Jurnal Pustaka Indonesia (JPI)
2026, Vol. 6, No. 2, 566–580
https://doi.org/10.62159/jpi.v6i2.2923

OPEN ACCESS Research Article

Financial Signals and Firm Value in Indonesia's SME Acceleration Board: Evidence from Sales Growth, Profitability, and Firm Size

Gita Saraswati[1*], Ranila Suciati[2], and Yudi Nur Supriadi[3]
[1–3] Universitas Pembangunan Nasional Veteran Jakarta, Jakarta, Indonesia

Abstract
This study investigates whether sales growth, profitability, and firm size are associated with firm value among small and medium-sized enterprise issuers listed on the Indonesia Stock Exchange Acceleration Board, a market segment characterized by relatively limited public information and potentially higher information asymmetry. Using a quantitative explanatory design, the study analyzed a balanced panel of 13 issuers observed over the 2022–2024 period, producing 39 firm-year observations. Firm value was measured using Tobin's Q, sales growth was calculated from annual changes in sales, profitability was proxied by return on assets, and firm size was measured using the natural logarithm of total assets. Panel-model selection procedures supported the use of a pooled ordinary least squares model. The results showed that sales growth and profitability had negative but statistically non-detectable associations with firm value, whereas firm size had a positive but statistically non-detectable association. The predictors were also not jointly significant, and the model demonstrated limited explanatory power. These findings suggest that conventional accounting-based indicators may not function as sufficiently strong standalone signals of market valuation within a small and information-constrained public-equity environment. The study contributes to signaling theory by indicating that the effectiveness of financial signals is context dependent and may be shaped by market characteristics, information credibility, and investors' capacity to interpret firm-level indicators. The practical implication is that managers, investors, and regulators should complement sales growth, profitability, and firm size with information on disclosure quality, market liquidity, governance, and long-term business prospects when evaluating Acceleration Board issuers.

ARTICLE HISTORY
Received : 10 April 2026
Revised : 30 July 2026
Accepted : 18 August 2026

KEYWORDS
Acceleration Board; Firm Size; Firm Value; Profitability; Sales Growth

CORRESPONDING AUTHOR
***Gita Saraswati,** Universitas Pembangunan Nasional Veteran Jakarta, Jakarta, Indonesia. Email: gita.jkt@gmail.com

Introduction

Firm value is widely regarded as a central indicator of a company's capacity to generate sustainable economic benefits for shareholders because it reflects market expectations concerning future cash flows, risk exposure, growth opportunities, and managerial effectiveness. In modern corporate finance, firm value is not limited to current accounting performance; it also represents investors' assessment of whether available resources can be transformed into durable competitive and financial outcomes (Brigham & Houston, 2022; Chung & Pruitt, 1994; Ross et al., 2022). Market-based measures such as Tobin's Q are therefore commonly used to capture how investors value a firm's resource base, although their informational quality may vary across market environments with different levels of liquidity, disclosure, and price efficiency (Chung & Pruitt, 1994; da Silva, 2022; Zhang et al., 2021).

The process through which investors form valuation judgments is strongly influenced by the availability, credibility, and interpretation of corporate information. Managers generally possess more comprehensive knowledge of operating conditions, strategic decisions, and future prospects than external investors, creating information asymmetry that may reduce the accuracy of market valuation (Ross, 1977; Spence, 1973; Bafera & Kleinert, 2023). Signaling theory explains that firms can reduce this asymmetry by communicating observable attributes that external stakeholders interpret as indicators of underlying quality; however, signal effectiveness depends on credibility, observability, receiver capability, and the level of contextual noise surrounding the message (Ross, 1977; Spence, 1973; Bafera & Kleinert, 2023).

This contextual view is especially relevant for small and medium-sized enterprises entering public capital markets. Compared with mature issuers, smaller or younger firms often possess shorter operating histories, lower analyst coverage, limited disclosure records, weaker trading liquidity, and greater uncertainty regarding future performance, all of which may reduce the precision of conventional financial indicators (Block et al., 2018; Cumming & Groh, 2018; Estrin et al., 2018). Evidence concerning Indonesian SME issuers also indicates that public listing can alter financial performance, governance demands, and valuation conditions, reinforcing the need to evaluate these firms within their specific institutional setting rather than treating them as smaller versions of established listed corporations (Dewi et al., 2024; Block et al., 2018; Cumming & Groh, 2018).

Research on entrepreneurial and alternative equity finance further demonstrates that investors usually assess portfolios of signals rather than isolated indicators. Financial performance, retained ownership, managerial human capital, communication quality, and external endorsement can jointly reduce uncertainty regarding firm quality (Dorfleitner et al., 2018; Piva & Rossi-Lamastra, 2018; Vismara, 2018). Forecasting and machine-learning studies similarly show that financing outcomes reflect combinations of issuer and communication characteristics, while identical signals may be interpreted differently across investor groups and market conditions (Huang et al., 2022; Ralcheva & Roosenboom, 2020; Yang et al., 2025).

The Indonesia Stock Exchange Acceleration Board offers an important setting in which to examine the contextual effectiveness of financial signals because it was designed to facilitate public-market access for firms with relatively small operating scale and substantial growth potential. Although this board differs institutionally from equity crowdfunding and venture-capital markets, these environments share elevated information asymmetry, heterogeneous growth trajectories, and limited public histories (Cumming & Groh, 2018; Estrin et al., 2018; Walthoff-Borm et al., 2018a). Young firms seeking external equity may also display uneven profitability, constrained debt capacity, concentrated ownership, and limited disclosure experience, potentially weakening the direct relation between accounting fundamentals and market valuation (Piva & Rossi-Lamastra, 2018; Walthoff-Borm et al., 2018a; Walthoff-Borm et al., 2018).

