



Liquidity, Solvency, and Asset Growth Effects on Stock Prices: The Mediating Role of Profitability in Transportation and Logistics Companies Listed on the Indonesia Stock Exchange (2019–2024)

Vera Lisdiana^{1*}

Management Program Study
Postgraduated School of Pakuan
University,
Bogor, Indonesia
E-mail: Lisdianavera32@gmail.com

Hari Gursida²

Management Program Study
Postgraduated School of Pakuan
University,
Bogor, Indonesia

Yohanes Indrayono³

Management Program Study
Postgraduated School of Pakuan
University,
Bogor, Indonesia

ABSTRACT

This study investigates the effects of liquidity, solvency, and asset growth on stock prices, both directly and indirectly through profitability as a mediating variable, in transportation sector companies listed on the Indonesia Stock Exchange during 2019–2024. Liquidity is measured using the Current Ratio (CR), solvency using the Debt-to-Equity Ratio (DER), asset growth through annual asset growth, profitability using Return on Assets (ROA), and stock prices based on closing prices. A quantitative approach employing panel data regression analysis is applied, while the mediating role of profitability is examined using the Sobel test. The findings indicate that liquidity and asset growth have positive and significant effects on stock prices, whereas solvency has a negative effect. Liquidity and asset growth also positively influence profitability, while solvency negatively affects profitability. Profitability significantly increases stock prices and mediates the relationships between liquidity and stock prices as well as asset growth and stock prices. However, profitability does not mediate the effect of solvency on stock prices. These results emphasize the importance of effective liquidity management and asset utilization in enhancing profitability and firm market value, while excessive leverage may weaken investor confidence.

Keywords: Liquidity; Solvency; Asset Growth; Profitability; Stock Prices; Transportation Sector



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INTRODUCTION

Investment activities play a crucial role in supporting economic growth, particularly in emerging economies such as Indonesia. Investment refers to the allocation of funds into financial instruments or real assets, including stocks, bonds, and property, with the objective of generating future returns (Widhiastuti *et al.*, 2024). Among various investment instruments, stocks are widely favored because they represent ownership rights and provide investors with economic benefits that can be traded openly in the capital market (Hery, 2022). Consequently, understanding the determinants of stock price movements is essential for improving the effectiveness of investment decision-making.

Stock prices serve as a key market-based indicator that reflects investors' evaluations of a firm's financial performance and future prospects. Investors generally seek undervalued stocks to obtain optimal returns, which may be realized through dividend income and capital gains arising from price differentials (Sutrisno, 2020). Stock prices are formed through interactions between supply and demand in the stock exchange and reflect collective market perceptions toward firm value (Musthafa, 2021). Therefore, stock price fluctuations provide important signals regarding a firm's financial condition and growth potential (Widhiastuti *et al.*, 2024).

The transportation and logistics sector plays a strategic role in Indonesia's economic development by facilitating mobility, trade, and distribution activities. However, during the 2019–2024 period, stock prices in this sector exhibited considerable volatility across firms, indicating heterogeneous financial performance and varying investor perceptions. The decline in stock prices experienced by many transportation and logistics companies after 2020 can largely be attributed to the COVID-19 pandemic, which significantly reduced transportation demand due to mobility restrictions and economic slowdowns (Putra & Dewi, 2021). This condition was further exacerbated by rising fuel prices and increasing logistics operational costs, which negatively affected corporate profitability (Sari & Nugroho, 2022).

In addition to external factors, internal financial performance plays a significant role in shaping stock price movements. Firms with low profitability, as reflected in weak Return on Assets (ROA) and Return on Equity (ROE), tend to experience downward pressure on stock prices because investors perceive limited earnings-generating capability (Wulandari & Mahardika, 2023). Macroeconomic variables such as inflation, interest rates, and exchange rate volatility also influence investor risk perceptions and stock market attractiveness in the transportation and logistics sector (Rahmawati *et al.*, 2023).

