

The Effect of Profitability and Solvency on the Firm Value of Listed State-Owned Banks in Indonesia

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ABSTRACT

This study examines the effects of profitability and solvency on the firm value of publicly listed state-owned banks in Indonesia. A quantitative approach was employed using financial statement data from four state-owned banks listed on the Indonesia Stock Exchange over the 2011–2020 period. The study applied a saturated sampling technique, resulting in 40 observations, and used documentation to collect the data. Multiple linear regression was employed to analyze the data and test the proposed hypotheses. Profitability was measured using return on equity (ROE), solvency was measured using the debt-to-equity ratio (DER), and firm value was measured using Tobin's Q. The findings indicate that profitability has a positive and statistically significant effect on firm value, whereas solvency has a negative and statistically significant effect. Furthermore, profitability and solvency jointly have a statistically significant effect on firm value. The coefficient of determination (R^2) is 0.580, indicating that the two independent variables explain 58% of the variation in firm value, while the remaining 42% is associated with factors outside the model. These findings suggest that profitability and debt management are important considerations in evaluating the firm value of publicly listed state-owned banks. Investors may use these financial indicators to support investment decisions and assess corporate financial performance.

Keywords: Profitability, Solvency, Firm Value, State-Owned Banks, Indonesia.

I. Introduction

Firm value is a fundamental concern in corporate finance because it reflects investors' assessments of a company's financial performance, risk exposure, and future growth prospects. For publicly listed companies, firm value is particularly important because market valuation influences shareholders' wealth and provides an external indication of how effectively management allocates financial resources. Profitability and financing decisions are therefore important factors in understanding market valuation. However, their effects may vary across industries because firms operate under different regulatory environments, financial structures, and risk profiles. Research on capital structure has demonstrated that financing decisions and firm performance are closely related, although the direction and magnitude of their relationships depend on the characteristics of the firms being examined (Berger & Bonaccorsi di Patti, 2006; Graham & Leary, 2011).

The relationship between financial performance and firm value is particularly relevant in the banking industry. Banks perform an essential intermediary function by mobilizing public savings and channeling funds to households, businesses, and productive economic activities. Their financial condition consequently has

implications beyond individual shareholders. In Indonesia, state-owned banks occupy a strategically important position in the financial system. The World Bank (2023) reported that the four largest state-owned banks accounted for approximately 43% of total banking assets, highlighting their substantial role in the national economy. Nevertheless, state ownership does not eliminate the importance of market discipline. When state-owned banks are publicly listed, investors must still assess their profitability, financial risks, and prospects to determine whether their market valuations are justified. Understanding the financial determinants of their firm value is therefore relevant to investors, bank management, and policymakers.

Profitability represents a company's capacity to generate earnings from the resources and capital entrusted to its management. In this study, profitability is measured using return on equity (ROE), which indicates the earnings generated relative to shareholders' equity. A higher ROE may signal effective resource utilization, stronger financial performance, and greater potential to generate shareholder returns. From a signaling perspective, favorable financial information can reduce information asymmetry between corporate management and external investors, potentially influencing market assessments. Nevertheless, profitability does not automatically translate into higher firm value because investors also consider the sustainability of earnings, financial risks, and future prospects. Empirical research on Indonesian listed companies has generally identified a positive relationship between profitability and firm value, although the strength of this relationship may depend on the institutional and financial context (Akhmadi & Januarsi, 2021).

Solvency represents a company's capacity to meet its financial obligations and reflects the relationship between debt financing and equity. This study uses the debt-to-equity ratio (DER) to measure solvency, with a higher ratio indicating greater debt relative to equity. Debt can provide financing for business expansion and potentially improve the use of shareholders' capital. However, excessive leverage can increase financial risk, raise financing costs, and constrain a company's capacity to absorb adverse economic conditions. These competing effects mean that the relationship between leverage and firm value cannot be assumed to be uniformly positive or negative. Berger and Udell (2006) demonstrated the relevance of leverage to agency costs and firm performance in the banking industry, while Graham and Leary (2011) highlighted the complexity of empirical relationships between capital structure and corporate outcomes.

