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The Effect of Return on Assets, Current Ratio, Debt to Equity Ratio, and Company Size on Firm Value : A Study on Telecommunications Sub-Sector Companies in Indonesia

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ABSTRACT: This study analyzes the value of companies in the telecommunications subsector in Indonesia, a vital sector that has experienced significant growth. Fluctuations in the value of companies in this sector, which are often associated with unstable stock prices, raise questions about the fundamental factors that influence them. This study aims to analyze the influence of Return on Assets (ROA), Current Ratio (CR), Debt to Equity Ratio (DER), and Firm Size on the corporate value of telecommunications companies listed on the Indonesia Stock Exchange (IDX) during the period 2019-2023. Using a quantitative approach, this study analyzes panel data from 12 telecommunications companies selected through purposive sampling from a total population of 22 companies. Panel data regression analysis was conducted using EViews 13 software. The results indicate that Return on Assets (ROA) has a significant positive influence on corporate value. Conversely, Debt to Equity Ratio (DER) has a significant negative effect on firm value. Meanwhile, Current Ratio (CR) and Firm Size do not show significant partial effects. However, collectively, ROA, CR, DER, and firm size influence firm value. This study concludes that profitability (ROA) and capital structure (DER) are crucial factors in determining the value of telecommunications companies. Companies are advised to optimize ROA through asset efficiency and manage DER carefully to enhance investor confidence and firm value in a competitive market.

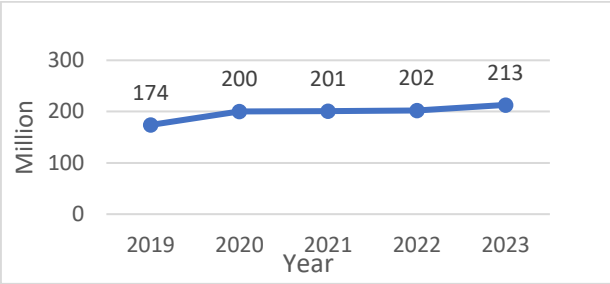
Keywords: Return On Assets, Current Ratio, Debt To Equity Ratio, Company Size, Firm Value.

INTRODUCTION

The current global economic trend is marked by accelerated digitalization, technology-based economic growth, and increased connectivity needs. The emergence of the Industrial Revolution 4.0, the implementation of 5G networks, and the development of the Internet of Things (IoT) are

driving major changes in the way people work, learn, and interact. The COVID-19 pandemic has further accelerated this process through work-from-home and school-from-home policies, leading to a surge in demand for data, internet, and digital communication services. Indonesia has experienced rapid development in the telecommunications industry in line with advances in digital technology and increasing public demand for information services. The presence of increasingly sophisticated telecommunications devices and public demand for fast communication access have encouraged the industry to continue innovating(Cahyono, 2023).

Figure 1. Number of internet users

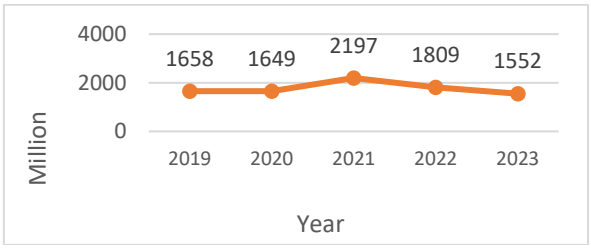


Source: (Databoks, 2023)

The digital transformation triggered by the COVID-19 pandemic, including work from home (WFH) and school from home (SFH) policies, has led to a significant surge in internet usage. According to a report by We Are Social, the number of internet users in Indonesia has increased every year, with 98.3% of the population using mobile phones(Annur, 2023). This increase in internet penetration is expected to strengthen the performance of the telecommunications sector and create new investment opportunities for domestic and foreign investors.

The mismatch between the growth of mobile phone and internet users and the downward trend in the stock prices of telecommunications companies in Indonesia. Despite the continuous increase in the number of internet users, which should signal positive news for investors and drive up stock prices (Winarti & Handayani, 2024). Data shows that telecommunications sector stock prices have actually declined from 2019 to 2023. This creates an intriguing phenomenon in the stock market, where investors believe that investing in telecommunications companies will yield high returns. However, the reality is that stock price fluctuations reflect the instability of a company's value, which can reduce investor interest in investing. Therefore, it is important to identify and analyze other fundamental factors that may influence the value of telecommunications companies in Indonesia.

