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THE EFFECT OF CAPITAL STRUCTURE, PROFITABILITY, AND FIRM SIZE ON FIRM VALUE (A Study of Property and Real Estate Sector Companies Listed on the Indonesia Stock Exchange for the 2020–2024 Period)

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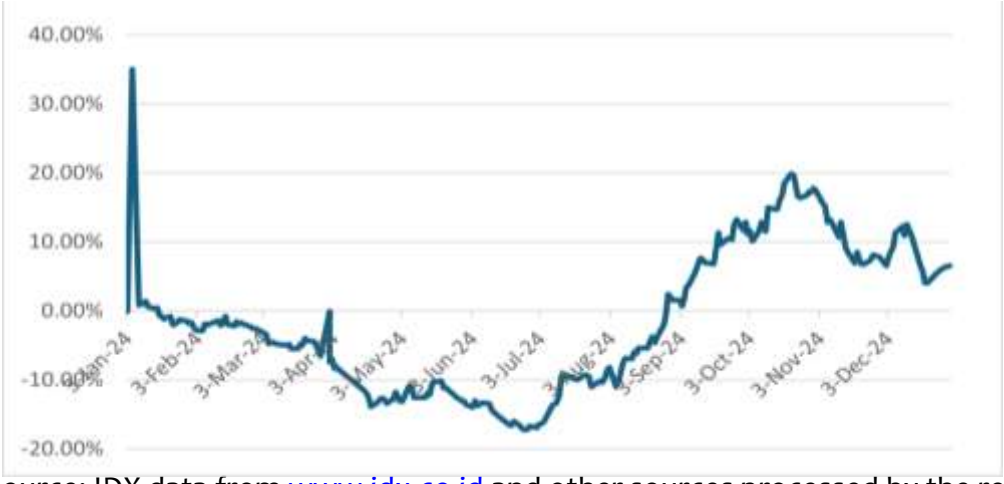
ABSTRACT
This study aims to analyze the effect of capital structure, profitability, and firm size on firm value in property and real estate sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. Firm value is proxied by Price to Book Value (PBV), capital structure is measured using the Debt to Equity Ratio (DER), profitability is measured using Return on Equity (ROE), and firm size is measured by the natural logarithm of total assets. This research employs a quantitative approach using secondary data derived from companies' financial statements. The sample was determined using a purposive sampling technique, resulting in 58 companies with a total of 290 observations. Data analysis was conducted using multiple linear regression with the assistance of SPSS version 26, after fulfilling the classical assumption tests. The results indicate that capital structure, profitability, and firm size simultaneously have a significant effect on firm value. Partially, all three variables are proven to have a positive and significant effect on firm value. These findings suggest that optimal capital structure management, high profitability, and larger firm size serve as positive signals for investors in assessing company performance and future prospects, thereby increasing firm market value. The research model is able to explain 70.3% of the variation in firm value, while the remaining is influenced by other factors outside the model. This study supports signaling theory, which states that financing decisions, profitability, and firm size reflect important information for investors regarding company stability and growth prospects. The results are expected to provide consideration for management in formulating financial strategies and for investors in making investment decisions in the property and real estate sector.
Keywords: capital structure; profitability; firm size; firm value; property and real estate sector

INTRODUCTION

The property and real estate sector in Indonesia has experienced rapid growth and has become one of the primary choices for investors, as this business is closely related to assets in the form of land and buildings. However, during the COVID-19 pandemic, this sector experienced a significant decline, as indicated by the downturn in various subsectors such as shopping malls, hotels, offices, and commercial housing, as well as the weakening of stock prices since 2020.

Data from the Indonesia Stock Exchange show that after a sharp decline from 2020 to 2022, the property sector began to show signs of recovery in 2023, although it continued to experience fluctuations in 2024. Overall, this condition indicates that stocks in the property and real estate sector have tended to decline more dominantly compared to other sectors, despite gradual signs of recovery.

