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The influence of return on assets and return on equity on company value asset

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ABSTRACT

This study aims to analyze the effect of Return on Assets and Return on Equity on firm value in automotive sector issuers listed on the Indonesia Stock Exchange during the 2020–2024 period. Profitability is viewed as a fundamental factor influencing market valuation and investor confidence, particularly in the automotive sector, which experienced significant pressure during the COVID-19 pandemic and the challenges of post-pandemic economic recovery. The research method employed a quantitative approach using secondary data in the form of financial reports and annual stock prices. The sample was determined through purposive sampling of automotive companies consistently listed on the IDX throughout the study period. Firm value was measured by the Price-to-Book Value (PBV) ratio, while the independent variables were ROA and ROE. Data analysis was performed using multiple linear regression with the classical assumption test to ensure model sphericity.The results of the hypothesis testing indicate that ROA and ROE simultaneously have a significant effect on firm value ($p < 0.05$). Partially, ROA has a positive and significant effect, indicating that efficient asset utilization directly increases firm value. Meanwhile, ROE also had a positive effect, but with a lower level of significance, indicating that return on equity also supports increased firm value, although it does not influence ROA.

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INTRODUCTION

The automotive industry is a crucial sector in the Indonesian economy due to its contribution to Gross Domestic Product (GDP) growth, job creation, and export competitiveness. During the Covid-19 pandemic (2020–2021), this sector faced significant challenges in the form of declining vehicle sales, supply chain disruptions, and declining purchasing power. However, since entering the recovery period (2022–2024), the automotive industry has begun to show performance recovery through increased vehicle production and sales, technological innovation, and government incentive policies such as the relaxation of the Luxury Goods Sales Tax (PPnBM). Company profitability, as reflected in the Return on Assets (ROA) and Return on Equity (ROE) ratios, is an important factor influencing company value. Company value itself reflects investors' perceptions of the company's performance and future prospects, as measured by the Price to Book Value (PBV) ratio. Although

many previous studies have examined the relationship between profitability and company value across various sectors, the results are often inconsistent. Some studies show that ROA and ROE have a significant positive effect on company value, while others find a partial or insignificant effect.

The research gap arises because most previous studies used data before the Covid-19 pandemic, thus not yet describing the impact and recovery of the automotive industry post-pandemic. They have not comprehensively compared the contribution of ROA and ROE to company value in the 2020–2024 period, which includes the crisis and recovery phases. There is a lack of studies that specifically focus on automotive sector issuers on the IDX, which have different financial characteristics compared to other sectors. This study was conducted to fill this gap by analyzing the effect of ROA and ROE on company value in automotive sector issuers during the 2020–2024 period. Does Return on Assets (ROA) have a significant effect on company value in automotive sector issuers on the IDX during the 2020–2024 period? Does Return on Equity (ROE) have a significant effect on company value in automotive sector issuers on the IDX during the 2020–2024 period? Do ROA and ROE simultaneously affect company value in automotive sector issuers on the IDX during the 2020–2024 period? To determine the partial effect of ROA on company value in the automotive sector. To determine the partial effect of ROE on the value of automotive sector companies. To analyze the simultaneous effect of ROA and ROE on the value of automotive sector companies in the post-pandemic recovery period. Thus, this study is expected to provide scientific contributions by updating empirical evidence on the relationship between profitability and company value in the automotive sector, as well as providing practical insights for company management and investors in making strategic decisions in the post-pandemic era.

In today's era of globalization, the business world is advancing at an increasingly rapid pace. In this globalized business environment, companies are striving hard to maintain operational sustainability and achieve optimal profit levels. At the Indonesia Stock Exchange (IDX), there are many businesses from various sub-sectors, including the Indonesian automotive industry(Chen & Yue, 2022). This industry is one of the sectors that contributes to the production of vehicles as a means of transportation that meets the needs of the general public. Currently, the automotive industry continues to evolve to meet the high demand from consumers(Conference et al., 2023). With the ongoing growth of the automotive industry in Indonesia, it is expected to make a significant contribution to the national economy, both now and in the future. The capital market is crucial for Indonesia's economy, as it serves two primary purposes providing funding for businesses and enabling companies to secure capital from investors(Zhang & Bi, 2023).

