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# "The Influence of Capital Structure, Liquidity, and Firm Value on the Financial Performance of PT Timah Tbk"

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**Abstract**

*This study aims to examine the effect of capital structure, liquidity, and firm value on the financial performance of PT Timah Tbk during the 2015–2024 period. The independent variables used in this study are capital structure, measuredly the Debt to Equity Ratio (DER); liquidity, measured by the Current Ratio (CR); and firm value, measured by the Price to Book Value (PBV). Meanwhile, the dependent variable is financial performance, measured by Return on Equity (ROE). This study employs an associative quantitative research method using secondary data in the form of PT Timah Tbk's annual financial statements from 2015 to 2024. The data were analyzed using multiple linear regression with the assistance of SPSS version 24. The results of the study indicate that, partially, the Debt to Equity Ratio (DER) has no significant effect on Return on Equity (ROE), with a significance value of 0.211 > 0.05. The Current Ratio (CR) also has no significant effect on Return on Equity (ROE), with a significance value of 0.083 > 0.05. Furthermore, the Price to Book Value (PBV) has no significant effect on Return on Equity (ROE), with a significance value of 0.524 > 0.05. However, simultaneously, Debt to Equity Ratio (DER), Current Ratio (CR), and Price to Book Value (PBV) have a significant effect on Return on Equity (ROE), with an F-value of 6.106 and a significance value of 0.030 < 0.05. The coefficient of determination ($R^2$) of 0.753 indicates that 75.3% of the variation in financial performance can be explained by capital structure, liquidity, and firm value, while the remaining 24.7% is explained by other variables outside the scope of this study.*

**Keywords: Capital Structure, Liquidity, Firm Value, Financial Performance, Debt to Equity Ratio (DER), Current Ratio (CR), Price to Book Value (PBV), Return on Equity (ROE).**



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## INTRODUCTION

The rapid development of the global economy requires companies in Indonesia to continuously improve the quality of their performance in order to remain competitive at both national and international levels. Company performance is one of the key indicators used to assess a company's success, particularly through its financial performance. A company's financial performance can be evaluated through its financial statements, which reflect its ability to manage resources and carry out operational activities (Savitri & Prayudi, 2025). In facing increasingly intense business competition, companies are required to generate profits optimally in order to maintain business sustainability and support corporate growth. A company's ability to generate profits reflects the effectiveness and efficiency of management in utilizing its assets and capital. Furthermore, companies that demonstrate stable and continuously increasing profits are more likely to gain investors' trust because they are considered to have promising prospects and the ability to provide favorable returns in the future (Harsono & Pamungkas, 2020a).

One of the indicators used to measure a company's financial performance is Return on Equity (ROE). Return on Equity (ROE) is a profitability ratio used to measure a company's ability to generate net income from its shareholders' equity. The higher the Return on Equity (ROE), the better the company's ability to generate profits for its shareholders. Conversely, a lower Return on Equity (ROE) indicates that the company has not optimally utilized its capital to generate profits. In addition to measuring a company's ability to earn profits, Return on Equity (ROE) is also used to evaluate management effectiveness in managing company capital to increase profitability (Maulana & Ardini, 2024).

Several factors can influence Return on Equity (ROE), including capital structure, liquidity, and firm value. In this study, capital structure is measured using the Debt to Equity Ratio (DER), a ratio used to compare a company's total liabilities to its total shareholders' equity. The Debt to Equity Ratio (DER) indicates the extent to which a company relies on debt financing to support its operations (Haryadi et al., 2025). A higher Debt to Equity Ratio (DER) indicates a greater dependence on debt, resulting in higher financial risk. Excessive debt usage creates significant interest expenses that may reduce company profits (Deviani & Sudjarni, 2018). Conversely, a lower Debt to Equity Ratio (DER) suggests that the company is more capable of financing its operational activities through its own capital, thereby reducing financial risk and potentially improving financial performance. Therefore, effective capital structure management is essential to enhance Return on Equity (ROE) (Murtiningtyas et al., 2023).

Liquidity is also an important factor affecting a company's financial performance. In this study, liquidity is measured using the Current Ratio (CR), which assesses a


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company's ability to meet its short-term obligations using its current assets (Mardiansyah et al., 2025). A higher Current Ratio (CR) indicates a stronger ability to fulfill current liabilities, allowing business operations to run smoothly (Arifudin, 2025). This condition reflects that the company has a sound liquidity position and is able to manage its current assets effectively. Conversely, a low Current Ratio (CR) indicates that the company may face difficulties in meeting its short-term obligations, which can hinder operational activities and negatively affect profitability. Therefore, a strong liquidity position can contribute to improving Return on Equity (ROE) (Hafsah, 2019).

In addition to capital structure and liquidity, firm value also influences a company's financial performance. In this study, firm value is measured using the Price to Book Value (PBV) ratio, which compares a company's stock price to its book value. Price to Book Value (PBV) reflects investors' confidence in the company's condition and future prospects (Marpaung & Merliana, 2026). The higher the Price to Book Value (PBV), the higher the investors' valuation of the company, as it is perceived to have favorable prospects and the ability to generate future profits (Segoro & Sriludia, 2019). A high firm value can enhance a company's ability to obtain funding and strengthen its position in the market. Conversely, a low Price to Book Value (PBV) indicates lower investor confidence. Therefore, a high firm value can contribute to improved financial performance as measured by Return on Equity (ROE) (Darmoyo et al., 2026).

This study was conducted at PT Timah Tbk, a member of Mining Industry Indonesia (MIND ID), which is the largest producer and exporter of tin metal in Indonesia. The company operates an integrated tin mining business covering exploration, mining, processing, and marketing activities. PT Timah Tbk, a member of MIND ID (Mining Industry Indonesia), the State-Owned Mining Industry Holding Company, was established on August 2, 1976, and has been listed on the Indonesia Stock Exchange since 1995. PT Timah Tbk is engaged in the production and export of tin metal and operates an integrated tin mining business ranging from exploration, mining, processing, and refining to marketing activities. The scope of the company's activities also includes mining, manufacturing, trading, transportation, and services. The company primarily functions as a holding company that conducts tin mining operations and provides marketing services to its business group. In addition, the company has several subsidiaries operating in workshop and shipyard services, engineering services, tin mining, mining consulting and research services, as well as non-tin mining activities. The following section presents data on profit after tax, total equity, total liabilities, current assets, current liabilities, and stock prices during the 2015–2024 period to provide an overview of the company's financial performance.