Figure 1. Development of Stock Prices in the Property and Real Estate Sector in Indonesia in 2024



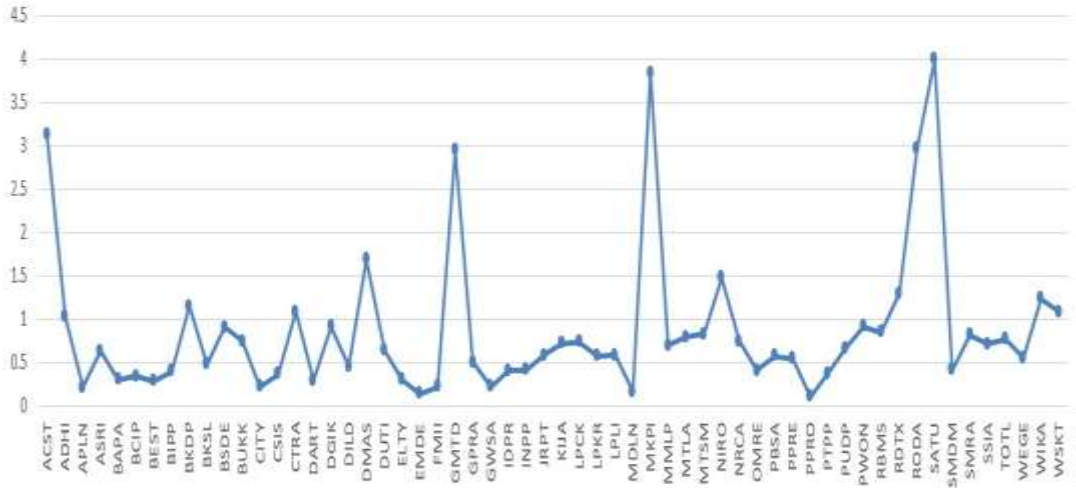
Source: IDX data from www.idx.co.id and other sources processed by the researcher.

Based on the daily index data of the property and real estate sector in 2024, the index movement shows significant fluctuations throughout the year, reflecting changes in market conditions and investor perceptions of company performance. This movement indicates that firm value is influenced by internal factors such as capital structure, profitability, and firm size, as well as external factors such as economic conditions and government policies. The decline in stock prices is an important concern as it may affect investor perceptions of firm value, which is essentially related to stock prices and shareholder wealth.

Firm value is an important indicator that reflects a company's financial condition, future prospects, and its ability to generate profits, making it a key consideration for investors. The measurement of firm value is generally proxied by Price to Book Value (PBV), which shows the comparison between the market value and the book value of a company, as

well as the level of investor confidence. In addition to PBV, other indicators such as Tobin's Q, Price Earnings Ratio (PER), and Market Value Added (MVA) are also used to assess firm performance and value more comprehensively.

Figure 2. Average Price to Book Value (PBV) of Property and Real Estate Sector Companies, 2020–2024



Sumber: Data diolah dari www.idx.co.id (2024)

Based on Figure 2, the average Price to Book Value (PBV) of property and real estate sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period shows considerable variation across firms. Most companies exhibit PBV values below 1.0, indicating that their market prices remain below their book values or are still considered undervalued. This condition suggests that the market has not fully appreciated the performance and prospects of most companies in the property sector (Brigham & Houston, 2019). According to Brigham and Houston (2019), a high firm value reflects investor confidence in the company's ability to generate future profits. The relatively low PBV values may be attributed to inefficient capital structures, fluctuating profitability, and relatively small firm sizes. Nevertheless, several companies such as ACAT, GPRA, MLPL, and SMRA exhibit relatively high PBV values, even exceeding three times their book value. This indicates that the market assigns a positive valuation to these firms, possibly due to their ability to optimize capital structure and profitability, as well as their larger operational scale (Husnan & Pudjiastuti, 2015). According to Husnan and Pudjiastuti (2015), firms with optimal capital structures and high profitability tend to have higher firm value, as they are perceived to provide better returns to investors. Thus, the pattern of PBV movements in the property and real estate sector during the 2020–2024 period indicates that factors such as capital structure, profitability, and firm size play an important role in determining firm value, as reflected in the comparison between market price and book value.