The automotive industry is one of the leading industries in Indonesia. The automotive world has been growing rapidly year after year. This is supported by the fact that vehicles are no longer a luxury item, but rather a necessity for daily activities or even a lifestyle choice for many people(Anggraeni et al., 2023). Therefore, the automotive industry is highly competitive in securing a broad market share. As a result, business challenges and risks are inherent in every strategic decision a company makes, and these must be addressed and minimized to ensure the company can sustain its market position. Given its crucial role, the automotive industry attracting attention. This is due to the increasingly competitive business world, which requires companies to be able to compete and adapt in order to avoid bankruptcy and excel in competition . The success of a company in increasing its value is influenced by various factors, one of which is the level of profitability. The level of profitability also determines the value of a company. Profitability is the ability of a business to generate income from its operations, whether it be total assets or capital alone. Investors will observe how a business with strong profitability can generate profits from investments and sales, and a business with strong operational efficiency can increase its value (Hoi Hin & Liu, 2023).

The company has a long-term goal of optimizing its value. Company value can reflect the prospects for future business performance. For investors, this value serves as a basis for assessing the overall performance and potential of a business. Company value encompasses various important pieces of information that the public can use to estimate the price of a business. This makes investors

willing to pay a share price that exceeds the company's book value. There are other ways to determine company value, but the most commonly used is the Price to Book Value (PBV) ratio(Sunzenauer, 2024). PBV is used to determine the value of a company and to inform some large investors about the value of shares based on book value to determine whether a company's share price is overvalued or undervalued (*EIKV - Schriftenreihe Zum Wissens - Und Wertemanagement ESG in Private Equity and Other Alternative Asset Classes : What the Industry Has Accomplished so Far Regarding Jens Hoellermann*, 2020).

According to (Hery, 2017), company value shows how well a company is performing financially and its future prospects from an investor's perspective, which is usually reflected in the share price on the market. According to (Agustina et al., 2024). Firm Value reflects the success of management in managing resources to generate profits and serves as a consideration for investors. According to (Agustina et al., 2024). Company Value is how much the company is valued by the market, usually indicated by an increase in stock prices. According to (Romadon & Winarti, 2022), company value shows the potential that is attractive to investors because it is able to provide profits and welfare for shareholders. According to (Eka Puspita Sari & Ferry Santoso, 2024). company value reflects a company's performance through the profits it generates and investor confidence in its management. Therefore, the authors conclude that the concept of corporate value reflects financial performance, growth potential, and investor confidence, as reflected in stock prices in the market.

According to (A. K. Sari & Elizabeth, 2024), several relevant functions of company value are as follows. Increasing share prices, high company value indicates a positive market perception, which is usually followed by an increase in share prices. Increasing shareholder prosperity, as an increase in stock prices directly impacts the wealth or well-being of shareholders. Serving as a benchmark for managerial performance, corporate value is used as an indicator of their success in efficiently managing the company's resources. Driving overall company performance improvement, companies focused on value enhancement will be more motivated to improve productivity, operational efficiency, and Innovation. Reinforcing the company's market share for its products, the achievement of high value reflects that the company's products are well received in the market and have strong competitiveness. Helping to project future profits, the company's value can be used as a basis for estimating future profit potential, which is important in planning and strategic decision-making. Thus, the author can conclude that the function of company value is as a market indicator, to assess management success, and to reflect the competitiveness and performance of the company, which influences the increase in share prices and shareholder satisfaction(F. D. S. Sari & Nasution, 2024).

The relationship between these factors and company value can be explained as follows. Financing decisions are decisions regarding the mix of funding sources (debt and equity) used by the company. This composition affects the value and cost of capital of the company. Dividend Policy is a dividend that reflects the company's performance. The larger the dividend distributed, the better the investor's view, so that the share price increases. Investment decisions are decisions that may involve investing funds in short-term and long-term assets to support operations and increase the company's value. Capital structure refers to a company that uses more of its own capital than debt, indicating stability, thereby increasing investor confidence and increase the value of the company. Profit growth is a sign of efficiency and good prospects(Indrawan & Kaniawati Dewi, 2020). This increases earnings per share and the attractiveness of shares in the eyes of investors. Company size: the larger the total assets, the greater the opportunity to compete and attract investors because it is considered more capable of conducting business activities (Nurapiah et al., 2024). Thus, the author can conclude that factors such as funding decisions, dividend policies, capital structure, profit growth, and company size, in addition to these factors, also include worker productivity, efficiency, and investor sentiment related to company growth in total value(Grinspoon et al., 2023).