Sales growth is commonly interpreted as a signal of increasing demand, expanding business activity, and future revenue-generating capacity. Sustained sales growth can strengthen market expectations when it reflects scalable operations and the ability to convert commercial expansion into persistent cash flows (Putri et al., 2023; Sohdi, 2024; Widiarta & Dermawan, 2023). Nevertheless, rapid growth may absorb working capital, increase marketing and operating expenditure, and create additional financing requirements, particularly among smaller firms;

consequently, sales growth may be an ambiguous signal when investors cannot determine whether expansion will produce durable profitability (Cumming & Groh, 2018; Walthoff-Borm et al., 2018a; Walthoff-Borm et al., 2018b).

Profitability represents another visible financial signal because it reflects the firm's ability to convert assets and operating activities into earnings. Return on assets is particularly relevant because it standardizes earnings relative to the resource base and communicates information about operating efficiency (Kasmir, 2021; Putri et al., 2023; Sangadji et al., 2025). Although many studies associate stronger profitability with higher firm value, the magnitude and significance of this relation vary across sectors, periods, and institutional environments, particularly when earnings are volatile or investors emphasize future growth options (Aushaf et al., 2025; Ardiansyah et al., 2025; Bhutta et al., 2021).

Firm size is frequently treated as a signal of organizational maturity, resource availability, financing access, and operating stability. Larger firms may be better positioned to absorb economic shocks, obtain external funding, diversify operations, and maintain continuity, which can reduce perceived risk and support valuation (Riyanto, 2018; Ross et al., 2022; Widiarta & Dermawan, 2023). However, empirical conclusions depend on whether size is measured through total assets, sales, or market capitalization, and limited variation within a specialized SME board may weaken the ability of asset-based size to explain market value (Dang et al., 2018; Renaldo et al., 2023; Sangadji et al., 2025).

Existing findings on sales growth, profitability, firm size, and firm value remain inconsistent. Indonesian evidence reports positive, negative, and statistically non-significant relationships across industries and observation periods, suggesting that the valuation relevance of accounting fundamentals is conditioned by sample composition and model specification (Aushaf et al., 2025; Putri et al., 2023; Sohdi, 2024). A broader literature also identifies corporate taxation, innovation, institutional integrity, governance, transparency, and managerial capability as important correlates of firm value, demonstrating that valuation is shaped by multiple information channels rather than a single set of ratios (Arora, 2022; Cao et al., 2022; Thakur et al., 2021; Bhutta et al., 2021; Le & Nguyen, 2022; Sadiq & Gebba, 2022). Voluntary disclosure can further affect firm value by reducing information asymmetry and improving the interpretability of financial signals (Mahmudah et al., 2023; Le & Nguyen, 2022; Sadiq & Gebba, 2022).

Market microstructure may be particularly important for smaller issuers because thin trading can weaken price discovery and introduce noise into market-based valuation measures. Evidence from emerging markets shows that liquidity can have nonlinear and ownership-contingent effects on firm value, while the capacity of stock prices to reflect future profitability depends on market efficiency and information processing (Chia et al., 2020; da Silva, 2022; Zhang et al., 2021). These findings suggest that Tobin's Q may not respond uniformly to accounting signals when observed prices are generated in a market segment with limited trading activity and sparse analyst attention (Chia et al., 2020; Chung & Pruitt, 1994; Zhang et al., 2021).

Despite extensive research on the determinants of firm value, a clear gap remains. Most prior studies focus on established corporations, sector-specific manufacturing samples, broad exchange populations, or entrepreneurial-finance platforms, whereas the Indonesia Stock Exchange Acceleration Board has received limited direct examination (Aushaf et al., 2025; Dewi et al., 2024; Sangadji et al., 2025). Previous studies also tend to assume that sales growth, profitability, and firm

size operate as relatively stable signals without sufficiently testing whether these indicators retain detectable valuation relevance in a market segment characterized by short listing histories, thin trading, restricted analyst coverage, and heightened information asymmetry (Bafera & Kleinert, 2023; Block et al., 2018; Zhang et al., 2021). The novelty of this study therefore lies not in proposing new financial determinants, but in evaluating a contextual boundary of signaling theory: whether conventional accounting signals remain informative in a specialized, information-constrained SME equity market (Bafera & Kleinert, 2023; Huang et al., 2022; Yang et al., 2025).

Accordingly, this study aims to examine the associations of sales growth, profitability, and firm size with firm value among SME issuers listed on the Indonesia Stock Exchange Acceleration Board during 2022–2024. It evaluates whether sales growth, return on assets, and the natural logarithm of total assets are associated with firm value measured by Tobin's Q, while treating the evidence as associational rather than causal. Consistent with signaling theory, the study proposes that sales growth, profitability, and firm size are positively associated with firm value, while recognizing that these expected relationships may be attenuated by the information and liquidity characteristics of the Acceleration Board.

H1. Sales growth is positively associated with firm value.

H2. Profitability is positively associated with firm value.

H3. Firm size is positively associated with firm value.

