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The Effect of Financial Performance on the Value of Cement Companies on the Indonesia Stock Exchange

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Abstract
This study aims to analyze the influence of capital structure, profitability return on assets (ROA), liquidity current ratio, and asset growth on the value of companies in the cement industry listed on the Indonesia Stock Exchange (IDX) for the 2019–2023 period. The company's value was measured using the Tobin's Q ratio. Capital structure is measured by debt to equity ratio (DER), profitability is measured by return on assets (ROA), and liquidity is measured by current ratio (CR). Data was obtained from the company's annual financial statements that met the purposive sampling criteria. The results of the study show that ROA has a positive and significant effect on the company's value. Meanwhile, DER, CR, and asset growth do not have a significant effect on the company's value. These findings indicate that investors are more concerned about efficiency and profitability in assessing a company's performance compared to financial structure or asset growth. The implications of these results encourage management to focus more on operational performance improvement strategies to create long-term value for the company.

Keywords: Company Value, Capital Structure, Profitability, Liquidity, Asset Growth

1. Introduction

1.1. Background

In a dynamic and competitive business world, a company's financial performance is the main indicator in assessing the condition and prospects of a company. Good financial performance not only reflects the efficiency of internal management, but also affects investor perception in the capital market. High company value is often associated with management's success in increasing profitability, operational efficiency, and optimal funding structures (Brigham & Daves, 2019).
The cement industry as part of the basic and chemical industry sectors listed on the Indonesia Stock Exchange (IDX) plays an important role in supporting national infrastructure development. However, this subsector also faced major challenges during the 2019–2023 period, such as overcapacity, price competition, fluctuations in energy costs, and the impact of the COVID-19 pandemic which suppressed demand (Indonesian Cement Association [ASI], 2021). In such conditions, investors are increasingly selective in assessing the company, not only based on financial statements, but also indicators of company value.

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The value of a company in this study is measured using Tobin's Q, which is the ratio between the market value of the company to the book value of its assets. This ratio is widely used in financial research because it is considered to be able to reflect the intrinsic value of a company more comprehensively, including growth expectations and risks (Chung & Pruitt, 1994).

Financial performance in this study is measured through four indicators, namely Capital Structure, which describes the composition between debt and equity in financing a company's assets (Weston & Brigham, 2014), Profitability, which shows the company's ability to generate profits from sales or assets it owns (Harahap, 2020), Liquidity, which is the company's ability to meet short-term obligations, is important for maintaining creditor confidence and business continuity (Kasmir, 2020), Asset Growth, which reflects business expansion and expectations for future revenue increases.

Research on the relationship between financial performance and company value has been extensively conducted, but the results still vary depending on the sector and period studied. Therefore, an analysis of the cement industry during the 2019–2023 period will make an empirical contribution to understanding the influence of internal factors on market value, as well as providing input for management, investors, and regulators in strategic decision-making.

The purpose of this study is to prove the influence of capital structure, profitability, liquidity, and asset growth on the Company's value in cement companies listed on the IDX for the period 2019 – 2023.

1.2. Literature Review

1.2.1. Signaling Theory

Signaling theory was first developed by Spence (1973) in the study of the labor market, and later adopted in finance to explain how internal company (management) conveys information to external parties (investors or other stakeholders) in order to reduce information asymmetry. In this context, the company conveys a "signal" through various actions, such as dividend announcements, financial statement disclosures, or capital structure decisions, which are intended to reflect the company's financial condition or future prospects.

Ross (1977) added that a company's financial structure can also be a signal of management's expectations of its business prospects. When a company increases leverage, it can be considered a signal that management believes in the potential for future cash flow increases. Therefore, signaling theory explains how companies use various instruments as a means of communication to the market.

1.2.2. Agency Theory

Agency theory was developed by Jensen and Meckling (1976) to explain the contractual relationship between the principal and the manager. Problems arise when there is a conflict of

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interest between the two parties, mainly due to the separation between ownership and control in modern companies. This conflict is known as an agency problem, and can incur agency costs.
Agency theory focuses on how to reduce these conflicts through supervision, incentives, and corporate governance mechanisms. Eisenhardt (1989) explained that this theory is not only applicable in economic contexts, but can also be used in the study of organizational and strategic management. In practice, mechanisms such as performance-based incentives and oversight by the board of directors are used to align interests between principals and agents.