According to Return on Assets (ROA) is a ratio used to assess the level of efficiency in the use of company assets in generating profits. Success is measured by the ability to generate profits

and pay obligations using available assets. According to Return on Assets (ROA), often referred to as economic profitability, indicates the extent to which a business generates profits from all its assets. According to Return on Assets (ROA) is an indicator that shows how different businesses use their assets to generate profits. According to (Laiìlatus Sa'adah et al., 2024), Return on Assets (ROA) is a tool for assessing the effectiveness of a company in managing the funds it has invested to generate profits. According to Return on Assets (ROA) is the efficiency of a company in maximizing the use of all assets to achieve operational effectiveness. Therefore, the author concludes that Return on Assets (ROA) is a financial ratio used to assess how well a company manages and utilizes all of its assets efficiently to achieve profits (Arrigo, 2021).

According to one of the purposes of Return on Assets (ROA) is to measure the overall utilization of assets. Return on Assets is used to observe how optimally a company's assets are managed to generate profits. By looking at the performance of competing companies in the industry, ROA helps companies determine whether their performance is on par with or even better than other companies in the same field. By reviewing the profitability of each business unit, companies can use Return on Assets to identify the divisions or products that generate the most profit. As a managerial consideration, data from Return on Assets supports management in making strategic decisions such as cost efficiency or expansion plans(Eka Puspita Sari & Ferry Santoso, 2024).

Thus, the author can conclude that the purpose of Return on Assets (ROA) is to evaluate how efficiently a company utilizes its assets to generate profits. In addition, ROA also serves as a basis for managerial decision-making. According to (Harahap, 2018), the benefits of Return on Assets (ROA) are as follows. Assessing the ability to generate profits, Return on Assets is used to evaluate whether a company is able to maximize its assets to generate profits and achieve an optimal level of profitability. Reflecting operational efficiency, the Return on Assets ratio is an important indicator in assessing how efficiently a company operates its activities using available capital and assets(Kusjono & Aryanti, 2021).

By showing the financial condition of a company, Return on Assets helps provide an overview of the company's financial strength based on how well its assets are utilized. Return on Assets can help investors understand how effectively a company converts its assets into profits, making it easier to consider investments. Therefore, the author can conclude that the benefit of Return on Assets (ROA) is to assess a company's ability to utilize its assets in generating profits(Nair & Prajapati, 2025).

Several factors can influence a company's Return on Assets (ROA), including the Current Ratio, which measures how well a company can pay its debts with available funds. Total Asset Turnover, which reflects how intensively a company utilizes all of its assets to generate sales. Net Profit Margin, which shows several business efficiency ratios based on the total amount of money received from sales. Sales growth is related to the increase in revenue generated from the company's sales activities over a certain period. Company size reflects whether the business entity is large or small, measured based on the total assets owned . Thus, the author can conclude that the factors influencing Return on Assets (ROA) include Current Ratio, Total Asset Turnover, Net Profit Margin, profit growth, and company size. Overall, these factors determine operational efficiency and the company's ability to use assets to generate profits (Economics & Spiering, 2023).

According to Return on Equity (ROE) is an indicator that shows some significant profits that a company may obtain from the use of capital. According to (Brigham, E. F., & Houston, 2016), Return on Equity (ROE) is used to evaluate the viability of investments made by investors to generate profits for the company. According to (Nugroho & Montaris Siìlaen, Ariìsman Parhusiìp, 2024), Return on Equity (ROE) is a ratio used to determine how well a business uses the money that has been invested. According to Return on Equity (ROE) reflects the level of efficiency of a company in carrying out operational investments, based on the effectiveness of a number of factors and business capabilities. According to Return on Equity (ROE) is a ratio used to evaluate a company's performance, particularly when assessing the growth of investments made by stock investors. Thus,

the author can conclude that the concept of Return on Equity (ROE) is a ratio used to determine the effective use of capital that generates profits(et al., 2018).

Based on the opinion the purpose of Return on Equity (ROE) is, among other things, to measure the efficiency of capital itself. Return on Equity serves as a measure of how well capital owners use it to generate profits. It shows shareholders the level of capital investment that has a negative long-term impact on owners' profits. To assess investor appeal, Return on Equity is used to assess a company's potential to generate profits from its equity. To evaluate financial performance, Return on Equity helps management assess the effectiveness of capital management in the long term. Thus, the author concludes that the purpose of Return on Equity is to assess the efficiency of capital utilization in generating profits and to evaluate the company's financial performance(Bian et al., 2023).

