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The Impact of Inventory-to-Asset Ratio on Firm Value: Evidence from Emerging Markets

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ABSTRACT

This study examines the effect of the Inventory-to-Asset Ratio (IAR) on firm value among Consumer Cyclicals companies listed in Indonesia and Malaysia, two key emerging markets in Southeast Asia. Using secondary data from the Refinitiv Eikon database, the research applies a pooled cross-sectional quantitative approach to 298 firm-year observations. Ordinary Least Squares (OLS) regression is employed, with Price Close (USD) as a proxy for firm value. The findings reveal that IAR has a negative but statistically insignificant effect on firm value ($\beta = -0.157$, $t = -1.630$, $p = 0.104$; $R^2 = 0.009$). This indicates that capital markets in these countries do not consistently incorporate inventory efficiency into equity valuation. The study contributes to the literature by providing one of the first empirical tests of the IAR–firm value relationship in the ASEAN Consumer Cyclicals sector, challenging the universality of Signalling Theory and extending insights within the Resource-Based View framework. Practically, managers should still maintain efficient inventory practices for long-term performance, while policymakers are encouraged to enhance disclosure standards. Limitations include the single-variable model, proxy choice, and cross-sectional design, suggesting future panel-based research with broader controls.

Keywords: *Inventory Asset Ratio; Firm Value; Emerging Markets; Consumer Cyclicals; Signaling Theory; ASEAN.*

Contribution/Originality: This study contributes to the corporate finance literature by providing one of the first empirical examinations of the Inventory-to-Asset Ratio (IAR) and firm value within the ASEAN Consumer Cyclicals sector, specifically in Indonesia and Malaysia. It offers original insight by demonstrating that, although IAR shows a theoretically consistent negative relationship with firm value, the effect is not statistically significant, thereby challenging the universality of Signaling Theory in emerging markets. The study further extends the Resource-Based View by highlighting that operational efficiency signals such as inventory

management may not be fully reflected in market valuation under conditions of limited informational efficiency, establishing important boundary conditions for both theories.

1. INTRODUCTION

Firm value remains a central construct in corporate finance, representing the market's forward-looking assessment of a firm's expected cash flows, risk profile, and growth opportunities. Recent literature highlights that in emerging markets, valuation is shaped not only by firm fundamentals but also by institutional quality, investor protection, and the information environment (Geert Bekaert et al., 2022; Stijn Claessens & Yurtoglu, 2024). Compared to developed economies, ASEAN markets tend to exhibit higher information asymmetry, making firm-level signals more influential in shaping investor perceptions and pricing mechanisms.

In this context, operational efficiency indicators particularly those related to working capital have gained renewed attention as valuation-relevant signals (Aktas et al., 2021; Baños-Caballero et al., 2022). Inventory management has evolved from a purely operational concern into a strategic determinant of firm resilience, especially in the aftermath of global supply chain disruptions and demand volatility (Ivanov & Dolgui, 2021; Choi, 2023). As a result, metrics such as the Inventory-to-Asset Ratio (IAR) may carry important informational content regarding how effectively firms allocate and utilize their resources.

The IAR, defined as total inventories divided by total assets, reflects the proportion of a firm's resources tied up in stock. A higher IAR may signal inefficiency, excess holding costs, and obsolescence risks, whereas a lower ratio may indicate leaner operations and stronger asset utilization. These dynamics are theoretically grounded in Signaling Theory and the Resource-Based View, which suggest that observable financial metrics can serve as credible signals of managerial quality and competitive advantage. However, the extent to which such signals are accurately interpreted and priced by investors in emerging markets remains uncertain.

The Consumer Cyclicals sector offers a particularly relevant empirical setting due to its high dependence on inventory turnover. Firms in retail, discretionary goods, and related industries rely heavily on efficient inventory management to sustain profitability and respond to demand fluctuations (Gaur & Fisher, 2022; Hendricks et al., 2020). Despite this, most empirical evidence on inventory efficiency and firm value originates from developed markets, raising concerns about the generalizability of these findings to ASEAN contexts characterized by different institutional and market conditions.

Indonesia and Malaysia provide an appropriate comparative setting as two of the largest emerging economies in Southeast Asia, with active capital markets such as the Indonesia Stock Exchange and Bursa Malaysia. While both markets have experienced significant growth and regulatory improvements (World Bank, 2023; Asian Development Bank, 2024), challenges related to disclosure quality, investor sophistication, and market efficiency persist, potentially influencing how financial signals are incorporated into stock prices.

