

Financial Performance Indicators Drive Firm Value in State-Owned Companies

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General Background: Sovereign Wealth Funds (SWFs) play a crucial role in national economic stability and asset optimization. **Specific Background:** In Indonesia, Danantara's Investment Management Agency (BPI) operates as the state's SWF, yet empirical studies on financial performance metrics influencing firm value within this context remain scarce. **Knowledge Gap:** Limited research addresses how profitability, efficiency, and liquidity metrics affect firm valuation in state-managed investment institutions. **Aims:** This study investigates the impact of Return on Investment (ROI), Net Profit Margin (NPM), and Current Ratio (CR) on firm value in BPI from 2015 to 2024. **Results:** Using panel data regression via EViews, findings reveal that ROI and CR significantly enhance firm value ($t=2.12$, $p=0.0372$; $t=4.49$, $p=0.000$), while NPM shows no significant effect ($t=0.71$, $p=0.4773$). The model explains 20.38% of firm value variability ($R^2=0.2038$). **Novelty:** The study highlights that investment efficiency and liquidity—rather than profitability alone—are more critical in state-owned contexts. **Implications:** These results inform strategic financial management and policy in SWFs, emphasizing the prioritization of ROI and liquidity in enhancing firm valuation.

Highlights:

- Highlights the dominant role of ROI and liquidity in firm valuation.
- Reveals NPM's limited influence on market-based assessments.
- Informs SWF strategy through empirical financial analysis.

Keywords: Investment Management Agency, Sovereign Wealth Fund, Return on Investment, Net Profit Margin, Current Ratio

Introduction

At the beginning of 2025, the Indonesian government officially launched the Danantara Investment Management Agency (Badan Pengelola Investasi or BPI Danantara) as a strategic Sovereign Wealth Fund (SWF) with the goal of accelerating national economic transformation through professional and long-term-oriented management of state assets[1] [2]. Starting with a capital of USD 61 billion and aiming to reach a management target of up to USD 900 billion, Danantara is expected to emerge as one of the largest sovereign wealth funds globally. An important development in its achievement was the transfer of shares from 52 large state-owned enterprises (SOEs), including Pertamina, PLN, BRI, and Mandiri. This made Danantara a superholding organization with the power to reorganize and improve the performance of these enterprises. In addition to domestic investments, Danantara is also actively building global partnerships, including a joint fund worth USD 4 billion with the Qatar Investment Authority, focused on the digital economy, green energy, and healthcare sectors. Nevertheless, Danantara faces major challenges in proving its early performance, ensuring transparency, and maintaining accountability, in order to avoid public concerns over potential fund mismanagement, as has occurred with SWFs in other countries [3].

The launch of Danantara aligns with Indonesia's need to face global competition and ever-changing economic dynamics, where the management of state investments becomes a strategic instrument to maintain fiscal stability and long-term economic growth [4]. As an endowment fund management entity, BPI Danantara aims to drive asset growth and increase the value of the companies in its portfolio [5]. In this context, it is important to measure the extent to which the financial performance of these companies contributes to the overall increase in their corporate value [6]. The foundational concept behind the establishment of Danantara is aligned with the principles of a Sovereign Wealth Fund—namely, as a state financial instrument sourced from budget surpluses, natural resource export revenues, or foreign exchange reserves, and managed for long-term investment goals oriented towards national and intergenerational economic sustainability [7].

As a national SWF, the Danantara Investment Management Agency (BPI Danantara) plays a strategic role in managing state assets by investing in companies with long-term economic growth potential and contributions[8]. In this context, companies within BPI's portfolio are not merely investment objects but also a reflection of the success of state fund management strategies. Consistent with the fundamental principles of SWFs—including sustainable management and intergenerational value creation—it is crucial to objectively measure the financial performance of these companies and their impact on corporate value. This forms the core rationale of this research: to assess the extent to which BPI Danantara has succeeded in driving efficiency and profitability within companies through its investment interventions, and how that financial performance contributes to increasing corporate value during the period from 2015 to 2024.