Figure 2. Telecommunications Subsector Stock Price

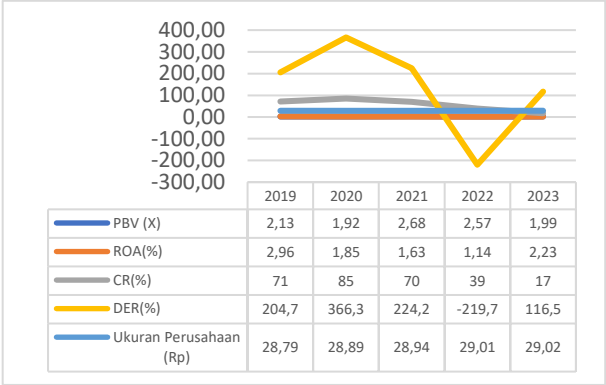


Source: Annual Report of telecommunications sub-sector companies (2025)

Price to Book Value (PBV) is utilized as an indicator of firm value within this study. The PBV metric is calculated by dividing the price per share by the book value per share (Hery, 2015). This ratio is often used in investment decision-making because book value is considered stable and simple to compare with market prices. PBV also allows comparisons between similar companies to assess whether a stock is expensive or cheap, and provides an indication of potential stock price movements, which indirectly influence the stock price itself (Tambuwun et al., 2024).

Some factors that may influence Price to Book Value include Return on Assets (ROA), Current Ratio (CR) Debt to Equity Ratio (DER), and Company Size. The following is the average development of ROA, CR, DER, and Company Size relative to Firm value (PBV) for the period 2019-2023:

Figure 3. Average PBV, ROA, CR, DER, Firm Size



	2019	2020	2021	2022	2023
PBV (X)	2,13	1,92	2,68	2,57	1,99
ROA(%)	2,96	1,85	1,63	1,14	2,23
CR(%)	71	85	70	39	17
DER(%)	204,7	366,3	224,2	-219,7	116,5
Ukuran Perusahaan (Rp)	28,79	28,89	28,94	29,01	29,02

Source: BEI (Processed Data 2025)

Figure 3 shows the fluctuations in PBV values from 2019 to 2023. During this period, PBV values tended to decline, although they did experience an increase in 2021. Investors see a company's performance more favorably the higher its Price to Book Value (PBV) ratio, claim (Sunardi & Febrianti, 2020). The investment amount influences this perception. A high PBV indicates that the market has more faith in the company's outlook for the future, which makes its shares more appealing to investors. As a result, demand for shares rises, raising share prices.

The average ROA from 2019 to 2023 fluctuated. From 2020 to 2021, ROA decreased from 1.85% to 1.63%, while the average PBV increased from 1.92 times to 2.68 times. A similar trend occurred from 2022 to 2023, where ROA increased from 1.14% to 2.23%, while PBV decreased from 2.57 times to 1.99 times. This phenomenon contradicts the theory that ROA growth is succeeded by PBV growth. If a company's profits increase, investor interest in investing capital also increases,

which can enhance positive market sentiment about the company's growth, ultimately driving up stock prices and resulting in an uplift in Enterprise Value (Aspari & Ramli, 2024)

CR fluctuated from 2019 to 2023. The CR value increased from 71% to 85% from 2019 to 2020, while the PBV value decreased from 2.13 times to 1.92 times. A similar trend occurred from 2020 to 2021, where the CR decreased from 85% to 70%, while the PBV increased from 1.92 times to 2.68 times. This contradicts the theory that an increase in CR should be followed by an increase in PBV. A higher CR indicates that the business can pay off its short-term debt with ease. By improving investor evaluation, stock prices may rise, and, eventually, the worth of the firm may rise (Bitasari et al., 2024).

The average DER value from 2019 to 2023 shows fluctuations. From 2021 to 2022, the DER decreased from 224.2% to -219.7%, followed by a decrease in the PBV value from 2.68 times to 2.57 times. This contradicts the theory that a decrease in DER should be followed by an increase in PBV. An increase in a company's debt can increase the risk of default, which could potentially make it difficult for the company to repay its obligations. This can erode the company's value (Gz & Lisiantara, 2022).

