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Revealing Corporate Value: The Role of Investment Decisions, Debt Policy, and Ownership Structure

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Abstract

This study examines how investment decisions, debt strategies, and ownership structures influence corporate value, focusing on manufacturing companies listed on the Indonesia Stock Exchange from 2019 to 2021. Using a quantitative approach and Partial Least Squares method, the research integrates these key variables into a comprehensive analytical framework. The results show that asset growth significantly affects firm value, emphasizing the importance of effective investment management. Debt growth also has a significant effect on firm value, while ownership, especially managerial ownership, does not show a significant direct relationship with asset growth, equity expansion, or debt policy. Institutional ownership plays an important role in enhancing corporate governance and reducing agency conflicts. In addition, the study highlights the relevance of intellectual capital and cash reserves in supporting financial performance and increasing market valuation. Human, structural, and relational capital are found to strengthen the link between operational performance and market perception. Strategic cash reserves reflect a firm's stability and readiness for future growth. This research presents novelty by offering an integrated analysis of investment, financing, and ownership decisions in one unified model, which has not been comprehensively examined in previous studies, particularly within the post pandemic economic setting in Indonesia. The findings offer practical implications for companies aiming to strengthen shareholder value by aligning financial decisions with long term growth strategies and sound governance practices.

Keywords: *Company Value, Investment Decisions, Debt Policy, Ownership Structure, Intellectual Capital, Institusional Investors*

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INTRODUCTION

Increasing company value for shareholders is one of its main objectives. High company value can be a sign of how happy the shareholders are. According to Sukrini (2012), financial management functions can be applied to maximize organizational value. A single financial decision can influence subsequent decisions and impact the company's overall value. Financial management within the company is a key internal factor that determines its worth in the eyes of shareholders. The entire success of a business is greatly influenced by the decisions made by financial management. Financial managers make these decisions in an effort to achieve company goals. Understanding the function and impact of various factors, such as business ownership, debt policy, and investment choices, is one of the most important parts of company valuation. These three factors work together to create an overarching framework for determining the value of an economic unit. It is expected that making the right investment choices will benefit both investors and businesses. Positive growth provides a favorable opportunity for investors as the investment may provide the best returns in the future. This implies that the company has investment prospects if it experiences positive growth. As a result, recognize various investment options. Managers work harder to take advantage of investment opportunities to maximize shareholder wealth.

Financial decisions are the subject of crucial financial management choices. The type and amount of finance for business investment is referred to as funding decisions. The company's debt policy determines how much debt financing will be used. External parties view an increase in debt as a sign of the company's capability to meet future obligations or as an indication of low business risk, prompting a positive market response (Afzal and Rohman, 2012). As stated by Wahidawati (2002), managerial ownership refers to shareholders within the management team, particularly directors and commissioners, who play an active role in making business decisions. This type of ownership is measured by calculating the proportion of shares held by management, which is determined by dividing the number of shares owned by management by the total number of outstanding shares. Management's active involvement in the company can enhance performance, as their sense of ownership aligns their interests with the organization's goal of increasing its value.

Table 1. Company Value in Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX) Period of 2019-2021

No	Company Name	EPS			PER			PBV		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
1	**AMFG**	-305	-993	734	-11.25	-2.72	6.05	0,44	0.4	0.59
2	**ARNA**	29.41	44.35	64.79	14.82	15.33	12.35	2.72	3.83	3.73
3	**CAKK**	1.72	0.12	10.14	40.7	433.33	9.66	0.38	0.28	0.49
4	**KIAS**	-31.84	-3.64	-0.41	-2.01	-13.74	-121.95	1.06	0.88	0.88
5	**KOIN**	-19.01	41.92	-28.38	-5.79	2.41	-5.64	1.25	0.78	1.6

