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Analysis Of Current Ratio And Debt To Equity Ratio To Price To Book Value With Return On Assets As A Mediation Variable (Financial Studies In The Industrial Sector Listed On The Indonesia Stock Exchange)

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Abstract

This research is grounded in the increasingly intense and competitive business landscape, which compels companies to enhance firm value in order to sustain their competitive position. Firm value functions as a key indicator of corporate success fron an investor's perspective. This study aims to examine the effect of current ratio and debt to equity ratio on price to book value, both directly and indirectly through return on asset as a mediating variable, within the industrial sector listed on the Indonesia Stock Exchange (IDX) during the 2023-2024 period. This study employs a quantitative research method with and explanatory research design. The sample was determined through a purposive sampling technique, yielding 92 obeservations derived from 46 companies. Data were analyzed using multiple linear regression and path analysis, processed with SPSS. The findings reveal that current ratio has a positive and significant effect on return on asset, whereas debt to equity ratio has a positive but insignificant effect on return on asset. Current ratio and debt to equity ratio has a positif but insignificant effect on price to book value, while return on asset has a positive and significant effect on price to book value.

Keywords: Current Ratio, Debt to Equity Ratio, Return on Asset, Price to Book Value.

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INTRODUCTION

The development of economic conditions in Indonesia are constantly changing causing the level of business competition becomes increasingly tight. Companies are not only required to maintain their operational continuity, but also must be able to adapt to market and technological developments in order to remain competitive in the midst of industry dynamics. The company's inability to adjust to changing market conditions can reduce the company's competitiveness while reducing investor interest in investing. Therefore, the company needs to maintain and increase the value of the company consistently as one of the indicators of success in the eyes of investors. This condition is in line with research conducted by (Sholihati, 2025) which states that a dynamic business environment requires companies to adapt quickly in order to remain competitive. In addition, research by (Adiputra & Hermawan, 2020) shows that increasing the value of a company is one of the company's main goals because it is able to provide positive signals to the value of shares and investor perceptions.

The value of the company is one of the indicators that reflect the success of the company in creating economic value for shareholders. The high value of the company indicates the existence of market confidence in the company's prospects in the future so that it becomes the basis for investor consideration in making investment decisions. This condition is generally reflected through the increase in the company's share price in the capital market. As the value of the company increases, the investor's chances of making a profit also increase so that the company has a wider opportunity to attract new investments. This statement is supported by research (Fo, 2025) which states that high company value can provide benefits for shareholders because it is related to improving investor welfare.

Phenomena regarding the value of the company can be observed through the movement of the Composite Stock Price Index (JCI) on the Indonesia Stock Exchange. In 2024,JCI experienced significant fluctuations with the lowest value of 6,726.92 on June 19 and overall recorded a performance of -2.65% (CBNC, 2025). These fluctuations have a different impact on each sector. Several sectors are still showing positive growth, such as the energy sector, property and real estate, primary consumers, non-primary consumers, and health. In contrast, the industrial sector decreased by -5.84% (Mubarok, 2025). This condition shows that the industrial sector faces greater pressure than other sectors, so it requires special attention in assessing the factors that affect the value of the company.

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The decline in the performance of the industrial sector is also reflected in the value of Price to Book Value (PBV) as one indicator of company value. Based on Indonesia Stock Exchange data, the average PBV of the industrial sector decreased from 2.00 in 2023 to 1.53 in 2024 or a decrease of 23.5%. The decrease occurred because the market price as a numerator in the PBV calculation fluctuated, affecting investors ' assessment of the company's prospects. This condition shows that the company's fundamental information is still the main basis for investors in stock valuation. Thus, changes in the financial condition of the company will affect the perception of investors which is ultimately reflected in the value of the company.

The company's ability to manage resources is one of the important signals for investors to assess the quality and prospects of the company. The effectiveness of asset utilization, the ability to meet short-term obligations, and the management of capital structure are aspects that are often analyzed through financial ratios such as the Current Ratio (CR), Debt to Equity Ratio (DER), and Return on Assets (ROA). Research results (Akbar et al., 2022; Markonah, 2020) pointed out that the information contained in these ratios plays a role in shaping investor perceptions of the level of risk and stability of the company so that it becomes the basis for assessing the value of the company.