From 2019 to 2023, the company's size kept growing.The increase in company size was accompanied by a decrease in PBV. This contradicts the theory that a larger company size should be followed by an increase in PBV. Companies experiencing growth in company size tend to experience fewer hurdles in accessing the capital market as investors and shareholders view them as promising prospects. This positive perception drives favorable market responses, which ultimately can increase firm value. The increase in firm value is evidenced by the rise in total company assets, which is much larger than the amount of debt (Tiasrini, 2020).

Research by (Aspari & Ramli, 2024) and (Nengsi & Aprila, 2024) supports the findings of (Alifian & Susilo, 2024) study, which indicates that ROA has a favorable impact on firm value.. However, (Dzulhijar et al., 2021) and (Indasyah & Syarif, 2024) indicating that ROA does not influence the value of the firm.

According to research by (Alifian & Susilo, 2024) CR improves business value. This finding is consistent with research conducted by by (Imanah et al., 2021) and (Purba & Mahendra, 2022). However, it differs from the findings of (Almarethania & Zulkarnain, 2024), as (Sofiani & Siregar, 2022) assert that CR has no correlation with firm value. (Dzulhijar et al., 2021) state that DER presents a drawback on firm value, as same as the research of (Almarethania & Zulkarnain, 2024)and (Tambuwun et al., 2024). However, unlike the findings of (Suparmoko, 2024), (Jufrizen & Al Fatin, 2020) state that DER does not affect Firm Value. (Gz & Lisiantara, 2022) state that company scale favorably influences firm value, corroborating the research of (Suparmoko, 2024), (Putri et al., 2024) However, unlike the results of (Nurul Ismiyatun Nafiah, 2023) research, (Budi, 2022) explaine that company size is unrelated to firm value.

Overall, examining the factors that determine company value in telecommunications companies is essential to understanding the ever-changing dynamics of the industry. This study not only provides insights for management and investors, but also contributes to the development of knowledge in this field. By understanding the factors that influence company value, all stakeholders can make better and more informed decisions in facing the challenges and opportunities in the telecommunications industry.

Based on these circumstances, the purpose of this study is to examine how Return on Assets (ROA), Current Ratio (CR), Debt to Equity Ratio (DER), and Company Size affect Firm Value in telecommunications businesses that are listed between 2019 and 2023 on the Indonesia Stock Exchange. It is anticipated that this study will help academics, business managers, and investors better understand the elements that affect a company's value in the telecommunications industry.

Signaling Theory

The concept of Signaling theory was put forth by Michael Spence in 1973, explaining that information senders (company owners) provide signals that reflect the company's state to recipients (investors). Signaling theory is used to show how companies can influence investors' views of firm value through financial ratios (Nengsi & Aprila, 2024). Company management holds more comprehensive data on the company's day-to-day workings and future direction than external groups such as investors, creditors, underwriters, and other information seekers. Hence, in response to this, companies can send signals to external parties through financial reports that contain reliable financial information and provide certainty about the company's forward-looking opportunities (Qotimah & Kalangi, 2023).

Firm value

The investor-perceived degree of a company's success, often correlated with, is what constitutes the value of the company's share price (Hery, 2015). A company's value best benefits shareholders through an appreciation in its share price (Alifian & Susilo, 2024). This study uses PBV as a measure of firm value. PBV signifies the relationship between a company's share price and its per-share book value. PBV serves as a tool to determine whether a company's shares are trading above or below their intrinsic book value. The greater the PBV, the more confidence the market has in the company's trajectory and performance, thereby implying better corporate value. Conversely, a low PBV may indicate undervalued shares or a decline in the company's fundamental quality and performance (Hery, 2015). The following is the price-to-book value formula as a measure of firm value:

$$\text{PBV} = \frac{Price\ Per\ Share}{Book\ Value\ per\ Share}$$

Return On Asset (ROA)

ROA is also known as economic profitability, which is how effectively a company leverages its assets for profit cascade (Sutrisno, 2017). ROA is a metric that reveals the proficiency of a company

can use its existing assets to derive profits. Companies with higher ROA values demonstrate a stronger capability in asset deployment to generate profits (Bitasari et al., 2024). The following is the ROA formula according to (Kasmir, 2023):

$$\text{ROA} = \frac{Earning\ After\ Tax}{Total\ Assets} \text{ x } 100\ \%$$

Current Ratio (CR)

