e-ISSN: 3025-8189 ; p-ISSN: 3025-8197

LANCAH JURNAL INOVASI DAN TREN

doi.org/10.35870/ljit.v4i2.8764

Vol. 4, No. 2, 2026

PP. 1534-1545

Homepage http://www.journal.lembagakita.com/ljit

Influence of ROA, Working Capital to Total Asset dan Debt Ratio to Market Book Value in ASEAN Countries

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ARTICLE INFO

History Article:

Submitted	*Tgl-Bln-Thn*
Received	*Tgl-Bln-Thn*
Publised	*Tgl-Bln-Thn*

ABSTRACT

This study aims to determine the influence of financial performance on the value of non-financial firms in ASEAN countries. In this study, financial performance is proxied by Return on Assets (ROA), the Working Capital to Total Asset, and the Debt Ratio, while firm value is proxied by the Market-to-Book Value (MBV). The data analysis technique employed is multiple linear regression. The study population consists of 223 firms, with a sample of 146 firms. The sampled firms are distributed as follows: 15 from Singapore, 11 from Indonesia, 17 from the Philippines, 33 from Thailand, and 70 from Malaysia. Data collection was conducted using purposive sampling. The results indicate that Return on Assets (ROA) significantly influences the Market-to-Book Value (MBV), as evidenced by a significance value of 0.002 (which is less than 0.05), suggesting a positive impact of ROA on MBV. The Working Capital to Total Assets (WCTA) ratio does not significantly influence the Market-to-Book Value (MBV), with a significance value of 0.757 (greater than 0.05). Similarly, the Debt Ratio does not show a significant influence on MBV, with a significance value of 0.911. The ANOVA significance value is 0.021, indicating that ROA, WCTA, and the Debt Ratio collectively influence the MBV. The R^2 value is 0.254, meaning that ROA, WCTA, and the Debt Ratio account for 25.4% of the variance in MBV, while the remaining 74.6% is influenced by other variables. This suggests that a firm's ability to meet its short-term obligations is not yet a significant factor influencing the market's assessment of the firm's value.

Keywords: *Company Value; Financial Performance; ASEAN Countries*

How to Cite

Hanin, F., & Choirunnisak, C. (2026). Influence of ROA, Working Capital to Total Asset dan Debt Ratio to Market Book Value in ASEAN Countries. LANCAH: Jurnal Inovasi Dan Tren, 4(2), 1534-1545. https://doi.org/10.35870/ljit.v4i2.8764

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Abstract & Indexing

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INTRODUCTION

One of the primary goals of a company going public is to increase access to funding through the capital markets. Going public increases, the opportunity to raise additional capital because it can attract investors. Investors generally prefer companies with high enterprise value, as this reflects their strong prospects and performance. Corporate value is also often used as an indicator to assess management's success in running a company. The higher the company value, the greater the positive investor perception of management's ability to optimize resources and improve shareholder welfare. Therefore, increasing corporate value is a crucial aspect to consider in efforts to meet shareholder expectations and interests (Aqsa et al., 2025) .

Companies with high corporate value will attract investors to invest their capital. Increasing corporate value does not merely indicate a company's success in managing its operations and resources. This condition can also reflect management's ability to achieve optimal performance and improve shareholder welfare. Furthermore, increasing corporate value can provide a positive signal to investors regarding the company's future condition and prospects. This perception is one of the considerations for investors when making investment decisions, particularly in assessing the potential rate of return on their investments (Munir et al., 2024)

Based on previous research, several indicators can be used as proxies to measure company value. Some commonly used indicators include Market Capitalization, Market Book Value (MBV), and Tobin's Q (Passos & Campos-rasera, 2023). These three indicators can provide insight into how the market assesses a company's condition and prospects, and therefore can be used to represent the company's value in research. In this study, company value is measured by Market-to-Book Value (MBV).

Market to Book Value (MBV) is a ratio used to compare a company's market value to its book value, as reflected in the company's equity. This ratio shows how the market values a company compared to its net asset value recorded in the financial statements. The higher the MBV, the higher the market's valuation of the company compared to its book value. From a firm value perspective, MBV can reflect investors' perceptions of a company's future prospects and performance. A high MBV indicates that investors have positive expectations about the company's ability to generate profits and create value. Conversely, a low MBV may indicate that the market is undervaluing the company relative to its book value (Passos & Campos-Rasera, 2023). A higher firm value may indicate a more favorable market assessment of a company’s performance and growth prospect (Buallay, 2019)

To date, financial performance has been the most significant factor influencing company value. Several previous studies have consistently found that financial performance significantly impacts company value. (S. M. Ahmad et al., 2020) (2020) study showed that corporate debt impacts Price Book Value (PBV). This suggests that companies with debt but the ability to repay it are perceived as having strong financial standing, which creates a favorable perspective among investors. This, in turn, increases company value.

