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Analysis of Company Valuation Based on Tobin's Q Model in Industrial Sector Companies on the Indonesia Stock Exchange

ABSTRACT

The industrial sector on the Indonesia Stock Exchange experienced significant challenges with fluctuating contributions to the JCI, showing an increase in the early period but declining substantially in recent years. This study aims to analyze the company value of industrial sector issuers on the Indonesia Stock Exchange using the Tobin's Q model for the period of four years. The research employs a quantitative descriptive approach with industrial sector companies selected through purposive sampling technique. Data was collected through financial statement documentation and analyzed using the Tobin's Q ratio to classify companies based on their market valuation conditions. The results reveal that the majority of companies have a Tobin's Q value below one, indicating that stock market values are lower than the book value of assets. Only a small portion of companies fall into the overvalued category. This study concludes that most industrial sector companies on the IDX have not optimally managed their assets and require improved asset management efficiency to create added value for shareholders. The findings suggest significant room for improvement in asset utilization within Indonesia's industrial sector.

Keywords: Firm Value, Tobin's Q, Industrial Sector, Indonesia Stock Exchange and Asset Management

INTRODUCTION

Every company is fundamentally established with the primary objective of generating profits and enhancing its business value. In the current era of globalization, companies must be able to manage resources effectively and adapt to various changes in the business environment. In the long run, the ultimate goal of a company is to increase its value (Dyanasari et al., 2021). The enhancement of firm value is considered crucial, as an increase in value provides greater benefits to its owners (Wirianata, 2019). The enhancement of firm value serves as an indicator of management's success in creating

added value, strengthening public trust, and maximizing shareholder prosperity (Kathleen, 2022). According to Nadhiyah et al. (2021), firm value reflects the level of public trust in the company, which is useful for investors to assess the company's situation comprehensively. This concept is supported by Wiyono et al. (2020), who stated that firm value reflects how management manages its assets, whether effectively or ineffectively.

Firm value is often associated with stock prices, since rising stock prices can indicate improved company performance and contribute to shareholder wealth. Firm value also functions as a measure of whether a company has achieved its objectives or not (Parida et al., 2019). When a company's performance is assessed positively, its value tends to increase, which is reflected in higher market valuations (Indrarini, 2022:28). In line with this, the main objective of increasing company value is to maximize shareholder prosperity through sustainable share price appreciation (Gunardi et al., 2022:18). Brigham and Houston in Pujakesuma (2022) emphasized that firm value plays an important role because the higher the firm value, the greater the returns to stockholders when traded on the exchange. Furthermore, Yoswandri et al. (2024) stated that the publication of financial reports enables investors to assess whether companies have potential and are worthy of investment.

One of the widely used methods to measure corporate value is the Tobin's Q model. As stated by Weston and Copeland in Ningrum (2021:21), this model was developed by James Tobin, a Nobel Prize-winning American economist. According to Redjeki (2022), the Tobin's Q ratio serves as an assessment indicator that estimates firm value through a combination of owned tangible and intangible resources. The ratio is obtained by comparing the market value of equity with the replacement cost of the company's overall physical assets. Tobin's Q is commonly employed as an indicator to evaluate the effectiveness of a company's operational performance (Ishaq et al., 2021). In the context of firm value analysis, Tobin's Q holds a strategic role as it provides insight into how the market assesses a company's assets relative to their replacement cost (Yanovski, 2021).

Several studies demonstrate that Tobin's Q has significant power in assessing firm value because it integrates both market value and book value of assets, thereby reflecting investor perceptions of an entity's future growth prospects. Firmansyah et al. (2021), in a study on the animal feed sub-sector, found that the ratio is effective in identifying whether a company is overvalued, undervalued, or in an average position. Similarly, Jamaludin (2024) in the banking sector confirmed that a stable Q value above one represents market confidence in the consistency of a company's performance.

