Journal of Research in Economics and Finance Management
ISSN (Print): 2959- 099X ISSN (Online): 2959-1007
Volume 4, Issue 2, Page 117-130, December 31, 2025

DETERMINANTS OF ENTERPRISE VALUE: EVIDENCE FROM THE AUTOMOBILE PARTS AND ACCESSORIES SECTOR OF PAKISTAN

Dr. Muhammad Muzammil
Assistant Professor
Karachi University Business School
University of Karachi
Muhammad.muzammil@uok.edu.pk

Talha Tariq
Research Scholar
Karachi University Business School
University of Karachi
talhatariq786@gmail.com
Orcid.org/0009-0007-1076-6412

ABSTRACT

This research examines the determinants of enterprise value in the automobile parts and accessories sector due to mixed findings in prior studies regarding the effect of financial variables in emerging markets. The purpose of this study is to investigate the impact of dividend per share, return on assets, firm size and financial leverage on enterprise value. The research adopts a quantitative method with secondary data of eight Pakistan Stock Exchange-listed firms. Multiple regression analysis is used to determine the relationships between variables. The results show that 59.1% (R^2 = 0.591) of firm value variability is explained and that the impact of firm size (β = 13.882, $p < 0.01$) and return on assets (β = 49.649, $p < 0.01$) is positive and significant. However, dividend per share (β = -0.319, $p < 0.05$) and financial leverage (β = -6.678, $p < 0.05$) have negative and significant effects. The study shows that return on assets and firm size have a positive effect, and dividend per share and leverage have a negative effect on firm value. It is suggested that companies should aim to improve resource allocation efficiency, adopt appropriate dividend policies and financial structures to increase their value and achieve sustainable growth.

Keywords: Enterprise Value, Dividend Policy, Financial Leverage, Firm Size, Return on Assets.

INTRODUCTION

Value is a fundamental concept in corporate finance and investment analysis, capturing the value of a firm as viewed by investors and stakeholders. One of the most widely used measures of firm value is enterprise value (EV), which is a comprehensive value incorporating both equity and debt financing, and hence reflecting the overall worth of a firm. In contemporary financial studies, identifying factors that affect firm value is of prime importance, especially in emerging markets where financial and governance structures, as well as investor behavior, are distinct from those in developed markets.

Dividend policy is one of the crucial factors influencing firm value. Dividend policies communicate firm performance and management confidence, impacting investor confidence and firm value. Evidence shows that dividend policy has a strong

This work is licensed under a Creative Commons Attribution 4.0 International License.

link to firm value, suggesting the validity of the signaling hypothesis and the bird-in-hand argument (Putri et al., 2024; Fahad et al., 2024). In developing markets, dividend information is particularly important due to information asymmetry and inefficient markets.

Another key factor influencing firm value is profitability, typically measured by return on assets (ROA). Greater profitability supports the idea that how better resource allocation is possible in managing the working efficiency of financial performance and dealing with the challenges of empirical studies whereas positive significant from firm value and investors profitable firms is recorded based on sustainable returns (Sartika et al., 2024).

Firm size seems an important evidence form value is recorded and it is associate with the economics of scale. The role of returns is specified here, market position in leading the increase in form value is recorded, and some research demonstrates that font size mentions a positive impact on farm value, especially in the perspective of industries where the economics of scale and market power are essential (Chettri & Kharkongor, 2022).

Another structural factor that affects firm value is financial leverage. Financial leverage measures the amount of debt financing used by a firm. Appropriate leverage can improve firm value by providing tax benefits and boosting returns, but high leverage leads to financial risk and may diminish firm value. The empirical evidence on leverage is mixed, but a number of recent studies indicate that excessive leverage may have a negative impact on firm value by increasing the risk of financial distress (Islami & Shiyammurti, 2024).