Previous studies have shown inconsistent results. Liquidity measured using the Current Ratio is reported to be able to increase the value of the company because it reflects the company's ability to meet short-term obligations, thereby increasing investor confidence (Listyawati & Kristiana, 2020; Markonah, 2020; Sarma & Handayani, 2025). However, other research states that the Current Ratio has no significant effect on the value of the company (Matruty et al., 2023; Santi & Sudarsi, 2024). Inconsistency of results is also found in the relationship of Debt to Equity Ratio to the value of the company. Several studies have stated that the effective use of debt can increase investor valuation (Magdalena & Setyawan, 2023; Nugroho et al., 2023; Purnomo et al., 2024), while other studies have shown that Debt to Equity Ratio is not the main consideration for investors in assessing companies (Firdaus, 2020; Nugraha & Wirama, 2021; Putra & Sari, 2023).

In addition to affecting the value of the company, The Current Ratio and Debt to Equity Ratio is also associated with Return on Assets as an indicator of profitability. Companies that are able to effectively manage assets, liabilities, and capital structures tend to earn higher profits, thus providing a positive signal to investors. The condition is supported by research (Fianti et al., 2022; Kurniasari & Yoga, 2025; Sarma & Handayani, 2025; Christina et al., 2025; Jurlinda et al., 2022; Sabakodi & Andreas, 2024). However, some studies give different results by stating that the Current Ratio and Debt to Equity

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Ratio do not have a significant effect on profitability (Muharrom, 2024; Septiani & Handayani, 2024). Similarly, the relationship of Return on Assets to the value of the company still shows mixed results (Ikhsan et al., 2022; Oktaviani et al., 2024; Sarma & Handayani, 2025; Ardelia & Retnani, 2024; Dzulhijar et al., 2021).

Although research on the relationship of Current Ratio, Debt to Equity Ratio, Return on Assets, and Price to Book Value has been conducted, most of the research is still dominated by the manufacturing and property sectors. Research that specifically examines the industrial sector is still relatively limited, even though this sector shows a decline in performance reflected in a decrease in PBV during 2024. In addition, the differences in the results of previous studies indicate that there is still a research gap that needs to be studied further. Therefore, this study aims to analyze the effect of Current Ratio and Debt to Equity Ratio on Price to Book Value with Return on Assets as a mediation variable in industrial sector companies listed on the Indonesia Stock Exchange.

METHOD

This study uses quantitative methods with explanatory research approach to analyze the relationship between variables through numerical measurement and statistical analysis (Hamali et al., 2023; Sakinah et al., 2025). This approach was chosen because it is able to explain the relationship between variables based on the hypotheses that have been put forward (Creswell & Creswell, 2022). The objectives of the study include Current Ratio (CR) and Debt to Equity Ratio (DER) as exogenous variables, Price to Book Value (PBV) as endogenous variables, and Return on Assets (ROA) as mediation variables in industrial sector companies listed on the Indonesia Stock Exchange. The calculation of each variable calculates on the indicators proposed by (Brigham & Houston, 2022), namely the Current Ratio calculated through a comparison of current assets to current income, the debt-to-equity ratio through a comparison of total debt to total equity, Return on Assets through a comparison of net income to total assets, and Price to Book Value through a comparison of market price per share to book value per share.

The study population is all industrial sector companies listed on the Indonesia Stock Exchange for the period 2023-2024. Sampling technique using purposive sampling with the criteria of companies that publish annual financial statements during the study period and have complete data used to calculate the Current Ratio, Debt to Equity Ratio, Return on Assets, and Price to Book Value (Suriani et al., 2023; Tajik et al., 2024). Based on the selection process, there were 46 companies or 92 observation units that produced research criteria.

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The Data obtained are data obtained through the study of literature and documentation. The data is collected from the company's annual financial statements and other supporting data published through the official website of the Indonesia Stock Exchange (https://www.idx.co.id books, scientific journals, official publications and other sources relevant to the research topic (Creswell & Creswell, 2022).

