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The Effect of Investment Policy, Cash Holding and Asset Efficiency on the Value of Manufacturing Companies in the Pharmaceutical Sub-Sector on the Indonesia Stock Exchange in the 2019–2024 Period

Domiri[1]*, Heri Ispriyahadi[2]
Muhammadiyah University of Technology Jakarta
Corresponding Author Domiri domiri092022@gmail.com

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A B S T R A C T
Pharmaceutical manufacturing companies play a crucial role in supporting the healthcare sector and the national economy. Facing increasingly fierce business competition, companies need to increase their corporate value as an indicator of their performance success and attractiveness to investors. Corporate value can be influenced by various factors, such as investment policy, cash holdings, and asset efficiency. This study aims to analyze the influence of investment policy, cash holdings, and asset efficiency on corporate value in pharmaceutical manufacturing companies listed on the Indonesia Stock Exchange for the 2019–2024 period. This study employed a quantitative approach with a causal design. The data used were secondary data obtained from the annual financial reports of nine pharmaceutical manufacturing companies listed on the Indonesia Stock Exchange for the 2019–2024 period, resulting in 54 observations. Purposive sampling was used as the sampling technique, while data analysis used multiple linear regression to examine the influence of independent variables on corporate value, both partially and simultaneously. The results show that investment policy and cash holdings significantly influence corporate value. Conversely, asset efficiency does not significantly influence corporate value. These findings indicate that appropriate investment decisions and optimal cash management can increase corporate value and investor confidence. Therefore, pharmaceutical companies need to focus on managing investment and cash holding policies to support operational sustainability and increase company value sustainably.

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INTRODUCTION

The pharmaceutical industry plays a strategic role in supporting public health and economic growth. In recent years, the industry has experienced significant changes driven by economic conditions, government policies, technological advancements, and market dynamics. Following the COVID-19 pandemic, pharmaceutical companies have faced increasing challenges, including rising competition, fluctuating raw material prices, and economic uncertainty. These challenges require firms to strengthen their financial performance and maintain sustainable growth in order to remain competitive (Pratiwi & Armaniah, 2025).

Firm value is one of the most important indicators used to assess a company's performance and future prospects. A high firm value reflects positive market perceptions regarding a firm's ability to generate future returns and maximize shareholder wealth. Consequently, firm value serves as a critical consideration for investors when making investment decisions (Sritapayanti et al., 2024). Companies with higher firm value generally have greater access to external financing and stronger investor confidence, enabling them to support future business expansion (Kurniawan et al., 2023).

In the pharmaceutical subsector, maintaining firm value has become increasingly challenging due to changes in market demand and business conditions. Although pharmaceutical companies benefited from increased demand for healthcare products during the COVID-19 pandemic, the post-pandemic period has been characterized by slowing growth and declining investor optimism. This condition is reflected in the movement of the average Price-to-Book Value (PBV), which is widely used as a proxy for firm value.

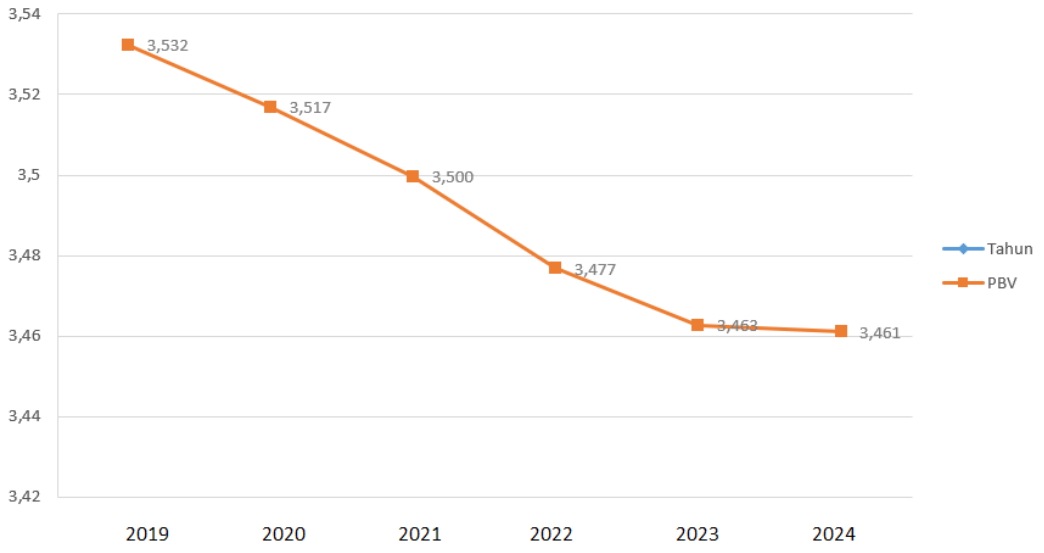

Figure 1. Average Firm Value of Pharmaceutical Manufacturing Companies Listed on the Indonesia Stock Exchange During 2019–2024
Source: Indonesia Stock Exchange (2026), processed by the authors.