According to Return on Equity plays an influential role in assessing the financial condition and performance of a company. The benefits of Return on Equity (ROE) include the following. Assessing efficiency in the use of equity, Return on Equity illustrates a company's effectiveness in utilizing internal capital to generate net profit. Reflecting financial health, a high Return on Equity indicates a company's stable financial condition and reduced reliance on debt. Serving as a benchmark for investors, Return on Equity is used by investors to evaluate how attractive a company is as an investment vehicle by considering its future earning potential. Supporting decision-making, Return on Equity helps management and shareholders in formulating financial strategies and investment decisions. Thus, the author can conclude that the benefits of Return on Equity are to evaluate the effectiveness of equity usage in generating profits and to assist in financial decision-making(Neuenroth & Zureck, n.d.).

According to there are several important elements that can influence the level of Return on Equity (ROE), namely as follows. Net profit is the primary factor influencing the return on equity ratio. The higher the profit generated, the higher the return on equity ratio. Equity (Shareholders' Equity) serves as the basis for calculating the Return on Equity ratio. If the capital is too large but is not balanced with sufficient profits, then ROE can decrease. Dividend policy is a factor that influences Return on Equity, because dividend distribution can reduce retained earnings and impact total equity. Thus, the author can conclude that the factors that influence Return on Equity (ROE) are net profit, equity, and dividend policy. All three clearly indicate the level of equity that benefits stock investors(Priem & Gabellone, 2024).

RESEARCH METHOD

This study uses a quantitative approach with a causality method to analyze the effect of Return on Assets (ROA) and Return on Equity (ROE) on company value in automotive sector issuers listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. Population All automotive sector companies listed on the IDX. Sample Selected using a purposive sampling method with criteria. Automotive companies that are consistently listed on the IDX during the 2020–2024 period. Have complete and published annual financial reports. Have stock price data available for Price to Book Value (PBV) calculations. Research Variables and Operationalization Dependent Variable Company value (PBV = Stock Price / Book Value Per Share). Independent Variable ROA = Net Profit / Total Assets ROE = Net Profit / Equity Data is taken from annual financial reports and market data published by the IDX. Data analysis was performed using multiple linear regression with the following model $PBVit=\alpha+\beta1ROAit+\beta2ROEit+\varepsilon it$.

Where PBVit = value of company i in year t, ROAit = return on assets of company i in year t, ROEit = return on equity of company i in year t, εit = error term Classical Assumption Test Before conducting the regression analysis, a series of classical assumption tests were conducted to ensure the validity of the model Normality Test Using the Jarque-Bera test on the residuals to verify whether the data distribution is close to normal. Multicollinearity Test: Using the Variance Inflation Factor

(VIF) value; a VIF > 10 indicates multicollinearity. Heteroscedasticity Test: Using the Breusch-Pagan-Godfrey test to detect non-constant residual variance.

Autocorrelation Test: Using the Durbin-Watson (DW) statistic; a value close to 2 indicates the absence of autocorrelation. The regression model is considered valid if it meets the classical assumptions. If violations are found, remedial measures such as data transformation or the use of robust standard errors will be taken. Multiple linear regression was chosen because this study involves two independent variables (ROA and ROE) that are suspected of simultaneously influencing company value. This method allows quantitative testing of partial and simultaneous effects, while also controlling the effect of each variable on the dependent variable. EViews 12 software was used because it supports comprehensive econometric analysis, including: multiple linear regression calculations, automatic testing of classical assumptions, descriptive and inferential statistical analysis, and the ability to accurately manage panel and time series data. The use of EViews 12 ensures efficient, accurate, and replicable data processing in academic research.