Despite the growing relevance of inventory management in contemporary corporate finance, several critical gaps remain. First, there is a lack of recent and sector-specific empirical evidence examining the direct relationship between IAR and firm value within ASEAN Consumer Cyclicals firms. Second, prior studies predominantly employ aggregated working capital measures, thereby obscuring the unique signaling role of inventory intensity as a standalone metric. Third, existing literature has not sufficiently addressed whether operational efficiency signals such as IAR are systematically priced in emerging markets characterized by informational inefficiencies. Fourth, cross-country comparative analyses within ASEAN remain limited, leaving unanswered questions regarding whether similar

market structures (e.g., Indonesia vs. Malaysia) produce consistent valuation responses to inventory-related signals. Finally, there is limited integration of updated post-pandemic supply chain dynamics into the theoretical and empirical discussion, despite their significant impact on inventory management practices.

Building on Signaling Theory and the Resource-Based View, this study hypothesizes that higher IAR negatively affects firm value due to inefficient asset allocation and adverse signaling effects. Accordingly, the objective is to empirically test whether IAR has a statistically significant impact on the firm value of Consumer Cyclicals companies listed in Indonesia and Malaysia.

This study contributes in three ways. Theoretically, it refines the applicability of established frameworks by identifying boundary conditions in less informationally efficient ASEAN markets. Empirically, it provides updated cross-country evidence using a focused inventory-based metric. Practically, it offers insights for managers on optimizing inventory strategies and for policymakers on strengthening disclosure frameworks to improve market pricing efficiency.

1.1 Signaling Theory and Inventory Management

Signaling Theory, originally introduced by Michael Spence (1973), explains how firms convey private information to investors through observable signals. In the presence of information asymmetry, investors rely on such signals to infer firm quality. The Inventory to Asset Ratio (IAR) represents one such signal. Firms that maintain lean and well-managed inventory levels signal operational competence, effective demand supply alignment, and disciplined working capital management. In contrast, a high IAR may indicate excess inventory, weak demand, or managerial inefficiency, which investors are likely to interpret negatively and reflect in lower equity valuations.

This signaling mechanism is particularly relevant in emerging markets such as Indonesia and Malaysia, where disclosure quality and transparency tend to be lower than in developed economies. In such environments, balance-sheet-based indicators like IAR become more informative because they are relatively observable and less susceptible to earnings manipulation (Vo & Ellis, 2017).

1.2 Resource-Based View and Inventory Efficiency

The Resource-Based View (RBV), developed by Jay Barney (1991) and Edith Penrose (1959), posits that firm-specific resources and capabilities are the primary drivers of sustained competitive advantage. Resources that are valuable, rare, inimitable, and non-substitutable (VRIN) enable firms to generate superior performance and, ultimately, higher firm value. Within this framework, efficient inventory management reflects a firm's capability to optimize resource allocation. Firms that manage inventory effectively can achieve higher asset utilization, lower holding costs, and improved profitability. These operational advantages are expected to be recognized by investors and incorporated into firm valuation (Krajewski et al., 2019).

Conversely, excessive inventory holdings indicate inefficient resource allocation, where capital is tied up in low-return assets instead of being invested in more productive opportunities. This misallocation reduces return on assets and weakens competitive positioning, leading to lower market valuation (Chen et al., 2005).

1.3 Empirical Evidence on Inventory Management and Firm Value

Empirical studies generally support the importance of inventory efficiency in determining firm value, although findings remain context-dependent. Gaur et al. (2005) show

that inventory turnover (the inverse of IAR) is positively associated with market-to-book ratios among U.S. retailers, suggesting that investors actively price inventory efficiency. Similarly, Chen et al. (2005) find that excess inventory is associated with declining future performance, reinforcing the economic costs of inefficient inventory management.

Further evidence by Kesavan and Mani (2013) indicates that inventory-related metrics contain predictive information about future sales performance, highlighting their informational relevance to investors. However, Eroglu and Hofer (2011) demonstrate that the relationship between inventory leanness and firm performance is non-linear—moderate levels improve performance, while excessively low inventory can increase stockout risks and harm firm outcomes. This non-linearity may explain inconsistent empirical findings in linear models.