As shown in Figure 1, the average PBV of pharmaceutical manufacturing companies exhibited a downward trend during the observation period. The average PBV declined from 3.532 in 2019 to 3.461 in 2024. Although the PBV remained above one, indicating that the market value exceeded the book value, the continuous decline suggests weakening investor confidence regarding the future growth prospects of pharmaceutical firms. This phenomenon indicates that several internal financial factors may influence firm value and therefore require further investigation.

One factor that may affect firm value is investment policy. Investment decisions represent management's efforts to allocate corporate resources into productive assets that are expected to generate future economic benefits. According to signaling theory, investment activities provide positive signals regarding management's confidence in future business prospects, thereby influencing investor perceptions and market valuation (Utami & Darmawan, 2020). Effective investment decisions are therefore expected to contribute positively to firm value (Brigham & Houston, 2021).

Another important factor is cash holding. Adequate cash reserves provide financial flexibility, support operational activities, and enable firms to respond to unexpected economic conditions. Investors often perceive optimal cash holdings as an indication of financial stability and sound liquidity management (Salma et al., 2024). However, excessive cash holdings may create opportunity costs because idle funds are not invested in productive activities capable of generating returns (Sha & Levina, 2021).

In addition, asset efficiency reflects management's ability to utilize company resources effectively. Asset efficiency is commonly measured using Total Asset Turnover (TATO), which indicates how efficiently a company generates sales from its total assets. Higher asset efficiency is generally associated with improved operational performance and stronger market confidence (Kasmir, 2021).

Previous studies examining the effects of investment policy, cash holding, and asset efficiency on firm value have produced inconsistent findings. Saputra and Pustikaningsih (2023) found that investment policy positively affects firm value, whereas Wibowo and Ulum (2022) reported no significant effect. Similarly, Wiyani and Ratnaningsih (2023) documented a positive relationship between cash holding and firm value, while Rahmaniar and Rizky (2022) found insignificant results. Contradictory findings were also reported regarding asset efficiency, where Salma and Komara (2023) identified a positive effect on firm value, whereas Ignatia and Setijaningsih (2024) found no significant relationship. These inconsistencies indicate the existence of a research gap and justify further investigation.

LITERATURE REVIEW

Signaling Theory

Signaling theory explains that businesses aim to share important information with outside parties, especially investors, to lessen doubts about the future situation and potential of the company. As mentioned by Brigham and

Houston in 2021, signaling is a move made by the management to share details with the market that showcase the company's internal status and practices. This information may include strategic approaches, financial results, or operational choices that represent the company's growth path. In this research, investment strategies, the level of cash reserves, and the efficiency of assets are viewed as signals that pharmaceutical manufacturing firms present to investors on the Indonesia Stock Exchange. Sound investment choices show that management believes in the future growth chances of the company, while effective cash management indicates the firm's capability to keep funds available while taking advantage of investment opportunities. On the other hand, asset efficiency reveals how well the company uses its resources to maximize profits.

Trade Off Theory

According to Houston and Brigham (2023), Trade-Off Theory suggests that businesses seek to find the best way to fund themselves by weighing the advantages and disadvantages of taking on debt. A key advantage of using debt is the tax benefits, while the downside is a higher chance of facing financial problems or even going bankrupt. The more debt a company has, the more it risks going bankrupt, making it important for companies to keep their debt at reasonable levels. If a company borrows more than what is advisable, the costs linked to the risk of bankruptcy might surpass the tax benefits, leading to a decrease in the company's overall worth. In this research, Trade-Off Theory serves as a foundation to discuss how companies handle their finances and assets in a way that boosts their value. Suitable investment strategies, careful management of cash reserves, and the company's skill in making the most of its assets are elements that can affect how well a company performs and how investors view it. Thus, good management of these three areas is anticipated to enhance the value of pharmaceutical manufacturing firms listed on the Indonesia Stock Exchange from 2019 to 2024.

