find empirical evidence regarding the effect of working capital turnover towards profitability and Firm Value. The results of his research found that there is a positive relationship between working capital turnover on profitability and Firm Value.

Research Hypothesis

- H1: Working capital turnover (WCTO) influences Firm Value (Tobins Q)
- H2: Total asset turnover (TATO) has an effect on Firm Value (Tobins Q)
- H3: Debt to Equity Ratio (DER) has an effect on firm value (Tobins Q)
- H4: Audit Committee (KA) influences Firm Value (Tobins Q)
- H5: Board of Directors (DD) has an effect on Firm Value (Tobins Q)

MATERIAL AND METHODS

The type of data used in this study is secondary data. The data collection technique is by documentation and literature study techniques. The population in this study is all manufacturing companies (processing industries) listed on the Indonesia Stock Exchange in 2018 as many as 154 companies. The sample criteria determined are manufacturing companies that are listed continuously on the Indonesia Stock Exchange (IDX) during the period 2013-2017, using the rupiah currency during the period 2013-2017, have positive earnings and positive equity (own capital) in the financial statements during the period 2013-2017 and has a positive working capital in the financial statements during the period 2013-2017. The number of samples used by 47 companies was multiplied by 5 years of observation, namely 235 data to be used in this study.

The dependent variable used in this study is the Firm Value measured by the following formula:

$$Q = \frac{(EMV + D)}{(EBV + D)}$$

Source: Chung and Pruitt [33]

Remarks:

- Q = Tobins'Q
- EMV = Equity Market Value
- (EMV = P (closing price x Qshares)
- EBV = Equity Book Value
- (The difference between total assets and total debt)

D = Debt

Furthermore, in this study independent variables use following formula:

$$WCTO = \frac{\text{Sales}}{\text{Average working capital}} \times 100\%$$

Source: Kasmir [21]

$$TATO = \frac{\text{Sales}}{\text{Total assets}} \times 100\%$$

Source: Fahmi [19]

$$DER = \frac{\text{Total Debt}}{\text{Equity}} \times 100\%$$

Source: Sitanggang [28]

The audit committee variable is measured by the number of audit committee members owned by the company. Audit committee counting formula:

$$KA = \ln \Sigma \text{ audit committee member}$$

Source: Shabibah [34]

The board of directors is measured by counting the number of board members in a company. The formula calculates the number of directors:

$$DD = \ln \Sigma \text{ member Board of Director}$$

Source: Shabibah (2017)

The method used to analyze the data in this study is to use multiple linear regression analysis which is used to test the effect of several independent variables on the dependent variable.

RESULTS AND DISCUSSION

Descriptive statistics provide a new picture/description of the overall company data which is seen from the minimum, maximum, average (mean) and standard deviation values.

Table-1: Descriptive statistics

Descriptive Statistics

| | N | Minimum | Maximum | Mean | Std. Deviation |
|-----------------------|-----|---------|------------|------------|----------------|
| WCTO | 235 | ,59715 | 1762,53786 | 16,2371451 | 120,21817734 |
| TATO | 235 | ,30661 | 3,05732 | 1,1678992 | ,50322889 |
| DER | 235 | ,07639 | 2,40153 | ,6950639 | ,49617196 |
| AC | 235 | 2,00 | 5,00 | 3,1489 | ,43258 |
| BOD | 235 | 2,00 | 16,00 | 5,7021 | 2,76049 |
| TOBINSQ | 235 | ,30414 | 12,96242 | 2,0794373 | 1,99590965 |
| Valid N (listwise) | 235 | | | | |

Source: Secondary data processed by SPSS 21, 2019

Classic assumption test

Normality test data in this study using the Kolmogorov-Smirnov statistical test. The basis of its decision making is if the test results show a significant value of Kolmogorov-Smirnov > 0.05 means that the data is normally distributed. The results of the first Kolmogorov-Smirnov normality test show the Kolmogorov-Smirnov Z value is 1.732 with a significance of 0.005 less than 0.05 or 5%. This means that residual data is abnormally distributed. Therefore,

for treating the violation of the classic assumption test, which is the normality of the data, data transformation is carried out by changing the regression model in the semi-log form, namely the right of the equation (dependent variable) is converted to natural logarithmic (Ln) and left-hand equation (independent variable) permanent. Results after being transformed can be seen in the table below. Table 2. Data Normality Test Results after Ln. Transformation

One-Sample Kolmogorov-Smirnov Test

| | | Unstandardized Residual |
|----------------------------------|----------------|-------------------------|
| N | | 235 |
| Normal Parameters ^{a,b} | Mean | ,0000000 |
| | Std. Deviation | ,67571902 |
| Most Extreme Differences | Absolute | ,082 |
| | Positive | ,082 |
| | Negative | -,053 |
| Kolmogorov-Smirnov Z | | 1,253 |
| Asymp. Sig. (2-tailed) | | ,087 |

a. Test distribution is Normal.
b. Calculated from data.