(Suryandari & Yuhasril, 2023) shows that companies with high profitability also have Firm Value. This is because high profitability indicates the company's ability to provide high returns to investors. This clearly attracts investors and ultimately increases the company's value. The results of the study (Untarno et al., 2025). entitled Influence of ROA, Current Ratio and Debt to Equity Ratio to Tobin's Q provide results that financial performance, including profitability, liquidity and solvency, is proven to influence the increase in Tobin's Q. Tobin's Q in this study is a proxy of company value. The results of this study support

the results of research conducted by (Miralles-Quirós et al., 2019), (Aydoğmuş et al., 2022), and (Zhou et al., 2022)

The results of this study differ from those of (Suteja et al., 2023), which found that profitability did not affect firm value. This finding aligns with the findings of studies by (Listiadi, 2023) and (Yuswandani, 2025), (H. Ahmad et al., 2022), (Tahawa, 2025). Therefore, the researchers intend to conduct further research to examine the effect of financial performance, including profitability, liquidity, and solvency, on firm value, which in this study is proxied by Market Book Value (MBV). Several previous studies examined companies within a single country. However, in this study, the researchers examined five countries in the ASEAN region. While many previous studies used Tobin's Q as a proxy for firm value, in this study, the researchers used Market Book Value as a proxy for firm value. Furthermore, the researchers also examined non-financial companies in ASEAN countries.

The purpose of this study is to determine whether the company's financial performance, including profitability, which in this study is proxied by ROA (Return on Assets), liquidity, which is proxied by the Current ratio, and solvency, which is proxied by the Debt Ratio (DR), is proven to influence the company's value, which in this study is proxied by Market Book Value (MBV). In line with this, the benefit of this study is to determine the effect of financial performance on company value in non-financial companies in ASEAN countries. The study population consists of 223 firms, with a sample of 146 firms. The sampled firms are distributed as follows: 15 from Singapore, 11 from Indonesia, 17 from the Philippines, 33 from Thailand, and 70 from Malaysia. Data processing technique using SPSS. The data was obtained from Refinitiv.com.

Overall, the problem formulation in this research is: (1) Does ROA (Return on Assets) affect Market Book Value (MBV) in non-financial companies in ASEAN countries? (2) Does the WCTA affect MBV in non-financial companies in ASEAN countries? (3) Does Debt Ratio (DR) affect MBV in non-financial companies in ASEAN countries? (4) Do ROA, Current Ratio, and Debt Ratio affect MBV together? Hypotheses in this study (H1) ROA (Return on Assets) affects Market Book Value (MBV) in non-financial companies in ASEAN countries; (H2) Working Capital to Total Assets affects MBV in non-financial companies in ASEAN countries; (H3) Debt Ratio (DR) affects MBV in non-financial companies in ASEAN countries; (4) ROA, Current Ratio, and Debt Ratio affect MBV together.

METHODS OF RESEARCH

The population in this study comprises all research objects with characteristics consistent with the research objectives. Population delimitation was conducted to define the boundaries of the objects that serve as sources of research data, allowing for targeted data collection and analysis (Ghazali, 2022). This study employed purposive sampling to select companies based on criteria relevant to the research objectives. The initial population consisted of 4,951 non-financial companies listed in ASEAN countries. Following the initial screening, 223 companies met the preliminary selection criteria and had the financial data required to measure profitability using Return on Assets (ROA), liquidity using the Working Capital to Total Asset (WCTA), and solvency using the Debt Ratio (DR). The selected companies were subsequently assessed based on the completeness of their financial data and the availability of firm value data, measured using Market Book Value (MBV). Companies that did not satisfy the data completeness requirements for all research variables were excluded. As a result, 146 companies met the final selection criteria and were

included in the empirical analysis. The sampled firms are distributed as follows: 15 from Singapore, 11 from Indonesia, 17 from the Philippines, 33 from Thailand, and 70 from Malaysia. The Sample from Refinitif.com The sample selection process is summarized in Table 1.

