Jurnal Manajemen Keuangan (MANKEU)
Vol. 1, No. 4, Desember 2023, hlm. 443~458
ISSN 2988-246X

THE EFFECT OF TOTAL ASSET TURNOVER AND INVENTORY TURNOVER ON COMPANY VALUE

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Article Info

Article history:

Received 12 15, 2023
Revised 12 20, 2023
Accepted 12 29, 2023

Keywords:

Total Asset Turnover
Inventory Turnover
Company Values
Manufacturing Companies
Pharmaceutical Sector

Abstract

This study aims to examine the effect of *total asset turnover* and *inventory turnover* on company value (case study on pharmaceutical sub-sector manufacturing companies listed on the IDX for the 2018-2022 period). The population in this study uses *the purposive sampling* method in pharmaceutical companies listed on the Indonesia Stock Exchange and based on the criteria that have been determined, a sample of 55 pharmaceutical companies is obtained. The analysis of research data is a quantitative analysis, a calculation tool using SPSS (*Statistical Package Social Science*) analysis. The value of the determination coefficient (R^2) of 0.232 shows that the variables *of total asset turnover* and *inventory turnover* affect the company's value by 26% and the remaining 74% are influenced by other variables. The results of *the total asset turnover* test partially did not have a significant effect on the company's value. The test results on the *inventory turnover* variable partially did not have a significant effect on the company's value. The results of testing the *variables of total asset turnover* and *inventory turnover* simultaneously affect the value of companies in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange. Based on the results of the research, companies should pay more attention to the efficiency of *total asset turnover* and *inventory turnover* in order to generate profits. For investors, you should pay more attention to the value of the company because the higher the stock price, the higher the stock market price.

1. INTRODUCTION

Background of the Problem

The development of the business world in Indonesia is increasingly competitive. This is marked by the increasing number of competitors that have emerged in the business world, both from within the country and from abroad. Therefore, existing companies must continue to strive to improve their company's performance in order to continue to maintain their survival. The company's goal is basically to optimize the company's value. The higher the value of the company, the more prosperous the owner is. The value of the company also affects the interest of prospective buyers of the company's shares in the capital market. A high company value will increase prosperity for shareholders, so shareholders will invest their capital in the company. An assessment of a company's performance is the profit generated by the company which can be seen through the financial statements generated per accounting period.

Pharmaceutical companies are one of the right choices for investors to invest their capital with a risk calculation that is not too big to make a profit. This is supported by the rapid development of the times, the business of medical devices, medicines, and hospitals has developed rapidly. In this study, the researcher selected pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange. The pharmaceutical industry is the fourth largest contributor to the Indonesian economy as a non-oil and gas manufacturing industry. As a strategic industry, the pharmaceutical industry has been designated as one of the 10 priority industries in the National Industrial Development Master Plan (RIPIN) 2015-2035.

The company's financial statements are the main source to provide information about the achievements that have been achieved by the company to parties in need, both internal and external parties. In the capital market, financial statements are related to the decision-making that will be made by investors. In analyzing financial statements, it must be done carefully and precisely so that the results produced are not wrong. Therefore, the right analysis techniques are also needed. There is also an analysis technique that is often used in analyzing financial statements is to use financial ratio analysis.

The activity ratio describes the activities carried out by the company in carrying out its operations, both in sales, purchases, and other activities. If the company has too many assets, then the cost of capital will be too high so that profits will decrease. On the other hand, if the activity is too low then profitable sales will be lost, so this ratio describes the comparison between the level of sales and investment. Balanced profit and sales results explain how management successfully manages its assets.

Inventory turnover ratio or *inventory turnover* It is a ratio that measures the extent to which a company is able to generate sales based on the inventory it has. High inventory turnover indicates the higher inventory turnover in a year and this indicates the effectiveness of inventory management. Faster *inventory turnover* sold, then the faster the company gets the company's investment profits from changing from inventory to cash. Conversely, low inventory turnover signals e.g. signs of management such as a lack of effective inventory control. According to Moeljadi (In work et al., 2013) Inventory turnover ratio (*inventory turnover*) is used to measure the journey of inventory until it returns to cash. This ratio is calculated by dividing sales by inventory or cost by inventory. *Total asset turnover* It is a ratio used to measure the turnover of all assets owned by the company and measure how much sales are obtained from each rupiah of assets.