Investment Policy

Investment policy is an important choice in managing finances. It involves deciding how to use a company's money across different assets to gain future financial advantages. Making good investment choices can enhance a company's chances of getting the best returns, improve its overall performance, and increase investor trust in its future, which may raise its worth. Brigham and Houston (2021) indicate that investment policy is a strategic decision by management to invest money in assets that are likely to produce cash flow and enhance the company's value. According to Sari and Rahmawati (2021), investment policy shows how a company plans to grow and acts as a significant sign for investors to evaluate its future potential. Likewise, Tandelilin (2021) notes that investment policy is a company's determination to put money into certain assets now, hoping to receive future economic benefits. Therefore, investment policy can be seen as a company’s choice to wisely use its financial resources to encourage growth and maximize its overall value.

Cash Holding

Cash reserves refer to the total amount of cash and cash-like assets that a business keeps available to handle its daily operations and prepare for unexpected challenges (Rustam & Rasyid, 2022). Cash is vital as it serves as the main funding source for everyday activities and aids in a company's investment endeavors (D. Astuti et al., 2020). As noted by Brigham and Houston (2021), businesses must keep sufficient cash flow to ensure ongoing operations and lessen the chances of financial trouble. Thus, cash reserves indicate how well a company can fulfill immediate financial responsibilities while offering adaptability during unpredictable times. Nonetheless, companies must find the right amount of cash to hold because having too little can heighten liquidity risks, whereas holding excessive cash might result in wasted resources. Therefore, managing cash holdings effectively is essential for finding a midpoint between liquidity and enhancing company worth.

Asset Efficiency

Asset efficiency refers to how well a business can handle and make the most of its resources to produce results and profits by using resources wisely. As noted by Suryanto in 2020, efficiency is about how a company performs tasks successfully to reach its objectives while balancing saving money and boosting production. Proper management of assets helps businesses cut down on waste, reduce unused resources, and enhance productivity (Suwono & Hasibuan, 2023). Additionally, asset efficiency is closely linked to how well a company performs financially because when a business uses its assets effectively, it can boost its income, profit margins, and overall value (Jane & Widjaja, 2024). Thus, a strong level of asset efficiency shows how effectively management is overseeing company resources, leading to increased value for shareholders and a better overall performance of the business.

Company Values

Corporate value is a main objective that businesses aim to achieve as it shows how well a company can enhance the well-being of its shareholders and gain trust from investors (Hidayat, 2022). A high corporate value points to positive business opportunities, raises stock prices, and gives investors assurance about the company's potential stability and growth in the future (Faradila & Kharisya Ayu Effendi, 2021). As stated by Brigham and Houston (2021), corporate value is a market measurement that indicates how investors view a company's ability to manage its resources and growth options successfully. Corporate value is typically shown through stock prices or metrics like Price to Book Value (PBV), which reflects the degree of investor trust in the company's performance and future potential (R. Astuti et al., 2021). Therefore, corporate value can be seen as a way to evaluate how well a company generates shareholder value by maintaining strong financial results, favorable growth opportunities, and efficient resource management.

METHODOLOGY

This research employs a cause-and-effect method to examine and evaluate the relationship between independent and dependent factors. As stated by Sugiyono in 2023, causal research is designed to clarify how variables influence each other and to assess the proposed hypotheses. In this research, the independent factors are investment strategy, cash reserves, and asset productivity, while the dependent factor is the value of firms in the pharmaceutical sector listed on the Indonesia Stock Exchange from 2019 to 2024.

The group of interest for this study includes all 11 pharmaceutical companies listed on the Indonesia Stock Exchange during the period from 2019 to 2024. The method chosen for sampling is purposive sampling, which follows these rules: (1) companies that were continuously listed throughout the study period; (2) those that published comprehensive annual financial statements; and (3) firms that had a positive equity value. The data utilized is secondary information gathered through documentation from the annual financial reports of companies, which were accessed via the official Indonesia Stock Exchange website and the official sites of the companies themselves. The collected data encompassed details regarding investment strategies, cash reserves, asset productivity, and firm value.