Firm value is influenced by several factors, including capital structure, profitability, and firm size. Capital structure reflects the proportion of financing between debt and equity, which can affect both risk and the expected returns of investors (Ross, Westerfield, & Jordan, 2018). Profitability represents the company's ability to generate earnings, where higher profitability leads to more positive investor assessments of firm performance (Gitman & Zutter, 2015). Meanwhile, firm size reflects the scale of a company, indicating its stability, access to funding, and level of risk; therefore, larger firms tend to have higher firm value (Weston & Brigham, 1994). In addition to these main factors, firm value may also be influenced by other variables such as liquidity, which reflects the company's ability to meet short-term obligations (Gitman & Zutter, 2015); dividend policy, which indicates cash flow stability and financial prospects (Ross, Westerfield, & Jordan, 2018); and leverage, which reflects the extent of a company's reliance on debt and may either increase or decrease firm value depending on its use (Brigham & Houston, 2019). The selection of capital structure, profitability, and firm size as variables in this study is based on their fundamental roles in representing financing decisions, operational effectiveness, and company stability and capacity, making them highly relevant in explaining changes in firm value (Brigham & Houston, 2019).

Capital structure refers to the proportion between long-term debt and equity. For companies, capital structure is crucial as it affects the level of risk borne by shareholders and the expected rate of return. Capital structure can be measured using the Debt to Equity Ratio (DER), which indicates the proportion of funds provided by creditors relative to those provided by shareholders. For companies, a higher DER—within optimal limits—can enhance firm value.

A firm's performance is closely related to its capital. The greater the capital owned by a company, the stronger its ability to guarantee debt and enhance firm value. The use of debt also provides benefits in the form of tax savings due to interest payments, which reduce taxable income. Based on trade-off theory, the optimal level of debt and equity arises from a balance between costs and benefits. Companies with high profitability tend to increase their debt ratios to reduce tax burdens, as additional debt can lower taxable income. Brigham and Houston (2013) argue that capital structure has a positive effect on firm value when the tax advantages outweigh agency costs and financial distress costs.

Previous studies examining the effect of capital structure on firm value show mixed results. Research by Zafirah and Amro (2021) found a positive effect, whereas Widyantari and Yadnya (2017) reported a negative and significant effect on firm value.

Profitability is the ability of a company to generate profits within a certain period (Putra & Batista, 2021). It reflects the firm's effectiveness in generating earnings through its operations. Higher profitability contributes additional funds to the company, either retained as earnings or reinvested (Susilowati et al., 2020). The relationship between profitability and firm value indicates that higher profitability leads to greater efficiency in utilizing company

resources, thereby increasing firm value and maximizing shareholder wealth. Profitability can be measured using Return on Assets (ROA), which assesses the efficiency of a company's operations in generating net income from its assets. A higher ROA indicates that the company is more effective in generating returns for investors (Sinaga et al., 2023).

Empirical findings on the effect of profitability on firm value are also inconsistent. Ramdhonah et al. (2019) found a positive and significant effect, whereas Pasaribu and Lumban Tobing (2017) and Zuraida (2019) reported negative or insignificant effects.

Firm size reflects the scale of a company, which can be measured through total assets, sales volume, and average asset levels (Ariyanto, 2020). Larger firms are generally perceived to have better access to funding, greater flexibility, and more stable financial conditions. Consequently, investors tend to view larger firms more positively, which can increase stock prices due to expectations of more certain returns compared to smaller firms.

Studies on the effect of firm size on firm value also show varying results. Siregar et al. (2019) found a positive and significant effect, whereas Irawan and Kusuma (2019) reported a negative significant effect.

Based on the phenomenon of fluctuating and declining firm value in the property and real estate sector in Indonesia, as well as the relatively low PBV values, it can be observed that the market has not provided optimal appreciation for the performance of most companies in this sector. Firm value is suspected to be influenced by capital structure, profitability, and firm size; however, previous studies on these factors show inconsistent results. This inconsistency creates a research gap that warrants further investigation. Therefore, this study is conducted to analyze the effect of capital structure, profitability, and firm size on firm value in the property and real estate sector in Indonesia.

Accordingly, the author conducts a study entitled: "The Effect of Capital Structure, Profitability, and Firm Size on Firm Value (A Study of Property and Real Estate Sector Companies Listed on the Indonesia Stock Exchange for the 2020–2024 Period)."

