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# The Effect of Capital Structure, Profitability, and Liquidity on Company Value

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**ABSTRAK**

Penelitian ini berupaya mengkaji pengaruh struktur modal, profitabilitas, dan likuiditas terhadap penilaian perusahaan dalam industri konstruksi yang tercatat di Bursa Efek Indonesia (BEI) untuk periode yang membentang dari tahun 2020 hingga 2024. Menggunakan metodologi kuantitatif, penelitian ini menggunakan regresi data panel bersama dengan teknik estimasi Model Efek Acak, mengacu pada data sekunder dari 22 perusahaan konstruksi yang memenuhi kriteria sampel yang ditetapkan selama jangka waktu observasi lima tahun. Temuan ini mengungkapkan bahwa, secara terpisah, struktur modal memberikan dampak negatif namun secara statistik tidak signifikan pada penilaian perusahaan. Sebaliknya, profitabilitas menunjukkan efek negatif dan signifikan secara statistik pada nilai perusahaan, sedangkan likuiditas menunjukkan efek positif dan signifikan secara statistik pada penilaian perusahaan. Secara kolektif, tiga variabel independen secara signifikan mempengaruhi penilaian perusahaan. Hasil ini menunjukkan bahwa investor memprioritaskan likuiditas perusahaan saat mengevaluasi prospek dan nilai perusahaan konstruksi. Sebaliknya, profitabilitas yang tinggi tidak secara konsisten berkorelasi dengan peningkatan nilai perusahaan, yang berpotensi disebabkan oleh persepsi pasar mengenai kualitas laba yang dihasilkan. Implikasi dari penelitian ini menggarisbawahi perlunya manajemen perusahaan untuk mengedepankan pengelolaan likuiditas dan meningkatkan transparansi informasi keuangan untuk meningkatkan nilai perusahaan dalam perspektif investor.
**Keyword: Struktur Modal; Nilai Perusahaan; Sektor Konstruksi; Likuiditas; Keuntungan**

**ABSTRACT**

*This study examines the influence of capital structure, profitability, and liquidity on the valuation of companies in the construction industry listed on the Indonesia Stock Exchange (IDX) for the period from 2020 to 2024. Using a quantitative methodology, this study employs panel data regression along with a Random Effects Model estimation technique, drawing on secondary data from 22 construction companies that met the established sampling criteria over a five-year observation period. The findings reveal that, separately, capital structure has a negative but statistically insignificant impact on firm valuation. Conversely, profitability exhibits a negative and statistically significant effect on firm value, while liquidity exhibits a positive and statistically significant effect on firm valuation. Collectively, the three independent variables significantly influence firm valuation. These results suggest that investors prioritize firm liquidity when evaluating the prospects and value of construction companies. Conversely, high profitability does not consistently correlate with increased firm value, potentially due to market perceptions regarding the quality of earnings generated. The implications of this study underscore the need for company management to prioritize liquidity management and improve financial information transparency to enhance firm value from an investor perspective.*
**Keyword: Capital Structure; Company Value; Construction Sector; Liquidity; Profit**

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## 1. INTRODUCTION

The construction sector is one of the important pillars of Indonesia's economic development. Its contribution to the national *Gross Domestic Product (GDP)* demonstrates its strategic role in driving economic growth. According to data from the Central Statistics Agency (*BPS*), in the fourth quarter of 2024, the construction sector contributed 10.43% to Indonesia's GDP, ranking fourth after the manufacturing, trade, and agriculture sectors. In the last five years, the construction sector has faced significant dynamics. In 2020, the COVID-19 pandemic caused a slowdown in construction activity due to social restrictions and supply chain disruptions. Nevertheless, the government still allocated an infrastructure budget of IDR 423.3 trillion that year, an increase of 5.9% compared to the previous year. Local investment dominated this sector with a value of IDR 26 trillion or 92.7% of total construction investment.

