
**Financial Performance and Company Value: Evidence from Energy Sector
Companies Listed on the IDX**

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doi.org/10.51505/IJEBMR.2026.10715 URL: <https://doi.org/10.51505/IJEBMR.2026.10715>

Received: Jun 26, 2026

Accepted: July 01, 2026

Online Published: July 14, 2026

Abstract

This study aims to analyze the effect of profitability, liquidity, leverage, and firm size on company value in the energy sector listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. Company value is measured by Tobin's Q, profitability is measured by Return on Assets (ROA), liquidity is measured by the Current Ratio (CR), leverage is measured by the Debt to Equity Ratio (DER), and firm size is measured by the natural logarithm of total assets (Ln Total Assets). This study employs a quantitative approach using panel data consisting of 185 observations. The data are analyzed using panel regression analysis with the best model selected through model specification tests. The results show that profitability has a positive and significant effect on company value. Meanwhile, liquidity and leverage have no significant effect on company value. Firm size has a negative and significant effect on company value. These findings indicate that company value is primarily driven by profitability rather than liquidity, leverage, and firm size. This study supports signaling theory and agency theory in explaining company value behavior in the energy sector.

Keywords: company value, firm size, leverage, liquidity, profitability, Tobin's Q

1. Introduction

The development of the capital market in Indonesia in recent years shows increasingly complex dynamics, especially in strategic sectors such as the energy sector. This sector has an important role in supporting national economic growth, considering that energy is a fundamental need for industrial, transportation, and household activities (Setyawati & Setiawan, 2024). Energy companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period also face significant challenges, ranging from fluctuations in global energy commodity prices, energy transition to renewable energy, to regulatory pressures related to sustainability.

Along with the national economic recovery from 2021 to 2024, energy demand is increasing again. Data shows that energy demand increased from around 2.98% to 3.36% during this period. However, despite the increase in consumption, other challenges arise in terms of the energy

transition and global environmental regulations that encourage countries to reduce carbon emissions. This puts pressure on energy companies to adapt to the demands of greener technologies and higher operational efficiency (McLellan, 2023).

International pressure to reduce carbon emissions, coupled with the government's commitment in the National Energy Policy (KEN) to achieve a new and renewable energy mix (NRE) target of 23% by 2025, is a demand that must be responded to immediately. Unfortunately, until 2024, the realization of NRE in Indonesia will only reach around 12.3%, showing that it is still far from achieving the set target (Pambudi et al., 2023). This condition shows that companies in the energy sector are not only required to adjust operational and technological strategies, but must also be able to maintain financial stability and competitiveness. In this context, the company's value is one of the important indicators that reflects the company's success in facing external pressures while maintaining investor confidence amid changes in the structure of the energy industry (Margireta & Khoiriawati, 2022).

In this context, a company's value is an important indicator that reflects market perception of the company's performance and future prospects. The company's high value reflects the increasing prosperity of shareholders as well as investor confidence in the company's sustainability. One of the commonly used proxies to measure a company's value is Tobin's Q, which reflects the comparison between a company's market value and the value of its assets. However, a company's value is not formed automatically, but is influenced by various internal factors such as profitability, liquidity, leverage, and company size. Various previous studies have shown that these variables have an inconsistent influence on the company's value, so there is still an interesting research gap to be studied further.

Research conducted by Kahfi et al. (2018) shows that profitability has a positive effect on company value, because high profits are a positive signal for investors. Similar results were also found by Iman et al. (2021) and Ristiani & Sudarsi (2022) who emphasized that profitability is one of the main determinants in increasing company value. However, some other studies show different results, so the effect of profitability is still contextual. In addition to profitability, liquidity measured by the Current Ratio is also a concern for investors in assessing the company's ability to meet its short-term obligations. High liquidity can reflect healthy financial conditions, but on the other hand it can also indicate the presence of non-productive current assets. Kusumaningrum & Iswara (2022) and Fadila et al. (2023) show that liquidity has an influence on the value of a company, although its direction and significance vary.