No	Company Name	EPS			PER			PBV		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
6	**CCSI**	0.06	0.03	0.04	4,300.00	8,066.67	17,000.00	0.79	0.71	2.24
7	**SCCO**	1,533	1,157	689	5.98	9.08	15.09	0.6	0.66	0.49
8	**JECC**	678.01	78.6	-312	9.11	71.25	-19.39	1.23	1.15	1.31
9	**KBLI**	104.3	-14	23	5.03	-27.43	12.17	0.88	0.65	0.46
10	**KBLM**	34.51	5.86	-11.61	8.81	36.86	-19.47	0.4	0.29	0.21
11	**MLPL**	-59	-54	14	-1.44	-1.31	26.43	0.24	0.26	1.2
12	**ASII**	536	399	499	12.92	15.1	11.42	1.5	1.25	1.07
13	**BHIT**	7.45	2.24	8.71	8.59	29.46	6.43	0.15	0.15	0.13
14	**BNBR**	447.16	-487.26	33.55	0.11	-0.1	1.49	0.44	0.72	0.8
15	**EMTK**	-268.8	37.08	96.06	-20.74	377.56	23.74	25.65	63.73	4.15
16	**AMIN**	29.96	9.47	-52.88	10.35	27.03	-3.59	1.62	1.32	1.45
17	**APII**	24	28	18	7	5.5	12.22	0.6	0.5	0.65
18	**ARKA**	1.47	-15.3	1.72	1,408.16	-3.59	31.4	33.89	1.2	1.14
19	**ASGR**	186.06	35.42	64.72	5.08	22.59	12.75	0.78	0.69	0.68
20	**INTA**	-132	-256	-123	-3.48	-0.74	-0.55	-6.3	-0.51	-0.13
21	**JTPE**	98.1	42.04	53.42	9.99	24.02	19.75	2.25	2.25	1.98
22	**KONI**	18	0.33	31	6.72	306.06	5.16	1.12	0.24	0.38
23	**LION**	2	-18	-8	234	-19.22	-42.75	0.52	0.41	0.4
24	**MDRN**	-11.33	-27.22	16.62	-4.41	-1.84	3.01	-1.16	-0.71	-0.93
25	**MFMI**	176	24	33	3.3	31.67	29.39	1.85	5.04	6.39
26	**MUA**	98.49	41.67	489.06	7.61	13.32	4.52	0.39	0.27	0.86
27	**SOSS**	29.64	25.35	36.75	13.56	15.31	10.34	1.99	1.71	1.37
28	**SPTO**	77.29	42.59	72.97	10.8	13.74	8.77	1.33	0.81	0.84
29	**TFAS**	12.89	3.91	16.07	13.81	46.04	318.92	1.94	1.9	43.57
30	**TIRA**	2.13	4.02	-5.77	120.19	64.68	-76.6	0.9	0.94	1.57
31	**VOKS**	50.11	0.67	-50.73	6.23	352.24	-3.55	1.17	0.88	0.83

Source: Indonesia Stock Exchange (2019)

Table 2. Company Ownership in Manufacturing Companies Listed on the Indonesia Stock Exchange (IDX) Period of 2019-2021

No	Company Name	managerial ownership			institutional ownership		
		2019	2020	2021	2019	2020	2021
1	**AMFG**	0%	0%	0%	86%	86%	86%
2	**ARNA**	37%	38%	38%	14%	14%	14%
3	**CAKK**	45%	45%	45%	30%	30%	30%

