

**THE INFLUENCE OF EFFICIENCY, PROFITABILITY, AND CORPORATE
GOVERNANCE ON THE VALUE OF INDONESIAN STATE-OWNED
ENTERPRISES LISTED ON THE INDONESIA STOCK EXCHANGE: AN
ANALYSIS USING TOBIN'S Q AND MARKET-TO-BOOK RATIO**

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STATEMENT BY THE AUTHOR

I hereby declare that this submission is my own work and to the best of my knowledge, it contains no material previously published or written by another person, nor material which to a substantial extent has been accepted for the award of any other degree or diploma at any educational institution, except where due acknowledgement is made in the thesis.

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ABSTRACT

THE INFLUENCE OF EFFICIENCY, PROFITABILITY, AND CORPORATE GOVERNANCE ON THE VALUE OF INDONESIAN STATE-OWNED ENTERPRISES LISTED ON THE INDONESIA STOCK EXCHANGE: AN ANALYSIS USING TOBIN'S Q AND MARKET-TO-BOOK RATIO

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This study investigates the influence of efficiency, profitability, and corporate governance on the firm value of Indonesian State-Owned Enterprises (SOEs) listed on the Indonesia Stock Exchange during the period 2017–2023. Firm value was measured using Tobin's Q and Market-to-Book Value (MBV) ratios. A quantitative approach was employed, utilizing Data Envelopment Analysis (DEA) for efficiency, Return on Assets (ROA) for profitability, and independent commissioners (IC) related to political parties' proportion and tenure as governance proxies. The study analyzed 119 panel data from 17 SOEs over seven years. The findings reveal that efficiency and profitability positively and significantly affect firm value measured by Tobin's Q and MBV. However, corporate governance demonstrated varying impacts; while the proportion of (IC) related to political parties positively influenced Tobin's Q, it showed no significant effect on MBV. The tenure of IC significantly influenced Tobin's Q but not MBV. This research contributes to understanding SOE valuation through dual measures of firm value and offers practical implications for enhancing operational efficiency and governance. Policymakers and SOE management can leverage these insights to align corporate strategies with investor expectations and market demands. These findings highlight the relevance of efficient resource utilization and robust governance structures in fostering sustainable firm value.

Keywords: Efficiency, Profitability, Corporate Governance, Tobin's Q, Market-to-Book Ratio

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DEDICATION

To my beloved wife, Erni Mariya Yunita, my constant source of love, support, and inspiration, and to my wonderful children, Ariasatya Ezra Pramono, Arrarya Janitra Putra Pramono, Nararya Arvilio Javas Pramono, and Ravarya Arkatama Zada Pramono, who have filled my days with joy and laughter, and whose unwavering encouragement has been my driving force from the beginning of my studies to the completion of this thesis.

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