The manufacturing and industrial segment listed on the Indonesia Stock Exchange (IDX) encompasses a broad spectrum of operations related to the creation and delivery of various products and services. As a leading sector, the industrial sector contributes significantly to the national economy, particularly through employment generation and economic growth. Industrialization not only enhances production capacity but also fosters innovation and optimizes natural resource utilization, ultimately contributing to national economic stability (Hutasoit, 2024). According to Kambono et al. (2024) the industrial sector plays a crucial role in the country's development, especially in Indonesia. The industrial sector also functions as the main driver in the industrialization process, which aims to increase efficiency and productivity. Berliani & Abadi (2023) added that the industrial sector has an important role in improving the community's economic wheels by contributing to economic growth and helping create jobs.

However, IDX data reveals concerning trends. The contribution of the industrial sector to the Composite Stock Price Index (IHSG) fluctuated significantly, rising from 11.60% in 2021 to 13.28% in 2022, but then dropping sharply to -6.86% in 2023. More concerningly, out of 63 listed industrial companies, around 30.16% or 19 companies were under special monitoring status.

The challenges in the industrial sector have become increasingly complex with the weakening of the rupiah, which surpassed IDR 15,000 per US dollar during October 2022 to March 2024. According to Prihadini (2024), this phenomenon was driven by geopolitical conflicts, a strengthening US dollar index, and high domestic demand for dollars. The impact is evident in the Statistics Indonesia (BPS) data, which shows a decline in manufacturing GDP growth from 4.89% in 2022 to 4.64% in 2023.

This condition raises concerns among investors regarding the future prospects of industrial companies, leading to a decline in stock prices and subsequently a decrease in firm value according to the Tobin's Q metric. Several industrial companies exhibited varying value patterns with significant fluctuations in stock prices. PT Ateliers Mecaniques D'Indonesie, for instance, experienced stock price changes from IDR 190 in 2021, declining to IDR 105 in 2022, rising again to IDR 160 in 2023, and weakening to IDR 139 in 2024. Meanwhile, PT Astra International showed a consistent downward trend in stock prices, from IDR 5,700 in 2021–2022, gradually falling to IDR 5,650 in 2023 and further to IDR 4,900 in 2024.

Previous studies remain limited either by the small number of samples or their focus on a single sector. Dzahabiyya et al. (2020) analyzed only three telecommunication companies, Firmansyah et al.

(2021) focused on four animal feed companies, and Jamaludin (2024) examined a single bank. These studies have not yet provided a comprehensive overview of the application of the Tobin's Q ratio for assessing firm value in the industrial sector, especially during the post-pandemic period of 2021–2024.

This study examines various factors influencing the value of industrial sector companies, including stock market conditions, corporate financial performance, and external factors such as exchange rate fluctuations and overall capital market volatility. Tobin's Q is employed as an analytical tool to identify patterns of changes in firm value and classify companies based on their valuation status, whether overvalued, undervalued, or stagnant, within the dynamic business environment.

Based on the background and research gaps identified above, the research problems in this study are formulated as follows:

(1) How is the firm value of industrial sector companies listed on the Indonesia Stock Exchange for the period 2021-2024 in terms of asset management using the Tobin's Q ratio?

(2) How are the industrial sector companies on the Indonesia Stock Exchange categorized based on the Tobin's Q valuation?

The results of this study are anticipated to offer important implications for corporate management in improving organizational performance, for investors in making informed investment decisions, and for other stakeholders in understanding the positioning of industrial companies in the stock market. Furthermore, this study contributes to enriching the literature on firm valuation dynamics in Indonesia's industrial sector, particularly during the challenging post-pandemic period. Based on the identified issues and research gaps therefore, this study focuses on "Firm Value Analysis Based on Tobin's Q Model in Industrial Sector Companies Listed on the Indonesia Stock Exchange for the Period 2021–2024."

METHOD

This study applies a quantitative descriptive method to depict the firm value of industrial sector companies using the Tobin's Q model. Numerical data were obtained from the official IDX website (www.idx.co.id) for the research period of January to August 2025.

