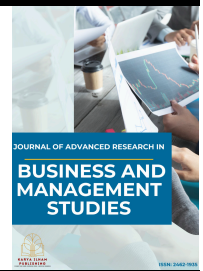




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The Influence of Asset Growth, Profitability, and Firm Size on The Value of Malaysian Technology Firms

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ABSTRACT

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This study investigates the financial determinants of firm value measured by Tobin's Q among publicly listed technology companies on Bursa Malaysia over the ten-year period from 2014 to 2023. Utilizing a balanced panel dataset of Malaysian technology firms, the empirical analysis employs panel correlation and regression techniques (fixed and random effects models) to evaluate the relative influence of profitability, asset growth, and firm size on market valuation. The empirical findings indicate that profitability consistently exerts a positive and statistically significant impact on firm value, demonstrating that operational efficiency, margin quality, and sound earnings performance are the primary drivers of market appreciation. In contrast, asset growth and firm size display complex and non-linear relationships with Tobin's Q, suggesting that balance-sheet expansion and scale do not automatically yield higher market premiums. Within the capital-intensive and highly volatile environment of Malaysia's technology and semiconductor sector, these results demonstrate that capital efficiency outweighs pure size. Ultimately, this paper provides crucial empirical insights for corporate managers seeking to optimize capital allocation, investors evaluating tech stock fundamentals, and policymakers designing targeted industry growth strategies.

1. Introduction

Firm value serves as a fundamental benchmark for evaluating a company's financial performance and overall market standing, where higher valuations consistently correlate with enhanced shareholder prosperity and wealth creation [1]. For market participants and capital providers, firm

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value acts as a vital diagnostic tool, enabling investors to evaluate corporate fundamentals and identify optimal market entry points for share investments [2]. From a strategic financial management perspective, the primary and overarching objective of any firm is the maximization of corporate value. This goal is achieved by optimizing operational performance to increase the present value of anticipated future profits and cash flows accrued to equity holders over time [3]. Ultimately, achieving an elevated firm value not only signals superior operational execution and greater long-term prosperity for shareholders [4], but it is also deeply interconnected with the company's underlying balance sheet strength and total asset base. Consequently, companies prioritize maximizing overall firm value and asset scale. Valuation serves as the monetary expression of an enterprise's resources at a specific point in time, indicating the theoretical compensation upon asset transfer [5]. Investors rely on firm worth to project profitability and guide investment decisions. According to signaling theory, a firm transmits vital information about its underlying financial strength to investors through the quality and scale of its asset base [6].

Firm value is a pivotal indicator within Malaysia's technology sector, reflecting an enterprise's capacity to generate future cash flows and cultivate shareholder wealth [7]. Navigating this sector is inherently complex due to rapid innovation cycles, substantial capital intensity, and pronounced market volatility [8]. Profitability serves as a critical performance driver by signalling operational efficiency, whereas firm size offers economies of scale and superior capital access, though its impact fluctuates with changing market conditions [9]. Furthermore, strategic asset growth remains vital, particularly for companies investing heavily in intangible assets and continuous innovation. However, the sector faces growing macro-level headwinds, ranging from US-China geopolitical trade frictions to competitive disruptions from emerging technologies like China's DeepSeek AI factors that recently exerted downward pressure on the Bursa Malaysia Technology Index [9]. Consequently, an empirical investigation into the interplay among asset growth, profitability, and firm size is essential to equip investors, corporate leaders, and policymakers with actionable insights that foster long-term competitiveness and sustainability [10].

Asset growth is a central priority for both internal and external stakeholders, serving as an indicator of corporate expansion and driving investor confidence [11]. An expanding asset base signals robust future cash flow a vital prerequisite for capital investment that ultimately enhances firm value. Because investor risk perception dictates capital allocation, sustained profitability is critical to operational viability. As Triwulan [12] demonstrates, a deficit in profitability severely restricts access to external financing and discourages investor commitment. In this context, profit margin serves as a key gauge of managerial efficiency, directly reflecting how effectively sales revenue translates into net income.

