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The Impact of Liquidity, Asset Efficiency, Leverage, and Profitability on Firm Value: Evidence from Hotel, Resort, and Cruise Sub-Industry Companies Listed on the Indonesia Stock Exchange, 2020–2025

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Abstract: The hotel, resort, and cruise sub-industry was among the sectors most severely affected by the COVID-19 pandemic, and its firm value, proxied by Price to Book Value (PBV), has fluctuated sharply during recovery. Prior studies on the financial determinants of firm value report inconsistent results, and few have examined this sub-industry across the pre- and post-pandemic period, leaving a clear research gap. This study analyzes the effect of Current Ratio (CR), Total Asset Turnover (TATO), Debt to Equity Ratio (DER), and Return on Asset (ROA) on PBV of 17 hotel, resort, and cruise companies listed on the Indonesia Stock Exchange during 2020-2025 (102 firm-year observations). Using a quantitative approach with panel data regression, the Random Effect Model (REM) with White cross-section standard errors was selected as the best model. The results show that CR and DER have a positive and significant effect on PBV, while TATO and ROA have no significant effect. Simultaneously, all four variables significantly affect PBV. The novelty of this study lies in showing that, within a recovering, asset-intensive tourism sector, liquidity and capital-structure signals dominate investors' valuation judgments over asset-efficiency and profitability signals.

Keywords: *Current Ratio; Debt to Equity Ratio; Firm Value; Return on Asset; Total Asset Turnover.*

Indonesian Abstract: Sub-industri hotel, resor, dan kapal pesiar merupakan salah satu sektor yang paling terdampak pandemi COVID-19, dengan nilai perusahaan yang diproksikan melalui Price to Book Value (PBV) berfluktuasi tajam selama masa pemulihan. Penelitian terdahulu mengenai determinan keuangan nilai perusahaan menunjukkan hasil yang tidak konsisten, dan masih sedikit yang mengkaji sub-industri ini pada periode sebelum dan sesudah pandemi, sehingga menyisakan celah penelitian. Penelitian ini menganalisis pengaruh Current Ratio (CR), Total Asset Turnover (TATO), Debt to Equity Ratio (DER), dan Return on Asset (ROA) terhadap PBV pada 17 perusahaan subindustri hotel, resor, dan kapal pesiar yang terdaftar di Bursa Efek Indonesia periode 2020-2025 (102 observasi). Dengan pendekatan kuantitatif dan regresi data panel, Random Effect Model (REM) dengan White cross-section standard errors terpilih sebagai model terbaik. Hasil menunjukkan CR dan DER berpengaruh positif signifikan terhadap PBV, sedangkan TATO dan ROA tidak berpengaruh signifikan.

Secara simultan, keempat variabel berpengaruh signifikan terhadap PBV. Novelty penelitian ini menunjukkan bahwa pada sektor pariwisata padat aset yang sedang pulih, sinyal likuiditas dan struktur modal lebih mendominasi penilaian investor dibandingkan sinyal efisiensi aset dan profitabilitas.

Kata Kunci: Current Ratio; Debt to Equity Ratio; Nilai Perusahaan; Return on Asset; Total Asset Turnover.

INTRODUCTION

The hospitality sector plays a substantial role in Indonesia's tourism industry and broader economy. As domestic and international travel has grown, companies in the hotel, resort, and cruise sub-industry are required to maintain competitive performance, with firm value being one of the most closely watched indicators of success by investors. This study measures firm value using Price to Book Value (PBV), which compares a company's share price to its book value per share (Kasmir, 2019).

In practice, the PBV of hotel, resort, and cruise companies listed on the Indonesia Stock Exchange (IDX) fluctuated markedly between 2020 and 2025. The average PBV was 1.77 in 2020, rose to 2.12 in 2021, then declined to 1.82 in 2022 and 1.44 in 2023, before recovering to 1.87 in 2024 and rising sharply to 4.11 in 2025. This pattern reflects the sector's slump during the COVID-19 pandemic and its subsequent recovery as tourism activity resumed and investor expectations improved.

Prior studies on the financial determinants of firm value report inconsistent findings. For the effect of Current Ratio on firm value, Indrarini and Jayanti (2023) found a significant negative effect, Paulangan and Wafa (2024) and Rismaya and Kasir (2024) found a significant positive effect, while Mulyono and Triyonowati (2024), Zubaedah and Sunarwibowo (2025), and Amelia et al. (2026) found no significant effect. Similarly, findings on Total Asset Turnover, Debt to Equity Ratio, and Return on Asset also diverge across studies, with some reporting positive, negative, or non-significant effects (Paulangan & Wafa, 2024; Sagala, 2025; Zubaedah & Sunarwibowo, 2025; Mulyono & Triyonowati, 2024; Rismaya & Kasir, 2024; Amelia et al., 2026; Indrarini & Jayanti, 2023).