Source: Secondary data processed by SPSS 21, 2019

Based on the results of the normality test in table 2, the Kolmogorov-Smirnov Z value is 1.253 with a significance of 0.087 greater than 0.05 or 5% (0.087 > 0.05). This means that residual data is normally distributed.

Multicollinearity test aims to test whether the regresi model found a correlation between independent variables. Multicollinearity test can be seen from the Variance Inflation Factor (VIF) and also Tolerance value. If the VIF value < 10 or tolerance > 0.10 means there is no multicollinearity [29].

Table-3: Multicollinearity Test Results

Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | | |
|-------|-----------------------------|------------|---------------------------|-------|--------|-------------------------|------|------------|
| | B | Std. Error | Beta | | | Tolerance | VIF | |
| | | | | | | | | (Constant) |
| 1 | WCTO | ,000 | ,000 | -,053 | -,881 | ,379 | ,963 | 1,039 |
| | TATO | ,456 | ,090 | ,304 | 5,071 | ,000 | ,974 | 1,027 |
| | DER | -,208 | ,093 | -,136 | -2,233 | ,027 | ,936 | 1,069 |
| | AC | ,155 | ,107 | ,088 | 1,446 | ,150 | ,933 | 1,072 |
| | BOD | ,077 | ,017 | ,283 | 4,549 | ,000 | ,905 | 1,105 |

a. Dependent Variable: LN_TOBINSQ

Source: Secondary data processed by SPSS 21, 2019

The table above shows that the results of the multicollinearity test show tolerance values for each independent variable greater than 0.10 and the results of the Variance Inflation Factor (VIF) also show that there is no independent variable that has a VIF value smaller than 10. So it can be concluded that there is no multicollinearity between independent variables in the regression model.

Autocorrelation test is used to test whether in a linear regression model there is a correlation between

confounding errors in period t and period t-1 disturbing errors [29]. Decision-making is the presence or absence of autocorrelation as follows [30]:

- The value of D-W below -2 means positive autocorrelation.
- The D-W value above +2 means negative autocorrelation is indicated.
- The D-W value between -2 to 2 means that there is no autocorrelation indicated.

Table-4: Autocorrelation Test Results
Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | ,448 ^a | ,200 | ,183 | ,68306 | 1,650 |

a. Predictors: (Constant), DD, WCTO, TATO, DER, KA

b. Dependent Variable: LN_TOBINSQ

Source: Secondary data processed by SPSS 21, 2019

Based on the results of the autocorrelation test which can be seen in the table above, it can be explained that the Durbin Watson (DW) number produced is 1,650. This DW value is between -2 to 2, which means that the DW value is greater than -2 and smaller than 2, it can be concluded that there is no autocorrelation.

The heteroscedasticity test is to test whether in a linear regression there is a variance of the residual inequality one observation of its variance. A good regression model is homoskedasticity, which is if the residual variance from one observation to another observation remains [29]. To detect the presence or absence of heteroscedasticity, it is done by looking at the Plot Chart and the Spearman Rho Test.

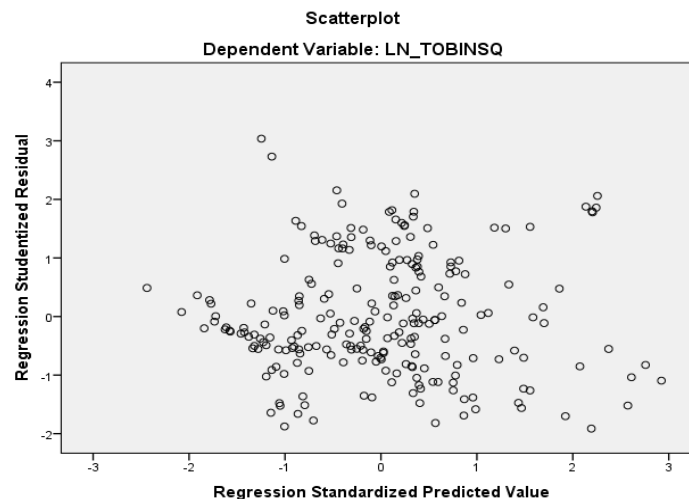


Fig-1: Heteroscedasticity Test Results with Scatterplot

Graph

From the scatterplot graph image above, it can be seen that the points spread above and below the number 0 of the Y axis, then it can be interpreted that heteroscedasticity does not occur.