A financial metric known as the Current Ratio (CR) compares a company's circulating assets to its immediate financial commitments to assess how well it can meet its short-term financial obligations (Sutrisno, 2017). Additionally, a high current ratio indicates that the business has enough cash on hand to continue operations, pay dividends, and make investments (Gz & Lisiantara, 2022). According to (Kasmir, 2023), the CR formula is as follows:

$$\text{CR} = \frac{Current\ Assets}{Current\ Liabilities} \text{ x } 100\ \%$$

Debt to Equity Ratio (DER)

A financial metric that compares a company's obligations and equity is called the Debt-to-Equity Ratio, or DER. The percentage of equity to debt decreases as this ratio rises (Sutrisno, 2017). The DER measures the percentage of a business's activities that are funded by debt or money from creditors as opposed to equity. A rise in the DER suggests that the business has a lot of debt and might go into default if it can't pay its short-term debts (Bitasari et al., 2024).The following is the DER formula according to (Sutrisno, 2017):

$$\text{DER} = \frac{Total\ Liabilities}{Total\ Equity} \text{ x } 100\ \%$$

Company Size

A company's size is a measure of its traits or circumstances that is evaluated according to specific criteria to ascertain the company's scale(Yulimtinan & Atiningsih, 2021). The following requirements for firm size based on total assets are outlined in Financial Services Authority Regulation No. 53/POJK.04/2017, which was enacted in 2017:

1. A business that has total assets under Rp 50,000,000,000 (fifty billion rupiah) is considered tiny.
2. If a business has total assets between Rp 50,000,000,000 (fifty billion rupiah) and Rp 250,000,000,000 (two hundred fifty billion rupiah), it is deemed medium-sized.
3. A business that has more than Rp 250,000,000,000 (two hundred fifty billion rupiah) in total assets is considered substantial.

The following is the formula for company size according to (Yulimtinan & Atiningsih, 2021):

$$\text{Company Size} = Ln\ (Total\ Assets)$$

The Effect of Return on Asset on Price to Book Value

High ROA indicates efficient operations and a strong potential for future expansion. Companies that report substantial profits are often perceived as stable and promising, which sends a positive signal to investors and piques their interest. Increased investor confidence encourages them to invest more funds in pursuit of significant returns. This uptick in demand for the company's shares drives stock prices higher. Consequently, the rise in share prices serves as clear evidence of the company's increasing value.(Aspari & Ramli, 2024). According to research by (Maharani et al., 2021), ROA has a favorable impact on PBV. In accordance with research by (Alifian & Susilo, 2024; Nengsi & Aprila, 2024; Nurul Ismiyatun Nafiah, 2023), a rise in ROA is a positive signal to the market that the company can provide welfare for investors through high rates of return on investment, thereby increasing the company's profits and strengthening its ability to maintain and increase its value.

H1: ROA has a positive effect on PBV

The Effect of Current Ratio on Price to Book Value

The higher the CR, the better the company is at meeting its short-term obligations. This will elicit a positive response from investors, as it reflects the company's stability in its operations and indicates good performance, thereby attracting investors to invest. Thus, the current ratio can affect the demand for a company's shares, which will ultimately increase the share price. This increase in stock price contributes to an increase in the company's value (Gz & Lisiantara, 2022). (Khusnurifaq & Yahya, 2022) research indicates that the current ratio (CR) positively impacts the price-to-book value (PBV). Assitionally, studies (Alifian & Susilo, 2024; Imanah et al., 2021), (Purba & Mahendra, 2022). a company's CR increases the amount of money available to finance its operations and investments because it is thought to be able to pay its debts on time. As a result, investors view the company's performance favorably, which will affect the rise in firm value.

H2: CR has a positive effect on PBV

The Effect of Debt to Equity Ratio on Price to Book Value

A higher DER number indicates a larger debt load for the business and a bigger chance of default in the event that it can't pay its short-term debts. Because it might lower investor perception and trust in the company's performance, this situation may have a detrimental effect on the company's value(Bitasari et al., 2024). According to research by (Miftahul Janah Almarethania, 2024) , DER has a detrimental impact on PBV. Overuse of debt can lower a company's worth. High debt levels hinder financial circumstances by increasing interest costs. Interest costs can impede debt repayment and even cause bankruptcy if a business faces challenges. Because of this danger, investors are more inclined to steer clear of businesses with high DER, which lowers investor interest and causes stock prices to drop, which in turn lowers the company's value. This conclusion is consistent with the findings of (Dzulhijar et al., 2021) as well as (Tambuwun et al., 2024).

