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# Determinants of Firm Value: The Role of Sales Growth, Capital Structure, and Liquidity

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ABSTRACT

The coal mining industry plays a strategic role in Indonesia's economy but is highly exposed to global commodity price volatility, creating uncertainty in firm value. Despite extensive research on firm value determinants, empirical findings remain inconsistent, particularly within volatile extractive industries in emerging markets. This study aims to examine the effects of sales growth, capital structure, and liquidity on firm value in coal mining companies listed on the Indonesia Stock Exchange during the 2020–2024 period. This study adopts a quantitative approach using panel data regression analysis. The sample consists of 27 companies selected through purposive sampling, resulting in 120 firm-year observations after outlier adjustment. Firm value is proxied by Price to Book Value (PBV), while sales growth, capital structure (Debt-to-Equity Ratio), and liquidity (Current Ratio) serve as independent variables. The Fixed Effect Model (FEM) is employed as the most appropriate estimation model. The results indicate that, simultaneously, sales growth, capital structure, and liquidity significantly affect firm value. However, partially, only capital structure shows a positive and statistically significant effect, while sales growth and liquidity are found to be insignificant. These findings suggest that investors place greater emphasis on financing decisions rather than operational growth or short-term financial stability in assessing firm value within a highly volatile industry. This study contributes to the literature by providing sector-specific evidence and refining signaling theory, demonstrating that the effectiveness of financial indicators as signals is context-dependent. The findings offer practical implications for managers, investors, and policymakers in formulating more resilient financial and investment strategies.

## 1. Introduction

The coal industry is one of the strategic sectors that plays an important role in Indonesia's economy, both as an energy supplier and as a source of state revenue. Globally, coal remains a key component of energy systems in developing and emerging economies, despite increasing pressure toward energy transition and decarbonization. In Indonesia, this strategic role is reflected in the coal industry's contribution to the national energy mix and to state revenue through royalties, taxes, and export foreign exchange. However, despite its significant contribution, the coal sector is highly vulnerable to external pressures such as fluctuations in global commodity prices, international market dynamics, geopolitical conditions, regulatory changes, and environmental issues, all of which may affect corporate financial stability and investor confidence (Larizza & Mulyaningtyas, 2025).

These dynamics are evident in the fluctuation of coal prices in recent years. In October 2022, Indonesia's Coal Benchmark Price (HBA) reached a peak of USD 330.97 per ton, driven by geopolitical tensions arising from the Russia–Ukraine conflict, which disrupted

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gas supplies and increased reliance on coal as an alternative energy source. This condition temporarily improved the financial performance of coal companies due to rising export demand and commodity prices. However, such price volatility creates uncertainty regarding the sustainability of corporate performance. By the end of December 2024, coal prices had declined significantly to around US$125 per ton due to oversupply caused by increased production in China that was not matched by demand. This decline weakened corporate financial performance, as reflected in decreasing revenues and net profits.

The decline in operational performance has implications for firm value, particularly in industries that are highly sensitive to policy and market changes. Firm value may decrease when companies face declining performance or increasing uncertainty due to regulatory shifts and government policies. Indonesia's reliance on coal as a primary energy source makes this sector particularly sensitive to national energy policy directions. Any shift toward renewable energy or changes in regulatory frameworks may increase uncertainty for business actors, prompting investors to adopt more cautious behavior. This condition ultimately increases perceived risk and exerts downward pressure on stock prices and firm value.

Firm value is a crucial indicator for investors in assessing a company's sustainability and long-term prospects (Saraswati et al., 2024). It reflects market perceptions of company performance, commonly represented by stock price movements (Anggreni et al., 2025). An increase in firm value is generally associated with rising stock prices and enhanced investor confidence (Wardoyo et al., 2022). From the perspective of signaling theory, companies convey information to external parties to signal their condition and competitive advantages (Barmin & Herlina, 2022). Financial statements serve as the primary medium for delivering such signals, providing insights into company performance and future prospects (Pujiyasari et al., 2025). Positive signals, such as strong financial performance, can enhance investor confidence and ultimately increase firm value (Elisa & Amanah, 2021).