1.3. Research Hyphotesis

The Influence of Capital Structure on Company Value

Capital structure is the composition between debt and equity used by a company to finance its operational activities and investments. Classical financial theories state that an optimal capital structure can maximize the value of a company (Brigham & Daves, 2019). One of the main theories underlying this relationship is the Trade-Off Theory, which states that the use of debt in the capital structure can provide benefits in the form of tax savings (tax shield), thereby increasing the value of the company, as long as the cost of bankruptcy is still within the tolerance limit (Myers, 2001).

In addition, Signaling Theory also explains that the increase in the use of debt can be a positive signal to the market that management is confident in the company's future profit prospects. This can increase investor confidence and lead to an increase in the value of the company (Ross, 1977). Thus, in theory, the use of debt in the capital structure—if optimally managed—can have a positive effect on the value of the company.

Several empirical research results show that capital structure has a positive influence on company value that are Sujoko and Soebiantoro (2007) found that ownership structure and capital structure have a significant effect on the value of companies in public companies in Indonesia. Wijaya and Purbawangsa (2016) concluded that capital structure has a positive and significant effect on the value of manufacturing sector companies on the IDX. Nugroho and Suharjito (2019) also proved that improving the capital structure in the form of debt can increase the value of the company due to the benefits of tax savings and signals of management's confidence in the company's performance. Yumiasih and Isbanah (2017); Rahayu et al. (2018) prove that the capital structure has a positive impact on the company's value. Based on the explanation above, the following hypothesis can be formulated:

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

The Effect of Profitability on Company Value

Profitability is the main indicator in assessing a company's ability to generate profits from its operational activities. High profitability indicates efficiency in the use of resources and the success of managerial strategies. Common measures of profitability include Return on Assets

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(ROA), Return on Equity (ROE), and Net Profit Margin (NPM) (Harahap, 2020). In this study, profitability was measured using ROA.

Theoretically, according to Signaling Theory, companies with high levels of profitability will give a positive signal to the market regarding the company's future prospects. This will increase investor interest and ultimately increase the market value of the company (Ross, 1977). The Theory of Firm Value also states that one of the main goals of a company is to maximize the company's value through improving financial performance, including profitability. With high profits, companies have a greater opportunity to pay dividends, expand, and increase shareholder wealth (Brigham & Daves, 2019).

Various empirical studies have shown a positive relationship between profitability and company value that are Sudiyatno, Puspitasari, and Kartika (2012) found that profitability has a significant effect on the value of companies on the IDX, because investors make profit the main basis in assessing company performance. Amalia and Sari (2018) show that profitability, measured by ROA and ROE, significantly affects the value of companies in the manufacturing sector. Research conducted by (Ernawati, 2018), (Wardhani et al., 2021) and (Dewi & Abundanti, 2019) states that profitability has a positive effect on company value. Based on the explanation above, the following hypothesis can be formulated:

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

The Effect of Liquidity on Company Value

Liquidity is a company's ability to meet its short-term obligations using current assets. A high level of liquidity reflects healthy financial conditions, which indicates that the company has enough cash or current assets to pay its debts on time (Kasmir, 2020). Theoretically, good liquidity can increase investor and creditor confidence because it shows that the company is managed carefully and is not at high risk of experiencing financial difficulties. This is in line with the view of agency theory, where efficient asset management can reduce conflicts of interest between managers and shareholders (Jensen & Meckling, 1976).

High liquidity also reduces the possibility of bankruptcy (financial distress), which if it occurs, can reduce the market value of the company. Therefore, management that maintains liquidity at an optimal level can contribute to an increase in the company's value in the eyes of investors (Brigham & Daves, 2019).