The research population encompasses all industrial sector companies traded on the IDX throughout the 2021–2024 period, totaling 63 companies. The sample was chosen using a purposive sampling technique based on the following criteria: (1) companies must be actively listed on the IDX during 2021–2024; (2) companies should not be part of the special monitoring list of the IDX during the research period; and (3) companies should possess complete audited annual financial statements for the 2021–2024 period. Following these criteria, 20 industrial sector companies were identified as research samples, covering three sub-sectors: industrial goods, industrial services, and multi-sector holdings.

The data collection techniques used were documentation and interviews. Documentation was conducted by obtaining secondary data in the form of annual financial reports and annual company reports available on the IDX official website or other reliable platforms. Interviews were conducted to obtain additional practical perspectives not covered by financial data.

According to Dzahabiyya et al. (2020), the formula for Tobin's Q is:

$$Q = \frac{MVS+D}{Total\ aset}$$

Description:

Market Value of Equity (MVS) = Number of shares outstanding x year-end closing stock price

D = (Company current liabilities - current assets) + long-term liabilities

Dzahabiyya et al. (2020), state that the following are the interpretation scores of the Tobin's Q ratio:

1.Tobin's Q < 1 indicates that the share price is below its fair value. This condition reflects less effective management of the company's assets, resulting in a relatively low opportunity for investment growth.

2.Tobin's Q = 1 shows that the share price is at a reasonable level. This suggests that management performance is relatively stable in handling assets, so the potential for investment expansion does not increase significantly.

3.Tobin's Q > 1 signifies that the share price exceeds its fair value. This situation demonstrates that management is capable of managing the company's assets efficiently, thereby providing a high prospect for investment growth.

RESULTS AND DISCUSSION

3.1 Analysis of Company Value in Industrial Sector Companies on the Indonesia Stock Exchange Based on Asset Management Using Tobin's Q Ratio

The calculation of Tobin's Q ratio is carried out to assess the extent of the company's effectiveness in managing its assets in order to create optimal market value. This study

Table 1. Tobin's Q Ratio to Asset Management of Industrial Sector Companies on the Indonesia Stock Exchange from 2021 to 2024

No	Company Code	2021		2022		2023		2024	
		Q	Asset Management	Q	Asset Management	Q	Asset Management	Q	Asset Management
1	AMFG	0,558	Failed	0,504	Failed	0,406	Failed	0,345	Failed
2	AMIN	0,496	Failed	0,233	Failed	0,378	Failed	0,239	Failed
3	APII	0,314	Failed	0,166	Failed	0,138	Failed	0,147	Failed
4	ARNA	2,270	Success	2,501	Success	1,555	Success	1,632	Success
5	CAKK	0,483	Failed	0,695	Failed	0,741	Failed	0,641	Failed
6	CCSI	1,366	Success	0,877	Failed	0,641	Failed	0,366	Failed
7	IMPC	4,238	Success	4,896	Success	5,656	Success	4,521	Success
8	KBLM	0,083	Failed	0,090	Failed	0,045	Failed	0,044	Failed
9	KOBX	0,087	Failed	0,421	Failed	0,282	Failed	0,994	Failed
10	MLIA	0,645	Failed	0,509	Failed	0,358	Failed	0,190	Failed
11	SKRN	1,278	Success	2,325	Success	1,646	Success	2,836	Success
12	SPTO	0,488	Failed	0,419	Failed	0,387	Failed	0,405	Failed
13	TOTO	0,620	Failed	0,684	Failed	0,562	Failed	0,472	Failed
14	VOKS	0,206	Failed	0,230	Failed	0,323	Failed	0,443	Failed

15	BLUE	0,896	Failed	0,758	Failed	0,964	Failed	0,841	Failed
16	BDYAN	0,548	Failed	0,486	Failed	0,370	Failed	0,301	Failed
17	INDX	0,343	Failed	1,245	Success	1,710	Success	1,361	Success
18	JTPE	1,263	Success	0,964	Failed	0,990	Failed	0,523	Failed
19	TIRA	0,776	Failed	0,708	Failed	0,753	Failed	0,725	Failed
20	ASII	0,605	Failed	0,534	Failed	0,578	Failed	0,471	Failed