METHOD

This study employs a quantitative approach to analyze the effect of capital structure, profitability, and firm size on firm value in the property and real estate sector listed on the Indonesia Stock Exchange during the 2020–2024 period. The data used are secondary data in the form of financial statements obtained from the official IDX website. The analysis is conducted using multiple linear regression with the assistance of SPSS version 26 to produce findings that are objective, measurable, and generalizable.

The object of this study is firm value, proxied by Price to Book Value (PBV), while the independent variables include capital structure measured by the Debt to Equity Ratio (DER), profitability measured by Return on Equity (ROE), and firm size measured using the natural logarithm of total assets. The population consists of 109 companies, and through a purposive sampling technique, 58 companies are selected as the sample over a five-year observation

period (2020–2024), covering the periods before, during, and after the COVID-19 pandemic to capture the dynamics of firm performance.

The data analysis techniques include descriptive analysis, classical assumption tests, and multiple linear regression to examine the relationships among variables. In addition, the coefficient of determination (R^2) test is conducted to measure the explanatory power of the model, the F-test is used to assess model feasibility, and the t-test is applied to determine the partial effect of each independent variable. Through this approach, the study is expected to provide a comprehensive overview of the factors influencing firm value in the property and real estate sector.

RESULTS AND DISCUSSION

Overview of the Research Object

The object of this study consists of companies in the property and real estate sector. This sector is part of a broader ecosystem that includes construction, banking, building materials industries, and other supporting industries listed on the Indonesia Stock Exchange. It plays a strategic role in the national economy by providing essential resources that support housing development, commercial areas, office buildings, and shopping centers, thereby generating a significant multiplier effect on economic growth.

Furthermore, this sector also includes companies engaged in supporting infrastructure development such as environmental roads, property management and maintenance services (including warehouse management), the provision of industrial areas such as warehouses and logistics centers, accommodation facilities such as hotels, as well as social and public facilities such as recreational areas. Examples of companies in the property and real estate sector include PT Bumi Serpong Damai Tbk, PT Ciputra Development Tbk, PT Summarecon Agung Tbk, PT Alam Sutera Realty Tbk, PT Pakuwon Jati Tbk, PT Agung Podomoro Land Tbk, PT Agung Sedayu Group Tbk, PT Intiland Development Tbk, PT Metropolitan Land Tbk, and PT Puradelta Lestari Tbk.

In this study, the total population of property and real estate sector companies during the 2020–2024 period amounts to 109 companies. The sampling method used is non-probability sampling with a purposive sampling approach. A total of 58 companies are selected as the research sample, as they meet the predetermined criteria. Given that the observation period spans five years (2020–2024), the total number of observations in this study is 290.

Description of Data Related to Research Variables

Table 1. Results of Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Capital Structure	290	0.01	20.95	1.2025	1.81043
Profitability	290	0.001	118.59	0.6454	7.33407

Firm Size	290	17.49	36.57	27.9144	3.13578
Firm Value	290	7.88	17.50	14.1419	1.77727
Valid N (listwise)	290				

Source: Processed data, 2025

Table 1 presents the results of descriptive statistical analysis of the research variables, namely firm value, capital structure, profitability, and firm size, with a total of 290 observations during the 2020–2024 period. In general, firm value has an average of 14.1419 with a standard deviation of 1.77727, indicating that most companies have relatively high and stable market valuations, although some variation still exists. Capital structure has an average of 1.2025 with a standard deviation of 1.81043, suggesting considerable differences in the use of debt among companies, ranging from highly conservative to more aggressive financing strategies.

Meanwhile, profitability has an average of 0.6454 with a standard deviation of 7.33407, indicating relatively low profitability levels with substantial variation across companies. Firm size has an average of 27.9144 with a standard deviation of 3.13578, reflecting that most companies possess relatively large asset scales, although significant differences in size remain among firms. Overall, these descriptive statistics indicate variability in financial characteristics among companies in the property and real estate sector, in terms of performance, capital structure, and asset capacity.