Several empirical studies show that liquidity has a positive effect on a company's value that are Utami and Darmawan (2019) found that liquidity has a positive effect on the value of companies in the manufacturing sector on the IDX. Septiani and Handayani (2018) show that liquidity has a positive and significant effect on the company's value because it shows the company's ability to meet short-term obligations and maintain operational stability. Research (Musthofa & Bagana, 2024) and (Yuwono Prasetyo & Laily, 2023) states that liquidity has a positive effect on company value. Based on the explanation above, the following hypothesis can be formulated:

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H3: Liquidity has a Positive Effect on the company's value.

The Effect of Asset Growth on Company Value

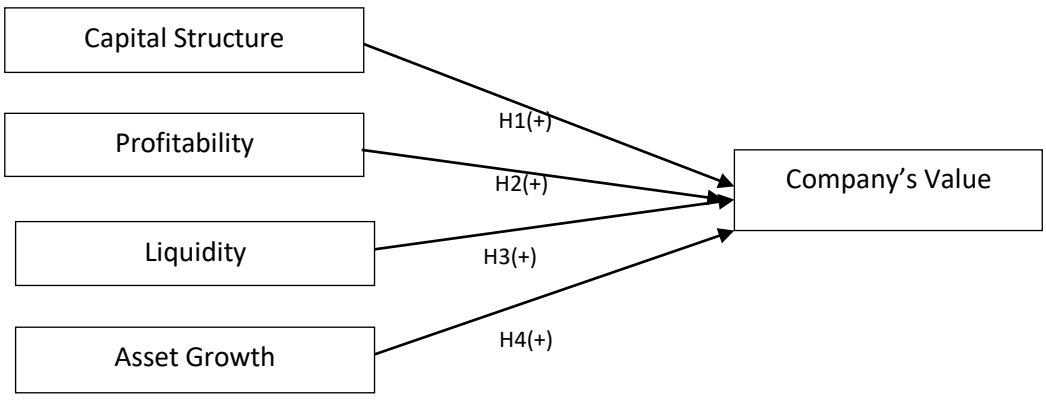
Asset growth reflects the company's expansion in terms of investment and accumulation of economic resources. The increase in total assets indicates that the company is actively investing to expand production capacity, increase business scale, or strengthen market position. This growth is often interpreted as a positive signal for future earnings growth and cash flow growth prospects (Brigham & Daves, 2019). According to growth theory, companies that experience asset growth tend to be seen as having good business prospects, so investors value the company with a higher valuation. This is in line with signaling theory, where asset growth signals to the market that the company has a strong and long-term oriented expansion strategy (Ross, 1977). Thus, the continued growth of assets is believed to increase the value of the company, as it reflects the management's confidence in the company's business prospects and the company's ability to create added value in the future.

Several research results support the positive influence of asset growth on company value that are Sudiyatno and Puspitasari (2010) found that asset growth has a positive effect on company value because it shows the potential for increased income and return on investment. Saputri and Suaryana (2014) stated that companies with high asset growth are more in demand by investors, because they are considered able to create profits in the future. According to research (Puri, 2023) and (Fitrianni & Utiyati, 2019), asset growth has a positive effect on a company's value. Based on the explanation above, the following hypothesis can be formulated:

H4: Asset Growth has a Positive Effect on the company's value.

Based on the theories that have been presented by the researcher, it can be concluded that the research framework in this research is as follows:

Figure 1. Research Framework



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2. Research Method

2.1. Population and Sample

The population in this study is all cement subsector manufacturing companies listed on the Indonesia Stock Exchange for the 2019–2023 period totaling 7 companies. The research period is 5 years, so the number of observations is 35 samples.

2.2. Data Sources

The data used in this study are secondary data and obtained from the annual financial statements of cement subsector manufacturing companies listed on the Indonesia Stock Exchange through the www.idx.co.id website. starting from 2019-2023.