Data analysis was performed using panel data regression, facilitated by EViews software. The steps in the analysis involved descriptive statistics, choosing a panel data regression model through the Chow test, Hausman test, and Lagrange Multiplier test, along with hypothesis testing through the t-test, F-test, and coefficient of determination (R^2) to assess how the independent factors impact firm value.Based on the criteria explained above, the following list of sample companies was obtained:

Table 1. Pharmaceutical Manufacturing Companies Listed on the IDX for the 2019-2024 Period

No	Code	Company	1	2	3	Status
1	DVLA	Darya-Varia Laboratoria Tbk.	v	v	v	Thorough
2	INAF	Indofarma Tbk.	v	v	x	Not Examined
3	KAEF	Kimia Farma Tbk.	v	v	v	Thorough
4	KLBF	Kalbe Farma Tbk.	v	v	v	Thorough
5	MERK	Merck Tbk.	v	v	v	Thorough
6	PEHA	Phapros Tbk.	v	v	v	Thorough
7	PYFA	Pyridam Farma Tbk	v	v	v	Thorough
8	SCPI	Organon Pharma Indonesia Tbk.	v	v	v	Thorough
9	SIDO	Industri Jamu dan Farmasi Sido Muncul Tbk	v	v	v	Thorough
10	SOHO	SOHO Global Health Tbk.	v	x	v	Not Examined
11	TSPC	Tempo Scan Pacific Tbk.	v	v	v	Thorough

RESULT AND DISCUSSION

Descriptive Statistics

Descriptive statistics serve to summarize the key features of the research data with the help of statistical measurements like the average, standard deviation, highest value, and lowest value. This type of analysis was performed on the factors of investment strategy, cash reserves, asset productivity, and company worth. The outcomes of processing the descriptive statistics for every factor are shown in Table 2.

Table 2. Descriptive Statistics

Variable	N	Min.	Max.	Mean		Std. Deviation
				Statistic	Std. Error	
Investment Policy	54	0,1739	0,6167	0,3222	0,0163	0,1200
Cash holding	54	0,0196	0,3568	0,1449	0,0125	0,0923
Asset Efficiency	54	0,4616	1,9746	1,0017	0,0505	0,3711
Company Values	54	0,1010	7,4959	2,2056	0,2506	1,8418

Source: SPSS, Processed in 2026

According to Table 2, the findings from a descriptive statistical analysis of 54 research data points reveal the traits of investment policy variables, cash reserves, asset utilization, and company worth, measured by their lowest, highest, average (mean), and standard deviation values. The average for the investment policy variable is 0.322 with a standard deviation of 0.120, suggesting that the investment policy of the company is relatively strong, with some moderate variation in the data. The cash reserves variable shows an average of 0.145 and a standard deviation of 0.092, indicating that the company's cash reserves are fairly good, with reasonable variation. Additionally, the asset utilization variable has an average of 1.002 and a standard deviation of 0.371, suggesting that the company is mostly efficient in using its assets to make income. On the other hand, the company worth variable averages 2.205, with a standard deviation of 1.841, implying that the company's worth is at a fairly good level, but shows a wider range of variation compared to the other variables. In summary, the descriptive statistics indicate that there are differences in each research variable, which highlight variations in company conditions and approaches to managing investments, cash, and assets, ultimately impacting the company's worth.

Classical Assumption Test

Classical assumption examinations are performed to verify that the research information satisfies the conditions necessary for regression analysis, which guarantees that the findings can be understood accurately and uphold strong validity. The objective of these examinations is to identify any anomalies that might negatively influence the precision of the research outcomes. In this investigation, the classical assumption examinations employed consist of normality, multicollinearity, and heteroscedasticity.

Multicollinearity Test

A test for multicollinearity was carried out to assess if there exists a strong correlation among the independent variables within the regression model. This evaluation was done by analyzing the Variance Inflation Factor (VIF) and the tolerance levels for each independent variable. If the VIF value is less than 0.10, the regression model is regarded as lacking multicollinearity. The findings from the multicollinearity examination in this research are shown in the table below.

Table 3. Multicollinearity Test

Variable	Tolerance	VIF
Investment Policy	0,732	1,366
Cash holding	0,925	1,081
Asset Efficiency	0,766	1,306

Source: SPSS, Processed in 2026

Heteroscedasticity Test

The purpose of the heteroscedasticity examination is to assess if there is a disparity in the variances of the residuals within the regression analysis. This examination is carried out by utilizing a scatterplot to examine how the residuals are spread in relation to the forecasted values. Should the points on the scatterplot appear to be randomly arranged without indicating any particular trend, the regression analysis may be considered to lack heteroscedasticity. The outcomes of the heteroscedasticity examination in this research are illustrated in the subsequent figure.