Evidence from emerging markets remains limited. Vo and Ellis (2017) find that asset utilization efficiency significantly influences firm value in Vietnam. Rashid (2020) reports that working capital management, including inventory, positively affects firm profitability in Malaysia. Meanwhile, Luo et al. (2021) show that excess inventory negatively impacts firm valuation in China. Overall, while theory consistently predicts a negative relationship between IAR and firm value, empirical results vary across contexts. This inconsistency highlights the need for market-specific investigation, particularly in ASEAN economies.

1.4 Hypothesis Development

Drawing on Signaling Theory and the Resource-Based View, a higher IAR indicating a larger proportion of assets tied up in inventory is expected to generate negative signals regarding managerial efficiency and resource utilization. This relationship operates through two key mechanisms: Informational channel – Excess inventory signals weak demand or operational inefficiency to investors (Spence, 1973). Resource allocation channel – Capital tied up in inventory reduces investment in more productive assets, lowering profitability and firm value (Barney, 1991; Krajewski et al., 2019). Consistent with prior empirical findings (Gaur et al., 2005; Chen et al., 2005; Luo et al., 2021), this study proposes the following Hypothesis:

H_1: The Inventory-to-Asset Ratio (IAR) has a significant negative effect on firm value among Consumer Cyclicals companies listed in Indonesia and Malaysia.

2. METHOD

2.1 Research Design

This study employs a quantitative, pooled cross-sectional research design. A quantitative approach is adopted because the variables of interest are numerically measurable and the hypothesis is directional and testable via statistical inference. Pooled cross-sectional data combining firm observations across two countries without imposing a panel time dimension is appropriate because the research objective is to examine variation in IAR and firm value across a large, heterogeneous sample of firms at approximately the same point in time.

2.2 Data Source and Sample

All data are secondary, sourced from the Refinitiv Eikon database — a globally recognized institutional financial data provider widely used in academic finance research. The dataset covers Consumer Cyclicals sector firms listed on the Indonesia Stock Exchange (IDX) and Bursa Malaysia. After removing observations with missing values on the key variables, the final sample comprises 298 valid firm observations (158 Indonesian and 140

Malaysian). The sampling method is purposive, selecting all firms within the target sector and countries for which complete data are available. This sample size is considered adequate for OLS regression analysis given the n > 50 heuristic for stable single-predictor models (Cohen, 1992).

a. Variable Measurement

Before presenting the operational measurement of variables, it is important to clarify the conceptual definitions underlying each construct used in this study. Conceptual definition serves to establish a clear theoretical understanding of the variables and ensures consistency between the research model and its empirical implementation. By linking each variable to its theoretical foundation, the study strengthens construct validity and provides a logical basis for hypothesis development. In this context, firm value is positioned as the dependent variable reflecting market-based performance, while the Inventory-to-Asset Ratio (IAR) is treated as the key independent variable representing inventory efficiency and resource allocation. The following table summarizes the conceptual definitions, theoretical underpinnings, and expected relationships among the variables examined in this study.

Table 1. Variable Measurement

Variable	Type	Conceptual Definition	Theoretical Basis	Expected Effect
Firm Value	Dependent	Firm value reflects the market's overall assessment of a company's future cash flows, growth prospects, and risk, as embedded in its stock price.	Signalling Theory (Spence, 1973); Corporate Finance Theory	—
Inventory-to-Asset Ratio (IAR)	Independent	IAR measures the proportion of a firm's total assets invested in inventory, indicating the extent of resource allocation to stock holdings.	Resource-Based View (Barney, 1991); Working Capital Management Theory	Negative (–)

(Source : Developed by the author based on Signaling Theory (Spence, 1973) and Resource-Based View (Barney, 1991), supported by prior empirical studies (Gaur et al., 2005; Chen et al., 2005).

The IAR is computed by dividing a firm's total inventories by its total assets, both in USD. Firm value is proxied by the closing stock price in USD (Price Close). Although more sophisticated proxies such as Tobin's Q are preferred in the literature (Chung & Pruitt, 1994), Price Close is adopted here due to cross-national data consistency constraints; both IDX and Bursa Malaysia stock prices are standardized in USD via Refinitiv Eikon, enabling direct comparison. The limitation of this proxy is acknowledged in the conclusion.

2.4 Data Analysis

Ordinary Least Squares (OLS) regression is applied to model the relationship between IAR and firm value: Firm Value i = β0 + β1(IARi) + εi. The analysis proceeds in three stages: (1) descriptive statistics to characterize variable distributions; (2) ANOVA F-test to evaluate overall model significance; and (3) coefficient-level analysis to assess the sign, magnitude, and statistical significance of β1. All analyses are conducted at a 5% significance level.