2.3. Research Variables and Variable Measurement

Table 1. Research Variables and Measurement

	Variables	Measurement
1	Company value	$Tobins'Q = \frac{(EMV + D)}{(EBV + D)}$
2	Capital structure	$DER = \frac{Debt}{Equity}$
3	Profitability	$ROA = \frac{Return}{Assets}$
4	Liquidity	$CR = \frac{Current\ Assets}{Current\ Liabilities}$
5	Asset growth	$Asset\ growth = \frac{Total\ Assets\ (t) - Total\ Assets\ (t-1)}{Total\ Asset\ (t-1)}$

Hypothesis testing uses multiple regression as follows:

$Q = \alpha + \beta1\ DER + \beta2\ ROA + \beta3\ CR + \beta4\ AG + e$

Where :

Q = Company value
α = Constanta
β1, β2, β3, β4 = Regression Coefficients
DER = Capital structure
ROA = Profitability
CR = Liquidity
AG = Asset growth
e = *error terms*

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3. Research Results

3.1. Classical Assumption Test

The normality test uses the Kolmogrov-smirnov test, which produces an Asymp value. Sig. (2-tailed) is 0.200. From these results, it can be concluded that the residual data in this regression model is normally distributed due to the Asymp value. Sig. (2-tailed) > 5%.

The multicollinearity test aims to determine whether the regression model finds a correlation between independent variables (Ghozali, 2016). From the test results, it is known that the tolerance value of all independent variables is greater than 0.10, while the VIF value is less than 10.00. Thus, it can be concluded that there are no symptoms of multicollinearity in this research data.

The Autocorrelation test aims to detect whether there is an error correlation in the regression model. The results of the autocorrelation test showed that the value of dU<d<4-dU (1.7259 < 1.752 < 2.2741) could be concluded that there was no autocorrelation.

In this study, to determine whether the research model has an indication of heteroscedasticity using the Glejser test. If the Sig. value is > 0.05, then it can be said that the research data does not experience heteroscedasticity. From the test results, it is known that each independent variable has a significance value greater than 0.05**.** This means that there is no heteroscedasticity in the regression model in this study.

3.2. Hypothesis Test

Multiple regression analysis was conducted to test the influence of independent variables, namely capital structure, profitability, liquidity, and asset growth. The results of the multiple regression analysis can be seen in the following table:

Table 2. Hypothesis Test Result

		Coefficient	**P-Value**	**Result**
Constanta				
H1	DER	0,030	0,759	Hypothesis not supported
H2	ROA	0,877	0,000	**Hypothesis supported**
H3	CR	0,012	0,900	Hypothesis not supported
H4	AG	-0,035	0,713	Hypothesis not supported

Source: Data processed 2024

Q = -1,881 + 0,030 DER + 0,877 ROA + 0,012 CR - 0,035 AG

Intercept -1,881 that is, if all independent variables are zero, then Tobin's Q value is estimated to be -1,881. Although this is practically rare, intercept values are important for the completeness of the model. **Coefficient DER (Debt to Equity Ratio) = +0,030** each increase of 1 unit of DER is expected to increase Tobin's Q value by 0,030. The effect was positive but relatively small.

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This suggests that a debt-based capital structure can slightly improve the perception of a company's market value. However, if the value is not statistically significant, then the effect is not strong. **Coefficient ROA (Return on Assets)= +0,877** each increase of 1 unit of ROA will increase Tobin's Q value by 0,877. This is the largest and most powerful coefficient in the model. ROA as an indicator of profitability has proven to be the main determinant of company value in this sector. Cement companies that are efficient in generating returns on their assets tend to be more appreciated by the market. **Coefficient CR (Current Ratio)= +0,012** every 1 unit increase in CR has the potential to increase Tobin's Q by 0,012. Liquidity contributes little to a company's value. The market does not seem to give much consideration to the short-term ability to assess the value of cement sector companies. **Coefficient Asset Growth = -0,035** every 1 unit increase in asset growth actually lowers Tobin's Q value by 0,035. High asset growth has a negative impact, possibly because growth is carried out without efficiency, the market views expansion as a high-risk investment, or overinvestment that does not immediately yield profits. This negative effect signals for companies to be more cautious in asset expansion.

This regression model shows that **profitability (ROA)** is the main factor in determining the value of cement sector companies on the IDX. Capital structure and liquidity contribute, but on a smaller scale. **Uncautious asset growth can actually harm the company's value.** As such, companies need to balance growth and efficiency, and focus more on quality profit creation.