Although there is a large body of literature on the factors influencing firm value, the empirical results are mixed, particularly for emerging markets. Differences in institutional settings, corporate governance and accounting practices play a role in this. So, analyzing the effects of dividend per share, firm profitability, firm size, and financial leverage on enterprise value helps stakeholders (investors, policy makers and management) understand the value of their investments. This research adds to the body of knowledge by combining these factors in a holistic model to understand firm value.

Problem Statement

While there is a large body of empirical literature on firm value, there is a lack of consistency in the relationships between financial metrics (dividend policy, profitability, firm size and leverage) and enterprise value, especially in emerging markets. Previous research offers conflicting evidence about the nature and magnitude of these relationships because of varying market conditions and structures. Additionally, there is a paucity of studies conducted on enterprise value as a holistic measure of value rather than more conventional value metrics. This leaves a research gap in terms of the collective effects of these factors. As a result, this paper seeks to explore the impact of dividend per share, return on assets, firm size and financial leverage on enterprise value.

ISSN (Print): 2959- 099X ISSN (Online): 2959-1007
Volume 4, Issue 2, Page 117-130, December 31, 2025

Objectives of the Study

- To determine the effect of dividend per share on enterprise value.
- To assess the impact of return on assets (ROA) on enterprise value.
- To assess the effect of firm size on enterprise value.
- To examine the effect of leverage on enterprise value.

LITERATURE REVIEW

The value of a firm is a critical issue in corporate finance as it represents the financial well-being and prospects of the firm. Among the different indicators, enterprise value (EV) has gained popularity due to its comprehensiveness, as it takes into account both the equity and debt components of a firm's value, thus providing a comprehensive view of a firm's value. Previous research has explored the drivers of firm value, focusing on dividend policy, profitability, firm size and leverage. However, empirical evidence is mixed, especially in emerging markets.

Dividend policy has long been a contentious issue in the determination of firm value. According to the signaling hypothesis, dividend announcements signal information about a firm's future earnings and financial health to investors (Bhattacharya, 1979). Recent empirical studies further support the notion that dividend payments have a positive impact on firm value by decreasing information asymmetry and increasing investor trust. For example, Baker et al. (2020) elaborate on the idea of how consistency exists in dividend policies, where higher valuations are a result of investor confidence.

Likewise, studies by Imran (2021) recommend the utilization of dividend policy that places an essential role in determining the form value in the emerging markets with the help of information available in asymmetries. However, a clear understanding is provided here that the dividend payment is depleted for the retained earnings and Hanford growth potential for understanding the lower firm value in the long run (Al-Malkawi et al., 2019).

Another elaboration is about the form effectiveness in understanding the profitability for farm value, which is measured with the help of return on assets (ROA). Profitability measures how effectively a firm uses its resources to produce profits, and is therefore an important consideration for investors. A strong link between profitability and firm value has been confirmed by many studies. For instance, Nguyen et al. (2021) demonstrate that profitability is positively associated with firm value because it reflects the firm's capacity to consistently generate profits. Likewise, Sardo and Serrasqueiro (2018) highlight that profitability increases firm value by proving that a firm is efficient and sustainable. In emerging markets, profitability takes on an even greater significance because of greater uncertainty and risk. Profitable firms are more resilient in times of economic uncertainty, thus increasing investor confidence and firm value.

Firm size is another determinant of firm value. Large firms tend to have

economies of scale, diversification of business and access to external financing, all of which boost firm value. There is empirical evidence of a positive association between firm size and firm value. Dang et al. (2018) suggest that larger firms generally maintain superior governance and cash flows, increasing their value. Additionally, in developing countries, large firms are likely to have better market power and government policies, which also enhance firm value. However, other research suggests that very large firms may suffer from inefficiencies and bureaucratic problems, thereby affecting their performance and value (Amato & Burson, 2007). At the same time, the role of different opinions is added, where most of the empirical research has applied the positive impact of firm size on the value of the firm.