In this context, financial indicators such as sales growth, capital structure, and liquidity are considered important signals for evaluating firm value. Sales growth reflects a company's ability to generate increasing revenue over time and indicates positive performance prospects (Ain et al., 2025; Diannisa et al., 2025; Pratomo & Achmad, 2024). Empirical studies by Hu et al. (2025) and Ghardallou and Alessa (2022) found that sales growth positively affects firm value, whereas Fahlevi et al. (2023) reported no significant effect. Similarly, capital structure, which represents the proportion of debt and equity financing, plays a critical role in determining financial risk and firm value (Erlangga, 2025). High leverage may increase financial risk due to interest obligations. While Sudiyatno et al. (2023) and Doorasamy (2021) found a significant effect of capital structure on firm value, Anandita and Septiani (2023) found no such relationship. Liquidity, which indicates a company's ability to meet short-term obligations, is also an important factor (Abdillah & Ali, 2024). High liquidity is perceived as a positive signal that reduces financial risk and increases investor confidence (Ambri & Damayanthi, 2024). However, empirical findings remain inconsistent, as Alifian and Susilo (2024) and Permata et al. (2025) found a significant effect, whereas Murti and Azizah (2024) did not.

These inconsistencies indicate a gap in the existing literature, particularly in the context of the coal industry, which is characterized by high volatility and regulatory sensitivity. Previous studies have generally examined these variables across broad sectors, with limited focus on specific high-risk industries such as coal. Moreover, the interaction between external uncertainty and internal financial indicators in shaping firm value remains insufficiently explored.

Based on these gaps, the research problem can be formulated as follows: to what extent do sales growth, capital structure, and

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liquidity influence firm value in coal industry companies under conditions of high market volatility and regulatory uncertainty? This problem is specific, measurable, and grounded in both theoretical and empirical inconsistencies identified in prior studies.

Accordingly, this study aims to analyze the effects of sales growth, capital structure, and liquidity on firm value among coal industry companies listed on the Indonesia Stock Exchange during the 2020–2024 period. This objective aligns with the need to provide empirical evidence in a sector-specific context characterized by dynamic external pressures.

This study is expected to contribute both theoretically and practically. Theoretically, it enriches the literature on signaling theory by examining how financial indicators function as signals in a highly volatile and policy-sensitive industry. It also addresses inconsistencies in previous findings by providing sector-specific evidence. Practically, the results of this study can serve as a reference for investors in making more informed investment decisions and for policymakers in understanding the financial dynamics of the coal sector. The novelty of this study lies in its focus on the coal industry within the Indonesian context and its integration of multiple financial indicators to explain firm value under conditions of economic and regulatory uncertainty.

## 2. Literature Review

### 2.1 Conceptual and Theoretical Foundations

#### *2.1.1 Signaling Theory*

Signaling Theory was first introduced by Spence (1973), who argued that companies signal their financial condition and prospects to external parties. In the financial context, signaling theory explains that management can convey information to external parties through actions and decisions that reflect the company's condition and prospects (Brigham & Houston, 2018). Financial statements function as a communication medium to reduce information asymmetry between management and investors. Positive signals, such as improvements in financial performance, can increase investor confidence and firm value, whereas negative signals may reduce market confidence (Elisa & Amanah, 2021). Therefore, signaling theory is relevant to this study because the variables examined represent financial signals that investors use to assess company performance and prospects.