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**Table 1. Data on Profit After Tax, Total Equity, Total Liabilities, Current Assets, Current Liabilities, Share Price, and Outstanding Shares of PT Timah Tbk**
***(expressed in millions of Rupiah, unless otherwise stated)***

| TAHUN | LABA SETELAH PAJAK (Rp) | TOTAL EKUITAS (Rp) | TOTAL HUTANG (Rp) | AKTIVA LANCAR (Rp) | HUTANG LANCAR (Rp) | HARGA SAHAM (Rp) |
|---|---|---|---|---|---|---|
| 2015 | 101.561 | 5.371.068 | 3.908.615 | 5.444.199 | 2.998.953 | 505 |
| 2016 | 251.969 | 5.653.685 | 3.894.946 | 5.237.907 | 3.061.232 | 1.075 |
| 2017 | 502.417 | 6.061.493 | 5.814.816 | 6.996.966 | 3.402.526 | 775 |
| 2018 | 132.285 | 6.148.325 | 9.072.333 | 9.016.657 | 6.635.425 | 755 |
| 2019 | (611.284) | 5.258.405 | 15.102.873 | 12.307.055 | 11.958.185 | 825 |
| 2020 | (340.602) | 14.517.700 | 9.577.564 | 6.557.264 | 5.865.165 | 1.485 |
| 2021 | 1.302.843 | 14.690.989 | 8.382.569 | 7.424.045 | 5.685.990 | 1.455 |
| 2022 | 1.041.563 | 7.041.903 | 6.025.073 | 5.634.787 | 2.547.165 | 1.170 |
| 2023 | (449.672) | 6.242.349 | 6.610.928 | 5.519.186 | 3.982.242 | 645 |
| 2024 | 1.186.697 | 6.242.349 | 5.349.597 | 6.028.012 | 2.715.491 | 1.070 |

Source: Processed Data, 2026.

The data presented in Table 1 above describe the financial condition of PT Timah Tbk during the 2015–2024 period. The company's profit after tax experienced significant fluctuations. In 2015, profit after tax amounted to IDR 101 billion and increased to IDR 251 billion and IDR 502 billion in 2016 and 2017, respectively. However, in 2018, the company's profit declined to IDR 132 billion. Furthermore, in 2019 and 2020, the company recorded losses of IDR 611 billion and IDR 340 billion, respectively. These conditions were influenced by fluctuations in global tin prices, increasing operational costs, and unstable market conditions, all of which directly affected the company's revenue. In 2021 and 2022, the company's profit increased again to IDR 1.302 trillion and IDR 1.041 trillion, respectively. However, in 2023, the company once again recorded a loss of IDR 449 billion before returning to profitability in 2024 with a profit of IDR 1.186 trillion.

PT Timah Tbk's total equity also fluctuated throughout the research period. From 2015 to 2018, the company's total equity increased steadily from IDR 5.371 trillion to IDR 6.148 trillion. However, in 2019, total equity declined to IDR 5.258 trillion due to a decrease in company profits. Subsequently, in 2020 and 2021, total equity increased significantly to IDR 14.517 trillion and IDR 14.690 trillion, respectively. Nevertheless, from 2022 to 2024, total equity declined again to IDR 7.041 trillion and IDR 6.242 trillion. This condition indicates instability in the company's ability to maintain its capital position.


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The company's total liabilities increased substantially from 2015 to 2019, rising from IDR 3.908 trillion to IDR 15.102 trillion. This increase indicates that the company relied heavily on debt financing to support its operational and investment activities. However, from 2020 to 2024, total liabilities gradually decreased to IDR 5.349 trillion. This decline reflects the company's efforts to reduce its financial obligations and improve financial stability.

The company's current assets increased from IDR 5.444 trillion in 2015 to IDR 12.307 trillion in 2019. However, from 2020 to 2023, current assets declined to IDR 5.519 trillion due to weakening market conditions and increasing operational cost pressures, which affected the company's ability to maintain liquidity. In 2024, current assets increased again to IDR 6.028 trillion, indicating an improvement in the company's financial condition.

PT Timah Tbk's current liabilities also fluctuated during the 2015–2024 period. From 2015 to 2019, current liabilities increased significantly from IDR 2.998 trillion to IDR 11.958 trillion. This condition indicates an increase in the company's short-term obligations in supporting its operational activities. However, from 2020 to 2024, current liabilities gradually decreased to IDR 2.715 trillion, indicating the company's efforts to control its short-term obligations and maintain liquidity.

The company's stock price also experienced significant fluctuations throughout the research period. In 2015, the stock price was IDR 505 and increased to IDR 1,075 in 2016. However, from 2017 to 2019, the stock price declined and fluctuated due to unstable market conditions and the company's declining performance. In 2020 and 2021, the stock price increased to IDR 1,485 and IDR 1,455, respectively, in line with improved company performance and growing investor confidence. Nevertheless, in 2022 and 2023, the stock price declined again to IDR 645 before increasing to IDR 1,070 in 2024. These conditions indicate that the company's value continues to be influenced by its financial performance and investor confidence in the capital market.

Previous studies examining the independent variables used in this research include those conducted by Budi and Imronudin (2024), Rosa and Hermanto (2024), and Purnama and Sembiring (2025), which found that capital structure, liquidity, and firm value did not have a significant effect on financial performance as measured by Return on Equity (ROE). In contrast, studies by Wulandari and Sari (2023), Harsono and Pamungkas (2020), and Widnyana et al. (2025) concluded that capital structure, liquidity, and firm value significantly influence corporate financial performance.