The firm's value correlates positively with its size, as larger businesses are generally better equipped to navigate financial competition and market fluctuations. This capability reduces uncertainty and enhances investor confidence. Larger firms enjoy greater flexibility and easier access to financing, which smaller firms lack. Investors perceive a firm's size as indicative of its strength and future potential and thus use size as a gauge for investment assessments, potentially increasing the firm's value. Overall, firm value is a critical indicator of financial performance, reflecting investor sentiment and the potential for future returns. Maximizing firm value, directly linked to total assets, is a key objective for companies. A firm's worth is influenced by various financial factors and can be measured in multiple ways, with market capitalization being one method. Additionally, asset growth, profitability, and company size significantly impact a firm's overall value.

Recent market developments highlight heightened uncertainties for Malaysian technology firms, driven primarily by escalating geopolitical tensions particularly the US-China trade conflict and emerging competitive pressures, such as the emergence of low-cost AI models like China's DeepSeek.

These macro-environmental headwinds led to a sector downgrade to a "neutral" outlook, with the Bursa Malaysia Technology Index falling by nearly 8%, significantly underperforming the broader market's 3.5% decline [13]. Furthermore, stricter US regulations on advanced semiconductors alongside shifting market dynamics have stalled the semiconductor upcycle, previously a major growth driver. This volatile climate has eroded investor risk appetite and compressed valuation multiples, complicating conventional assessments of firm value.

Consequently, empirical research into how internal financial drivers specifically asset growth, profitability, and firm size affect enterprise valuation in this sector is urgently needed. Addressing this gap in the literature offers crucial, context-specific insights for investor decision-making, strategic corporate management, and policy formulation aimed at sustainable sector growth. To this end, this study investigates the impact of asset growth, profitability, and firm size on the value of Malaysian technology companies.

1.1 Asset Growth

One of the financial management functions is asset growth, which involves funds investors in a variety of investment decisions to maximise firm value by obtaining higher revenue from future funding expenses [14]. Asset growth, which is usually calculated year over year, is the percentage increase in a company's total assets over a given time period. It measures the rate at which a business grows its asset base, which consists of both tangible and intangible assets and reflects investments in technology, operational capacity, and other resources necessary for expansion [15].

Asset growth is seen as a comprehensive indicator of a company's investment activities, including financing from debt issue, equity issuance, and retained earnings, all of which add to the rise in total assets [16]. Rapid asset growth, however, can also indicate possible hazards like overexpansion or inefficient capital allocation, which, if improperly managed, could have a negative impact on future returns. Firms that can effectively manage their resources to generate profits allow them to expand their business possibilities and add new assets. This is positive for investors as it increases the potential that their investment will produce a high return [17]. The first author says that asset growth has an important effect on the firm's worth, and the second author agrees, stating that asset growth significantly improves the company's value [18]. In a similar vein, Rizka and Ulfida [38] define asset growth as the difference in total assets between the current and prior periods and emphasise that asset utilisation influences whether asset expansion enhances company performance [36].

Additionally, recent studies indicate that there may not always be a positive correlation between asset growth and firm value. While 2026 research of Indonesian banks revealed that asset expansion increased firm value indirectly thru profitability, asset growth was found to have a positive and large impact on firm value in Indonesian consumer-goods enterprises [37,39]. On the other hand, studies on the asset-growth anomaly reveal that, especially when profitability and financing constraints are taken into account, strong asset growth may be linked to poorer subsequent stock returns [38]. As a result, rather than being utilised as a stand-alone indicator of firm value, asset growth should be assessed in conjunction with profitability, asset utilisation, financing structure, and investment efficiency.

H1: There is a positive impact between asset growth and value of firm.