Table.1 Sample Selection Process

No	Sample Selection Criteria	
1	Total population of non-financial companies listed in ASEAN countries	4951
2	Companies meeting the initial selection criteria and having financial data for ROA, Working Capital to Total Asset, and Debt Ratio (DR)	223
3	Companies excluded due to incomplete data for the research variables, including Market Book Value (MBV)	(74)
4	Final sample of companies	146

Source: Processed by the author (2026)

A sample is a portion of a population selected based on specific characteristics and criteria. The sample selection in this study was conducted using purposive sampling, a method of determining samples based on predetermined considerations and criteria (Sugiyono, 2018). Based on this selection process, a number of companies were selected that met all criteria as research samples. This sample was then used as the basis for statistical analysis to examine the relationships and influences between research variables (Ghazali, 2022). The sampled firms are distributed as follows: 15 from Singapore, 11 from Indonesia, 17 from the Philippines, 33 from Thailand, and 70 from Malaysia. The sampling criteria for this study included non-financial companies located in ASEAN countries that possessed both complete financial reports and a Market Book Value report.

The data analysis technique used in this study is Multiple Linear Regression Analysis. Multiple linear regression analysis is a statistical analysis method used to determine the effect of two or more independent variables on one dependent variable. This analysis is used to measure the direction and magnitude of the influence of each independent variable on the dependent variable, either partially or simultaneously. By using multiple linear regression analysis, researchers can determine whether changes in the independent variables are followed by changes in the dependent variable and determine which independent variable has the most dominant influence (Sugiyono, 2018). In this study, multiple linear regression analysis was used to analyze the effect of Working Capital to Total Asset (WCTA), Return on Assets (ROA), and Debt Ratio (DR) on Market Book Value (MBV) as an indicator of firm value. The multiple linear regression model in this study can be formulated as follows:

$$MBV = \alpha + \beta_1 CR + \beta_2 ROA + \beta_3 DR + \varepsilon$$

Information:

- MBV = Market Book Value as the dependent variable
- **α** = constant
- $\beta_1, \beta_2, \beta_3$ = regression coefficients of each independent variable
- WCTA = Working Capital to Total Assets
- ROA = Return on Assets
- DR = Debt Ratio
- **ε** = error or residual

RESULTS AND DISCUSSION

Results

This research is quantitative and utilizes secondary data. The data used in this study was obtained from Refinitif.com. The number of companies included was 146, all non-financial companies in ASEAN countries. The descriptive results can be seen in Table 2 below:

Table 2. Descriptive Analysis

Variables	Maximum	Minimum	Mean	Std. Dev
WCTA	0.6600	0.010	0.2290	0.161
ROA	0.6890	0.0010	0.08013	0.101
DR	0.9200	0.0010	0.245	0.183
MBV	16.25	0.1800	1.52	1.90

Source: SPSS data analysis, processed by the author (2026)

Based on the descriptive statistics in the table above, it can be seen that Working Capital to Total Asset variable has a minimum value of 0.0010 and a maximum value of 0.6600. The average WCTA value is 0.2290 with a standard deviation of 0.161. These results indicate that on average the company's ability to meet short-term obligations as measured by the Working Capital to Total Asset is at 0.23255. The standard deviation value is lower than the average value indicating that the level of WCTA data distribution is relatively low, so there is relatively limited variation in the WCTA data of the companies being studied.

The Return on Assets (ROA) variable has a minimum value of 0.0010 and a maximum value of 0.6890. The average ROA value was recorded at 0.08013 with a standard deviation of 0.101. This condition indicates that the average company in the research sample was able to generate a return on assets of 0.0813, or approximately 8.13%. The maximum value of 0.6890 indicates that some companies were able to generate an ROA of up to 68.90%, while the minimum value of 0.0010 indicates that there were companies with a very low return on assets. The standard deviation of 0.101 indicates that the ROA data has a fairly large level of variation compared to its average value.

Furthermore, the Debt Ratio (DR) variable has a minimum value of 0.0010 and a maximum value of 0.9200. The average DR value is 0.245 with a standard deviation of 0.183. This indicates that the average proportion of company assets financed by debt is 0.245, or approximately 24.50%. The maximum value of 0.9200 indicates that some companies have a proportion of assets financed through debt of up to 92%, while the minimum value of 0.0010 indicates that some companies have a relatively very low level of debt usage. The standard deviation of 0.183 indicates variations in leverage levels among companies in the study sample.