Based on the results of testing the spearman's rho test which can be seen in table 5, it can be seen that

the significance value or Sig. (2-tailed) WCTO variable is 0.453, TATO variable is 0.762, DER variable is 0.201, KA variable is 0.850, and DD variable is 0.052. Because the significance value of the three independent variables is greater than the value of 0.05, it can be concluded that in the regression model there are no problems or symptoms of heteroscedasticity.

Table-5: Heteroscedasticity Test Results with Spearman Rho Test

Source: Secondary data processed by SPSS 21, 2019

Hypothesis testing

R Square (R²) or the coefficient of determination

Table 6 Determination Coefficient Test Results

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|---------------|
| 1 | ,448 ^a | ,200 | ,183 | ,68306 | 1,650 |

a. Predictors: (Constant), DD, WCTO, TATO, DER, KA

b. Dependent Variable: LN_TOBINSQ

Based on the table above, it can be seen that R Square value (R²) of the regression model in this study is 0.200 which indicates that the ability of independent variables (WCTO, TATO, DER, KA, DD) to explain the

dependent variable Firm Value (TOBINSQ) is 20% and the remaining 80% (100% - 20%) explained by other variables outside the model.

Result of F Test

Table-7: Result of F Test ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1 | Regression | 26,759 | 5 | 5,352 | 11,471 | ,000 ^b |
| | Residual | 106,844 | 229 | ,467 | | |
| | Total | 133,603 | 234 | | | |

a. Dependent Variable: LN_TOBINSQ

b. Predictors: (Constant), DD, WCTO, TATO, DER, KA

Source: Secondary data processed by SPSS 21, 2019

The F test in this study obtained F count 11.4471 with a significant value of 0.000 smaller than the significant limit of 0.05, so the regression model used was correct.

T-Statistic Test Results

Based on the table the results of the statistical test t above can be explained as follows:

- Working Capital Turnover (WCTO) has a t count of -0.881 with a significant value of 0.379 > 0.05. This indicates that Working Capital Turnover does not affect the value of the company so that hypothesis 1 is rejected.
- Total Asset Turnover (TATO) has a t count of 4.342 with a significant value of 0.000 < 0.05. This

indicates that Total Asset Turnover has an effect on Firm Value so that hypothesis 2 is accepted.

- Debt to Equity Ratio (DER) has a t count of -2,233 with a significant value of 0.027 < 0.05. This indicates that the Debt to Equity Ratio affects the value of the company so that hypothesis 3 is accepted.
- The Audit Committee (KA) has a t count of 1.446 with a significant value of 0.150 > 0.05. This indicates that the Audit Committee has no effect on Firm Value so hypothesis 4 is rejected.
- The Board of Directors (DD) has a t count of 4,549 with a significant value of 0,000 < 0,05, this indicates that the Board of Directors influences the value of the company so that hypothesis 5 is accepted.

Table-8: Result of T Test

Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| (Constant) | -.892 | ,357 | | -2,497 | ,013 | | |
| 1 | | | | | | | |
| WCTO | ,000 | ,000 | -.053 | -.881 | ,379 | ,963 | 1,039 |
| TATO | ,456 | ,090 | ,304 | 5,071 | ,000 | ,974 | 1,027 |
| DER | -.208 | ,093 | -.136 | -2,233 | ,027 | ,936 | 1,069 |
| KA | ,155 | ,107 | ,088 | 1,446 | ,150 | ,933 | 1,072 |
| DD | ,077 | ,017 | ,283 | 4,549 | ,000 | ,905 | 1,105 |

a. Dependent Variable: LN_TOBINSQ

Multiple Linear Regression Analysis Test Results

Multiple linear regression analysis was used to determine the effect of Working Capital Turnover (WCTO), Total Asset Turnover (TATO), and Debt to

Equity Ratio (DER), Audit Committee and Board of Directors on Corporate Value (Tobins Q). By looking at table 9 the results of multiple linear regression analysis, the equation in this study are:

Table-9: Multiple Linear Regression Analysis Test Results

Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| (Constant) | -.892 | ,357 | | -2,497 | ,013 | | |
| 1 | | | | | | | |
| WCTO | ,000 | ,000 | -.053 | -.881 | ,379 | ,963 | 1,039 |
| TATO | ,456 | ,090 | ,304 | 5,071 | ,000 | ,974 | 1,027 |
| DER | -.208 | ,093 | -.136 | -2,233 | ,027 | ,936 | 1,069 |
| KA | ,155 | ,107 | ,088 | 1,446 | ,150 | ,933 | 1,072 |
| DD | ,077 | ,017 | ,283 | 4,549 | ,000 | ,905 | 1,105 |

a. Dependent Variable: LN_TOBINSQ

$$\text{Ln_TOBINSQ} = -0,892 + 0,000 \text{ WCTO} + 0,456 \text{ TATO} - 0,208 \text{ DER} + 0,155 \text{ KA} + 0,077 \text{ DD}$$