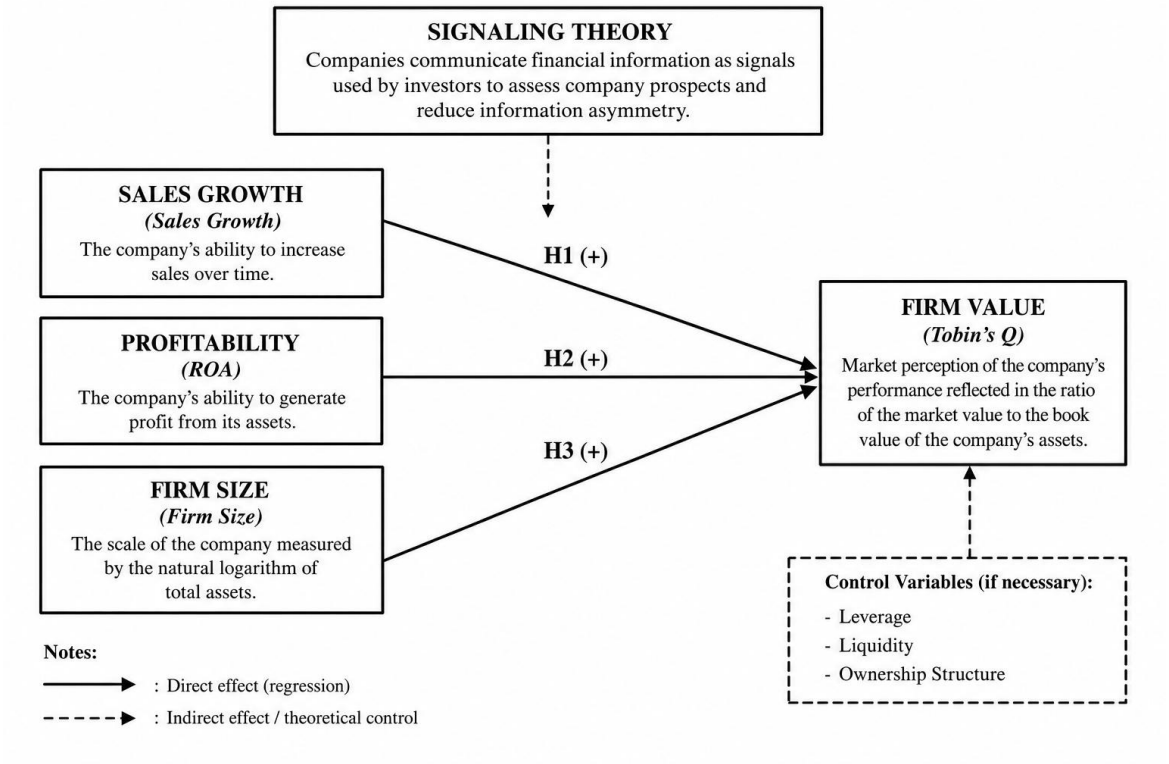

Figure 1. Conceptual framework

Method

This study employed a quantitative explanatory design to examine the associations of sales growth, profitability, and firm size with firm value among small and medium-sized enterprise issuers listed on the Indonesia Stock Exchange Acceleration Board. The firm-year was used as the unit of analysis, and the same issuers were observed repeatedly over the 2022–2024 period. This panel structure combines cross-sectional variation across firms with temporal variation within firms and is

appropriate for assessing relationships in repeated corporate observations (Baltagi, 2021; Gujarati & Porter, 2022). Because the research relied on an observational design without an experimental or quasi-experimental identification strategy, all estimated coefficients were interpreted as associations rather than causal effects.

The study population comprised issuers listed on the Indonesia Stock Exchange Acceleration Board during the observation period. Purposive sampling was used to identify firms for which complete information was available to construct all study variables. An issuer was included when it remained listed on the Acceleration Board throughout the relevant period, published complete annual financial statements, supplied the data necessary to calculate Tobin's Q, sales growth, return on assets, and firm size, reported positive profitability, and was not delisted during the period. Application of these criteria produced a balanced panel of 13 issuers observed for three consecutive years, yielding 39 firm-year observations. The positive-profitability criterion was retained to reproduce the original dataset, although it restricts the lower end of the ROA distribution and may introduce selection or survivorship bias. The findings therefore apply specifically to profitable issuers meeting the stated criteria and should not be generalized automatically to the full Acceleration Board population.

Secondary data were obtained from audited annual financial statements, annual reports, the official Indonesia Stock Exchange information system, and the official websites of the sampled issuers. The accounting data included annual sales, net income, total assets, and total debt, while market-based information was used to construct the market value of equity. Market value of equity represents the relevant share price multiplied by the number of outstanding shares for the corresponding firm-year. Accounting and market information were aligned to the same reporting period, and monetary amounts were maintained in consistent units before ratio construction. The analysis relied exclusively on publicly available corporate information and did not involve human participants, personal data, or direct intervention; therefore, informed consent was not applicable.

Firm value was measured using Tobin's Q, a market-based indicator that compares the market value of equity and debt with the book value of the firm's asset base (Chung & Pruitt, 1994). A higher value indicates that the market values the firm above the recorded value of its assets. Because the measure depends partly on market prices, it may be sensitive to thin trading, temporary price movements, and limited liquidity, which are relevant considerations for smaller issuers.

$$\boldsymbol{Tobin's\ Q}_{it} = (\boldsymbol{MVE}_{it} + \boldsymbol{TD}_{it}) / \boldsymbol{TA}_{it}$$

where MVE is market value of equity, TD is total debt, TA is total assets, i indexes the issuer, and t indexes the year.

Sales growth was operationalized as the proportional change in annual sales between consecutive reporting periods. Positive values indicate an increase in sales relative to the preceding year, whereas negative values indicate contraction. Because proportional growth measures may become extreme when prior-period sales are relatively small, the distribution of this variable was considered when interpreting the results.

$$\boldsymbol{Sales\ Growth}_{it} = (\boldsymbol{Sales}_{it} - \boldsymbol{Sales}_{i,\,t-1}) / \boldsymbol{Sales}_{i,\,t-1}$$

Profitability was proxied by return on assets, which represents net income relative to total assets and provides a standardized measure of earnings generated from the firm's resource base

(Kasmir, 2021; Putri et al., 2023; Sangadji et al., 2025). Firm size was measured as the natural logarithm of total assets. The logarithmic transformation reduces scale differences across issuers while retaining the ordering of asset size and is consistent with established corporate-finance measurement practice (Dang et al., 2018).

$$\boldsymbol{ROA}_{it} = \boldsymbol{Net\ Income}_{it} / \boldsymbol{Total\ Assets}_{it}$$
$$\boldsymbol{Firm\ Size}_{it} = \boldsymbol{ln}(\boldsymbol{Total\ Assets}_{it})$$

The empirical model estimated Tobin's Q as a function of sales growth, ROA, and firm size. The specification was deliberately parsimonious because the available sample contained only 39 firm-year observations. Although this reduces parameter proliferation, it does not account for other plausible determinants of firm value, including leverage, stock liquidity, ownership concentration, governance quality, firm age, and year-specific market conditions. The coefficients were therefore interpreted as conditional associations within the stated model and not as isolated effects free from omitted-variable influence.

$$\boldsymbol{Tobin's\ Q}_{it} = \boldsymbol{\alpha} + \boldsymbol{\beta}_1\boldsymbol{Sales\ Growth}_{it} + \boldsymbol{\beta}_2\boldsymbol{ROA}_{it} + \boldsymbol{\beta}_3\boldsymbol{Firm\ Size}_{it} + \boldsymbol{\varepsilon}_{it}$$

The analytical procedure began with descriptive statistics for all variables, including the mean, minimum, maximum, and standard deviation. Given the substantial dispersion reported for Tobin's Q and sales growth, influential observations require careful interpretation. Extreme cases should not be deleted solely because of their magnitude; rather, their influence should be assessed transparently through diagnostic and sensitivity analysis (Leone et al., 2019).

