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THE EFFECT OF FINANCIAL DISTRESS AND SALES GROWTH ON COMPANY VALUE (A STUDY OF *TRANSPORTATION* & *LOGISTICS* COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE FROM 2020 TO 2024)

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Abstract

This study aims to determine the effect of financial distress and sales growth on firm value in transportation and logistics sector companies listed on the Indonesia Stock Exchange during the 2020-2024 period. The sampling technique was carried out using the purposive sampling method, so that 10 out of 39 companies in the sector were found that were in accordance with the criteria as samples. This number is then multiplied by the five-year research period, so that the total data obtained amounted to 50 observations. The data processing and testing process is carried out using EViews version 10 software which goes through several stages, namely descriptive statistical test, model selection test, classical assumption test, multiple linear analysis test, determination coefficient test (adjusted R^2), partial test, and simultaneous test. The test results in this study show that financial distress has an effect on firm value, while sales growth has no effect on firm value. However, simultaneously, financial distress and sales growth have been proven to have an effect on firm value.
Keywords: *Financial Distress, Sales Growth, Firm Value.*

INTRODUCTION

In recent years, the transportation sector in Indonesia has shown interesting and challenging dynamics. Fluctuating national economic growth, coupled with increased operational costs such as fuel prices and high interest rates, has put pressure on the financial performance of transportation companies. On the other hand, public demand for efficient, integrated, and environmentally friendly transportation services continues to increase in line with rapid infrastructure development and urbanization in various regions of Indonesia. These conditions

require transportation companies to maintain financial stability and improve efficiency in order to remain competitive in the market.

Pressure on this sector is also reflected in capital market performance. The transportation sector index (IDXTRANS) weakened by 23.13% throughout 2024, indicating that the market views this sector as having a higher level of risk (IndoPremier, 2024). This decline shows that the value of transportation companies in Indonesia tends to be under pressure due to economic uncertainty and rising operating costs.

In this context, there are concerns about potential *financial distress*, which is a condition where companies experience difficulties in meeting their financial obligations due to an imbalance between income and operational expenses. This phenomenon is of particular concern because high levels of financial pressure can undermine investor confidence and lead to a decline in company value. According to research by Lestari and Wibowo (2023), *financial distress* has a negative impact on company value because investors tend to avoid companies with a high risk of bankruptcy.

An empirical study of transportation and logistics companies listed on the Indonesia Stock Exchange from 2018 to 2022 found that approximately 28.6% of the sample companies were in *financial distress*, one company was in *the grey area*, and the rest were in *the safe zone* Rahmadani et al (2024). This fact reinforces the indication that the risk of financial pressure is indeed real in the Indonesian transportation and logistics sector and has the potential to affect investors' perceptions of company value.

In addition, *sales growth* is also an important indicator in assessing the performance of transportation companies. Increased sales reflect a company's ability to expand its market share and maintain customer loyalty amid increasingly fierce competition. However, the results of the study show that the relationship between sales growth and company value is not always consistent. Research by Ramadhani and Siregar (2024) found that sales growth has a positive effect on company value, while another study by Wijayanti and Aditya (2022) shows that sales growth does not always have a significant effect due to high operating costs that are not proportional to the increase in revenue.

This phenomenon is also reflected in transportation companies listed on the Indonesia Stock Exchange, where data shows sharp fluctuations in market value between 2020 and 2024. Several companies with good sales growth rates have actually experienced a decline in share value, while other companies with high financial pressure have still been able to maintain their market value. According to a report by the Financial Services Authority (OJK, 2024), this is due to differences in management strategies in managing capital structure, cost efficiency, and market expectations regarding the business prospects of each company.

In an era of business competition and dynamic global economic conditions, companies are required to maintain financial stability and investor confidence. Company value is one of the key indicators in assessing a company's success, as it reflects the extent of market confidence in the company's performance and future prospects. However, company value is not only influenced by external factors such as macroeconomic conditions and government policies, but also internal factors such as financial condition and growth rate.