According to Kasmir (in Kurniasari, 2020) *Total asset turnover* is a ratio that describes the turnover of assets measured by sales volume, so the larger this ratio is better which means that it can turn around faster and achieve profits and shows the more efficient the use of the overall asset in generating sales. *Total Asset Turnover* It can be calculated by dividing net sales by total assets. According to (Rina, Syamsul Bakhtiar Ass, 2019 in

Wandari, 2021) total asset turnover or *total asset turnover* It is used to measure the turnover of all assets owned by the company and measure the amount of sales obtained from each rupiah of assets. According to Barus and Leliani, 2013 (in Wandari, 2021) *Total asset turnover* is a ratio used to measure the ability to manage funds embedded in all revolving assets. Here are the data *Total Asset Turnover, Inventory Turnover* and Company Value in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2022 period.

Table 1. Data on the Development of TATO, ITO and PBV of Pharmaceutical Companies for the Period 2018-2022

PATENT CODE	YEAR	TOTAL ASSET TURNOVER	INVENTORY TURNOVER	COMPANY VALUES
DVLA	2018	1.01	6.05	233.28
	2019	0.99	5.43	214.38
	2020	0.92	4.88	211.11
	2021	0.91	4.42	202.78
	2022	0.95	3.77	199.48
INAF	2018	1.28	7.39	0.62
	2019	1.16	9.17	0.61
	2020	1	11.85	0.72
	2021	1.44	8.69	0.61
	2022	0.74	4.68	3.58
KAEF	2018	0.78	4.12	113.95
	2019	0.51	3.29	74.92
	2020	0.56	4.07	78.16
	2021	0.72	4.77	76.79
	2022	0.47	3.02	59.46
KLBF	2018	1.16	6.06	0.02
	2019	1.11	6.05	0.02
	2020	1.02	6.42	0.02
	2021	1.02	5.16	0.02
	2022	1.06	4.11	0.02
MERCK	2018	0.48	2.26	86.43
	2019	0.82	3.15	75.41
	2020	0.7	2.06	73.12
	2021	1.03	3.92	65.49
	2022	1.08	3.04	59.16
PEHA	2018	0.54	3.19	106.35
	2019	0.52	3.05	102.23
	2020	0.51	2.54	113.37
	2021	0.57	3.10	113.36

	2022	0.64	4.10	108.83
PYFA	2018	1.33	6.02	0.44
	2019	1.29	5.58	0.42
	2020	1.21	5.43	0.33
	2021	0.78	4.32	0.32
	2022	0.47	3.40	0.12
BEEN	2018	0.82	8.87	0.51
	2019	0.86	10.25	0.48
	2020	0.86	10.77	0.23
	2021	0.98	8.84	0.21
	2022	0.94	7.12	0.21
TSPC	2018	1.28	6.68	0.04
	2 019	1.31	7.76	0.03
	2020	1.20	7.37	0.03
	2021	1.16	6.98	0.03
	2022	1.08	6.17	0.02
SCPI	2018	1.34	4.82	7.16
	2019	1.29	3.60	5.83
	2020	1.81	10.37	4.32
	2021	1.78	14.26	3.70
	2022	1.71	6.18	3.65
SDPC	2018	1.99	5.19	0.54
	2019	2.21	5.80	0.54
	2020	2.26	6.78	0.55
	2021	2.47	6.59	0.53
	2022	2.28	5.94	0.49

Source : Indonesia Stock Exchange, 2023

Based on the data above, it shows that the *total asset turnover* value in each company fluctuates every year, which means that the higher the asset turnover rate (*Total Asset Turnover*) shows the more productive the level of the company's asset management which has an impact on increasing revenue, thereby increasing the company's value. And in the *inventory turnover* of each company experiences ups and downs every year which means that the less inventory, the more productive the company, on the contrary, the more inventory shows the more unproductive sales which will affect the size of the company's stock price. Thus, the higher the inventory turnover rate, the higher the stock price. Meanwhile, the lower *the inventory turnover*, the lower the stock price. Changes in *total asset turnover* and *inventory turnover* on the company's value from year to year fluctuate. Because these changes cause the stock price to become unstable from year to year, it is necessary to analyze the company's financial statements to find out the company's advantages and disadvantages in the company's value.