The differences between previous studies and the present study lie in the research object, research period, variables employed, and data analysis techniques applied. This study focuses on PT Timah Tbk, a company operating in the mining sector, covering the period from 2015 to 2024. Furthermore, this study examines capital structure measured


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by the Debt to Equity Ratio (DER), liquidity measured by the Current Ratio (CR), and firm value measured by the Price to Book Value (PBV) as independent variables, while financial performance measured by Return on Equity (ROE) serves as the dependent variable.

Based on the issues identified and the inconsistencies found in previous research findings, the researcher is interested in conducting a study in the mining sector to expand the body of knowledge regarding factors affecting corporate financial performance. Therefore, this study is entitled **"The Influence of Capital Structure, Liquidity, and Firm Value on the Financial Performance of PT Timah Tbk."**

**Objectives**

Based on the background and problem formulation described previously, the objectives of this study are as follows:

1. To determine the partial effect of capital structure on the financial performance of PT Timah Tbk.
2. To determine the effect of liquidity on the financial performance of PT Timah Tbk.
3. To determine the effect of firm value on the financial performance of PT Timah Tbk.
4. To determine the simultaneous effect of capital structure, liquidity, and firm value on the financial performance of PT Timah Tbk.

Better communication helps in knowing the real purpose behind the act of interaction. It enhances the focus of the conversation. It promotes an effective understanding of the messages. To become a successful negotiator in the business setup, skills like better implementation strategy, execution of long-term relationships, assertiveness, and techniques of resolving conflicts are highly essential. Negotiation skills result in a better outcome in solving complex and intricate problems. A person with good communication skills will have a better understanding of the process of negotiation. It includes the context of negotiation, the better understanding of the parties involved in the process of negotiation, the tactics involved in the process, the sequence and the stages of the negotiation process, etc. Good communication helps in understanding the behavior of the parties involved in the process of negotiation. Moreover, it aids in the understanding of the substance of the negotiation, the issues involved, the options available, and the possible agreements in the process of the negotiation cycle.

The skills essential for an effective negotiator

1. Establishing goals
2. Disintegrating people from conflicts
3. Kindling focus



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4. Finding options for mutual benefits
5. Implementing objective criteria

**Problem identification**

Based on the background of the study, the problem identification in this research is as follows:

1. The company's profit after tax experienced significant fluctuations and even recorded losses in 2019, 2020, and 2023. This condition indicates that the company's financial performance has not been stable.
2. The company's total equity experienced instability throughout the research period, with substantial increases and decreases. This condition indicates that the company has not been optimal in maintaining and managing its own capital to improve financial performance.
3. The company's total liabilities increased significantly during the 2015–2019 period. The high level of debt utilization indicates that the company has a high capital structure, which may increase financial risk due to the growing burden of obligations.
4. The company's current assets declined during the 2020–2023 period, indicating a decrease in the company's ability to maintain its liquidity level. This condition may affect the company's ability to meet its short-term obligations.
5. The company's current liabilities increased significantly during several periods of the study, indicating a high level of short-term obligations that may affect the company's financial stability.
6. The company's stock price experienced significant fluctuations throughout the research period. The decline in stock prices during certain years indicates a decrease in investor confidence regarding the company's condition and future prospects.

**PROBLEM FORMULATION**

Based on the background of the study, the problem formulation in this research is as follows:

1. Does capital structure have a partial effect on the financial performance of PT Timah Tbk?
2. Does liquidity affect the financial performance of PT Timah Tbk?
3. Does firm value affect the financial performance of PT Timah Tbk?
4. Do capital structure, liquidity, and firm value simultaneously affect the financial performance of PT Timah Tbk?



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## RESEARCH OBJECTIVES

Based on the background and research questions described previously, the objectives of this study are as follows:

1. To determine the partial effect of capital structure on the financial performance of PT Timah Tbk.
2. To determine the effect of liquidity on the financial performance of PT Timah Tbk.
3. To determine the effect of firm value on the financial performance of PT Timah Tbk.
4. To determine the simultaneous effect of capital structure, liquidity, and firm value on the financial performance of PT Timah Tbk.

## LITERATUR REVIEW

### Capital Structure

Capital structure describes the proportion of a company's financing sources derived from debt and equity, which play an important role in determining the level of financial risk and the overall value of the company. At PT Timah Tbk, the company's capital structure can be analyzed through financial indicators such as the Debt to Equity Ratio (DER), which reflects the extent of debt utilization relative to the company's equity and total assets. According to Kasmir (2019), a proportional capital structure can increase firm value by taking advantage of the tax benefits of debt without excessively increasing the risk of bankruptcy.

The formula for calculating the **Debt to Equity Ratio (DER)** is as follows:

$$Debt\ to\ Equity\ Ratio = \frac{Total\ utang}{Total\ Ekuitas} x\ 100\%$$

T )

| *Presentase* | *Keterangan* |
|---|---|
| *≤ 90 %* | *Baik* |
| *> 90 %* | *Tidak Baik* |

Source: (Kasmir as cited in Sufriani & Rimawan, 2020)

### Liquidity

According to Harahap (2019), liquidity reflects the ability to meet short-term obligations through the use of current assets, such as cash, receivables, and inventory, which is crucial for maintaining operational continuity in the highly volatile mining industry. Kasmir (2019) states that good liquidity reflects a company's financial stability, enabling it to weather fluctuations in tin commodity prices without disrupting operational activities,


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while also increasing creditor and investor confidence. A company's liquidity level can be measured using financial ratios such as the Current Ratio (CR), which shows the ratio between current assets and current liabilities. The formula for calculating the Current Ratio is:

$$Current\ Rattio = \frac{Aktiva\ Lancar}{Hutang\ \ Lancar} \times 100\%$$

Source: Kasmir, (2019)

**Tablel 2.Tabel Standar Current Ratio (CR)**

| Standar | Kriteria |
|---|---|
| 200% s/d 250% | Sangat Baik |
| 175% s/d <200% | Baik |
| 150% s/d <175% | Kurang Baik |

Source: (Kasmir, 2019 in Albar et al., 2025)

**Company Value**

According to Herry (2020), company value reflects the extent to which the market places confidence in a company's business prospects, performance, and financial stability. According to Brigham & Houston (2019), company value can be measured using the Tobin's Q ratio and the Price to Book Value (PBV). Tobin's Q is used to compare the market value of a company's assets to their replacement cost, while PBV indicates the extent to which the stock price reflects the company's book value.