This research method is quantitative research, which is research aimed at examining cause-and-effect relationships based on observations of the effects that occur and searching for the factors that cause them through the data collected. In this research, the basic approach is to start with the differences between two groups and then look for factors that may be the cause or effect of these differences. In this case, there is a comparison between two or more variables. The purpose of this research is to determine the relationship between two or more variables. This study examines Return on Assets (ROA) and Return on Equity (ROE) as independent variables that influence the value of a company as a dependent variable that is the focus of analysis. According to (Yamin Antt Zaw, 2022). the population is a group of people with certain characteristics and traits selected by researchers as the main focus of the study and then analyzed based on the results. The population of this study includes all automotive sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020-2024, totaling 16 companies as shown in the table below:

Table 1. List of Automotive Companies Listed on the Indonesia Stock Exchange for the Period 2020-2024

No	Issuer Code	Company Name
1	ASII	PT Astra Internasional Tbk
2	AUTO	PT Astra Otoparts Tbk
3	BOLT	PT Garuda Metalindo Tbk
4	BRAM	PT Indo Kordsa Tbk
5	CARS	PT Bintraco Dharma Tbk
6	GDYR	PT Goodyear Indonesia Tbk
7	GJTL	PT Gajah Tunggal Tbk
8	HOPE	PT Harapan Duta Pertiwi Tbk
9	IMAS	PT Indomobil Sukses Internasional Tbk
10	INDS	PT Indospring Tbk
11	LPIN	PT Multi Prima Sejahtera Tbk
12	MASA	PT Multistrada Arah Sarana Tbk
13	MPMX	PT Mitra Pinasthika Mustika Tbk
14	NiPS	PT Nipress Tbk
15	PRAS	PT Prima Alloy Steel Universal Tbk
16	SMSM	PT Selamat Sempurna Tbk

According to a sample is an element of a population that has specific characteristics and is selected because it is considered representative, considering that it is impossible to study the entire population as a whole. The sample in this study consists of automotive companies in 2020-2024 that were analyzed using specific criteria and purposive sampling. The samples that meet these criteria are as follows. Automotive companies listed on the Indonesia Stock Exchange (IDX) during the period 2020-2024. Automotive companies that have complete annual financial report data on the

Indonesia Stock Exchange (IDX) for the period 2020-2024. Automotive companies that do not have negative ratios during the 2020-2024 period (Tarvainen, 2021).

Table 2. Sample Criteria

No	Issuer Code	Company Name	Criteria		
			1	2	3
1	ASII	PT Astra Internasional Tbk	✓	✓	✓
2	AUTO	PT Astra Otoparts Tbk	✓	✓	✓
3	BOLT	PT Garuda Metalindo Tbk	✓	✓	✓
4	BRAM	PT Indo Kordsa Tbk	✓	✓	×
5	CARS	PT Bintraco Dharma Tbk	✓	✓	×
6	GDYR	PT Goodyear Indonesia Tbk	✓	✓	×
7	GJTL	PT Gajah Tunggal Tbk	✓	✓	×
8	HOPE	PT Harapan Duta Pertiwi Tbk	✓	✓	×
9	IMAS	PT Indomobil Sukses Internasional Tbk	✓	✓	×
10	INDS	PT Indospring Tbk	✓	✓	×
11	LPIN	PT Multi Prima Sejahtera Tbk	✓	✓	✓
12	MASA	PT Multistrada Arah Sarana Tbk	✓	✓	×
13	MPMX	PT Mitra Pinasthika Mustika Tbk	✓	✓	✓
14	NIPS	PT Nipress Tbk	✓	✓	×
15	PRAS	PT Prima Alloy Steel Universal Tbk	✓	✓	×
16	SMSM	PT Selamat Sempurna Tbk	✓	✓	✓

Based on Table 2 above, which outlines the criteria for sample selection, it can be concluded that there are 16 companies in the automotive sector that constitute the research population. Samples were then taken from these companies based on the predetermined criteria. The reduction of the research population was carried out by selecting the population using the criteria that had been previously established. After selection based on the research criteria, 6 companies were found to meet the requirements and were used as the research sample, as listed in the table below(Robin & Lam, 2025).

Table 3. List of Sample Companies Issuers in the Automotive Sector Listed on the Indonesia Stock Exchange (IDX)

No	Issuer Code	Company Name
1	ASII	PT Astra Internasional Tbk
2	AUTO	PT Astra Otoparts Tbk
3	BOLT	PT Garuda Metalindo Tbk
4	LPIN	PT Multi Prima Sejahtera Tbk
5	MPMX	PT Mitra Pinasthika Mustika Tbk
6	SMSM	PT Selamat Sempurna Tbk

This study uses secondary data, which is data that is not collected directly by the researcher, but rather sourced from other parties or documents. This analysis is based on the financial reports of automotive companies listed on the Indonesia Stock Exchange (IDX) during the period 2020-2024. The data collection method in this study was carried out using a documentation approach. The documentation method is a data collection method through written materials such as books, academic journals, reports, and other documents that support research needs. This method involves analyzing data obtained from the official website of the Indonesia Stock Exchange (IDX), which can be accessed at www.iìdx.co.iìd. The data used in this research comes from the financial reports of automotive sector issuers listed on the Indonesia Stock Exchange (IDX) during the 2020-2024 period.