Recent Indonesian studies also illustrate the importance of examining these relationships within specific contexts. Fadhillah and Widajantie (2024) investigated profitability, firm size, and leverage among Indonesian banking companies, while Rahayu et al. (2025) examined profitability, leverage, and dividend policy as potential determinants of firm value in the Indonesian banking sector. These studies contribute to the growing discussion of financial determinants of market valuation. However, findings from broader banking samples and different observation periods do not necessarily establish the same relationships for state-owned banks over an earlier period. In addition, studies examining profitability and leverage together remain relevant because their individual effects may differ from their combined statistical relationship with firm value. Evidence from the Indonesian banking sector also indicates that profitability and leverage may exhibit different relationships with firm value depending on the variables and sample period considered (Chang & Wirianata, 2025; Zalukhu & Franita, 2026).

Despite this growing literature, further context-specific evidence is useful regarding the relationship between profitability, solvency, and firm value among publicly listed Indonesian state-owned banks. The present study addresses this empirical focus by examining four state-owned banks listed on the Indonesia Stock Exchange over the 2011–2020 period. Profitability is operationalized as ROE, solvency as DER, and firm value as Tobin's Q. This combination provides a focused assessment of accounting-based profitability, debt relative to equity, and market-based valuation within the same analytical framework. The study does not claim that these relationships have never been investigated; rather, it contributes evidence for a defined institutional setting and historical observation period.

Accordingly, this study aims to examine the individual effects of profitability and solvency on the firm value of publicly listed state-owned banks in Indonesia and to determine whether both variables jointly explain variation in firm value. Using a quantitative approach and multiple linear regression, the study

evaluates the direction and statistical significance of the relationships among ROE, DER, and Tobin's Q. Its contribution is primarily empirical, providing historical evidence that may help investors interpret profitability and debt-related financial indicators when evaluating listed state-owned banks. The findings may also inform financial managers about the importance of balancing earnings performance and financing risk. By focusing on a defined group of state-owned banks, this study offers a context-specific contribution to the broader discussion of corporate valuation in an emerging financial market.

II. Literature Review

2.1. Signaling Theory and Firm Valuation

Signaling theory provides a theoretical perspective for understanding how financial information influences investors' assessments of a company. Spence (1973) introduced signaling theory to explain how information held by one party can be communicated to another party under conditions of information asymmetry. In corporate finance, financial statements can serve as signals that help investors assess management performance, financial stability, and future prospects. Profitability may provide a favorable signal when a company consistently generates earnings, whereas a high debt burden may raise concerns about financial risk and the company's ability to meet its obligations. The interpretation of financial signals depends on the broader financial condition of the company. Investors do not evaluate profitability or leverage in isolation; rather, they consider how these indicators relate to the company's capacity to generate future cash flows and sustain its operations. Consequently, profitability and solvency may provide complementary information for assessing firm value. This perspective is particularly relevant to publicly listed banks, where investors evaluate both earnings performance and the risks associated with financial leverage.

2.2. Profitability and Firm Value

Profitability reflects a company's ability to generate earnings from the financial resources available to management. It is an important indicator of financial performance because it provides information about how effectively shareholders' capital and other resources are used to generate returns. In this study, profitability is measured using return on equity (ROE), calculated as net income relative to shareholders' equity. A higher ROE generally indicates that a company generates greater earnings relative to its equity base. From the perspective of investors, this performance may signal effective management, stronger earnings capacity, and the potential to generate shareholder returns. When investors interpret higher profitability as evidence of sustainable financial performance, demand for the company's shares may increase, potentially contributing to a higher market valuation. Nevertheless, the relationship between profitability and firm value is not necessarily automatic. A high ROE may also reflect a relatively small equity base or substantial financial leverage. Investors therefore need to consider the sustainability of earnings and the risks associated with the company's financing decisions. In this study, the expected positive relationship between ROE and firm value is examined empirically rather than assumed to hold under all circumstances. Accordingly, the following hypothesis is proposed:

H1: Profitability has a positive and statistically significant effect on the firm value of publicly listed state-owned banks in Indonesia.

