

THE EFFECT OF LIQUIDITY, ACTIVITY, AND PROFITABILITY ON FIRM VALUE IN THE CONSUMER NON-CYCLICALS SECTOR LISTED ON THE INDONESIA STOCK EXCHANGE DURING 2020-2024

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Abstract

This study examines the effect of liquidity, activity, and profitability on firm value among Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange during 2020-2024. Firm value is proxied by Price to Book Value (PBV), liquidity by Current Ratio (CR), activity by Total Asset Turnover (TATO), and profitability by Return on Equity (ROE). Using a causal quantitative design, the study analyzes 35 firm-year observations from seven companies and processes panel data with EViews 12. The regression results show CR has a negative and insignificant effect on PBV ($p=0.4575$), TATO has a positive and significant effect ($p=0.0006$), and ROE has a positive but insignificant effect ($p=0.4638$). Simultaneously, the three variables significantly affect PBV ($p=0.000285$), with adjusted R-squared of 0.398702. The findings indicate that asset-use efficiency is the clearest financial factor associated with market valuation in the observed sample.

Keywords: Liquidity, Activity, Profitability, Firm Value, Consumer Non-Cyclicals

Abstract

This study analyzes the effect of liquidity, activity, and profitability on firm value in the Consumer Non-Cyclicals sector listed on the Indonesia Stock Exchange during 2020-2024. Firm value is proxied by Price to Book Value (PBV), liquidity by Current Ratio (CR), activity by Total Asset Turnover (TATO), and profitability by Return on Equity (ROE). The study uses a causal quantitative design with 35 firm-year observations from seven companies, analyzed using panel data regression in EViews 12. The regression results show that CR has a negative and insignificant effect on PBV ($p=0.4575$), TATO has a positive and significant effect ($p=0.0006$), while ROE has a positive but insignificant effect ($p=0.4638$). Jointly, the three variables significantly affect PBV ($p=0.000285$), with an adjusted R-squared of 0.398702. The findings indicate that asset utilization efficiency is the financial factor most clearly associated with market valuation in the study sample.

Keywords: Liquidity, Activity, Profitability, Firm Value, Consumer Non-Cyclicals

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1. Introduction

Firm value is one of the indicators investors use to assess how the market values a company's condition and prospects. For publicly listed companies, this assessment is reflected in the share price and can be compared with the company's book value. One widely used measure is Price to Book Value (PBV). This ratio compares the market value of shares with their book value, indicating how highly the market values the company relative to the net resources recorded in its financial statements. Strong firm value matters to shareholders because an increase in share

prices can reflect an increase in the wealth of the company's owners (Gitman, 2006; Sartono, 2010; Syahyunan, 2015).

The Consumer Non-Cyclicals sector comprises companies that produce or distribute essential goods, such as food, beverages, household products, and other necessities that remain in relatively steady demand under various economic conditions. These characteristics mean that the sector is often considered more defensive than sectors that depend heavily on economic cycles. Nevertheless, being defensive does not mean that firm value is always stable. Changes in purchasing power, operating costs, distribution efficiency, capital market conditions, and management's ability to utilize assets can still influence investors' assessments of issuers in this sector.

The 2020-2024 period was selected because it covers the pandemic, economic recovery, and post-pandemic conditions. This time span allows the study to examine the behavior of financial ratios and firm value as companies faced substantial changes in the business environment. The initial phenomenon motivating this study was the decline in the average PBV of the Consumer Non-Cyclicals sector from 10.52 in 2020 to 10.06 in 2021, 8.55 in 2022, 8.19 in 2023, and 7.05 in 2024. This decline indicates that market appreciation of companies' book value tended to weaken during the observation period, providing a reason to examine fundamental factors that may be associated with changes in firm value.