#### *2.1.2 Firm Value*

Firm value is investors' perception of a company's prospects and performance, which is reflected in its stock price (Maharani & Mayangsari, 2022; Ristiani & Sudarsi, 2022). In the capital market, firm value becomes an important indicator because it reflects the market's assessment of a company's stability and potential (Amimakmur et al., 2024; Kumar et al., 2024). Stock prices, formed through the mechanisms of supply and demand, reflect investors' responses to available information about the company's condition (Wayan Diah Nanda Widyantari et al., 2023)

In this study, firm value is measured using Price to Book Value (PBV) because this ratio compares the market price per share with the book value per share, thereby indicating how the market values the company as well as signaling whether the company is undervalued or overvalued (Rachmawati & Suzan, 2024; Sihombing et al., 2025).

#### *2.1.3 Sales Growth*

Sales are the primary source of company revenue derived from its operational activities. Sales Growth is a ratio that indicates the increase in sales from one period to the next (Raflie & Ikhsan, 2024). This ratio reflects a company's ability to improve sales performance and indicates the extent to which its products or services are accepted by the market (Azhar Afiary et al., 2024; Fahlevi et al., 2023). Low or negative sales growth may create an unfavorable perception of the company's performance (Winanty et al., 2025).

#### *2.1.4 Capital Structure*

Capital structure refers to the composition of debt and equity used by a

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company to finance its corporate activities (Erlangga, 2025). The balance between debt and equity is important because a high debt-to-equity ratio may increase financial risk. At the same time, a proportion that is too low may limit the company's financing flexibility (Adamu & Hamidah, 2023).

In this study, capital structure is proxied by the Debt to Equity Ratio (DER), which indicates the extent to which a company relies on debt relative to its own capital. Ramadhani et al. (2025) state that a balance between debt and equity supports operational sustainability. However, excessive debt use may increase financial risk and reduce investor confidence (Adamu & Hamidah, 2023).

#### *2.1.5 Liquidity*

Liquidity is a ratio used to measure a company's ability to meet its short-term obligations (Kasmir, 2019). This ratio is calculated by comparing current assets to current liabilities to assess the company's ability to settle near-term debts without disrupting operations (Nopianti et al., 2023). A high level of liquidity reflects a more secure financial position and can increase investor and creditor confidence (Rahmadani et al., 2024). In this study, liquidity is proxied by the Current Ratio (CR) because this ratio indicates a company's ability to meet its short-term obligations using all of its current assets.

### 2.2 Review of Empirical Studies

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

Sales growth reflects the increase in sales from one period to the next (Pratomo & Achmad, 2024). Based on signaling theory, high sales growth is perceived by investors as a positive signal because it reflects favorable company prospects, potentially increasing stock prices and firm value (Ambri & Damayanthi, 2024; Fajriah et al., 2022). Empirical studies by Ghardallou & Alessa (2022) and Hu et al. (2025) found that sales growth positively affects firm value. However, Fahlevi et al. (2023) found that sales growth does not affect firm value.

#### *2.2.2 The Effect of Capital Structure on Firm Value*

Capital structure reflects the proportions of debt and equity used in a company's financing (Erlangga, 2025). Heavy reliance on debt may increase interest expenses and financial risk, potentially reducing investor confidence and firm value (Susilowati & Mawardi, 2025). Doorasamy (2021) and Sudiyatno et al. (2023) found that capital structure negatively affects firm value. However, Anandita & Septiani (2023) found that capital structure does not affect firm value.

The Effect of Liquidity on Firm Value

Liquidity reflects a company's ability to meet its short-term obligations using current assets (Abdillah & Ali, 2024). Good liquidity conditions contribute to higher firm value because liquid companies are considered better able to meet financial obligations and exploit available investment opportunities. Permata et al. (2025) and Alifian and Susilo (2024) found that liquidity has a positive effect on firm value. However, Murti & Azizah (2024) found that liquidity does not affect firm value.

### 2.3 Identification of Research Gap

Although previous studies have examined the effects of sales growth, capital structure, and liquidity on firm value, the empirical findings remain inconsistent across sectors and research contexts. Some studies report positive relationships, while others find negative or insignificant effects, indicating that the relationship between these financial variables and firm value remains inconclusive and warrants further investigation. Moreover, most prior studies have analyzed these variables separately rather than simultaneously within a single integrated model, resulting in a limited comprehensive understanding of how sales growth, capital structure, and liquidity collectively influence firm value.