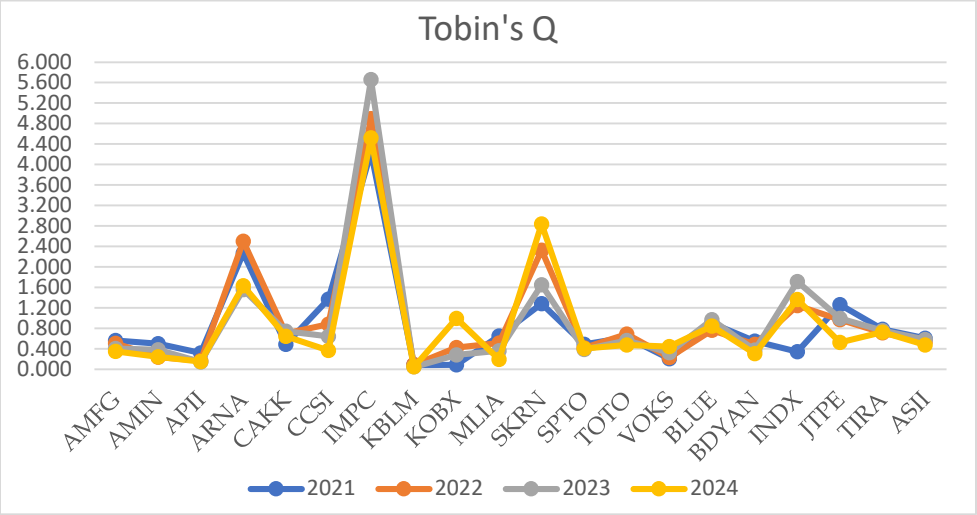


Figure 1. Tobin's Q Ratio to Asset Management of Industrial Sector Companies on the Indonesia Stock Exchange from 2021 to 2024

Based on the results of the Tobin's Q ratio analysis of 20 industrial sector companies listed on the Indonesia Stock Exchange (IDX) during the 2021-2024 period, it is found that most companies have not been able to manage their assets optimally in creating market value. Of the total sample analyzed, 16 companies or 80% had a Tobin's Q value < 1 during the observation period, while 4 companies or 20% managed to consistently record a Tobin's Q value above 1.

The undervalued condition in the majority of companies is the impact of various external challenges faced by the industrial sector during the study period. The weakening of the rupiah exchange rate, which broke above IDR15,000 per US dollar in October 2022 to March 2024, was the dominant factor. According to Prihadini (2024), this phenomenon was influenced by global geopolitical conflicts, the strengthening of the US dollar, and the high demand for domestic dollars. The weakening of the rupiah has a major impact on the industrial sector that relies on imported raw materials, causing high production cost pressures, decreased profit margins, and deteriorating investor perceptions.

This finding is in line with Sudiyatno and Puspitasari (2010) who state that a Tobin's Q value below one reflects suboptimal managerial performance in asset management. Investor interest in the industrial sector appears to be declining, as seen from the decline in the sector's contribution to the JCI from 13.28% in 2022 to -6.86% in 2023.

The difference in performance between companies reflects significant differences in each company's ability to manage assets effectively. Some companies are far from a Tobin's Q value of 1, reflecting inefficiency, while others are close to the optimal threshold, although not yet able to surpass it. This suggests that while external pressures are faced equally across sectors, the adaptive capacity and strategic decision-making ability of firms differ significantly.

The four companies consistently achieving Tobin's Q values above 1 are worth analyzing in detail to understand their asset management strategies such as PT Arwana Citramuliau displaying superior performance, maintaining Tobin's Q values consistently above 1 despite periodic fluctuations during the observation period. In 2021, the Tobin's Q value was recorded at 2,270 and increased to 2,501 in 2022. Furthermore, this value decreased in 2023 to 1.555, then increased again to 1.632 in 2024. The consistently high Tobin's Q value above 1 indicates that PT Arwana Citramuliau has managed its assets effectively and is able to create positive added value in the eyes of investors and the capital market.