One internal factor that is often associated with a decline in company value is *financial distress*. According to Amoa-Gyarteng (2021) , *financial distress* is a condition in which a company experiences a significant decline in its financial condition, which usually occurs before bankruptcy or liquidation. This condition is often a negative signal for investors, as it indicates potential bankruptcy and a decline in the company's ability to generate profits. Based on a study conducted by Juniarsi et al (2023) , it was found that *financial distress* has a significant effect on company value, meaning that the higher the level of *financial distress* experienced by a company, the lower the company's market value. However, different results were found by Pearl et al (2024) , who stated that *financial distress* has no significant effect on company value. Similar findings were also presented by Once et al (2025) , which showed that *financial distress* does not have a significant effect on company value. The differences in the results of these various studies indicate that the effect of *financial distress* on *company value* is not entirely consistent. This may be due to differences in the industrial sectors studied, economic conditions, and the observation periods used in each study.

Considering these conditions, this study is important to analyze the extent to which *financial distress* and sales growth affect company value, particularly in the transportation and logistics sector in Indonesia. The results of this study are expected to provide empirical understanding of the relationship between financial conditions and operational performance on market perception, as well as provide consideration for company management and investors in making strategic decisions amid the ongoing national economic challenges in 2025.

This study contributes to providing empirical understanding of the influence of *financial distress* and sales growth on company value, particularly in transportation and logistics companies listed on the Indonesia Stock Exchange (IDX) for the period 2020-2024. In Indonesia's volatile economic conditions, this research is important to see the extent to which financial pressure and sales performance affect market perceptions of company value. Theoretically, this research enriches the financial management literature by adding the latest empirical evidence to the inconsistency of previous research results regarding the relationship between *financial distress,* sales growth, and company value.

Practically, the results of this study are expected to serve as a reference for company management in making strategic decisions to maintain financial stability and

increase company value. In addition, this study is also useful for investors as a consideration in assessing investment risks and potential, as well as for regulators such as the Financial Services Authority (OJK) as a basis for strengthening supervisory policies and capital market stability, especially in sectors with high financial risks such as the transportation and logistics sector.

In this study, there are three theories used to strengthen and clarify the influence of each variable discussed. An explanation of each theory on each variable is presented as follows.

The first theory that is the basis for influencing the dependent variables in this study is the Signalling Theory, which assumes that companies convey signals to investors through published financial information. This information can reflect financial conditions, sales growth rates, and the company's ability to meet short-term and long-term obligations. Brigham and Dave (2022) stated that positive information about the company's performance will produce good signals for investors, thereby encouraging trust and increasing the company's value. Conversely, negative information such as financial difficulties will create a bad signal that has the potential to encourage investors to withdraw investments that have been invested.

In the context of companies in the transportation sector, signals in the form of *financial distress* are very important because this industry has a high operational cost burden (fuel, fleet maintenance, salaries, and utility costs). When a company is unable to meet its obligations, it sends a risk signal so that investors assess the company as unstable. This bad signal will ultimately lower the company's value, which means that the higher the level of *financial distress* experienced by the transportation company, the more the company's value decreases due to the increased risk of bankruptcy and reduced investor confidence.

This statement is in line with the research of Purwadi et al (2024) and Merlinda & Putri (2023) who found that *financial distress* has a significant effect on company value due to the increased risk of bankruptcy. However, another study by Karo Sekali et al (2025) found that financial distress does not have a significant effect on the value of the company. Thus, *Signalling Theory* supports this research, because *financial distress* is information that can affect investor perception and is reflected in the company's value, so the first hypothesis can be formulated:

H1 : There is an effect *of financial distress* on the company's value.

The second theory that is the basis in influencing the dependent variables in this study is the Trade-Off Theory which explains that companies try to find an optimal funding structure by considering the benefits and costs of using debt. According to Siregar et al. (2019), the better the company balances the risk of bankruptcy and tax benefits from debt, the higher the company's value. In the transportation sector, companies tend to use large amounts of debt because their capital needs are high

(vehicle purchases, maintenance, fuel, navigation technology, etc.). If debt is managed suboptimally, the risk of *financial distress* is greater. When a company enters a state of distress, investors will consider the cost of bankruptcy to be higher than the benefits of debt, so the value of the company will decrease. However, when the company manages its debt burden optimally, it can maintain sales *growth performance*.