H3: DER has a negative effect on PBV

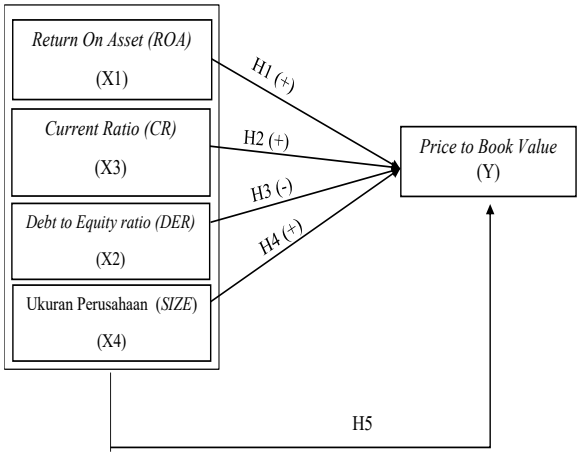
The Effect of Company Size on Price to Book Value

The size of the comany can serve as a benefit signal to investors, indicating that the company is well-positioned for growth. Investors and potential investors tend to believe that large companies can provide security and safety for invested funds. Therefore, many investors choose to invest their funds in large companies, as these companies generally have high stock prices and tend to experience increases. The enhancement in stock prices leads to an uptick in firm value (Gz & Lisiantara, 2022). Research by (Khusnurifaq & Yahya, 2022) shows that company size has a positive impact on PBV, If a company has large total assets, this tends to attract more investors, which ultimately increases demand for shares and has the potential to increase the company's value. (Suparmoko, 2024), (Putri et al., 2024).

H4: Company size has a positive effect on PBV.

Given the preceding explanation, the relationship between the variables within this research can be depicted through the conceptual model shown below:

Figure 4. Conseptual Model



METHOD

This research employs a quantitative methodology that integrates both descriptive and causal techniques. Secondary data were obtained from the annual reports and financial statements of telecommunications businesses listed on the Indonesia Stock Exchange for the period 2019-2023. A total of 22 companies constituted the study population, from which 12 were chosen as samples by purposive sampling methods. This study used purposive sampling to select organizations that meet specific criteria relevant to the research objectives. These criteria encompass companies that regularly issue financial reports throughout the research period and are consistently listed on the Indonesia Stock Exchange. This study employs panel data regression to forecast firm value depending on the quantity of companies and temporal dimensions. Panel data regression analysis was performed utilizing E-Views 10 software. The data analysis process commenced with descriptive statistical analysis, succeeded by panel data model selection, panel data regression analysis, classical assumption testing, hypothesis testing, and evaluation of the coefficient of determination.

RESULT AND DISCUSSION

Descriptive Statistical Analysis

A first look at each variable in the study is given by descriptive statistical analysis. The method helps condense the information on each variable, making it easier to understand and evaluate. The mean, median, maximum, and minimum values are the data that are shown. The results of the descriptive statistical analysis are as follows:

Table 1. Descriptive Analysis Results

	PBV (Kali)	ROA (%)	CR (%)	DER (%)	SIZE (Rp)
Mean	2.26	1.96	89.45	119.36	17.898.831.700.306
Median	1.77	2.10	40.58	56.95	6.913.735.000.000
Maximum	8.82	13.45	435.35	2128.29	114.722.249.000.000
Minimum	-0.89	-27.61	2.72	-3493.00	67.745.000.000
Std. Dev.	1.94	7.40	114.00	575.36	2.6453
Observation	60	60	60	60	60

The average PBV is 2.26 times higher than its standard deviation of 1.94. This indicates that PBV data has a low level of variation, with most PBV values close to the average. In an economic context, this stability in PBV suggests that investors tend to have consistent expectations regarding the book value of telecommunications companies. However, the low variation may also indicate that investors do not see significant growth potential in this sector, which could influence investment decisions.

The average ROA of 1.96% is lower than the standard deviation of 7.40%, indicating that the ROA data is highly variable and significantly deviates from the average. This reflects that the companies in the sample do not show good profitability. In the context of telecommunications, this could be due to high operating costs and intense competition, resulting in low profit margins. This instability may make investors hesitant to invest, as they expect higher returns on their investments.

The mean value of CR is 89.45%, which is less than the 114.00% standard deviation. This finding indicates that CR data is not centered on the average value and has a lot of data volatility. This reflects unstable liquidity among companies in the sample. In the telecommunications sector, uncertainty in cash flows and dependence on recurring revenues can cause fluctuations in

companies' ability to meet their short-term obligations. Investors may view this as a risk, which could influence their investment decisions.