Three panel estimators were considered: pooled ordinary least squares, the Fixed Effect Model, and the Random Effect Model. The Chow test compared pooled OLS with fixed effects, the Hausman test compared fixed and random effects, and the Breusch–Pagan Lagrange multiplier test compared pooled OLS with random effects. The reported probabilities were .137, .828, and .260, respectively, leading to the retention of pooled OLS as the final specification. Statistical inference used a .05 significance level, but failure to reject a null hypothesis was not treated as proof that the population effect was zero. Interpretation emphasized coefficient direction, magnitude, precision, sample size, and model fit.

The validity of pooled OLS inference depends on residual behavior and the covariance estimator. A comprehensive assessment should therefore examine multicollinearity, heteroskedasticity, serial correlation, cross-sectional dependence, and influential observations. Cross-sectional dependence is relevant when firms experience common macroeconomic or market-wide shocks (Pesaran, 2021). Cluster-robust inference may be appropriate for firm-level dependence, but the small number of firms requires caution because conventional clustered standard errors may perform poorly with few clusters. Small-sample corrections or wild-cluster-bootstrap procedures can provide supplementary evidence when the original estimation files are available (MacKinnon et al., 2023; Roodman et al., 2019). Any robust or winsorized estimates should be reported as sensitivity analyses rather than replacements for the original results.

Result and Discussion

Sample Characteristics and Descriptive Statistics

The final analytical sample comprised 13 small and medium-sized enterprise issuers listed on the Indonesia Stock Exchange Acceleration Board. Each issuer was observed annually over the 2022–

2024 period, producing a balanced panel of 39 firm-year observations. Table 1 summarizes the distribution of firm value, sales growth, profitability, and firm size.

Table 1. Descriptive statistics of the research variables

Variable	Mean	Minimum	Maximum	Standard Deviation
Tobin's Q	2.201	0.490	14.308	2.678
Sales Growth	3.120	0.033	74.030	12.384
Return on Assets	0.048	0.000	0.352	0.063
Firm Size	25.175	24.061	27.194	0.657

Note. N = 39 firm-year observations from 13 issuers. Firm value is measured by Tobin's Q, profitability by return on assets, and firm size by the natural logarithm of total assets. Sales growth is reported using the scale applied in the original dataset.

As shown in Table 1, mean Tobin's Q was 2.201, indicating that the market valuation of the sampled issuers generally exceeded the recorded book value of their assets. The range from 0.490 to 14.308 and the standard deviation of 2.678 reveal substantial heterogeneity in market valuation, with some observations valued below book value and others receiving markedly higher market assessments.

Sales growth displayed the greatest dispersion, with a mean of 3.120, a standard deviation of 12.384, and a maximum of 74.030. The maximum was substantially higher than the mean, indicating that a limited number of firm-year observations may have experienced exceptionally high growth. This pattern warrants caution because influential observations may affect the direction and precision of the estimated coefficient.

Average ROA was 0.048, indicating that the sampled issuers generated net income equivalent to approximately 4.8% of total assets. The absence of negative ROA values is consistent with the sample-selection criterion that retained profitable issuers. Firm size showed comparatively limited variation, with a mean of 25.175 and a standard deviation of 0.657, which may reduce the model's ability to discriminate a size-related association within a board composed of relatively small firms.

Panel-Model Selection

Three panel-data specifications were considered before estimating the relationships between the explanatory variables and firm value: pooled ordinary least squares, the Fixed Effect Model, and the Random Effect Model. The model-selection outcomes are summarized in Table 2.

Table 2. Panel-model selection results

Test	Model Comparison	p Value	Decision	Selected Model
Chow test	Pooled OLS vs. fixed effects	.137	Fail to reject the null	Pooled OLS
Hausman test	Fixed vs. random effects	.828	Fail to reject the null	Random effects
Breusch–Pagan LM test	Pooled OLS vs. random effects	.260	Fail to reject the null	Pooled OLS

Note. LM = Lagrange multiplier; OLS = ordinary least squares.

The Chow test produced a p value of .137, which did not provide sufficient evidence that firm-specific fixed effects improved the model relative to pooled OLS. The Hausman test yielded a p value of .828, indicating that the available evidence did not favor fixed effects over random effects.

The Breusch–Pagan Lagrange multiplier test produced a p value of .260. Because the null hypothesis of no significant random effects was not rejected, the Random Effect Model was not

preferred to pooled OLS. On this basis, the Common Effect Model was retained as the final specification. Selection of pooled OLS does not, however, independently validate conventional standard errors, which remain dependent on residual behavior and the covariance estimator.

Pooled Ordinary Least Squares Estimates

Table 3 presents the pooled OLS estimates for the associations of sales growth, ROA, and firm size with firm value. All coefficients, test statistics, probabilities, and model-fit values are retained from the original analysis.

Table 3. Pooled OLS estimates for firm value

Variable	Coefficient	t Statistic	p Value
Intercept	−6.5300	−0.350	.728
Sales Growth	−0.0219	−0.607	.548
Return on Assets	−4.4425	−0.580	.566
Firm Size	0.3580	0.487	.629

Note. Number of firms = 13; observations = 39; period = 2022–2024; R^2 = .034; adjusted R^2 = −.049; probability of the F statistic = .749.