The coefficient of determination is used to measure how far the model's ability to explains the variation of the dependent variable (Ghozali, 2016).

Table 3. Results of Determination Coefficient

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.864[a]	0.746	0.712	1.103

a. Predictors: (Constant), DER, ROA, CR, AG

Based on the test results in table 3, the Adjusted R Square value is 0.712 or 71.2%, which means that the independent variables (DER, ROA, CR and AG) are able to explain the dependent variable or investment interest by 71.2%. In addition, the remaining 28.8% is explained by other variables outside the regression model of this study.

4. Discussion

4.1. The Influence of Capital Structure on Company Value

Based on the results of the regression analysis in Table 2, it appears that the p-value for H1 is 0.759 at the level α = 5%. This proves that hypothesis 1 (H1) which states that capital structure has a positive effect on the company's value, is not proven or is not supported by data. This means that the debt to equity ratio (DER) does not have a significant effect on the company's

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value as measured using the Tobin's Q ratio in cement subsector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. Thus, these findings show that the level of leverage (the proportion of debt in the capital structure) is not the main determinant influencing the market's perception of the value of companies in this subsector.

The insignificance of the capital structure to the value of the company can be explained from several points of view. First, **the characteristics of the cement industry** that tend to be homogeneous in the use of capital structure can cause variations between companies to not be large enough to affect market perception. In addition, companies in this industry generally have **high long-term investment needs and stable financing patterns,** so the composition of debt and equity is not a substantial differentiating variable in investor valuations.

Second, the market may have anticipated information about the capital structure through the disclosure of financial statements, so that the information becomes **redundant (non-informative)** in influencing the market value. This is consistent with the view of **Modigliani and Miller** that in an efficient market, the capital structure does not affect the value of the company, as long as there are no bankruptcy or tax costs.

The implication of these findings for managers is the need for caution in structuring financing structures. If changes in capital structure do not have an impact on the value of the company, then financing strategies should consider long-term stability and financial risks rather than simply chasing high leverage for value optimization.

This result is not in line with some classical financial theories such as trade-off theory and signaling theory, which states that capital structure can influence a company's value through tax protection benefits or as a signal of managers' confidence in the company's prospects (Modigliani & Miller, 1963; Ross, 1977). Nevertheless, these findings have strong justification in the context of the cement industry, with several possible explanations as follows: (1). Stable and Conservative Capital Structure. Companies in the cement subsector generally have capital-intensive characteristics, i.e. they require large investments in fixed assets such as factories and heavy equipment. This makes companies tend to choose a conservative capital structure and be careful in the use of debt in order to remain able to meet long-term financial obligations. This homogeneous capital structure can cause the variable capital structure not to show a significant influence on the company's value. (2). The capital structure has reached an optimal point. These results may also reflect that the majority of companies in the sample have been at an optimal capital structure, i.e. the point at which additional debt no longer provides the benefit of increasing the value of the company. Under such conditions, variations in capital structure that are still within the optimal range have no real impact on Tobin's Q. (3). The role of other variables is more dominant. In the analysis model, a company's value may be more influenced by other factors such as profitability, liquidity, asset growth, and operational efficiency. Investors pay more attention to a company's ability to generate profits, maintain liquidity, and grow sustainably rather than just looking at leverage ratios. (4). Market Inefficiencies and Information Asymmetry. In emerging markets like Indonesia, information about capital structure is not

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always the focus of investors, especially if there is a high information asymmetry between management and external investors. When information regarding the company's financing decisions is not conveyed properly, then leverage cannot serve as a strong signal in influencing market perception.

4.2. The Influence of Return on Assets on Company Value

Based on the results of regression analysis in Table 2, it appears that the p-value for H2 is 0.000 at the level α = 5%. This proves that hypothesis 2 (H2) which states that profitability has a positive effect on the company's value, is proven or supported by data. This indicates that the higher the company's ability to generate profits from its assets, the higher the company's value in the eyes of investors. The ROA (Return on Assets) ratio reflects management's efficiency in managing assets to generate profits, which in turn increases market confidence and the value of the company.