Sovereign Wealth Funds (SWFs) are crucial in analyzing financial statements as they act as governmental investment organizations that handle substantial amounts of assets and significantly affect the financial framework and success of the companies they invest in [2]. In financial analysis, the presence of an SWF must be considered from both the investor's and the investee company's perspectives. For the latter, SWF involvement often enhances long-term funding stability, which can be reflected in improved capital structures, increased liquidity, and healthier profitability and solvency ratios [9][10]. On the other hand, for financial analysts, SWF financial statements must be carefully analyzed to assess the efficiency of state asset management, investment performance, and the risks inherent in their portfolios. Financial ratios are key indicators in assessing SWF performance. Furthermore, transparency and disclosure quality in SWF financial reporting are also crucial for ensuring public accountability in the use of state funds. Therefore, SWFs add a strategic dimension to financial analysis in both public and corporate sectors[11].

SWF performance measurement reflects the ability of a state investment fund to manage public assets efficiently, transparently, and sustainably to achieve long-term economic goals. SWF performance is generally assessed through financial indicators such as Return on Investment (ROI), Net Asset Value (NAV), and Total Portfolio Return, which reflect the fund's profitability and asset growth. In addition, financial ratios such as Return on Equity (ROE), Return on Assets (ROA), and the Sharpe Ratio are used to evaluate the efficiency of fund usage and investment risk management [12], [13]. Beyond financial aspects, international standards such as the Santiago Principles emphasize the evaluation of non-financial performance, including governance, transparency, and accountability, as part of a comprehensive assessment framework [14].

In the Indonesian context, the Danantara Investment Management Agency (BPI Danantara) serves as the SWF management entity responsible for investing state capital into strategic companies, infrastructure, and long-term development projects. Therefore, BPI Danantara's performance measurement is not only focused on financial returns but also on the impact on the performance and value of its investee companies. This assessment can be conducted by analyzing the annual financial statements of companies that are BPI Danantara's investment partners, using indicators such as revenue growth, net profit increases, operational efficiency, capital structure, and changes in stock prices on the capital market [15], [16]. Using this approach, BPI Danantara's performance as Indonesia's SWF can be evaluated comprehensively, both in terms of its contribution to corporate value and the achievement of national strategic objectives.

As the national Sovereign Wealth Fund, BPI Danantara plays a strategic role in advancing Indonesia's development—both economically and beyond. Economically, Danantara provides long-term investment sources supporting the financing of strategic projects such as infrastructure, renewable energy, and the digital economy. By managing assets from state ownership, including shares in over 50 strategic SOEs, Danantara strengthens corporate performance through professional and centralized governance. In addition, Danantara serves as an instrument for diversifying state revenue beyond taxes and commodities, a fiscal buffer against global shocks, and a means to build investor confidence through transparency and international advisory involvement. On the non-economic front, Danantara supports reforms in state asset governance through principles of good governance and accountability, reflecting a new approach to institutional reform, while also enhancing economic diplomacy through international cooperation. Its investments in future-oriented sectors like artificial intelligence, green energy, and smart living generate high-quality jobs, foster innovation ecosystems, and promote sustainable development and public literacy on modern and responsible state asset management [17], [18].

To date, no longitudinal study has specifically analyzed the impact of Return on Investment (ROI), Net Profit Margin (NPM), and Current Ratio (CR) on the firm value of companies within the portfolio of Indonesia's Sovereign Wealth Fund (SWF). Previous research has primarily focused on isolated financial indicators, short-term observations, or general SOE performance, without examining these variables collectively within the institutional context of an SWF. The novelty of this study lies in its comprehensive dataset covering a ten-year period (2015–2024), which includes both the pre-establishment and post-establishment phases of the Danantara Investment Management Agency. This longitudinal scope provides a rare opportunity to observe structural and financial changes before and after the formalization of Indonesia's SWF. Furthermore, the study focuses on seven strategically important state-owned enterprises (SOEs), making it the first empirical work to assess the relationship between ROI, NPM, CR, and firm value across such a concentrated and nationally significant portfolio.