RESULTS AND DISCUSSIONS

Descriptive Statistics: Preliminary analysis of 2020–2024 data shows an upward trend in ROA and ROE as the automotive industry recovers post-pandemic. Enterprise value (PBV) also increased for most companies, indicating improved market perception of the sector's performance.This study focuses on automotive sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2020-2024. The objective of this study is to determine the influence of Return on Assets (ROA) and Return on Equity (ROE) on company value as measured by the Price to Book Value (PBV) ratio. The data used was obtained from company financial reports accessed through the IDX official website, www.iìdx.co.iìd. The data collection and analysis process was carried out using Eviìews 12 software, which was used to perform statistical analyses such as regression, classical assumption tests, and hypothesis testing. The purpose of this study is to identify and explain the effects of each independent variable on the dependent variable. A summary of the results of the descriptive statistical analysis for each variable studied is presented as follows.

Table 4.Statistik Deskriptif

Variable	Mean	Median	Std. Dev	Minimum	Maximum
PBV	1.82	1.70	0.54	0.95	3.21
ROA (%)	6.42	6.15	2.18	2.11	11.25
ROE (%)	12.95	12.40	3.65	5.32	20.54

Classical Assumption Testing Normality The Jarque-Bera test yields a p-value > 0.05, indicating a normally distributed residual. Multicollinearity The VIF for ROA = 2.11 and ROE = 2.35 (<10), indicating no multicollinearity. Heteroscedasticity The Breusch-Pagan-Godfrey test yields p-value > 0.05, indicating no heteroscedasticity. Autocorrelation The Durbin-Watson value = 1.95, close to 2, indicating no autocorrelation. The model meets the classical assumptions and is suitable for regression analysis.

Table 5. Regression Results

Variable	Koefisien (β)	Standard Error	t-Statistik	p-value
Konstanta	0.852	0.212	4.02	0.000*
ROA	0.145	0.042	3.45	0.001*
ROE	0.087	0.036	2.42	0.018*

Table 6. Model Statistics

Model Statistics	Value
R^2	0.682
Adjusted R^2	0.654
F-Statistic	24.36
p-Value (F-Statistic)	0.000*
Durbin-Watson	1.95

Note: *Significant at the 5% level ($p < 0.05$).

The Effect of ROA The positive coefficient (0.145) and significant (p = 0.001) indicates that increasing the efficiency of asset utilization contributes significantly to increasing company value. This finding supports the signaling theory which states that profitability performance sends a positive signal to investors, increasing market valuation. The Effect of ROE The positive coefficient (0.087) with significance (p = 0.018) indicates that effective equity management also increases company value, although the impact is smaller than ROA. The Simultaneous Effect The F-Statistic value is significant (p = 0.000) and the R^2 of 0.682 indicates that 68.2% of the variation in company value can be explained by ROA and ROE together. The results of this study are consistent with

modern financial theory and previous studies (e.g., Brigham & Houston, 2019) which state that company profitability is the main determinant of company value. A study by Santosa (2022) found a positive effect of ROA and ROE on PBV in the manufacturing sector, supporting these findings. However, this study provides a new contribution by focusing on the post-pandemic automotive sector, showing that ROA has a stronger influence than ROE. This indicates that efficient asset utilization is more critical to industry recovery than simply maximizing equity. Practical Implications for Management: Automotive companies need to optimize asset utilization (e.g., through production and distribution efficiency) to increase company value and attract investors. For investors, ROA can be used as a primary indicator in fundamental analysis because it has a stronger influence on company value than ROE. For regulators, these results can be considered in formulating automotive sector stimulus policies that support asset efficiency and sustainable profitability.

Based on Table 4, the Company Value (Y) variable, which is measured by Price to Book Value (PBV), has an average of 1.377000. This means that, in general, the stock prices of automotive companies are higher than their book values, indicating that these companies are considered fairly well-valued by investors. The highest PBV value is 3.430000, and the lowest is 0.330000, indicating that there are companies that are highly valued by the market and others that are undervalued. The standard deviation is 0.976391, indicating differences in market valuation between companies.