3. RESULTS AND DISCUSSION

3.1 Descriptive Statistics

Table 2 presents the descriptive statistics of the variables employed in this study. Descriptive statistics provide an overview of the data distribution, including measures of central tendency and dispersion, which are essential for understanding the general characteristics of the sample prior to regression analysis. Specifically, the table reports the mean, minimum, maximum, and standard deviation values for firm value and the Inventory-to-Asset Ratio (IAR). These indicators offer initial insights into the variability of firm valuation and the extent of inventory intensity among Consumer Cyclicals firms in Indonesia and Malaysia. The variation observed in the data suggests heterogeneity in inventory management practices and market valuation across firms, which justifies further empirical testing using regression analysis.

Table 2. Descriptive Statistics (N = 298)

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Inventory Asset Ratio (IAR)	298	0.000	0.790	0.178	0.170
Firm Value (Price Close, USD)	298	0.000	3.940	0.110	0.283

Source: Refinitiv Eikon, processed by authors.

The mean Inventory-to-Asset Ratio (IAR) of 0.178 (SD = 0.170) indicates that, on average, approximately 17.8% of the sampled firms' total assets are allocated to inventory. The relatively wide range of values (0.000–0.790) reflects substantial heterogeneity within the Consumer Cyclicals sector, encompassing firms with minimal physical inventory such as digital or service-oriented businesses as well as firms that rely heavily on tangible stock holdings.

Meanwhile, the mean firm value, proxied by Price Close, is USD 0.110 (SD = 0.283), suggesting a relatively low per-share price environment that is typical of small to mid cap firms in emerging markets. The standard deviation, which exceeds the mean, indicates a high degree of dispersion in market valuations across the sample. This variability suggests that firm value is unevenly distributed, likely reflecting differences in firm size, operational efficiency, and investor perception within the Indonesia and Malaysia Consumer Cyclicals sector.

3.2. Regression Results

Before interpreting the regression coefficients, it is important to evaluate the overall explanatory power of the model. The model summary provides key indicators, such as R-squared and Adjusted R-squared, which reflect the extent to which the independent variable explains variation in the dependent variable. These measures offer an initial assessment of

model fit and help determine how well the proposed specification captures the relationship between the Inventory-to-Asset Ratio (IAR) and firm value.

Table 3 presents the model summary results. The findings indicate that the Inventory-to-Asset Ratio (IAR) explains only 0.9% of the variation in firm value ($R^2 = 0.009$; Adjusted $R^2 = 0.006$). This very low explanatory power suggests that IAR, as a single predictor, has limited ability to account for differences in firm valuation across the sample.

Such a result is consistent with the inherently multidimensional nature of firm value, which is influenced by a wide range of factors, including profitability, growth opportunities, firm size, leverage, and market conditions. Therefore, the low R^2 does not necessarily invalidate the model but rather reflects the simplified specification employed in this study, where IAR is examined in isolation without additional control variables.

Table 3. Model Summary

Model	R	R Square	Adjusted R^2	Std. Error of Estimate
1	0.094	0.009	0.006	0.282

Note: Predictors: (Constant), Inventory Asset Ratio.

The ANOVA results presented in Table 4 indicate that the overall regression model is not statistically significant ($F = 2.657$, $p = 0.104$). This suggests that the Inventory-to-Asset Ratio (IAR) does not have a statistically significant effect on firm value at the 5% significance level.

In other words, the model fails to reject the null hypothesis that the coefficient of IAR is equal to zero. This finding implies that, within the context of this study, IAR alone is insufficient to explain variations in firm value across Consumer Cyclicals companies in Indonesia and Malaysia.

Table 4. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.211	1	0.211	2.657	0.104
Residual	23.488	296	0.079	—	—
Total	23.699	297	—	—	—

Note: Dependent Variable: Firm Value (Price Close, USD).

Table 5 presents the regression coefficient results. The coefficient for the Inventory-to-Asset Ratio (IAR) is negative ($\beta = -0.157$; SE = 0.096; Beta = −0.094; $t = -1.630$; $p = 0.104$), indicating an inverse relationship with firm value. This suggests that higher levels of IAR tend to be associated with lower firm value. However, the relationship is not statistically significant at the 5% level, as indicated by the p-value exceeding 0.05. Therefore, the effect of IAR on firm value cannot be considered robust within this sample. Accordingly, Hypothesis 1 (H_1), which posits a significant negative effect of IAR on firm value, is not supported.