The next variable is leverage as measured by the Debt to Equity Ratio (DER). Leverage reflects a company's funding structure between debt and its own capital. Optimal use of debt can increase a company's value through a tax-saving effect, but leverage that is too high also increases the risk of bankruptcy. Research by Rachman & Priyadi (2022) and Saputri & Bahri (2021) shows that leverage has an influence on a company's value, although it is not always consistent. In addition, firm size as measured by total assets is also an important variable in explaining the value of the company. Larger companies generally have easier access to funding, better diversification of

businesses, and lower levels of risk. Rajagukguk et al. (2019) and Bagaskara et al. (2021) stated that company size has a positive effect on company value, because large companies tend to be more trusted by investors. Although various studies have been conducted, the results obtained still show inconsistencies. This shows that there are other factors that can moderate or strengthen the relationship between these variables, especially in the context of the energy sector which has special characteristics such as high capital intensity, dependence on global commodity prices, and energy transition pressures.

The phenomenon that occurred in energy sector companies on the IDX for the 2020–2024 period showed that there were significant fluctuations in the company's value. During the COVID-19 pandemic, many energy companies experienced a decline in performance due to declining global demand. However, after this period, there was a fairly rapid recovery as world energy commodity prices increased. This condition shows that the value of companies in the energy sector is very sensitive to external and internal changes in the company. On the other hand, not all companies with high profitability have a high company value, nor do all companies with high leverage experience a decline in company value. This reinforces the indication that the relationship between these variables is complex.

Although various previous studies have examined the influence of profitability, liquidity, leverage, and company size on company value, until now there is still a research gap that shows that the relationship between these variables cannot be explained consistently. Profitability, for example, was found to have a positive effect on company value by some researchers, but other studies showed insignificant results. Similarly, liquidity, leverage, and company size still produce diverse, even contradictory, findings, so that conclusive empirical conclusions have not been reached (Ristiani & Sudarsi, 2022; Kusumaningrum & Iswara, 2022; Rachman & Priyadi, 2022; Harahap, 2022). In addition, most previous studies have used cross-sector samples or focused on the manufacturing sector and other sectors, while studies that have specifically examined energy sector companies in the wake of global economic changes, energy crises, commodity price fluctuations, and the acceleration of the transition to sustainable energy are still relatively limited. In fact, the characteristics of the energy sector are different from other sectors because they have a high level of capital intensity, dependence on world commodity prices, and sensitivity to government policies and geopolitical dynamics. This condition has the potential to change the way investors assess information about profitability, liquidity, leverage, and company size in determining the value of the company. Therefore, research is still needed to re-examine the influence of these four factors on corporate value in energy sector companies listed on the Indonesia Stock Exchange for the 2020–2024 period using the perspective of Signaling Theory and Agency Theory, so that it is expected to provide more up-to-date, sector-specific, and able to enrich the literature on the determinants of corporate value in Indonesia.

2. Literature Review and Hypothesis Development

2.1. Signaling Theory

Signaling theory explains how the company's internal parties (management) convey information

to external parties (investors) to reduce information asymmetry. This theory was first developed by Spence (1973), who stated that the better informed party would send signals to the market so that the quality could be interpreted correctly. In the context of a company, these signals can be in the form of financial statements, profitability, dividend policies, or capital structures.

In the context of this study, profitability, liquidity, leverage, and company size are considered as signals that companies give to investors in assessing the company's performance and prospects. Investors will respond to these signals in the form of changes in stock prices which are then reflected in the company's value (Tobin's Q).

2.2. Agency Theory

Agency theory describes the contractual relationship between a principal and an agent, in which the manager is authorized to manage the company (Jensen & Meckling, 1976). In this relationship, conflicts of interest often arise because managers do not always act in accordance with the interests of shareholders, thus causing agency problems and agency costs.