Classical Assumption Tests

Normality Test

The normality test in this study is conducted using the non-parametric Kolmogorov–Smirnov (K–S) test, which aims to determine whether the data are normally distributed. According to Ghozali (2021:32), data are considered normally distributed if the significance value (Asymp. Sig. 2-tailed) from the Kolmogorov–Smirnov test is greater than 0.05. This indicates that there is no significant difference between the sample data distribution and the normal distribution. Conversely, if the significance value is less than 0.05, the data are not normally distributed, indicating a significant difference between the data distribution and the normal distribution.

Table 2. Results of the Normality Test

	Unstandardized Residual
N	290
Kolmogrov Smirnov Z	.213
Asymp. Sig. (2-tailed)	.000

Source: Processed data, 2025

Based on Table 2, the normality test using the Kolmogorov–Smirnov method indicates that the regression model does not meet the normality assumption, as shown by the significance value (Asymp. Sig. 2-tailed) of 0.000 (< 0.05). Therefore, the data need to be

transformed or extreme data (outliers) must be removed to satisfy the normality assumption, using a semi-log model approach and outlier detection. In this study, outliers are identified using the box plot method, namely data points that fall below Q1 – (1.5 × IQR) or above Q3 + (1.5 × IQR). Subsequently, the classical assumption tests are re-conducted to ensure the feasibility of the regression model

Table 3. Results of the Normality Test (Transformed Data)

	Unstandardized Residual
N	253
Kolmogrov-Smirnov Z	.047
Asymp. Sig. (2-tailed)	.200

Source: Processed data, 2023

Based on Table 3, after data transformation, the results of the normality test using the Kolmogorov–Smirnov method indicate that the regression model satisfies the normality assumption or that the data are normally distributed. This is evidenced by the significance value (Asymp. Sig. 2-tailed) of 0.200, which is greater than 0.05. Thus, the normality assumption in the regression model is fulfilled.

Multicollinearity Test

The multicollinearity test is conducted to determine whether there is a correlation among independent variables in the regression model (Ghozali, 2021:157). A good regression model should not exhibit multicollinearity. Multicollinearity can be detected by examining the Variance Inflation Factor (VIF) and tolerance values. If the VIF value is less than 10 or the tolerance value is greater than 0.10, it can be concluded that multicollinearity does not occur.

Table 4. Results of the Multicollinearity Test

Model	Collinearity Statistics		Description
	Tolerance	VIF	
Capital Structure (X1)	0.981	1.020	No multicollinearity
Profitability (X2)	0.975	1.025	No multicollinearity
Firm Size (X3)	0.994	1.006	No multicollinearity

Source: Processed data, 2025

Based on Table 4, the results show that the VIF values for capital structure, profitability, and firm size are all less than 10. Additionally, the tolerance values for all independent variables are greater than 0.10. Therefore, it can be concluded that the regression model does not suffer from multicollinearity issues.

Heteroskedasticity Test

The heteroskedasticity test aims to determine whether there is inequality in the variance of residuals across observations (Ghozali, 2021:178). A good regression model satisfies the homoscedasticity assumption, meaning no heteroskedasticity is present. In this study, the test is conducted using the Glejser method. According to Ghozali (2021:184), a regression model is considered free from heteroskedasticity if the significance values are greater than 0.05.

Table 5. Results of the Heteroskedasticity Test (Transformed Data)

Unstandardized Coefficients			Standardized Coefficients		
Model	**B**	**Std.Error**	**Beta**	**t**	**Sig**
Capital Structure	0.020	0.058	0.021	0.348	0.728
Profitability	-0.026	0.014	-0.111	-1.857	0.064
Firm Size	-0.006	0.033	-0.010	-0.175	0.861

Source: Processed data, 2025

Based on Table 5, the significance values for capital structure, profitability, and firm size are all greater than 0.05. Therefore, it can be concluded that the regression model does not experience heteroskedasticity and satisfies the homoscedasticity assumption

Autocorrelation Test

This study uses the Durbin–Watson test to detect the presence of autocorrelation in the data. The model is considered free from autocorrelation if the Durbin–Watson value is greater than the upper bound (dU) and less than (4 – dU) (Ghozali, 2021:164).