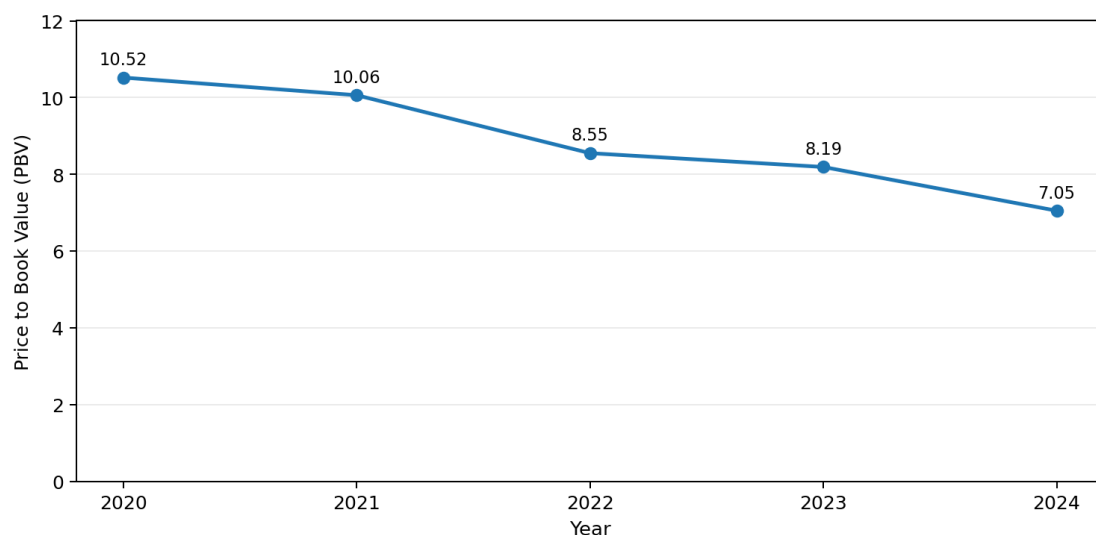


Figure 1. Average Price to Book Value (PBV) in the Consumer Non-Cyclicals Sector during 2020-2024

Source: IDX, data processed in this study (2026)

Liquidity is one aspect that reflects a company's ability to meet short-term obligations. In this study, liquidity is proxied by Current Ratio (CR). A high ratio indicates that more current assets are available to cover current liabilities. However, excessively high liquidity may also reflect current assets that have not been used productively. Therefore, the direction of liquidity's effect on firm value is not always the same. Kasmir (2010) explains that liquidity ratios are used to assess a company's ability to meet short-term obligations, while empirical studies show mixed results. Safutri, Dunakhir, and Azis (2022) and Rahmi and Budhiarjo (2023) found that Current Ratio had no significant effect on PBV, whereas Colline (2023) reported a positive and significant relationship.

In addition to liquidity, a company's ability to utilize assets is also important. The activity ratio in this study is proxied by Total Asset Turnover (TATO), which indicates how effectively total assets are used to generate sales. Sari and Ilmi (2024) explain that activity ratios reflect the effectiveness of corporate resource utilization. Theoretically, an increase in TATO may be

perceived positively because the company can generate greater sales from its assets. However, previous findings are also inconsistent. Mandalika and Mudjijah (2023), Anggraini and Ridwan (2023), and Dewita, Nugraha, and Wardani (2021) reported that TATO had no significant effect on PBV in their respective study settings.

Profitability is a company's ability to generate earnings from the resources it uses. This study uses Return on Equity (ROE) to reflect the ability to generate net income from shareholders' equity. A high ROE can theoretically provide a positive signal because it indicates the company's ability to generate a return on equity. Nevertheless, the empirical evidence is also mixed. Rahmi and Budhiarjo (2023), Iqbal, Kaban, and Ritha (2023), and Noviana et al. (2020) showed that ROE positively affected PBV, whereas Agrivina and Lutfi (2023) reported that ROE had no effect on PBV.

Differences in previous findings indicate a research gap concerning the roles of liquidity, activity, and profitability in explaining firm value. In addition, some studies use different sectors, periods, and combinations of variables. This study incorporates these three ratios into a single model for Consumer Non-Cyclicals companies during 2020-2024. This focus is expected to provide a more specific account of internal factors associated with PBV in a sector characterized by essential goods, while covering the pandemic, recovery, and post-pandemic periods.