These inconsistencies likely stem from differences in economic conditions, study periods, and industry sectors. Research specifically addressing these financial ratios within the hotel, resort, and cruise sub-industry, both before and after the pandemic, remains scarce. As one of the industries hit hardest by COVID-19 and now undergoing a dynamic recovery process, this sub-industry offers a highly relevant setting to examine how liquidity, activity, leverage, and profitability ratios jointly shape investor valuation. This constitutes **the research gap** addressed by this study: the absence of consistent empirical evidence on how CR, TATO, DER, and ROA affect firm value specifically within a recovering, asset-intensive tourism sub-industry.

Based on this background, this study is entitled "The Effect of Current Ratio, Total Asset Turnover, Debt to Equity Ratio, and Return on Asset on Firm Value of Hotel, Resort, and Cruise Sub-Industry Companies Listed on the Indonesia Stock Exchange, 2020-2025." This study aims to contribute empirical evidence to a literature that has so far produced divergent findings.

Based on this description, the problem can be formulated as follows:

- 1) Does Current Ratio affect firm value in hotel, resort, and cruise sub-industry companies listed on the Indonesia Stock Exchange for the period 2020-2025?

- 2) Does Total Asset Turnover affect firm value in hotel, resort, and cruise sub-industry companies listed on the Indonesia Stock Exchange for the period 2020-2025?
- 3) Does Debt to Equity Ratio affect firm value in hotel, resort, and cruise sub-industry companies listed on the Indonesia Stock Exchange for the period 2020-2025?
- 4) Does Return on Asset affect firm value in hotel, resort, and cruise sub-industry companies listed on the Indonesia Stock Exchange for the period 2020-2025?
- 5) Do Current Ratio, Total Asset Turnover, Debt to Equity Ratio, and Return on Asset simultaneously affect firm value in hotel, resort, and cruise sub-industry companies listed on the Indonesia Stock Exchange for the period 2020-2025?

METHODS

This study uses a quantitative, causal-associative approach to examine the effect of Current Ratio (CR), Total Asset Turnover (TATO), Debt to Equity Ratio (DER), and Return on Asset (ROA) on firm value, proxied by Price to Book Value (PBV) (Sugiyono, 2019). Secondary data were obtained from the annual financial reports of hotel, resort, and cruise sub-industry companies listed on the Indonesia Stock Exchange (www.idx.co.id) for the 2020-2025 period.

The population comprises all hotel, resort, and cruise companies listed on the IDX during 2020-2025. Using purposive sampling, 17 companies met the criteria of reporting complete annual financial statements throughout the period and having positive equity, yielding 102 firm-year observations (17 companies x 6 years).

Data were processed using Microsoft Excel for variable computation and EViews for panel data regression. Three estimation models Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) were compared using the Chow, Hausman, and Lagrange Multiplier tests to select the most appropriate model. Classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation) were then performed on the selected model, followed by hypothesis testing using the coefficient of determination (R^2), the F-test for simultaneous significance, and the t-test for partial significance, each evaluated at a 5% significance level.

RESULTS AND DISCUSSION

This section presents the descriptive statistics, panel data model selection, classical assumption tests, and hypothesis testing results, followed by a discussion of each variable's effect on firm value.

Table 1. Descriptive Statistics of Research Variables

	PBV	CR	TATO	DER	ROA
Mean	2.1876	7.6777	0.1300	0.8415	-0.0182
Median	1.0326	1.5265	0.0972	0.3795	-0.0147
Maximum	17.4711	140.2452	0.6699	20.2991	0.1086
Minimum	0.0882	0.3733	0.0020	0.0015	-0.4433
Std. Dev.	2.9120	19.7904	0.1337	2.3388	0.0590
Observations	102	102	102	102	102

Source: research data, processed (2026)