The Market Book Value (MBV) variable has a minimum value of 0.1800 and a maximum value of 16.25. The average MBV value is 1.52 with a standard deviation of 1.90. This average indicates that in general the company's market value compared to its book value is at a level of 1.52 times. The maximum value of 16.25 indicates that there are companies whose market valuation is much higher than their book value, while the minimum value of 0.1800 indicates that there are companies whose market value is relatively lower than their book value. The standard deviation of 1.90, which is greater than the average value, indicates that the MBV variable has a relatively high level of data dispersion, resulting in significant differences in company value between companies in the research sample.

Overall, the descriptive statistics show variations in the financial characteristics and firm value of the companies studied. This variation is reflected in differences in the minimum, maximum, average, and standard deviation values for each variable. This provides an initial overview of the characteristics of the research data before further testing the relationships between variables through regression analysis and hypothesis testing.

Table 3. Normality Test Results

Variables	MBV	ROA	WCTA	DR
Sig value	0.137	0.136	0.185	0.178

Source: SPSS data analysis, processed by the author (2026)

Based on the results of the normality test in Table 3, it can be seen that all research variables have a significance value greater than 0.05. The Market Book Value (MBV) variable obtained a significance value of 0.137. This value is greater than the 0.05 significance level, thus concluding that the MBV variable data is normally distributed. This condition indicates that there are no significant distribution deviations in the MBV data, thus meeting the assumption of normality and can be used in subsequent analysis stages.

Furthermore, the Return on Assets (ROA) variable obtained a significance value of 0.136, while the WCTA variable obtained a significance value of 0.185. Both values are greater than 0.05, indicating that each variable can be declared normally distributed. Therefore, the ROA and WCTA data meet the normality assumption required in regression analysis. These results indicate that the data distribution for both variables does not exhibit significant deviations from the normal distribution.

The Debt Ratio (DR) variable obtained a significance value of 0.178, which is also greater than 0.05. Therefore, the DR variable data is declared normally distributed. Overall, the results of the normality test indicate that all research variables Market Book Value, Return on Assets, Current Ratio, and Debt Ratio have significance values above 0.05. Thus, all data meets the assumption of normality and is suitable for proceeding to the next stage of hypothesis testing and statistical analysis.

Multiple Linear Regression Analysis Test

After conducting the normality test, the next test is the multicollinearity test. This test is conducted to determine whether there is multicollinearity between one variable and another. Good research is research that is free from multicollinearity. The results of the multicollinearity test in this study are through the VIF and Tolerance values. The VIF value must be >1 and the Tolerance 0.1 to meet the requirements for passing the multicollinearity test, as shown in the table below.

Table 4. Multicollinearity test

Variable	Tolerance	VIF
ROA	0.999	1,001
WCTA	0.910	1,099
DER	0.910	1,099

Source: SPSS data analysis, processed by the author (2026)

Based on the multicollinearity test results table above, the ROA tolerance value is 0.999 and the ROA VIF is 1.001. Meanwhile, the WCTA and DER have tolerance values of 0.910 and VIF of 1.099. These

values meet the requirements for passing the multicollinearity test. The next test is the heteroscedasticity test. This study must meet the requirements for passing the heteroscedasticity test by looking at the scatterplot diagram as shown in the graph below.

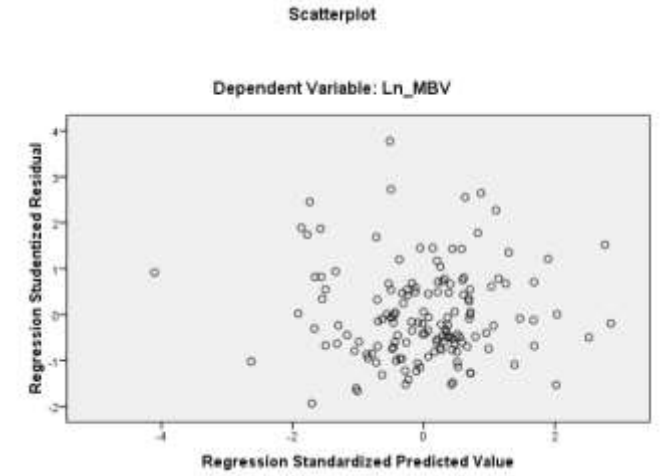


Figure 1. Heterokedastisitas test
Source: *Processed by the author (2026)*

The requirement to pass the heteroscedasticity test is that the scatterplot graph points must be above 0 and below 0. Based on the image above, it can be seen that the points on the graph are spread above 0 and below 0, so this research can be continued. The next test is the R2 test to determine the extent to which the independent variable influences the dependent variable, as shown in the table below.