1.2 Profitability

Profitability serves as an indicator for a company's position with creditors and investors. High profitability businesses will have large total assets, which they can utilise to raise more money by

selling shares that have been appreciated in value. The goal of investing in a business is to earn a profit [19]. Investors expect a bigger return on their investment when a firm has a stronger ability to earn a profit, which increases the value of the company. According to a study by Ramezani et al. [20], profitability significantly increases a company's value. The results of this study line up with previous research by Prasetyorini [21]. According to a study by Sudiyatno *et al.*, [22], which states that profitability has a significant and positive effect on firm value.

The ability of a business to produce earnings that surpass its costs, indicating the effectiveness and success of its operations in generating financial advantages, is referred to as profitability. Profitability, which helps stakeholders evaluate how well a business uses its resources to generate income, is a relative measure that is frequently expressed as ratios like net profit margin, return on assets, or return on equity, in contrast to profit, which is an absolute amount of money earned after deducting costs [23]. It shows whether a business's revenue adequately covers its costs and leaves a surplus that can support long-term financial health, attract investment, and sustain expansion [24].

Several recent research shown there are positive correlation between profitability and firms value. Profitability has a positive and considerable impact on a firm's value, which is compatible with the notion that higher profits indicate efficiency and growth potential to investors [40]. Furthermore, a firm's value is significantly impacted by its profitability, with larger earnings drawing in investors and boosting firm value [43]. A more comprehensive examination of the literature finds that most of the research verify that profitability typically has a favourable impact on business value since investors see it as an indication of efficiency and promising future growth [41,42].

Profitability typically has a positive and considerable impact on firm value since it shows the ability to make profits and so attracts investors, according to several studies that use ROA/ROE as profitability proxies [42]. Profitability (such as ROA) has a major impact on firm's value in banking and other industries, strengthening the connection between earnings capability and valuation [44]. These results support your claims that a company's profitability boosts its worth and that investors anticipate greater returns when a company has a greater capacity to generate profits.

H2: There is a positive impact between profitability and value of firm.

1.3 Company Size

A key concept in corporate finance is company size, which is commonly quantified by total assets, revenue, market capitalisation, or the number of employees. These metrics each capture different facets of a firm's size and economic impact. Company size refers to a company's scale or magnitude, which is often assessed by measures such as staff count, total revenue, market value, and total assets. It is a crucial feature that sets small, medium, and large businesses apart and affects their market strength, operational capability, and resource accessibility [25]. For instance, huge companies employ hundreds or thousands of people and make significant profits, whereas small businesses usually have fewer than 100 employees and little revenue. Firm size is frequently determined in empirical corporate finance using proxies such as market capitalization, revenue, or total assets, each of which captures certain facets of a company's size and economic impact [26].

Larger companies generally to have higher market capitalizations, which gives creditors and investors' confidence that the business will be able to secure the financial resources it needs to operate [27]. According to Hermuningsih [28], bigger companies will have an easier time obtaining outside funding sources. This ease of obtaining outside funding will allow the business to expand its operational activities continuously, which will increase value. According to Prasetya *et al.*, [29], firm value is significantly and significantly impacted by firm size. According to empirical research, larger businesses have greater access to outside funding since they are more likely to get bank loans and

issue bonds or shares and are less likely to be credit constrained [45,46]. This financial benefit encourages ongoing development and investment, which affects the firm's worth [45-47]. The significance of context, measurement, and sample characteristics is shown by the fact that while many recent research suggest that larger firm size is related with higher market valuation, others report negative or non-significant impacts.

H3: There is a positive impact between company size and value of firm.