From a corporate finance perspective, stock prices reflect market responses to firm-specific fundamental information, including liquidity, capital structure, asset growth, and profitability (Harahap & Siregar, 2022). Liquidity, proxied by the Current Ratio (CR), indicates a firm's ability to meet short-term obligations and represents its short-term financial health (Tania *et al.*, 2024; Barus *et al.*, 2024). Although higher liquidity is theoretically expected to enhance investor confidence, empirical studies report inconsistent findings regarding its impact on stock prices, suggesting unresolved empirical gaps (Istiqamah *et al.*, 2024).

Solvency, measured by the Debt to Equity Ratio (DER), reflects a firm's reliance on debt financing. High leverage increases financial risk and may negatively influence investor perceptions, thereby exerting downward pressure on stock prices (Pratama & Handayani, 2023). Nevertheless, an optimal capital structure can signal efficient leverage management and contribute positively to firm value (Sari & Nurhayati, 2021). Asset growth represents corporate expansion efforts that potentially enhance operational capacity and future earnings; however, its effect on firm value depends on managerial efficiency in utilizing assets (Firdausi *et al.*, 2024). Prior studies suggest that asset growth

influences profitability, particularly ROA, emphasizing the importance of effective asset utilization (Lisdawati *et al.*, 2024).

Profitability, measured by Return on Assets (ROA), reflects management efficiency in generating earnings from total assets and is a critical indicator for investors. Higher profitability enhances investor confidence and increases stock prices by signaling superior operational performance (Novianti & Fadillah, 2023). Moreover, profitability may function as a mediating variable that explains how liquidity, solvency, and asset growth influence stock prices (Utami & Rahardjo, 2020).

Given the inconsistent empirical findings and fluctuating financial performance of transportation and logistics firms in Indonesia during the 2019–2024 period, this study aims to examine the effects of liquidity, solvency, and asset growth on stock prices, with profitability as a mediating variable. By focusing on transportation and logistics companies listed on the Indonesia Stock Exchange, this study seeks to contribute empirical evidence that clarifies the transmission mechanism between financial fundamentals and market valuation in an emerging market context.

LITERATURE REVIEW

Liquidity, Signaling Theory, Stakeholder Theory, and Stock Price

Liquidity reflects a firm's ability to meet short-term obligations and maintain operational stability. From a signaling theory perspective, liquidity ratios function as observable financial signals that reduce information asymmetry between managers and investors (Connelly *et al.*, 2022). A strong Current Ratio indicates lower short-term financial risk and greater financial resilience, thereby enhancing investor confidence and positively influencing stock valuation.

From a stakeholder theory perspective (Wicks *et al.*, 2023), adequate liquidity ensures timely payments to creditors and suppliers, preserves operational continuity, and strengthens stakeholder trust. Firms that maintain stable liquidity are therefore more likely to achieve sustainable performance and higher market valuation. Empirical evidence supports this argument, showing that liquidity positively affects stock prices and firm value (Tania *et al.*, 2024; Widhiastuti *et al.*, 2024).

H1: Liquidity (CR) positively affects stock prices.

Solvency, Financial Risk, and Stock Price

Solvency, measured by the Debt to Equity Ratio (DER), reflects the firm's capital structure and financial risk exposure. Under signaling theory, leverage may send mixed signals to investors (Taherinia *et al.*, 2024). Moderate leverage may signal growth opportunities, while excessive leverage may indicate financial distress risk.

Stakeholder theory suggests that high leverage increases risk exposure for creditors and other stakeholders, potentially undermining long-term sustainability (Wicks *et al.*, 2023). Trade-off theory further argues that while debt provides tax advantages, it also increases bankruptcy costs (Brigham & Houston, 2019). Empirical studies frequently document a negative association between leverage and firm value (Pratama & Handayani, 2023; Sari & Nurhayati, 2021).

H2: Solvency (DER) affects stock prices.