2.3. Solvency and Firm Value

Solvency concerns a company's capacity to meet its financial obligations and maintain a sustainable financing structure. One commonly used indicator is the debt-to-equity ratio (DER), which measures the amount of debt relative to shareholders' equity. A higher DER indicates that debt financing is greater relative

to the company's equity base, although the interpretation of an appropriate ratio depends on the characteristics and regulatory requirements of the industry. Debt financing can support business expansion and provide additional resources for operational activities. However, greater leverage may also increase interest obligations, refinancing exposure, and vulnerability to adverse financial conditions. In banking, leverage requires particular attention because banks operate with substantial financial liabilities and are subject to prudential capital and risk-management requirements. Therefore, a higher DER may be interpreted by investors as an indication of greater financial risk, potentially reducing the market's assessment of the company's value.

The relationship between solvency and firm value can nevertheless vary according to the benefits and costs of debt financing. Modigliani and Miller's (1963) capital structure framework recognizes that corporate financing decisions can have valuation implications when corporate taxes are considered. In practice, the potential benefits of debt must be weighed against the associated financial risks. For publicly listed state-owned banks, the effect of DER on firm value therefore requires empirical examination within the institutional and regulatory context in which these banks operate. Based on the expectation that higher leverage may increase perceived financial risk, this study proposes the following hypothesis:

H2: Solvency, measured by the debt-to-equity ratio, has a negative and statistically significant effect on the firm value of publicly listed state-owned banks in Indonesia.

2.4. Firm Value and Its Measurement Using Tobin's Q

Firm value reflects the market's assessment of a company's assets, financial performance, and future prospects. For publicly listed companies, market-based measures are useful because they incorporate investors' expectations and assessments of risk in addition to information reported in financial statements. In this study, firm value is measured using Tobin's Q, which relates the market value of a company's assets to the replacement cost of those assets in its theoretical formulation. A higher Tobin's Q is generally interpreted as indicating that the market assigns a relatively high valuation to the company's asset base. This may reflect expectations of future growth, favorable assessments of management, or the perceived ability of the company to generate value beyond the resources currently employed. However, Tobin's Q should not be interpreted as a direct measure of profitability, because market valuation also reflects expectations, risk, and other factors. The use of Tobin's Q is appropriate for this study because the research focuses on publicly listed banks, whose shares are traded in the capital market. By examining Tobin's Q alongside ROE and DER, the study assesses whether accounting-based profitability and debt relative to equity are associated with market-based firm valuation.

2.5. The Joint Effect of Profitability and Solvency on Firm Value

Profitability and solvency represent different but related dimensions of corporate financial performance. ROE indicates the earnings generated relative to shareholders' equity, whereas DER captures the relationship between debt and equity financing. Considered together, these indicators provide a broader perspective on the relationship between earnings performance, financial risk, and market valuation. A bank may report high profitability, but the sustainability of that performance may depend partly on its financing structure and exposure to financial risk. Conversely, a relatively conservative financing structure does not necessarily guarantee a high market valuation if the bank cannot generate adequate returns from its resources. Investors may therefore evaluate profitability and leverage jointly when assessing a bank's financial position and future prospects. For publicly listed state-owned banks, examining these variables simultaneously is relevant because their market valuation reflects both their ability to generate earnings and the risks associated with their financing structure. The joint analysis can establish whether ROE and DER collectively explain a statistically significant proportion of the variation in Tobin's Q. However, a statistically

significant joint effect does not, by itself, establish that both variables have positive individual effects. Their individual directions and significance must be interpreted separately from the overall regression test.

Accordingly, the third hypothesis is formulated as follows:

H3: Profitability and solvency jointly have a statistically significant effect on the firm value of publicly listed state-owned banks in Indonesia.

III. Research Method

3.1. Research Design

This study employs a quantitative research design to examine the effects of profitability and solvency on the firm value of publicly listed state-owned banks in Indonesia. The study uses financial statement data covering the 2011–2020 period. Multiple linear regression is employed to estimate the relationships between the independent variables and the dependent variable and to test the proposed hypotheses.