A significant amount of variance in the data is shown by the DER mean value of 119.36%, which is lower than the standard deviation of 575.36%. Some companies may use debt aggressively to finance expansion, while others may be more conservative. In the context of telecommunications, high debt usage can be a signal of risk for investors, especially if the company cannot generate sufficient revenue to pay off the debt. This can lead to uncertainty in investment decisions.

The average company size is Rp 17.898.831.700.306, more than the 2.323739 standard deviation. shows that company size data tends to be concentrated around the average and more homogeneous. This stability in company size indicates that companies in the sample have relatively consistent capacity to operate in the market. In the telecommunications sector, larger size is often associated with greater market power and the ability to invest in new technologies, which can attract investor interest.

Panel Data Regression Model Selection

Table 2 Results of Regression Model Selection Test for Panel Data

Test	P-Value	Conclusion
Chow	0.0000 < 0.05	FEM
Hausman	0.0000 < 0.05	REM
Lagrage Multiplier	0.0000 < 0.05	REM

Chow Test

The Cross-section Chi-Square value from the Chow test registered 0.0000, suggesting that a threshold of 0.05 or lower for statistical significance, which means that H0 is rejected and Ha is accepted. This indicates that the adpoted model is a *fixed effect model*, so it is necessary to perform a *Hausman*

Hausman Test

According to the Hausman test, the Cross-section random with a value of 0.8583, surpassing 0.05, it means that H0 is accepted and Ha is rejected. This indicates that the selected model is the Random Effect Model, hence, it's vital to perform the Lagrange multiplier approach.

Lagrange Multiplier Test

Based on the results of the Lagrange Multiplier test, the Breusch-Pagan value is 0.000 < 0.05, meaning that H0 is rejected and Ha is accepted. This means that the selected model is the Random Effect Model (REM). With the selection of REM, it is not necessary to perform a classical assumption test. REM uses the Generalized Least Squares (GLS) estimation, which indicates that the equation meets the classical assumptions, as explained by (Gujarati D. N dan Porter D C., 2009). REM is a very useful model in panel data analysis, especially when researchers want to

capture variations that occur both between units and within the same unit, and when the underlying assumptions of this model are met. By considering the nature of the data and the purpose of the analysis, REM can be the right choice for providing deeper insights into the relationships between variables.

Hypotesis Test

Table 3. Results of panel data regression analysis

Variabel	Coefficient	t-Statistic	P -Value	Decision
C	-5.102426	5.279170	0.3380	
ROA	0.084862	0.034336	0.0166	H0 Ditolak
CR	0.001602	0.002107	0.4504	H0 Diterima
DER	-0.000807	0.000341	0.0216	H0 Ditolak
SIZE	0.248794	0.182067	0.1773	H0 Diterima

The model selection test determined the Random Effects Model to be the best fit for this research.The regression equation takes the form:

PBV = -5.102426+ 0.084862 ROA +0.001602 CR -0.000807 DER + 0.248794 SIZE

The constant value of -5.102426 indicates that if the variables ROA, CR, DER, and SIZE are zero or constant, then PBV is -5.102426. ROA coefficient value of 0.084862 indicates that for every 1% increase in ROA, PBV increases by 0.084862, holding all other variables constant. The CR coefficient value of 0.001602 indicates that for every 1% increase in CR, PBV increases by 0.001602, provided other variables remain constant. The DER coefficient value of -0.000807 indicates that for every 1% increase in DER, PBV will decrease by 0.000807, assuming other variables remain constant. The Company Size coefficient value of 0.248794 indicates that for every 1% increase in Company Size, PBV will increase by 0.248794, assuming all other variables remain constant.

Hypothesis Testing
Partial Test (T-test)

1. H1 states that ROA has a positive effect on PBV. The test results show that the p-value of ROA is 0.0166 < 0.05, meaning that H1 is accepted and H0 is rejected.
2. H0 states that CR has no effect on PBV. The test results show that the p-value for CR is 0.4504 > 0.05, meaning that H0 is accepted and H2 is rejected.
3. H3 states that DER has a negative effect on PBV. The test results show that the p-value for DER is 0.0216 < 0.05, meaning that H3 is accepted and H0 is rejected.
4. H0 states that company size has no effect on PBV. The test results show that the p-value for company size is 0.1773 > 0.05, meaning that H0 is accepted and H4 is rejected.