Sales growth had a coefficient of −0.0219, a t statistic of −0.607, and a p value of .548. The negative direction differed from the hypothesized positive association, but the estimate was not statistically detectable at the .05 level. Given the substantial dispersion in sales growth, the coefficient may also be sensitive to influential observations.

ROA had a coefficient of −4.4425, a t statistic of −0.580, and a p value of .566. Although the sign was negative, the estimate was statistically imprecise and did not provide evidence of a reliable profitability–firm-value association in the restricted sample of profitable issuers. This result should not be interpreted as evidence that profitability is economically irrelevant.

Firm size had a positive coefficient of 0.3580, a t statistic of 0.487, and a p value of .629. The direction was consistent with the expectation that a larger asset base may be associated with higher value, but the association was not statistically detectable. The limited dispersion of firm size may have reduced estimation precision.

The joint test produced a probability of .749, indicating that the predictors were not jointly statistically informative at the .05 level. The R^2 of .034 shows that the model explained approximately 3.4% of the observed variation in Tobin's Q, while the adjusted R^2 of −.049 indicates that the specification did not improve on an intercept-only benchmark after adjustment for the included predictors.

Hypothesis-Testing Summary

The hypothesis-testing outcomes are summarized in Table 4. Decisions were based on the estimated coefficient directions and reported p values.

Table 4. Summary of hypothesis-testing results

Hypothesis	Proposed Association	Coefficient	p Value	Result
H1	Sales growth is positively associated with firm value	−0.0219	.548	Not supported
H2	Profitability is positively associated with firm value	−4.4425	.566	Not supported
H3	Firm size is positively associated with firm value	0.3580	.629	Not supported

None of the three hypotheses was supported by the reported pooled OLS estimates. Sales growth and ROA produced negative coefficients, whereas firm size produced a positive coefficient,

but all estimates had p values above .05. These outcomes indicate that no statistically detectable association was identified between the examined financial indicators and firm value in the analyzed sample. The findings should be interpreted as evidence of imprecision within a narrowly defined dataset rather than proof that the underlying relationships are absent.

Discussion

The findings indicate that sales growth, profitability, and firm size were not statistically associated with firm value among SME issuers listed on the Indonesia Stock Exchange Acceleration Board during 2022–2024. Sales growth and profitability produced negative but statistically imprecise coefficients, whereas firm size produced a positive but statistically imprecise coefficient. The predictors were also not jointly significant, and the model explained only a small proportion of the observed variation in Tobin's Q. These outcomes indicate that the three accounting-based indicators had limited detectable explanatory power in the analyzed sample, but they should not be interpreted as evidence that the population effects are exactly zero because the sample size, restricted composition, and variable dispersion may have reduced estimation precision.

The sales-growth result differs from the positive signaling expectation that expanding revenue communicates stronger market acceptance and future cash-flow potential. However, it is broadly consistent with Sohdi (2024), who found that growth indicators do not necessarily generate significant market responses when investors simultaneously evaluate profitability, liquidity, risk, and the sustainability of operating performance. It also complements Widiarta and Dermawan (2023), whose evidence indicates that the valuation effects of corporate fundamentals depend on sample and model characteristics. The present result therefore suggests that sales growth alone may be an ambiguous signal for small issuers when the market cannot determine whether increased revenue will translate into persistent margins and cash flows.

This interpretation is reinforced by entrepreneurial-finance research. Walthoff-Borm et al. (2018a) showed that young firms seeking external equity may face financial constraints and uncertain profitability, while Walthoff-Borm et al. (2018b) demonstrated that ownership and financing structures shape subsequent firm outcomes. Block et al. (2018) and Cumming and Groh (2018) similarly argued that investors assess multiple dimensions of firm quality rather than relying on a single growth measure. Consequently, high sales growth may not be interpreted as unequivocally favorable when expansion requires substantial working capital, marketing expenditure, or external financing. These mechanisms were not measured directly in the present model and should therefore be treated as theoretically plausible explanations rather than established empirical conclusions.

The unusually high dispersion of sales growth may also contribute to the weak estimate. A small number of firm-year observations may differ substantially from the rest of the sample and exert disproportionate influence on the coefficient. Leone et al. (2019) demonstrated that influential observations can materially alter coefficient signs, magnitudes, and statistical inference in accounting research. The reported relationship should therefore be reassessed through influence diagnostics and transparent sensitivity analyses that preserve the original observations while evaluating whether the result is stable under alternative robust specifications.

The non-significant profitability finding contrasts with studies reporting a positive relation between profitability and firm value. Putri et al. (2023) concluded that financial performance can strengthen firm value by signaling the company's capacity to generate economic benefits, while

Aushaf et al. (2025) and Sangadji et al. (2025) also documented profitability as a relevant valuation factor in Indonesian corporate samples. In the present study, however, the negative ROA coefficient was statistically imprecise. This divergence indicates that the valuation relevance of profitability may depend on issuer characteristics, market conditions, the persistence of earnings, and the composition of the empirical sample.

The contextual nature of profitability signals is consistent with Ardiansyah et al. (2025), who showed that the influence of profitability and market-related indicators varies with the setting surrounding the firm and capital-market transaction. Bhutta et al. (2021) further demonstrated that managerial capability shapes firm performance in an emerging-market environment. For growth-oriented issuers, current profitability may be volatile or may not capture the option value of future expansion. Nevertheless, the present data do not directly observe investor expectations, managerial quality, or growth opportunities; thus, the defensible conclusion is limited to the absence of a statistically detectable association between ROA and Tobin's Q in the restricted sample.

The profitability estimate must also be considered in relation to the sampling criterion that retained only firms reporting positive profitability. This restriction removed loss-making issuers and truncated the lower part of the ROA distribution, potentially reducing variation and creating selection or survivorship bias. A stronger design would include all eligible Acceleration Board issuers and compare full-population estimates with those from the profitable-firm subsample. Such an analysis would clarify whether the negative coefficient reflects an underlying relation or is partly attributable to sample construction.