Asset Growth and Stock Price

Asset growth reflects expansion strategy and investment in productive capacity. According to signaling theory, growth in total assets signals managerial confidence in future prospects (Connelly *et al.*, 2022). Investors may interpret asset expansion as an indicator of growth opportunities and future revenue generation. From a stakeholder perspective, sustainable asset growth enhances production capacity, employment, and long-term economic value creation (Wicks *et al.*, 2023). Empirical studies confirm that asset growth positively influences stock prices when supported by efficient asset utilization (Afrianti & Purwaningsih, 2022; Firdausi *et al.*, 2024).

H3: Asset Growth positively affects stock prices.

Liquidity and Profitability

Effective liquidity management supports smooth operational activities and efficient working capital allocation. Signaling theory suggests that firms with strong liquidity positions demonstrate sound financial management practices (Connelly *et al.*, 2022). Stakeholder theory further emphasizes that adequate liquidity strengthens relationships with suppliers and creditors, improving operational efficiency and profitability. Empirical findings indicate that liquidity positively affects ROA (Triuspitorini *et al.*, 2022).

H4: Liquidity (CR) positively affects profitability (ROA).

Solvency and Profitability

Leverage decisions influence profitability through interest costs and financial risk exposure. Under signaling theory, high leverage may signal either expansion confidence or financial vulnerability (Taherinia *et al.*, 2024). From a stakeholder perspective, excessive debt increases financial pressure and may reduce firm stability, negatively affecting earnings performance. Empirical studies show that high DER may reduce ROA due to increased financial burdens (Pratama & Handayani, 2023).

H5: Solvency (DER) affects profitability (ROA).

Asset Growth and Profitability

Asset expansion increases operational capacity and potential revenue generation. Under signaling theory, asset growth conveys positive expectations regarding future profitability when supported by efficient asset utilization (Connelly *et al.*, 2022). Stakeholder theory argues that productive asset growth enhances long-term value creation for multiple stakeholder groups (Wicks *et al.*, 2023). Empirical evidence confirms a positive relationship between asset growth and profitability (Firdausi *et al.*, 2024).

H6: Asset Growth positively affects profitability (ROA).

Profitability and Stock Price

Profitability represents managerial efficiency in utilizing assets to generate earnings. According to signaling theory, high ROA serves as a credible signal of firm quality and future prospects (Connelly *et al.*, 2022). Investors respond positively to strong profitability indicators, leading to higher stock prices. From a stakeholder perspective, sustained profitability reflects the firm's ability to create long-term economic value. Empirical findings consistently demonstrate a positive relationship between ROA and stock prices (Khasanah & Suwarti, 2022; Widhiastuti *et al.*, 2024).

H7: Profitability (ROA) positively affects stock prices.

Mediating Role of Profitability

Profitability may function as a transmission mechanism linking financial decisions to market valuation. Liquidity improves operational efficiency, which enhances profitability and subsequently increases stock prices. Similarly, asset growth contributes to earnings capacity, which is capitalized into firm value. From a signaling perspective, financial indicators first influence profitability, which then serves as a stronger and more credible signal to investors. From a stakeholder perspective, sustainable financial management translates into improved earnings, which supports long-term market confidence.

Accordingly:

H8: Profitability (ROA) mediates the relationship between Liquidity (CR) and stock prices.

H9: Profitability (ROA) mediates the relationship between Solvency (DER) and stock prices.

H10: Profitability (ROA) mediates the relationship between Asset Growth and stock prices.

The research model is illustrated in the following diagram:

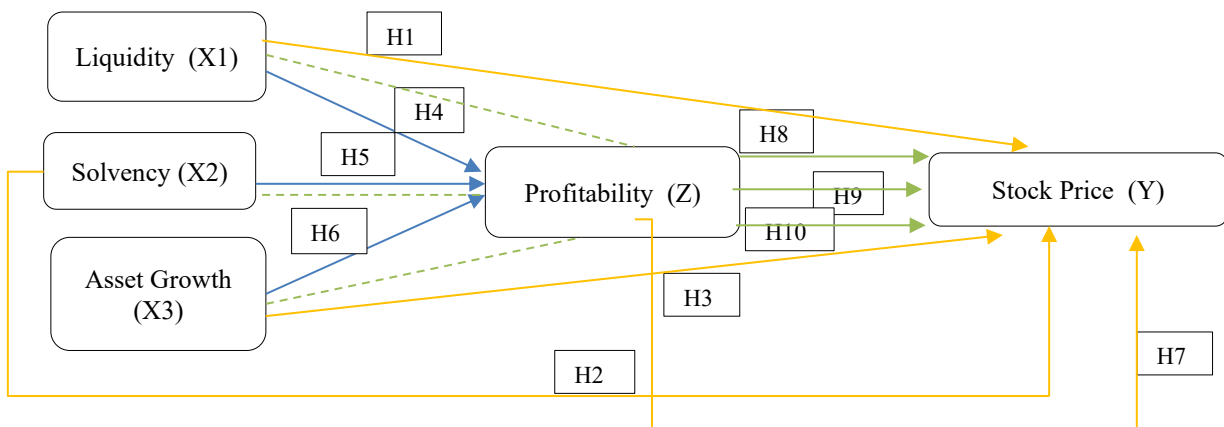


Figure 1. Research Constellation
Source: Own Compilation (2026)

RESEARCH METHOD

Research Design

This study employs a quantitative research approach with an explanatory (causal) research design. Quantitative methods are used to objectively test theoretical relationships among variables through numerical measurement and statistical analysis. The explanatory design aims to examine causal relationships between liquidity, solvency, asset growth, and stock prices, with profitability serving as a mediating variable.

Population and Sample

The population of this study consists of transportation and logistics sector companies listed on the Indonesia Stock Exchange (IDX) during the 2019–2024 period. Sampling was conducted using a purposive sampling technique to ensure the relevance and

completeness of the data. The sampling criteria include: (1) companies continuously listed on the IDX during the observation period, (2) availability of audited annual financial statements denominated in Indonesian rupiah, and (3) completeness of data required to measure liquidity, solvency, asset growth, profitability, and stock prices. Based on these criteria, 21 companies were selected, resulting in 126 firm year observations (21 firms × 6 years).

Data Type and Data Collection Method

This study utilizes secondary quantitative data obtained from the annual reports of transportation and logistics companies published on the official IDX and corporate websites for the 2019–2024 period. Data were collected using the documentation method, which involves systematically recording relevant financial information from published reports.

Operational Definition of Variables

Liquidity is measured using the Current Ratio (CR), which reflects the firm’s ability to meet short-term obligations. Solvency is proxied by the Debt to Equity Ratio (DER), representing the firm’s capital structure and financial risk. Asset growth is measured as the percentage change in total assets from the previous year. Profitability is measured using Return on Assets (ROA), indicating management efficiency in generating earnings from total assets. Stock price is measured using the average stock price one to three months after the publication of annual financial statements, reflecting market responses to publicly available financial information. Table 1 below presents the operationalization of variables as a reference for measurement.

Table 1. Operationalization of research variables

Variable	Measurement	Scale
X ₁ = Current Ratio (CR)	$CR = \frac{\text{Current Assets}}{\text{Current Liabilities}} \times 100\%$	Ratio %
X ₂ = Debt to Equity Ratio (DER)	$DER = \frac{\text{Total Liabilities}}{\text{Total Equity}} \times 100\%$	Ratio %
X ₃ = Assets Growth (AG)	$PA = \frac{P_t - P_{t-1}}{P_{t-1}} \times 100\%$	Ratio %
Y = Harga Saham (HS)	$HS = \frac{HS_1 + HS_2 + HS_3}{3}$	Nominal Rp
Z = Return on Asset (ROA)	$ROA = \frac{\text{Net Income}}{\text{Total Assets}}$	Ratio %

Source: Own Compilation (2026)

Data Analysis Technique

Data analysis was conducted using panel data regression to capture both cross-sectional and time-series variations. Descriptive statistics were first employed to summarize data characteristics, including mean, minimum, maximum, and standard deviation. Classical assumption tests normality (Jarque Bera), multicollinearity (Variance Inflation Factor), autocorrelation (Durbin Watson and Breusch Godfrey), and heteroskedasticity (White or Breusch Pagan tests) were performed to ensure model validity.