Simultaneous Test (F Test)

Table 4. Test Results f

F-statistic	3.308361
Prob(F-statistic)	0.016853

F-statistic value of 3.308361 was obtained with a Prob value. As per the F-test findings, the significance of the F-statistic result was 0.016853 < 0.05, meaning that ROA, CR, DER, and company size simultaneously affect PBV.

Determination Coefficient Test

Table 5. Determination Coefficient Test Results

Adjusted R-squared	0.135321

The Adjusted R-squared value for PBV of 0.135321 indicates that the four independent variables ROA, CR, DER, and company size contribute 13.53% to PBV, 86.47% of the remainder is attributable to other factors not examined in this study.

The Effect of Return On Asset on Price to Book Value

The hypothesis states that ROA leads to an increase in Price to Book Value. The research outcomes reveal that ROA has a positive effect on PBV. The higher the ROA, the more efficient the company's management is in generating profits based on its assets. This is likely to be viewed favorably by investors, given that it shows the company possesses a strong level of profitability. Investors are generally drawn to purchasing shares of companies with high profitability, as they are considered capable of providing maximum returns to shareholders and have bright prospects for the future. The more investors who purchase shares of an entity, prompting a surge in share price that culminates in an increase in the company's intrinsic worth. According to signal theory, investors, as recipients of signals, interpret a high return on assets (ROA) as a sign that the company has promising prospects and the potential to deliver maximum returns to shareholders. This perception alleviates uncertainty (information asymmetry) for investors, thereby boosting their confidence to invest.

This study's findings are in agreement with (Aspari & Ramli, 2024) that There's a positive relationship between ROA and PBV. A strong ROA signals the company's robust financial performance, drawing investors to commit their capital and increase market confidence in the company's growth prospects. This can cause the company's stock price to increase, followed by a boost in corporate value. This is congruent with the research from (Alifian & Susilo, 2024; Bitasari et al., 2024; Nurul Ismiyatun Nafiah, 2023), (Panjaitan et al., 2023).

Conversely, this research's conclusions diverge from those of (Dzulhijar et al., 2021; Fina Nuraghnia, 2024; Indasyah & Syarif, 2024) who state that ROA does not affect PBV. This is due to management's inability to utilize existing assets, Notwithstanding the company's extensive assets, its net profit generated remains rather small. The lack of efficiency in the company's profits compared to the size or scale of the company can make investors see it as a negative signal, so they are reluctant to invest.

The Effect of Current Ratio on Price to Book Value

The hypothesis posits that CR positively influences on Price to Book Value. The findings show that CR has no effect on PBV. A low CR may indicate problems in meeting current liabilities, while a robust Current Ratio signifies that the company has funds that are not being used effectively. These idle funds do not support the company's growth or profitability. Therefore, investors concentrate on a firm's earnings potential and manage its funds rather than just looking at the value in CR. Additionally, the current ratio only reflects the financial position at a specific point in time without depicting performance trends or long-term managerial capabilities. Meanwhile, Price to Book Value (PBV) is influenced by future expectations of the company, such as innovation, business strategies, and profit growth. Therefore, an insufficient or an excessive current ratio isn't necessarily a guarantee that reflect optimal financial performance or directly impact the increase in the company's intrinsic value from an investor's perspective. The results of the study contradict the signal theory because CR should provide information about the liquidity and financial health of a company. If investors view high CR as a positive signal but it has no effect on company value, this suggests that investors may be paying more attention to other factors, such as profitability or growth, which are more relevant to investment decisions.

The data from this study validate (Kurniasari, 2020), who states that a company's condition cannot be solely determined by the Current Ratio because it only reflects the risk of short-term default and the productivity of short-term asset deployment. Therefore, this ratio does not influence a company's value, as stated in the research by(Ningsih & Simatupang, 2024), (Ariani & Diandra, 2024; Miftahul Janah Almarethania, 2024; Suparmoko, 2024) who assert that the CR does not alter firm value.

Nevertheless, (Imanah et al., 2021) describe that the CR fosters an appreciation in firm value. A high CR reflects a company's superior capability to cover near-term debt, since its current assets are proportionally larger than its liabilities. This sends a bullish signal to investors that the company possesses the liquidity to honor its short-term commitments, which will increase investor desire to invest, thereby driving up the company's valuation. In conformity with (Alifian & Susilo, 2024; Fina Nuraghnia, 2024) found that CR augments firm value.