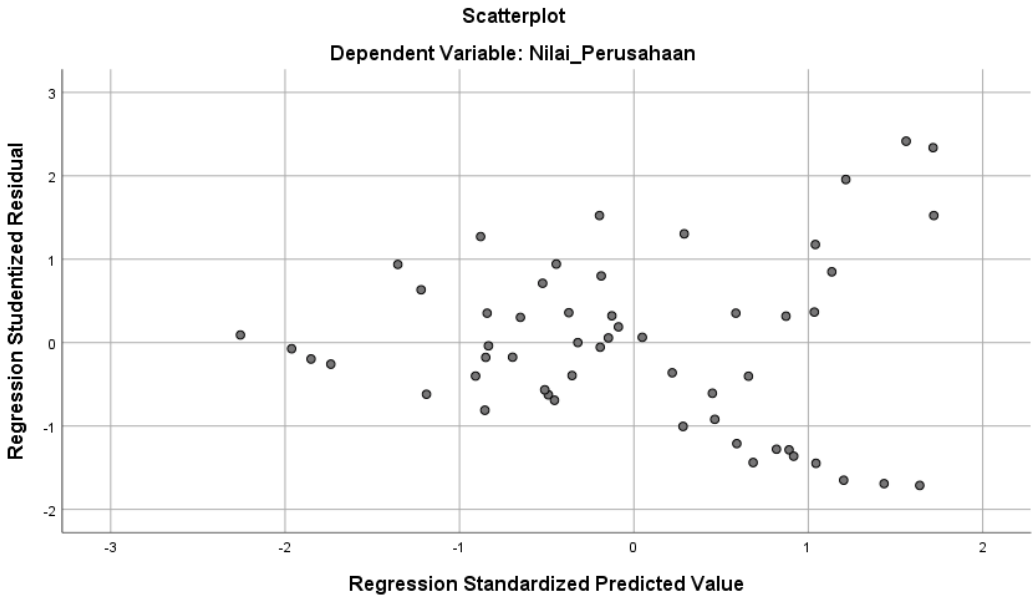

Figure 2. Heteroscedasticity
Source: SPSS, Processed in 2026

Normality Test

A normality examination is performed to assess if the data within the regression model follows a normal distribution or something close to it. This examination is essential to confirm that the regression model adheres to the

statistical premises required for the analysis. The findings from the normality examination in this research are displayed in the table below.

Table 4. Normality Test Kolmogorov-Smirnov

Asymp. Sig. (2-tailed)	0,200

Source: SPSS, Processed in 2026

According to the findings from the normality assessment displayed in the table, the Kolmogorov–Smirnov significance figure of 0.200 is beneath the threshold of 0.05. This suggests that the data gathered for the research exhibits a normal distribution. Alongside the application of statistical procedures, the evaluation of normality in this research was additionally performed visually through a histogram representing normality and a graph depicting a normal probability plot. The outcomes of the normality evaluation derived from these two visual representations are illustrated in the figure that follows.

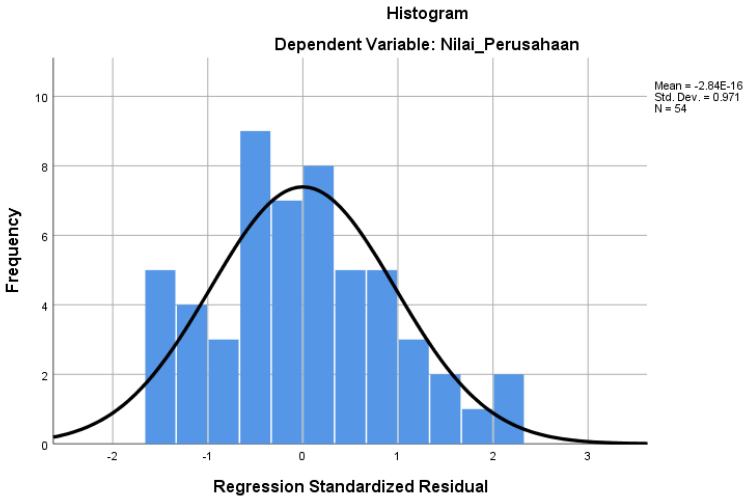

Figure 3. Normality Histogram

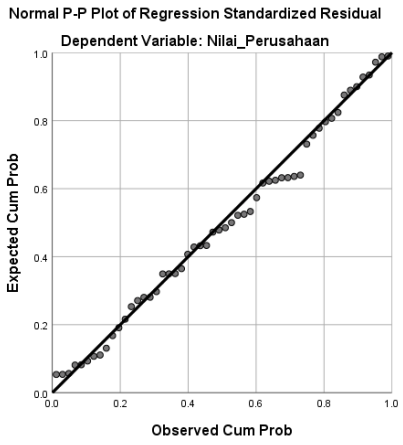

Figure 4. Normality Graph

According to the findings from data analysis performed with SPSS, illustrated in the normal probability plot depicted in Figure 4, it is evident that

the majority of the residual points are distributed around the diagonal line and seem to align with its trajectory. This scenario suggests that the variation between the observed and estimated values exhibits a distribution pattern that is nearly normal. The lack of considerable deviations from the diagonal line signifies that the data does not undergo any distribution distortion. Hence, it can be inferred that the regression model applied in this research has satisfied the requirement for normality, thus making it appropriate for additional statistical evaluations.