3.2. Population, Sample, and Data Collection

The population comprises four state-owned banks listed on the Indonesia Stock Exchange (IDX): PT Bank Mandiri (Persero) Tbk. (BMRI), PT Bank Negara Indonesia (Persero) Tbk. (BBNI), PT Bank Rakyat Indonesia (Persero) Tbk. (BBRI), and PT Bank Tabungan Negara (Persero) Tbk. (BBTN). The study applies a saturated sampling technique, including all four banks in the analysis. The observation period covers 2011–2020, resulting in 40 bank-year observations, provided that complete annual data are available for all banks throughout the period. Secondary data are collected through documentation of the banks' financial statements and used to calculate the financial ratios and firm-value measure required for the analysis.

3.3. Operational Definitions and Measurement of Variables

This study includes two independent variables, namely profitability (X_1) and solvency (X_2), and one dependent variable, firm value (Y).

- a. Profitability (X_1). Profitability is measured using return on equity (ROE), which indicates a company's ability to generate earnings relative to shareholders' equity. According to Kasmir (2015), ROE is calculated as follows:

$$\text{ROE} = (\text{Net Income After Tax} / \text{Total Equity}) \times 100\%$$

- b. Solvency (X_2). Solvency is measured using the debt-to-equity ratio (DER), which represents the relationship between total debt and total equity. According to Kasmir (2015), DER is calculated as follows:

$$\text{DER} = \text{Total Debt} / \text{Total Equity}$$

- c. Firm Value (Y). Firm value is measured using Tobin's Q, a market-based indicator used to assess a company's market valuation relative to its asset base. The operational formula applied in this study follows the calculation used in the original dataset.

3.4. Data Analysis Techniques

The data are analyzed using descriptive statistics, classical regression assumption tests, multiple linear regression, and hypothesis testing. Descriptive statistics summarize the minimum, maximum, mean, and standard deviation of each research variable. Classical regression assumption tests include the Kolmogorov–Smirnov test for normality, tolerance and variance inflation factor (VIF) values for multicollinearity, a scatterplot of standardized residuals against standardized predicted values for heteroscedasticity, and the Durbin–Watson statistic for autocorrelation. Multiple linear regression is used to examine the effects of profitability and solvency on firm value. The regression model is specified as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where:

Y = Firm value (Tobin's Q)
 α = Constant
 β_1 = Regression coefficient of profitability
 β_2 = Regression coefficient of solvency
 X_1 = Profitability (ROE)
 X_2 = Solvency (DER)
 ε = Error term

3.5. Hypothesis Testing

Hypothesis testing consists of partial t-tests, a simultaneous F-test, and the coefficient of determination (R^2). The partial t-tests assess the individual effects of profitability and solvency on firm value. The simultaneous F-test evaluates whether profitability and solvency jointly have a statistically significant effect on firm value. The coefficient of determination (R^2) indicates the proportion of variation in firm value explained by the independent variables included in the regression model.

The hypotheses are formulated as follows:

H₁: Profitability has a positive and statistically significant effect on firm value.
 H₂: Solvency has a negative and statistically significant effect on firm value.
 H₃: Profitability and solvency jointly have a statistically significant effect on firm value.

The hypotheses are evaluated at a 5% significance level ($\alpha = 0.05$). A p-value below 0.05 indicates a statistically significant result, while a p-value equal to or greater than 0.05 indicates that the result is not statistically significant.

IV. Result and Discussion

4.1. Descriptive Statistics

Table 1 presents the descriptive statistics for profitability (ROE), solvency (DER), and firm value (Tobin's Q) based on 40 observations from four publicly listed state-owned banks over the 2011–2020 period.