Good sales growth shows that the company is able to maximize the use of debt-financed assets thereby increasing the company's value. This statement is in accordance with the content of the research by Karo Once et al (2025) which states *sales growth* can increase the value of the company, but research by Kusumaningrum et al. (2022) states that it has no effect, because *sales growth* It is not considered a good predictor of net sales and does not necessarily increase the value of the company because sales growth does not always go hand in hand with an increase in profit. Thus, *Trade-Off Theory* relevant in this study because it shows how the level of financial distress as a reflection of the risks of *Sales Growth* which can have an impact on the value of the company, especially in capital-intensive transportation sector companies, thus supporting the preparation of a second hypothesis:

H2 : There is an influence *of sales growth* on the value of the company.

The third theory used to be the basis for influencing dependent variables in this study is *Firm Value Theory* which focuses on how internal factors of the company can affect investor perception which ultimately determines the value of the company in the market. According to Mandjar et al. (2019), company value is the main indicator for investors to assess the company's success in managing resources and generating profits. The better the company shows financial stability and performance growth, the higher the market value provided by investors.

In the context of this study, *financial distress* shows the company's ability to fulfill its obligations. Condition *distress* reflects weak financial management so that investors judge the company not to have the optimal ability to generate value in the future. This causes the company's value to decrease. On the other hand, *sales growth* reflects the company's ability to increase revenue over time.

Sales growth Consistent is a signal that the company has strong market demand, competitiveness, and long-term growth prospects. This makes investors more confident to invest their capital thereby increasing the company's value. Thus, *Firm Value Theory* reinforcing the argument that *financial distress* and *sales growth* are two important factors that affect the value of companies in the transportation sector. So the hypothesis that can be formulated is to attribute all independent variables simultaneously to the value of the company as follows:

H3 : There is a simultaneous influence between financial distress and sales growth on the company's value

RESEARCH METHOD

This research is a research with a quantitative approach that aims to examine the influence of research variables, namely financial distress and sales growth on firm value. The quantitative approach is used because this study focuses on objectively measuring the relationship between variables using statistically processed numerical data.

The data used is secondary data. The data was obtained through the official website of the Indonesia Stock Exchange (IDX), namely www.idx.com. Data is in the form of official documents such as annual reports and/or financial statements issued by each company in the transportation and logistics sector.

The population in this study is 39 companies in the *Transportation and Logistics* Sector listed on the Indonesia Stock Exchange (IDX). The sample used in this study uses *the Purposive Sampling* technique, where there are four criteria in the use of the technique, namely 1. Transportation *and Logistics* sector companies listed on the Indonesia Stock Exchange in 2020-2024, 2. Companies that do not issue financial statements in the form of rupiah currency, 3. Companies that do not publish incomplete financial statements during the research year, and 4. Companies that did not make a profit during the research year.

Based on these criteria, 10 companies were obtained as research samples that will be used in this study, then the results will be multiplied by 5 (the number of years 2020-2024). From these results, the results of 50 data will be used in this study. The data testing was carried out using EViews software version 10 with several test stages, which include: 1. Descriptive Statistical Test, 2. Research Model Selection Test, 3. Classical Assumption Test, 4. Multiple Linear Analysis Test, 5. Determination Coefficient Test (Adjusted R^2), 6. Partial Test (T Test), and 7. Simultaneous Test (F Test).

RESULT AND DISCUSSION

Descriptive Statistical Test

Descriptive statistical tests are analytical techniques used to describe and summarize the basic characteristics of a data systematically. Through this test, the researcher can find out an overview of the data being studied, such as mean, median, maximum value, minimum value, and standard deviation. This information helps explain how the data is dispersed, how much it varies, and the most common value trends emerge. The results of the descriptive statistical test are presented in table 1 as follows.

Table 1. Descriptive Statistical Test Results

	And	X1	X2
Mean	1.547158	0.183624	0.3517700

Median	0.711000	0.083700	0.134400
Maximum	26.30900	0.766100	4.955800
Minimum	0.289800	0.010900	-1.045900
Std. Dev.	3.718585	0.193816	0.933159
Observations	50	50	50

Source: EViews Version 10 results (data processed by researchers), 2025

Based on Table 1 above, the explanation is as follows.