Multiple Linear Regression Analysis

Multiple linear regression analysis serves to assess how independent variables impact the dependent variable, whether individually or collectively. Through data analysis conducted with SPSS, a regression equation is derived that outlines the correlation between the independent and dependent variables. The findings from the multiple linear regression analysis are shown in Table 5 below.

Table 5. Multiple Linear Regression Analysis

Variable	**B**	**Std. Error**	t_{hitung}	Sig.
Constant	-0,548	1,278	-0,429	0,670
Investment Policy	5,301	2,147	2,469	0,017
Cash Holding	9,714	2,481	3,916	0.000
Asset Efficiency	-0,361	0,679	-0,532	0,597

Source: SPSS, Processed in 2026

According to the findings presented in Table 5, the valuation model employed in this research can be expressed as a multiple linear regression equation as shown below:

Y = -0,548 + 5,301X1 + 9,714X2 - 0,361X3 + e.....(1)

Hypothesis Testing

t-Test

The t-test serves to identify the partial impact of every independent variable on the dependent variable. This evaluation is conducted by juxtaposing the computed t-value against the t-table and checking the significance level corresponding to each variable. With a significance threshold set at 5% ($\alpha = 0.05$), the findings of the t-test in this research are displayed in Table 5 below.

According to the findings from the t-test, the investment policy variable shows a computed t-value of 2.469 alongside a significance level of 0.017. This t-value surpasses the t-table value and the significance is beneath 0.05, which means that the investment policy significantly impacts company value. This suggests that making informed investment choices can bolster investor confidence in the company's potential for growth. The cash holding variable presents a computed t-value of 3.916 with a significance level of 0.000. This t-value exceeds that of the t-table and its significance falls under 0.05, implying that cash holdings exert a positive and substantial influence on company value. This scenario points out that having sufficient cash reserves enhances investor confidence, as it showcases the company's capability to maintain liquidity and exploit investment opportunities. On the other hand, the asset efficiency variable has a computed t-value of -0.532 with a significance level of 0.597. This t-value is

less than that of the t-table and its significance exceeds 0.05, indicating that asset efficiency does not significantly affect company value. These findings suggest that the degree of asset efficiency has not been a primary criterion that investors examine when evaluating a company, as investor perceptions are also shaped by other elements such as profitability, prevailing market conditions, and the company's growth potential.

F Test

An F test was performed to evaluate if factors such as investment strategy, cash reserves, and asset utilization collectively have an effect on the value of a company. This assessment involved comparing the derived F value against the F table and determining the significance level associated with the regression model. The findings from the F test in this research are detailed in the subsequent table.

Table 6. F Test

Variable	F_{hitung}	Sig.	**Keterangan**
Investment Policy, *Cash Holding* Dan Asset Efficiency	6,597	0,001	Signifikan

Source: SPSS, Processed in 2026

According to the findings from the F-test, the computed F-value stood at 6.597 with a p-value of 0.001. This p-value falls below the threshold of 0.05, which allows for the conclusion that the regression model applied is significant. These findings show that investment policy, cash reserves, and asset productivity collectively have a substantial impact on the value of the firm. Therefore, these three independent variables can effectively account for changes in firm value and are appropriate for inclusion in the research model.

Correlation Coefficient Test

This test for the correlation coefficient is utilized to assess how closely related the independent and dependent variables are in a research framework. The correlation coefficient (R) figure reveals the degree of strength or fragility in the association between the variables. The data obtained from the regression analysis conducted through SPSS, the values of the correlation coefficient (R) for this study are displayed in Table 7 provided below.

Table 7. Correlation Coefficient Test

R	R Square	Adjusted R Square
0,533	0,284	0,241

Source: SPSS, Processed in 2026

According to the findings from the correlation coefficient calculations presented in Table 8, a value of 0.533 was derived for the correlation coefficient (R). This figure suggests a moderate association between investment strategies, cash reserves, and asset effectiveness with the value of the company, as it falls within the interval of 0.400 to 0.599. These findings imply that these three independent variables are linked to the company's value; however, the strength of this relationship is insufficient to account for all fluctuations in company value.