The implication of the results of this study is that operational efficiency is a key factor in determining the value of companies in the cement industry**.** ROA reflects how effectively management manages a company's assets to generate profits. The finding that ROA has a positive effect on Tobin's Q shows that the market values operational efficiency and profitability in determining the value of the company. The relevance for the industry is that the cement industry is a capital-intensive industry with high fixed costs, so the efficiency of asset use is crucial. Companies with high ROA are seen as better able to cope with production cost pressures and price competition. For stakeholders, these findings show that investors and financial managers should focus on strategies to increase profit margins on their assets, such as through production efficiency, factory capacity optimization, and product innovation.

Research by Jonnius and Marsudi (2021) found that ROA has a significant positive influence on the value of companies measured by Tobin's Q in companies listed in the Jakarta Islamic Index (JII) during the period 2015–2020. They concluded that ROA is the most dominant indicator of profitability in explaining variations in company value compared to other profitability ratios such as ROE, GPM, and NPM. Similarly, research by Prena and Muliyawan (2020) shows that financial performance proxied with ROA has a positive and significant effect on company value as measured by Tobin's Q in manufacturing companies in Indonesia. They also found that Corporate Social Responsibility (CSR) disclosure can strengthen the relationship between ROA and company values. Another study by Okalesa et al. (2020) on the pulp and paper industry in Indonesia also supports this finding, where ROA has a significant positive effect on company value and stock returns.

4.3. The Effect of Current Ratio on Company Value

Based on the results of regression analysis in Table 2, it appears that the p-value for H3 is 0.900 at the level α = 5%. This proves that hypothesis 3 (H3) which states that liquidity has a positive effect on the company's value, is not proven or is not supported by data. Thus, it means that the current ratio does not have a significant effect on the value of the company measured using the

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Tobin's Q ratio in cement subsector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. In other words, a company's short-term liquidity level, which is reflected in the ratio of current assets to current liabilities, does not directly affect the market's perception of the company's value.

The implication of the results of this study is that short-term liquidity is not the main concern of investors in the cement industry. The current ratio that has no effect on Tobin's Q shows that the ability to pay short-term obligations is not a major indicator of a company's value. The relevance for the industry is that the cement industry tends to have long operating cycles and cash conversions, so short-term liquidity is not very crucial as long as operational cash flow remains positive. For stakeholders, this shows that the Company does not need to maintain excess liquidity, and can allocate more funds for productive investments.

These findings contradict the common view in the financial literature that liquidity plays an important role in reflecting a company's ability to meet short-term liabilities, and can therefore be a relevant indicator of short-term financial health for investors (Brigham & Houston, 2019). However, in the context of specific industries and markets, this relationship can be insignificant, and the findings in this study can be explained by the following considerations: (1). Liquidity does not reflect a long-term outlook. Tobin's Q is a measure of a company's value that is more influenced by future expectations of the company's performance, including asset use efficiency, profitability and long-term growth strategy. The current ratio, as a short-term indicator, does not necessarily provide relevant information related to the company's long-term prospects, so the market is less likely to use it as the primary basis for stock valuations. (2). The Cement Industry is Capital Intensive and Stable. Cement companies generally have a more stable financial structure and rely on large amounts of fixed assets. With relatively stable cash flow and long business cycles, short-term liquidity conditions are not a major concern in investment decision-making by investors. They focus more on operational efficiency and profit-making ability than the ability to meet current obligations. (3). Current Ratio That Is Too High Is Not Always Positive. In some cases, a current ratio that is too high can be interpreted as an inefficiency in the management of current assets, for example due to unproductive cash accumulation or receivables. Therefore, high liquidity figures do not necessarily increase the value of the company in the eyes of investors. This supports the argument that liquidity that is too high or too low can be neutral to a company's market value. (4). Market Inefficiencies and Information Asymmetry. Investors in emerging capital markets such as Indonesia may not rely on the current ratio directly in assessing the performance or value of a company's shares, especially if financial information is not presented transparently or is not fully understood by individual investors. As a result, this ratio becomes less relevant in explaining Tobin's Q.