From the research that has been carried out previously, there are still differences in the results of research regarding the ratio of activities, namely *Total Asset Turnover* (TATO) and *Inventory Turnover* (ITO). Based on previous research, according to Sara Wandari (2021) stated that *Total Asset Turnover* (TATO) partially has a negative and insignificant effect on the company's value, thus this study does not support the results of the research of Putri Utami and Welas (2019) which stated *Total Asset Turnover* (TATO) does not have a negative effect on the company's value. Therefore, this study will repeat the re-study of the effect of the activity ratio on the value of manufacturing companies in the pharmaceutical sub-sector listed on the Indonesia Stock Exchange in the 2018-

2022 period. For companies that sell their shares to the public (*go public*), an indicator of the value of a company is the price of shares traded on the stock exchange. *Price to Book Value* (PBV) measures the value of a company which describes the level of rationality of the company's stock market price to its book value, namely equity per share. A PBV that is too small illustrates the low market appreciation for the fundamental value of this company's stock. On the other hand, too large a PBV value indicates that the stock price is getting further away from its fundamental value. The PBV ratio reflects the value of a company from investors' perception in the capital market [4]. Based on the description of the background of the problem above, the author took the title of the research **"INFLUENCE *TOTAL ASSET TURNOVER*AND *INVENTORY TURN OVER* ON THE VALUE OF COMPANIES IN PHARMACEUTICAL SUB-SECTOR MANUFACTURING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2018-2022 PERIOD".**

Problem Formulation

Based on the description in the background above. Therefore, the research question can be arranged as follows: "Is there an effect of *total asset turnover* (TATO) and *inventory turnover* (ITO) on company value in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange for the 2018-2022 period?

Research Objectives

From the above background, the purpose of this study is to find out whether there is an effect of *total asset turnover* (TATO) and *inventory turnover (ITO) on* company value in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period.

2. REVIEW LITERATURE

Financial Management

Financial management is one part of the basic concepts of accounting. Financial management includes all organizational activities in order to obtain, allocate and use funds effectively and efficiently. KD Wilson (2020) (dalam Hasan et al., 2022) Explaining the definition of financial management, it mainly involves fundraising and its effective utilization with the aim of maximizing shareholder wealth. Meanwhile, according to Sutrisno (2017) (dalam Hasan et al., 2022) Financial management is all company activities related to expenditure which consists of three businesses, namely efforts to obtain company funds at low costs, businesses to use the data efficiently and efficiency in allocating funds in business activities.

Financial management is a process in the company's financial activities related to efforts to obtain company funds and minimize company costs as well as efforts to manage the finances of a business entity or organization in order to achieve financial goals that have been set [6].

Mihajlović (2020) said that financial management is a field of knowledge that is quite fun, but also challenging because those who are happy in the field of financial management will get wider opportunities to get jobs such as corporate finance managers, banking, real estate, insurance companies, and even other government sectors, so that their careers will grow [7].

Financial Report

According to the 2015 Financial Accounting Standard (SAK), financial statements are part of the financial reporting process. In general, financial statements are records of financial information of a company in an accounting period that can be used to describe the company's performance. According to Arief Sugiono and Edi Untung (2016) (in Amalia & Wulandari, 2019), "Financial statements are the final results of accounting activities (accounting cycles) that reflect the financial condition and operating results of a company at a certain time or a certain period of time". According to Irham Fahmi (2017) (in Amalia & Wulandari, 2019) Financial statements are information that describes the condition of a company, where the following will be information that describes the performance of a company".

According to Hasanaj & Kuqi (2019), financial statements are a document that describes the company's financial condition and company performance in a certain period [9]. According to Setyowati et al., (2022) financial statements are the final result of the accounting process which includes two main reports, namely the balance sheet and the income statement. These reports are not only important for internal management, but also provide crucial information for investors, creditors, and other stakeholders in economic decision-making [10].

Financial statements also serve as a transparent communication tool, allowing all relevant parties to assess the company's financial health and future growth potential [11]. Accurate and timely financial reports are essential in creating trust between the company and stakeholders, as well as aiding in strategic planning and risk management. Additionally, good financial statements can provide insight into a company's operational performance and aid in identifying areas that need further improvements or investments [12].

Financial Ratios

It is a company financial analysis tool to assess the performance of a company based on a comparison of financial data contained in financial statement posts (balance sheet, profit/loss statement, cash flow statement. Financial ratio is a ratio calculation using financial statements that function as a measuring tool in assessing the company's financial condition and performance.

Technical Analysis of Financial Ratios

Horizontal analysis (*trend analysis*), which is comparing the company's financial ratios from past years with the aim of being able to see the trend of the company's ratios over a certain period of time. Meanwhile, vertical analysis, which is comparing the company's financial ratio data with similar ratios from other companies of the same type or industry for the same time.

Financial Ratio Analysis Approach Method

Cross Sectional *Approach*, which is a way of evaluating by comparing ratios between one company and another similar company at the same time. And the Time Series Analysis approach, which is a way of evaluating by comparing the company's financial ratios from one period to another.