The Effect of Debt to Equity Ratio on Price to Book Value

The hypothesis states that DER contributes to a decline in Price to Book Value. Results from this study suggest that DER adversely affects PBV. A substantial amount of debt relative to its equity large debts to finance its business activities and has obligations to pay its debts. Additionally, with large debts, the company must also spend more funds to pay interest. When the company's income is insufficient, it becomes more difficult for the company to meet its interest obligations. This can lead to the company's inability to pay interest or the risk of default. As a result, this will have an adverse effect on the company's value as investors' perceptions and confidence in the company decline. In line with signal theory, investors, as signal recipients, will interpret a high DER as an indication that the company is in a vulnerable financial position and has less attractive prospects due to high risk. This risk signal amplifies uncertainty in the eyes of investors, rendering them reluctant to invest or even prompting them to divest their existing shares.

This study's conclusions are consistent with (Dzulhijar et al., 2021; Gz & Lisiantara, 2022; Tambuwun et al., 2024), that an increase in DER hinders company performance because increased debt suggests the company will incur higher interest costs, thereby reducing the company's profits.

The results of this study run counter to those o (Oktavia & Desmiza, 2024), who found that a business's capacity to maximize the use of debt to boost firm value is not always reflected in its larger capital relative to debt. This difference is due to the fact that market circumstances have a greater impact on stock movements and the generation of added value in the Indonesian capital market. Investors are more interested in how a business's management successfully and efficiently uses available cash to generate new value for the firm than they are in how much debt the company has. According to (Bitasari et al., 2024; Jufrizen & Al Fatin, 2020) DER has no effect on firm value, which is consistent.

The Effect of Company Size on Price to Book Value

The hypothesis states that company size has a fosters an appreciation in Price to Book Value. The results of the study show that company size has no effect on PBV. Large companies do not provide sufficient information to investors regarding their ability to manage assets effectively. According to signaling theory, company size can be used as a signal of a company's strength. However, if it is not accompanied by good performance, the signal will not be strong enough to improve how investors assess the company's overall worth. In addition, large companies often have complex organizational structures and slow decision-making processes, making it difficult to convert assets into profits optimally. Thus, investors will not value large companies unless they are supported by good financial performance. These results contradict signaling theory, which states that larger companies should send positive signals to investors, thereby increasing the company's value. However, in this study, investors do not seem to view company size as a determining factor in value, perhaps because they are more focused on financial performance, profit prospects, or other factors that are more relevant to investment decisions.

The study's findings concur with those of (Suhendar & Paramita, 2024) Investors do not consider total assets when purchasing shares. They focus more on past stock performance and other fundamental financial factors as a basis for making investment decisions. Therefore, company size does not affect stock prices and ultimately does not affect firm value.. In line with Jufrizen & Al Fatin (2020), Nurul & Setiawati (2023), (Panjaitan et al., 2023), Zen (2024), state that company size has no discernible effect on firm value.

The results of this research contradict those of (Gz & Lisiantara, 2022) which found a favorable relationship between a company's size and value. Larger overall assets make a firm more appealing to investors, which may raise demand for shares and, eventually, improve the value of the company. Company size is a factor in higher firm value, according to (Khusnurifaq & Yahya, 2022; Nurmansyah et al., 2023; Tiasrini, 2020), (Radja et al., 2020) Company size is a driver of increased firm value.

CONCLUSION

Based on the results of the study, ROA (Return on Assets) and DER (Debt-to-Equity Ratio) were found to influence company value, while CR (Current Ratio) and company size did not. Therefore, telecommunications companies are advised to, Optimize asset management to improve ROA through infrastructure modernization, technology utilization (5G, IoT), cost efficiency, and the development of new revenue sources such as digital services. Manage debt wisely by maintaining a safe DER, avoiding long-term debt dependence, and considering alternative financing such as share issuance or strategic partnerships. Maintain liquidity without focusing solely on size expansion, but rather on efficiency and increased profitability, as investors value performance and effectiveness over company size.

Practical implications: investors can use ROA and DER as key indicators in assessing companies, while management needs to focus on profitability and conservative debt policies to increase market confidence. For further research, it is recommended to expand the scope to other sectors (banking, manufacturing, energy), add variables such as Good Corporate Governance (GCG) or dividend policies, extend the research period, and use a qualitative approach to explore non-financial factors influencing company value.

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