Table 1. Descriptive Statistics

Variable	N	Minimum	Maximum	Mean	Std. Deviation
ROE (X1)	40	0.02	0.35	0.1968	0.07022
DER (X2)	40	5.31	17.07	7.7513	2.54283
Tobin's Q (Y)	40	0.98	1.25	1.1053	0.08212

The descriptive statistics show that ROE ranges from 0.02 to 0.35, with a mean of 0.1968 and a standard deviation of 0.07022. These results indicate that the average ROE is approximately 0.1968 in the reported measurement scale. DER ranges from 5.31 to 17.07, with a mean of 7.7513 and a standard deviation of 2.54283, indicating variation in the debt-to-equity ratios across the observations. Tobin's Q ranges from 0.98 to 1.25, with a mean of 1.1053 and a standard deviation of 0.08212. These statistics provide an initial overview of the financial characteristics of the sampled banks. However, descriptive statistics alone cannot establish whether profitability or solvency significantly influences firm value. Those relationships are examined through regression analysis and hypothesis testing.

4.2. Classical Regression Assumption Tests

a. Normality Test

The Kolmogorov–Smirnov test produces a statistic of 0.601 and a significance value of 0.863. Because the p-value exceeds the 0.05 significance level, the null hypothesis of normality is not rejected. Thus, the test provides no statistically significant evidence against the normality assumption for the regression residuals.

b. Multicollinearity Test

The tolerance values for both ROE and DER are 0.943, while the corresponding variance inflation factor (VIF) values are 1.060. These values are within commonly accepted diagnostic thresholds, indicating no evidence of problematic multicollinearity between the independent variables. Therefore, multicollinearity is unlikely to be a major concern in interpreting the estimated regression coefficients.

c. Heteroscedasticity Test

The scatterplot of standardized residuals against standardized predicted values does not show a clear systematic pattern or distinct funnel-shaped distribution. This visual evidence does not indicate an obvious heteroscedasticity problem. Nevertheless, the conclusion is based on graphical inspection and should be interpreted as a diagnostic indication rather than definitive proof of constant residual variance.

d. Autocorrelation Test

The Durbin–Watson statistic is 1.954. The original analysis reports an upper bound (dU) of 1.600 and a value of $4 - dU$ equal to 2.400. Because the reported statistic falls between these bounds, the original diagnostic procedure indicates no evidence of first-order autocorrelation under the stated decision rule. The critical bounds should be verified against the appropriate Durbin–Watson table and model specification before publication.

4.3. Multiple Linear Regression Analysis

The estimated multiple linear regression equation is:

$$Q = 1.079 + 0.647ROE - 0.013DER + \varepsilon$$

where Q represents firm value measured by Tobin's Q, ROE represents profitability, DER represents solvency, and ε denotes the error term.

- a. The intercept is 1.079, representing the predicted value of Tobin's Q when both ROE and DER equal zero. Although this intercept is part of the regression equation, its economic interpretation is limited to the extent that zero values for both independent variables fall outside the relevant range of the observed data.
- b. The ROE coefficient is 0.647, indicating a positive association between profitability and firm value. Holding DER constant, a one-unit increase in ROE is associated with a 0.647-unit increase in Tobin's Q, according to the estimated model. The interpretation of this coefficient must take into account the measurement scale used for ROE.

- c. The DER coefficient is -0.013 , indicating a negative association between solvency, as proxied by DER, and firm value. Holding ROE constant, a one-unit increase in DER is associated with a 0.013-unit decrease in Tobin's Q. These coefficients describe conditional statistical relationships within the estimated model and should not, by themselves, be interpreted as establishing causal effects.

4.4. Hypothesis Testing

a. Partial t-Tests

The partial t-tests evaluate the individual relationships between the independent variables and firm value.

- 1) The effect of profitability on firm value. The estimated t-statistic for ROE is 5.049, with a reported p-value of 0.000 in the original output. This value should be reported as $p < .001$ rather than $p = .000$. The positive coefficient and statistically significant result support H1. Therefore, profitability has a positive and statistically significant association with firm value in the sampled state-owned banks.
- 2) The effect of solvency on firm value. The estimated t-statistic for DER is -3.708 , with a p-value of 0.001. The negative coefficient and statistically significant result support H2. Thus, higher DER is associated with lower firm value in the estimated model.

