

A SYSTEMATIC LITERATURE REVIEW OF RELATIVE VALUE



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Abstract

Previous studies on firm value have rarely focused on relative value, making it an interesting research area. This study aims to examine the development of research focusing on relative value measured using price to book value and price earnings ratio by conducting a systematic literature review. The data is analyzed using a qualitative approach based on an empirical review of several reputable journals involving the examination of journals published between 2014 and 2023. The results of this study offer a comprehensive review of relative value developments over the past decade. The research addresses gaps in the existing literature and acts as a valuable reference for future investigations on relative value. This research has broad implications for informing decision makers, practitioners, and policymakers, emphasizing the need for a holistic approach in understanding the various practical aspects of relative value.

INTRODUCTION

A major research issue regarding relative firm value is the lack of comprehensive research focusing on relative firm value. Some previous studies on firm value have been conducted but very rarely focus on the relative value of the company so that research on relative value is still very interesting to do. This study aims to examine the development of research focusing on relative value measured using price to book value and price earnings ratio by conducting a systematic literature review. The data is analyzed using a qualitative approach based on an empirical review of several reputable journals involving the examination of journals published between 2014 and 2023. The results of this study offer

a comprehensive review of relative value developments over the past decade. The research addresses gaps in the existing literature and acts as a valuable reference for future investigations on relative value. This research has broad implications for informing decision makers, practitioners, and policymakers, emphasizing the need for a holistic approach in understanding the various practical aspects of relative value.

Firm value is the investor's perception of the manager's success rate in managing the company's resources entrusted to him which is often linked to the stock price (Indrarini, 2019). The company's value is one of the most crucial elements to take into account when choosing an investment (Larasati et al., 2020) & (Arviana & Wibisono, 2023). Company's value presents a value attached to the company based on the market, company value is also considered to provide prosperity for shareholders if the company's share price increases. In addition, firm value is how the market responds to information in financial reports in determining the company's share price. If the prospects of investors will flock to invest their money in the company (Sutrisno, 2020). The company valuation used is relative value. According to Schofield & Bowler (2011), the relative value definition is "the optimal way to express a particular view of the market" (Schofield & Bowler, 2011). The relative value of a company is appealing to investors for several reasons. First, it can be easily determined through financial ratios like Price to Book Value (PBV) and Price Earnings Ratio (PER), which help investors identify whether a company's stock price is undervalued or overvalued. This enables investors to make more informed investment decisions. Furthermore, relative value is crucial for stakeholders, especially investors, as it reflects market sentiment and investor perceptions of a company's financial outlook, which can influence its stock price. Relative value is measured by composite index Price to Book Value (PBV) and Price Earnings Ratio (PER). Relative valuation is often used as a reference for valuing stocks by capital market players because the calculation method is quite simple and does not use many input variables. The results of this study can be used for management, investors, and regulators in making decisions related to firm value as measured by using relative value in this case Price to Book Value (PBV) and Price Earnings Ratio (PER).

The novelty of this research lies in the relative value of the company which is a combination of Price Book Value (PBV) and Price Earnings Ratio (PER). Relative value is measured using a composite index combined between PBV and PER. Relative Value (RV) in this study is measured using the average value of the Price Book Value (PBV) and Price Earnings Ratio (PER) composite indices. In contrast, previous studies focused more on one relative value variable which is part of the company's value measured using one of the relative value ratios using either only PBV or PER. In addition to exploring theoretical studies, variables, methodologies, metrics, and research areas, this study also connects the findings more thoroughly to understand the overall relative value framework of companies in various sectors and subsectors of companies in Indonesia. Therefore, the novelty of this study lies in the comprehensive approach in understanding the relative value of a company across its various sectors and subsectors. The purpose of this study is to provide a comprehensive overview of the development of firm value proxied using relative value over the past decade, namely from 2014-2023, providing fundamental insights into theoretical developments, variables, methodologies, metrics, and research areas. It aims to deepen the understanding of the topic of relative value of a company and provide valuable insights for future analyses.

METHOD

A Systematic Literature reviews (SLR) serve various crucial goals (Sasanti et al., 2024). SLR can offer comprehensive overviews of the current knowledge in a specific field, pinpointing areas for future research. In making this SLR research, a systematic review of Scopus indexed peer reviewed journals has been conducted using Publish or Perish software in the journal search. Four key phrases namely firm value, relative value, price book value, and price earnings ratio were used to search and ensure the suitability of the journal search in the main field of research. Subsequently, these four criteria are used as a filter in obtaining suitable journals. This screening process aims to ensure quality research for synthesis. After a comprehensive review of all available journals, 46 journals published in the period

2014-2023 were systematically analyzed three phases of bibliometric research methodology according to PRISMA Flow Diagram. The identification phase obtained 223 journals. the screening phase obtained 62 journals, the final phase included obtaining 46 journals. The identification of all journals is shown in Figure 1 and Table 1 below.