4	**KIAS**	0%	0%	0%	94%	94%	94%
5	**KOIN**	0%	0%	0%	91%	91%	91%
6	**CCSI**	0%	0%	0%	80%	60%	60%
7	**SCCO**	0%	0%	0%	75%	75%	75%
8	**JECC**	0%	0%	0%	90%	90%	90%
9	**KBLI**	0%	0%	0%	50%	49%	49%
10	**KBLM**	0%	0%	0%	82%	82%	82%
11	**MLPL**	0%	0%	0%	78%	78%	55%
12	**ASII**	0%	0%	0%	50%	50%	50%
13	**BHIT**	4%	4%	3%	51%	48%	38%
14	**BNBR**	0%	0%	0%	60%	54%	25%
15	**EMTK**	43%	44%	40%	28%	28%	24%
16	**AMIN**	4%	4%	4%	58%	58%	58%
17	**APII**	6%	6%	6%	72%	72%	72%
18	**ARKA**	0%	0%	0%	75%	75%	69%
19	**ASGR**	0%	0%	0%	77%	77%	77%
20	**INTA**	27%	27%	27%	31%	26%	28%
21	**JTPE**	7%	7%	7%	66%	66%	66%
22	**KONI**	6%	6%	27%	72%	72%	39%
23	**LION**	0%	0%	0%	58%	58%	58%
24	**MDRN**	35%	35%	35%	34%	35%	35%
25	**MFMI**	0%	0%	0%	92%	92%	99%
26	**MUA**	0%	0%	0%	67%	67%	67%
27	**SOSS**	0%	0%	0%	76%	76%	76%
28	**SPTO**	0%	0%	0%	60%	60%	60%
29	**TFAS**	0%	0%	0%	83%	88%	83%
30	**TIRA**	0%	0%	0%	90%	90%	90%
31	**VOKS**	6%	0%	0%	40%	40%	40%

Source: Indonesia Stock Exchange (2019)

The value of manufacturing companies from 2019 to 2021 is shown in Table 1. Based on the EPS, PER, and PBV in the table above, the enterprise value is anticipated to decrease between 2019 and 2021. This decline is due to the economic slowdown during the Covid-19 pandemic. The decrease

in firm value also impacts the future welfare of its shareholders. Moreover, a managerial ownership level below 5% suggests that management is unable to maximize shareholder returns due to the lack of share ownership by management. Therefore, this study has a high urgency to assess the determinants of firm value in terms of investment decisions, debt policy and corporate ownership structure. As the business paradigm shifts toward a greater emphasis on sustainability, Environmental, Social, and Governance (ESG) reports have gained significance in evaluating a company's social and environmental impacts. Indrawati et al., (2023) highlighted that materiality analysis within ESG reports positively affects market performance, offering a strategic framework for risk management and enhancing market value. Furthermore, Wijaya (2022) demonstrated that effective cash holding management contributes to increasing firm value, though the impact of dividend payments on firm value remains a topic of ongoing academic discussion.

In the realm of ownership structure, Oyedokun et al., (2020) emphasize that institutional and foreign ownership contribute significantly to enhancing firm value by strengthening managerial oversight. Supporting this, Hermawan et al., (2021) demonstrated that intellectual capital influences both financial performance and market value, particularly within the banking industry in Indonesia and Malaysia.

THEORETICAL FRAMEWORK AND HYPOTHESIS

Agency Theory

Because people behave in their own best interests, agency theory holds that shareholders prioritize the company's financial performance, which is reflected in the dividends they get. Simultaneously, management seeks satisfaction through favorable working conditions and substantial salaries. The need to prioritize raising profits (dividends) for shareholders limits managers' (agents') incentives and advantages, which leads to conflict between management and shareholders. A management strategy that uses signal incentives based on the value and performance of the company can encourage capital market participants to purchase the company's shares and send favorable signals about the profitability of the investment. The greater the participation of capital market players, the more the company's share price or overall value is influenced, resulting in increased capital market activity volume. An agency relationship, according to Jensen and Meckling (1976), is a contract founded on one or more principles wherein the agent renders services to the principal in a manner that grants the agent the authority to make decisions. According to agency theory, managers are tasked with maximizing shareholder returns while owners (shareholders) directly own shares.

When multiple interests clash, the tendency for selfishness will lead to agency problems (Jensen, 1986; Villalonga and Amit, 2005; Harrison and Wicks, 2013; Harijono, 2014; D'Ewart, 2015). Mediation problems also occur between shareholders, who own the company, and managers, who run the company. This often happens in companies where the majority of shares are publicly owned, especially in Indonesia, and can lead to agency problems between majority and minority owners. Agency theory was created to solve problems that arise in the interaction between principals (shareholders or business owners) and agents (management and staff). This can be achieved in several ways, including: a) strengthening managerial interests that are aligned with shareholder interests; b) using ownership institutions as monitoring agents; c) increasing funding through debt; d) implementing dividend policies to reduce agency costs; (e) increasing the level of risk in decision making and increasing shareholder wealth; g) implementing incentive policies for managers in the form of

managerial compensation, direct shareholder intervention, or the threat of takeover; h) utilizing agreements with creditors or other forms of cooperation; and i) managers understanding their role as managers (Ahmad and Septriani, 2008).