1.4 Signaling Theory

Signaling theory provides the conceptual foundation for this study. This theory holds that a firm's management can undertake certain actions to communicate their outlook on the company's prospects to investors [30]. Initially, the concept of signaling centered on job market signaling, whereby prospective employees conveyed information to employers through their educational credentials [31]. Today, sellers in the marketplace also rely on signaling, transmitting signals to potential buyers to help them evaluate the quality of the products on offer. According to Signaling theory, investment activity and strong profit income can serve as a positive signal about a firm's future growth through the expansion of its total assets, which are regarded as an indicator of a company's importance [32]. In line with this theory, management's decision to invest in asset growth may act as a reliable indicator of the firm's future development [33]. Larger firms (with larger asset bases) typically have higher valuation metrics (e.g., price-to-book value), which is consistent with the claim that a larger asset base gives management more flexibility to deploy resources and create value [48]. Setiadharmas *et al.*, [34] argue that firm size can influence firm value, since a large total asset base gives management greater scope to deploy company resources in more innovative ways. The flexibility to utilise these assets makes it easier for management to supervise and conduct business operations that generate added value for the organisation.

2. Methodology

This study employs a quantitative research design based on secondary data to examine the determinants of firm value. Specifically, it investigates the relationships between three independent variables asset growth, profitability, and firm size and the dependent variable, firm value. Given its reliance on secondary data, this study draws on information compiled and made publicly available by other parties. Secondary data refers to information originally collected by others for purposes other than the current investigation; it provides a robust empirical foundation for research and is generally accessible at little or no cost [35]. The use of such data enables the study to leverage credible, publicly disclosed financial information for analysis.

This study focuses primarily on Malaysia, a developing nation, as its population of interest. The sample consists of 34 firms listed on Bursa Malaysia, from which 350 data observations will be collected. The target population includes leading technology companies such as Inari the largest listed tech firm in Malaysia along with MYEG, Vitrox, and others. The study spans a ten-year sample period, covering 2014 to 2023. The data is sourced from the annual reports of these firms, which are publicly available on the Bursa Malaysia website.

Firm value, the dependent variable, is measured using Tobin's Q, which is derived from firms' market value, total liabilities, and total assets. The relevant data are obtained from the annual reports published on the Bursa Malaysia website. Asset growth is measured through the comparison of total assets in the current period with total assets in the preceding period, with data likewise sourced from annual reports available on the Bursa Malaysia website. Profitability is proxied by the ratio of net

income to total equity, with the underlying data retrieved from the World Data Bank. Finally, firm size is measured as the natural logarithm (ln) of total assets, based on data drawn from the annual reports on the Bursa Malaysia website.

To examine the relationships between the variables, the data is evaluated using multiple analytical methods, namely descriptive analysis, correlation analysis, and regression analysis. Panel data serves as the primary research instrument, enabling the collection of information across the full ten-year period.

3. Results

3.1 Descriptive Analysis

Table 1
Descriptive analysis

	Mean	Median	Max.	Min.	Std. Dev.	Obs
TOBIN Q	1076.472	203.099	11226.730	5.740	2038.373	340
ASSET GROWTH	83954424	1666800	1320	19962	1790	340
PROFITABILITY	0.043	0.087	0.384	-1.384	0.224	340
SIZE	15.192	14.159	20.999	9.902	3.071	340

According to the findings, Tobin's Q as the dependent variable for value of firm has a mean of 1,076.472 and a median of 203.099. With a standard deviation of 2,038.373, the highest and lowest values are 11,226.730 and 5.740, respectively. The extensive range and high standard deviation show significant variation in firm value across the studied firms. Asset growth range from a minimum of 1,320 to 19,962 cost of assets, means a few firms are valued high in market. According to the standard deviation 1,790, is relatively small compared to the mean, suggesting that most firms' asset growth rates are clustered near the lower end, with a few very high values.

The mean for profitability is 0.043, with a median 0.087, indicating that more than half of the firms have profitability above the average, but some firms with negative profitability pull the mean down. A minimum of 0.384, and a maximum of -1.384, showing that some firms experienced significant losses. For standard deviation is 0.224, showing that there is moderate variability in profitability across firms. Firm size, measured as the natural logarithm of total assets, has a mean of 15.19 and a median of 14.16, with a range from 9.90 to 21.00 and a standard deviation of 3.07, indicating a sample that includes both small and very large firms.