Data analysis was carried out using the statistical package for Social Sciences (SPSS). The analysis stages include classical assumption tests carried out on normality, multicollinearity, heteroscedasticity, and autocorrection tests to ensure that the regression model meets the basic assumptions (Ghozali, 2020). Furthermore, correlation effect analysis, determination effect (R2), linear multiple regression, partial significance Test (t-test), and path analysis that produces direct influence, indirect influence, and Sobel test to determine Return on Assets performance as a mediation variable (Ghozali, 2020)..

RESULT AND DISCUSSION

Normality Test

Normality test aims to determine whether the residual data in the regression model is normally distributed. This study used the Kolmogorov-Smirnov method with the condition that the significance value must be more than 0.05 so that the data is normally distributed (Ghozali, 2020).

Table 1. Normality Test Results

		Unstandardized Residual
N		92
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	787.95608584
Most Extreme Differences	Absolute	.087
	Positive	.043
	Negative	-.087
Test Statistic		.087
Asymp. Sig. (2-tailed)		.081[c]

Source: results of SPSS data processing by researchers, 2026

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Based on Table 1. normality test results using Kolmogorov-Smirnov Test, significant value (Sig.) amounted to 0.081. The significance value is greater than 0.05, so it can be concluded that the data is normally distributed.

Multicollinearity Test

This test aims to determine whether there is a high correlation between the independent variables in the regression model. Decision making is based on tolerance value > 0.10 and VIF value < 10 (Ghozali, 2020).

Table 2. Multicollinearity Test Results

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	112.474	29.683		3.789	.000		
Current Ratio	016	.094	.018	.172	.864	.895	1.118
Debt to Equity Ratio	.094	.068	.142	1.389	.168	.978	1.023
Return on Asset	.062	.025	.265	2.456	.016	.877	1.140

Dependent Variable: Price to Book Value

Source: results of SPSS data processing by researchers, 2026

Based on Table 2, the tolerance value of the variables current ratio, debt to equity ratio, and return on assets are each greater than 0.10, and the VIF value is below 10, it can be concluded that multicollinearity does not occur.

Heteroscedasticity

This test aims to determine whether there is a residual variance inequality in the overall observation. This study used the Glesjer method with a criterion of significance value > 0.05 (Ghozali, 2020).

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Table 3. Heteroscedasticity Test Results

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	126.785	23.072		5.495	.000
	Current Ratio	-.073	.073	-.112	-1.003	.318
	Debt to Equity Ratio	-.002	.052	-.004	-.040	.968
	Return on Asset	.023	.020	.132	1.171	.245
a. Dependent Variable: Abs_Res2						

Source: results of SPSS data processing by researchers, 2026

The results of data processing in Table 3 show that the significance value of all variables is above 0.05, so that heteroscedasticity does not occur.

Autocorrelation

This test aims to determine whether there is a relationship between the residual of one period with the residual of another period. Assessment using Durbin-Watson method with no correlation criteria if dU < d < 4-dU.

Equation 1

Table 4. Autocorrelation Test Results Equation I

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.351[a]	.123	.103	796.76034	2.058

a. Predictors: (Constant), Debt to Equity Ratio , Current Ratio

b. Dependent Variable: Return on Asset

Known DW value of autocorrelation test results is equal to 2,058. With the number of samples as many as 92 and the number of independent variables as much as 2, then

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obtained the value of dU table of 1,705 with a value of 4-dU of 2,295, then obtained the results:

dU < d < 4-dU
1.705 > 2.058 > 2.295

So it can be concluded that there is no autocorrelation in equation I.

Equation 2

Table 5. Autocorrelation Test Results Equation II

Model Summary[b]

Model		R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	324[a]	.105	.074	189.48768	1.957

a. Predictors: (Constant), Return on Asset, Debt to Equity Ratio , Current Ratio
b. Dependent Variable: Price to Book Value

Known DW value of autocorrelation test results is equal to 1,957. With the number of samples as much as 92 and the number of independent variables as much as 3, then obtained the value of dU table of 1,728 with a value of 4-dU of 2,272, then obtained the results:

dU < d < 4-dU
1.728 > 1.957 > 2.272

So it can be concluded that there is no autocorrelation in Equation 2.