Signaling Theory

Signaling Theory highlights how important company information is when deciding which investments to make. According to Morris (1987), the problem of market information asymmetry can be overcome by giving access to more information to management than other company stakeholders. When investors make decisions regarding their investments, published information provides signals to them. It is expected that market participants will react and accept information that has positive value, or good news (Spance, 1973). Management is more likely to divulge intellectual property to third parties in an effort to increase firm value and generate future financial rewards. Annual financial reports are a type of information that businesses can release to provide insights or alerts to external stakeholders. These reports may also include non-financial and non-accounting data. Key information that is deemed significant for both internal and external stakeholders should be transparently disclosed in the annual report. Investors require such information to evaluate the risk levels of various companies, enabling them to diversify their investment portfolios in alignment with their risk tolerance. To attract investors and encourage them to purchase shares, a company must present its financial statements transparently and with integrity.

Ownership Structure

According to Wahyudi and Pawestri (2006), ownership structure refers to the type of organization or business that owns the majority of business shares. The ownership structure may consist of private entities, government, or individual investors. There are various divisions within the ownership structure. Ownership structure categories specifically include ownership by domestic institutions, foreign institutions, governments, employees, and domestic communities. The board of directors, management, and ownership structure each have distinct motivations for supervision. The ownership structure can influence operations, potentially affecting overall business performance. The ownership structure can reduce agency problems. One way to reduce friction between shareholders and management is through ownership structure (Faisal, 2005). In information disclosure in the capital market, the ownership structure mechanism is viewed by the information imbalance method as a means to reduce the knowledge gap between insiders and outsiders. Uhlaner et al. (2007) asserts that the ownership structure clearly shows the owner's commitment to save the company. Numerous scholars contend that ownership structure may influence how a corporation is run, which in turn influences how successfully the organization accomplishes its objectives, including raising the company's worth (Wahyu and Pawesti, 2006). The ownership structure of a company, as reflected by its debt and equity instruments, is directly tied to how well corporate governance is implemented. This makes it possible to examine the ownership structure closely in the case of agency issues.

Managerial Share Ownership

According to Shleifer and Vishny (1986), there is an economic incentive to monitor large shareholdings. Theoretically, managers may act more opportunistically when they have little management ownership. It is believed that managers who own company shares can reconcile possible

conflicts of interest between shareholders and parties outside management, thereby eliminating agency problems (Jensen amd Meckling, 1976). Managerial share ownership may be calculated as the percentage of common shares held by managers who actively engage in corporate decision-making.

Institutional Shareholding

The existence of institutional ownership is one element that may have an impact on a business' success. The presence of institutional ownership can promote more comprehensive and efficient management performance oversight. One source of power that may either improve or worsen managerial performance is share ownership. A financial institution is more likely to have voting rights and be encouraged to oversee management the more ownership it has.

Investment Decision

Martono and Harjito (2010) define investment as the allocation of a company's capital into assets with the expectation of future profits. Understanding the complete amount of assets required by the business is the first step in making an investment; if the right amount of assets is used, the investment will be successful and increase the value of the company. Capital investment is a key consideration in investment decisions. When deciding whether to fund an investment project, consideration should be given to the risks and anticipated returns (Hasnawati, 2005). The signaling hypothesis states that investment initiatives increase stock prices, which is a measure of firm value, by sending good signals about the firm's future growth potential. Pawestri and Wahyudi (2006). However, Uri Ben-Zion (1984) asserts that investment plans and research and development initiatives effect the market value of the company.

Debt Policy

Debt policy refers to the company's financial strategy that involves outside finance sources. Since debt is a major component of the capital structure, choices over debt policy are strongly related to the capital structure's overall makeup. A company is deemed dangerous if its capital structure includes a lot of debt; on the other hand, if it has little or no debt, it is deemed incapable of using more outside funding that could enhance the efficiency of its operations (Brigham and Houston, 2001).