3.2.1 Correlation analysis

Table 2
Correlation analysis

	TOBIN Q	ASSET GROWTH	PROFITABILITY	SIZE
Tobin's Q	1			
Asset Growth	0.132**	1		
Profitability	0.285***	0.178***	1	
Size	0.061	0.604***	0.080	1

*Significant at 10% level, **Significant at 5% level, ***Significant at 1% level

Table 2 shows the correlation analysis using the variables in this study. The correlation coefficients indicate strength and direction of a relationship between the variables, while the p-values show statistical significance of this relationship.

Tobin's Q, which measures the market value of a firm relative to the replacement cost of its assets, shows interesting relationships with the other variables. The correlation between Tobin's Q and asset growth is 0.132, which is statistically significant at the 5% level, indicating a weak but positive association. This suggests that firms experiencing higher asset growth tend to have slightly higher market valuations. The correlation between Tobin's Q and profitability is stronger at 0.285 and highly significant at the 1% level, implying that more profitable firms are more highly valued by the market. However, the correlation between Tobin's Q and firm size is weak and not statistically significant, suggesting that firm size does not have a meaningful linear association with Tobin's Q in this sample.

Asset growth, reflects the rate at which a firm's assets expand. Asset growth is also positively and significantly correlated with profitability at 0.178, significant at 1%, suggesting that firms growing their assets are often also more profitable. The strongest correlation for asset growth is with firm size at 0.604, significant at 1%, indicating that larger firms tend to experience higher asset growth, or conversely, firms with rapid asset growth become larger over time.

Profitability, which measures a firm's ability to generate earnings from its assets and operations, is a central indicator of financial health and performance. However, the relationship between profitability and firm size is weak which is correlation coefficient, 0.080 and not statistically significant, indicating that, within this sample, there is no clear linear relationship between a firm's size and its profitability. This could imply that both small and large firms can be equally profitable, depending on their industry, management, or market conditions.

Company size, often measured as the natural logarithm of total assets, captures the scale and operational capacity of a company. The most notable relationship in the correlation analysis is between size and asset growth, which is correlation coefficient, indicating a very strong and statistically significant association. This suggests that larger company tend to grow their assets more rapidly, or that company experiencing rapid asset growth naturally become larger. The correlations between size and the other variables Tobin's Q and profitability are both weak and not statistically significant, suggesting that, in this sample, company size does not have a meaningful direct linear association with either market valuation or profitability.

3.3 Regression Analysis

Table 3
Regression analysis

Variables	TOBIN'S Q as DV
Asset Growth	0.0000
Profitability	2494.165 **
Size	59.668 ***
R-Squared	0.080351
Adjusted R-Squared	0.074893
Durbin-Watson stat	0.39718

*Significant at 10% level, **Significant at 5% level, ***Significant at 1% level

Table 3 shows the regression analysis using the variables for this study, the dependent variable is Tobin's Q, which measures a firm's market value relative to the replacement cost of its assets. A

higher Tobin's Q typically indicates that the market values the firm more highly compared to its asset base, often reflecting growth prospects or intangible value.

The independent variables include asset growth, profitability, and size. Asset growth has a coefficient of 0.0000 with a p-value of 0.686, indicating that its effect on Tobin's Q is very small and not statistically significant. This could be due to several reasons, maybe investors do not view asset growth as a reliable indicator of future profitability, or it could be that the effect of asset growth is already captured by other variables in the model.

Profitability has a coefficient of 2494.165 and a p-value of 0.013, which is statistically significant at the 5% level. This suggests that higher profitability is strongly associated with an increase in Tobin's Q. This finding aligns with financial theory and market expectations, investors are typically willing to pay a premium for companies that can consistently generate strong profits, as this signals effective management, competitive advantage, and potential for future growth.