Based on the discussion above, this study aims to analyze the effects of liquidity, proxied by Current Ratio; activity, proxied by Total Asset Turnover; and profitability, proxied by Return on Equity, on firm value, proxied by Price to Book Value, among Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange during 2020-2024. The findings are expected to inform management's financial ratio decisions and help investors interpret companies' fundamental information more comprehensively.

2. Literature Review

2.1 Signaling Theory

Signaling theory explains that information disclosed by companies can convey positive or negative signals to external parties, particularly investors. Management has more detailed information about a company's operating conditions and prospects than outsiders do. Financial statements are one medium used to reduce this information gap. The financial ratios presented in these statements can then be interpreted by the market as signals of the quality of management and the company's prospects (Sigar & Kalangi, 2019).

In this study, Current Ratio, Total Asset Turnover, and Return on Equity are treated as fundamental information available to investors through financial statements. CR reflects the ability to meet short-term obligations, TATO indicates the efficiency of asset utilization in generating sales, and ROE reflects the ability to generate earnings from equity. If these ratios are perceived as indicating favorable conditions, the market may theoretically respond in ways reflected in share prices and PBV. However, investors' responses may differ because each ratio conveys information that is not always interpreted in the same way.

2.2 Firm Value

Firm value represents the market's assessment of a company and is often associated with its share price. Gitman (2006) views firm value as the actual value of shares that would be received if the company's assets were valued at market prices. Sartono (2010) emphasizes that the objective of maximizing shareholder wealth is related to increasing firm value. Rosiyana and Tarnia (2011) also link firm value to investors' perceptions of management's success in managing the company.

This study uses Price to Book Value as a proxy for firm value. PBV compares the market price per share with the book value per share. A PBV above one generally indicates that the market values the company above its book value, whereas a lower PBV indicates more limited market appreciation. PBV is appropriate to the study's focus because it directly connects accounting information, in the form of book value, with the market's assessment of the company.

2.3 Liquidity and Firm Value

Liquidity indicates a company's ability to meet short-term obligations. Current Ratio compares total current assets with total current liabilities. The higher the CR, the greater the company's capacity to cover short-term debt using available current assets (Kasmir, 2010; Camalia & Sampurno, 2022). A liquid position may signal that the company has reasonably sound cash management and a lower risk of short-term financial difficulties.

However, an excessively high CR is not always considered optimal. Excessive current assets may indicate cash, receivables, or inventories that have not been used productively. This can reduce resource utilization efficiency, meaning that increased liquidity is not automatically followed by an increase in PBV. Inconsistent previous findings reinforce the rationale for retesting this relationship in the Consumer Non-Cyclicals sector. Based on the study's theoretical framework, the first hypothesis proposes that liquidity has a positive effect on firm value (H1).

2.4 Activity and Firm Value

Activity ratios assess how effectively a company uses available assets to support operations and generate sales. Total Asset Turnover compares sales with total assets. A higher TATO indicates faster asset turnover in generating revenue. Such efficiency may indicate that management can manage the company's resources effectively (Sari & Ilmi, 2024; Dini, Rahman, & Sari, 2021).

From the perspective of signaling theory, efficient asset utilization can convey positive information to investors. Companies that generate greater sales from their assets may be considered to have more productive operations. This may improve expectations of corporate performance and growth, thereby supporting market valuation. Based on the research framework, the second hypothesis states that activity has a positive effect on firm value (H2).

2.5 Profitability and Firm Value

Profitability reflects a company's ability to generate earnings. Sujai et al. (2022) explain that profitability results from various management policies and decisions, as reflected in the ability to earn profits. In this study, profitability is measured by Return on Equity, the ratio of net income to total equity. A high ROE indicates that the company can generate greater earnings from shareholders' capital (Andriani, Kusumastuti, & Hernando, 2023; Ibrahim, Prasetyo, & Lestari, 2022).

According to signaling theory, the ability to generate earnings may provide positive information to investors because it relates to returns and corporate prospects. Nevertheless, the market may consider other factors, such as growth, risk, dividend policy, and industry conditions, so an increase in ROE does not always immediately increase PBV. Based on the research framework, the third hypothesis states that profitability has a positive effect on firm value (H3).