A typical measure of debt policy is the Debt Equity Ratio (DER), which shows the percentage of total long-term debt to equity. Higher debt dependence and a better capacity to fulfill financial commitments are indicated by a lower DER (Indahningrum and Handayaani, 2009). Frequent usage of debt, however, raises the company's risk and can cause stock prices to drop even while it boosts the projected return. The ideal capital structure is one that balances the expected return and the related risk in order to optimize stock prices or company value (Brigham and Houston, 2001).

Good Corporate Governance

The structure used to monitor and control a company organization is known as corporate governance, according to the Organization for Economic Co-operation and Development (OECD). It describes how different stakeholders, including the board of directors, executives, shareholders, and other parties concerned, will be allocated rights and obligations. In addition, corporate governance establishes the guidelines and processes for internal decision-making, offers a framework for establishing corporate goals, creates plans to reach those goals, and tracks overall performance. The

company's management is one of the systems that arranges and governs a firm. Thus, the management structure outlines the responsibilities and rights of managers, administrators, shareholders, and other stakeholders. In addition, the management structure outlines the guidelines and processes for formulating policies and making decisions. It enables proper planning and execution of corporate objectives and monitoring of performance. Good corporate governance, or GCG, is the term for best practices that successful companies often follow. GCG is a collection of tools, structures, and systems that provide control and accountability, which can enhance business performance (Tim BPKP, 2003). Corporate business procedures, rules of the game, process frameworks, and guiding concepts are all included in GCG practices.

Because a company's vision, mission, and strategy are well defined, corporate ethics and values are in place to ensure that all employees adhere to them, and corporate policies are designed to prevent inappropriate and appropriate interests, a company with good governance practices can add value to its shareholders. Corporate risks, including third-party risks, are effectively controlled through a risk management system (Price Waterhouse Coopers, 2000). The six principles of corporate governance systems, as stated by the OECD (2004), are a transparent and efficient corporate governance framework that a) protects the rights and interests of shareholders; c) ensures equitable treatment of minority and majority shareholders; d) ensures the role of shareholders in the management of the company; e) ensures openness and transparency for shareholders; and f) ensures accountability of the Board and Government.

Company Value

Firm value, according to Yuliana (2021), is the amount a prospective buyer is willing to pay for the company in the event that it is sold. Akbar (2020) explains that firm value reflects the condition of a business as a result of its operational processes over time, from its establishment to the present. In essence, firm value represents the total selling price of the company. According to Harmono (2009), public opinion affects a company's worth, and this is mirrored in its stock price, which is determined by the interaction of supply and demand in the capital market. Similarly, Husnan (2004) highlights that the capital market activities of companies issuing shares and the prices of those shares traded on the stock exchange serve as key indicators of firm value. Ayuba (2019) asserts that firm value indicates its capacity to optimize shareholder wealth. Since firm value indicates an organization's efforts to achieve its main objectives, maximizing firm value is very important. Firm value also shows how effectively the company manages the resources owned by its investors. Firm value increases when more investors buy its shares. According to Christiawan (2007), several concepts of firm value can be used to explain the market value, intrinsic value, book value, liquidity value, and inherent worth of the business.

Research Hypothesis

The company's increased asset growth shows that it is performing well and developing, which is a favorable indication for investors to raise their investment in the business. The correlation between ownership and asset growth has been experimentally demonstrated by Afendi (2018) and Maftukhah (2013).

H1: Asset growth is significantly affected by ownership

Ownership structure, both managerial and institutional, plays a crucial role in determining

company policy and investment direction. A strong ownership structure can encourage the company to expand its assets more aggressively as owners seek higher returns. This is supported by Sukma (2021), Husna and Satria (2019), Priliyastuti and Stella (2017), and Sulistyono et al. (2020), who demonstrated that ownership positively influences asset growth.

H2: Asset growth is significantly affected by debt growth

Debt provides companies with additional funding needed for asset expansion. Surya and Rahayuningsih (2012) argued that external financing sources, such as debt, are often used when internal funds are insufficient, allowing firms to sustain growth and maintain cash flow. Therefore, increases in debt levels are often directly linked to asset acquisition and operational expansion.