Jensen and Meckling (1976) stated that such conflicts can be minimized through supervisory mechanisms, incentives, and corporate financial structures. Furthermore, Jensen (1986) explained that leverage can be a disciplinary mechanism because debt payment obligations reduce the manager's room to waste free cash flow. In addition, dividend policies can also reduce agency conflicts by reducing funds that can be used inefficiently by management. Thus, agency theory is relevant to explain how profitability, liquidity, leverage, and company size affect the company's value

2.3. Hypothesis Development

Profitability and Company Value

Profitability reflects a company's ability to generate profits from its assets. In the perspective of signaling theory, high profitability gives a positive signal to investors that the company is in good performance condition and has promising growth prospects in the future. This signal will be responded to by the market through increased demand for stocks, which ultimately increases the value of the company. In addition, in agency theory, high profitability indicates that management is able to manage company resources efficiently so that it can minimize agency conflicts between managers and shareholders. Companies that are able to generate high profits tend to be considered more effective in carrying out their managerial functions.

Previous research has also shown consistency that profitability affects company value. Kahfi et al. (2018) found that profitability has a positive effect on company value. Similar results were also stated by Iman et al. (2021) and Ristiani & Sudarsi (2022) who stated that the higher the profitability, the higher the company's value.

H1: Profitability has a positive effect on the company's value.

Liquidity and Company Value

Liquidity measured by the Current Ratio indicates the company's ability to meet its short-term obligations. In the framework of signaling theory, a good level of liquidity is a signal that the company has stable financial conditions and a low risk of default, thereby increasing investor confidence. However, liquidity that is too high can also indicate that there are current assets that are not optimally utilized (idle assets), which can actually reduce the efficiency of the company. Therefore, the relationship between liquidity and the value of a company can be positive as long as liquidity is at an optimal level. From the perspective of agency theory, adequate liquidity can reduce the risk of conflict between management and creditors because companies have better ability to meet their financial obligations.

Research by Kusumaningrum & Iswara (2022) shows that liquidity affects a company's value. Similar results were also found by Fadila et al. (2023) who stated that liquidity can be a factor that affects investors' perception of companies.

H2: Liquidity has a positive effect on the company's value

Leverage and Company Value

Leverage measured by the Debt to Equity Ratio (DER) reflects a company's funding structure between debt and its own capital. In signaling theory, the use of debt at a certain level can be a positive signal that management has confidence in the company's ability to generate future cash flow to pay those obligations. In agency theory, leverage has an important role in reducing agency problems between management and shareholders because of the pressure of interest payments that encourages management to be more disciplined in using company funds. However, leverage that is too high can increase financial risk and conflicts with creditors, which can ultimately lower the value of the company.

Research by Rachman & Priyadi (2022) shows that leverage has an influence on a company's value. This is also supported by Saputri & Bahri (2021) and Dotulong et al. (2023) who found that capital structure affects the value of a company, although the direction of influence can differ depending on the company's condition.

H3: Leverage has a positive effect on the company's value

Firm Size and Company Value

The size of the firm measured by the Ln of total assets reflects the scale of the company's operations. From the perspective of signaling theory, large companies provide positive signals to investors because they are considered more stable, have wider access to funding, and have a lower risk of bankruptcy than small companies. In addition, in agency theory, large companies tend to have a better supervisory system so that it can reduce agency conflicts between management and shareholders. Large companies also generally have better business diversification, so they are more resilient to external risks such as fluctuations in commodity prices, especially in the energy sector.

Previous research by Rajagukguk et al. (2019) shows that company size has a positive effect on company value. Similar results were also found by Bagaskara et al. (2021) and Fadila et al. (2023) who stated that firm size is one of the important factors in increasing company value.