Correlation Coefficient

Correlation coefficient is used to determine the level of correlation of the independent variable to the dependent variable with a range of values from 0-1. The closer to 1 then the variable has a strong correlation level, and vice versa.

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Table 6. Test Result R

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.351[a]	.123	.103	796.76034
a. Predictors: (Constant), Debt to Equity Ratio, Current Ratio				

Source: results of SPSS data processing by researchers, 2026

R value in the table above is 0.351 indicates that the correlation of the independent variable to the dependent variable is in the low category. That is, changes that occur in the independent variable are followed by changes in the dependent variable to a small extent

Coefficient Of Determination (R^2)

Coefficient of determination is a statistical measure to determine the value of the influence of the independent variable on the dependent variable. The greater the value of the coefficient of determination, the greater the ability of the independent variable in explaining the dependent variable, and vice versa. According to (Ghozali, 2020), the value of the coefficient of determination is in the range of 0 and 1. If the value is close to 0, then the ability of the independent variable in explaining the dependent variable scope is smaller than the value close to 1.

Table 7. Test Results (R^2)

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.351[a]	.123	.103	796.76034
a. Predictors: (Constant), Debt to Equity Ratio, Current Ratio				

Source: results of SPSS data processing by researchers, 2026

The results of data processing above provide the value of Adjusted R Square of 0.103 or 10.3%. So it can be interpreted that the M that can be explained by X1 and X2 is 10.3%, while the rest is influenced by other variables outside the research model.

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Table 8. Test Results (R^2)
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.324[a]	.105	.074	189.48768

a. Predictors: (Constant), Return on Asset, Debt to Equity Rati , Current Ratio

Source: results of SPSS data processing by researchers, 2026

The results of data processing above give the value of Adjusted R Square of 0.074 or 7.4%. So it can be interpreted that Y that can be explained by X1, X2, and M is 7.4%, while the rest is influenced by other variables outside the research model.

Multiple Linear Analysis
Equation 1

Table 9. Results Of Multiple Linear Analysis Test I
Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-37.375	124.751		-.300	.765
Current Ratio	1.193	.372	.318	3.204	.002
Debt to Equity Ratio	.378	.281	.133	1.343	.183

a. Dependent Variable: Return on Asset

Source: results of SPSS data processing by researchers, 2026

$$\boldsymbol{M = a + b_1 X_1 + b_2 X_2 + e}$$

$$\boldsymbol{M = 110.160 + 0,090X1 + 0,117X2 + e}$$

1. A constant of -37.375 indicates that if the variables X1 and X2 are 0 (constant), then the variable ROA is -37.375.
2. The regression coefficient X1 is 1.193. This shows that if the variable X1 has increased by 1, then the variable ROA will increase by 1.193 assuming other variables remain.
3. Regression coefficient X2 is 0.378. This shows that if the variable X2 has increased by 1, then the variable ROA will increase by 0.378 assuming other variables remain.

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Equation 2

Table 10. Results Of Multiple Linear Analysis Test II

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	112.474	29.683		3.789	.000
Current Ratio	.016	.094	.018	.172	.864
Debt to Equity Ratio	.094	.068	.142	1.389	.168
Return on Asset	.062	.025	.265	2.456	.016

a. Dependent Variable: Price to Book Value

Source: results of SPSS data processing by researchers, 2026

$$Y = a + b_1X_1 + b_2X_2 + b_3M + e$$
$$Y = 112.474 + 0,016X1 + 0,094X2 + 0,062M + e$$

1. A constant of 112,474 indicates that if the variables X1, X2 and M are 0 (constant), then the PBV variable is worth 112,474
2. Regression coefficient X1 is 0.016. This shows that if the variable X1 has increased by 1, then the variable PBV will increase by 0.016 assuming other variables remain.
3. Regression coefficient X2 is 0.094. This shows that if the variable X2 has increased by 1, then the PBV variable will increase by 0.094 assuming other variables remain.
4. Regression coefficient M is 0.062. This shows that if the variable M has increased by 1, then the PBV variable will increase by 0.062 assuming other variables remain.

Hypothesis Test (T Test)

T test is a statistical test used to determine whether each independent variable partially has an influence on the dependent variable. The variable is said to have a positive influence if the regression coefficient value is positive (+) and significant if the significance value is < 0.05 (Ghozali, 2020).