The positive but non-significant firm-size coefficient was directionally consistent with the proposition that a larger asset base signals operating capacity, financing access, and organizational stability. However, the result did not support a statistically detectable relation. This is consistent with Renaldo et al. (2023), who found that firm size does not always significantly affect market-based indicators, and with Widiarta and Dermawan (2023), who showed that size-related valuation effects vary across empirical contexts. The result suggests that the scale of recorded assets may be insufficient to generate a higher valuation when the productivity, strategic deployment, and future return of those assets remain uncertain.

Measurement and sample homogeneity may further explain the firm-size result. Dang et al. (2018) demonstrated that conclusions about firm size are sensitive to whether size is measured using assets, sales, or market capitalization. The present analysis used the natural logarithm of total assets and included issuers from a board specifically designed for relatively small firms. The narrow dispersion of this measure may have reduced statistical discrimination, meaning that the absence of a detectable relation may reflect limited variation rather than the economic irrelevance of firm scale.

Taken together, the weak coefficients and limited model fit support a context-dependent interpretation of signaling theory. Bafera and Kleinert (2023) emphasized that signal effectiveness depends on the sender, receiver, information credibility, and institutional environment. Huang et al. (2022) similarly showed that entrepreneurial credibility is communicated through configurations of signals, while Kleinert and Mochkabadi (2022) demonstrated that apparently similar quality signals can be interpreted differently across investor groups. Sales growth, profitability, and firm size may therefore have limited value when assessed in isolation and may require credible disclosure, market liquidity, governance mechanisms, or external validation before they become sufficiently informative.

Evidence from entrepreneurial and alternative equity markets provides further comparative support. Dorfleitner et al. (2018) found that investor communication affects financing outcomes, Piva and Rossi-Lamastra (2018) highlighted the signaling role of human capital, and Vismara (2018) demonstrated the importance of information cascades. Ralcheva and Roosenboom (2020) and Yang et al. (2025) likewise showed that financing outcomes reflect combinations of firm characteristics and investor perceptions. Although the Acceleration Board differs from crowdfunding, both settings involve relatively young firms, limited public histories, and elevated uncertainty, helping to explain why isolated accounting indicators may have weak explanatory power.

The results also align with broader evidence that firm value is multidimensional. Arora (2022) identified corporate tax behavior as a valuation factor, Cao et al. (2022) examined the role of innovation and organizational networks, and Thakur et al. (2021) documented the influence of institutional corruption in emerging markets. Le and Nguyen (2022), Sadiq and Gebba (2022), and Mahmudah et al. (2023) further demonstrated that governance, transparency, corporate social responsibility, and voluntary disclosure affect how financial performance is translated into firm value. These studies do not establish the omitted variables responsible for the present findings, but they show why a three-predictor specification may leave substantial variation unexplained.

Market liquidity and price formation offer another relevant comparison. Chia et al. (2020) found that the liquidity–value relationship can be nonlinear and conditional on ownership and political connections, da Silva (2022) showed that the ability of stock prices to track future profitability depends on market efficiency, and Zhang et al. (2021) documented the importance of liquidity for firm value during periods of uncertainty. Thin trading on a specialized SME board may therefore introduce noise into Tobin's Q and weaken the observable association between accounting signals and market valuation, although direct liquidity measures were not included in the present model.

The principal novelty of this study lies in examining signal effectiveness within the Indonesia Stock Exchange Acceleration Board, a specialized public-equity segment that has received substantially less empirical attention than broader exchange populations. Prior evidence on Indonesian SME issuers has focused on changes following initial public offerings and governance outcomes (Dewi et al., 2024), whereas the present study directly evaluates whether three conventional accounting signals retain detectable valuation relevance in this information-constrained board. The theoretical novelty is therefore a boundary-condition contribution: the results indicate that financial signals commonly applied to established firms may have weak observable explanatory power when public histories, liquidity, analyst attention, and cross-firm variation are limited.

The study also makes a methodological contribution by distinguishing non-significance from evidence of no economic effect. The coefficients were statistically imprecise, but the restricted sample and incomplete uncertainty measures prevent a definitive conclusion that the true relations are zero. This distinction is particularly important in research on specialized capital-market segments, where the number of eligible issuers may be structurally small and conventional inference may lack power. The findings therefore support a cautious, estimation-focused interpretation that emphasizes coefficient direction, uncertainty, and model fit rather than a binary significant–non-significant classification.

The theoretical implication is that models of signaling and firm value should incorporate environmental noise, signal portfolios, and receiver capacity more explicitly. Accounting indicators may not be sufficiently distinctive when evaluated without information on disclosure credibility, ownership, liquidity, governance, or external endorsement. Future models should test whether these contextual factors strengthen, weaken, or condition the valuation effects of sales growth, profitability, and firm size.

For managers, the findings do not imply that growth, profitability, or asset expansion is unimportant. Instead, they suggest that these indicators alone may not adequately explain market valuation and may need to be accompanied by clear communication regarding the sustainability of growth, the persistence of earnings, and the productive use of assets. For investors, the results support a more comprehensive valuation approach that considers the quality of growth, liquidity of the shares, ownership and governance arrangements, disclosure credibility, and long-term cash-flow capacity. For regulators and the Indonesia Stock Exchange, the study highlights the value of accessible issuer-level information, comparable reporting practices, and disclosure mechanisms that can reduce uncertainty and support price discovery. These implications remain proportional to the limited sample and should not be treated as direct evidence of investor behavior or regulatory inadequacy.