H4: Firm size has a positive effect on the company's value

2.4 Research Conceptual Framework

The influence of profitability, liquidity, leverage, and firm size on company's value can be described in the following research conceptual framework:

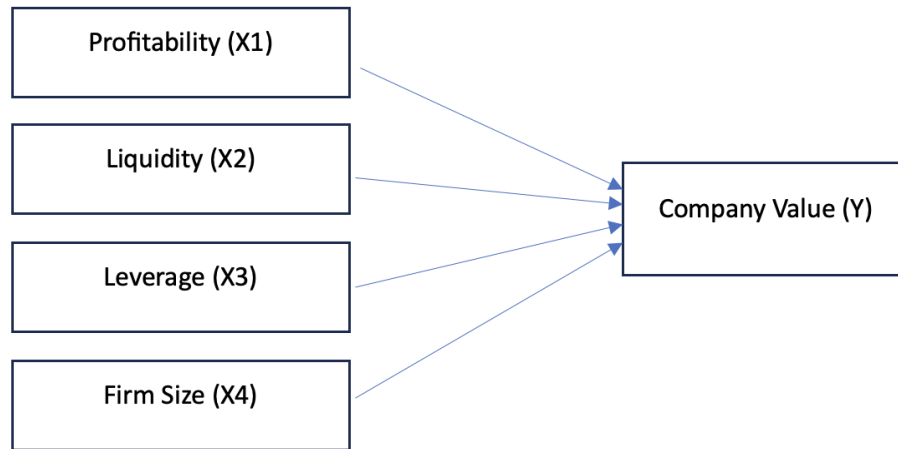


Figure 1: Research Conceptual Framework

3. Research Method

3.1. Population and Sample

The population in this study is all energy sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2024 period. Sampling technique using purposive sampling. The sample is selected based on the several criterias is shown in the following table:

Table 1. Research Sample

No.	Criteria	Quantity
1	Energy sector companies in Indonesia that are registered with OSIRIS for the period 2020 - 2024.	62
2	Energy companies in Indonesia that do not publish financial statements in order during the period 2020 - 2024.	(25)
3	Number of sample companies.	37
	Number of years of observation	5
	Number of observation samples	185

3.2. Research Variables and Variable Measurement

The dependent variable in this study is company value, while the independent variables include profitability, liquidity, leverage, and firm size. is measured by Ln total assets. Company value is measured by Tobin's Q, profitability is measured by ROA, liquidity is measured by the current ratio, leverage is measured by DER, and firm size is measured by Ln Total assets.

Table 2. Variable Measurement

Variabel	Notasi	Pengukuran	Sumber Referensi
Company Value	Tobin's Q	$Tobin's Q = \frac{\text{Market Value of Equity} + \text{Total Debt}}{\text{Total Assets}}$	Chung & Pruitt (1994)
Profitability	ROA	$ROA = \frac{\text{Net Income}}{\text{Total Assets}}$	Brigham & Houston (2019)
Liquidity	CR	$CR = \frac{\text{Current Assets}}{\text{Current Liabilities}}$	Kasmir (2019)
Leverage	DER	$DER = \frac{\text{Total Debt}}{\text{Total Equity}}$	Brigham & Houston (2019); Kasmir (2019)
Firm Size	SIZE	$SIZE = \ln(\text{Total Assets})$	Jogiyanto (2017); Brigham & Houston (2019)

3.3. Data Analysis

To test the hypothesis, this study will use multiple regression analysis with a significance level of 0.05, with the provision that if the t-test produces a significance value < 0.05, then the hypothesis is accepted, and if the significance value > 0.05 then the hypothesis is rejected. The following is the multiple regression equation:

$$Y = \alpha + \beta_1 ROA + \beta_2 CR + \beta_3 DER + \beta_4 SIZE + \varepsilon$$

where:

- Y = Company Value (Tobin's Q)
- α = Constanta
- β_1 – β_4 = Regression coefficient
- ε = error term

4. Results and Discussion

4.1. Descriptive Statistical Analysis

Table 3 below is the dependent and independent variables in this study. The number of observations is 185 companies listed on the Indonesia Stock Exchange 2020 - 2024.