Table 5. R2 test

Mark	R2
Significance	0.254

Source: SPSS data analysis, processed by the author (2026)

Based on the table above, it can be seen that the R2 value is 0.254, which means that the independent variables, namely ROA, WCTA and DER, can influence MBV by 25.4%, while the rest is influenced by other variables not included in this study. The multiple linear regression analysis test is conducted to determine the joint influence of Return on Assets, Working Capital to total Assets, and Debt Ratio on Market to Book Value (MBV). The results can be seen in Table 6 below.

Table 6. ANOVA Test Results

Test	ANOVA	F
Significance Value	0.021	3,338

Source: SPSS data analysis, processed by the author (2026)

Based on Table 5, the results of the simultaneous test (F test) through ANOVA analysis show that the significance value obtained is 0.021. This significance value is smaller than the set significance level, which

is 0.05 (0.026 < 0.05). Thus, the regression model used in this study is declared statistically significant, so that the independent variables consisting of Return on Assets (ROA), Working Capital to Total Asset (WCTA), and Debt Ratio (DR) simultaneously have an influence on Market to Book Value (MBV). These results indicate that changes in Return on Assets, WCTA, and Debt Ratio can collectively explain variations in Market to Book Value (MBV). Therefore, it can be concluded that the hypothesis that Return on Assets, WCTA, and Debt Ratio simultaneously influence Market to Book Value is acceptable.

T-test

The partial t-test, or t-test, is a test used in multiple linear regression analysis to determine the effect of each independent variable individually (partially) on the dependent variable. The t-test determines whether each independent variable included in the regression model has a significant effect on the dependent variable by controlling for the influence of other independent variables. Therefore, the t-test can be used to determine whether a hypothesis related to the influence of each independent variable can be accepted or rejected (Ghazali, 2022) .

Decision-making in a t-test is generally done by comparing the significance value (Sig.) with a significance level (α) of 0.05. If the significance value is <0.05, then the independent variable is partially declared to have a significant effect on the dependent variable, so the research hypothesis can be accepted. Conversely, if the significance value is >0.05, then the independent variable does not have a significant effect on the dependent variable, so the research hypothesis is rejected (Sugiyono, 2021) . The t-test table can be seen below:

Table 7. T-test results

Variables	Significance Value
ROA	0.002
WCTA	0.757
DR	0.911

Source: SPSS data analysis, processed by the author (2026)

Based on the partial test results (t-test) in the table, it can be seen that there are differences in the level of significance of the influence of the variables Return on Assets (ROA), WCTA, and Debt Ratio (DR) on Market to Book Value (MBV). The test was conducted using a significance level of 5% or α = 0.05. The ROA variable has a significance value of 0.002, which is smaller than 0.05, so ROA has a partial significant effect on MBV. Thus, the hypothesis stating that ROA affects MBV can be accepted.

Meanwhile, the Working Capital to Total Assets variable has a significance value of 0.757, while the Debt Ratio (DR) has a significance value of 0.911. Both values are greater than 0.05, so CR and DR partially have no significant effect on MBV. Thus, the hypothesis stating that WCTA and DR affect MBV cannot be accepted. These results indicate that in the research model, profitability proxied by ROA has a significant effect on firm value proxied by MBV, while liquidity conditions and debt structure proxied by CR and DR, respectively, have not shown a significant effect individually.

Based on research results, Return on Assets (ROA) has been shown to influence Market Book Value (MBV). These results indicate that a company's ability to manage assets to generate profit is related to the company's valuation, as reflected in the MBV. Therefore, the more effectively a company utilizes its assets to generate profit, the greater its impact on increasing the company's value, as reflected in the MBV. The WCTA was not proven to affect Market Book Value (MBV). This finding indicates that a company's ability

to meet its short-term obligations is not yet a significant factor influencing the market's assessment of the company's value. Therefore, changes in liquidity levels reflected in the WCTA do not directly translate into changes in MBV for the companies studied. The Debt Ratio (DR) was not proven to affect Market Book Value (MBV). These results indicate that the proportion of debt to a company's total assets does not show a significant relationship with company value, as measured by MBV. Therefore, the level of debt used in a company's funding structure is not a factor that significantly influences market perception of company value in this study.