### 2.4 Development of the Conceptual Framework

Based on signaling theory, financial indicators such as sales growth, capital

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structure, and liquidity serve as signals that affect investor perceptions and firm value. Sales growth provides a positive signal about the company's prospects, the capital structure reflects financial risk levels, and liquidity indicates the company's short-term financial stability.

Accordingly, this study proposes that sales growth, capital structure, and liquidity affect firm value as measured by Price to Book Value (PBV). Therefore, the conceptual framework is presented below:

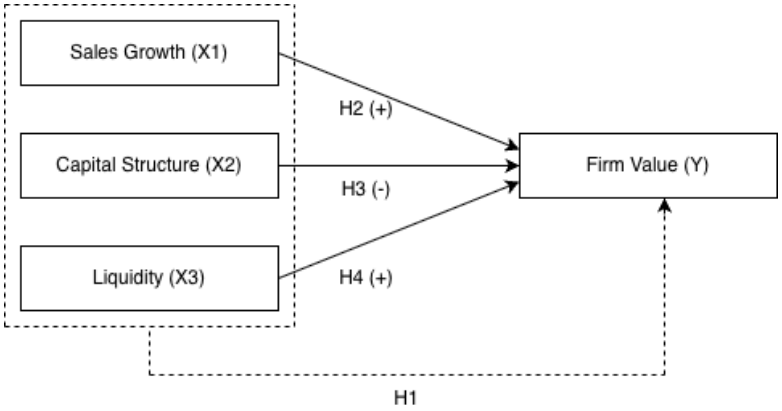


**Fig 1.** Conceptual Framework

### 2.5 Hypotheses Development

Based on the theories and conceptual framework described above, the research hypotheses can be formulated as follows:

$H_1$: Sales growth, capital structure, and liquidity affect firm value.

$H_2$: Sales growth has a positive effect on firm value.

$H_3$: Capital structure negatively affects firm value.

$H_4$: Liquidity has a positive effect on firm value.

## 3. Research Methods

### 3.1 Research Design

This study is quantitative research that aims to analyze the effects of sales growth, capital structure, and liquidity on firm value in coal mining companies listed on the Indonesia Stock Exchange during the 2020-2024 period. The study employs a deductive approach, using secondary data from companies' annual reports and financial statements. The analysis employs panel data, which combines cross-sectional and time-series data, allowing a more comprehensive examination of variations across companies and over time. The research was conducted in a natural setting without the researcher's intervention.

### 3.2 Research Context and Setting

This study focuses on coal mining companies listed on the Indonesia Stock Exchange (IDX) during the 2020-2024 period. The sector was selected because it plays an important role as an energy source and is strongly influenced by commodity price fluctuations that may affect corporate financial performance and firm value.

### 3.3 Population and Sample

The population in this study consists of all coal industry companies listed on the Indonesian Stock Exchange (IDX) during the 2020-2024 period, totaling 46 companies. The sampling technique used is non-probability purposive sampling, which selects samples based on specific considerations and criteria aligned with the research objectives (Sugiyono, 2021). The following is the sample used in this study:

1. Coal industry companies consistently listed on the Indonesia Stock Exchange (IDX) during the 2020-2024 period.
2. Coal industry companies that did not consistently publish annual reports or financial statements during the 2020-2024 period.

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3. Coal industry companies that did not present financial statements with complete components during the 2020-2024 period.

Based on the sample selection criteria, 27 coal industry companies listed on the Indonesia Stock Exchange (IDX) during the 2020-2024 period were selected as the research sample.