1) *The Firm Value* (FV) has an average value of 1.547158, a maximum value of 26.30900, a minimum value of 0.289800, and a standard deviation of 3.718585. Smaller mean values compared to standard deviations indicate that the data is highly dispersed and not well distributed.
2) *Financial Distress* (FD) has an average value of 0.183624, a maximum value of 0.766100, a minimum value of 0.010900, and a standard deviation of 0.193816. Smaller mean values compared to standard deviations indicate that the data are quite variable and not fully concentrated around the mean values.
3) *Sales Growth* (SG) has an average value of 0.3517700, a maximum value of 4.955800, a minimum value of -1.045900, and a standard deviation of 0.933159. The small mean value indicates that the data is quite variable and not fully concentrated around the mean value.

Research Model Selection Test

1. Chow Test

   Based on the explanation of Putra (2016) accessed by the researcher through the website, the chow test is used to determine whether the more suitable model in the panel data analysis is *Pooled least square* or *Fixed Effect.* The results of the chow test are presented in table 2 as follows.

Table 2. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	3.844452	(9,38)	0.0016
Cross-section Chi-square	32.368988	9	0.0002

Source: EViews Version 10 results (data processed by researchers), 2025.

Based on Table 2 above, it can be concluded that the selected research model is a *Fixed effect* model, this is because the result of *Cross-section F* is less than 0.05.

2. Hausman Test

Based on the information obtained by the researcher through the website, Putra (2016) explained that the Hausman Test is used to determine whether the more appropriate model in panel data analysis is the Fixed Effect Model (FEM) or the Random Effect Model (REM). This test will determine whether the research model used remains a *fixed effect* model or changes to a *random effect model*. The results of the Chow Test are presented in table 3 as follows.

Table 3. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq d.f.	Prob.
Cross-section random	28.673962	2	0.0000

Source: EViews Version 10 results (data processed by researchers), 2025.

Based on table 3 above, it can be concluded that the selection of the selected research model is still a *fixed effect* model. This is because the *probability* F result of the thirst test is less than 0.05.

Classic Assumption Test

Classical assumption tests are a series of procedures in regression analysis that are used to ensure that the model meets basic statistical requirements so that the results of the estimates are not biased. This test includes an examination of possible problems such as violations of normality, heterokedasticity, multicollinearity, and autocorrelation, so that the model used can be trusted in drawing statistical scientific conclusions.

1. Normality Test

   The normality test is used to assess whether the residual values in a distributed regression model are normal or not. Conclusions were drawn by comparing the probability values resulting from the tests. The data is declared to be normally distributed if the probability value produced is greater than 0.05, meanwhile, if the probability value produced from the test is smaller than 0.05, it can be concluded that the data is not distributed normally. The results of the normality test are presented in figure 1 as follows.

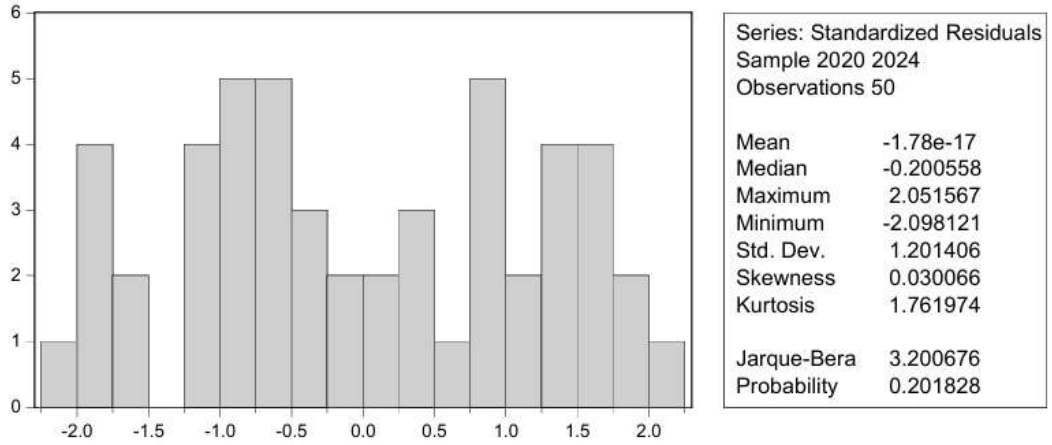

Figure 1. Normality Test Results

Based on Figure 1 above, the results of the normality test conducted by the researcher show that the probability value produced is 0.201828, which means that the probability value is greater than 0.05, so it can be concluded that the data is distributed normally.