The level of financial leverage is an elaboration based on the degree of financial leverage (DFL), which supports the idea that how this language works for the form value of theory claims the use of financing for tax Shields and understanding the disadvantages of financial distress (Kraus & Litzenberger, 1973). Some optimal privilege is available in this regard that claims the use of a lower cost of capital with the help of higher financial risks where is potential lower form value is recorded in empirical evidence that is not concluded, Fosu (2013) claims are also essential in this regard where leverage effect is recorded in understanding the use of debit and amplifying it in the important foundation of the significant impact under infrastructures for financial context.

There is a high discussion on understanding the firm value, and it has been investigated in the literature, such as Anton (2016), who uses the idea for profitability and leverage, providing a clear understanding of a wide range of economic perspectives. Further, Sucuahi and Cambarihan (2016) argue that the use of profitability and firm size as important instruments to handle the utilization of firm value and understand the influence of leverage in mixed results. It is essential to understand how the topic can be further executed with the help of utilizing research and investigating it through the lens of regulatory regimes and market efficiency to see the difference between empirical results and current output.

Additionally, while many studies focus on conventional firm value measures like market capitalization or Tobin's Q, few have examined enterprise value as a holistic measure. This research fills this gap by analyzing the effect of dividend per share, return on assets, firm size and financial leverage on enterprise value and thus offers a more holistic view of firm value.

Theoretical Framework

This research is based on several financial theories of firm value. Signaling theory implies that dividend policy signals a company's future earnings and affects investors' expectations and value (Bhattacharya, 1979). The trade-off theory accounts for financial leverage in terms of tax advantages and costs of financial distress (Kraus & Litzenberger, 1973). The resource-based theory also stresses the role of firm size and capabilities in gaining competitiveness and adding value. Efficiency theories that focus on resource allocation are consistent with profitability. These theories offer a holistic approach to understanding the factors influencing enterprise value.

ISSN (Print): 2959- 099X ISSN (Online): 2959-1007
Volume 4, Issue 2, Page 117-130, December 31, 2025

Conceptual Framework

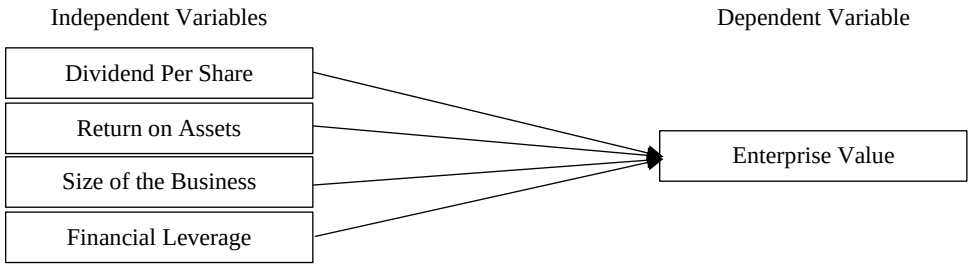


Figure 1: Conceptual Framework

Study Hypotheses

H_1: Dividend per Share has a significant impact on Enterprise Value.

H_2: Return on Assets has a significant impact on Enterprise Value.

H_3: Size of the Business has a significant impact on Enterprise Value.

H_4: Monetary Influence has a significant impact on Enterprise Value.

RESEARCH METHODOLOGY

Research Design

The analysis of employees' important investigation for the quantitative research on close to utilization to outline the impact of financial measures on farm value. The study is also focused on understanding the causal comparative design for investigating the impact of independent variables, including return on assets, Firm size, dividend per share and financial leverage, whereas the dependent variable is enterprise value only. Quantitative perspective of research is helpful because corporate finance is reviewed to understand the objectives and reveal the statistical techniques (Hair et al., 2019). This study uses secondary data and econometric methods to test the hypotheses. This approach is suitable since it facilitates empirical examination of the relationships between variables and facilitates inference about the drivers of firm value.