In this study, the indicator used to measure company value is Price to Book Value (PBV), a ratio that compares the market price of the stock to the book value per share (Brigham & Houston, 2019). PBV is used to assess how the market assesses a company's book value and reflects the level of investor confidence in the company's future prospects. The higher the PBV, the higher the market's valuation of the company, indicating that the company is capable of creating added value for shareholders (Herry, 2020). In general, if the PBV value is > 1, the company is considered to be performing well because its market value is higher than its book value (overvalued). Conversely, if the PBV is < 1, it indicates that the company is undervalued by the market, which may indicate that the company's performance is not optimal. Meanwhile, a PBV = 1 indicates that the company's market value is comparable to its book value, reflecting the company's relatively stable condition. The calculation of price book value (PBV) is as follows:

$$PBV = \frac{Harga\ Saham}{Nilai\ Buku\ Persaham} \times 100\%$$


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**Financial Performance**

Financial performance is one of the measures used to determine the extent to which a company has achieved its goals by adhering to proper financial implementation regulations. This is done to assess the company's success. According to Jessica & Triyani (2022), financial performance is an alternative that can be used to identify whether a company is able to generate profits by efficiently utilizing all of its assets. This can be achieved by analyzing the company's income statement. According to Risman (2025), a company's financial performance can also provide an overview of the company's financial situation over time, in this case by increasing or distributing capital. Metrics such as liquidity, profitability, and capital are often used to evaluate this. In this study, financial performance was measured using Return on Equity, which measures the efficiency or ability of a company to generate profits from its equity. The higher the Return on Equity ratio, the higher the company's efficiency in using capital to generate net profits (Ayu et al., 2022). The formula for calculating financial performance is:

$$ROE = \frac{Laba\ Bersih\ Setelah\ Pajak}{Ekuitas} \times 100\%$$

Suorce: Fahmi, (2020)

**Tablel 4.Tablel Standard ROE**

| Standar | Kriteria |
|---|---|
| >20% | Sangat Baik |
| 5% - 12% | Baik |
| <5% | Kurang Baik |

**The Effect of Capital Structure on Financial Performance**

A sound capital structure can help a company obtain optimal funding sources, thereby improving its financial performance. Capital structure (X1) influences financial performance (Y) because it is related to how a company finances its operations through a combination of debt and equity. The use of debt will incur interest expenses, which can impact the company's profits. If debt is too high, interest expenses will increase, resulting in lower profits and a decline in financial performance (ROE). Conversely, optimal debt use can improve a company's ability to generate profits.

Therefore, the balance between debt and equity can impact a company's financial performance. Companies that manage their capital structure optimally tend to have better profitability than those with excessively high debt levels. Therefore, capital structure is a crucial factor to consider in improving a company's financial performance, as inappropriate financing can lead to lower profits and increased financial risk. Previous


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research by Dahlia (2018) and Brimantyo et al. (2019) indicates that capital structure significantly influences financial performance. However, this contrasts with research conducted by Permadi & Rosidi (2023) and Lutfi & Regina (2022), which found that capital structure had no effect on financial performance.
H1: Capital structure has a negative effect on financial performance.

**The Impact of Liquidity on Financial Performance**

High liquidity indicates a company's ability to meet its short-term obligations. This condition can support the smooth running of company activities, thus improving financial performance. Liquidity (X2) influences financial performance (Y) because it is related to the company's ability to provide current assets to pay its current liabilities. Liquidity is an indicator of a company's ability to meet its short-term obligations using current assets. A good level of liquidity indicates that the company is in a stable financial condition and can carry out operational activities without interruption. This smooth operation will impact the company's ability to generate profits (ROE).

According to Astuti & Setiawati (2024), liquidity is a ratio that illustrates a company's ability to meet its short-term obligations. However, in practice, excess current assets that are not utilized productively can reduce the efficiency of fund use and impact profitability. Previous research by Simanjuntak & Ariesa (2025), Sumantri & Sunardi (2022), and Keintjem et al. (2025) showed that liquidity significantly impacts financial performance. However, research by Gobel et al. (2025) and Indrayani (2020) found no effect on financial performance. Nevertheless, in theory, optimal liquidity is still necessary to support smooth company operations and thus has the potential to improve financial performance.
H2: Liquidity has a positive effect on financial performance.

**The Influence of Company Value on Financial Performance**

High company value reflects the level of investor confidence in the company's performance and future prospects. Company value (X3) influences financial performance (Y) because it is related to market perception, which is reflected in the company's stock price. Company value is an indicator of how much the market values a company, which is usually measured by ratios such as Price to Book Value (PBV). A high company value indicates that investors have positive expectations of the company's ability to generate profits. This can facilitate the company's access to funding, either through share issuance or access to other funding sources.

With additional funding, the company can increase investment, potentially increasing profits and financial performance (ROE). Furthermore, a high company value also reflects the company's good reputation among investors and the public, which


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indirectly supports financial stability and growth. However, a high company value must also be balanced with tangible performance, as if it is not supported by strong financial performance, it can undermine investor confidence in the future.

Thus, corporate value is a crucial factor influencing a company's financial performance. High corporate value typically indicates a company's strong performance in asset management, profit generation, and shareholder value creation. Therefore, increasing corporate value can be an indicator of a company's success in achieving optimal financial performance. In theory, companies with high corporate value will have easier access to funding sources and greater investor confidence. This can enhance the company's ability to carry out operational and investment activities, thereby improving its financial performance.

Several empirical studies have examined the relationship between corporate value and financial performance. Research conducted by Aprilliani et al. (2023), Firdianto & Sudiyatno (2024), and Maghfira & Utami (2023) indicates that financial performance is related to corporate value in companies listed on the Indonesia Stock Exchange. However, research conducted by Wijaya & Sumiati (2019), Pasaribu et al. (2019), and Safitri et al. (2020) indicates that corporate value has no effect on financial performance, as measured by return on equity.