Table 6. Results of the Autocorrelation Test (Transformed Data)

Model	R	R Square	djusted R Square	Std. Error of the Estimate	Durbin- Watson
1	0.771[a]	0.594	0.589	1.140	1.909

Source: Processed data, 2025

Based on Table 6, the Durbin–Watson value is 1.909, with dL = 1.4020 and dU = 1.6360, and (4 – dU) = 2.3640. Since the Durbin–Watson value lies between dU and (4 – dU) (1.6360 < 1.909 < 2.3640), it can be concluded that the regression model does not exhibit autocorrelation.

Multiple Linear Regression Analysis

Multiple linear regression analysis is a method used to explain the relationship pattern between two or more variables through a mathematical formulation. The purpose of this regression model is to describe the relationship among variables and to predict future conditions. This analysis is employed to examine the effect of one dependent variable on

several independent variables. Based on the multiple regression equation in this study, it can be formulated as follows:

Y= 11,918 + 0,207 X1 + 0,008 X2 +0,072 X3..... (6)

Coefficient of Determination (R^2 Test)

Table 7. Coefficient of Determination (R^2)

Model	R	R Square	djusted R Square	Std. Error of the Estimate
1	0.841	0.706	0.703	1.19372

Source: Processed data, 2025

Based on Table 7, the Adjusted R Square value is 0.703. This indicates that 70.3% of the variation in firm value is explained by capital structure, profitability, and firm size, while the remaining 29.7% is explained by other factors not included in the mode

F-Test

Table 8. Results of the F-Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	79.188	3	26.396	9.029	0.000
Residual	833.161	285	2.923		
Total	912.350	288			

Source: Processed data, 2025

Based on Table 8, the F-test results show that the calculated F-value is 26.396 with a significance value of 0.000. Since the significance value is less than 0.05, the regression model is considered feasible. This result indicates that capital structure, profitability, and firm size simultaneously have a significant effect on firm value.

Hypothesis Testing (t-Test)

Table 9. Hypothesis Test Results

Unstandardized Coefficients			Standardized Coefficients		
Model	B	Std. Error	Beta	t	sig
(Constant)	11.918	0.103		115.746	0.000

Capital Structure (X1)	0.207	0.013	0.510	15.751	0.000
Profitability (X2)	0.008	0.002	0.162	5.005	0.000
Firm Size (X3)	0.072	0.004	0.637	19.824	0.000

Source: Processed data, 2025

The results of hypothesis testing indicate that the capital structure variable has a t-value of 15.751 with a significance value of 0.000, which is less than 0.05. Therefore, the hypothesis stating that capital structure has a positive and significant effect on firm value is accepted. This implies that an increase in capital structure contributes to an increase in firm value.

The profitability variable has a t-value of 5.005 with a significance value of 0.000, also less than 0.05, indicating that the hypothesis stating that profitability has a positive effect on firm value is accepted. Thus, higher profitability leads to a greater increase in firm value.

The firm size variable has a t-value of 19.824 with a significance value of 0.000, which is also below 0.05. Therefore, the hypothesis stating that firm size has a positive effect on firm value is accepted. This indicates that larger firm size contributes significantly to increasing firm value.

Discussion of Research Findings

The Relationship between Capital Structure and Firm Value

This study finds that capital structure has a positive and significant effect on firm value. This finding indicates that capital structure serves as a signal to investors, thereby contributing to an increase in firm value. The results suggest that the use of debt, when managed effectively, is not perceived as an increase in risk, but rather as a financing strategy that supports company performance and future prospects. These findings are consistent with previous studies by Oktaviani et al. (2019), Avita and Aeni (2019), and Melfia and Dewi (2023), which also demonstrate that capital structure positively affects firm value.

Investors do not always view a company's reliance on debt as a primary concern in investment decision-making. As explained by Karin and Sulistyo (2020), the use of debt can enhance firm value if it generates returns that exceed the cost of interest. As long as the company manages its debt effectively, debt utilization can increase investor confidence.

These findings are in line with signaling theory, which states that debt usage can be interpreted as a positive signal when it reflects management's confidence in future prospects and cash flow stability. When companies increase debt to finance productive activities, investors perceive this as an indication of strong financial positioning. Therefore, this study reinforces the evidence that a well-managed capital structure can enhance firm value through positive signals received by investors.