Population and Sample

The population targeted in the study is firms listed on the Pakistan Stock Exchange (PSX) and engaged in the automobile parts and accessories industry. This industry is chosen for its economic importance and accessibility of financial information. Purposive sampling is adopted to select firms with financial data available for the period of the study. Purposive sampling is used in financial studies where specific conditions are required, such as the availability and consistency of data (Etikan & Bala, 2017).

The sample is comprised of eight firms: Agriautos Industries Limited, Atlas Battery Limited, Baluchistan Wheels Limited, Exide Pakistan Limited, Ghandhara

Tire and Rubber Company Limited, Loads Limited, Panther Tires Limited, and Thal Limited.

Data Collection and Sources

Secondary data from audited financial reports of the firms is used. These are sourced from the websites of firms, PSX and financial databases. Secondary data is often employed in empirical corporate finance studies because it is easily accessible and reliable (Saunders et al., 2019). It is collected over a certain period, making the data consistent across companies. The study variables are calculated using variables such as total assets, net income, dividend payments, total debt and market capitalization.

Variables Measurement

Dependent, independent and control variables are used in the study. The dependent variable is enterprise value (EV), which is measured as market capitalization + total debt - cash and cash equivalents. Dividend per share (DPS) is added as an important factor where dividend policy is calculated, and the dividend payment is divided by the number of shares outstanding and multiplied by the stock price. Return on assets (ROA) is reviewed to understand the income for the total assets in the context of profitability measurement. Firm size (SIZE) is analyzed for the natural log, and understanding the total assets that reflect the size of the firm. The debt-to-assets ratio (DFL) outlines the utilization of financial risk where the studies are contrasted for corporate finance and a clear understanding is provided to compare the results (Dang et al., 2018; Nguyen et al., 2021).

Econometric Model Specification

A multiple regression model is used to investigate the association between the variables. The model is:

$$EV_{\text{it}} = \beta_o + \beta_1 DPS_{it} + \beta_2 ROA_{it} + \beta_3 SIZE_{it} + \beta_4 DFL_{it} + \epsilon_{it}$$

with EV being enterprise value, DPS being dividend per share, ROA being return on assets, SIZE being firm size, DFL being financial leverage and ϵ epsilonϵ being the error term. Multiple regression is appropriate for the analysis of the combined influence of several independent variables on the dependent variable and is extensively used in financial studies (Wooldridge, 2020). This model allows testing relationships in terms of both direction and strength.

Data Analysis Techniques

Descriptive statistics, correlation analysis and regression analysis are used to analyze the data. Descriptive statistics are used to describe the distribution of the data, such as mean, standard deviation, skewness, and kurtosis. Correlation analysis is performed to assess the linear relationship between variables and detect multicollinearity. Regression models are used to test the hypotheses and assess the impact of independent variables on enterprise value. Significance testing is done by examining t-statistics and p-values (alpha 5 percent). The approaches are in line with

ISSN (Print): 2959- 099X ISSN (Online): 2959-1007
Volume 4, Issue 2, Page 117-130, December 31, 2025

the empirical literature in corporate finance (Hair et al., 2019).

Diagnostic Tests

We test for the validity and reliability of the regression analysis results. Multicollinearity is tested using the variance inflation factor (VIF) values, with values below the cut-off suggesting that there is no multicollinearity. Heteroscedasticity is checked using suitable tests to confirm constant variance of errors. Autocorrelation is checked using the Durbin-Watson test. Finally, the normality of residuals is checked by skewness, kurtosis and Jarque-Bera statistics. The diagnostic tests improve the reliability of the results (Gujarati & Porter, 2009).

Ethical Considerations

The research follows ethical guidelines in the use of secondary data, which is publicly available, with transparency and accuracy in reporting data. There is no data manipulation or falsification. The study adheres to the principle of giving credit where it is due. Ethical considerations are critical to uphold research integrity and credibility (Saunders et al., 2019).