2. Heteroscedasticity Test

   The heteroscedasticity test in this study used *the Autoregressive Conditional Heteroscedasticity* (ARCH) model. The model is an autoregressive model that is used when the data variants are not constant over time. A conclusion is reached when the value of Prob. Chi-Square (1) is more than 0.05, then the data does not have a heterokedasticity problem, however, if the value of Prob. Chi-Square (1) is smaller than 0.05, so the data has a heterokedasticity problem. The results of the heteroscedasticity test are presented in table 4 as follows.

Table 4. Heterokedasticity Test Results

Heteroskedasticity Test: ARCH

F-Statistic	7.72E-05	Prob. F(1,47)	0.9930
Obs *R-squared	8.05E-05	Prob. Chi-Square(1)	0.9928

Source: EViews Version 10 results (data processed by researchers), 2025.

Based on table 4 above, the results of the heteroscedasticity test conducted by the researcher show that the value of Prob. The resulting Chi-Square (1) is 0.9928, which means that, the value of Prob. Chi-Square (1) is greater than 0.05, so it can be concluded that the data does not have a heteroscedasticity problem.

3. Multicollinearity Test

   The multicollinearity test was used to assess whether there is a very strong relationship between independent variables in the regression model. In this test, if

the VIF value is less than 10 or *the tolerance* value is more than 0.01, then the result is stated to be no multicollinearity problem. The results of the multicollinearity test are presented in table 5 as follows.

Table 5. Multicollinearity Test Results

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
X1	7.638676	1.951207	1.018424
X2	0.329524	1.166099	1.018424

Source: Results of EViews Version 10 (data processed by researchers), 2025.

Based on table 5 above, the results of the multicollinearity test conducted by the researcher show that the Centered VIF value produced is 1.018424, where the value is less than 10, then it can be stated that there is no multicollinearity problem in the test.

4. Autocorrelation Test

   The autocorrelation test used in this study is the Breusch-Godfrey Serial Correlation LM Test. In this test, if the value of Prob. Chi-square(2) is more than 0.05, so the data does not have an autocorrelation problem. The results of the Breusch-Godfrey Serial Correlation LM Test autocorrelation test are presented in table 6 as follows.

Table 6. Autocorrelation Test Results

Breusch-Godfrey Serial Correlation LM Test			
F-Statistic	0.794167	Prob. F(2,44)	0.4583
Obs *R-squared	1.707198	Prob. Chi-Square(2)	0.4259

Source: EViews Version 10 results (data processed by researchers), 2025.

Based on table 6 above, the value of Prob. The chi-square(2) resulting from the test is 0.4259, which is greater than the significance limit of 0.05. Thus, the test results show that the data used does not have autocorrelation problems.

Multiple Linear Analysis Test

Multiple linear regression analysis is used to examine the influence of independent variables on the dependent variable. In this study, the independent variables are Financial Distress (X1) and Sales Growth (X2), while the dependent variable is Firm Value (Y). The results of the multiple linear regression analysis are presented in table 7 below.

Table 7. Results of The Multiple Linear Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.391866	0.097963	14.20812	0.0000
X1	1.122714	0.503339	2.230530	0.0317
X2	-0.144599	0.187393	-0.771631	0.4451

Source: EViews Version 10 results (data processed by researchers), 2025.

Based on table 7 above, the equation model used to test multiple linear regression analysis in this study is as follows:

$$Y = \alpha + \beta 1X1 + \beta 2X2 + e \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

$$Y = 0.0000 + 1.122714 + -0.144599 + e \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Based on the equation model above, the interpretation of the test can be explained as follows:

1) The value of the constant produced in this study is 0.0000, this value shows that when all independent variables in the model are zero, then the value of the dependent variable is also at 0.0000.
2) The value of the Regression Coefficient of Variable X1 has a positive value (+) of 1.122714, so it can be defined that if the variable X1 increases, then the variable Y will increase by 1.122714.
3) The value of the Regression Coefficient of Variable X2 is negative (-) of -0.144599, so it can be defined that if the variable X2 increases, then the variable Y will decrease by -0.144599, and vice versa.