The subject of this study is the businesses in Danantara's portfolio. This study's data comes from the financial statements of businesses regulated by the Danantara Investment Management Agency (BPI Danantara) from 2015 to 2024. The goal of the research is to assess the impact of financial performance on the worth of companies listed on BPI Danantara. The main objective is to evaluate the impact of financial factors, like Return on Investment (ROI), Net Profit Margin, and Current Ratio, on the company

value of businesses managed by Danantara. Danantara was established as a sovereign wealth fund with the goal of managing state assets and funding strategic projects.

This research holds a strategic position in enriching the literature on public financial management and strategic management, as it links corporate financial performance with firm value within the framework of state asset governance under a national Sovereign Wealth Fund (SWF). The findings provide a data-driven foundation for improving the strategic governance of SOEs and serve as a valuable reference for the long-term, sustainable management of public funds aimed at intergenerational economic value creation.

The managerial implications of this research are highly relevant for both SWF administrators and financial managers of SOEs within the BPI Danantara portfolio. SWF managers can adopt ROI and the Current Ratio as key performance indicators for assessing the effectiveness of strategic capital allocation and investment interventions. Meanwhile, corporate financial managers should prioritize investment efficiency and liquidity management, as these two aspects are proven to have the most significant impact on firm value. From a strategic decision-making perspective, this suggests the need to prioritize projects with high return potential and maintain strong short-term liquidity to enhance market perception and investor confidence.

Method

This study quantitatively explains how financial performance affects the business value of companies operating under the Danantara Investment Management Agency (BPI Danantara) from 2015 to 2024. This study utilizes secondary data derived from the annual financial reports of firms included in BPI Danantara. These reports were obtained from official publications available on the websites of the Ministry of State-Owned Enterprises (BUMN), the Indonesia Stock Exchange (IDX), and the relevant companies, as well as from public sources. This research involves an analysis of seven major enterprises owned by the Indonesian government. These include PT Bank Mandiri Tbk., PT Bank Rakyat Indonesia Tbk., PT PLN, PT Pertamina, PT Bank Negara Indonesia Tbk., PT Telkom Indonesia Tbk., along with PT Mineral Industri Indonesia and its group of affiliated companies, such as PT Aneka Tambang Tbk, PT Bukit Asam Tbk, PT Freeport Indonesia, PT Indonesia Asahan Aluminium, and PT Timah Tbk. These entities form the core of the study's sample due to their strategic inclusion in Danantara's investment portfolio. The sample selection was made using a purposive sampling approach, which took into account the availability and completeness of financial statement data during the observation period. The partial hypotheses of this study are as follows:

- H1: Return on Investment (ROI) is positively and significantly associated with the firm value of entities managed by the Danantara Investment Management Agency (BPI Danantara).
- H2: Net Profit Margin (NPM) exerts a positive and statistically significant influence on the firm value of companies within BPI Danantara's portfolio.
- H3: Current Ratio (CR) contributes positively and significantly to the firm value of businesses overseen by BPI Danantara.

The independent variables examined in this research include Return on Investment (ROI), Net Profit Margin (NPM), and Current Ratio (CR), which are utilized to assess investment performance, operational profitability, and corporate liquidity, respectively. The variable under examination is the value of the firm, assessed through market-related indicators like market capitalization and Price to Book Value (PBV).

This approach was chosen because it enables the researcher to objectively and measurably examine the relationships between variables through numerical data. The choice of these independent variables is grounded in prior literature. ROI represents investment efficiency[19], NPM reflects profitability in operational performance[20], while CR measures liquidity and short-term financial resilience [21]. These indicators have been frequently used in corporate finance to evaluate managerial performance and predict firm valuation. The dependent variable in this study is firm value, measured using the Price to Book Value

(PBV) ratio as the primary indicator. PBV is defined as the ratio of a firm's market capitalization to its book value of equity, commonly used in valuation studies to assess market perception of firm worth relative to its accounting value[22]. This operational definition is adopted due to PBV's sensitivity to both profitability and asset management, making it appropriate for analyzing SOEs whose valuation dynamics may differ from private firms. For robustness, Tobin's Q was also considered, but due to data availability and market capitalization dominance in the PBV metric across SOEs, PBV was selected as the main proxy. Readers are encouraged to refer to the Appendix for a table of all operational definitions [23].