PT Impack Pratama Industri shows optimal and consistent performance throughout the 2021-2024 research period. In 2021, the Tobin's Q value was recorded at 4.238 and increased to 4.896 in 2022. The value continued to increase in 2023 to 5.656, although it decreased to 4.521 in 2024. Conditions where all Tobin's Q values are consistently above 1 with high values indicate that the company has excellent asset management performance and is able to create a market value much higher than its book value.

PT Superkrane Mitra Utama exhibited a fluctuating pattern during the 2021-2024 research period, with all values consistently above 1. In 2021, the Tobin's Q value was recorded at 1.278 and increased significantly to 2.325 in 2022. The value decreased in 2023 to 1.646, but increased again to 2.836 in 2024. The condition where all Tobin's Q values are consistently above 1 indicates that the company has successfully managed its assets effectively and is capable of creating market value higher than its book value.

PT Tanah Laut demonstrated significant improvement during the 2021-2024 research period. In 2021, the Tobin's Q value was recorded at 0.343 and experienced a dramatic increase to 1.245 in 2022. The value continued to increase in 2023 to 1.710, though it experienced a slight decrease to 1.361 in 2024. The condition showing transformation of Tobin's Q values from below 1 in 2021 to above 1 in the following three years indicates that the company has successfully managed its assets well, demonstrating remarkable organizational transformation capability.

Meanwhile, companies that experienced a significant decline in asset management effectiveness, namely PT Communication Cable Systems Indonesia showed a consistent declining trend during the 2021-2024 research period. In 2021, the Tobin's Q value was recorded at 1.366 and decreased to 0.877 in 2022. The value continued to decline in 2023 to 0.641, and decreased again to 0.366 in 2024. This condition shows significant change, where the Tobin's Q value that was initially above 1 in 2021 changed to below 1 in subsequent periods. The consistent declining trend indicates that the company experienced deteriorating effectiveness in managing its assets year by year.

PT Jasuindo Tiga Perkasa demonstrated a consistent declining trend during the 2021-2024 research period. In 2021, the Tobin's Q value was recorded at 1.263 and decreased to 0.964 in 2022. The value experienced a slight increase in 2023 to 0.990, but suffered a sharp decline to 0.523 in 2024. The condition showing change in Tobin's Q values from above 1 in 2021 to below 1 in subsequent periods, particularly with significant decline in 2024, indicates that the company experienced deteriorating effectiveness in asset management.

However, the success of the 4 companies that recorded Tobin's Q values above 1 indicates their ability to manage assets effectively and create a market value higher than the cost of replacing their assets. They are able to withstand external pressures thanks to managerial efficiency, adaptive business strategies, and strong competitiveness. This finding reinforces the view of Dzahabiyya et al. (2020) that high Tobin's Q values reflect management's ability to manage a combination of tangible and intangible assets.

To strengthen the quantitative analysis, this study conducted interviews with six individual investors active in the Indonesian capital market. The results of the interviews show that investors have a mature approach in assessing the viability of companies, combining fundamental and technical analysis, evaluation of financial statements, management stability, and industry sector prospects.

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The investors agree that high market value does not necessarily reflect the effectiveness of the company's asset management. External factors such as market sentiment, short-term trends, and interference from market participants can affect stock prices without reflecting the true condition of the company. Asset management effectiveness should be assessed through managerial performance, business strategy sustainability, and good corporate governance.

The findings of this research demonstrate that inefficient asset management in the majority of industrial sector companies can directly impact low company value, as reflected by Tobin's Q ratios below one. This condition shows that company management needs to be more adaptive to external pressures such as exchange rate fluctuations and increasing production costs. Appropriate asset management strategies, operational efficiency, and information transparency are key factors for maintaining strong company value that remains attractive to investors.

If this condition continues without improvement, the industrial sector risks experiencing declining investor interest, which could ultimately lead to stagnation or even decreased investment in this sector. In the long term, this has the potential to weaken the competitiveness of the national industrial sector in the capital market. Furthermore, declining company value can impact economic growth weakening, as the industrial sector is one of the main pillars of national GDP. The inability of companies to survive can cause decreased production capacity and lead to employment termination. This condition certainly contributes to increasing unemployment rates. If not addressed seriously, this condition can hinder the achievement of national development targets, especially efforts to make the industrial sector the main contributor to GDP.