Types of Financial Ratios

Liquidity Ratio

The Liquidity Ratio is used to measure a company's ability to guarantee its current liabilities. If the company is able to fulfill its obligations, then the company is considered a liquid company. On the other hand, if the company is unable to fulfill its obligations, then the company is considered an illiquid company. The liquidity ratio is divided into several

1. *The current ratio* is a comparison between current assets and current liabilities and is the most commonly used measure to determine a company's ability to meet its short-term obligations.
2. *Quick ratio* is a quick test ratio that shows the company's ability to pay short-term liabilities with current assets without taking into account inventory.
3. *The cash ratio* is a tool used to measure how much cash is available to pay debts.
4. The cash turnover ratio shows the relative value between the value of net sales and net working capital. Net working capital is all components of current assets minus total current debt. The cash turnover ratio is calculated by dividing the value of net sales by net working capital.
5. *Inventory to net working capital* is a ratio used to measure or compare the amount of inventory available with the company's working capital.

Solvency Ratio

The solvency ratio or *leverage ratio* is a ratio used to measure the extent to which a company's assets are financed with debt. This means how much debt burden the company bears compared to its assets. Solvency ratios are divided into:

1. *Debt to asset ratio* or commonly called *debt ratio* is a debt ratio used to measure the ratio between total debt and total assets.
2. *Debt to equity ratio* is the ratio used to assess debt to equity. This ratio is sought by comparing all debt, including current debt, with all equity.
3. *The long-term debt to equity ratio* is the ratio of long-term debt to equity by comparing long-term debt with the company's own capital.
4. *Times intered earned* is the ratio compared to earnings before taxes and interest expenses.
5. *Fixed charge coverage* is a ratio that adds *up earnings before tax* plus rental interest plus rental obligations and is compared to interest costs plus rental obligations.
6. *Current assets to equity* is a ratio that compares total current assets to own capital.
7. *Inventory to equity* is a ratio that compares the total inventory of goods with one's own capital.
8. *Receivable to equity* is a ratio that compares total receivables with own capital.

RatioActivity

According to Hery (2015) (in Fauzan, 223) The activity ratio is the ratio used to measure the effectiveness in using its assets. According to Anwar (2019) (in Fauzan, 2023) The activity ratio is a ratio that shows the level of effectiveness of the company in relation to the achievement of sales or the total assets used. According to Amalia and Wulandari, 2019, the activity ratio is a ratio that describes the extent to which a company uses its resources to support the company's activities, where the use of this activity is carried out optimally with the intention of obtaining maximum results. According to Kasmir, 2015 (in Amalia & Wulandari, 2019) Activity ratio (*activity ratio*) is a ratio used to measure the level of effectiveness of a company in using its assets. The activity ratio is used to measure the level of efficiency of a company's resource utilization. There are several types of activity ratios summarized from several financial experts, namely:

1. *Total asset turnover.* According to Kasmir, 2015 (in Utami & Welas, 2019) *Total assets turnover* It is a ratio used to measure all turnovers of all assets owned by the company and measure the amount of sales obtained from each rupiah of assets. So the larger this ratio is, the better, which means that the asset can rotate faster and make a profit, and shows the more efficient the use of the overall asset in generating sales. *Total asset turnover* A ratio that compares net sales to total assets.
2. *Working Capital Turnover.* According to Kasmir, 2015 (in Utami & Welas, 2019) Working capital turnover is one of the ratios to measure or assess the effectiveness of a company's working capital over a certain period. The faster the turnover means that fewer funds need to be invested in accounts receivable.
3. According to Riyanto in [14] *Inventory Turnover* is one of the activity ratios that measure the speed of inventory turnover which is used to measure the speed at which inventory is turned into cash. Faster *inventory turnover* sold, then the faster the company gets the company's investment profits and the inventory turns into cash.

Profitability Ratio

Profitability Ratio is a ratio used to assess a company's ability to make a profit. This is shown by the profit generated from sales and investment income. The Profitability Ratio is divided into *profit margin on sales,* return on investment, *return on equity*, and *earning per share of common stock*.

Company Values

According to Franita, 2016 in (Empress, 2022) The value of the company is the price that can be sold at an agreed price that the buyer will pay. The higher the value of the company, the greater the prosperity that will be received by the owner of the company. Ratio *Price to Book Value* It compares the market value with *Book Value* a stock.

Indonesia Stock Exchange (IDX)

The Indonesia Stock Exchange or commonly abbreviated as IDX is an institution that organizes and provides means (access) to bring together offers to sell and buy securities (securities) from buyers (investors) and sellers (*companies go public*). The place where the securities buying and selling transaction occurs is referred to as the capital market. So, this IDX is the one that organizes activities in the Indonesian capital market. In the capital market mechanism, there are two systems of purchasing securities, namely through the primary market and the secondary market.