2.6 Conceptual Framework and Hypotheses

The relationships among the study variables are summarized in the following conceptual framework. The three independent variables, liquidity, activity, and profitability, are expected to affect firm value. A positive direction is hypothesized for each relationship.

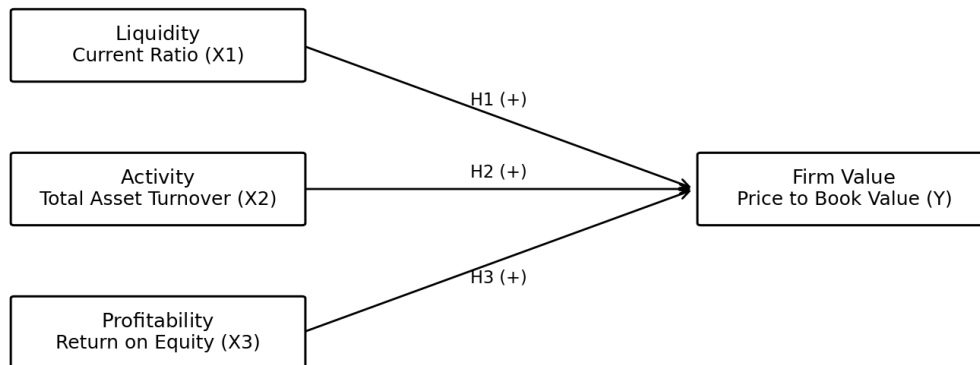


Figure 2. Research Conceptual Framework

Source: Adapted from the research conceptual framework (2026)

The research hypotheses are formulated as follows: H1: Liquidity (Current Ratio) has a positive effect on firm value (PBV); H2: Activity (Total Asset Turnover) has a positive effect on firm value (PBV); and H3: Profitability (Return on Equity) has a positive effect on firm value (PBV).

3. Research Methodology

3.1 Design and Data Sources

The study uses a causal quantitative design to examine the effects of several independent variables on one dependent variable. The independent variables are Current Ratio (CR), Total Asset Turnover (TATO), and Return on Equity (ROE), while the dependent variable is Price to Book Value (PBV). The unit of analysis comprises Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange during 2020-2024.

The study uses secondary data consisting of annual financial statements and the market information required to calculate the research variables. Data were obtained from Indonesia Stock Exchange publications and companies' official websites. Data were collected through documentation, by compiling published financial statements and recording the components needed to calculate PBV, CR, TATO, and ROE.

3.2 Population and Sample

The initial population consisted of 122 Consumer Non-Cyclicals companies listed on the Indonesia Stock Exchange. After applying the study criteria, seven companies met the requirements, and all were included in the sample. Over the five-year observation period, the analysis therefore covered 35 firm-year observations. Including all companies that met these criteria constitutes a saturated sampling approach.

Table 1. Companies in the Research Sample

No.	Ticker	Issuer Name
1	BWPT	PT Eagle High Plantations Tbk
2	DSNG	PT Dharma Satya Nusantara Tbk
3	JAWA	PT Jaya Agra Wattie Tbk
4	LSIP	PT London Sumatra Indonesia Tbk
5	MGRO	PT Mahkota Group Tbk
6	SMAR	PT Sinar Mas Agro Resources and Technology Tbk

No.	Ticker	Issuer Name
7	GGRM	PT Gudang Garam Tbk

Source: IDX, data processed in this study (2026)

3.3 Operationalization of Variables

Operational definitions were established so that each variable could be measured consistently. All variables use a ratio scale. The formulas used in the study are summarized in Table 2.

Table 2. Operationalization of Research Variables

Variable	Proxy	Measurement	Scale
Firm Value	PBV	Market price per share / Book value per share	Ratio
Liquidity	CR	Total current assets / Total current liabilities	Ratio
Activity	TATO	Sales / Total assets	Ratio
Profitability	ROE	Net income / Total equity x 100%	Ratio

Source: Operationalization of variables in this study (2026)

3.4 Data Analysis Techniques

The analysis was conducted using EViews 12. The first stage involved descriptive statistics to describe the mean, median, maximum, minimum, standard deviation, and number of observations for each variable. Panel data regression was then used because the data have both company and time dimensions. The panel data models considered were the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Model selection was tested using the Chow test, Hausman test, and Lagrange Multiplier (LM) test.