Company size has a coefficient of 59.688 and a p-value of 0.004, which is statistically significant at the 1% level. This suggests that higher company size is strongly associated with an increase in Tobin's Q. There are several possible explanations for this relationship, larger firms may benefit from economies of scale, greater market power, better access to capital, or more diversified operations, all of which can contribute to higher market valuations. Meanwhile, investors may perceive larger firms as less risky or more stable, further justifying a higher Tobin's Q.

The study provides valuable insights into the factors influencing firm market value, as measured by Tobin's Q, through descriptive, correlation, and regression analyses. The descriptive statistics reveal considerable variation in firm values across the sample, with some firms achieving exceptionally high market valuations. Asset growth tends to be modest for most firms, although a few experiences rapid expansion. Profitability is generally positive, but the presence of firms with losses indicates moderate variability in earnings performance. Firm sizes vary widely, reflecting a diverse sample that includes both small and very large companies.

Correlation analysis highlights the relationships between Tobin's Q and the independent variables. Tobin's Q shows a weak but positive and statistically significant association with asset growth, suggesting that firms expanding their assets tend to have slightly higher market valuations. More importantly, profitability demonstrates a stronger and highly significant positive relationship with Tobin's Q, indicating that firms generating higher profits are valued more favourably by the market. In contrast, firm size does not exhibit a meaningful linear correlation with Tobin's Q, implying that size alone does not directly influence market valuation in the studied firms.

Further correlations among the independent variables reveal that asset growth is positively and significantly related to both profitability and firm size. The strongest relationship is between asset growth and firm size, suggesting that larger firms tend to grow their assets more rapidly or that firms experiencing rapid asset growth become larger over time. However, the relationship between profitability and firm size is weak and not statistically significant, indicating that firm size does not have a clear connection with profitability within this sample.

The regression analysis confirms that profitability and firm size significantly and positively affect Tobin's Q, while asset growth does not have a statistically significant impact. This suggests that investors place greater value on a firm's ability to generate profits and its scale rather than merely on the rate at which its assets grow. Larger firms may benefit from economies of scale, market power, and better access to capital, which can contribute to higher market valuations. Meanwhile, profitability signals effective management and competitive advantage, which are highly valued by investors.

The findings reveal that asset growth and profitability are positive and significant for correlation analysis, but size is negative significant for correlation analysis. However, profitability and size are

positive and significant for regression analysis, but asset growth negative significant for regression analysis. The findings of this study reveal that asset growth are positively and significantly associated with firm value (Tobin's Q) among Malaysian public listed companies for correlation analysis. Indicating that companies expanding their asset base-whether through investments in technology, capacity, or innovation-are generally rewarded by the market with higher valuations.

Therefore, the findings find that profitability are both positively and significantly associated with firm value (Tobin's Q). Regression analysis demonstrates that firms with higher profitability ratios, tend to achieve higher market valuations. This underscores the importance of efficient management and operational effectiveness in enhancing shareholder wealth and market confidence.

Lastly, the findings find that company size, measured by total assets or market capitalization, but a negative significant relationship with firm value. While larger firms typically benefit from economies of scale and greater access to capital, the results suggest that in the Malaysian context, increasing size does not automatically translate into higher market value. This negative coefficient may reflect challenges such as operational inefficiencies, bureaucratic inertia, or diminishing returns to scale that can accompany firm expansion, particularly in the fast-evolving technology sector.

This all results indicate that external market conditions and sector-specific dynamics play a crucial role in shaping the relationship between these financial factors and firm value. The recent volatility and competitive pressures in Malaysia's technology sector, driven by global geopolitical tensions and rapid innovation cycles, may amplify the risks associated with asset growth and large-scale operations. This context underscores the importance for firms to not only focus on financial metrics but also adapt to changing market environments and technological advancements.

4. Recommendations and Conclusions

First, technology firms that are publicly traded should target the improvement of profitability as a central strategy to enhance firm value. The positive relationship between Return on Equity (ROE) and Tobin's Q is statistically significant, suggesting that firms that are able to generate more returns on shareholders' equity are more likely to be valued higher in the market. To improve profitability, companies need to improve operational efficiency, better cost-management practices and pursue sustainable revenue-growth strategies. This may involve investing in research and development, optimising product portfolios, adopting effective management practices and leveraging digital technologies to improve productivity. Being profitable consistently can boost investor confidence, draw capital and result in higher valuations.