ANALYSES AND INTERPRETATIONS

Table 1: Descriptive Statistics

Statistic	Enterprise	Business	Degree	Dividend	Return
Mean	7.631	7.020	0.460	4.872	0.033
Median	4.985	6.977	0.451	1.250	0.031
Maximum	32.210	8.271	1.966	32.500	0.120
Minimum	0.430	6.179	0.079	0.000	-0.194
Std. Deviation	7.975	0.405	0.318	6.913	0.061
Skewness	1.889	0.417	2.588	1.958	-1.185
Kurtosis	5.699	4.019	13.573	7.658	5.981
Jarque-Bera	35.927	2.892	230.956	61.727	24.177
Probability	0.000	0.236	0.000	0.000	0.000
Sum	305.250	280.807	18.403	194.870	1.315
Sum Sq. Dev.	2480.253	6.408	3.943	1863.639	0.144

Descriptive statistics elaborate on the support for (enterprise value, financial leverage, firm size, dividend per share and return on assets) are mentioned in Table 1. The average value of enterprise (7.631) indicates that the companies manage equal value with a high standard deviation (7.975). Dividend per share also has high variability, which supports the high value. Skewness values support the limitation in the results, whereas Kurtosis values are higher, so 3 implies the use of leptokurtosis (fat tails). The Jarque-Bera test statistics and p-values also show relevant results.

Table 2: Enterprise Value Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
Business Size	13.882	2.253	6.163	0.000
Degree of Financial Leverage	-6.678	2.867	-2.330	0.026
Dividend Per Share	-0.319	0.156	-2.042	0.049
Return on Assets	49.649	16.671	2.978	0.005
Constant (C)	-86.829	15.462	—	0.000

Table 2 shows the regression results that support the firm value, where a value of ($\beta = 13.882$, $p < 0.01$) shows dominance with more valuable content. Return on assets is positive ($\beta = 49.649$, $p < 0.01$), proving profitability. By contrast, leverage ($\beta = -6.678$, $p < 0.05$) and dividend per share ($\beta = -0.319$, $p < 0.05$) are negative and show that indebtedness and dividends lead to lesser value. The regression model aligns the results with better output.

Table 3: Model Statistics

Statistic	Value
R-squared	0.591
Adjusted R-squared	0.545
S.E. of Regression	5.381
Sum Squared Resid	1013.324
Log Likelihood	-121.400
F-statistic	12.667
Prob(F-statistic)	0.000
Mean Dependent Var	7.631
S.D. Dependent Var	7.975
Akaike Info Criterion	6.320
Schwarz Criterion	6.531
Hannan-Quinn Criterion	6.396
Durbin-Watson Stat	0.938

The results of Table 3 show an R-squared value of 0.591, which shows that the independent variables account for 59.1% of the variability in enterprise value. The adjusted R-squared (0.545) supports the models and the adjusted value for variables. The F-statistic (12.667) shows profit where the model as a whole is statistically significant. The Durbin-Watson statistic (0.938) shows autocorrelation in the end. Some more measures, Akaike and Schwarz, support satisfactory output.

ISSN (Print): 2959- 099X ISSN (Online): 2959-1007
Volume 4, Issue 2, Page 117-130, December 31, 2025

Table 4: Correlation Matrix

Variable	Enterprise	Stock	Business	Degree	Dividend	Return
Enterprise	1.000	0.529	0.646	-0.185	0.185	0.364
Stock	0.529	1.000	0.355	-0.365	0.424	0.393
Business	0.646	0.355	1.000	0.109	0.272	0.116
Degree	-0.185	-0.365	0.109	1.000	-0.264	-0.180
Dividend	0.185	0.424	0.272	-0.264	1.000	0.526
Return	0.364	0.393	0.116	-0.180	0.526	1.000

The correlation matrix (Table 4) displays the degree of association between variables. Enterprise value has a positive correlation with firm size (0.646) and return on assets (0.364), suggesting that firms with larger size and profitability have higher value. However, it is significantly negatively correlated with leverage (-0.185), implying that more leverage will decrease value. Enterprise value is also weakly correlated with dividend per share (0.185). There are also moderate correlations between independent variables, suggesting that multicollinearity is not a major concern. The matrix offers some initial evidence for the regression results.