Several limitations constrain the interpretation of the evidence. The analysis included only 13 issuers over three years, limiting statistical power, model complexity, and generalizability. The positive-profitability criterion excluded loss-making firms and may have generated selection or survivorship bias. The short period may not capture longer-term market adjustments, while the parsimonious model omitted leverage, stock liquidity, ownership concentration, governance, disclosure quality, firm age, and year effects. Tobin's Q may contain measurement error when prices are affected by thin trading, and the high dispersion of sales growth and firm value indicates potential influential observations. The available output also lacked complete standard errors, confidence intervals, covariance-estimator information, and residual diagnostics. Future research should extend the period, include the complete eligible population, disclose the full sampling flow, compare alternative valuation and size measures, and apply comprehensive diagnostic, robust, and cross-board analyses.

Conclusion

This study examined the relationships between sales growth, profitability, firm size, and firm value among small and medium-sized enterprise issuers listed on the Indonesia Stock Exchange Acceleration Board. The findings indicate that the three financial indicators did not demonstrate statistically detectable associations with firm value within the observed sample, either individually or collectively. These results suggest that conventional accounting-based indicators may not be sufficiently informative when used in isolation to explain market valuation in a relatively small and information-constrained equity segment. The study contributes to signaling theory by showing that the effectiveness of financial signals is context dependent and may be influenced by market characteristics, information credibility, and investors' ability to interpret firm-level signals. However, the findings should be interpreted cautiously because of the limited sample, short observation period, exclusion of loss-making firms, restricted model specification, and potential influence of extreme observations. Future research should involve a broader population of issuers, a longer observation period, more comprehensive firm- and market-level variables, and stronger diagnostic

and robustness procedures to provide a more complete understanding of firm-value formation in SME-oriented capital markets.

References

Ardiansyah, F. A., Jurana, J., Muliati, M., & Masruddin, M. (2025). Analyzing IPO underpricing drivers: Evidence from profitability, market value, and leverage in Indonesia's market. Economics, Business, Accounting & Society Review, 4(1). https://doi.org/10.55980/ebasr.v4i1.159

Arora, T. S. (2022). Impact of corporate tax aggressiveness on firm value: Evidence from India. Managerial Finance, 48(2), 313–333. https://doi.org/10.1108/MF-01-2021-0033

Aushaf, W. D., Azizah, S. N., Amir, A., & Fakhruddin, I. (2025). The effect of profitability, leverage, and firm size on firm value in non-cyclical consumer sector manufacturing companies for 2021–2023. Journal of Management, Accounting, General Finance and International Economic Issues, 4(4). https://doi.org/10.55047/marginal.v4i4.1899

Bafera, J., & Kleinert, S. (2023). Signaling theory in entrepreneurship research: A systematic review and research agenda. Entrepreneurship Theory and Practice, 47(6), 2419–2464. https://doi.org/10.1177/10422587221138489

Baltagi, B. H. (2021). Econometric analysis of panel data (6th ed.). Springer. https://doi.org/10.1007/978-3-030-53953-5

Bhutta, A. I., Sheikh, M. F., Munir, A., Naz, A., & Saif, I. (2021). Managerial ability and firm performance: Evidence from an emerging market. Cogent Business & Management, 8(1), Article 1879449. https://doi.org/10.1080/23311975.2021.1879449

Block, J. H., Colombo, M. G., Cumming, D. J., & Vismara, S. (2018). New players in entrepreneurial finance and why they are there. Small Business Economics, 50(2), 239–250. https://doi.org/10.1007/s11187-016-9826-6

Brigham, E. F., & Houston, J. F. (2022). Fundamentals of financial management (16th ed.). Cengage Learning.

Cao, S., Fang, Z., Pu, W., & Ruan, Y.-Y. (2022). Vertical interlock and firm value: The role of corporate innovation. Emerging Markets Finance and Trade, 58(4), 1061–1077. https://doi.org/10.1080/1540496X.2021.1927699

Chia, Y.-E., Lim, K.-P., & Goh, K.-L. (2020). Liquidity and firm value in an emerging market: Nonlinearity, political connections, and corporate ownership. The North American Journal of Economics and Finance, 52, Article 101169. https://doi.org/10.1016/j.najef.2020.101169

Chung, K. H., & Pruitt, S. W. (1994). A simple approximation of Tobin's Q. Financial Management, 23(3), 70–74. https://doi.org/10.2307/3665623

Cumming, D. J., & Groh, A. P. (2018). Entrepreneurial finance: Unifying themes and future directions. Journal of Corporate Finance, 50, 538–555. https://doi.org/10.1016/j.jcorpfin.2018.01.011

Dang, C., Li, Z. F., & Yang, C. (2018). Measuring firm size in empirical corporate finance. Journal of Banking & Finance, 86, 159–176. https://doi.org/10.1016/j.jbankfin.2017.09.006

da Silva, P. P. (2022). Market efficiency and the capacity of stock prices to track a firm's future profitability. Borsa Istanbul Review, 22(3), 452–464. https://doi.org/10.1016/j.bir.2021.06.010

Dewi, R. R., Ratnawati, A., & Anggraeni, L. (2024). IPO's effect on financial performance, good corporate governance, and firm value of SME issuers in Indonesia Stock Exchange. Jurnal Aplikasi Bisnis dan Manajemen, 10(2), 636. https://doi.org/10.17358/jabm.10.2.636

Dorfleitner, G., Hornuf, L., & Weber, M. (2018). Dynamics of investor communication in equity crowdfunding. Electronic Markets, 28(4), 523–540. https://doi.org/10.1007/s12525-018-0294-5

Estrin, S., Gozman, D., & Khavul, S. (2018). The evolution and adoption of equity crowdfunding: Entrepreneur and investor entry into a new market. Small Business Economics, 51(2), 425–439. https://doi.org/10.1007/s11187-018-0009-5

Gujarati, D. N., & Porter, D. C. (2022). Basic econometrics (6th ed.). McGraw-Hill Education.

Huang, S., Pickernell, D., Battisti, M., & Nguyen, T. (2022). Signalling entrepreneurs' credibility and project quality for crowdfunding success: Cases from the Kickstarter and Indiegogo environments. Small Business Economics, 58, 1801–1821. https://doi.org/10.1007/s11187-021-00477-6

Kasmir. (2021). Analisis laporan keuangan (Edisi revisi). PT RajaGrafindo Persada.