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Dev.
Tobin's Q	185	0.230	5.100	1.058	0.813
ROA	185	-25.990	60.260	5.045	12.980
CR	185	0.090	8.280	1.810	1.420
DER	185	-5.339	28.291	1.023	2.439
SIZE	185	18.751	25.856	22.571	1.672

Descriptive statistical results show that the company's value measured by Tobin's Q has an average value of 1.058, with a minimum value of 0.230 and a maximum of 5.100, as well as a standard deviation of 0.813. This indicates that in general the sample companies have a relatively good market value (Tobin's Q > 1), but there is a fairly high variation between companies.

The profitability variable (ROA) has an average value of 5.045%, with a minimum value of -25.990% and a maximum value of 60.260%, as well as a standard deviation of 12.980. This condition shows that there is a considerable disparity in profitability performance, including the presence of companies that suffer losses.

The liquidity measured by the Current Ratio has an average value of 1,810, with a minimum value of 0.090 and a maximum of 8,280, and a standard deviation of 1,420. This shows that on average companies have quite good liquidity capabilities, even though there are companies with very low liquidity conditions.

Leverage (DER) has an average value of 1,023, with a minimum value of -5,339 and a maximum value of 28,291, as well as a standard deviation of 2,439. This high variation shows that there are differences in funding structures between companies, and there are even indications of negative values that can reflect negative equity in some companies.

Meanwhile, the company's size (Ln total assets) has an average value of 22,571, with a minimum value of 18,751 and a maximum of 25,856, as well as a standard deviation of 1,672. This shows that the research sample is relatively heterogeneous in terms of company scale, but not too extreme compared to other financial variables.

4.2. Penel Data Model Selection Test

In the panel data research, the selection of the right regression model was carried out through several stages of testing, namely the Common Effect Model (CEM), the Fixed Effect Model (FEM), and the Random Effect Model (REM).

1. Chow Test (CEM vs FEM)

The Chow test is used to determine if the model is more appropriate between CEM and FEM. If the probability value of the Cross-Section Chi-Square is $0.000 < 0.05$ then the more appropriate model is the Fixed Effect Model (FEM). This suggests that there are significant differences in

individual characteristics between companies, so the pooled approach (CEM) is not sufficiently able to capture data heterogeneity.

2. Hausman Test (FEM vs REM)

The Hausman test is used to choose between FEM and REM. If the probability value of Chi-Square is $0.708 > 0.05$, then the more appropriate model is the Random Effect Model (REM).

3. Lagrange Multiplier Test (CEM vs REM)

The Lagrange Multiplier Test (Breusch-Pagan LM Test) is used to choose between CEM and REM. If the probability value of Breusch-Pagan is $0.000 < 0.05$, then the more appropriate model is the Random Effect Model (REM).

These results show that the panel model is better than the pooled OLS because there is a significant individual effect.

4.3. Classical Assumption Test

The Normality test uses the Jarque–Bera test with an Asymp value. A sig of $0.000 < 0.05$ so that data is not distributed normally. Referring to (Ajija et al., 2011), normality testing can be ignored if the sample size exceeds 30. The Multicollinearity test was carried out through the Variance Inflation Factor (VIF) value, resulting in a tolerance value of all independent variables greater than 0.10 and a VIF value below 10, meaning that there were no symptoms of multicollinearity for all independent variables. The Heteroscedasticity test resulted in the Sig value of all independent variables being above 0.05, meaning that there were no symptoms of heteroscedasticity.

4.4. Hypothesis Test Results

Hypothesis testing using multiple regression and processed using SPSS, produces a t-test with the results in table 4 below

Table 4. Hypothesis Result Test

Hypothesis	Coefficient	P-value	Result
H1 Profitability has a positive effect on the company's value.	0.015	0.002	Supported
H2 Liquidity has a positive effect on the company's value.	0.086	0.063	Not supported
H3 Leverage has a positive effect on the company's value.	0.010	0.592	Not supported
H4 Firm size has a positive effect on the company's value.	-0.161	0.007	Not supported

Multiple regression equation is:

$$\text{Tobin's } Q = \alpha + 0.015 \text{ ROA} + 0.086 \text{ CR} + 0.010 \text{ DER} - 0.161 \text{ SIZE}$$

4.5. Discussion

The test results showed that of the four hypotheses proposed, only one hypothesis was accepted, namely profitability has a positive and significant effect on the company's value.