The standardized beta coefficients are 0.554 for ROE and -0.407 for DER. Based on their absolute magnitudes, ROE has the larger standardized coefficient in the model. This suggests that profitability has the stronger standardized association with firm value among the two predictors. This comparison should be interpreted cautiously because the variables represent different financial dimensions.

b. Simultaneous F-Test

The ANOVA table reports an F-statistic of 25.525, with 2 and 37 degrees of freedom and a reported significance value of 0.000. The result should be reported as $F(2, 37) = 25.525$, $p < .001$. This indicates that the regression model containing ROE and DER is statistically significant overall. Accordingly, H3 is supported in terms of joint statistical significance. The result indicates that profitability and solvency jointly contribute to explaining variation in firm value. However, the F-test does not establish that both variables have positive individual effects; their directions are determined by their respective regression coefficients and partial tests. A conflicting F-statistic of 9.198 and a significance value of 0.001 in a separate passage. The original SPSS output must be checked to resolve this discrepancy before the final article is submitted.

c. Coefficient of Determination

The regression model reports an R^2 of 0.580 and an adjusted R^2 of 0.557. The R^2 value indicates that ROE and DER jointly account for 58.0% of the observed variation in Tobin's Q within the sample. The remaining 42.0% is not explained by these two predictors in the estimated model and may be associated with other omitted factors, random variation, and measurement error. The adjusted R^2 of 0.557 provides a related measure that accounts for the number of predictors and the sample size. These results indicate that the model explains a substantial proportion of the sample variation, although they do not establish that the selected predictors are the only relevant determinants of firm value.

4.5. Discussion

a. The Effect of Profitability on Firm Value

The findings indicate that profitability, measured by ROE, has a positive and statistically significant association with firm value. The estimated coefficient is 0.647, the t-statistic is 5.049, and the reported significance value is below 0.001. These results support H1 and suggest that, within the sampled banks and observation period, higher profitability is associated with higher market valuation. This relationship can be interpreted through the signaling perspective. Profitability provides information about management's ability to generate earnings relative to shareholders' equity. When investors perceive stronger earnings performance

as sustainable, they may develop more favorable expectations about future returns and the company's financial prospects. Such expectations may be reflected in market valuation. Nevertheless, ROE alone cannot establish whether earnings are sustainable, because the ratio may also be affected by changes in the equity base and financial leverage.

The result is consistent with the studies including Sulistyono et al. (2020), Syahputri et al. (2020), Yahdiyani and Suryono (2017), Novitasari and Kusumowati (2021), Yasin and Studiviany (2021), Supriyadi (2021), and Nugroho and Muslihat (2021), which the original authors report as finding a positive and statistically significant relationship between ROE and firm value. The standardized beta coefficient for ROE is 0.554, which is larger in absolute value than the coefficient for DER, at -0.407 . This indicates that ROE has the stronger standardized association with Tobin's Q in the estimated model. The finding suggests that profitability deserves attention when investors assess the sampled banks, although the relative importance of financial indicators may differ across institutions and observation periods.

b. The Effect of Solvency on Firm Value

The regression results indicate that DER has a negative and statistically significant association with firm value. The estimated coefficient is -0.013 , the t-statistic is -3.708 , and the p-value is 0.001. These findings support H2 and indicate that higher debt relative to equity is associated with lower Tobin's Q within the sample. One possible explanation is that greater leverage may increase perceived financial risk. Investors may consider the implications of debt obligations for future earnings, financial flexibility, and the capacity to withstand adverse economic conditions. If the perceived costs and risks of leverage outweigh its potential benefits, market valuation may decline as DER increases.