H3: Asset growth is significantly affected by equity growth

Equity financing enables companies to increase their asset base without adding financial risk through debt. Brigham and Houston (2001) stated that equity growth improves capital structure and supports long term investments. Hidayat (2013) also emphasized the connection between capital acquisition via equity and the company's ability to expand its operations, which contributes to asset growth.

H4: Firm value is significantly affected by asset growth

Asset growth signals increased operational capacity and profit potential, which boosts investor confidence and raises firm value. Lestari (2014) highlighted that asset growth reflects business strength, while Surya and Rahayuningsih (2012) confirmed that firms with expanding assets are perceived as more valuable by the market due to their future earning potential.

H5: Firm value is significantly affected by debt growth

Debt influences firm value through leverage. Rustendi and Jimmi (2008) noted that firms often use debt to fund activities that improve performance and value. Similarly, Altan and Ferhat (2011), Sukirni (2012), and Ogbulu and Francis (2012) found that debt, when used strategically, contributes positively to firm value as it enables companies to exploit new opportunities.

H6: Firm value is significantly affected by equity growth

Equity growth strengthens the firm's capital base and enhances financial flexibility. According to Indahningrum and Handayani (2009), a sound equity position improves the firm's ability to meet obligations, while Brigham and Houston (2001) argued that a balanced capital structure increases firm value. Kautsar and Kusumaningrum (2016) provided empirical evidence that equity growth positively impacts firm value.

H7: Firm value is significantly affected by ownership

Ownership determines the effectiveness of corporate governance and strategic decisions. Melinda and Wardhani (2020) explained that ownership structure reflects the commitment of stakeholders to protect the company's long term goals. Wahyu and Pawesti (2006), along with Haryono et al. (2017), confirmed that ownership significantly affects firm value. Ayuba (2019) added that a

company's ability to increase shareholder wealth is closely tied to its ownership dynamics.

RESEARCH METHOD

Using a quantitative and correlational methodology, this study examines the effects of independent factors (asset growth, debt, and equity), moderating variables (strong corporate governance), and intervening variables (ownership) on the dependent variable (firm value). Purposive sampling was used to identify 31 manufacturing businesses that were listed on the Indonesia Stock Exchange between 2019 and 2021 for the study sample. The Partial Least Squares (PLS) approach will be used to evaluate the secondary data gathered for the study.

Variables and Indicators

Table 3. Research Variables and Indicators

Variables		Indicators
Free Variable	Ownership (X1)	Foreign Ownership
		Managerial Ownership
		Earnings Per Share (Eps)
	Total Debt Growth (X2)	Total Debt Growth
	Equity Growth (X3)	Equity Growth
Intervening Variable	Total Asset Growth (Z1)	Total Asset Growth
Dependent Variable	Company Value (Y)	PRICE BOOK VALUE (PBV)
		PRICE EARNINGS RATIO (PER)

Source: Researcher Data Processing (2024)

RESULTS AND DISCUSSION

Result

Hypothesis Test

T-Statistics and P-Values were analyzed in order to evaluate the hypothesis in this study. If the P-Values are less than 0.05, the hypothesis is considered true. The following are the outcomes of the hypothesis test:

Conceptual Framework

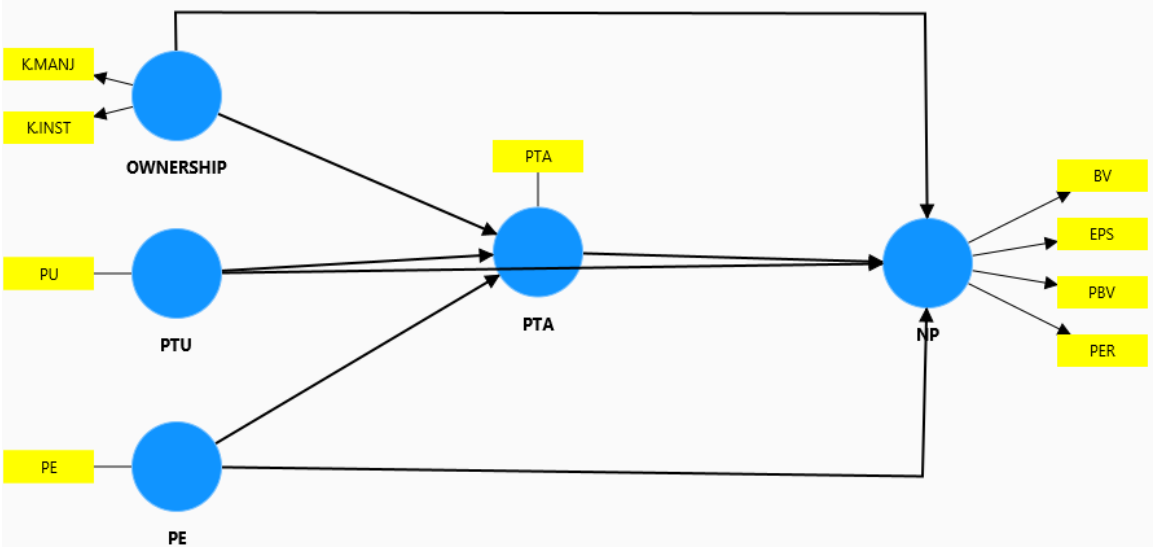

Figure 1. Conceptual Framework
Source: Researcher Data Processing (2024)

Table 4. Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Ownership -> NP	-0.411	-0.351	0.244	1.684	**0.092**
Ownership -> PTA	-0.015	-0.035	0.112	0.133	**0.894**
PE -> NP	-0.030	0.004	0.117	0.255	**0.798**
PE -> PTA	0.213	0.230	0.188	1.132	**0.258**
PTA -> NP	0.518	0.480	0.181	2.857	**0.004**
PTU -> NP	-0.287	-0.282	0.142	2.024	**0.043**
PTU -> PTA	0.617	0.611	0.129	4.794	**0.000**

Source: Data Processed by Researchers (2024)

Discussion

Ownership is not significantly affected by firm value

For the relationship between ownership and firm value, the data shows a path coefficient of -0.411, a T-statistic of 1.684, and a P-value of 0.092. Since the T-statistic is below 1.96 and the P-value exceeds the 0.05 significance threshold, the result is statistically insignificant. Therefore, the hypothesis suggesting that ownership influences firm value is not supported. This implies that the presence of major shareholders or managerial ownership does not significantly impact how the market perceives the company's value. Although the negative coefficient may hint at potential entrenchment effects—where dominant ownership discourages value-enhancing behavior—such an effect is not statistically evident in this study. As a result, ownership structure, in this context, appears to play a limited role in shaping firm value.

Ownership is not significantly affected by asset growth

Regarding the influence of asset growth on ownership, the statistical results show a path coefficient of -0.015, a T-statistic of 0.133, and a P-value of 0.894. These values indicate that the effect is neither statistically significant nor directionally meaningful. Thus, the hypothesis that asset growth affects ownership is rejected. This suggests that even when companies experience asset expansion, existing shareholders, including managerial or institutional holders, do not significantly adjust their ownership positions. One possible explanation is that the method of financing asset growth does not involve changes in equity structure, or that key shareholders already maintain stable control regardless of asset size. Consequently, ownership structure remains unchanged amid fluctuations in asset levels.

Firm value is not significantly affected by equity growth

The data reveals that equity growth has no statistically significant impact on firm value. This is reflected by a negative coefficient of -0.030, a T-statistic of 0.255, and a P-value of 0.798. Since these values do not meet the significance criteria, the hypothesis is rejected. Although equity growth is often associated with strengthened capital structure and increased investor confidence, the findings in this study suggest otherwise. It is possible that new equity was not effectively allocated to growth-generating initiatives, or that the market responded unfavorably to potential dilution caused by new share issuance. As such, equity expansion in this context has not translated into improvements in firm valuation.