Based on theory and empirical evidence, firm value is not only influenced by financial performance but also has the potential to influence financial performance by increasing investor confidence and access to funding. Therefore, firm value is suspected to influence a company's financial performance.

H3: Firm value has a positive effect on financial performance.

## RESEARCH METHODOLOGY

### TYPE OF RESEARCH

This research is an associative quantitative study. Associative research is a research problem formulation that examines the relationship between two or more variables (Sugiyono, 2019). This study aims to determine the influence of capital structure (X1), liquidity (X2), and firm value (X3) on financial performance (Y) at PT Timah Tbk.

### RESEARCH INSTRUMENTS

According to Fathihani & Nasution (2021), a research instrument is a tool used to collect data in a study. In quantitative research, research instruments can include documents, financial reports, or statistical data used to measure research variables. The research instrument used in this study was financial report data from PT Timah Tbk for 10 years.


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## RESEARCH POPULATION AND SAMPLE

According to Fathihani & Nasution (2021), a population is all subjects within the research area who serve as research subjects and can serve as data sources for the study. The population in this study is all annual financial reports of PT Timah Tbk officially published through the Indonesia Stock Exchange (IDX) and the company's website.

According to Fathihani & Nasution (2021), a sample is a portion of the population. The sample used is the financial reports of PT Timah Tbk for 10 years. The sampling technique used was purposive sampling, which is a technique for determining the sample based on specific considerations (Sugiyono, 2019). The sample criteria in this study are as follows:

1. Complete published annual financial reports of PT Timah Tbk for the period 2015-2024.
2. Financial reports are officially available through the company's website or the Indonesia Stock Exchange (IDX).
3. Financial reports contain data that aligns with the research variables.

## RESEARCH LOCATION

This research was conducted at PT Timah Tbk, located at Jl. Jenderal Sudirman No. 51, Pangkal Pinang, Bangka Belitung Islands 33121, Indonesia, and listed on the Indonesia Stock Exchange (IDX). The research data was obtained from the company's annual financial reports published on the official Indonesia Stock Exchange website (www.idx.co.id) and the official PT Timah Tbk website (https://timah.com).

## DATA COLLECTION TECHNIQUES

According to Sugiyono (2019), "Data collection techniques are the most important step in research because the primary goal of research is to obtain data." The data collection techniques used in this study are:

1. Documentation Technique

According to Sugiyono (2019), documentation is a method used to obtain data and information in the form of books, archives, documents, written figures, and figures, in the form of reports and explanations that can support research. The documentation in this study consists of financial reports of PT Timah Tbk from 2015 to 2024, which can be accessed through www.idx.com.id.

2. Literature Study Technique

According to Arikunto (2019), literature study is a data collection method by searching for information through books, magazines, journals, and other literature with the aim of forming a foundation. The literature study in this study involved studying literature, expert opinions relevant to the research title, as well as journals and reference books.


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**DATA ANALYSIS TECHNIQUES**

According to Sugiyono (2019a), data analysis is the process of systematically searching for and compiling data obtained through data mining, then organizing it into categories, breaking it down into units, synthesizing it, arranging it into patterns, selecting what is important to study, and drawing conclusions that are easily understood by both oneself and others. The data analysis technique used in this study is associative analysis, which involves data from financial reports related to company performance. The data, in the form of financial reports, will then be analyzed.

1. Classical Assumption Test

According to Ghozali (2019), the classical assumption test is used to determine whether the results of the multiple linear regression analysis used in this study are free from deviations from the classical assumptions.

a. Normality Test

According to Ghozali (2019), the normality test is a test that functions to determine whether the data on the independent and dependent variables in the regression equation produce data that is normally distributed or not. The model used to detect normality in this study is the one-sample Kolmogorov-Smirnov test. In addition to the one-sample Kolmogorov-Smirnov test, this study also used normal graph analysis with a p-plot. Statistical testing to determine whether the residuals are normally distributed can be performed using the nonparametric Kolmogorov–Smirnov (K-S) test by establishing the following criteria:

1) If the significance level is >0.05, the data has a normal distribution.
2) If the significance level is <0.05, the data does not have a normal distribution.

b. Multicollinearity Test

The multicollinearity test is applied to multiple regression analysis involving two or more independent variables (X). The aim is to test whether the regression model detects a correlation between the independent variables (Ghozali, 2019). In a good regression model, there is no strong correlation between the independent variables. Therefore, if a correlation occurs between the independent variables, this condition can be considered multicollinearity. The conditions for the multicollinearity test are as follows:

1) If VIF > 10, then multicollinearity is present.
2) If VIF < 10, then multicollinearity is absent.
3) If Tolerance > 0.1, then multicollinearity is absent.
4) If Tolerance < 0.1, then multicollinearity is present.

c. Heteroscedasticity Test

According to Ghozali (2019), the heteroscedasticity test is a test used to detect whether there is inequality in the variance of residuals from one observation to another in a



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regression model. To conduct the heteroscedasticity test, researchers use the scatterplot graph method. The basic principles of the test are:

1) If a certain pattern is found, such as dots forming a regular pattern (wavy, widening, then narrowing), this indicates heteroscedasticity.

2) If the dots are randomly distributed above and below the number 0 on the Y-axis without a clear pattern, heteroscedasticity does not occur.

d. Autocorrelation Test

According to Ghozali (2019), the purpose of the autocorrelation test is to determine whether a correlation (relationship) exists within the regression model between the residuals from period t and the residuals from period t-1 (the previous period). If a correlation exists, it creates an autocorrelation problem. Autocorrelation can occur because the research was conducted sequentially over time and is related to each other. The autocorrelation test used is the Durbin-Watson (DW) test. To determine whether or not autocorrelation exists, it can be determined by the following criteria: dU < dW < 4 – Du or dL < dW < 4 – dL (Ghozali, 2019).