### 3.4 Data Sources and Data Collection

This study uses secondary data as the primary data source. The data collection techniques employed are as follows:

1. **Documentation**, which involves collecting relevant documents related to the research variables. The data were obtained from the annual reports and financial statements of the sampled companies.
2. **Literature review**, which involves examining books, previous research journals, and other scholarly articles to obtain theoretical and empirical insights related to firm value as the dependent variable and sales growth, capital structure, and liquidity as the independent variables.

### 3.5 Measurement of Variables and Research Instruments

The measurement of the research variables is presented in Table 1 below.

**Table 1. Measurement of Variables**

| Variable | Formula | Source |
|---|---|---|
| Firm Value (Y) | PBV = Market Price per Share / Book Value per Share | Rachmawati & Suzan (2024) |
| Sales Growth (X1) | SG = (Sales t – Sales t-1)/ Sales t-1 | Pratomo & Achmad (2024) |
| Capital Structure (X2) | DER = Total Debt/ Total Equity | Kasmir (2019) |
| Liquidity (X3) | CR = Current Assets/ Current Liabilities | Ferdila et al. (2023) |

### 3.6 Data Analysis Techniques

This study employs panel data regression analysis to examine the effects of sales growth, capital structure, and liquidity on firm value. Panel data combine cross-sectional and time-series observations, allowing analysis across companies and over time. The analysis was conducted using EViews software version 13.

Model selection was performed using the Chow test and Hausman test to determine the most appropriate model among the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The regression model is expressed as follows:

$$\boldsymbol{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e}$$

Where $\alpha$ represents the constant, $\beta$ represents the regression coefficient, $X_1$ represents sales growth, $X_2$ represents capital structure, and $X_3$ represents liquidity, and $Y$ represents firm value. Meanwhile $e$ represents the error term.

The coefficient of determination ($R^2$) is used to assess the explanatory power of the independent variables. Hypothesis testing was conducted using the t-test (partial test) and F-test (simultaneous test) at a 5% significance level. To ensure the robustness of the results, outlier detection was conducted using e.g., z-score / winsorization / boxplot approach]. After removing extreme values, the final dataset used in the regression analysis consisted of 120 firm-year observations out of the initial 135 observations.

### 3.7 Validity, Reliability, and Trustworthiness

The classical assumption test is conducted to ensure that the regression model is free from problems such as normality, multicollinearity, heteroscedasticity, and

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autocorrelation, thereby ensuring that the estimation results are appropriate for use (Ghozali, 2018). However, in panel data regression, not all classical assumption tests are required. According to Basuki (2021), the normality test is not a primary requirement and the autocorrelation test is generally not relevant, as panel data more closely resemble cross-sectional characteristics. The following diagnostic tests were applied:

- Multicollinearity Test: measured using Variance Inflation Factor
- Heteroscedasticity Test: performed using the Breusch-Pagan-Godfrey test

### 3.8 Ethical Considerations

This study uses secondary data obtained from publicly available annual reports and financial statements of companies listed on the Indonesia Stock Exchange. Since the data are publicly accessible and do not involve human participants, issues related to informed consent and confidentiality are not applicable. All data were collected and analyzed objectively without manipulation, ensuring compliance with academic integrity and ethical research standards.

### 3.9 Research Procedure

The research procedure began by identifying issues related to firm value in coal mining companies during the 2020-2024 period. Relevant literature and prior studies were reviewed to develop the theoretical framework and formulate the research hypotheses.

Subsequently, secondary data were collected from the annual reports and financial statements of coal mining companies listed on the Indonesian Stock Exchange. The data were analyzed using descriptive statistics and panel-data regression, and the results were interpreted to determine the effects of the independent variables on firm value.

### 3.10 Methodological Limitations

This study has several methodological limitations. First, it relies solely on secondary financial data, which may not capture qualitative factors affecting firm value. Second, the analysis is limited to selected financial variables, excluding other potential determinants such as macroeconomic or governance factors. Third, the observation period is restricted to 2020-2024, which may not fully represent long-term industry trends.

These limitations should be considered when interpreting the findings and provide opportunities for future research.