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Table 11. T Test Results (Partial)

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-37.375	124.751		-.300	.765
Current Ratio	1.193	.372	.318	3.204	.002
Debt to Equity Ratio	.378	.281	.133	1.343	.183

a. Dependent Variable: Return on Asset

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	112.474	29.683		3.789	.000
Current Ratio	.016	.094	.018	.172	.864
Debt to Equity Ratio	.094	.068	.142	1.389	.168
Return on Asset	.062	.025	.265	2.456	.016

a. Dependent Variable: Price to Book Value

Source: results of SPSS data processing by researchers, 2026

Partial test results (T) in the table above can be interpreted as follows:

1. The regression coefficient X1 is 1.193. Sig value. X1 is 0.002, smaller than 0.05. It can be concluded that H1 is accepted and the Current Ratio (X1) has a significant positive effect on the Return on Asset (M).
2. The regression coefficient X2 is 0.378. Sig value. X2 is 0.183, greater than 0.05. It can be concluded that H2 is rejected and the Debt to Equity Ratio (X2) does not have a significant positive effect on Return on assets (M).
3. The regression coefficient X1 is 0.016. Sig value. X1 is 0.864, greater than 0.05. It can be concluded that H3 is rejected and the Current Ratio (X1) does not have a significant positive effect on the Price to Book Value (Y).

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4. The regression coefficient X2 is 0.094. Sig value. X2 is 0.168, greater than 0.05. It can be concluded that H4 rejected and Debt to Equity Ratio (X2) positive effect is not significant to the Price to Book Value (Y).
5. The regression coefficient M is 0.062. Sig value. M is 0.016, smaller than 0.05. It can be concluded that H5 is accepted and Return on Asset (M) has a significant positive effect on Price to Book Value (Y).

Direct And Indirect Effects

Direct effect is done to determine the magnitude of the direct influence of the independent variable on the dependent variable. While indirect effect is done to determine the magnitude of the indirect influence of the independent variable on the dependent variable.

Table 12. Direct Effect and *Indirect Effect*

Variable	Path Coefficient	Direct Influence	Indirect Influence
X1 – Y	0,018	0,018	0,084
X2 – Y	0,142	0,142	0,035
X1 – M	0,318	0,318	
X2 – M	0,133	0,133	
M – Y	0,265	0,265	
E1	0,936		
E2	0,946		

Based on the analysis of the above path, the following conclusions can be obtained:
1. The value of the direct influence of variable X1 on Y is 0.018, indirect influence of X1 on Y through M is 0.084, with a total influence of X1 on Y is 0.102.
2. The value of the direct influence of variable X2 on Y is 0.142, indirect influence of X2 on Y through M is 0.035, with a total influence of X2 on Y is 0.177.
3. Direct influence of variable m to Y of 0.265

Sobel Test (Mediation)

Sobel test is used to determine the indirect effect of an independent variable on the dependent variable through variable mediation. The purpose of this test is to prove

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whether the mediation variable can really bridge the relationship between the independent variable to the dependent variable or not. The mediation variable is said to be a significant mediation if the sobel value is greater than 1.96 (Ghozali, 2020).

Table 13. Sobel Test Results

Hypothesis	Sobel Value	Description
X1 – M – Y	6,122 > 1,96	Mediate
X2 – M – Y	0,147 < 1,96	Does Not Mediate

Sobel test results in the table above can be interpreted as follows:
1. Obtained sobel value of 6.122 whose value is greater than 1.96. Thus, it can be concluded that H6 is accepted and the mediation variable is able to bridge the relationship between X1 and Y, so that the indirect influence of the Current Ratio on Price to Book Value is significant.
2. Obtained sobel value of 0.147 whose value is smaller than 1.96. Thus it can be concluded that H7 is rejected and the mediation variable is not able to bridge the relationship between X2 and Y, so that the indirect effect of Debt to Equity Ratio on Price to Book Value is not significant

DISCUSSION

Effect of Current Ratio on Return on Assets

The Based on the test results in Table The Current Ratio (X1) obtained a regression coefficient of 1.193 with a significance value of 0.002. The results show that the Current Ratio has a positive and significant effect on the Return on assets. This means that the company's ability to manage current assets to meet short-term obligations can reduce liquidity pressure so that assets can be used more effectively in generating profits. These results are in line with research (Susilawati et al., 2022; Yanti & Atmini, 2023) which states that good liquidity supports the smooth operation of the company so that profitability can increase.