This research employs EViews software EViews version 12 to examine the data, utilizing a panel data regression method. The analysis process involves several stages, starting with descriptive statistics, followed by classical assumption testing including checks for normality, multicollinearity, heteroskedasticity, and autocorrelation. The most appropriate estimation model is chosen from the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) following these diagnostic tests, depending on the findings of the Chow test, Hausman test, and Lagrange Multiplier test [24] [25]. Additionally, we use the coefficient of determination (R^2) and partial significance testing (t-test) to determine how much the independent variables, both individually and collectively, influence the value of the firm. To ensure that the conclusions are scientifically sound and dependable, all data analysis is conducted at a 5% significance level ($\alpha = 0.05$).

Results and Discussion

A. Descriptive Overview of the Variables

Statistik	X1	X2	X3	Y
Mean	0.743214	0.830314	0.75997	0.802264
Median	0.618938	0.821035	0.499853	0.697942
Maximum	2.900354	2.614129	2.798443	2.403061
Minimum	0.008446	0.01152	0.276461	0.001199
Std. Dev.	0.664452	0.55038	0.645003	0.509943
Skewness	1.778039	0.572146	2.227857	0.636383
Kurtosis	5.293	3.233901	6.303844	2.406862
Jarque-Bera	67.88424	5.172269	116.6649	7.484996
Probability	0.816034	0.075316	0.640238	0.203698
Sum	67.63244	75.55858	69.15727	73.00066
Sum Sq. Dev.	39.73464	27.26264	37.44255	31.42984
Observations	91	91	91	91

Table 1. Descriptive Statistical Analysis

The descriptive statistics in Table 1 reveal that the ROI has a mean of 0.743 and a standard deviation of 0.664, suggesting that investment performance is typically positive but somewhat varied. Despite having a positive skewness (skewness 1.78) and leptokurtic kurtosis (kurtosis 5.29), Variable X1 is still considered normally distributed (JB $p = 0.816$). With a mean of 0.83, a little skewness (0.57), and a moderate kurtosis (3.23), X2 (NPM) is also thought to be normally distributed (JB $p = 0.075$). The Current Ratio (X3) averages 0.76 with a high skewness (2.23) and kurtosis (6.30), but is still normally distributed (JB $p = 0.64$). The mean of the dependent variable Y (firm value) is 0.80, and its distribution is almost normal (skewness 0.64; kurtosis 2.41; JB $p = 0.204$).

Overall, based on the Jarque-Bera probability values, all of which are above 0.05, the four variables in this study are normally distributed, meaning the normality assumption is satisfied [26]. This enhances the credibility of the regression analysis and justifies the application of inferential statistical techniques using the Ordinary Least Squares (OLS) method with increased confidence. Moreover, the findings align with the actual financial conditions of the state-owned enterprises managed by Danantara, which show variability in financial efficiency and liquidity, yet do not display significant departures from normal distribution patterns.

The following also presents a trend diagram of ROI, NPM and CR values for 2015-2024.