DISCUSSION

This study examined the effect of dividend per share, return on assets, firm size and leverage on enterprise value in the car accessories and parts business sector. The findings of this empirical study provide insights into the association between corporate financial management and firm characteristics in terms of corporate value in an emerging market. The outcome of the regression analysis indicates that firm size and return on assets have a positive and significant effect on enterprise value, whereas dividend per share and financial leverage have a negative and significant effect. The findings are overall in accordance with existing financial theories, while some of the results reflect the emerging market characteristics.

The positive and significant relationship between firm size and enterprise value suggests that larger firms have higher value. This result is in line with firm size being related to greater efficiency, access to finance and market confidence. Larger firms are able to realize economies of scale, diversification and access to institutional capital, and thereby increase their value. This finding is consistent with previous empirical studies that found a positive link between firm size and firm value due to improved governance and financial characteristics (Dang et al., 2018). For example, in the automobile industry, large firms may possess superior supply chain, technology and branding skills, which add to firm value.

Return on assets (ROA) is also positively significant in explaining firm value, implying that profitability is still an important factor in firm value. This finding is in line with the notion that efficient use of assets leads to greater profitability, which in turn increases investors' confidence and firm value. Profits are seen by investors as a measure of management efficiency and effectiveness. This finding is also consistent with other studies that have found a positive relation between profitability and firm value, particularly for developing markets where investors are more reliant on financial performance, such as profitability (Nguyen et

al., 2021). The large coefficient for ROA in this study underpins the importance of efficiency of investments and performance evaluation to enhance firm value.

In contrast, the study reveals a negative effect of dividend per share on firm value. One would not normally expect this finding, as the theory of signals suggests that dividend payments send positive signals to the market. However, this can be justified by taking into account the cost of dividend payments. Higher dividend payments can lead to a decrease in the retention ratio, which in turn can decrease the firm's growth potential. In capital-intensive industries such as automobiles, investments in technology, capacity and R&D are crucial. Therefore, firms that pay a higher proportion of their earnings as dividends may have limited growth prospects, affecting their value. This finding is in line with research that concludes that firms with high dividend payments are restricted in their ability to retain earnings and destroy value in high-growth firms (Al-Malkawi et al., 2019).

The measure of leverage (DFL) also has a negative coefficient and is significant, implying that leverage reduces firm value. This finding is in line with the trade-off theory that suggests that while debt is tax-deductible, an increase in leverage increases the probability of financial distress. In a less developed financial market, such as in the emerging markets, where interest rates are higher, the benefit of leverage may be outweighed by the cost. Higher debt can lead to higher interest costs, rigidity and default risk, which all have a negative effect on investor perceptions. Other studies also demonstrate that leverage levels are negatively associated with firm value due to increased financial risk and uncertainty (Fosu, 2013). This study's findings highlight the importance of an optimum capital structure in balancing the benefits and costs of debt.

The correlation findings also support the regression findings in terms of the sign and strength of associations. The positive association between enterprise value, firm size and profitability highlights their relevance in valuing firms. At the same time, the negative association between financial leverage and enterprise value highlights the negative impact of debt. These correlations add to the evidence of the robustness of the linear regressions and help to show that the results are consistent across different types of models.

This research sheds light on a number of theories. The positive effect of profitability on firm value is in line with the efficiency and signaling theories that highlight the significance of financial performance in transmitting signals to the market. The negative impact of financial leverage suggests the existence of the trade-off theory that stresses the trade-offs of debt financing. Our findings also have implications for managers. First, managers should focus on improving efficiency and profitability, since these are positively associated with firm value. Second, businesses should think about dividend policy to ensure it does not limit growth. It may be better to reinvest earnings, rather than increase dividends, particularly in capital-intensive businesses. Third, corporations should make sure their capital structure is not too leveraged. Proper financial management is needed to minimize risks and maximize value.