Table 5. Regression Coefficients

	B	Std. Error	Beta	t	Sig.
(Constant)	0.138	0.024	—	5.847	0.000
IAR	−0.157	0.096	−0.094	−1.630	0.104

Note: Dependent Variable: Firm Value (Price Close, USD); * $p < 0.05$.

The difference between a significant constant and an insignificant independent variable is relatively common in simple regression models and does not indicate model misspecification. The significant constant (B = 0.138; $p < 0.001$) suggests that the average level of firm value is statistically different from zero when the Inventory-to-Asset Ratio (IAR) equals zero. In this context, the constant captures the baseline level of firm value, which is influenced by various omitted factors such as profitability, firm size, growth opportunities, leverage, and overall market conditions. Because these variables are not included in the model, their combined effects are absorbed into the intercept, resulting in its statistical significance.

In contrast, the insignificant coefficient of IAR ($p = 0.104$) indicates that variations in IAR do not exert a statistically meaningful influence on variations in firm value within the sample. Several explanations may account for this finding. First, firm value is inherently multidimensional and is largely driven by other dominant factors not captured in the model. Second, in emerging markets such as Indonesia and Malaysia, operational signals like inventory efficiency may not be fully recognized or systematically incorporated by investors. Third, the relationship between inventory intensity and firm value may be non-linear or indirect, which cannot be adequately captured by a simple linear specification.

Therefore, while the significant constant reflects the presence of a stable baseline level of firm value, the insignificance of IAR suggests that, within this model, it is not a primary determinant explaining cross-sectional variation in firm valuation.

3.3 Discussion

The negative coefficient for the Inventory-to-Asset Ratio (IAR) ($\beta = -0.157$) is directionally consistent with Signaling Theory (Spence, 1973) and the Resource-Based View (RBV) (Barney, 1991). A higher proportion of assets tied up in inventory may signal operational inefficiency and excessive working capital commitment, which rational investors are expected to discount in their valuation decisions. This interpretation aligns with signaling-based arguments in corporate finance that observable balance-sheet indicators convey managerial quality under information asymmetry (Connelly et al., 2011).

This directional finding is also consistent with prior empirical evidence. Gaur et al. (2005) document a negative association between inventory levels and market-to-book ratios in the U.S. retail sector, while Chen et al. (2005) show that excess inventory precedes deterioration in financial performance. Similarly, Luo et al. (2021) provide supporting evidence from emerging markets, indicating that inventory inefficiency is penalized by investors. Additional studies further reinforce the relevance of working capital efficiency for firm valuation and performance (Aktas et al., 2021; Baños-Caballero et al., 2022).

However, the lack of statistical significance ($p = 0.104$) suggests that IAR alone is an insufficient predictor of firm value in this emerging market context. Several explanations may account for this result. First, firm value in Indonesia and Malaysia is influenced by broader macroeconomic and country-level risk factors such as exchange rate volatility, political uncertainty, and economic cycles which may dominate the marginal informational content of firm-level signals (Bekaert et al., 2022; Claessens & Yurtoglu, 2013). The very low explanatory power of the model ($R^2 = 0.009$) reinforces this interpretation, indicating that IAR captures only a negligible portion of the variation in firm value.

Second, the inherent heterogeneity within the Consumer Cyclicals sector may weaken the observed relationship. This sector includes firms with fundamentally different inventory structures, ranging from inventory-intensive retail companies to digital or service-oriented firms with minimal inventory. Prior studies highlight that sectoral heterogeneity can attenuate linear relationships between operational variables and firm performance (Eroglu & Hofer, 2011; Gaur & Fisher, 2022). Third, the use of Price Close (USD) as a proxy for firm value may introduce exchange rate distortions, particularly for firms whose financial reporting is denominated in Indonesian Rupiah or Malaysian Ringgit. Exchange rate fluctuations largely unrelated to operational efficiency can introduce noise into the dependent variable (Adler & Dumas, 1984; Eun & Resnick, 2018). Although alternative measures such as Tobin's Q or price-to-book ratio are theoretically more robust (Chung & Pruitt, 1994), their application requires consistent accounting data, which may vary across countries and reporting standards (La Porta et al., 1998).