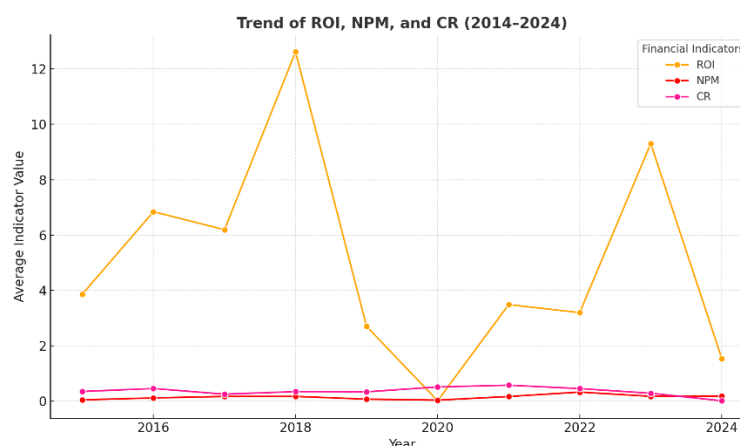


Figure 1. Regression Model Selection Testing

The trend of ROI, NPM, and CR from 2014 to 2024 reflects the adaptive response of state-owned enterprises (SOEs) to shifting economic conditions. Return on Investment (ROI) remained stable until 2019, declined sharply in 2020 due to the impact of the pandemic, and gradually recovered through 2024. Net Profit Margin (NPM) showed relative consistency, with a slight improvement in recent years, indicating steady profit efficiency. On the other hand, the Current Ratio (CR) has gradually declined since 2021, suggesting a potential decrease in short-term liquidity. Overall, the trend demonstrates that SOEs have been able to restore their financial performance after the crisis, although liquidity management remains a key area of concern.

B. Regression Model Selection Test

Effects Test	Statistic	d.f.	Prob.	Standard	Description
Cross-section F	9.478222	(6.81)	0.000	p-value < 0.05	
Cross-section Chi-square	48.399007	6	0.000		
Chow Test					Fixed Effect Model (FEM)
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.		
Cross-section random	6.172693	3	0.1035	p-value > 0.05	
Hausman Test					Random Effect Model (REM)
Test Hypothesis	Statistic	Prob.			

Cross-section	40.42817	0.0000		p-value > 0.05	
Time	0.392251	0.5311			
Both	40.82042	0.0000			
Lagrange Multiplier Test					Random Effect Model (REM)

Table 2. Regression Model Selection Testing

According to the findings of the Lagrange Multiplier Test, Hausman Test, and Chow Test, the Random Effect Model (REM) is determined to be the best model for this study [27]. Although the Hausman test indicated REM as the appropriate model (p-value > 0.05), this choice is also supported by the significant variation across companies in the panel. The firms in the sample differ in size, industry type, and financial structure, indicating the presence of unobserved heterogeneity. REM is suitable when these differences are assumed to be random and uncorrelated with the independent variables. It also allows for broader generalization beyond the specific firms studied, making it more appropriate for analyzing strategic SOEs under a national sovereign wealth fund framework.

C. Classical Assumption Testing

1. Multicollinearity Test

	X1	X2	X3
X1	1	(0.157303)	(0.310980)
X2	(0.157303)	1	0.141683
X3	(0.310980)	0.141683	1

Table 3. Multicollinearity Test Results

The correlation coefficient between X1 and X2 is 0.157303, which is far less than the threshold of 0.85, according to the table above. The correlation between X1 and X3 is 0.310980, and between X2 and X3, it is 0.141683, both of which are less than 0.85 as well. According to these figures, there are no significant linear correlations between the independent variables. Therefore, the data has successfully passed the multicollinearity test, demonstrating that multicollinearity is not an issue [28].

2. Normality Test

The Jarque-Bera approach was used to perform the residual normality test, and the result was a probability value of 0.020920, which is less than the 5% significance level. This outcome demonstrates that the normality assumption is violated because the residuals are not normally distributed. The Skewness and Kurtosis values, however, can also be used to determine normality. Based on [29] The data may be deemed approximately normal based on the normal distribution criteria if skewness values lie between -2 and +2 and kurtosis values lie between -7 and +7. Based on the results of the data analysis, the skewness values are 1.778039, 0.572146, 2.227857, and 0.636383, while the kurtosis values are 5.293, 3.233901, 6.303844, and 2.406862. Although one of the skewness values slightly exceeds the upper limit, all kurtosis values remain within the acceptable range, suggesting that the data distribution is largely consistent with the assumption of normality. The majority of these values fall within the acceptable bounds. The data is, therefore, about normally distributed.

3. Autocorrelation Test

The Durbin-Watson (DW) statistic was used in the autocorrelation test, which produced a DW value of 1.891353. The lower (dL) and upper (dU) limits were 1.5627 and 1.7501, respectively. Because the DW value falls between dU and 4 - dU ($1.7501 < 1.891353 < 2.2499$). No evidence of autocorrelation was found in the model. This indicates that the residual values in the model are independent of each other, and the classical assumption of no autocorrelation is fulfilled[28].