Effect of Debt to Equity Ratio on Return on Assets

The test results showed that the Debt to Equity Ratio (X2) has a regression coefficient of 0.378 with a significance value of 0.183, so that a positive but insignificant effect on Return on assets. This shows that the use of debt has the potential to increase

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profits when used productively, but the effect has not been strong enough statistically because debt is not always allocated to income-generating activities. These results are in line with research (Qamara et al., 2020).

Effect of Current Ratio on Price to Book Value

Current Ratio (X1) obtained a regression coefficient of 0.016 with a significance value of 0.864, so that a positive but insignificant effect on the Price to Book Value. High liquidity reflects the company's ability to meet short-term obligations and provides a positive signal for investors. However, investors not only consider the liquidity aspect, but also the company's ability to generate profits and increase the value of the company in the long term. This result is in line with research (Putra, 2020) which states that the Current Ratio does not have a direct influence on Price to Book Value.

Effect of Debt to Equity Ratio on Price to Book Value

Debt to Equity Ratio (X2) obtained a regression coefficient of 0.094 with a significance value of 0.168, which shows a positive but not significant effect on Price to Book Value. Productive use of debt can improve a company's prospects, but high debt also increases financial risk and so is not always responded to positively by investors. These results are in line with the study (Suardy et al., 2023) which shows that the Debt to Equity Ratio has not had a significant effect on the value of the company

Effect of Return on assets on Price to Book Value

Return on Asset (M) obtained a regression coefficient of 0.062 with a significance value of 0.016, so that a positive and significant effect on the Price to Book Value. This shows that the company's ability to generate profits from its assets is a positive signal for investors, increasing the demand for shares and the value of the company. The results of this study are in line with (Magdalena & Setyawan, 2023; Nugraha & Wirama, 2021) which states that increasing ROA is able to increase PBV.

The Role of Return on assets in mediating the Current Ratio of Price to Book Value

Sobel test results obtained a statistical value of 6.122 (>1.96), which shows that the Return on assets is able to mediate the relationship between the Current Ratio of Price to Book Value. These results indicate that high liquidity does not directly increase the value of the company, but through an increase in the company's ability to generate profits. This finding is in line with research (Sukmayanti & Sembiring, 2022).

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Role of Return on assets in mediating Debt to Equity Ratio to Price to Book Value

Based on the Sobel test, this study shows that the Return on assets is not able to mediate the relationship between Debt to Equity Ratio to Price to Book Value. Although the increase in debt can increase the company's funding sources, the amount of interest expense and financial risk can suppress profits if the debt is not utilized optimally. These conditions cause changes in the Debt to Equity Ratio is not able to increase the Return on assets and Price to Book Value through the path of profitability. These results are in line with the study (Suardy et al., 2023).

CONCLUSION

Based on the results of the study, it can be concluded that the Current Ratio has a positive and significant effect on Return on assets, which indicates that good liquidity can help companies utilize assets more effectively in generating profits. Meanwhile, Debt to Equity Ratio has a positive but insignificant effect on Return on assets, so that changes in capital structure have not been able to have a meaningful effect on increasing the company's profitability. This study also shows that the Current Ratio and Debt to Equity Ratio have a positive but insignificant effect on Price to Book Value, which indicates that liquidity and capital structure have not been the main factors considered by investors in increasing the value of the company. Conversely, Return on assets has a positive and significant effect on Price to Book Value, so that the higher the company's ability to generate profits, the higher the company's value because it gives positive signals that are well responded to by investors. In addition, Return on assets is proven to be able to mediate the relationship between Current Ratio and Price to Book Value, which shows that liquidity can increase the value of the company through increased profitability. However, Return on assets is not able to mediate the relationship between Debt to Equity Ratio and Price to Book Value, which indicates that the capital structure dominated by debt has not been able to increase the profitability and value of the company due to the high risk perceived by investors.

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