These findings underline the need for industrial sector companies to strengthen internal strategies, including operational efficiency, risk management against currency fluctuations, and transparent communication with investors, to improve their firm value and maintain competitiveness in a volatile post-pandemic capital market environment.

3.2 Category Analysis of Industrial Sector Companies on the IDX Based on Tobin's Q Ratio

Comparative analysis between years is carried out to understand how the company's condition develops over time. By comparing data from 2021-2024, it can be seen whether the value of industrial sector companies has increased, decreased, or remained stable based on the Tobin's Q ratio.

Table 2. Comparison of Industry Sector Company Value Categories Based on Tobin's Q Ratio Between 2021 and 2024

No	Company Code	Rasio Tobin's Q			
		2021	2022	2023	2024
1	AMFG	0,558	0,504	0,406	0,345
2	AMIN	0,496	0,233	0,378	0,239
3	APII	0,314	0,166	0,138	0,147
4	ARNA	2,270	2,501	1,555	1,632
5	CAKK	0,483	0,695	0,741	0,641
6	CCSI	1,366	0,877	0,641	0,366
7	IMPC	4,238	4,896	5,656	4,521
8	KBLM	0,083	0,090	0,045	0,044
9	KOBX	0,087	0,421	0,282	0,994
10	MLIA	0,645	0,509	0,358	0,190
11	SKRN	1,278	2,325	1,646	2,836
12	SPTO	0,488	0,419	0,387	0,405
13	TOTO	0,620	0,684	0,562	0,472
14	VOKS	0,206	0,230	0,323	0,443
15	BLUE	0,896	0,758	0,964	0,841
16	BDYAN	0,548	0,486	0,370	0,301
17	INDX	0,343	1,245	1,710	1,361
18	JTPE	1,263	0,964	0,990	0,523
19	TIRA	0,776	0,708	0,753	0,725
20	ASII	0,605	0,534	0,578	0,471
Rata-Rata		0,878	0,962	0,924	0,875
Kategori		Undervalued	Undervalued	Undervalued	Undervalued

Based on the results of the Tobin's Q ratio analysis during the 2021-2024 period against 20 industrial sector companies on the Indonesia Stock Exchange, all companies show conditions that fall into the category of overvalued (Tobin's Q > 1) or undervalued (Tobin's Q < 1). There is not a single company that has a value equal to 1 (stagnant). According to Sudiyatno and Puspitasari (2010), a Tobin's Q value of less than 1 means the stock is undervalued, a value of more than 1 means overvalued, and a value close to 1 indicates a balance between market value and asset value.

The absence of companies with Tobin's Q values equal to 1 for four consecutive years indicates that the stock prices of companies in the market do not fairly reflect their asset values. If the Tobin's Q value = 1, it means that the stock price is already balanced with the company's asset value. However, in reality, many investors in Indonesia are easily influenced by rumors, trends, or speculation, resulting

in price imbalances that do not match the actual value. This condition shows that the price valuation mechanism in the market has not been running efficiently, and is often not based on accurate information.

PT Impack Pratama Industri (IMPC) is an example of a company with a Q value > 1, which consistently had the highest Tobin's Q value during the research period. This figure shows that investors value the stock much higher than its asset value. This can occur for several reasons, such as bright business prospects, technological superiority, a strong market position, or reliable management.

On the other hand, PT Kabelindo Murni (KBLM) is the company with the lowest Tobin's Q value among all samples and consistently has a Q value < 1 throughout the research period. The company's Tobin's Q value even reached its lowest point in 2023 at 0.045 and declined further to 0.044 in 2024. This value indicates that the market has a very low level of confidence in KBLM's prospects and ability to create value from its assets. Some possible causes include an underdeveloped business model, products that are not very different from competitors and are therefore easily replaceable, and high operating costs. In addition, the company may be facing declining market demand, weak corporate governance, and an inefficient financial structure. This makes investors doubt the company's ability to manage its assets efficiently.