This study has some limitations. The study only examines a certain industry and a limited sample, which could affect the generalisability of the study.

ISSN (Print): 2959- 099X ISSN (Online): 2959-1007
Volume 4, Issue 2, Page 117-130, December 31, 2025

Additionally, the negative effect of dividend policy on firm value suggests that the significance of the signaling theory may be different, particularly in emerging markets where growth opportunities and investment opportunities are crucial.

CONCLUSION

This research sought to reveal that firm size and profitability positively influence enterprise value, implying that larger and more profitable firms are valued more. This result suggests the importance of efficiency and the efficient use of resources for better firm performance and market valuation. Return on assets, a measure of profitability, remains a strong predictor of managerial efficiency and firm financial performance, and therefore improves firm value (Nguyen et al., 2021).

However, the study reveals a negative association between dividend per share and financial leverage and firm value. The negative link between dividend payout and enterprise value suggests that companies with a higher dividend payout may have less internal funds available, and this limits their investment and hence firm value. Similarly, increased financial leverage increases the financial risk and uncertainty faced by investors, and hence reduces firm value. These findings are consistent with the trade-off theory that focuses on the trade-off between the benefits and costs of debt (Fosu, 2013). Overall, this study provides empirical evidence on the relationship between financial performance, strategy and capital structure on firm value.

RECOMMENDATIONS

Based on the findings, we can provide some suggestions for management and policymakers. First, firms should concentrate on enhancing profitability through efficiency and resource allocation optimization. Managers should strive to better manage costs, innovate and make better investment decisions to improve return on assets and therefore firm value. Since profitability has been shown to be a key driver of firm value, managers should try to enhance profitability in the long term (Sardo & Serrasqueiro, 2018).

Second, firms should have an appropriate dividend policy. Companies should refrain from overpaying dividends and should instead invest some of the earnings in growth. This is particularly important in capital-intensive industries in which investment in technology and manufacturing plants is essential.

Third, a moderate level of debt financing can provide a tax advantage; a high level of debt financing increases financial risk and can potentially also decrease firm value. We recommend that managers adopt prudent financial policies with a carefully balanced mix of debt and equity financing to minimize risk and enhance financial stability. This is especially relevant in emerging markets with high financial risks and financing costs.

LIMITATIONS

This study has some limitations. First, the study is within a specific sector, the automobile parts and accessories industry, and this may limit the use of the

findings to other sectors. The financial nature may vary across sectors, and therefore, the results may not be applicable. To increase the generalizability, other studies can focus on multiple sectors.

Second, the study is based on a small sample, as data is only available for a small sample. A larger sample and longer time period may have provided more reliable results on the value drivers. Third, the analysis is limited to a few financial variables, with other variables, including corporate governance, macroeconomic factors and market sentiment, being left uninvestigated. There may also influence firm value and should be examined.

Third, secondary data are used for the analysis, which may present problems with data quality and accuracy. Although audited financial statements are generally assumed to be reliable, different accounting policies and practices adopted by companies can affect the quality of the data. These challenges can be addressed by future research using different data and conducting different analyses.

SIGNIFICANCE OF THE STUDY

This study contributes to the knowledge base in corporate finance by providing empirical evidence on the determinants of enterprise value in emerging market companies. The study's focus on enterprise value as an integrated measure of firm value also contributes to the knowledge on firm value beyond other measures such as market capitalization and Tobin's Q. The study provides insights on how financial performance, dividend and capital structure affect enterprise value, and thereby adds to the research on value creation (Dang et al., 2018).

The study has practical implications for investors, managers and policymakers. The study recommends good use of financial balance and management for managers. Further, policymakers can improve the policies by understanding the use of the financial variables and their impact on the firm value.