4. Heteroskedasticity Test

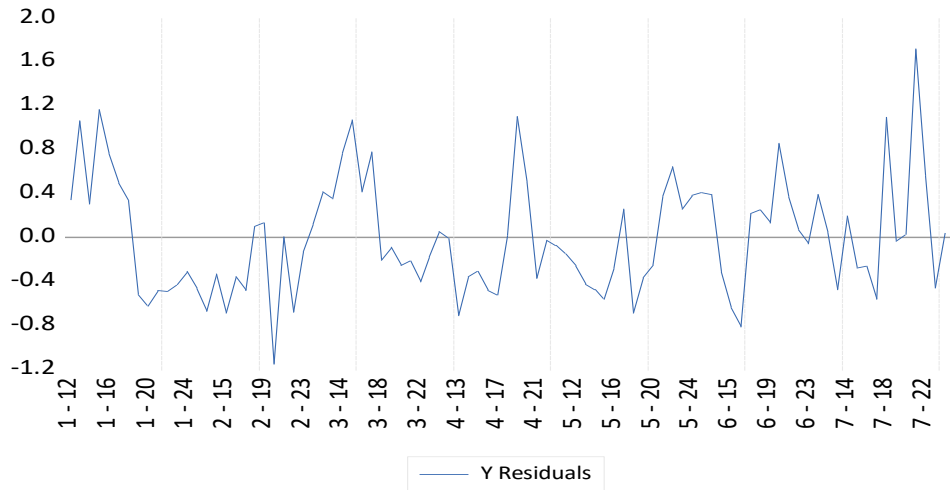


Figure 2. Heteroskedasticity Test Results

The residual plot, depicted in blue, indicates that the residuals stay between the boundaries of 500 and -500. This result demonstrates the residuals' constant variance. Consequently, it may be inferred that the model meets the requirements for assessing heteroskedasticity and that there is no evidence of it[28].

5. Regression Equation

In this study, the regression equation is defined as follows:

$$Y = 0.24 + 0.21X1 + 0.07X2 + 0.44X3$$

In the regression model, Y stands for firm value, while X1, X2, and X3 stand for ROI, net profit margin, and current ratio, respectively. Even if it's improbable, the consistent value of 0.24 suggests that firm value would be 0.24 if all independent variables were zero. The direction and magnitude of a variable's impact are shown by each regression coefficient: ROI (0.21) and net profit margin (0.07) both have positive effects on firm value, with ROI having a moderate effect. The current ratio of 0.44 has the greatest impact, demonstrating that liquidity is the most important determinant of a company's worth. In general, the firm's value is positively correlated with all three variables, with the current ratio having the biggest

6. Coefficient of Determination

According to the regression analysis, the variables Return on Investment (X1), Net Profit Margin (X2), and Current Ratio (X3) account for 20.38% of the variance in firm value, as shown by the coefficient of determination (R2) value of 0.203799. The remaining variables not included in this regression model account for 79.62% of the variance. With consideration given to the sample size and the number of variables, the Adjusted R-squared value of 0.176343 suggests that the model can accurately explain 17.63% of the variations in firm value. This figure suggests that the model has a restricted capacity to account for the data, so it is recommended to consider adding more pertinent variables into the model to improve its predictive power. [28].

7. Testing a Hypothesis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
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C	0.245208	0.16758	1.463231	0.147
X1	0.210591	0.099496	2.116585	0.0372
X2	0.073839	0.103464	0.713672	0.4773
X3	0.446377	0.09944	4.488923	0.000

Table 4. Results of the Hypothesis Test

The following conclusion may be drawn from the results of the partial hypothesis test (t-test):

The variable for Return on Investment (ROI) denoted as (X_1) shows a t-statistic of 2.116585, exceeding the t-table value of 1.987, and it has a p-value of 0.0372, which is below 0.05. This suggests that ROI positively and significantly influences the value of the firm. Consequently, we accept hypothesis H1. Return on Investment (ROI) has a strong and favorable impact on the value of a firm as it indicates how effectively assets are used to generate profits, sends encouraging signals to investors and capital providers, and illustrates management's ability to create economic value [30]. A high ROI strengthens market perception of the company's financial prospects, increases demand for its shares, and ultimately drives an increase in firm value. A positive and rising ROI indicates that managers have used shareholders' capital effectively [31], [32], [33]. The explanation of the relationship between ROI and company value can also be described in the following image.