Therefore, it is likely that additional elements beyond the scope of this research model also affect the company's value.

Coefficient of Determination (R^2) Test

The R^2 test is utilized to assess how well independent variables can account for changes in the dependent variable in a research framework. The value of the coefficient of determination reflects how investment policy, liquidity levels, and asset utilization factors contribute to variations in company valuation. Findings from the R^2 test derived from data analysis conducted with SPSS are shown in Table 8 below.

Table 8. Correlation Coefficient Test

R	R Square	Adjusted R Square
0,533	0,284	0,241

Source: SPSS, Processed in 2026

The coefficient of determination test results in Table 8 show an R^2 value of 0.284 (28.4%). This figure indicates that Investment Policy, Cash Holding, and Asset Efficiency are only able to account for 28.4 percent of the variation in Firm Value, while the remaining 71.6 percent is attributable to factors not included in this research model. These findings confirm that Firm Value is not determined solely by these three variables, but is also shaped by a range of other aspects, including macroeconomic conditions, interest rates, the company's financial performance, capital structure, firm size, and investor perceptions of the market.

The Effect of Investment Policy on Company Values

The findings reveal that Investment Policy exerts a positive and significant influence on Company Values, as evidenced by a calculated t-value exceeding the critical t-table value and a significance level below the established threshold. This implies that Investment Policy contributes meaningfully to enhancing Company Values, suggesting that the investment decisions made by a company are viewed favorably by investors, who interpret them as reflecting the firm's future growth prospects. The more effectively a company manages and formulates its Investment Policy, the greater the investor confidence it generates, which in turn drives an increase in Company Values. This result is consistent with Sari and Haryanto (2019), who argued that Investment Policy affects Company Values because sound investment decisions can strengthen a company's growth outlook in the eyes of investors. It is further reinforced by Wijaya (2019), who found that companies with strong Investment Policy tend to achieve higher Company Values as such policies bolster market confidence in corporate performance. It can therefore be concluded that Investment Policy is a key determinant of Company Values among pharmaceutical sub-sector manufacturing companies, making it essential for firms to formulate investment decisions that are precise, selective, and strategic so that the resulting investments generate added value, improve company performance, and strengthen investor trust over the long term.

The Effect of Cash holding on Company Values

The findings show that Cash holding has a positive and significant effect on Company Values, as indicated by a calculated t-value greater than the t-table value and a significance level below the established threshold. This means that the higher the level of Cash holding maintained by a company, the higher its Company Values tends to be, indicating that adequate cash availability sends a positive signal to investors regarding the firm's capacity to preserve liquidity and withstand uncertainty. Firms with higher Cash holding are perceived as more flexible in meeting short-term obligations and better able to fund operations and seize investment opportunities without relying heavily on external financing, which strengthens investor confidence and consequently raises Company Values. Cash holding also reflects the prudence with which management administers the company's finances; sufficient cash reserves allow a firm to anticipate financial risk and sustain stable performance, although cash management must still be optimized, since excessive holdings that are not deployed productively may lead to inefficiency. This finding aligns with Yudhayani et al. (2022), who stated that Cash holding positively affects Company Values by enhancing financial flexibility. It can thus be concluded that Cash holding is an important factor in raising Company Values, requiring companies to manage their cash optimally so as to maximize its contribution to the growth of Company Values.

The Effect of Asset Efficiency on Company Values

The results indicate that Asset Efficiency has a negative and insignificant effect on Company Values, as shown by a calculated t-value smaller than the t-table value and a significance level above the established threshold. This suggests that Asset Efficiency has not yet produced a meaningful impact on Company Values, implying that the degree to which a company utilizes its assets effectively is not a primary consideration for investors when evaluating pharmaceutical sub-sector manufacturing firms. This condition indicates that even when a company manages its assets efficiently, this does not necessarily translate into an immediate increase in Company Values in the market, as investors tend to weigh other factors such as profitability, company growth, financial stability, and industry conditions in making investment decisions; moreover, efficient asset utilization does not automatically yield a significant rise in profit unless it is accompanied by improved sales and overall corporate performance. This result is consistent with Lestari and Suryono (2020), who found that Asset Efficiency does not significantly affect Company Values, indicating that a company's effectiveness in utilizing its assets has not directly impacted the increase in Company Values—a condition that may arise because investors consider not only asset-use efficiency but also other factors such as profitability, market conditions, and the company's future prospects. It can therefore be concluded that, within this study, Asset Efficiency has not emerged as a primary factor influencing Company Values.