Table: Decision-making for the presence or absence of autocorrelation:

| Hipotensi nol | Keputusan | jika |
|---|---|---|
| Tidak ada autokolerasi poitif | Tolak | $0 < d < dl$ |
| Tidak ada autokolerasi positif | No decisions | $dl \leq d \leq du$ |
| Tidak ada autokolerasi negatif | Tolak | $4 - du < d < 4$ |
| Tidak ada autokolerasi negtif | No decisions | $4 - du \leq d \leq 4 - dl$ |
| Tidak ada autokolerasi dan negatif negatif | Tidak ditolak | $du < d < 4 - du$ |

Suorce: Ghozali, (2019)

2. Multiple Linear Regression Analysis

Multiple linear regression analysis is used to determine the extent of the influence of independent variables on the dependent variable. Multiple linear regression is a regression model that involves more than one independent variable. Multiple linear regression analysis is conducted to determine the direction and extent of the influence of independent variables on the dependent variable (Ghozali, 2019).


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The equation is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

**Keterangan:**

Y : *Return on Equity* (ROE)
$\alpha$ : Konstanta
$\beta$ 1,2,3,4 : Koefisien Regresi
X1 : *Det to Equity Ratio* (DER)
X2 : *CurrentRatio* (CR)
X3 : *Price to Book Value* (PBV)

3. Correlation and Determination Coefficient Test

a. Correlation Coefficient

The multiple correlation coefficient is a number that indicates the direction and strength of the relationship between two or more independent variables and one dependent variable (Sugiyono, 2019).

b. Determination (R-Square)

The R-Square value aims to determine how variations in the dependent variable are influenced by variations in the independent variable. A coefficient of determination (R-Square) value close to 1 indicates that the independent variables explain almost all the information needed to predict the dependent variable (Jufrizen et al., 2020).

4. T-Test (Partial Test)

According to Ghozali (2019), a t-test is a hypothesis test conducted by examining each independent variable to determine whether the independent variable partially has a significant effect on the dependent variable. Determining the results of this hypothesis test can be done by comparing the calculated t-value with the t-table or by comparing the probability value with a predetermined significance level. The significance level is α = 0.05. The following criteria are used:

1. If calculated t<ttable, with a probability sig>0.05, then the independent variable does not have a significant effect on the dependent variable (hypothesis rejected).
2. If calculated t>ttable, with a probability sig<0.05, then the independent variable has a significant effect on the dependent variable (hypothesis accepted).

5. F Test (Partial Test)

According to Ghozali (2019), the F test is a hypothesis test used to determine whether all independent variables used in a study have a joint influence on the dependent variable. The F test statistic is used to prove the simultaneous influence of independent variables on the dependent variable. The F test aims to measure the extent of the influence of independent variables simultaneously on the dependent variable.



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With a significance level of α = 0.05. The following criteria are used:
1. If f count < f table, with a significance level > 0.05, then the independent variable does not have a significant effect on the dependent variable (hypothesis rejected).
2. If f count > f table, with a significance level < 0.05, then the independent variable has a significant effect on the dependent variable (hypothesis accepted).

## RESEARCH RESULT

A. DISCUSSION OF DATA ANALYSIS RESULTS

1. Classical Assumption Test

a. Normality Test

Table 1. Normality Test Results

| | | Unstandardized Residual |
|---|---|---|
| N | | 10 |
| Normal Parameters[a,b] | Mean | .0000000 |
| | Std. Deviation | 4.68727610 |
| Most Extreme Differences | Absolute | .117 |
| | Positive | .117 |
| | Negative | -.110 |
| Test Statistic | | .117 |
| Asymp. Sig. (2-tailed) | | .200[c,d] |

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Source: SPSS Output Version 24, 2026

Based on the results of Table 1, the normality test using the Kolmogorov-Smirnov test obtained an Asymp. Sig. value of 0.200, which is greater than 0.05. This indicates that the residual data in this study is normally distributed, so the regression model meets the assumption of normality.

b. Multicollinearity Test

Table 2. Multicollinearity Test Results

| Model | | Collinearity Statistics | |
|---|---|---|---|
| | | Tolerance | VIF |
| | DER | .606 | 1.650 |
| | CR | .519 | 1.926 |



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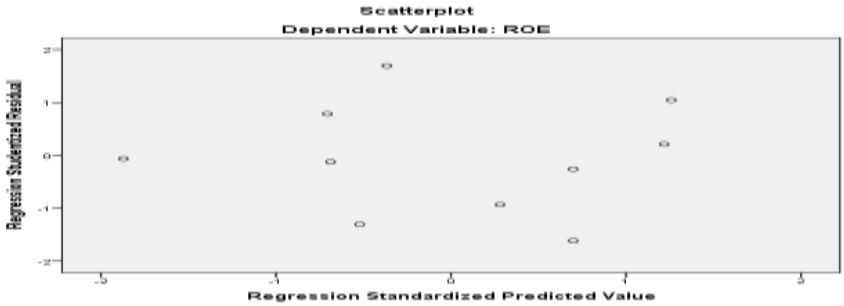
| | | | |
|---|---|---|---|
| | PBV | .618 | 1.619 |

Source: SPSS Output Version 24, 2026

Based on the results of Table 2 of the multicollinearity test, it is known that the Capital Structure (DER) variable has a Tolerance value of 0.606 and a VIF of 1.650, the Liquidity (CR) variable has a Tolerance value of 0.519 and a VIF of 1.926, while the Firm Value (PBV) variable has a Tolerance value of 0.618 and a VIF of 1.619. All variables have a Tolerance value > 0.10 and a VIF value < 10. This indicates that there are no symptoms of multicollinearity among the independent variables in the regression model, thus the regression model in this study meets the multicollinearity assumptions.

c. Heteroscedasticity Test

Figure 1. Heteroscedasticity Test Results




Source: SPSS Output Version 24, 2026

Based on the results of Figure 1, the heteroscedasticity test using a scatterplot graph, shows that the points are randomly distributed above and below the number 0 on the Y-axis and do not form a specific pattern, such as wavy, widening, or narrowing. This indicates that there are no symptoms of heteroscedasticity in the regression model. Therefore, the regression model in this study meets the heteroscedasticity assumption and is suitable for further analysis.