The general research equation is formulated as $PBV_{it} = \beta_0 + \beta_1 CR_{it} + \beta_2 TATO_{it} + \beta_3 ROE_{it} + \varepsilon_{it}$, where PBV represents firm value, CR represents liquidity, TATO represents activity, and ROE represents profitability. Individual hypotheses were tested using the t-test at a 5% significance level. The F-test was used to assess the model's joint significance, while the coefficient of determination was used to assess the independent variables' ability to explain variations in PBV.

4. Results and Discussion

4.1 Overview of the Research Sample

The study covers seven Consumer Non-Cyclicals companies that met the criteria during 2020-2024. The combination of seven companies and five years of observation yielded 35 observations. The sampled companies operate in essential goods industries, including plantations and tobacco, and therefore have differing operating characteristics and efficiency levels. These differences are reflected in the relatively wide ranges of CR, TATO, ROE, and PBV.

4.2 Descriptive Statistics

Table 3. Descriptive Statistics Results

Statistic	PBV	CR	TATO	ROE
Mean	1.235143	2.450857	1.040571	0.162857
Median	0.860000	1.830000	1.150000	0.130000
Maximum	4.000000	10.500000	1.990000	0.480000
Minimum	0.050000	0.720000	0.300000	0.010000

Statistic	PBV	CR	TATO	ROE
Std. Dev.	1.258672	2.376681	0.550839	0.122824
Observations	35	35	35	35

Source: IDX, data processed using EViews 12 (2026)

The mean PBV of 1.235143 indicates that, on average, the market value of companies in the sample was approximately 1.24 times their book value. The maximum of 4.000000 and minimum of 0.050000 indicate substantial differences in market valuation across observations. The PBV standard deviation of 1.258672 is slightly higher than the mean, indicating relatively substantial variation in PBV within the sample.

The mean CR of 2.450857 indicates that each unit of current liabilities was supported, on average, by approximately 2.45 units of current assets. The maximum of 10.500000 shows that some companies had very high liquidity, while the minimum of 0.720000 indicates observations in which current assets were lower than current liabilities. The standard deviation of 2.376681 indicates a relatively wide variation in liquidity.

The mean TATO of 1.040571 means that each unit of assets generated approximately 1.04 units of sales on average. The maximum of 1.990000 indicates relatively effective asset utilization in certain observations, while the minimum of 0.300000 indicates lower efficiency. For ROE, the mean of 0.162857, or 16.29%, indicates the companies' average ability to generate net income from equity. The maximum ROE of 0.480000 and minimum of 0.010000 indicate noticeable variation in profitability across observations.

4.3 Panel Data Regression Results

Model selection was conducted using the Chow test, Hausman test, and LM test. The model testing results are summarized in Table 4. The subsequent regression analysis used the Random Effect Model (REM) as the final estimation model for the study.

Table 4. Summary of Panel Data Model Selection Tests

Test	Statistic	Prob.	Reported Decision
Chow Test	Cross-section F = 17.632952	0.0000	FEM over CEM
Hausman Test	Chi-square = 58.098169	0.0000	FEM over REM
LM Test	Breusch-Pagan cross-section = 36.83057	0.0000	REM over CEM

Source: EViews 12 output (2026)

Table 5. Reported Panel Data Regression Results (Random Effect Model)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.006891	0.495891	-0.013897	0.9890
CR	-0.053981	0.071756	-0.752293	0.4575
TATO	1.557914	0.407051	3.827314	0.0006
ROE	1.508881	2.034327	0.741710	0.4638

Source: EViews 12 output (2026)

Based on the regression results, the estimated equation is $PBV = -0.006891 - 0.053981 CR + 1.557914 TATO + 1.508881 ROE$. The CR coefficient is negative, whereas the TATO and ROE coefficients are positive. Of the three independent variables, only TATO has a probability value below 0.05, indicating a significant individual effect.