The Combined Effect of Investment Policy, Cash holding, and Asset Efficiency on Company Values

The findings demonstrate that Investment Policy, Cash holding, and Asset Efficiency collectively exert a significant influence on Company Values, as confirmed by a calculated F-value exceeding the F-table value and a significance level below the established threshold, indicating that the three independent variables jointly affect Company Values. This suggests that Company Values are not shaped by a single factor alone but rather emerge from a combination of corporate policies and financial performance: Investment Policy reflects how a company allocates funds to generate future profit, Cash holding represents its ability to maintain liquidity and financial flexibility, and Asset Efficiency illustrates its capacity to utilize resources optimally—three dimensions that complement one another in shaping overall company performance and, consequently, Company Values. Although Asset Efficiency alone does not significantly affect Company Values, when considered jointly with Investment Policy and Cash holding it contributes to a significant combined effect, showing that Asset Efficiency still plays a role within the company's broader strategy, particularly when supported by sound investment and liquidity management; through the right combination of Investment Policy, adequate Cash holding, and effective Asset Efficiency, a company can enhance its overall performance and thereby contribute to an increase in Company Values. This result corresponds with Prasetyo and Hidayat (2021), who found that the combination of financial policy and operational efficiency simultaneously affects firm value, and is further supported by Kurniawan et al. (2023), who emphasized that firm value is shaped by multiple interrelated internal factors rather than by any single variable in isolation. Investment Policy, Cash holding, and Asset Efficiency therefore stand as important factors that jointly influence Company Values, underscoring the need for companies to manage these three aspects in a balanced and optimal manner to sustainably enhance performance and Company Values.

CONCLUSIONS AND RECOMMENDATIONS

Based on the results of multiple linear regression analysis on nine pharmaceutical manufacturing companies listed on the Indonesia Stock Exchange during the 2019–2024 period, it can be concluded that Investment Policy has a positive and significant effect on Company Values, indicating that well-considered investment decisions are perceived favorably by investors and serve to strengthen the firm's growth prospects. Cash holding likewise has a positive and significant effect on Company Values, demonstrating that adequate cash reserves enhance financial flexibility, support liquidity, and build investor confidence in the company's ability to manage short-term obligations and capture investment opportunities. In contrast, Asset Efficiency does not have a significant effect on Company Values, suggesting that the effectiveness of asset utilization has not become a primary consideration for investors in valuing pharmaceutical manufacturing firms, as investors tend to place greater weight on other factors such as profitability and financial stability. When tested simultaneously, Investment Policy, Cash holding, and Asset Efficiency together exert a significant influence on Company Values, confirming that company value is shaped by the interaction of multiple financial policies rather than by a single variable alone. With an R^2 value of 0.284, these three variables are able to explain

28.4% of the variation in Company Values, while the remaining 71.6% is attributable to other factors outside the model.

These findings carry several practical implications. For company management, it is recommended that investment decisions be made selectively and strategically, directing capital toward projects with strong growth prospects in order to strengthen investor trust. Companies are also advised to manage their cash holdings optimally, maintaining sufficient liquidity to meet operational needs and capitalize on investment opportunities, while avoiding excessive idle cash that could lead to inefficiency. Although asset efficiency was not found to significantly affect company value on its own, companies should continue to manage their assets effectively as part of a broader strategy, since this variable still contributes meaningfully when combined with sound investment and cash management practices. For investors, these results suggest that investment policy and cash holding levels can serve as relevant indicators in assessing the prospects of pharmaceutical manufacturing companies.

FURTHER STUDY

This study has several limitations that should be acknowledged. First, the research was limited to nine pharmaceutical manufacturing companies listed on the Indonesia Stock Exchange during the 2019–2024 period, resulting in a relatively small number of observations (54 data points), which may limit the generalizability of the findings to other industry sectors. Second, the model used only three independent variables—Investment Policy, Cash holding, and Asset Efficiency—which together explained only 28.4% of the variation in Company Values, indicating that a substantial portion of the variance remains unexplained. Third, this study relied solely on secondary data from annual financial reports and did not incorporate external factors such as macroeconomic conditions or market sentiment that may also influence company value.

For future research, it is recommended that the sample be expanded to include other manufacturing sub-sectors or a longer observation period to improve the robustness and generalizability of the findings. Future studies are also encouraged to incorporate additional variables that may influence company value, such as profitability, capital structure, firm size, dividend policy, or macroeconomic indicators, in order to obtain a more comprehensive model. Furthermore, employing alternative analytical methods, such as panel data regression or moderation and mediation analysis, may provide deeper insight into the complex relationships among these variables.

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