Entering 2021 to 2022, the construction sector began to show signs of recovery in line with the easing of restrictions and the acceleration of infrastructure projects. However, challenges remain, particularly in relation to project financing and risk management. Construction companies are required to manage their capital structure efficiently in order to maintain operational sustainability and increase company value. The year 2023 was a challenging period for construction issuers, especially state-owned enterprises (*SOEs*). Data show that PT Wijaya Karya (Persero) Tbk (*WIKA*) shares fell by 70% throughout the year, making it one of the worst-performing issuers in the construction sector. Factors such as high debt burdens and declining revenues were the main causes of the decline in company value. In 2024, the construction sector received a boost with a 5.8% increase in the government's infrastructure budget allocation compared to the previous year, reaching IDR 422.7 trillion. Strategic national projects, including the construction of the Capital City of Nusantara (*IKN*), provide opportunities for construction companies to improve their performance and corporate value. However, companies still need to pay attention to capital structure efficiency and liquidity to optimally utilize these opportunities.

The valuation of a firm serves as a crucial metric that encapsulates investors' expectations regarding the firm's future performance. Internal determinants, including capital structure, profitability, and liquidity, significantly influence the valuation of a firm. An ideal capital structure can achieve equilibrium between debt and equity utilization, while profitability serves as a measure of the firm's capacity to generate earnings. Sufficient liquidity denotes the firm's capability to fulfill its short-term financial commitments. Prior investigations conducted by Suryani et al. (2022) indicate that both capital structure and financial performance exert a substantial positive influence on firm valuation within the construction materials sub-sector listed on the *IDX*. Nevertheless, additional inquiry is warranted to elucidate how these three factors concurrently impact firm valuation across the entire construction sector. In this regard, it is essential to examine the implications of capital structure, profitability, and liquidity on firm valuation within the construction sector represented on the IDX. This examination will yield valuable insights for corporate management in devising effective financial strategies aimed at enhancing firm valuation and competitive standing within the marketplace.

### *A. The Relationship Between Capital Structure and Company Value*

A company's capital structure, which consists of a mix of debt and equity financing, plays an important role in determining its overall value. A well-optimized capital structure can improve a company's financial performance and shareholder wealth, as it affects profitability and risk. The following section outlines the relationship between capital structure and company value. A balanced mix of debt and equity can lower overall capital costs, thereby increasing company value. Excessive debt can lead to financial difficulties, while too much equity can weaken ownership and returns (Wardini et al., 2023; Логачев, 2023). Companies with optimal capital structures often have favorable dividend policies, which can signal financial health to investors, leading to higher share prices and, consequently, higher company value (Wardini et al., 2023). The relationship between capital structure and company value can be moderated by profitability. For example, a high *Debt-to-Equity Ratio (DER)* may not significantly affect the *Price-to-Earnings Ratio (PER)* in certain sectors, indicating that profitability plays an important role in this dynamic (Dhany et al., 2024). Capital structure choices are an integral part of strategic decision-making, as they affect current operations and future growth potential.

Companies must assess their sources of financing to ensure they are aligned with their long-term objectives (Логачев, 2023; Liao, 2023). Investors often view capital structure as a reflection of a company's risk profile. A well-managed capital structure can increase market confidence, thereby increasing the market value of the company (Yolanda et al., 2016). While a strong capital structure is crucial for maximizing company value, it is important to recognize that external factors, such as market conditions and economic stability, can also significantly influence this relationship. Therefore, companies must remain adaptable to changing environments to maintain their value.

### *B. The Relationship Between Profitability and Company Value*

Profitability is an important determinant of company value, as it reflects the company's ability to generate income relative to revenue, assets, or equity. Empirical studies show a strong positive correlation between profitability metrics such as *Return on Investment (ROI)* and *Return on Equity (ROE)*, and company value. This relationship underscores the importance of profitability in enhancing investor confidence and market perception of the company. A significant positive effect on company value indicates that higher returns lead to increased market valuation (Lestari & Armayah, 2016). Similar to ROI, ROE positively affects company value, suggesting that effective equity management can increase company value (Lestari & Armayah, 2016). Interestingly, this metric has been shown to have a negative impact on company value, indicating that high margins alone do not guarantee higher valuations (Lestari & Armayah, 2016). In addition to profitability, sales growth also positively affects company value, indicating that operational success translates into market confidence (Candani & Badera, 2022).

Although larger companies may have operational advantages, they do not always correlate with higher company value, as seen in several studies (Nurlaelasari et al., 2024). Conversely, some studies suggest that factors such as liquidity and company size may not significantly affect company value, indicating more complex variable interactions that can influence market perception and valuation (Muflikhah & Luhgiatno, 2023).