## 4. Results and Discussion

### 4.1 Research Results

#### *4.1.1 Sample Description and Descriptive Statistical Analysis*

This study uses a sample of 120 observations collected during the period 2020–2024, after excluding outliers to improve data quality and ensure more reliable estimation results. The descriptive statistical analysis is presented in Table 1.

**Table 1. Results of the Descriptive Statistical Analysis**

| Description | Firm Value (Y) | Sales growth (X1) | Capital Structure (X2) | Liquidity (X3) |
|---|---|---|---|---|
| Mean | 1.610448 | 0,205528 | 1,162594 | 2,422763 |
| Maximum | 7.069324 | 1,751156 | 11,78805 | 12,98292 |
| Minimum | 0.356420 | -0,736447 | 0,050454 | 0,200761 |
| Std. Dev. | 2.009780 | 0,522665 | 1,759351 | 2,264106 |
| Observations | 120 | 120 | 120 | 120 |

*Source: EViews 13 Output, 2026*

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The sample consists of 120 observations collected during the 2020-2024 period. The variables of firm value (PBV), sales growth, and capital structure (DER) have mean values lower than their respective standard deviations, indicating that the data are not clustered. Meanwhile, the liquidity variable (CR) has a mean greater than its standard deviation, indicating that the data are clustered or less variable.

### *4.1.2 Data Quality and Preliminary Analysis*

**Classical Assumption Tests**

The results of the classical assumption test are presented in Table 2 below.

**Table 2. Results of the Classical Assumption Test**

| Test Type | Criteria | Result | Conclusion |
|---|---|---|---|
| Multicollinearity Test | Variance Inflation Factor (VIF) < 10 | SG = 1.021921<br>DER = 1.133221<br>CR = 1.150384 | No Multicollinearity |
| Heteroscedasticity Test | Prob. Chi-Square > 0.05 | Prob. Chi Square = 0.4406 | No Heteroscedasticity |

*Source: EViews 13 Output, 2026*

The regression model met all classical assumptions, indicating it is valid for further analysis.

### 4.1.3 *Regression Selection Test*

The results of the regression selection test are presented in Table 3 below.

**Table 3. Results of the Regression Selection Test**

| Test Type | Criteria | Probability Value | Conclusion |
|---|---|---|---|
| Chow Test | If Prob < 0.05 → Fixed Effect Model<br>If Prob > 0.05 → Common Effect Model | 0.0000 | Fixed Effect Model |
| Hausman Test | If Prob < 0.05 → Fixed Effect Model<br>If Prob > 0.05 → Random Effect Model | 0.0185 | Fixed Effect Model |

*Source: EViews 13 Output, 2026*

Based on the Chow and Hausman test results, both probability values are below 0.05, indicating that the Fixed Effect Model is the most appropriate model for this study and is suitable for further analysis.

### *4.1.4 Main Analytical Results*

The results of the panel data regression test are presented in Table 4 below.

**Table 4. Results of the Panel Data Regression Test**

| Test Type | Criteria | Result | Conclusion |
|---|---|---|---|
| Regression Equation | - | Y = 1,336254 − 0,187725 SG + 0,261715 DER + 0,003512 CR + e | - |
| t-Test (Partial Test) | Sig. < 0,05 | SG = 0.3326<br>DER = 0.0313<br>CR = 0.9551 | DER significant; SG and CR not significant |
| F-Test (Simultaneous Test) | Sig. < 0.05 | 0.000000 | Significant simultaneous effect |
| Determination Coefficient ($R^2$) | $0 \leq R^2 \leq 1$ | 0.468526 | SG, CS and CR explain 46% of Firm Value |

*Source: EViews 13 Output, 2026*

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The regression results show that capital structure has a statistically significant effect on firm value, while sales growth and liquidity do not show significant effects.