4.4. The Effect of Asset Growth on Company Value

Based on the results of regression analysis in Table 2, it appears that the p-value for H4 is 0.713 at the level $\alpha = 5\%$. This proves that hypothesis 4 (H4) which states that asset growth has a positive effect on the company's value, is not proven or is not supported by data. Thus, it means that asset growth has a negative but not significant influence on the company's value in cement

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subsector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. A company's value is measured using Tobin's Q ratio, which represents the market's perception of the company's future prospects compared to the book value of its assets.

The implication of the results of this study is that investors are more focused on the quality of growth, rather than just asset expansion. The absence of an effect of asset growth on a company's value suggests that the market does not automatically appreciate asset expansion as a signal of increased value. The relevance for the industry is that the cement industry is prone to overinvestment (e.g. the addition of production capacity that is not accompanied by sufficient demand), which can depress the company's margins and value. For stakeholders, these findings show that it is important to ensure that asset growth is accompanied by a business strategy that guarantees a positive ROI (Return on Investment). Investors value sustainable and profitable growth more.

This finding is interesting because in theory, asset growth is often associated with the potential for business expansion, increased production capacity, and increased company value in the future (Gitman & Zutter, 2015). However, in the context of this study, asset growth was not responded positively by the market, which can be seen from the direction of negative and statistically insignificant coefficients. Some logical explanations for this result are as follows: (1). Asset Growth Is Not Accompanied by Performance Growth. The growth of assets in a company does not necessarily reflect growth in performance or profitability. In many cases, the increase in assets occurs due to the acquisition of fixed assets or the expansion of production capacity, which does not necessarily directly generate additional revenue or profit. When the market judges that asset growth does not increase efficiency or profitability, then the signal does not have a positive impact on the value of the company. (2). Overinvestment and Low Efficiency. A negative coefficient indicates a possibility of overinvestment by management, i.e. the allocation of funds for expansion that is less productive or not in accordance with market needs. In the context of agency theory, this can be associated with a conflict of interest between management and shareholders, where management expands to enlarge the scale of the company (empire building) without paying attention to the added value generated (Jensen, 1986). (3). Cement Industry and Its Business Cycle Nature. The cement subsector is a capital-intensive industry and has a long-term business cycle. Asset growth such as factory construction or heavy equipment purchases takes a long time to impact revenue. Therefore, investors do not necessarily respond to asset growth as a positive signal in the short term, especially if the results are not yet visible in the earnings report. (4). Economic Uncertainty and Market Response. During the 2019–2023 period, Indonesia's and global economic conditions faced considerable uncertainty, including the impact of the COVID-19 pandemic. Under such conditions, investors tend to be cautious in assessing a company's expansion, especially if the expansion involves large capital expenditures that increase risk with no clear short-term results. This may explain why asset growth does not have a positive impact on market value.

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5. Conclusion, Implication and Recommendation

5.1. Conclusion

Based on the results of data processing and analysis that has been carried out, several important findings were obtained:

- Capital Structure (Debt to Equity Ratio) does not have a significant effect on the value of the company. This indicates that the decision to fund companies through debt or equity has not been seen as an important factor by investors in assessing the value of companies in the cement industry during the research period.
- Profitability (Return on Assets / ROA) has a positive and significant effect on the company's value. This shows that the higher the efficiency of the company in generating profits from its assets, the higher the perception of investors of the company's value.
- Liquidity (Current Ratio) has no significant effect on the company's value. Investors do not seem to make a company's short-term ability to meet its current obligations a major consideration in assessing the value of the company.
- Asset growth has a negative but not significant effect on the company's value. Asset growth that is not supported by improved operational performance or profitability is perceived as a weak signal by the market.

This study concludes that of the four independent variables studied, only ROA has been proven to have a positive and significant effect on the value of companies in the cement industry listed on the IDX. This shows that profitability is a major factor that affects the market's perception of a company's value. Meanwhile, capital structure, current ratio, and asset growth did not show a significant influence, meaning that investors did not directly consider these three variables in assessing the value of the company. Therefore, companies in this sector should prioritize strategies to increase operational efficiency and return on assets to increase the market value of the company.