Manufactory

A manufacturing company is a company engaged in the industrial sector usually equipped with processing so that it is called an industrial company and the processing activity of this company is to buy raw materials to be processed into new products, semi-finished goods or finished goods that have been processed and then selected, sorted, packaged, labeled new for sale (Supriyati, 2014).

Pharmacy

According to Niki Tivitasari and Wiyadi 2017, in [16] states that a pharmaceutical or pharmaceutical company is a commercial business company that focuses on researching, developing and distributing.

3. RESEARCH METHODS

This study uses comparative causal research. Comparative causal research is a type of research with problem characteristics in the form of a causal relationship between two or more variables. Based on the type of data, this research includes quantitative research, namely data in the form of numbers or quantitative data that is raised (Sugiyono, 2010 in Lestari, 2017).

The sampling technique used in this study is *nonprobability sampling* technique. In determining the type of sample to be used in this study, it uses *the purposive sampling technique*, which is a technique of selecting samples from a population based on certain considerations, both expert considerations and scientific considerations (Juliandi et al., 2015) in Sara Wandari (2021). The sample of this study was taken by *purposive sampling*, where the sample was used if it met the following criteria:

Table 2. Sample Criteria

It	Sample Criteria	Sample
1	Pharmaceutical sector companies listed on the Indonesia Stock Exchange (IDX) for the period of 2018-2022.	12
2	Companies that publish or publish the company's annual *report* during the observation period 2018-2022.	11
3	The company has complete data according to the needs of researchers.	11
Number of companies sampled		11

Source: Processed, 2022

Based on the sampling criteria as mentioned above, the number of samples to be used in this study is 11 companies for 5 consecutive years so that the number of sample data is obtained as many as 55 data. The following is a list of pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange that will be used as research samples:

Table 3. List of Pharmaceutical Companies Listed on the Indonesia Stock Exchange for the 2018-2022 Period

No.	PATENT CODE	COMPANY NAME
1	DVLA	Darya Varia Laboratoria Tbk
2	INAF	Indofarma (Persero) Tbk
3	KAEF	Kimia Farma (Persero) Tbk

4	KLBF	Kalbe Pharma Tbk
5	BRAND	Merck Indonesia Tbk
6	PEHA	Phapros Tbk
7	PYFA	Pyridam Farma Tbk
8	BEEN	Sido Muncul Herbal Medicine & Pharmaceutical Industry Tbk
9	TSPC	Tempo Scan Pacific Tbk
10	SDPC	Millennium Pharmacon International Tbk
11	SCPI	Organon Pharma Indonesia Tbk

Source: Indonesia Stock Exchange

4. RESULTS AND DISCUSSION

The following are the results of the calculation of the Company Value (PBV) in pharmaceutical companies listed on the Indonesia Stock Exchange during the 2018-2022 period.

Table 4. Company Value (PBV) of Pharmaceutical Companies Listed on the Indonesia Stock Exchange for the Period 2018-2022

Company Code	Price to Book Value (%)					Average
	2018	2019	2020	2021	2022	
DVLA	233,28	214,38	211,11	202,78	199,48	**215,38**
INAF	0,62	0,61	0,72	0,61	3,58	**1,22**
KAEF	133,95	74,92	78,16	76,79	59,46	**84,65**
KLBF	0,02	0,02	0,02	0,02	0,02	**0,08**
MERCK	86,43	75,41	73,12	65,49	59,16	**85,75**
PEHA	106,35	102,23	113,37	113,36	108,83	**108,82**
PYFA	0,44	0,42	0,33	0,32	0,12	**0,37**
BEEN	0,51	0,48	0,23	0,21	0,21	**0,41**
TSPC	0,04	0,03	0,03	0,03	0,02	**0,03**
SCPI	7,16	5,83	4,32	3,70	3,65	**4,93**
SDPC	0,54	0,54	0,55	0,53	0,49	**0,53**
Average	**51,75**	**43,17**	**43,81**	**42,16**	**39,54**	**45,20**

Source : Indonesia Stock Exchange, 2023

The following is a table *of Total Asset Turnover* (TATO) in manufacturing companies in the Pharmaceutical sub-sector listed on the Indonesia Stock Exchange for the 2018-2022 period.