H1: Profitability has a positive effect on the company's value

The results of the study showed that profitability had a coefficient of 0.015 with a probability value of 0.002 (< 0.05), so the first hypothesis was accepted. These findings show that the higher the level of profitability of the company, the higher the value of the company. This positive relationship indicates that the company's ability to generate profits is one of the factors that investors pay attention to in assessing the company's prospects and performance.

The empirical results demonstrate that profitability has a positive and significant effect on company value. This finding confirms that profitability, measured by Return on Assets (ROA), serves as the most powerful financial signal in influencing investor perception in the Indonesian energy sector. From a signaling theory perspective, profitability functions as a credible signal of firm quality. In an environment characterized by high uncertainty, such as the energy sector during 2020–2024, investors rely heavily on earnings-based indicators to assess future cash flow stability. High profitability reduces information asymmetry between management and investors, thereby increasing market confidence and company valuation.

This finding is consistent with prior studies (Kahfi et al., 2018; Iman et al., 2021; Ristiani & Sudarsi, 2022), which emphasize profitability as a dominant determinant of company value. However, this study extends previous literature by showing that in the energy sector, profitability is not merely a financial ratio but a dominant market signal that overrides other financial indicators such as liquidity and leverage.

H2: Liquidity has a positive effect on the company's value

The test results showed that liquidity had a coefficient of 0.086 with a probability value of 0.063 (> 0.05), so the second hypothesis was rejected. Although the direction of the relationship indicated was positive, the effect was not statistically significant. Thus, the company's liquidity level has not been able to explain the significant change in the company's value.

The results indicate that liquidity does not significantly affect company value. This suggests that investors in the energy sector do not perceive current ratio as a relevant indicator in evaluating firm performance. From a theoretical standpoint, this finding can be explained through signaling theory inefficiency. Liquidity, although important for short-term solvency, may not be interpreted as a strong signal of long-term value creation. High liquidity may even indicate inefficient asset utilization, where excessive current assets are not productively invested to generate returns.

In capital-intensive industries such as energy, firms tend to maintain lower liquidity levels due to large investment cycles and long-term project structures. Therefore, investors shift their focus from short-term liquidity indicators to profitability and future cash flow expectations.

This result aligns with Kusumaningrum & Iswara (2022) and Fadila et al. (2023), who argue that liquidity effects are context-dependent and become insignificant when firms operate in capital-intensive environments.

H3: Leverage has a positive effect on the company's value

The test results showed that the leverage had a coefficient of 0.010 with a probability value of 0.592 (> 0.05), so the third hypothesis was rejected. These findings suggest that leverage does not have a significant influence on the value of the company.

The study finds that leverage does not significantly influence company value. This indicates that debt policy is not a key determinant of investor valuation in the Indonesian energy sector during the observation period. From an agency theory perspective, leverage is traditionally expected to reduce agency conflicts by disciplining managerial behavior through mandatory interest payments. However, the non-significant result suggests that this disciplinary role of debt is weakened in the energy sector.

A possible explanation is that high leverage in energy firms is not interpreted as a governance mechanism but rather as a financial risk indicator, especially under volatile macroeconomic conditions and fluctuating global energy prices. Consequently, investors may discount the positive governance effect of debt and instead focus on profitability sustainability.

This finding supports the arguments of Saputri & Bahri (2021) and Rachman & Priyadi (2022), who emphasize that leverage effects are highly context-dependent and may lose relevance in high-risk industries.

H4: Firm size has a positive effect on the company's value

The results of the study show that the size of the company has a coefficient of -0.161 with a probability value of 0.007 (< 0.05). These results show that the size of the company has a significant effect on the value of the company, but the direction of the influence is negative so that the hypothesis that states a positive influence is rejected.