Kleinert, S., & Mochkabadi, K. (2022). Gender stereotypes in equity crowdfunding: The effect of gender bias on

the interpretation of quality signals. The Journal of Technology Transfer, 47, 1640–1661. https://doi.org/10.1007/s10961-021-09892-z
Le, T. T., & Nguyen, V. K. (2022). The impact of corporate governance on firms' value in an emerging country: The mediating role of corporate social responsibility and organisational identification. Cogent Business & Management, 9(1), Article 2018907. https://doi.org/10.1080/23311975.2021.2018907
Leone, A. J., Minutti-Meza, M., & Wasley, C. E. (2019). Influential observations and inference in accounting research. The Accounting Review, 94(6), 337–364. https://doi.org/10.2308/accr-52396
MacKinnon, J. G., Nielsen, M. Ø., & Webb, M. D. (2023). Cluster-robust inference: A guide to empirical practice. Journal of Econometrics, 232(2), 272–299. https://doi.org/10.1016/j.jeconom.2022.04.001
Mahmudah, H., Yustina, A. I., Dewi, C. N., & Sutopo, B. (2023). Voluntary disclosure and firm value: Evidence from Indonesia. Cogent Business & Management, 10(1), Article 2182625. https://doi.org/10.1080/23311975.2023.2182625
Pesaran, M. H. (2021). General diagnostic tests for cross-sectional dependence in panels. Empirical Economics, 60, 13–50. https://doi.org/10.1007/s00181-020-01875-7
Piva, E., & Rossi-Lamastra, C. (2018). Human capital signals and entrepreneurs' success in equity crowdfunding. Small Business Economics, 51(3), 667–686. https://doi.org/10.1007/s11187-017-9950-y
Putri, I. A. J., Budiyanto, & Triyonowati. (2023). Financial performance and firm value: The role of signaling theory. International Journal of Scientific Research and Management, 11(4), EM-4776–EM-4783. https://doi.org/10.18535/ijsrm/v11i04.em01
Ralcheva, A., & Roosenboom, P. (2020). Forecasting success in equity crowdfunding. Small Business Economics, 55(1), 39–56. https://doi.org/10.1007/s11187-019-00144-x
Renaldo, N., Rozalia, D. K., Musa, S., Wahid, N., & Cecilia. (2023). Current ratio, firm size, and return on equity on price earnings ratio with dividend payout ratio as a moderation and firm characteristic as control variable on the MNC36 Index period 2017–2021. Journal of Applied Business and Technology, 4(3), 214–226. https://doi.org/10.35145/jabt.v4i3.136
Riyanto, B. (2018). Dasar-dasar pembelanjaan perusahaan (4th ed.). BPFE.
Roodman, D., MacKinnon, J. G., Nielsen, M. Ø., & Webb, M. D. (2019). Fast and wild: Bootstrap inference in Stata using boottest. The Stata Journal, 19(1), 4–60. https://doi.org/10.1177/1536867X19830877
Ross, S. A. (1977). The determination of financial structure: The incentive-signalling approach. The Bell Journal of Economics, 8(1), 23–40. https://doi.org/10.2307/3003485
Ross, S. A., Westerfield, R. W., & Jordan, B. D. (2022). Fundamentals of corporate finance (14th ed.). McGraw-Hill Education.
Sadiq, M., & Gebba, T. R. A. (2022). Financial performance, firm value, transparency, and corporate governance: Evidence from family-owned business in the UAE. Transnational Corporations Review, 14(3), 286–296. https://doi.org/10.1080/19186444.2021.1938496
Sangadji, N., Hermuningsih, S., & Rinofah, R. (2025). Profitability, firm size, and liquidity as determinants of firm value: Evidence from Indonesia's textile and garment sector. Maksimum, 15(1), 20–29. https://doi.org/10.26714/mki.15.1.2025.20-29
Sohdi, L. R. (2024). The influence of growth rate, profitability, liquidity, and company valuation on stock price. Jurnal Riset Akuntansi dan Bisnis Airlangga, 9(1), 1–23. https://doi.org/10.20473/jraba.v9i1.56477
Spence, M. (1973). Job market signaling. The Quarterly Journal of Economics, 87(3), 355–374. https://doi.org/10.2307/1882010
Thakur, B. P. S., Kannadhasan, M., Charan, P., & Gupta, C. P. (2021). Corruption and firm value: Evidence from emerging market economies. Emerging Markets Finance and Trade, 57(4), 1182–1197. https://doi.org/10.1080/1540496X.2019.1613643
Vismara, S. (2018). Information cascades among investors in equity crowdfunding. Entrepreneurship Theory and Practice, 42(3), 467–497. https://doi.org/10.1111/etap.12261
Walthoff-Borm, X., Schwienbacher, A., & Vanacker, T. (2018a). Equity crowdfunding: First resort or last resort? Journal of Business Venturing, 33(4), 513–533. https://doi.org/10.1016/j.jbusvent.2018.04.001
Walthoff-Borm, X., Vanacker, T., & Collewaert, V. (2018b). Equity crowdfunding, shareholder structures, and firm performance. Corporate Governance: An International Review, 26(5), 314–330. https://doi.org/10.1111/corg.12259
Widiarta, J. R., & Dermawan, E. S. (2023). The effect of profitability, firm size, and capital structure on firm

value in manufacturing companies. International Journal of Application on Economics and Business, 1(4), 2315–2325. https://doi.org/10.24912/ijaeb.v1i4.2315-2325

Yang, J., Xin, J., Zeng, Y., & Liu, P. J. (2025). Signaling and perceiving on equity crowdfunding decisions—A machine learning approach. Small Business Economics, 65, 315–356. https://doi.org/10.1007/s11187-024-00991-3

Zhang, P., Gao, J., & Li, X. (2021). Stock liquidity and firm value in the time of the COVID-19 pandemic. Emerging Markets Finance and Trade, 57(6), 1578–1591. https://doi.org/10.1080/1540496X.2021.1898368