***C. The Relationship Between Liquidity and Company Value***

Liquidity plays an important role in determining a company's value, as it reflects the company's ability to meet short-term financial obligations and manage operational efficiency. Effective liquidity management not only improves a company's financial stability but also positively influences investor perception and market performance. The following section outlines the relationship between liquidity and company value. Companies with strong liquidity can easily cover their short-term obligations, which reassures investors and can lead to higher valuations (Moridu et al., 2023). Good liquidity indicates operational efficiency and financial health, making the company more attractive to potential investors, thereby increasing its market value.

High market liquidity reduces the risks associated with trading, leading to better investment decisions and higher company valuations. Companies with liquid shares tend to have better operating income, which correlates with an increase in company value (Raković, 2018). Less liquid markets may offer higher returns due to increased price volatility, but they also pose greater risks, which can have a negative impact on company value (Raković, 2018). Research shows a significant correlation between liquidity and company value, with studies indicating that liquidity factors account for nearly 50% of the variance in company valuations (Suriana et al., 2020; Wijaya & Fitriati, 2022). Companies with better liquidity ratios often report higher profitability and operational performance, further increasing their market value (Bartkauskaitė & Stankevičienė, 2016).

Conversely, while liquidity is very important, it is not the only determinant of company value. Factors such as profitability, market conditions, and corporate governance also play an important role in shaping the overall value of a company (Wijaya & Fitriati, 2022).

## 2. RESEARCH METHOD

This research employs a quantitative methodology characterized by a causal explanatory framework, with the objective of elucidating the causal interrelations among capital structure, profitability, and liquidity concerning the valuation of construction firms listed on the Indonesia Stock Exchange (IDX) from 2020 to 2024. This methodological choice was made due to its potential to provide empirical insight into how each financial variable influences the valuation of companies, as indicated by the price-to-book value (PBV). The analysis utilizes secondary data obtained from the annual financial statements of construction firms published on the official IDX website, supplemented by additional relevant resources, such as the Indonesian Capital Market Directory (ICMD). The research population comprises all construction firms listed on the IDX, while the sample was selected through purposive sampling based on specific criteria: (1) firms that were consistently listed on the IDX throughout the observation period of 2020 to 2024, (2) those with comprehensive financial reports, and (3) those that presented the necessary financial ratio data. Following these criteria, a total of 22 companies were identified as eligible research samples, yielding 87 panel data observations.

The variables used in this study consist of one dependent variable and three independent variables. Company value (PBV) is the dependent variable that reflects market perceptions of company performance and prospects. The independent variables include capital structure, profitability, and liquidity. Capital structure is proxied by the Debt to Equity Ratio (DER), which is the ratio of total debt to equity that reflects the company's leverage level. Profitability is measured by Return on Equity (ROE), which indicates the company's ability to generate net income from its own capital. Meanwhile, liquidity is measured using the Current Ratio (CR), which describes the company's ability to meet its short-term obligations using current assets. These three financial ratios were selected because they are considered capable of representing the fundamental factors that affect a company's value in the context of the capital-intensive, high-risk construction industry, which is dependent on efficient cash flow management.

The analysis of data was executed utilizing panel data regression through the most current iteration of EViews statistical software, which enables scholars to amalgamate time series and cross-sectional aspects to derive more expansive estimation outcomes. Prior to hypothesis testing, a comprehensive series of assumption evaluations were undertaken, including the Chow test, Hausman test, and Lagrange Multiplier (LM) test, to ascertain the optimal estimation model among the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). According to the outcomes of these tests, the Random Effect Model (REM) emerged as the most appropriate model for this research, as it presupposes random variances among firms that are uncorrelated with the independent variables. Hypothesis testing was executed both individually (t-test) to ascertain the impact of each independent variable on firm value, and collectively (F-test) to evaluate the cumulative effect of the three variables. Furthermore, the coefficient of determination ($R^2$) was employed to gauge the model's efficacy in elucidating the variation in firm value. All assessments utilized a significance threshold of $\alpha = 0.05$ as the foundation for statistical decision-making, thereby ensuring that the findings of this study are anticipated to furnish robust empirical evidence concerning the determinants of firm value within the Indonesian construction industry.