One of the most interesting findings of this study is that firm size has a negative and significant effect on company value. This result contradicts conventional financial theory, which generally assumes a positive relationship between firm size and company value. From a theoretical perspective, this finding can be interpreted through the lens of agency theory and operational efficiency constraints. Larger firms tend to have more complex organizational structures, which increase agency costs due to greater separation between ownership and control. This complexity reduces managerial efficiency and weakens responsiveness to market changes.

In the Indonesian energy sector, large firms may also face diseconomies of scale, where increasing size leads to inefficiencies in resource allocation, slower decision-making processes,

and higher operational costs. These inefficiencies reduce investor confidence, resulting in lower firm valuation.

From a signaling perspective, firm size no longer acts as a positive signal unless it is accompanied by strong profitability performance. Investors increasingly prioritize efficiency over scale, especially in industries facing rapid transformation toward renewable energy and sustainability requirements. This result provides a meaningful contradiction to previous studies (Rajagukguk et al., 2019; Bagaskara et al., 2021), thereby contributing new empirical evidence that firm size may have a negative valuation effect in emerging energy markets.

Overall, the findings suggest that profitability dominates all other financial signals in determining company value. Liquidity and leverage are not interpreted as strong valuation signals, while firm size may even generate negative signals when associated with inefficiency. This study extends signaling theory by demonstrating that not all financial indicators function as positive signals. The market selectively interprets signals based on relevance, industry characteristics, and macroeconomic conditions.

In addition, the results refine agency theory by showing that larger firms do not always achieve better governance outcomes; instead, they may experience higher agency costs that negatively affect market valuation.

5. Conclusion

This study aims to analyze the influence of profitability, liquidity, leverage, and company size on the value of companies in the energy sector listed on the Indonesia Stock Exchange for the period 2020–2024. Based on the results of data analysis and hypothesis testing, it can be concluded as follows:

1. Profitability (ROA) has a positive and significant effect on the company's value (Tobin's Q). This shows that the higher the company's ability to generate profits, the higher the company's value in the eyes of investors.
2. Liquidity (Current Ratio) has no significant effect on the company's value, which means that the company's ability to meet short-term obligations is not the main factor in investors' assessment of the energy sector.
3. Leverage (DER) had no significant effect on the company's value, which suggests that the company's debt structure was not the main consideration for investors in determining the company's value in the research period.
4. Company size (Total Assets) has a negative and significant effect on the value of the company, which indicates that the larger the company does not necessarily increase the value of the company, even in the context of the energy sector.

Overall, the results of the study show that profitability is the most consistent and dominant variable in influencing the company's value.

Implications

The empirical evidence implies that managers in the energy sector should prioritize:

- Profitability enhancement as the primary value driver,
- Operational efficiency rather than asset expansion,
- Controlled growth strategies to avoid diseconomies of scale,
- Strategic capital structure decisions that consider market perception, not only tax benefits.

For investors, the findings suggest that traditional financial ratios such as liquidity and leverage should not be overemphasized, while profitability remains the most reliable indicator of company value.

Research Weaknesses

This study has limitations because it only uses four internal variables of the company, namely profitability (ROA), liquidity (Current Ratio), leverage (DER), and company size (Total Assets) to explain the company's value as measured by Tobin's Q. In fact, the company's value is also influenced by other factors such as dividend policy, growth opportunities, quality of corporate governance, free cash flow, and macroeconomic conditions. In addition, the use of a single proxy for each variable can limit the research's ability to describe the company's condition more comprehensively.

Further Research Suggestions

The next research needs to include variables that are closer to investor perceptions in the capital market, such as dividend policy, free cash flow, profit quality, growth opportunity, corporate governance, and sustainability disclosure. These findings indicate that investors are more responsive to the company's ability to generate profits than indicators of liquidity, funding structure, and the size of the company's assets. Therefore, factors directly related to value creation and the company's prospects deserve to be the focus of further research.

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