d. Autocorrelation Test

Table 3. Autocorrelation Test Results

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .868[a] | .753 | .630 | 5.74072 | 1.928 |

Source: SPSS Output Version 24, 2026

Based on table 3 above, it can be seen that the Durbin-Watson value is 1.928. To determine the value of the Durbin-Watson table, it can be seen based on the DW table with a significance level of 5%, the number of independent variables (k) = 3, and the



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number of samples (n) = 10. Then the lower limit (dl) is obtained at 0.5253 (du) of 2.0163, using the testing criteria du <dw<dl, then 0.5253 <1.928 <2.0163, it can be concluded that no decision can be taken for autocorrelation symptoms. Thus, the regression model needs to be tested further to ensure the results, so that the validity of the analysis can be maintained. To resolve this, the Run Test can be used as an additional test for autocorrelation.

**Table 4. Runt Test Results**

| | Unstandardized Residual |
|---|---|
| Test Value[a] | .17168 |
| Cases < Test Value | 5 |
| Cases >= Test Value | 5 |
| Total Cases | 10 |
| Number of Runs | 7 |
| Z | 2.136 |
| Asymp. Sig. (2-tailed) | .233 |

Source: SPSS Output Version 24, 2026

Based on the Runs Test results in Table 4 above, the Asymp Sig. (2-tailed) value is 0.233, greater than 0.05 (0.233 > 0.05). This value indicates that the data used in the study did not experience autocorrelation problems.

2. Multiple Linear Regression

Table 5. Regression Test Results

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -17.171 | 10.063 | | -1.706 | .139 |
| | DER | -.050 | .036 | -.365 | -1.401 | .211 |
| | CR | .124 | .060 | .584 | 2.074 | .083 |
| | PBV | .006 | .009 | .175 | .677 | .524 |

a. Dependent Variable: ROE

Source: SPSS Output Version 24, 2026

From the output in Table 5 above, the constant values and regression coefficients can be used to construct a multiple linear regression equation as follows:

$$Y = -17.171 - 0.050X1 + 0.124X2 + 0.006X3 + e$$

The multiple linear regression equation above can be explained as follows:



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a. The constant of -17.171 indicates that if the independent variables Debt to Equity Ratio, Current Ratio, and Price to Book Value are assumed to be 0, then Return on Equity is -17.171.
b. The regression coefficient for the Debt to Equity Ratio variable is -0.050, indicating that a one-unit increase in the Debt to Equity Ratio will decrease Return on Equity by 0.279 units, assuming the other independent variables are held constant.
c. The regression coefficient for the Current Ratio variable is 0.124, indicating that a one-unit increase in the Current Ratio will increase Return on Equity by 0.124 units, assuming other independent variables are held constant.
d. The regression coefficient for the Price to Book Value variable is 0.006, indicating that a one-unit increase in Price to Book Value will increase Return on Equity by 0.006 units, assuming other independent variables are held constant.
3. Correlation Coefficient and Determination Test

a. Correlation Coefficient Test

The multiple correlation coefficient is a number that indicates the direction and strength of the relationship between two or more independent variables simultaneously and one dependent variable (Sugiyono, 2019).

**Table 6. Results of Correlation and Determination Coefficient Tests**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .868[a] | .753 | .630 | 5.74072 |

a. Predictors: (Constant), PBV, DER, CR
b. Dependent Variable: ROE

Source: SPSS Output Version 24, 2026

Based on table 6 above, the correlation coefficient value is 0.868, which shows that the relationship between the variables of the influence of the capital structure (DER), liquidity (CR), and company value (PBV) on financial performance (ROE) is classified as strong.
b. Coefficient of Determination Test
The R-Square value aims to determine how variations in the dependent variable are influenced by variations in the independent variable. Based on Table 6 above, the R-Square value of 0.753, or 75.3%, indicates that the independent variable explains 75.3% of the dependent variable, while the remaining 24.7% is explained by other variables outside the study.
c. Hypothesis Testing
a) t-Test


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According to Ghozali (2019), the t-test is a hypothesis test conducted by examining each independent variable to determine whether the independent variable has a significant partial effect on the dependent variable.

Table 7. T-Test Results

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | -17.171 | 10.063 | | -1.706 | .139 |
| | DER | -.050 | .036 | -.365 | -1.401 | .211 |
| | CR | .124 | .060 | .584 | 2.074 | .083 |
| | PBV | .006 | .009 | .175 | .677 | .524 |

a. Dependent Variable: ROE

Source: SPSS Output Version 24, 2026

Df = n - k -1= 10 - 3 - 1= 6 and the error level is 5% for the two-tailed test, the t table value is 2.447.

a. The Effect of Debt to Equity Ratio on Return on Equity

The calculated t-value for the Debt to Equity Ratio is -1.401, and the t-value is 2.447, with a significance level of 0.211 > 0.05. Because the calculated t-value is < t-value, H1 is rejected, meaning the Debt to Equity Ratio does not significantly affect Return on Equity. This indicates that changes in a company's debt level relative to its equity do not significantly impact the company's return on equity. Therefore, the use of debt in a company's operational activities has not been able to increase the company's effectiveness in generating profits for shareholders. Furthermore, a high level of debt can also lead to increased interest expenses, thus preventing optimal profit growth. Conversely, a low level of debt may not necessarily increase a company's profitability if its capital management is not effective. Therefore, the Debt to Equity Ratio is not a primary factor determining a company's Return on Equity. The results of this study align with those of Permadi & Rosidi (2023), which stated that the Debt to Equity Ratio had no effect on Return on Equity, and those of Lutfi & Regina (2022), which showed that the Debt to Equity Ratio had a negative and insignificant effect on Return on Equity. However, this contrasts with studies conducted by Dahlia (2018) and Brimantyo et al. (2019), which showed that the Debt to Equity Ratio had a positive effect on Return on Equity.