Key Interpretation:

1. t-Test (Partial Test):
   - Sales growth does not have a significant effect on firm value (p = 0.3326).
   - Capital structure has a positive and significant effect on firm value (p = 0.0313).
   - Liquidity does not have a significant effect on firm value (p = 0.9551).
2. F-Test (Simultaneous Test):
   - The model is significant (p = 0.000000 < 0.05).
   - Sales growth, capital structure, and liquidity simultaneously affect firm value.
3. Coefficient of Determination ($R^2$)
   - The model explains 46% of the variation in firm value.
   - The remaining 54% is explained by other variables outside the model.

#### *4.1.5 Hypothesis Testing Results / Key Findings*

Based on the results of the partial t-test, the findings are summarized as follows:

a. Sales growth, capital structure, and liquidity simultaneously affect firm value. Therefore, the first hypothesis is supported.
b. Sales growth does not have a significant effect on firm value. Therefore, the second hypothesis is not supported.
c. Capital structure has a significant positive effect on firm value, contradicting the proposed negative hypothesis. Therefore, the third hypothesis is not supported.
d. Liquidity does not have a significant effect on firm value. Therefore, the fourth hypothesis is not supported.

#### *4.1.6 Visual Presentation of Results*

All results are presented in Tables 1–4 to enhance clarity and readability. Each table provides a structured summary of the statistical findings and is explicitly referenced in the corresponding sections to guide the interpretation of the results.

### 4.2 Research Discussion

#### *4.2.1 Interpretation of Key Findings*

The findings reveal that sales growth does not significantly influence firm value in coal mining companies during the 2020-2024 period. This suggests that investors do not automatically interpret an increase in sales as an indicator of higher firm value. In the coal mining industry, revenue growth may be strongly influenced by commodity price fluctuations rather than sustainable operational performance. Therefore, investors may perceive sales growth as temporary or externally driven rather than as a reflection of internal efficiency or long-term profitability.

Similarly, liquidity does not significantly affect firm value. Although liquidity reflects a company's ability to meet short-term obligations, investors may prioritize long-term profitability and growth prospects over short-term financial stability. High liquidity may even signal inefficient asset utilization if excess current assets are not invested productively.

In contrast, capital structure has a significant positive effect on firm value, even though the initial hypothesis proposed a negative relationship. This suggests that the market may interpret debt use as a signal of managerial confidence and an expansion strategy, especially when debt levels remain within manageable limits. In capital-intensive industries such as coal mining, debt financing is often necessary to support large-scale operations, making it a strategic rather than a risky decision.

#### *2.2.2 Comparison With Previous Studies*

The finding that sales growth does not significantly affect firm value is consistent with Fahlevi et al. (2023), which also found that revenue growth alone is insufficient to increase firm value. However, this result differs from Hu et al. (2025), who reported a significant positive relationship between sales growth and firm value. The difference may be explained by

variations in industry characteristics, economic conditions, and the observation period used in each study. In commodity-based industries such as coal mining, sales performance is often influenced by external price fluctuations rather than internal operational improvements, thereby weakening their impact on firm value.

The positive relationship between capital structure and firm value aligns with Haerunnisah et al. (2025), who suggest that optimal debt utilization can enhance investor confidence. In contrast, Anandita and Septiani (2023) found no significant relationship, possibly due to differences in leverage levels or sample characteristics.

Similarly, the result that liquidity does not influence firm value supports the findings of Murti and Azizah (2024). However, it contradicts Mulya Ningrum and Ulfa (2024), suggesting that liquidity effects may vary across industrial contexts and investor priorities.

### *2.2.3 Theoretical Contributions*

This study refines signaling theory by demonstrating that not all financial indicators are interpreted equally by investors. While signaling theory suggests that financial performance indicators convey information about firm prospects, the findings show that the strength of such signals varies across variables and industries. In this context, capital structure functions as a more credible signal than sales growth or liquidity. This suggests that investors in capital-intensive industries may place greater emphasis on strategic financing decisions rather than short-term operational indicators.