Table 5. Total Asset Turnover (TATO) of Pharmaceutical companies listed on the Indonesia Stock Exchange for the period 2018-2022

Code Company	*Total Asset Turnover* (Rp)					Average
	2018	2019	2020	2021	2022	
DVLA	1,01	0,99	0,92	0,91	0,95	**0,95**
INAF	1,28	1,16	1,00	1,44	0,74	**1,22**
KAEF	0,78	0,51	0,56	0,72	0,47	**0,64**
KLBF	1,16	1,11	1,02	1,02	1,06	**2,15**
MERCK	0,48	0,82	0,70	1,03	1,08	**0,75**

Code Company	*Total Asset Turnover* (Rp)					Average
	2018	2019	2020	2021	2022	
PEHA	0,54	0,52	0,51	0,57	0,64	**0,53**
PYFA	1,33	1,29	1,21	0,78	0,47	**1,15**
BEEN	0,82	0,86	0,86	0,98	0,94	**0,88**
TSPC	1,28	1,31	1,20	1,16	1,08	**1,23**
SCPI	1,34	1,29	1,81	1,78	1,71	**1,58**
SDPC	1,99	2,21	2,26	2,47	2,28	**2,24**
Average	**1,09**	**1,09**	**1,09**	**1,16**	**1,03**	**1,21**

Source: Indonesia Stock Exchange, 2023

The following is a table *of Inventory Turnover* in Pharmaceutical companies listed on the Indonesia Stock Exchange for the 2018-2022 period.

Table 6. Inventory Turnover (ITO) of Pharmaceutical companies listed on the Indonesia Stock Exchange for the period 2018-2022

Company Code	*Inventory Turnover* (Rp)					Average
	2018	2019	2020	2021	2022	
DVLA	6,05	5,43	4,88	4,42	3,77	**5,19**
INAF	7,39	9,17	11,85	8,69	4,68	**9,27**
KAEF	4,12	3,29	4,07	4,77	3,02	**3,85**
KLBF	6,06	6,05	6,42	5,16	4,11	**5,92**
MERCK	2,26	3,15	2,06	3,92	3,04	**2,84**
PEHA	3,19	3,05	2,54	3,10	4,10	**2,97**
PYFA	6,02	5,58	5,43	4,32	3,40	**5,33**
BEEN	8,87	10,25	10,77	8,84	7,12	**9,68**
TSPC	6,68	7,76	7,37	6,98	6,17	**7,19**
SCPI	4,82	3,60	10,37	14,26	6,18	**7,84**
SDPC	5,19	5,80	6,78	6,59	5,94	**6,06**
Average	**5,51**	**4,44**	**6,59**	**6,45**	**4,68**	**6,01**

Source: Indonesia Stock Exchange, 2023

Classic Assumption Test Test

1. Normality Test

Table. 7
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		55
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	57.40406956
Most Extreme Differences	Absolute	.185
	Positive	.185
	Negative	-.122
Test Statistic		.185
Asymp. Sig. (2-tailed)		.000c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
Source: SPSS data processing results

From the table above, it can be seen that the Kolmogorov-Smirnov value has an asymp.Sig. (2-tailed) value less than 0.05 and less than 0.05 (5%), which means that the variable has been abnormally distributed. To obtain values that are normally distributed, it is done by transforming data using Natural Logarithms (LN).

Normality Test Data Transformation

Table. 8
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		55
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	2.63384260
Most Extreme Differences	Absolute	.104
	Positive	.069
	Negative	-.104
Test Statistic		.104
Asymp. Sig. (2-tailed)		.200[c,d]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.
Source: SPSS Processed Data, 2023

Based on the output table above, it is known that the Kolmogorov-Smirnov value after the data transformation has changed as seen in the asymp.Sig. (2-tailed) line. From the table, there is a value of asymp.Sig. (2-tailed) = 0.200. Previously, the significant value was smaller than 0.05 or 0.000 < 0.05 after the data was transformed into 0.200 > 0.05 changed that the regression method in this study had met the assumption of normality.

Multicollinearity Test

Table. 9

Coefficientsa

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Mr.	Collinearity Statistics Tolerance	Collinearity Statistics BRIGHT
1	(Constant)	105.275	31.178		3.377	.002		
	THIS	43.617	30.439	.207	1.433	.159	.844	1.184
	ITO	-16.831	4.362	-.557	-3.858	.000	.844	1.184

a. Dependent Variable: PBV
Source: SPSS Processed Data, 2023

Based on the table above, it is known that the VIF value is 1.184 < 10 and the Tolerance value is 0.844 > 0.1, so the data does not occur multicollinearity.