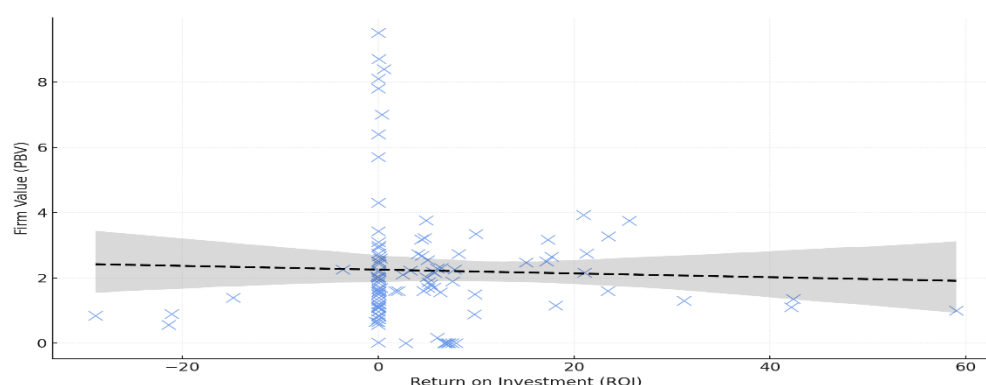


Figure 3. ROI Vs Firm Value

The scatter plot shows a weak positive link between ROI and firm value (PBV), meaning higher ROI tends to align with greater firm value. However, based on the SWF, this connection is not direct. Other factors such as market perception, risk, and future prospects—act as intermediaries that influence how ROI affects firm value. Thus, while ROI is important, increasing firm value requires a broader strategic approach beyond profitability alone.

The variable for Net Profit Margin (NPM) (X_2) shows a t-statistic value of 0.713672, which is lower than the t-table value of 1.987, with a corresponding p-value of 0.4773, which is greater than zero. This suggests that, according to the data, NPM does not significantly affect a company's value. Therefore, we dismiss hypothesis H2. The Net Profit Margin (NPM) might not significantly influence a company's value, as investors and the market do not always consider net profit margin as the primary criterion for determining worth. [34]. Other data, such as growth potential, asset utilization, or cash flow, may have a bigger impact on a company's worth in some situations. Furthermore, the stock price in a well-functioning market may already account for NPM data, so it won't have any further effect. As a result, the statistical model's unimportance of NPM may be supported by both theoretical and empirical data.

The findings reveal that Net Profit Margin (NPM) does not significantly influence firm value, as indicated by a t-statistic below the critical threshold and a relatively high p-value. This lack of significance can be better understood when viewed in the context of industry-specific and structural conditions. In state-owned

enterprises (SOEs) or capital-intensive sectors, net income is not necessarily the key metric used by investors to assess company value. Instead, they often prioritize indicators such as cash flow, asset management, and liquidity, since profit margins in these industries are frequently shaped by government-driven fiscal and operational policies. Moreover, in firms like Danantara, where dividend decisions may be influenced by state ownership, profits are not always allocated for reinvestment or business growth. Consequently, NPM may fail to represent real shareholder value or future earnings potential in such cases.