### *2.2.4 Practical and Policy Implications*

For managers, the results imply that improving sales volume alone may not enhance firm value unless accompanied by profitability and operational efficiency. Strategic debt management is crucial, as investors may interpret well-managed leverage as a sign of growth orientation. For investors, evaluating the structure and sustainability of corporate debt may provide better insight into a firm's prospects than relying solely on sales or liquidity ratios. For policymakers, maintaining regulatory stability in the mining sector is important to ensure that financing decisions can effectively support sustainable industry growth.

### *2.2.5 Integration with the Research Gap*

Previous studies examining the determinants of firm value across various industries have produced inconsistent findings, particularly regarding the roles of sales growth, capital structure, and liquidity. Rather than increasing inconsistency, the findings of this study suggest that the relationship between financial indicators and firm value is highly dependent on industry characteristics and economic conditions.

By focusing specifically on coal mining companies during the 2020-2024 period, this study provides updated empirical evidence within the context of a commodity-based industry. The results indicate that financial indicators may operate differently across industries, thereby clarifying the previously identified research gap concerning industry-specific dynamics.

### *2.2.6 Acknowledgement of Study Limitations*

Despite these contributions, the findings are limited to selected financial variables and a specific industry context. The interpretation of results should therefore consider that other factors, such as macroeconomic conditions or corporate governance practices, were not included in the model and may also influence firm value.

## 5. Conclusion

Based on the results discussed in Chapter 4, this study concludes that sales growth and liquidity do not significantly affect firm value. At the same time, capital structure has a positive and significant effect, although the direction differs from the initial hypothesis. These findings indicate that financing decisions play a more important role in determining firm value than sales performance or short-term liquidity in coal mining companies during the 2020-2024

period. Overall, this study has achieved its objective of examining the determinants of firm value and provides implications for financial management decisions as well as directions for future research.

### 5.1 Summary of Key Findings

This study examined the effect of sales growth, capital structure, and liquidity on firm value in coal mining companies during 2020-2024. The findings show that capital structure has a significant positive effect on firm value, whereas sales growth and liquidity do not. These results indicate that financing decisions are more influential than sales performance or short-term liquidity.

### 5.2 Theoretical Contributions

This study contributes to signaling theory by showing that not all financial indicators serve as effective signals of firm value. The results indicate that sales growth and liquidity do not significantly influence firm value, suggesting that these indicators are not always reliable signals of future performance. In contrast, the positive effect of capital structure implies that well-managed debt can be perceived as a favorable signal, emphasizing that the effectiveness of financial signals is context- and industry-specific.

### 5.3 Practical and Policy Implications

The findings provide implications for managers, investors, and policymakers. For management, increasing sales and liquidity alone is insufficient to enhance firm value, greater emphasis should be placed on optimizing capital structure and managing debt prudently.

For investors, capital structure and financial stability should be key considerations in investment decisions. For policymakers, regulatory stability in the mining sector is essential to support market confidence and sustainable firm value growth.

### 5.4 Limitations of the Study

This study has several limitations, including:

1. The study only examines sales growth, capital structure, and liquidity as determinants of firm value. Other relevant factors, such as profitability, firm size, or macroeconomic conditions, were not included, thereby limiting the interpretation of the results to the selected variables.
2. The observation period is restricted to 2020-2024. This timeframe may not fully capture long-term industry cycles or broader economic changes.
3. The focus on the coal mining sector limits the broader applicability of the results, as the industry's characteristics may differ from those of other sectors.

### 5.5 Directions for Future Research

Given these limitations, future research is recommended to incorporate additional variables that may influence firm value to enhance the model's explanatory power. Extending the observation period would also allow researchers to capture long-term industry and economic dynamics better. Furthermore, future studies may examine firms from different industries to assess whether the relationships among sales growth, capital structure, liquidity, and firm value remain consistent across sectors. Such efforts would strengthen the robustness and generalizability of future findings.

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