The consistency of PT Impack Pratama Industri (IMPC) and PT Kabelindo Murni (KBLM) positions for four years shows that the differences in valuation by the market do not only occur due to momentary sentiment, but reflect deep differences in business quality, company position in the industry, and market confidence.

The absence of companies with Tobin's Q values equal to 1 indicates the unstable characteristics of the Indonesian capital market. Kusnadi and Wei (2017) explain that stock markets in developing countries often experience inefficiencies due to limited information and the influence of high speculation.

Most companies in the sample have a Q value < 1, indicating that the market value of companies in the industrial sector is below the book value of their assets, which means that the market considers that the growth prospects and asset management in this sector are still not optimal.

This phenomenon contradicts the strategic role of the industrial sector in the national economic structure. Theoretically, sectors with large economic contributions should also reflect high company values in the eyes of investors. However, market reality shows otherwise, indicating a mismatch between real potential and market perception.

Factors contributing to this undervalued condition include macroeconomic pressures, particularly fluctuations in the rupiah exchange rate, a decline in manufacturing GDP growth from 4.89% in 2022 to 4.64% in 2023, and approximately 30.16% of industrial sector companies being under special supervision by the IDX. This indicates serious performance issues for a large number of companies in this sector, reinforcing the market perception that the industrial sector is high risk.

These differing conditions call for different management strategies. Companies with a Q value > 1 need to maintain investor confidence through continuous innovation and transparency, while companies with a Q value < 1 should focus on improving overall performance, including increasing operational efficiency, improving financial structure, restructuring business strategies, and rebuilding market confidence through open and accountable communication with investors.

There are several strategies that can make company stock prices rise based on their category. According to Lestari et al. (2024) stock index increases are influenced by various factors, one of which is good company performance supported by clear business plans. Financial stability is also an important foundation for stock prices to continue rising. Companies can develop financial strategies by expanding market share, reducing debt, and increasing profit margins. Innovation and research play important roles in driving stock price increases, so investment in research and development of new products needs to be done so companies remain competitive. Good and transparent governance implementation can increase investor confidence through openness of financial reports and protection of shareholder rights.

The research findings show that inefficient asset management in most industrial sector companies has a direct impact on low firm value. This condition shows the need for management adaptation to external pressures such as exchange rate fluctuations and increased production costs.

If this condition continues without improvement, the industrial sector risks experiencing decreased investor interest, investment stagnation, and weakened competitiveness in the capital market. In the

long run, this has the potential to hamper the achievement of national development targets, especially efforts to make the industrial sector a major contributor to GDP.

2 The results of this study indicate that the undervalued condition experienced by most companies in the industrial sector is not just a temporary problem, but reflects a fundamental issue that requires serious attention. The fact that 80% of industrial companies operate below their asset value shows that improvements are needed on two fronts. On the company side, they must improve operational efficiency and implement more transparent governance. From the government's perspective, policies that support long-term investment in the industrial sector are needed. If these two efforts are not carried out simultaneously, it will be difficult for the industrial sector to play its important role as the driving force of the national economy, and this could hinder Indonesia's goal of becoming a highly competitive industrial country.

CONCLUSION

Based on the analysis of Tobin's Q ratio for 20 industrial sector companies, this study reveals that 80% of the firms fall into the undervalued category (Tobin's Q < 1), while 20% are overvalued (Tobin's Q > 1). These findings indicate that the majority of industrial sector companies have not yet managed their assets optimally to generate market value exceeding their book value.

The study provides strategic recommendations for multiple stakeholders. Undervalued firms are advised to conduct a comprehensive evaluation of asset management strategies by enhancing operational efficiency, improving capital structure, and strengthening corporate governance. Meanwhile, investors may consider undervalued conditions as long-term investment opportunities, provided that fundamental analyses are carefully conducted.

3 However, this study is limited by its focus on industrial sector firms during the 2021–2024 period, which may restrict the generalizability of the findings across other industries. Future research is recommended to extend the scope to different sectors and longer observation periods, allowing for a more comprehensive understanding of asset management efficiency and firm value dynamics in the Indonesian capital market.

REFERENCES