Table 1 presents the descriptive statistics for the 102 observations covering PBV, CR, TATO, DER, and ROA. PBV averaged 2.19 with a high standard deviation of 2.91, reflecting substantial variation in firm value across companies and years; the lowest PBV 0.09 was recorded by PT DMS Propertindo Tbk (KOTA) in 2024, while the highest 17.47 was recorded by PT Dafam Property Indonesia Tbk (DFAM) in 2025. CR averaged 7.68, ranging from 0.37 (PT Satria Mega Kencana Tbk, 2021) to 140.25 (PT Olympus Strategic Indonesia Tbk, 2020),

indicating wide differences in liquidity management. TATO averaged only 0.13, consistent with the asset-intensive nature of the hotel and resort business, ranging from 0.002 (NATO, 2020) to 0.67 (PNSE, 2024). DER averaged 0.84, ranging from 0.0015 (NATO, 2020) to 20.30 (DFAM, 2025), reflecting varied capital structures. ROA averaged -0.018, indicating that, on average, sample companies struggled to generate profit from their assets during the observation period, ranging from -0.44 (JGLE, 2022) to 0.11 (EAST, 2022).

Table 2. Panel Data Model Selection Test Results

Test	Statistic	Probability	Conclusion
Chow (Cross-section F)	2.6731	0.0020	FEM > CEM
Hausman (Cross-section random)	1.0235	0.9062	REM > FEM
Lagrange Multiplier (Breusch-Pagan)	10.8371	0.0010	REM > CEM

Source: research data, processed (2026)

Model selection was carried out through the Chow, Hausman, and Lagrange Multiplier (LM) tests, summarized in Table 2. The Chow test (Cross-section F probability = 0.0020) rejected the null hypothesis, favoring FEM over CEM. The Hausman test (probability = 0.9062) failed to reject the null hypothesis, favoring REM over FEM. The LM test (Breusch-Pagan cross-section probability = 0.0010) rejected the null hypothesis, favoring REM over CEM. Taken together, these three tests indicate that the Random Effect Model (REM) is the most appropriate estimation model for this study.

Classical assumption testing showed that the Jarque-Bera normality test rejected the null hypothesis of normally distributed residuals (probability = 0.000000) however, with 102 observations, the Central Limit Theorem suggests the sampling distribution of the estimator still approximates normality, so this does not preclude the use of REM (Anderson et al., 2011). The multicollinearity test showed correlation coefficients among CR, TATO, DER, and ROA below the 0.80 threshold (highest at 0.24 between TATO and DER), indicating no multicollinearity problem. The Glejser heteroscedasticity test produced significance values above 0.05 for all independent variables, indicating homoscedasticity. However, the Durbin-Watson statistic (1.5324) fell below the lower bound ($dL = 1.5969$, $n = 102$, $k = 4$), indicating positive autocorrelation. To address this, the REM was re-estimated using White cross-section (period cluster) standard errors, producing more robust standard errors, t-statistics, and probabilities.

Table 3. Random Effect Model Estimation with White Cross-Section Standard Errors

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.9129	0.4828	1.8910	0.1172
CR (X1)	0.0434	0.0109	4.0024	0.0103*
TATO (X2)	3.2722	1.7890	1.8291	0.1269
DER (X3)	0.6336	0.1557	4.0693	0.0096*
ROA (X4)	0.9556	1.5974	0.5982	0.5757

Source: research data, processed (2026). *significant at $\alpha = 0.05$

Table 3 presents the REM estimation results using White cross-section standard errors, which form the basis for hypothesis testing.

Based on Table 3, the estimated regression equation is: $PBV = 0.91 + 0.043 CR + 3.27 TATO + 0.634 DER + 0.956 ROA$.

The adjusted R-squared of 0.2559 indicates that CR, TATO, DER, and ROA jointly explain 25.59% of the variation in PBV, while the remaining 74.41% is explained by factors outside the model, such as macroeconomic conditions, management strategy, and market

sentiment. The F-test produced a probability of 0.000001 (≤ 0.05) and an F-statistic of 9.6855, exceeding the F-table value of 2.4654 ($n = 102$, $k = 5$, $\alpha = 0.05$), indicating that CR, TATO, DER, and ROA simultaneously have a significant effect on PBV, supporting H_{5.zs}

Discussion

The Effect of Current Ratio on Firm Value

CR has a positive and significant effect on PBV (coefficient = 0.043, $p = 0.0103 \leq 0.05$), supporting H₁. This indicates that companies better able to meet short-term obligations send a favorable signal to investors regarding financial stability, consistent with signaling theory (Brigham & Houston, 2018). The mean CR of 7.68 confirms that most sample companies maintained adequate short-term solvency. This finding is consistent with Paulangan and Wafa (2024) and Rismaya and Kasir (2024), but contrasts with Amelia et al. (2026), Zubaedah and Sunarwibowo (2025), and Mulyono and Triyonowati (2024), who found no significant effect.