## 3. RESULTS AND DISCUSSION

The results of data processing show that the capital structure variable (*Debt to Equity Ratio* / DER) has a coefficient value of -4.582840 with a probability (*p*-value) of 0.0977. This indicates that DER has a negative effect on company value, but statistically this effect is not significant at a 95% confidence level (because $p > 0.05$). The decline in PBV value along with an increase in DER can be interpreted as meaning that an increase in the proportion of debt in the capital structure is not always accepted positively by the market, possibly due to increased financial risk. However, because the effect is not significant, DER cannot be said to be a major factor affecting the value of construction companies during the research period.

Table 1. Hypothesis Testing

Dependent Variable: PBV
Method: Panel EGLS (Cross-section random effects)
Date: 05/19/25 Time: 13:35
Sample: 2020 2024
Periods included: 5
Cross-sections included: 22
Total panel (unbalanced) observations: 87
Swamy and Arora estimator of component variances

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -21.84254 | 7.440470 | -2.935640 | 0.0043 |
| DER | -4.582840 | 2.735688 | -1.675205 | 0.0977 |
| ROE | -0.098845 | 0.027933 | -3.538623 | 0.0007 |
| CR | 18.02396 | 2.044722 | 8.814869 | 0.0000 |
| **Effects Specification** | | | | |
| | | | S.D. | Rho |
| Cross-section random | | | 26.27136 | 0.6107 |
| Idiosyncratic random | | | 20.97533 | 0.3893 |
| **Weighted Statistics** | | | | |
| Root MSE | 20.65780 | R-squared | | 0.508074 |
| Mean dependent var | 3.413418 | Adjusted R-squared | | 0.490294 |
| S.D. dependent var | 29.62388 | S.E. of regression | | 21.14972 |
| Sum squared resid | 37126.77 | F-statistic | | 28.57487 |
| Durbin-Watson stat | 1.597763 | Prob(F-statistic) | | 0.000000 |
| **Unweighted Statistics** | | | | |
| R-squared | 0.414751 | Mean dependent var | | 9.195747 |
| Sum squared resid | 98233.85 | Durbin-Watson stat | | 0.603863 |

In the interim, the variable representing profitability, specifically *Return on Equity* (ROE), yields notably unexpected findings. The coefficient for ROE stands at -0.098845, accompanied by a *p*-value of 0.0007, suggesting that it exerts a negative and statistically significant influence on the valuation of the company. This outcome stands in stark opposition to traditional financial theory, which posits that increased profitability (as measured by ROE) should correlate with an elevated company value. This phenomenon may indicate market anomalies, high levels of risk in generating profits, or questionable profit quality. It could be that high profits are not generated from the company's core activities or are unsustainable, thereby undermining investor confidence in increasing share valuations.

In contrast, the liquidity variable (*Current Ratio* / CR) showed very strong results. With a coefficient of 18.02396 and a *p*-value of 0.0000, CR has a positive and significant effect on company value. These results are consistent with the theory that the higher the liquidity, the greater the company's ability to meet its short-term obligations, thereby reducing the risk of bankruptcy and increasing investor confidence. In the context of the construction sector, which tends to be capital-intensive and heavily dependent on project cash flows, liquidity is an important factor that influences market perception.

Simultaneously, the trio of independent variables collectively exerts a substantial influence on corporate valuation. This is evidenced by a *Prob (F-statistic)* value of 0.000000, which is significantly lower than the 5% significance threshold. This finding indicates that the employed regression model is statistically robust and is capable of elucidating the relationship between the independent variables and the dependent variable (PBV). The coefficient of determination (*R-squared*) of 0.508074 signifies that approximately 50.8% of the variability in corporate value can be accounted for by fluctuations in capital structure, profitability, and liquidity. The remaining 49.2% is explained by other variables outside the model, such as management reputation, business strategy, macroeconomic conditions, and other external factors. This shows that although the model is quite strong, there are other factors that also play a role in shaping the value of construction companies.

Finally, the Durbin–Watson value of 1.597763 indicates no significant autocorrelation in the model, so the regression results can be said to be stable and unbiased due to sequential errors. This reinforces the reliability of the model as a tool for analyzing the relationship between variables.

***A. The Effect of Debt to Equity Ratio (DER) on PBV***

The results of the study show that the DER regression coefficient is -4.582840 with a probability of 0.0977, which means that the higher the DER, the more the PBV value tends to decrease. This negative coefficient indicates that investors view a capital structure dominated by debt as a factor that increases the company's financial risk. This risk makes investors less confident about the company's long-term prospects, thereby reducing their positive perception of the company's value.