5.2. Limitation

This study has several limitations that need to be recognized so that the interpretation of the results can be carried out proportionally.

- This study uses a sample of companies in the cement industry listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. The number of companies in this subsector is relatively limited, so the number of observations in the study is small. This can affect the statistical power of testing the influence of independent variables on the value of the company, particularly on variables that are theoretically expected to have an effect, such as capital structure or liquidity.
- The characteristics of the cement industry which are capital-intensive, large-scale, and have a homogeneous business pattern cause variation between companies to be relatively small. This condition can limit the ability of regression models to detect the real influence of several financial variables on the company's value.
- This study only considers financial variables such as capital structure, ROA, current ratio, and asset growth, without including non-financial variables that also have the potential to affect

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the company's value. Factors such as the quality of corporate governance, business strategy, management reputation, and environmental risk are not included in the model, so there may be an influence from variables outside the model (omitted variable bias).

- The research period covers the years of the COVID-19 pandemic (specifically 2020–2021), which put significant pressure on the company's financial performance and market value. Market uncertainty and volatility during the pandemic can affect the relationship between independent and dependent variables, as well as create dynamics that are not fully reflected in the research model.
- The measurement of company value uses a simple version of Tobin's Q approach due to limited data related to the replacement cost of assets. Although this approach is commonly used in empirical research, such simplification can lead to less precise estimation of a company's value.

5.3. Suggestion

Based on these limitations, suggestions for further research are as follows

- Expansion of Research Variables. Researchers can then add other variables that have the potential to affect the company's value, such as Corporate Governance, Corporate Social Responsibility (CSR), Intellectual Capital, or Market Risk. These variables can provide a more comprehensive picture of the factors that affect the company's value.
- Use of Moderation or Mediation Variables. Advanced research can include moderation or mediation variables, for example, the influence of risk management as a moderation variable between financial performance and company value or the role of information disclosure as a mediating variable. This will help explain the mechanism of the relationship between variables in more detail.
- Analysis of Different Sectors or Industries. To test the generalization of results, further research can be carried out on other sectors or subsectors of industries that have different characteristics, for example the technology, banking, or non-cement manufacturing sectors.
- Longer Time Period and Panel Data. Extending the observation period and using panel data with more advanced analysis methods, such as dynamic panel data models or Structural Equation Modeling (SEM), can improve the accuracy and strength of research findings.
- Measuring Company Value with Alternative Variables. In addition to Tobin's Q, researchers can use other company value measures such as Market to Book Value (MBV), Economic Value Added (EVA), or stock price to see the consistency of results.

5.4. Implication

The results of this study show that of the four independent variables studied, only Return on Assets (ROA) has a significant positive effect on the company's value (Tobin's Q) in cement industry companies listed on the Indonesia Stock Exchange for the 2019–2023 period. These findings provide a number of important implications for stakeholders.

- For company management, this result emphasizes the importance of strengthening the profitability aspect through efficient use of assets. ROA reflects the managerial ability to manage all productive resources to generate profits. Thus, increasing the value of the

company is more effectively achieved through efficient operational management and optimization of fixed assets compared to increasing assets or increasing leverage. Therefore, the company's financial strategy needs to be focused on strengthening profit margins and productive asset efficiency.

- For investors, these results show that ROA is the most relevant indicator of financial performance in predicting a company's value. Investors can take advantage of this information in the investment decision-making process, by focusing more on companies that have a high level of profitability and good asset efficiency, rather than simply assessing in terms of asset growth or capital structure.
- For regulators and capital market authorities, these findings support the need to increase transparency and accountability of financial statements, especially those related to operational performance and the use of company assets. Regulators can also encourage value-based management, as well as strengthen financial literacy for investors to be able to read financial indicators that are more meaningful for rational investment decision-making.

Overall, the practical contribution of this study is to provide evidence-based insight that the increase in the value of companies in the cement industry is more determined by the company's ability to generate profits from its assets, rather than solely by the size of its assets, liquidity level, or financing structure. Therefore, policy directions and managerial strategies need to be focused on strengthening the fundamentals of profitability in a sustainable manner.

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