Coefficient of Determination Test (R^2)

Coefficient of Determination or R^2 is a statistical measure used in regression analysis to find out how well the model is able to explain the data. R Value^2 shows how much variation in dependent variables can be explained by independent variables in a model. Results of R Determination Coefficient^2 are presented in Table 8 as follows.

Table 8. Determination Coefficient Result (R^2)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
R-squared	0.959852	Mean dependent var		6.663438

Adjusted R-squared	0.948230	S.D. dependent var	6.582193
S.E. of regression	1.315569	Sum squared resid	65.76744
F-statistic	82.59082	Durbin-Watson stat	1.470404
Prob(F-statistic)	0.000000		

Source: Source: Results of EViews Version 10 (data processed by researchers), 2025.

Based on table 8 above, the Adjusted R-squared value is 0.948230 or 94.823%. The value of the determination coefficient showed that independent variables consisting of *Financial Distress* (FD) and *Sales Growth* (SG) were able to affect the dependent variable *Firm Value* (FV) by 94.823%, while the difference of 5.177% was influenced by other variables that were not included in this study variable.

Hyphotesis Test

Hyphothesis test is a statistical method used to make decisions based on sample data as well as to test claims regarding population parameters. In this process, there are two types of hypotheses, namely the zero hypothesis (H0) and the alternative hypothesis (H1). The null hypothesis is an initial assumption that is considered true, while the alternative hypothesis is a statement that is to be proven and is the opposite of the null hypothesis.

1. **Parsial Test (T Test)**
   The Partial Test or T Test is a test that is carried out to determine the influence of each independent variable on its dependent variable. In this study, the T test was carried out with a significance level of 5%. The decision-making criteria in the test are as follows: if the significance value (Sig) is greater than 0.05, then the hypothesis is rejected, meaning that the independent variable has no effect on its dependent variable. On the other hand, if the significance value (Sig) is less than 0.05, then the hypothesis is accepted, meaning that the independent variable has an effect on the dependent variable. The results of the T-test test are presented in table 9 as follows.

Table 9. Partial Test Results (T Test)

Dependent Variable: Y

Method: Panel EGLS (Cross-section weights)

Date: 11/25/25 Time: 16:22

Sample: 2020 2024

Periods included: 5

Cross-sections included: 10

Total panel (balanced) observations: 50

Linear estimation after one-step weighting matrix

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.391866	0.097963	14.20812	0.0000
X1	1.122714	0.503339	2.230530	0.0317
X2	-0.144599	0.187393	-0.771631	0.4451

Source: EViews Version 10 results (data processed by researchers), 2025.

Based on table 9 above, the influence of independent variables on dependent variables is partially as follows:

1) The results of the T test on *the Financial Distress* variable (X1) obtained a calculated t-value of 2.230530, where the t-value of the calculation is greater than the t-value of the table, where the t-value of the table obtained is 2.010634758 and the sig. value of 0.0317 is less than 0.05, then H1 is accepted and the null Hypothesis (H0) is rejected, which indicates that *the Financial Distress* variable (X1) affects the *Firm Value* (Y).
2) The results of the T test on *the Sales Growth* (X2) variable obtained a calculated t value of -0.771631, where the calculated t value is smaller than the table t value, where the table t value obtained is 2.010634758 and the sig. value of 0.4451 is greater than 0.05, then H1 is rejected and Hypothesis zero (H0) is accepted, this indicates that the *Sales Growth* (SG) variable has no effect on *the Firm Value* (Y).

2. Simultaneous Test (F Test)

The simultaneous test or F test was used to find out whether all independent variables in this research model had a simultaneous effect on the dependent variable with a significance level of 0.05. The results of the F test test are presented in table 10 as follows.

Table 10. Simultaneous Test Results (F Test)

R-squared	0.959852
Adjusted R-squared	0.948230
S.E. of regression	1.315569
F-statistic	82.59082

Prob(F-statistic)	0.000000

Source: EViews Version 10 results (data processed by researchers), 2025.