Discussion

The Effect of ROA to MBV

Based on the partial hypothesis testing results, Return on Assets (ROA) significantly influences Market to Book Value (MBV) with a significance value of 0.002 < 0.05. These results indicate that a company's ability to generate profits based on its assets is one of the factors considered by the market in assessing a company. The better a company's ability to manage assets to generate profits, the greater the likelihood of the company receiving a higher valuation from investors, which is then reflected in an increase in the MBV value.

Theoretically, these findings can be explained through Signaling Theory, which states that information regarding a company's profitability level can serve as a signal to investors regarding the company's future condition and prospects. A high ROA indicates that the company is able to utilize its resources effectively and efficiently to generate profits. This condition can increase investor confidence in the company's prospects and encourage market assessments of the company's value. Therefore, the results of this study indicate that profitability performance is relevant information for investors in determining the company's value, as reflected in the MBV.

The Effect of WCTA on Market to Book Value (MBV)

The test results show that the Working Capital to Total Assets (WCTA) does not significantly impact Market to Book Value (MBV), as indicated by a significance value of 0.757 > 0.05. This result indicates that a company's liquidity level, as measured by its current assets' ability to meet short-term liabilities, is not yet a direct factor in determining the market's valuation of the company. In other words, changes in the WCTA level are not significantly followed by changes in MBV.

The insignificant effect of WCTA on MBV can be caused by the high level of liquidity which does not necessarily reflect the company's ability to create value for shareholders. WCTA that are too large can indicate company resources that have not been utilized optimally for productive activities. Therefore, investors not only consider the company's ability to meet short-term obligations, but also pay attention to the company's ability to generate profits and provide growth prospects. Thus, liquidity as measured through WCTA has not been the main consideration in determining company value as proxied by MBV.

The Effect of Debt Ratio on MBV

Based on the partial test results, the Debt Ratio (DR) does not significantly impact Market to Book Value (MBV). This is indicated by a significance value of 0.911 > 0.05. This result indicates that the proportion of debt to a company's assets does not have a strong enough influence on changes in company

value, as reflected in MBV. Therefore, changes in the level of debt usage in a company's funding structure do not directly determine the market's valuation of the company.

This situation may indicate that investors consider not only the proportion of debt in assessing a company, but also the company's ability to manage liabilities and generate profits. While using debt at a certain level can provide benefits by financing company activities, increasing debt can also increase financial risk if not balanced by the ability to generate adequate cash flow and profits. Therefore, the insignificant effect of the debt-to-earnings ratio on MBV indicates that the funding structure, as reflected in the debt ratio, is not yet a primary determinant in the market valuation of the companies in this study sample.

CONCLUSION

Based on the research findings, Return on Assets (ROA) has a significant effect on the Market-to-Book Value (MBV), as evidenced by a significance level of 0.002 and a t-statistic of 3.148. This indicates that a company's ability to manage its assets to generate profit is linked to its valuation, as reflected in the MBV. Consequently, the more effectively a company utilizes its assets to generate profit, the greater its positive impact on the company's value represented by the MBV thereby confirming the first hypothesis of this study. Meanwhile, neither WCTA nor the Debt Ratio shows a significant effect on the MBV; therefore, the second and third hypotheses are rejected. The ANOVA results indicate that ROA, WCTA, and the Debt Ratio collectively exert a significant influence on the MBV, with an ANOVA significance value of 0.021 (which is less than 0.05). Thus, the fourth hypothesis is accepted.

AUTHOR CONTRIBUTIONS

The first author contributed to the conceptualization of the study, methodological design, data collection, data analysis, and preparation of the initial manuscript. The second author contributed to data collection, editing the journal manuscript, and providing feedback and suggestions on the written article. All authors approved the final version of the manuscript and are accountable for all aspects of the work related to this research.

CONFLICT OF INTEREST

The authors declare that there are no financial or non-financial conflicts of interest that could have influenced the conduct of the research, data analysis, preparation, or publication of this article.

ARTIFICIAL INTELLIGENCE (AI) USE STATEMENT

In preparing this article, the authors used artificial intelligence (AI) technology as an assistive tool for language editing, grammar checking, and improving the structure of the manuscript. AI was not used to generate, manipulate, or analyze the research data. The authors retain full responsibility for the content of the article, the interpretation of the results, and the accuracy and integrity of the manuscript.

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