The Relationship between Profitability and Firm Value

This study shows that profitability has a positive and significant effect on firm value. This indicates that profitability provides a signal to investors regarding the company's ability to generate consistent earnings. Such a signal becomes a basis for investors to assess that the

company has strong growth prospects, thereby increasing firm value. These findings are consistent with prior studies by Ardhana (2017), Riadi (2020), and others, which identify profitability as a key determinant in enhancing firm value. However, some studies suggest that profitability may not influence firm value when investors focus more on external factors such as industry conditions or macroeconomic situations.

In general, investors pay close attention to profitability in making investment decisions. High earnings not only reflect a company's ability to generate profits but also demonstrate management effectiveness in utilizing assets and controlling costs. According to Alifatussalimah and Sujud (2020), profitability is essential information in decision-making processes. Companies with high profitability are perceived as more resilient under unstable economic conditions and capable of providing long-term benefits to shareholders.

This study fully supports signaling theory, which emphasizes that profit-related information is one of the most relevant signals for investors in evaluating company performance. Increased profitability is perceived as a positive signal indicating the company's ability to sustain and improve performance over time. This condition enhances investor confidence in future prospects, thereby strengthening the role of profitability as a significant determinant of firm value.

The Relationship between Firm Size and Firm Value

This study finds that firm size has a positive and significant effect on firm value. This suggests that firm size provides a strong signal to investors, where larger firms are considered more stable, better able to manage risks, and have greater growth opportunities compared to smaller firms. These findings are consistent with studies by Melfia and Dewi (2023), Riadi (2020), and Rahmawati et al. (2020), which state that firm size positively affects firm value. However, some studies report inconsistent results, particularly when large firms fail to manage their assets effectively.

In general, investors perceive large firms as more credible and having broader access to financing. Large firms are also considered more capable of maintaining performance under unstable market conditions, thereby increasing investor interest (Gultom et al., 2022).

These findings align with signaling theory, where firm size is interpreted as an indicator of operational strength and long-term reliability. Larger firms tend to send positive signals to investors regarding their resources, operational stability, and sustainability. This result is consistent with studies by Nurhayati (2013) and Sari and Rahayu (2019), which show that firm size has a positive and significant effect on firm value. Large firms generally have lower risk levels, broader access to funding, and higher investor confidence. Thus, firm size is proven to be an important signal that enhances investor trust and ultimately increases firm value.

CONCLUSION

Based on the results of the analysis and discussion, several conclusions can be drawn:

1. Capital structure has a positive and significant effect on firm value in the property and

real estate sector. This indicates that investors consider capital structure as an important signal in evaluating company conditions and future prospects. An optimal capital structure provides a positive signal regarding the company's ability to utilize debt financing efficiently to enhance performance and growth.

2. Profitability has a positive and significant effect on firm value. This suggests that investors view profitability as a key indicator in determining firm value. High profitability signals strong performance and favorable future prospects, thereby increasing investor confidence.
3. Firm size has a positive and significant effect on firm value. Larger firms are perceived as more stable, possessing stronger operational capacity and lower risk. Firm size serves as a signal of fundamental strength and sustainability, reflecting the company's ability to manage resources effectively and maintain long-term operations.

RECOMMENDATIONS

Based on the conclusions, several recommendations are proposed:

1. Investors intending to invest in the property and real estate sector are advised to consider capital structure, profitability, and firm size, as these variables are proven to be important indicators in investment decision-making. By considering these factors, investors are expected to make more rational and risk-minimizing investment decisions.
2. Companies are encouraged to enhance firm value by strengthening financial performance, particularly in managing capital structure, improving profitability, and optimizing firm size through effective asset management. These aspects have been proven to positively influence firm value and should therefore become key considerations in strategic planning and financial reporting. Maintaining consistent performance is also essential to create positive perceptions among investors and improve competitiveness in the property and real estate sector.
3. Future research is recommended to incorporate additional variables such as liquidity, leverage, dividend policy, ownership structure, and sales growth, as well as external factors such as inflation rates, interest rates, macroeconomic conditions, and government policies. Moreover, future studies are encouraged to expand the research scope to other industry sectors and extend the observation period to obtain more comprehensive, accurate, and generalizable findings.

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