Based on table 10 above, the value of F calculated as 82.59082 is greater than the F of the table, which is 1.617785462 and the sig. value of 0.000000 is less than 0.05, then H1 is accepted and Hypothesis zero (H0) is rejected, this shows that the *variables Financial Distress* (X1) and *Sales Growth* (X2) have a simultaneous effect on the *variable Firm Value* (Y).

Discussion of Research Results

The Effect of *Financial Distress* on *Firm Value*

Based on the results of previous research, the first hypothesis states that *Financial Distress* affects *Firm Value* (H1) is declared accepted. This explains that *Financial Distress* experienced by companies proven to have an impact on *Firm Value.*

The findings are in line with the theory used, namely *Signalling Theory*. This theory explains that any information emitted by a company, including its financial condition, will be captured by the market as a signal. When the company shows signs *Financial Distress-nya*, the market considers this as a negative signal so that it can reduce investor perception and assessment of the company.

Thus, a company's deteriorating financial condition is not only an internal problem, but also signals that can affect investor perception and the company's overall value.

The results of this study are also in line with the findings of the Merlinda & Princess (2024), Toyibah & Ruhiyat (2021) and Damayanti et al (2023) which both show that *Financial Distress* affects *Firm Value*.

The Effect of *Sales Growth* on *Firm Value*

Based on the results of previous research, the second hypothesis states that *Sales Growth* affects *Firm Value* (H2) was declared rejected. This explains that, *Sales Growth* stable or increasing in a company, is not one of the factors in influencing *Firm Value.*

This finding is not in line with the theory used, namely *Trade-Off Theory*. This theory explains that the company will strive to achieve an optimal financial structure to balance benefits and costs, including when the company experiences sales growth. In theory, increased sales could signal a company's ability to generate greater cash flow, which is ultimately expected to increase the company's value.

However, in this study, *Sales Growth* Not proven to affect *Firm Value*. This can happen due to several possibilities, such as an increase in sales that is not followed by an increase in profit, high operating costs, or even a market that does not consider

Sales Growth as the main indicator in assessing the company. Consequently *Firm Value* not affected by *Sales Growth*.

The results of this study are also in line with the findings of the Handayani & Handayani (2024), Rismayani et al (2023) and Herwinna (2022) the same shows that *Sales Growth* has no effect on *Firm Value*.

The Simultaneous Effect *of Financial Distress* and *Sales Growth* on *Firm Value*

Based on the results of previous research, the third hypothesis that there is an influence between *Financial Distress* and *Sales Growth* simultaneously against *Firm Value* (H3) is declared accepted. This explains that these two variables, when analyzed simultaneously, are proven to have an influence on *Firm Value*.

These findings are also in line with *Firm Value Theory*, explaining that a company's value is influenced by a variety of internal factors, including the company's financial condition and ability to grow. In this theory, the value of a company reflects the market's perception of the company's overall prospects, not just from one indicator.

Although partially *Sales Growth* has no influence on *Firm Value*, the result simultaneously shows that when the variable *Sales Growth* combined with *Financial Distress*, both of which contribute to *Firm Value*. This can happen because the market comprehensively assesses the company's condition. The combination of a company's financial health and the company's ability to sustain sales growth can be an important basis for investors in assessing the company's performance and prospects in the future.

CONCLUSION

Based on the results of data analysis and discussion that has been explained earlier, several conclusions can be drawn as follows:

1) *Financial Distress* is proven to have an effect on *Firm Value*. These findings show that when a company experiences financial difficulties, the market catches the condition as a negative signal which then lowers investors' perception and assessment of the company. In the context of *Signalling Theory*, information about the company's financial health is an important signal for the market in assessing the company's prospects and value.
2) *Sales Growth* has no effect on *Firm Value*. These findings suggest that an increase in sales, even if stable or increasing, is not necessarily a factor determining the high and low *Firm Value*. These results are also not in line with the Trade-Off Theory, which explains that increased sales can reflect a company's ability to generate greater cash flow so that it should be able to increase *Firm Value*.
3) *Financial Distress* and *Sales Growth* are proven to have a simultaneous effect on *Firm Value*. These findings show that when these two variables are tested

simultaneously, the company's financial condition and ability to maintain sales growth contribute through market valuation of *Firm Value*. These results are also in line with *Firm Value Theory*, which explains that a company's value is influenced by various internal factors that reflect the company's overall outlook.

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