Model selection among the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) was determined using the Chow test, Hausman

test, and Lagrange Multiplier test. The selected model was then used to estimate two regression equations: (1) the effect of liquidity, solvency, asset growth, and profitability on stock prices, and (2) the effect of liquidity, solvency, and asset growth on profitability. Hypotheses were tested using a 5% significance level.

Mediation Analysis

The mediating role of profitability was tested using the Sobel test to assess the significance of indirect effects. A mediation effect is considered significant when the Sobel test statistic exceeds the critical value of 1.96 at the 5% significance level.

RESEARCH RESULTS

Results of Descriptive Statistical Test

Table 2. Descriptive Statistical Test Result

Statistic	Y_SP	X1_CR	X2_DER	X3_GA	Z_ROA
Mean	519,4206	1,483713	1,023979	5,144662	0,269349
Median	528,5	1,483825	1,065381	5,145607	0,269064
Maximum	819	2,238973	2,541093	9,306365	0,489981
Minimum	48	0,714076	0,189943	-1,482535	0,020889
Std. Dev.	132,8264	0,284982	0,399308	1,805216	0,076225
	-				-
Skewness	0,328562	0,018005	0,530594	-0,162563	0,053419
Kurtosis	3,588471	2,991922	3,829963	3,67342	3,837066
Jarque-Bera	4,085083	0,007151	9,528545	2,935807	3,738493
Probability	0,129699	0,996431	0,080529	0,230408	0,15424
Sum	65447	186,9479	129,0213	648,2275	33,93801
Sum Sq. Dev.	2205357	10,15183	19,93089	407,3504	0,726279
Observations	126	126	126	126	126

Source: Own Compilation (2026)

Table 2 presents the descriptive statistics for the variables used in this study, based on 126 firm-year observations from transportation and logistics companies during the 2019–2024 period. The average stock price (SP) is 519.42 IDR, with a minimum value of 48 and a maximum value of 819, indicating considerable variation in market valuation across firms. The standard deviation of 132.83 suggests moderate volatility in stock prices during the observation period.

Liquidity (CR) has a mean value of 1.48, indicating that, on average, firms possess current assets 1.48 times greater than their current liabilities, reflecting relatively adequate short-term financial stability. Solvency (DER) shows an average of 1.02, suggesting that debt levels are approximately equivalent to equity, indicating a balanced capital structure overall. Asset Growth (AG) records a mean of 5.14%, demonstrating moderate expansion among firms during the study period. Profitability (ROA) has an average value of 0.27%, indicating relatively low but positive returns on total assets.

The Jarque Bera test results show probability values above 0.05 for all variables, indicating that the data are normally distributed. Overall, the descriptive findings suggest heterogeneity in financial performance and market valuation among transportation and logistics firms, particularly during the post-pandemic recovery period.

Results of Classical Assumption Test

Prior to estimating the panel regression models, classical assumption tests were conducted to ensure the robustness of the estimators. The Jarque–Bera test produced a probability value of 0.970684, which exceeds the 5% significance level, indicating that the residuals are normally distributed. The skewness value (−0.017438) and kurtosis value (3.100591) further confirm that the residual distribution is approximately symmetric and close to normal. Autocorrelation was examined using the Durbin–Watson statistic, which yielded a value of 1.925625, indicating the absence of serial correlation. Multicollinearity testing using the Variance Inflation Factor (VIF) showed that all independent variables had VIF values close to 1 and well below the critical threshold of 10, suggesting no multicollinearity problem. Furthermore, the Breusch–Pagan–Godfrey test indicated probability values greater than 0.05, confirming the absence of heteroskedasticity. Overall, these results demonstrate that the regression models satisfy the classical assumptions and are appropriate for further analysis.