DISCUSSION OF RESEARCH RESULTS
Effect of Working Capital Turnover (WCTO) on Firm Values

Based on the results of hypothesis testing that has been done shows that Working Capital Turnover (WCTO) does not affect the value of the company. The effect of the Working capital turnover (WCTO) variable in this study is not influential because the value of Working capital turnover does not affect the increase in stock prices, where stock prices are used to measure Firm Value.

The results of this study are not in line with the research conducted by Siswoyo and Oetomo [11], Apritasari and Oetomo [11] and Yegon *et al.* [27]. But in line with other studies conducted by Afrilian [7], the results of his research state that Working capital turnover (WCTO) does not affect the value of the company.

Effect of Total Asset Turnover (TATO) on Firm Values

Based on the results of hypothesis testing that has been done shows that Total Asset Turnover (TATO) affects the value of the company. The higher total asset turnover (TATO), the more effective and efficient use of all assets owned by the company in generating sales.

This shows the company's financial performance is good and is considered a positive signal (good news) given from the company to investors. This positive signal (good news) is used as a reference for investors and will increase investor trust to invest or invest so that it will ultimately affect the increase in Firm Value.

The results of this study are in line with the research conducted by Chotimah and Amanah [2], Rinnaya *et al.* [16] and Prasetyono and Utami [24] where the results of his research state that Total asset turnover (TATO) affects the value of the company.

Effect of Debt to Equity Ratio (DER) on Firm Values

Based on the results of hypothesis testing that has been done shows that the Debt to Equity Ratio (DER) affects the value of the company. The higher the Debt to Equity Ratio (DER) indicates that the company has a large debt level, which is used by the company to finance the company's operations and it can be said that the company has a high risk in returning its debt costs or means that the costs to be borne by the company will be greater.

It will be considered by investors as negative news from companies that will affect investor interest in terms of investment or invest their capital into the company, the decrease in interest in investors will result in a decline in the value of the company in the future.

The results of this study are in line with the research conducted by Hoque *et al.* [26], Stiyarini and Santoso [8] and Astutik [25] which state that the Debt to equity ratio (DER) affects the value of the company.

Effect of the Audit Committee (KA) on Firm Values

Based on the results of hypothesis testing that has been done shows that the Audit Committee (KA) does not affect the value of the company.

The number of audit committee members in a company must be adjusted according to the complexity of the company while always paying attention to the element of effectiveness in the decision-making process so as to contribute to the company's value as well as the quality of financial statements. Susanti [22] in his research stated that the increasing number of audit committee members is not a guarantee that the performance of a company also increases. Too many audit committee members are not good for the company because there will be many tasks or jobs that are divided. This causes the audit committee members to be less focused in carrying out their duties so that the company's performance will worsen. In addition, many of the audit committees have not yet understood the main role.

Effect of the Board of Directors (DD) on Firm Values

Based on the results of hypothesis testing that has been done shows that the Board of Directors (DD) affects the value of the company. This is in line with the research of Isshaq *et al.* [31] who found that the size of the board of directors is positively related to Firm Value. It can be explained that the size of the board of directors is not a major determinant of the effectiveness of supervision of company management. The board of directors is responsible and authorized to coordinate, make decisions and oversee the operations of the company; therefore the board of directors is considered very instrumental in increasing the value of the company because of its direct involvement in the company's operational activities.

CONCLUSION AND SUGGESTION

Conclusion

- The results of the study indicate that the WCTO has no effect on Firm Value (Tobins Q)
- The results of the study show that TATO has an effect on Firm Value (Tobins Q).
- The results of the study show that DER has an effect on firm value (Tobins Q).
- The results of the study show that DD has an effect on Firm Value (Tobins Q).

Suggestion

- In this study, the ability of the three independent variables used in explaining the variation of the dependent variable is equal to 18.3%, to enlarge this percentage value, it can be suggested for further research to add or replace several other measurement proxies in assessing financial performance using activity ratios and other leverage / solvability, and others or by using other financial ratios that influence the value of the company.
- The sample used in this study is limited to manufacturing companies listed on the Indonesia Stock Exchange during 2013 until 2017 continuously or consistently. Thus, it is suggested for further research to expand the scope of research not only in manufacturing companies to obtain better research results.

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