Heterokedasticity Test
Uji Glejser

Table. 10
Coefficientsa

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Mr.
1	(Constant)	56.973	16.435		3.467	.001
	THIS	-12.383	13.031	-.143	-.950	.346
	ITO	-.812	2.480	-.049	-.327	.745

a. Dependent Variable: Abs_Res
Source: SPSS Processed Data, 2023

Based on the table above, it can be seen that the significant value of the *Total Asset Turnover* variable is greater than the constant value or 0.346 > 0.05 and the significant value *of the Inventory Turnover* variable is greater than the constant value or 0.745 > 0.05, meaning that heteroscedasticity does not occur.

Uji Autokorelasi

Table. 11
Uji Autokorelasi Durbin-Watson
Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.510a	.260	.232	58.49758	.408

a. Predictors: (Constant), ITO, TATO
b. Dependent Variable: PBV
Source: SPSS Processed Data, 2023

Based on the data from the table above, it can be seen that the Durbin-Watson value = 0.408, then it can be concluded that the above data does not autocorre.

2. Multiple Linear Regression Analysis

Table. 12
Multiple Linear Regression Test Results
Coefficientsa

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Mr.
1	(Constant)	134.868	22.739		5.931	.000
	THIS	-38.014	18.031	-.277	-2.108	.040
	ITO	-8.518	3.432	-.327	-2.482	.016

a. Dependent Variable: PBV
Source: SPSS Processed Data, 2023

Based on the table above, the value of the constant (α) is 134.868 and the value of the coefficient (β) of *the Total Asset Turnover* (X1) variable is -38.014 and the coefficient value (β) of *the Inventory Turnover* variable (X2) is -8.518, the regression equation model in this study is as follows:

Y = α + β1X1 + β2X2
Y = 134,868 – 38,014 X1 – 8,518X

From the regression model, it is explained that:
1. The value of the constant (α) has a positive value of 134.868, meaning that it shows a unidirectional influence between the independent variable and the independent variable. This means that all independent variables, namely

Total Asset Turnover (X1) and *Inventory Turnover* (X2) have a unidirectional influence, so the company's value tends to increase to 134,868.
2. The variable *total asset turnover* (TATO), has a regression coefficient with a direction of -38.014, if other independent variables are assumed to be constant, this means that every increase *in total asset turnover* (TATO) by 1 unit will decrease the value of the company by -38.014.
3. The variable *inventory turnover* (ITO), has a regression coefficient with a direction of -8.518, if it is assumed that other independent variables are constant, this means that every increase *in inventory turnover* (ITO) by 1 unit will decrease the company's value by -8.518.

From the regression model, it is explained that:
1. The value of the constant (α) has a positive value of 134.868, meaning that it shows a unidirectional influence between the independent variable and the independent variable. This means that all independent variables, namely *Total Asset Turnover* (X1) and *Inventory Turnover* (X2) have a unidirectional influence, so the company's value tends to increase to 134,868.
2. The variable *total asset turnover* (TATO), has a regression coefficient with a direction of -38.014, if other independent variables are assumed to be constant, this means that every increase *in total asset turnover* (TATO) by 1 unit will decrease the value of the company by -38.014.
3. The variable *inventory turnover* (ITO), has a regression coefficient with a direction of -8.518, if it is assumed that other independent variables are constant, this means that every increase *in inventory turnover* (ITO) by 1 unit will decrease the company's value by -8.518.

3. Uji Hipotesis

Determination Coefficient Test (R^2)

Table. 13
Determination Test (R2)
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.510a	.260	.232	58.49758

a. Predictors: (Constant), ITO, TATO
Source: SPSS Processed Data, 2023

Based on the results of the determination coefficient test in the table above, a result of 0.232 was obtained, which means that the contribution of the dependent variable is *Total Asset Turnover* and *Inventory Turnover* affecting the independent variable, namely the Company Value of (0.260 x 100 = 26%) while the rest (100% - 26% = 74%) is influenced by other variables outside this study.

Partial Test (t-Test)

Table. 14
Partial Test (t-Test)
Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Mr.
1	(Constant)	134.868	22.739		5.931	.000
	THIS	-38.014	18.031	-.277	-2.108	.040
	ITO	-8.518	3.432	-.327	-2.482	.016

a. Dependent Variable: PBV
Source: SPSS Processed Data, 2023

Based on the table above, the form of test t (the partial influence of variable X on Y) is as follows:
1) If the value of t counts < t table, then H_0 is rejected, which means that there is no influence between the free variable and the bound variable.
2) If the value of t is calculated > t of the table, then H_0 is accepted, which means that there is an influence between the free variable and the bound variable.
3) The level of significance used is 5% or 0.05, in other words if p (probability) > 0.05 then it is stated that the independent variable (X) has an insignificant influence on the bound variable (Y), and vice versa if p (probability) < 0.05 then it is stated that there is a significant influence of the independent variable (X) on the bound variable (Y).