Panel Regression Model Selection

Model selection was conducted using the Chow and Hausman tests to determine the most appropriate panel estimation technique. For the stock price model, the Chow test yielded a probability value of 0.2113, indicating that the Common Effect Model (CEM) is preferable to the Fixed Effect Model. Therefore, Model 1 was estimated using CEM. In contrast, for the profitability model, the Chow test produced a probability value of 0.0386, suggesting the Fixed Effect Model (FEM) is superior to CEM. This result was further confirmed by the Hausman test ($p = 0.0063$), which indicated that FEM is more appropriate than the Random Effect Model. Accordingly, Model 2 was estimated using FEM to account for firm-specific heterogeneity.

Regression Results and Hypothesis Testing

Table 3. Regression and Hypothesis Testing Result

Model 1 : CR, DER, AG, ROA → Stock Price (SP)					T Table
Variable	Coefficient	Prob	t-statistic	R Squared	T Table = 1,660
CR	120.690	0,0000	11.122	0.954708	
DER	-23.359	0.0006	-3.5099		
AG	52.834	0,0000	10.993		
ROA	336.690	0.0052	2.8485		
CR, DER, AG → ROA					
Variable	Coefficient	Prob	t-statistic	R Squared	
CR	0.0517	0.0000	7.2168	0.937120	
DER	-0.0126	0.0165	-2.436		
AG	0.0381	0.0000	33.142		

Source: Eviews 12 (2026)

All hypotheses were tested at a 5% significance level with a critical t-value of 1.660. The results indicate that liquidity and asset growth are significant determinants of stock price, while leverage exerts a negative influence. Specifically, liquidity (CR) positively affects stock price ($\beta = 120.690$; $p < 0.05$), suggesting that firms with stronger short-term financial capacity are rewarded by the market. Asset growth (AG) also demonstrates a positive and significant effect ($\beta = 52.834$; $p < 0.05$), indicating that expansion strategies are interpreted by investors as signals of future performance improvement. In contrast, solvency (DER) negatively affects stock price ($\beta = -23.359$; $p < 0.05$), implying that

higher financial leverage increases perceived risk and reduces firm valuation. Profitability (ROA) further strengthens stock price ($\beta = 336.690$; $p < 0.05$), confirming its central role in translating operational performance into market value. The model exhibits strong explanatory power ($R^2 = 0.954708$), indicating that financial fundamentals substantially explain variations in stock price.

Regarding profitability, liquidity and asset growth positively influence ROA, while leverage reduces it. Liquidity ($\beta = 0.0517$; $p < 0.05$) enhances profitability through improved working capital efficiency, and asset growth ($\beta = 0.0381$; $p < 0.05$) reflects the productive utilization of expanded assets. Conversely, higher leverage ($\beta = -0.0126$; $p < 0.05$) constrains earnings performance due to increased financial burdens. The second model also demonstrates high explanatory capacity ($R^2 = 0.937120$). Collectively, these findings indicate that market valuation in the transportation and logistics sector is largely driven by financial stability, efficient asset expansion, and earnings performance, while excessive debt weakens both profitability.

Sobel Test (Mediation Analysis)

Table 4. Sobel Test (Mediation Analysis) Result

Hypothesis	Mediation Path	Coefficient a	Std. Error a	Coefficient b	Std. Error b	Z Value	Z- Sobel
H8	CR → ROA → SP	0,05173	0,00717	336,69	118,198	1,96	2,649
H9	DER → ROA → SP	-0,0126	0,00519	336,69	118,198	1,96	-1,847
H10	AG → ROA → SP	0,0382	0,00115	336,69	118,198	1,96	2,838

Source: EvIEWS 12 (2025)

The Sobel test was employed to examine the mediating role of profitability in the relationship between financial variables and stock price. The results indicate that profitability significantly mediates the effect of liquidity on stock price ($Z = 2.649$), demonstrating that liquidity improves stock price both directly and indirectly through enhanced profitability. Similarly, profitability significantly mediates the relationship between asset growth and stock price ($Z = 2.838$), indicating that asset expansion contributes to higher firm value through improved earnings performance. However, the mediation effect of profitability on the relationship between solvency and stock price is not significant ($Z = -1.847$), suggesting that leverage affects stock price primarily through direct market risk perceptions rather than through profitability channels.