Table 6. Summary of Individual Hypothesis Test Results

Hypothesis	Relationship	Coefficient	Prob.	Result	Decision
H1	CR -> PBV	-0.053981	0.4575	Negative, insignificant	Rejected
H2	TATO -> PBV	1.557914	0.0006	Positive, significant	Accepted
H3	ROE -> PBV	1.508881	0.4638	Positive, insignificant	Rejected

Source: Processed data results (2026)

Table 7. Joint Significance Test and Coefficient of Determination

Indicator	Value
F-statistic	8.514781
Prob(F-statistic)	0.000285
R-squared	0.451758
Adjusted R-squared	0.398702

Source: EViews 12 output (2026)

The Prob(F-statistic) value of 0.000285 is below 0.05. Therefore, CR, TATO, and ROE jointly have a significant effect on PBV, and the model is considered appropriate based on the F-test. The adjusted R-squared of 0.398702 indicates that the three independent variables explain approximately 39.87% of the variation in PBV, while approximately 60.13% is explained by other factors not included in the research model.

4.4 Discussion

4.4.1 Effect of Liquidity on Firm Value

The test results show that Current Ratio has a coefficient of -0.053981 and a probability value of 0.4575. A probability value above 0.05 indicates that liquidity has a negative and insignificant effect on PBV. Thus, H1 is rejected. The negative coefficient means that an increase in CR in the sample tends to be followed by a decrease in PBV, but the relationship is not statistically strong enough to establish a significant effect.

This finding can be understood because high liquidity does not always indicate efficient use of current assets. Excessive cash or inventory may improve the ability to meet short-term obligations, but may also indicate funds that have not been used for revenue-generating activities. Investors may view this condition as safe liquidity that is not necessarily productive. Therefore, an increase in CR does not automatically increase market appreciation of the company's book value.

In the Consumer Non-Cyclicals sector, investors may also pay greater attention to companies' ability to maintain sales, sustain supply chain efficiency, and use assets productively. Demand for essential products is relatively stable, so differences in liquidity across issuers may not be the most decisive information. This result is consistent with Safutri et al. (2022), Rahmi and Budhiarjo (2023), and Dewita et al. (2021), who reported that CR had no significant effect on PBV. However, it differs from Colline (2023), who found a significant positive effect of CR on PBV. Differences in study settings, periods, current asset structures, and industry conditions may help explain these differing findings.

In practical terms, this result does not mean that liquidity can be ignored. Companies still need to maintain an adequate CR to meet short-term obligations, but current asset management should seek to avoid idle funds. More efficient management of cash, receivables, and inventories can help companies maintain liquidity while improving resource productivity.

4.4.2 Effect of Activity on Firm Value

Total Asset Turnover has a coefficient of 1.557914 and a probability value of 0.0006. A probability value below 0.05 indicates that TATO has a positive and significant effect on PBV, so H2 is accepted. The positive coefficient means that greater efficiency in using total assets to generate sales is associated with higher firm value in the study sample.

TATO reflects a company's ability to convert resources invested in assets into sales. When a company generates greater sales without a proportionate increase in assets, this reflects more efficient asset utilization. Such operating efficiency may strengthen investors' confidence in management's ability to manage resources productively and sustain business operations. Within the signaling theory framework, a higher TATO can serve as positive information about the quality of the company's operational management.

In the Consumer Non-Cyclicals sector, maintaining asset turnover is important because companies' activities are closely linked to the production, inventory, distribution, and sale of everyday necessities. Efficiently utilized assets can help companies maintain sales volumes and reduce the burden of less productive assets. The findings indicate that, during the observation period, the market responded more clearly to asset efficiency than to liquidity or profitability considered individually.

This finding differs from those of Mandalika and Mudjijah (2023), Anggraini and Ridwan (2023), and Dewita et al. (2021), who found that TATO had no significant effect on PBV in their respective studies. This difference suggests that the effect of activity ratios may depend on sector characteristics and the observation period. In this study, 2020-2024 includes a period when companies faced changes in operating and distribution patterns, so the ability to use assets efficiently may have attracted greater market attention.

The implication is that companies can prioritize asset productivity improvements by optimizing production capacity, managing inventories, improving distribution effectiveness, and evaluating less productive assets. Investors can use TATO alongside other indicators to assess whether sales growth is supported by efficient asset utilization.