Discussion

The Effect of Total Asset Turnover (TATO) on Company Value

Based on the results of partial testing, the influence between the Total Asset Turnover variable on the Company's Value can be obtained t_{count} by -2.108 while t_{table} 2,006. From these results, it can be seen that $t_{count} < t_{table}$ namely (-2.108 < 2.006) and the significant value is less than the alpha value (0.040 < 0.05), it can be concluded that **H0 rejected** and **H1 accepted**. This means that it is partially variable *Total Asset Turnover* does not have a significant effect on the Company Value variable in pharmaceutical companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period.

This is in line with a study conducted by Indah Rahayu and Siti Istikhoroh (2019) entitled "The Influence of CR, TATO, and DER on the Value of Pharmaceutical Companies Tbk" stating that *Total Asset Turnover* does not have a significant impact on the Company's Value in Pharmaceutical Companies. However, it is different from the research conducted by Aria Ulfah and Dirvi Surya Abbas (20200 which states that *Total Asset Turnover* have a positive effect on the Company's Value.

The Effect of Inventory Turnover (ITO) on Company Value

Based on the results of partial testing, the influence between the Inventory Turnover variable on the Company's Value can be obtained$_{count}$ by -2.482 while t_{table} 2,006. From these results, it can be seen that $t_{count} < t_{table}$ i.e. (-2.482 < 2.006) and the significant value is less than the alpha value (0.016 < 0.05), then it can be concluded that **H0 rejected** and **H2 accepted**. This means that it is partially variable *Inventory Turnover* does not have a significant effect on the Company Value of pharmaceutical companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period. This is in line with research conducted by Ika Putri Yuni Asmoro and Hening Widi Oetomo (2018) which stated *that Inventory Turnover* (ITO) has a negative effect on the Company's Value.

The effect of total asset turnover (TATO) and inventory turnover (ITO) on Company Value

The effect of total asset turnover and inventory turnover on Company Value has a significant influence between independent variables and dependent variables jointly or simultaneously. This can be known from f_{count} 9.152 and ftable 3.17. Showing that fcount is greater than ftable (9.152 > 3.17) then **H0 accepted** and **H3 rejected**. So it can be said that simultaneously there is an influence between the variables *Total Asset Turnover* and *Inventory Turnover* on the Company Value of Pharmaceutical companies listed on the Indonesia Stock Exchange for the 2018-2022 period.

5. CONCLUSION

1. *Total asset turnover* does not have a significant effect on the value of companies in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX). This shows that the size of *the total asset turnover* owned by the company does not have a significant impact on the likelihood that the company will create sales to make a profit. Companies with a large *total asset turnover* value will rotate faster and achieve profits and show the more efficient use of all assets in generating sales.
2. *Inventory turnover* does not have a significant effect on the value of companies in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX). This

shows that the size of *the company's inventory turnover* is inefficient in managing the company's investment in inventory. Because the faster inventory *turnover* is sold, the faster the company will get investment profits in a company and inventory will turn into cash.

3. *Total asset turnover* and *inventory turnover* have an influence on the value of companies in pharmaceutical sub-sector manufacturing companies listed on the Indonesia Stock Exchange. This shows how far the company is able to create company value relative to the amount of capital to be invested. This company value is an important concept for investors because it is an indicator for the market to assess the company and become an investor's perception of the success rate of a company. Because the higher the value of the company, the greater the prosperity that will be received by the owner of a company, the better the market views a company and its prospects, the more successful the company will be in creating value for shareholders.

6. ADVICE

1. For companies, they should pay more attention to the management of funds or assets embedded in the company. With good asset management, it can turn it into sales and of course will generate profits for the company. High profits can be one of the indicators for investors to invest in the company. And that will have an impact on the stock price followed by an increase in the company's value.
2. For companies, they must pay more attention to the level of sales or the level of company assets. Companies that have a high level of sales and asset levels can be one of the components in increasing the company's profits. or a good level of assets and sales will have an impact on the smooth operation of the company, which will have an impact on investors' interest in investing.
3. For companies, they should look for ways to make asset turnover faster. Because the faster the asset turnover rate, the net profit generated will also increase. Proper use of assets can increase sales which ultimately affects revenue. High income can affect investors' interest in investing and this will have an impact on the company's stock price.
4. Given the limitations of this study, it is recommended for researchers to expand their research. The expansion of the research in question is not only limited to the factors in the financial statements, but also other factors such as the inflation rate, and others that have not been considered in this study. In addition, it is also necessary to increase the number of financial ratios studied.

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