DISCUSSION

This study investigates the direct and indirect effects of liquidity, solvency, and asset growth on stock prices through profitability in transportation and logistics firms listed on the Indonesia Stock Exchange during 2019–2024. The findings provide several important theoretical and empirical insights.

First, H1 confirms that liquidity positively affects stock prices, supporting signaling theory (Connelly *et al.*, 2022). A strong Current Ratio signals financial stability and lower short-term risk, enhancing investor confidence. This result aligns with Tania *et al.* (2024) and Widhiastuti *et al.* (2024), who report a positive association between liquidity and firm value. However, this study extends prior research by demonstrating that liquidity plays a particularly strategic role in capital-intensive transportation firms, where operational continuity and cash flow stability are critical.

Second, H2 indicates that solvency negatively affects stock prices, suggesting that higher leverage reduces market valuation. This finding is consistent with Pratama and Handayani (2023) and Sari and Nurhayati (2021), who show that excessive debt increases

financial risk perception. Unlike studies reporting insignificant leverage effects, this research highlights that in transportation and logistics firms, investors appear highly sensitive to debt exposure due to high fixed costs and long asset cycles.

Third, H3 confirms that asset growth positively influences stock prices, consistent with Afrianti and Purwaningsih (2022). The novelty lies in demonstrating that growth opportunities are rewarded by the market when perceived as productive and sustainable within a capital-intensive sector.

Regarding profitability determinants, H4 finds that liquidity positively affects profitability, reinforcing working capital management theory and prior findings by Triuspitorini *et al.* (2022). H5 shows that solvency negatively affects profitability, supporting Fianti *et al.* (2022), indicating that excessive leverage reduces earnings capacity through higher financial burdens. H6 confirms that asset growth positively affects profitability, consistent with Firdausi *et al.* (2024), suggesting that effective asset expansion enhances operational efficiency.

Furthermore, H7 confirms that profitability positively affects stock prices, strengthening evidence that ROA functions as a credible signal of firm quality in emerging markets (Khasanah & Suwarti, 2022).

The mediation results provide the study's primary contribution. H8 confirms that profitability mediates the liquidity–stock price relationship, demonstrating that liquidity enhances firm value not only directly but also indirectly through improved earnings performance. In contrast, H9 reveals that profitability does not mediate the solvency stock price relationship, indicating that leverage risk is directly priced by investors rather than transmitted through profitability. Finally, H10 confirms that profitability mediates the asset growth–stock price relationship, suggesting that expansion strategies increase firm value only when translated into higher earnings efficiency.

CONCLUSIONS

This study investigates the direct and indirect effects of liquidity, solvency, and asset growth on stock prices, with profitability as a mediating variable, in transportation and logistics firms listed on the Indonesia Stock Exchange during 2019–2024. The results demonstrate that firm value in capital-intensive industries is significantly influenced by internal financial performance indicators and their ability to generate sustainable earnings.

Liquidity positively affects both profitability and stock prices, and profitability partially mediates this relationship. This finding suggests that strong working capital management enhances earnings performance, which is subsequently capitalized into market valuation. In contrast, solvency negatively influences profitability and stock prices, while profitability does not mediate this relationship. This indicates that leverage-related risk is directly priced by investors rather than transmitted through earnings performance. Asset growth positively affects both profitability and stock prices, with profitability serving as a significant mediating mechanism. Thus, expansion strategies contribute to firm value only when they improve asset efficiency and earnings generation.

Overall, the findings highlight profitability as a key transmission channel linking operational financial strength to market valuation, while excessive leverage weakens both financial performance and investor perception. The study contributes to the literature by integrating signaling and stakeholder perspectives within a mediation framework and by providing sector-specific evidence from an emerging market context.

However, the study is limited to a single sector and country setting and relies primarily on accounting-based measures. Future research may expand the analysis across

sectors or countries, incorporate broader firm level and macroeconomic determinants, and apply dynamic panel or structural equation modeling techniques to better capture causal mechanisms. Examining alternative financial proxies and moderating variables may further enhance understanding of how financial fundamentals translate into firm value.

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