REFERENCES

Al-Malkawi, H. A. N., Rafferty, M., & Pillai, R. (2019). Dividend policy: A review of theories and empirical evidence. *International Bulletin of Business Administration*, 9, 171–200.

Amato, L. H., & Burson, T. E. (2007). The effects of firm size on profit rates in the financial services industry. *Journal of Economics and Economic Education Research*, 8(1), 67–81.

Anton, S. G. (2016). The impact of dividend policy on firm value: A panel data analysis of Romanian listed firms. *Journal of Public Administration, Finance and Law*, 10, 107–112.

Baker, H. K., De Ridder, A., & Roodt, S. (2020). Dividend policy and firm valuation. *Managerial Finance*, 46(4), 530–546.

Bhattacharya, S. (1979). Imperfect information, dividend policy, and the “bird in the hand” fallacy. *Bell Journal of Economics*, 10(1), 259–270.

ISSN (Print): 2959- 099X ISSN (Online): 2959-1007
Volume 4, Issue 2, Page 117-130, December 31, 2025

Chettri, N., & Kharkongor, M. J. (2022). Dividend payout and firm value relationship: Role of age and size. *Emerging Economy Studies, 8*(2), 71–81.

Dang, C., Li, Z., & Yang, C. (2018). Measuring firm size in empirical corporate finance. *Journal of Banking & Finance*, 86, 159–176.

Etikan, I., & Bala, K. (2017). Sampling and sampling methods. *Biometrics & Biostatistics International Journal*, 5(6), 00149.

Fahad, M., Aftab-Ur-Rehman, M., Zaman, M., Israr, S., & Awan, A. (2024). Nexus between dividend policy and value of the firm: Evidence from emerging economies. *Dialogue Social Science Review, 2*(5), 282–290.

Fosu, S. (2013). Capital structure, product market competition, and firm performance: Evidence from South Africa. *Quarterly Review of Economics and Finance*, 53(2), 140–151.

Gujarati, D. N., & Porter, D. C. (2009). *Basic econometrics* (5th ed.). McGraw-Hill.

Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2019). *Multivariate data analysis* (8th ed.). Cengage Learning.

Imran, K. (2021). Dividend policy and firm value: Evidence from emerging markets. *Journal of Asian Finance, Economics and Business*, 8(3), 55–63.

Islami, A. M. N., & Shiyammurti, N. R. (2024). Determinants of firm value: The role of sales growth, capital structure, and liquidity. *Invoice: Jurnal Ilmu Akuntansi*.

Kraus, A., & Litzenberger, R. H. (1973). A state-preference model of optimal financial leverage. *Journal of Finance*, 28(4), 911–922.

Nguyen, T. H., Nguyen, M. H., & Nguyen, H. T. (2021). Profitability and firm value: Evidence from listed companies. *Cogent Economics & Finance*, 9(1), 1–15.

Putri, N. A., Hitten, A., & Heniwati, E. (2024). Determinants of dividend policy and their implications for firm value using the signaling model. *APSSAI Accounting Review, 4*(2), 195–209.

Sardo, F., & Serrasqueiro, Z. (2018). Intellectual capital, growth opportunities, and financial performance in European firms. *Journal of Intellectual Capital*, 19(4), 747–767.

Sartika, S., Perdana, A., Saputri, E. J. E., & Efrina, L. (2024). Determinants of firm value: The role of capital structure, leverage, growth, dividend policy, and profitability. *Jurnal Akuntansi & Keuangan Unja*.

Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (8th ed.). Pearson.

Sucuahi, W., & Cambarihan, J. (2016). Influence of profitability on the firm value of

diversified companies. *Accounting and Finance Research*, 5(2), 149–153.

Vo, X. V., & Ellis, C. (2017). An empirical investigation of capital structure and firm value in Vietnam. *Finance Research Letters*, 22, 90–94.

Wooldridge, J. M. (2020). *Introductory econometrics: A modern approach* (7th ed.). Cengage Learning.