b. The Effect of the Current Ratio on Return on Equity

The calculated t-value for the Current Ratio is 2.074 and the t-value is 2.447, with a significance level of 0.083 > 0.05. Because the calculated t-value is < t-value, H2 is rejected, meaning the Current Ratio does not significantly influence Return on Equity. This indicates that a company's ability to meet its short-term obligations does not



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significantly impact its return on equity. Therefore, a high level of company liquidity has not been able to increase the company's effectiveness in generating profits for shareholders. This condition indicates that a company's high current assets are not necessarily being optimally utilized to increase profitability. Furthermore, Return on Equity is likely more influenced by other factors such as operational efficiency, capital management, and the company's ability to increase sales and net income. Therefore, even if a company has good liquidity, this may not necessarily significantly increase its return on equity. The results of this study align with those of Gobel et al. (2025) and Indrayani (2020), which stated that the Current Ratio had no effect on Return on Equity. However, studies by Sumantri & Sunardi (2022) and Keintjem et al. (2025) show that the Current Ratio does not affect Return on Equity.

c. The Effect of Price Book Value on Return on Equity

The calculated t-value for Price Book Value is -1.401 and the t-value is 2.447, with a significance level of 0.211 > 0.05. Because the calculated t-value is < t-value, H3 is rejected, meaning the Debt to Equity Ratio does not significantly influence Return on Equity. This indicates that the size of the company's value, as measured by Price Book Value, has not significantly contributed to increasing the company's Return on Equity. In other words, an increase or decrease in a company's market value compared to its book value does not directly affect the company's ability to generate profits for shareholders. This indicates that Return on Equity is more influenced by internal company factors, such as the effectiveness of capital management, operational efficiency, and the company's ability to generate revenue. Furthermore, investors likely consider more than just Price Book Value when assessing a company's profitability performance, but also other aspects such as earnings stability, company growth prospects, and industry conditions. Therefore, a high Price Book Value does not necessarily translate into a significant increase in the company's Return on Equity.

The results of this study align with those of Wijaya & Sumiati (2019), Pasaribu et al. (2019), and Safitri et al. (2020), which stated that Price Book Value (P/BV) had no effect on Return on Equity. However, studies by Aprilliani et al. (2023) and Firdianto & Sudiyatno (2024) show that Price Book Value (P/BV) does affect Return on Equity.

b) F Test

According to Ghozali (2019), the F test is a hypothesis test used to determine whether all independent variables used in a study have a joint influence on the dependent variable.

Table 8. F Test Results

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 603.651 | 3 | 201.217 | 6.106 | .030[b] |
| | Residual | 197.735 | 6 | 32.956 | | |



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| | | | | | | |
|---|---|---|---|---|---|---|
| | Total | 801.386 | 9 | | | |

a. Dependent Variable: ROE
b. Predictors: (Constant), PBV, DER, CR
Source: SPSS Output Version 24, 2026

d. The Effect of Debt to Equity Ratio, Current Ratio, and Price to Book Value on Return on Equity

Based on the results of the simultaneous test (F test), the calculated F value was 6.106 and the table F value was 4.757, with a significance value of 0.030 <0.05. This indicates that the variables Capital Structure (DER), Liquidity (CR), and Firm Value (PBV) simultaneously or jointly have a significant effect on Financial Performance (ROE). This indicates that Capital Structure, as measured by the Debt to Equity Ratio (DER), Liquidity, as measured by the Current Ratio (CR), and Firm Value, as measured by Price to Book Value (PBV), collectively contribute significantly to improving a company's Financial Performance, as proxied by Return on Equity (ROE). In other words, changes in capital structure, liquidity, and firm value can simultaneously influence a company's ability to generate profits from shareholder capital. This condition indicates that a company's financial performance is not influenced by a single factor, but rather by a combination of several financial aspects. Good capital structure management can help a company optimally utilize funding sources, while adequate liquidity demonstrates the company's ability to meet its short-term obligations. Furthermore, a high firm value reflects investor confidence in the company's future prospects and performance. Therefore, the better the management of capital structure, liquidity, and firm value, the greater the company's likelihood of significantly increasing its return on equity (ROE).

The results of this study align with those of Pustika et al. (2022), which stated that Capital Structure (DER), Liquidity (CR), and Firm Value (PBV) simultaneously or jointly significantly influence Financial Performance (ROE). However, this differs from the study by Dini et al. (2021), which stated that Capital Structure (DER), Liquidity (CR), and Firm Value (PBV) simultaneously or jointly did not significantly influence Financial Performance (ROE).

## RESEARCH CONCLUSIONS

Based on the research results regarding the effect of the Debt to Equity Ratio, Return on Assets, Current Ratio, and Size on Price Book Value at PT Timah Tbk, it can be concluded that:

1. The Debt to Equity Ratio (DER) does not have a significant partial effect on Return on Equity.
2. The Current Ratio (CR) does not have a significant partial effect on Return on Equity.
3. Price Book Value (PBV) does not have a significant partial effect on Return on Equity.


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4. The Debt to Equity Ratio, Current Ratio, and Price Book Value have a significant simultaneous effect on Return on Equity.

## RESEARCH SUGGESTIONS

Based on the research findings on the effect of the Debt to Equity Ratio (DER), Current Ratio (CR), and Price Book Value (PBV) on Return on Equity (ROE) at PT Timah Tbk, the researcher offers the following recommendations:

1. Companies are expected to pay greater attention to capital structure management, liquidity levels, and firm value to improve financial performance, particularly Return on Equity (ROE). Companies are expected to improve the efficiency of capital and asset utilization, thereby generating optimal returns for shareholders.
2. Investors can use the results of this research to make investment decisions, taking into account the company's financial condition, particularly financial ratios related to profitability.
3. Future researchers are advised to include other variables that can influence Return on Equity (ROE), such as Net Profit Margin (NPM), Total Asset Turnover (TATO), and firm size, to achieve broader and more accurate research results. Further researchers are also advised to expand the research objects and increase the research period in order to obtain more optimal results that can be compared between companies and other industrial sectors.

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