The Current Ratio (X3) variable has a t-statistic value of 4.488923, which is significantly higher than the t-table value, and a p-value of 0.0000, which is less than zero. The data show that the variable has a significant and positive effect on the value of the business. Consequently, hypothesis H3 is verified. Because it reflects the company's capacity to fulfill short-term commitments, the Current Ratio has a favorable impact on its value, giving investors and creditors alike cause for confidence [35], [36], [37], [38]. A high level of liquidity reduces the risk of bankruptcy, conveys a positive financial message, and increases the market's perception of the company's stability and performance (Kombih & Suhardianto, 2017). The buildup of these variables leads to an increase in the value of the company, both fundamentally and in terms of market valuation. Additionally, a healthy Current Ratio indicates to investors that the firm has financial flexibility, is able to run efficiently, and is not in financial trouble. This raises the company's market value by drawing investor attention and increasing demand for its shares.

8. Implications

Based on the regression results, it is evident that Return on Investment (X1) and Current Ratio (X3) significantly influence firm value, while Net Profit Margin (X2) does not show a meaningful effect. For Danantara, which oversees the performance of state-owned enterprises, this has important strategic implications. To enhance investor confidence, Danantara's management should emphasize improving investment effectiveness (ROI) and ensuring strong liquidity positions (CR). A higher ROI indicates that the company is utilizing its capital efficiently, contributing positively to value creation. Likewise, a solid CR suggests that the company is financially stable and capable of covering its short-term liabilities, which reassures investors about its operational health. On the other hand, the insignificance of NPM implies that profitability ratios may not be the key drivers of firm value in this context especially in industries where profits are heavily influenced by policy or external regulations. As such, Danantara should focus on strengthening indicators that reflect operational efficiency and financial resilience to foster greater market trust and long-term investment appeal.

Conclusion

The financial success of businesses managed by the Danantara Investment Management Agency (BPI Danantara) has a major impact on the value of the company, although the degree of impact varies depending on the financial indicators employed, according to the findings of this study. The fact that Return on Investment (ROI) has been demonstrated to have a beneficial and substantial impact on the value of a business is evidence that a firm's capacity to generate returns from investments is crucial to its value. According to this, a company's value can be increased by outstanding investment performance, which also improves market perception. The worth of a business is not, however, greatly influenced by the Net Profit Margin (NPM). According to this, the market's assessment of the firm is typically more impacted by factors like long-term development and the effective utilization of resources than by NPM, which indicates operational profitability. The value of a company is ultimately significantly and favorably impacted by the Current Ratio (CR), which emphasizes the crucial role that liquidity plays in providing confidence to investors and creditors. High liquidity can increase the stability of a firm and lower the risk of bankruptcy, both of which contribute to its overall market worth.

In general, the Current Ratio has the greatest impact, despite the fact that all three variables have a favorable relationship with firm value. Consequently, businesses in BPI Danantara are urged to prioritize liquidity

management and investment efficiency in order to increase the value of their business. In attempts to increase corporate value and financial success, this study also emphasizes the necessity of taking into account elements outside of conventional profitability.

Furthermore, this research offers a practical contribution to Danantara's managerial approach, particularly in aligning investment and liquidity strategies to enhance market trust. Theoretically, the study enriches financial management literature by reaffirming that value creation in state-owned enterprises can be better explained through operational efficiency and liquidity strength rather than profitability alone, thus also opening insights for future public policy formulation.

Suggestions

Companies within the Danantara Investment Management Agency (BPI Danantara) are advised, based on the results of this research, to give greater emphasis to the management of liquidity and investment efficiency as important determinants of enhanced firm value. Greater focus on the Current Ratio and Return on Investment (ROI) can help strengthen the companies' financial stability and enhance investor confidence.

As for the Net Profit Margin (NPM), although it did not have a significant impact in this study, companies should still aim to maintain or improve operational profitability as part of ongoing efforts to reduce costs and enhance competitive advantage.

Moreover, Danantara portfolio companies should think about changing their investment strategies in light of outside variables that may affect business worth, such as market changes, technological advancements, and government policies. In addition to providing clear and accurate disclosures about performance and business strategy, increasing transparency in financial reporting is also essential for gaining public and investor confidence.

As a follow-up, future research is encouraged to include other potentially relevant variables that could influence firm value, such as macroeconomic factors and industry-specific policies relevant to the strategic sectors managed by BPI Danantara.

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