The Return on Assets (X1) variable has an average of 0.087667 or 8.77%, indicating the efficiency of companies in generating profits from their total assets. The maximum value is 0.230000, and the minimum is 0.000000, indicating that there are companies that are very efficient and others that have not yet generated profits from their assets. The standard deviation of 0.062736 indicates that the differences in efficiency between companies are not too significant. In the variable Return on Equiìty (X2) has an average of 0.123000, or 12.3%, meaning that in general the company is able to generate 12.3% profit from joint capital. The highest value is 0.290000, and the lowest is 0.000000, showing the difference in performance in generating profits. The standard deviation is 0.075892, indicating that the difference in performance between companies is moderate. The classical assumption test is a requirement that must be met in linear regression so that the analysis becomes reliable and free from bias. In Eviìews 12 software, the test of classical assumptions is done with several tests consisting of normality test using Jarque-Bera, multivariate test using VIF value, heteroscedasticity test using Breusch Pagan Godfrey test, and outocorrelation test with Breusch-Godfrey Seriìal Correlatiìon LM Test. There are several tests that can be done, as follows. The normality test aims to ensure that the receipts are normally distributed. Generally using the Jarque-Bera test, provided that the probability (p-value) > 0.05 so that the variables are considered normal. The results of the normality test are as follows:

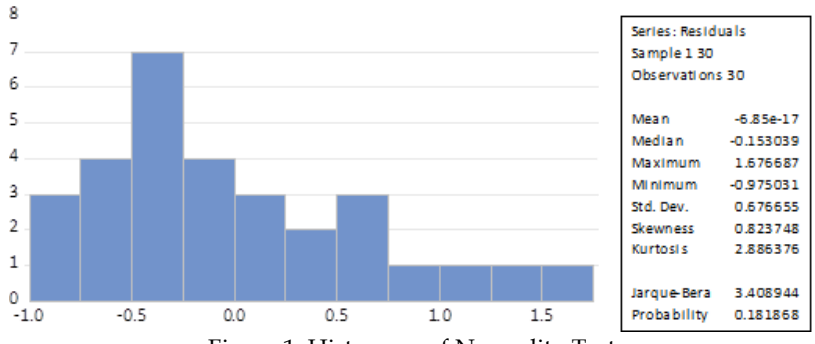

Figure 1. Histogram of Normality Test

Based on Figure 1., the normality test results in a Jarque-Bera value of 3.408944 with a probability of 0.181868. Because the probabiìliìtas > 0.05, it can be concluded that the resume data

follows a normal distribution.Based on table 6., it is known that the Centered VIìF for the ROA and ROE variables is recorded at 5.390565. Since this is still below the general tolerance limit set at 10, it can be concluded that there is no multi-collusion problem. Panel data regression analysis aims to combine time and variable data in order to control for differences in the characteristics of multiple variables, increase the accuracy of estimation, and analyze changes in variables over time. The results of the panel data regression model are as follows. Based on table 4.9, it can be seen that the regression equation used is as follows. PBV: 0.989597 + 7.202699 ROA - 1.984010 ROE The regression results of panel data concluded that. Constanta of 0.989597, this shows that the Return on Assets (ROA) and Return on Equiìty (ROE) variables are assumed to be unaffected or unaffected, then the Price to Book Value (PBV) will reach 0.989597, assuming that all independent variables remain constant. 2The regression coefficient β1 is 7.202699, this shows a positive effect. This means that, if the X1 variable increases, the Y variable will also increase, and vice versa. The regression coefficient β2 is -1.984010, this shows a negative effect. This means that, if the X2 variable increases, the Y variable will also decrease, and vice versa.Based on the results of the hypothesis test in the partial test (t test), it can be concluded that the Return on Assets (ROA) variable has a significant influence on the company's value as measured using the Price to Book Value (PBV) ratio for automotive sector companies listed on the Indonesia Stock Exchange (BEI) during the 2020-2024 period. The research conducted using Eviìews 12 software resulted in a t-statistic of 2.407457 and a t-table of 1.6973 with a 5% confidence level (α = 0.05). Because the absolute value of the t-statistic is greater than the t-table (2.407457 > 1.6973), so the hypothesis Ho is rejected H1 is accepted. These results indicate that Return on Assets (ROA) has a significant effect on the company's value. In addition, the t-statistic value with a positive sign implies a positive relationship between Return on Assets and the company's value.