However, the probability value of 0.0977 indicates that the effect of DER on PBV is not significant at the 5% significance level but is close to significant at the 10% level. This suggests that although the effect is not strong enough to be considered statistically significant at the conventional level, it still needs to be considered—especially in the construction industry, which tends to require large amounts of external funding to carry out its projects. The use of high leverage is common in this industry, but if not managed properly, it can raise concerns among investors about the company's ability to meet its financial obligations.

Furthermore, recent literature shows that the effect of DER on company value is non-linear. A study by Ding (2024) found that higher leverage can increase market valuation, especially for large companies such as those included in the *S&P 500*. However, Wang (2024) asserts that moderate debt financing tends to increase company value, while excessive use of debt can actually decrease company value. These findings highlight the importance of balanced capital structure management so that companies can derive optimal benefits from leverage without posing excessive risks in the eyes of investors.

The implications of these findings are particularly important for corporate management, especially in the construction industry, which naturally requires significant funding to support long-term projects. This study confirms that decisions regarding capital structure cannot focus solely on maximizing debt utilization to increase expansion or return on equity. Management must consider the optimal leverage limit in order to remain at a level that is acceptable to the market. If leverage is used moderately, companies can take advantage of the benefits of external financing, such as tax savings and increased competitiveness through more aggressive expansion. However, if debt usage exceeds the company's capacity to repay, increased risk perception can actually lower the company's value in the eyes of investors, which is ultimately reflected in a decline in PBV. This also indicates that companies need to periodically evaluate their DER ratio and adjust their financing strategies by considering market conditions and the company's risk profile.

Furthermore, the results and supporting literature indicate that there is no single approach that applies to all companies in managing capital structure. Large companies with strong reputations and stable cash flows, such as those included in the *S&P 500*, may be better able to bear high leverage without causing undue concern among investors. Conversely, small companies or those operating in more volatile business environments should be more cautious about increasing debt. Therefore, the strategic implication of this study is the need for adaptive capital structure policies based on comprehensive risk analysis. Companies must be able to balance the need for funding for growth and maintaining investor confidence by carefully managing financial risk. Furthermore, transparency in debt management and effective communication with stakeholders will help build a positive perception, enabling companies to maintain access to healthy funding without compromising company value.

***B. The Effect of Return on Equity (ROE) on PBV***

The ROE variable has a regression coefficient of -0.098845 with a probability value of 0.0007, which is significant at the 1% level. This indicates that statistically, ROE has a negative and significant effect on company value (PBV). This result contradicts the basic theory which states that profitability (in this case ROE) should increase company value. However, in the context of the construction industry, this can be explained because high profits do not always mean that a company's financial condition is strong.

The implications of these findings require construction company management to review their financial and communication strategies toward investors. In an industry that is highly dependent on long-term projects and external financing, an artificial increase in ROE due to high leverage can backfire if it is not balanced with good risk management. Increasingly savvy investors now look not only at profitability figures but also examine the sources of those profits. If high ROE is driven more by debt than by solid operational performance, investor confidence in the company's long-term prospects may decline. This can lead to a decline in PBV, as the market assesses that the company has hidden financial risks that could threaten its business continuity, especially amid economic uncertainty and fluctuations in the construction sector. In addition, profit volatility caused by the non-recurring and long-term nature of projects makes ROE an unstable indicator for assessing a company's performance from year to year.

Furthermore, these findings also emphasize the importance of transparency and accountability in the financial reporting of construction companies. Management needs to provide clear information on capital structure, sources of profit growth, and financial risk management strategies. Investors need assurance that reported profits are not merely the result of aggressive leverage practices but truly reflect operational success and effective project management. Therefore, companies must adopt a more holistic approach to financial management, balancing profitability, debt control, and cash flow management. In addition, effective communication with investors regarding long-term strategies and risk mitigation efforts is essential to build market confidence. Thus, companies will not only be able to maintain value stability in the eyes of the market but also create a foundation for sustainable growth amid the dynamic and risky challenges of the construction industry.