The Effect of Total Asset Turnover on Firm Value

TATO shows no significant effect on PBV ($p = 0.1269 > 0.05$), so H₂ is not supported. The low average TATO (0.13) reflects the asset-intensive nature of the hotel, resort, and cruise business, where large investments in fixed assets require a relatively long period to generate optimal revenue. This suggests investors weigh other factors, such as profit margins and growth prospects, more heavily than asset turnover efficiency. This result aligns with Indrarini and Jayanti (2023), but differs from Paulangan and Wafa (2024), Zubaedah and Sunarwibowo (2025), and Mulyono and Triyonowati (2024), who found a significant positive effect.

The Effect of Debt to Equity Ratio on Firm Value

DER has a positive and significant effect on PBV (coefficient = 0.634, $p = 0.0096 \leq 0.05$), supporting H₃. This suggests investors perceive the sample companies' debt levels as being used effectively to finance business expansion, consistent with Trade-Off Theory, where debt provides a tax shield benefit as long as it remains within a manageable range (Brigham & Houston, 2018), and with Pecking Order Theory, where debt is used as an external financing alternative once internal funds are insufficient (Myers & Majluf, 1984). This finding is consistent with Amelia et al. (2026), but contrasts with Paulangan and Wafa (2024), Zubaedah and Sunarwibowo (2025), Mulyono and Triyonowati (2024), and Indrarini and Jayanti (2023).

The Effect of Return on Asset on Firm Value

ROA shows no significant effect on PBV ($p = 0.5757 > 0.05$), so H₄ is not supported. The negative mean ROA (-0.018) indicates that, on average, sample companies had not yet optimized their assets to generate profit during the observation period, which coincides with the sector's pandemic recovery phase. This suggests investors in this sub-industry placed relatively less weight on current profitability, focusing instead on growth prospects and capital structure. This result is consistent with Indrarini and Jayanti (2023), but contrasts with Paulangan and Wafa (2024), Rismaya and Kasir (2024), and Mulyono and Triyonowati (2024).

The main finding of this study, its novelty, is that within a recovering, asset-intensive tourism sub-industry, investors' valuation of firm value is driven predominantly by liquidity (CR) and capital-structure (DER) signals rather than by asset-turnover efficiency (TATO) or current profitability (ROA). This pattern differs from studies in other sectors, where profitability commonly emerges as the dominant driver of firm value, and suggests that in a sector recovering from a severe shock, investors prioritize signals of short-term financial resilience and prudent leverage management over operational efficiency metrics.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

This study analyzed the effect of Current Ratio, Total Asset Turnover, Debt to Equity Ratio, and Return on Asset on the firm value of hotel, resort, and cruise sub-industry companies listed on the Indonesia Stock Exchange during 2020-2025 using the Random Effect Model. Current Ratio and Debt to Equity Ratio were found to have a positive and significant effect on firm value, indicating that liquidity management and prudent use of debt are viewed favorably by investors. Total Asset Turnover and Return on Asset showed no significant effect, suggesting that asset-turnover efficiency and current profitability were not primary considerations for investors in this sector during the study period. Simultaneously, all four variables significantly affected firm value, confirming that liquidity, activity, leverage, and profitability jointly, though unequally, shape investor valuation of firms in this sub-industry.

Limitations

This study has several limitations. First, it was conducted only on the hotel, resort, and cruise sub-industry listed on the Indonesia Stock Exchange during 2020-2025, so the findings cannot be generalized to other sectors or periods. Second, the study used only four financial ratios as independent variables, while other factors, such as macroeconomic conditions and corporate governance, may also affect firm value. Third, the residuals of the estimated model did not fully satisfy the normality assumption, which may affect the precision of the estimates despite the use of a sufficiently large sample. The findings should therefore be interpreted within the scope of this study.

Recommendations

For companies, maintaining an adequate level of liquidity and managing capital structure prudently is recommended, given the significant positive effect of Current Ratio and Debt to Equity Ratio on firm value. For investors, it is advisable to evaluate a company's liquidity and capital structure alongside profitability and asset efficiency before making investment decisions in this sub-industry. For future researchers, expanding the observation period, sample size, and set of independent variables, or applying alternative analytical methods such as Structural Equation Modeling, is recommended to develop a more comprehensive understanding of firm value determinants in the hotel, resort, and cruise sub-industry.

Author Contributions

The author was solely responsible for research conceptualization, data collection, data analysis, interpretation of results, and manuscript preparation, and approved the final version of the article for publication.

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