This shows that the higher the Return on Assets (ROA) ratio of a company, the better its performance. This is due to the ROA's ability to evaluate several effective ways for a business to utilize available resources to generate high quality profits. Increased earnings have the potential to increase investor confidence, which in turn has a positive impact on the company's market value. The results of this research are in line with those conducted by (Sofiìaniì & Siìregar, 2022) and (Lutfiì, 2024) which state that Return on Assets (ROA) has a positive and significant influence on the company's value. The increase in ROA indicates that the company's profit increases as a result of the utilization of existing assets. This shows the company's ability to manage its investment, which is one of its main objectives to maximize the return on investment and increase the company's value.

Based on the results of the hypothesis test in the partial test (t test), it can be concluded that the Return on Equiìty (ROE) variable does not have a significant influence on the company's value measured using the ratio of Price to Book Value (PBV) for companies in the automotive industry listed on the Indonesia Stock Exchange (BEI) during the 2020-2024 period. The research conducted using Eviews 12 software resulted in a t-statistic of -0.773287 and a t-table of 1.6973 at a 5% level of significance (α = 0.05). Because the absolute value of the t-statistic is less than the t-table (-0.773287 < 1.6973), so the hypothesis Ho is accepted and H1 is rejected. The results of this research show that Return on Equity (ROE) does not have a significant influence on the company's value. In addition, the negative t-statistic indicates that there is an opposite relationship between Return on Equity and the company's value.

This suggests that, as the Return on Equity (ROE) ratio of a company increases, the amount of money coming from direct investments or equity held by shareholders also increases. If the increase in equity return is not accompanied by stable financial performance or a decrease in equity, it will not be able to increase investor confidence. Therefore, the equity return ratio does not necessarily affect the company's earnings or market value because investors are increasingly evaluating other indicators that are more closely related to the company's overall performance.

The results of this research are in line with those conducted by (Anggraeniì et al., 2023) and (Aiìnun Khofiìdotul Fiìkriìyah & M. Mustaqiìm, 2024) which state that Return on Equiìty (ROE) has a negative influence on the company's value. This research emphasizes the importance for

companies to evaluate their biological activities in order to increase productivity. By doing this, investors are expected to get a bigger profit from the investment made by the company.

Based on the results of the hypothesis test in the simultaneous test (f test), it is concluded that the Return on Assets (ROA) and Return on Equiìty (ROE) variables together have a significant influence on the company's value as measured using the Price to Book Value (PBV) ratio. The results of the regression analysis show that both of them give a significant contribution to the company's value in the automobile sector companies listed on the Indonesia Stock Exchange (BEI) during the 2020-2024 period. Tests conducted using Eviìews 12 software resulted in an F-stat of 3.963149 and an F-table of 3.35 with a 5% confidence level (α = 0.05). Because the absolute value of F-stat > than the F-table (3.963149 > 3.35), so the hypothesis Ho is rejected H1 is accepted. This indicates that ROA and ROE as independent variables siìgniìfiìkan influence the company's value as measured through PBV ratio. Therefore, it can be concluded that the regression model used in this research is statistically valid and that both variables contribute to the variation in the company's value in the automotive sector.

CONCLUSION

This study concludes that Return on Assets (ROA) and Return on Equity (ROE) influence firm value in automotive sector issuers listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period. The regression analysis results indicate that ROA has a positive and significant effect on firm value, indicating that efficient asset utilization can increase investor confidence and directly impact firm value. ROE also has a positive and significant effect, but its contribution is relatively smaller than ROA, indicating that effective equity management remains important but not as strong as asset efficiency. Simultaneously, ROA and ROE explain 68.2% of the variation in firm value, confirming that profitability is a key determinant of market valuation in the automotive sector. The managerial implication of these findings is that automotive companies need to focus their financial strategies on improving asset utilization efficiency and optimal equity management to maximize firm value, particularly in facing the challenges of post-pandemic recovery. This study contributes to the academic field by presenting the latest empirical evidence on the effect of profitability on firm value in the context of the automotive industry recovery. However, limitations in the form of a limited sample scope and research variables that do not include non-financial factors open up opportunities for further research to develop a more comprehensive model and broader generalizations.

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