However, this result should not be interpreted as evidence that debt financing always reduces firm value. Debt can also support business expansion and provide funding for productive activities. In banking, liabilities are an integral part of the operating model, so the relationship between leverage and valuation must be interpreted in light of bank-specific regulatory and financial characteristics. The negative coefficient in this study describes the observed relationship in the sampled banks rather than a universal rule for all banks or firms. Nurfina and Widyarti (2016), Kahfi et al. (2018), and Nafisah et al. (2018) as studies reporting a negative and statistically significant relationship between DER and firm value. These comparisons may strengthen the discussion once the cited publications and their operational definitions have been verified. In particular, the financial sector and the observation periods should be compared to determine whether the results are genuinely comparable.

c. The Joint Effect of Profitability and Solvency on Firm Value

The simultaneous F-test indicates that ROE and DER jointly form a statistically significant regression model for firm value, $F(2, 37) = 25.525$, $p < .001$, based on the ANOVA table. The R^2 value of 0.580 further indicates that the two predictors account for 58.0% of the observed variation in Tobin's Q in the sample. These results suggest that market valuation is associated with more than one dimension of financial performance. Profitability captures earnings relative to equity, while DER reflects the relationship between debt and equity financing. Considering the two variables together provides a more comprehensive assessment than examining either indicator in isolation. For investors, the findings highlight the relevance of assessing both earnings performance and debt exposure when evaluating publicly listed state-owned banks. For bank management, they suggest the importance of maintaining profitability while managing financing risk. However, the regression results do not identify all factors that determine firm value, and the unexplained variation indicates that other firm-specific and market-related factors may also be relevant.

Sulistyono et al. (2020) and Kahfi et al. (2018) as reporting a significant joint relationship between ROE, DER, and firm value. These comparisons should be retained only after the original studies have been checked for consistency in variables, methods, and findings. Overall, the results support the proposed individual relationships between profitability, solvency, and firm value and indicate that the regression model is statistically significant. The findings are specific to the four state-owned banks and the 2011–2020 observation period. Accordingly, the conclusions should not be generalized automatically to all Indonesian banks or to more recent market conditions.

V. Conclusion

This study examines the role of Bhabinkamtibmas officers of Jayapura City Police in preventing crime and maintaining public security and order in Jayapura City. The findings reported in the article indicate that Bhabinkamtibmas responsibilities have been implemented in accordance with applicable regulations and have received a positive response from the community. The activities described include community engagement, facilitating communication between police officers and residents, and resolving local disputes through deliberation and cooperation. However, the article concludes that these efforts have not yet resulted in a reduction in the crime rate in Jayapura City because implementation constraints remain. The findings highlight the distinction between carrying out institutional responsibilities and achieving measurable crime-prevention outcomes.

The findings underscore the importance of examining the relationship between formal police responsibilities and their implementation in local communities. From a role-theory perspective, the performance of Bhabinkamtibmas depends not only on the duties prescribed by institutional regulations but also on the organizational and social conditions in which those duties are performed. From a community-policing perspective, police–community partnerships are an important component of preventive policing, but the existence of such partnerships should not be treated as sufficient evidence of crime reduction. Practically, strengthening the role of Bhabinkamtibmas requires adequate operational guidelines, qualified personnel, sufficient facilities and infrastructure, appropriate budget support, and sustained cooperation among the police, local government, and community stakeholders. Evaluation should also distinguish between activities undertaken and outcomes achieved. Documenting community concerns, follow-up actions, and changes in local security conditions would provide a stronger basis for assessing program implementation and effectiveness.

The available article provides limited methodological and empirical detail for independently assessing its conclusions. In particular, it does not clearly report the research design, participant characteristics, interview procedures, documentary sources, or systematic comparisons of crime statistics across defined periods. These limitations concern the transparency and evidentiary detail of the available report and should not be interpreted as proof that the underlying research did not collect additional data. Future research should examine the implementation and outcomes of Bhabinkamtibmas activities using clearly documented qualitative procedures and, where feasible, supporting quantitative evidence. Interviews with police officers, community members, local government representatives, and other relevant stakeholders could provide a more comprehensive understanding of implementation challenges and community participation. Documentary analysis could be complemented by comparable crime statistics from clearly specified periods to examine changes in reported criminal activity. Comparative studies across villages or urban-village areas could also identify how staffing, operational resources, local leadership, and community engagement influence implementation. Such research would provide a stronger empirical foundation for evaluating community policing and developing evidence-informed strategies to improve public security and order in Jayapura City.

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