Finally, investor behavior in emerging markets may be driven more by macroeconomic narratives, earnings momentum, and sentiment-based trading rather than detailed operational efficiency indicators. Empirical evidence suggests that capital markets in Indonesia and Malaysia exhibit only weak-form efficiency, implying that firm-specific signals such as inventory management may not be fully or consistently incorporated into stock prices (Hamid et al., 2017; Lim & Brooks, 2011). This creates a structural gap between theoretical predictions and empirical outcomes, helping to explain why the negative relationship between IAR and firm value does not reach statistical significance in this study.

The findings of this study offer important implications for the development of Signaling Theory and the Resource-Based View within emerging market contexts. While the negative direction of the IAR coefficient is consistent with theoretical predictions, the lack of statistical significance suggests that the signaling mechanism may not operate effectively in environments characterized by lower informational efficiency.

Specifically, the results indicate that operational signals derived from balance-sheet efficiency such as inventory intensity may not be systematically interpreted or priced by investors in Indonesia and Malaysia. This finding challenges the implicit assumption of Signaling Theory that markets efficiently decode firm-level signals. Instead, it highlights the presence of boundary conditions, where signaling effectiveness depends on market transparency, investor sophistication, and institutional quality.

From an RBV perspective, the results suggest that while efficient resource allocation (e.g., inventory management) remains theoretically important for firm performance, its translation into market valuation is not automatic. In less efficient markets, internal capabilities may generate economic value without being fully reflected in stock prices. This creates a disconnect between operational performance and market-based performance, extending the RBV by emphasizing the role of external market conditions in value realization.

From a managerial perspective, the findings suggest that firms should continue to prioritize efficient inventory management, not primarily for short-term market valuation effects, but for its fundamental role in improving operational performance, cost efficiency, and long-term profitability. Although the market may not immediately reward inventory efficiency, poor inventory management can still lead to financial deterioration, as documented in prior studies. Therefore, managers should treat inventory optimization as a strategic operational capability rather than a direct signaling tool to investors.

For policymakers and regulators in Indonesia and Malaysia, the results highlight the need to strengthen financial disclosure frameworks and market transparency. If operational metrics such as inventory efficiency are not adequately priced by the market, it may indicate gaps in information dissemination, comparability, or investor awareness. Enhancing reporting standards particularly regarding working capital components can improve the informational environment and facilitate more efficient capital market pricing.

Furthermore, initiatives aimed at improving investor education and analytical sophistication may help market participants better interpret firm-level signals. By reducing information asymmetry and increasing the salience of operational efficiency metrics, policymakers can contribute to more efficient capital allocation and stronger linkage between firm fundamentals and market valuation.

4. CONCLUSION

This study examines the effect of the Inventory-to-Asset Ratio (IAR) on firm value among Consumer Cyclicals companies listed in Indonesia and Malaysia. The findings reveal that IAR exhibits a negative but statistically insignificant relationship with firm value, indicating that inventory intensity is not a dominant factor in explaining cross-sectional variations in market valuation within these emerging markets. While the negative direction is consistent with theoretical expectations, the absence of statistical significance suggests that inventory-based signals are not systematically priced by investors.

These results underscore the multidimensional nature of firm value, which is influenced by a broader set of financial, macroeconomic, and market-specific factors beyond inventory efficiency. In the context of Indonesia and Malaysia, limited market efficiency, sectoral heterogeneity, and external noise such as exchange rate fluctuations may weaken the visibility and impact of operational signals like IAR.

This study contributes to the literature by providing one of the first direct empirical tests of the IAR firm value relationship in the ASEAN Consumer Cyclicals sector, thereby addressing a notable geographical and methodological gap. Importantly, the findings establish boundary conditions for both Signaling Theory and the Resource-Based View, demonstrating that the effectiveness of operational signals depends on market context and informational efficiency.

From a practical standpoint, the study suggests that managers should continue to prioritize efficient inventory management for its intrinsic contribution to operational performance rather than expecting immediate valuation gains. For policymakers, the findings highlight the need to enhance disclosure quality and market transparency to improve the pricing of firm-level information.

However, this study is subject to several limitations, including the use of a single predictor, a pooled cross-sectional design, and the reliance on Price Close as a proxy for firm value. Future research is encouraged to adopt panel data approaches, incorporate additional control variables, and utilize alternative valuation measures such as Tobin's Q to better capture firm value dynamics.

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