The strategic implication of these findings is that companies need to not only focus on increasing ROE as their main target but also pay attention to the quality of profits and their sources of growth. Management must be able to demonstrate that profits are generated from sustainable operations and not solely from aggressive leverage strategies. In addition, companies need to manage investor expectations with transparency regarding capital structure and project financing strategies. The results of research by Karolina & Hidayat (2024) and Firdauz et al. (2024) show that the combination of profitability and capital structure together significantly affects company value. Therefore, companies should adopt a holistic approach to financial management, balancing profitability, leverage risk control, and clear communication to investors regarding long-term strategies. This approach will help build market confidence and maintain the stability of company value amid the challenging dynamics of the construction industry.

***C. The Effect of Current Ratio (CR) on PBV***

The discovery that the *Current Ratio* (CR) exerts a positive and significant influence on *Price to Book Value* (PBV) within the construction sector carries significant ramifications for both corporate financial management and investors. A positive regression coefficient of 18.02396, coupled with a significance level of 1%, substantiates the assertion that liquidity is a crucial variable in market valuation. An elevated CR enhances the firm's capacity to fulfill its short-term obligations, consequently instilling a sense of security and confidence among investors. In the construction sector, where cash flow frequently exhibits volatility due to the prolonged nature of projects and staggered payment schedules, a robust liquidity position serves as an affirmative indicator that the firm can sustain its operations effectively without succumbing to short-term financial challenges.

High liquidity also reflects the effectiveness of a company's financial management. Companies that are able to maintain a healthy liquidity ratio demonstrate that they have good control over their current assets and short-term liabilities. This not only reduces the risk of default to suppliers and creditors but also increases the confidence of business partners, thereby strengthening the company's bargaining position in new contract negotiations or project acquisitions. Thus, companies with high CR tend to be viewed as more stable and reliable, which ultimately reflects in an increase in the company's value in the eyes of the market. The study by Yu & Zhou (2019) also confirms that companies with good liquidity levels can manage their operations more efficiently, which then contributes to sustainable growth in company value.

In addition, high liquidity facilitates companies' access to external funding. Investors and creditors tend to be more confident in investing capital or providing loans to companies with high liquidity, as the risk of default is considered lower. This directly increases the company's ability to obtain additional funds needed to support expansion or new project development. Susilo (2022) highlights that easy access to funding driven by high liquidity is one of the main factors that increase company value. Thus, maintaining a healthy liquidity ratio is not only important for daily operations but also a long-term strategy in increasing competitiveness and company value in the market.

Research in other sectors, such as the food and beverage industry in Indonesia, also reinforces these findings by showing a clear positive correlation between liquidity and company value (Kevin & Simbolon, 2022; Kartika, 2024). This indicates that the importance of liquidity as a determinant of company value is universal and not limited to a single industry. Therefore, construction company management must proactively monitor and manage liquidity ratios, whether through effective cash flow management, debt repayment planning, or inventory and accounts receivable control. With the right liquidity strategy, companies can not only minimize financial risk but also build a strong foundation for long-term value growth and increase investor confidence and interest in the company.

## 4. CONCLUSION

This investigation reveals that, concurrently, capital structure, profitability, and liquidity exert a substantial influence on the valuation of companies within the construction industry listed on the Indonesia Stock Exchange for the period spanning 2020 to 2024. This finding underscores the significance of these three variables collectively as pivotal determinants in shaping market perceptions of corporate valuation. Individually, the capital structure, as assessed by the *Debt to Equity Ratio (DER)*, demonstrates a negative yet statistically insignificant impact on company valuation. This means that an increase in debt does not directly decrease or increase company value in this sector, as investors may consider the context of debt utilization and overall industry risk.

Profitability, proxied by *Return on Equity (ROE)*, shows a negative and significant effect on company value. This finding contradicts conventional financial theory and can be interpreted to mean that, in the context of the construction sector, high profits do not always reflect business sustainability or investor confidence—possibly due to high operational risks or project revenue fluctuations. Liquidity, as measured by the *Current Ratio (CR)*, has a positive and significant effect on company value. This indicates that a company's ability to meet its short-term obligations is an important factor for investors, especially in the construction sector, which is highly sensitive to cash flow and operational financing issues.

Thus, it can be concluded that liquidity is the dominant factor in determining the value of construction companies, while capital structure and profitability need to be viewed within a broader financial and strategic context. Companies in this sector are advised to maintain liquidity stability and enhance transparency in financial performance reporting in order to strengthen investor confidence and increase company value in the capital market.

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