4.4.3 Effect of Profitability on Firm Value

Return on Equity has a coefficient of 1.508881 and a probability value of 0.4638. The positive coefficient indicates that an increase in ROE tends to be followed by an increase in PBV, but the probability value above 0.05 indicates that the relationship is insignificant. Therefore, H3 is rejected. In other words, companies' ability to generate earnings from equity has not been shown to be a strong explanation for changes in PBV during the study period.

Theoretically, a high ROE may provide a positive signal because it indicates that a company can generate earnings from shareholders' capital. However, investors do not always assess companies solely on the amount of profit earned. Earnings quality, sustainable growth, dividend policy, risk, industry conditions, capital structure, and the ability to convert earnings into cash flows may also influence market valuation. Therefore, an increase in ROE does not necessarily translate directly into an increase in PBV.

This finding is consistent with Agrivina and Lutfi (2023), who reported that ROE had no effect on PBV. In contrast, Rahmi and Budhiarjo (2023), Iqbal et al. (2023), Noviana et al. (2020), and Cahyani, Pradnyani, and Artaningrum (2023) found that profitability or ROE positively affected firm value. These differing results indicate that the market's response to profitability may vary with company characteristics, sectors, and conditions during the study period.

For companies, an insignificant result does not mean that profitability is unimportant. Companies still need to improve their ability to generate earnings through cost efficiency,

increased sales, and effective capital management. However, profitability improvements should be accompanied by asset efficiency and growth strategies that the market can perceive as stronger long-term prospects.

4.4.4 Joint Effect of Liquidity, Activity, and Profitability

The F-test yields a probability value of 0.000285, indicating that CR, TATO, and ROE jointly have a significant effect on PBV. This result indicates that corporate valuation is better understood through a combination of financial aspects than through a single ratio in isolation. Liquidity reflects short-term capacity, activity indicates operating efficiency, and profitability reflects the ability to generate earnings. Each provides different information about the company's condition.

An adjusted R-squared of 39.87% indicates that the model's explanatory power remains limited. The remaining 60.13% of PBV variation is influenced by factors other than CR, TATO, and ROE. These may include capital structure, company size, sales growth, dividend policy, risk, capital market conditions, and macroeconomic variables. Therefore, the findings should be interpreted as an account of the effects of three fundamental indicators within a specific sample and period, rather than as the sole explanation of firm value.

5. Conclusion

5.1 Conclusions

Based on the study of seven Consumer Non-Cyclicals companies during 2020-2024, comprising 35 observations, liquidity, proxied by Current Ratio, has a negative and insignificant effect on firm value, proxied by Price to Book Value. Activity, proxied by Total Asset Turnover, has a positive and significant effect on PBV, making asset utilization efficiency the variable most clearly associated with firm value in the research model. Profitability, proxied by Return on Equity, has a positive but insignificant effect on PBV. Jointly, CR, TATO, and ROE significantly affect PBV, with an adjusted R-squared of 39.87%.

5.2 Implications, Limitations, and Recommendations

For companies, the findings highlight the importance of maintaining a balance among liquidity, asset efficiency, and profitability. Liquidity must be maintained at an adequate level, but companies should avoid accumulating less productive current assets. Asset utilization efficiency deserves attention because TATO was found to have a positive and significant effect on PBV. Efficiency can be improved by optimizing production capacity, improving distribution, controlling inventories, and using assets more productively. Profitability should still be improved through cost control, sales growth, and capital management, even though ROE did not show a significant individual effect.

For investors, the findings indicate that company analysis should not focus solely on liquidity and earnings. Asset efficiency, reflected in TATO, can be used as an indicator of a company's ability to generate sales from its resources. However, investment decisions still need to consider other indicators, company risks, industry conditions, and overall growth prospects.

This study is limited by its sample of only seven companies and a five-year observation period. In addition, the adjusted R-squared of 39.87% indicates that most PBV variation is explained by factors outside the model. Future research could add variables such as Debt to Equity Ratio, company size, sales growth, dividend policy, Earnings per Share, or other market indicators. The study period could also be extended, or comparisons made with other sectors, to provide a broader understanding of the factors affecting firm value.

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