Asset growth is not significantly affected by equity growth

The relationship between equity growth and asset growth is shown to be statistically insignificant, with a path coefficient of 0.213, a T-statistic of 1.132, and a P-value of 0.258. While the direction of the relationship is positive, the results indicate that equity growth does not significantly contribute to asset expansion. This may be due to delays in the realization of equity-funded investments or the use of equity for non-asset activities, such as working capital stabilization or debt repayment. Therefore, although equity can theoretically support asset growth, this effect was not confirmed by the empirical data in this study.

Firm value is significantly affected by asset growth

Asset growth has a statistically significant and positive effect on firm value, as evidenced by a coefficient of 0.518, a T-statistic of 2.857, and a P-value of 0.004. These values clearly meet the requirements for statistical significance ($T > 1.96$ and $P < 0.05$), thus supporting the hypothesis. This finding confirms that as companies expand their assets, their capacity to generate future earnings and attract investors also increases. The results align with studies by Husna and Satria (2019), Priliyastuti and Stella (2017), and Sulistyono et al. (2020), which emphasize that asset growth signals positive prospects and enhances investor confidence, ultimately increasing firm value.

Firm value is significantly affected by debt growth

The influence of debt growth on firm value is statistically significant but negative. The analysis shows a coefficient of -0.287, a T-statistic of 2.024, and a P-value of 0.043. Since these values fall within acceptable significance levels, the hypothesis is supported. However, the negative sign indicates that an increase in debt tends to reduce firm value. This may be attributed to growing financial risk, higher interest burdens, and concerns about the company's solvency. These results support findings by Altan and Ferhat (2011), who observed that while debt can enhance earnings potential, excessive reliance may trigger investor concern and lower stock prices. Therefore, a well-balanced capital structure is essential to avoid adverse impacts on valuation.

Asset growth is significantly affected by debt growth

Debt growth is found to have a strong and statistically significant positive effect on asset growth, with a path coefficient of 0.617, a T-statistic of 4.794, and a P-value of 0.000. These values strongly validate the hypothesis. This implies that companies are effectively utilizing debt as a financing mechanism for acquiring new assets and expanding operational capacity. As internal resources are often limited, firms may depend on debt to fund strategic investments. This finding is consistent with Surya and Rahayuningsih (2012), who noted that external funding, especially debt, is commonly used when internal capital is insufficient. Therefore, debt growth plays a crucial role in supporting asset accumulation and company expansion.

CONCLUSION

The following conclusions were drawn from the research findings. Asset growth has a significant and positive effect on firm value, which confirms the importance of investment strategies in increasing a company's market performance. Debt growth also significantly influences firm value, but the effect is negative, suggesting that high levels of debt may raise financial risk and reduce investor confidence. Furthermore, debt growth has a strong and positive impact on asset growth, indicating its dominant role as a financing source for operational and strategic expansion. On the other hand, ownership structure and equity growth do not show significant effects on either firm value or asset growth. This means that changes in share ownership and additional equity financing are not strong determinants of value creation in the observed companies.

This study provides a clear and meaningful novelty by building a fully integrated model that examines investment, financing, and ownership decisions together within one empirical structure. This combined analysis has rarely been addressed in previous research. The novelty is strengthened by applying this model specifically to the post-pandemic manufacturing sector in Indonesia, where financial strategy adjustments are essential. Previous studies have tended to explore these variables separately, while this research offers a unified understanding of how they interact to shape corporate value. The results give practical guidance for companies to prioritize asset management and cautious debt structuring rather than relying on ownership concentration or equity expansion. Future research is encouraged to enrich this model by including internal managerial factors and external economic indicators, or by conducting cross-country comparisons to explore how institutional differences affect financial decision-making.

List of Abbreviation

Environmental, Social, and Governance (ESG), Organization for Economic Co-operation and Development (OECD), Good Corporate Governance (GCG), Debt Equity Ratio (DER), Price Book Value (PBV) and Price Earnings Rasio (PER).

Author's Contribution

The article likely examines how strategic investment decisions likes capital allocation to projects, mergers and acquisitions, R&D investments directly impact the valuation of a corporation.

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