Second, firms should pursue asset growth cautiously and strategically managed. Although the asset growth is positively related to the firm value, the growth should be compatible with the firm's core competencies, financial capacity and market demand. Investment in tangible and intangible assets requires rigorous project evaluation, realistic appraisal of returns and good capital allocation decisions. Additionally, companies need to continuously monitor asset utilisation and performance to ensure that growth delivers sustainable returns and does not lead to excess capacity, financial strain or operational inefficiencies.

Third, larger firms should remain cognisant of the challenges that can come from organisational scale. Negative or diminishing effects of firm size on Tobin's Q can be explained by bureaucratic inefficiencies, slower decision making, coordination problems, or difficulties in managing large asset bases. Large technology companies need to simplify internal procedures, increase organisational accountability and implement structures that enable agility and timely decision-making to address these risks. Decentralisation, technology-enabled management systems, performance-based

evaluation and continuous process improvement may all contribute to large firms' retaining their operational agility and maintaining their market value.

In addition, investors and financial analysts should also consider the profitability, asset growth and firm size jointly instead of analysing these determinants separately. An holistic evaluation can provide a more complete picture of the firm's potential to create value. For example, a company that grows assets in a disciplined manner and at the same time generates strong earnings may be better placed to create shareholder value than a company that expands without adequate earnings capacity. This integrated approach is especially relevant when considering technology companies which typically operate in highly competitive and rapidly changing markets.

Policymakers and regulators should foster an institutional environment conducive to sustainable profitability, innovation and responsible corporate growth. Steps to improve firms' access to finance, raise standards of corporate governance, encourage research and development and increase transparency could help strengthen market confidence. Additionally, sector-specific initiatives could be developed to address the challenges faced by large or rapidly growing technology firms. Such policies could help mitigate the risks of inefficient expansion and strengthen the resilience and competitiveness of Malaysia's technology sector.

Finally, future studies should investigate other factors that might affect the value of technology firms listed in Malaysia. Future research could examine the effects of risk-management practices, corporate-governance quality, capital structure, intensity of research and development, innovation capability and external economic shocks. As technology sector is evolving rapidly, it would be interesting to explore the impact of digital transformation, adoption of artificial intelligence, and Industry 4.0 technologies on the firm value in more detail. Researchers can also study the moderating or mediating relationship between profitability, asset growth, firm size and other firm specific or macroeconomic variables.

5. Conclusion

This study investigated the financial determinants of firm value (Tobin's Q) among public listed technology companies in Bursa Malaysia during the 10-year period from 2014 to 2023. The findings suggest that profitability, particularly Return on Equity, is a significant positive determinant of firm value. The positive association between asset growth and firm valuation indicates that healthy asset growth and prudent investment in assets can create value. However, the negative or decreasing relationship between size and firm value implies that the growing scale does not necessarily result in higher market valuation and may lead to inefficiencies when not accompanied by effective organisational and managerial systems.

To summarise, the results show that the value of the firm is driven by the quality and efficiency of resource management, not by the size and growth of the firm. As they grow, technology companies should therefore focus on generating sustainable returns, investing capital wisely and keeping their organisations agile. Managers, investors and policymakers need to take an integrated view that recognises the interrelationship between profitability, asset growth and firm size.

The study contributes to a better understanding of firm-value determinants in the publicly listed technology sector in Malaysia and provides practical implications for corporate decision making and investment evaluation. However, firm value might also be influenced by governance, risk, innovation, macroeconomic conditions and other factors not discussed in this study. Future studies that include these variables as well as new developments such as digital transformation and Industry 4.0 adoption can provide a more holistic explanation of value creation in the evolving technology sector of Malaysia.

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