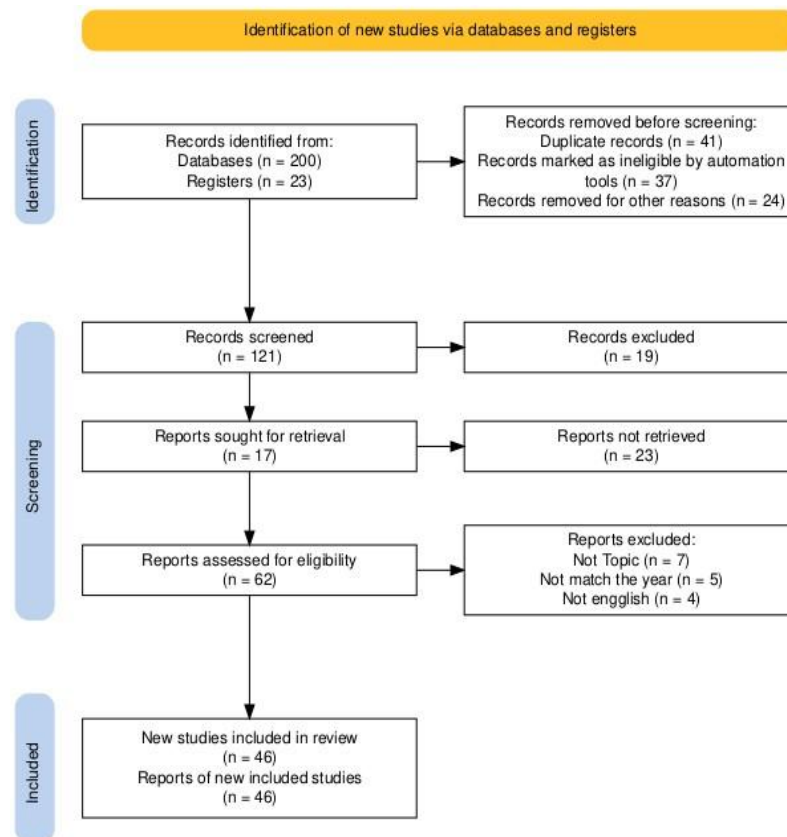


Figure 1. Three phases of bibliometric research methodology according to PRISMA Flow Diagram

Table 1. Journal Identity

No	Journal Name	Total
1	International Journal of Innovation, Creativity and Change (ijicc)	4
2	Sustainability	2
3	European Research Studies Journal	2
4	International Journal of Financial Research (ijfr)	2
5	Review Of International Geographical Education	2
6	Journal of Digital Economics and Business (MINISTAL)	1
7	Springer. Lecture Notes in Networks and Systems	1
8	International Journal of Financial Research	1
9	Investment Management and Financial Innovations	1
10	Oblik i finansi	1
11	Urban Development and Infrastructure	1
12	I J A B E R	1
13	CORE University of Birmingham	1
14	Academy of Accounting and Financial Studies Journal	1
15	Jurnal of International Convergence	1
16	Turkish Journal of Computer and Mathematics Education	1
17	Journal Of Law and Sustainable Development	1
18	International Journal of Application on Economics and Business (IJAEB)	1
19	International Journal of Economics, Business and Management Research	1
20	Asian Journal of Economics, Business and Accounting	1
21	Journal of Enterprise and Development (JED)	1
22	International Journal of Economics, Business and Accounting Research (IJEBAR).	1

23	Journal of Accounting, Finance and Auditing Studies	1
24	Wiley and Financial Management Association International are collaborating with JSTOR to digitize, preserve and extend access to Financial Management	1
25	Wseas Transactions On Business And Economics	1
26	Corporate & Business Strategy Review	1
27	Review of Quantitative Finance and Accounting	1
28	Economía Chilena	1
29	Journal Of Eastern European and Central Asian Research	1
30	East Asian Journal of Multidisciplinary Research (EAJMR)	1
31	International Journal of Accounting and Information Management	1
32	ScienceDirect: Heliyon	1
33	Studies in Business and Economics	1
34	Management Research Review. Emeral Publishing Limited	1
35	Sage Open	1
36	European Journal of Business and Management.	1
37	Green Design and Manufacture	1
38	International Review of Economics and Finance	1
39	S.Afr.J.Bus.Manage	1
Total		46

Source: Data processed (2024)

In order to identify and analyze the data, this research used a categorical approach where the data was used as the unit being analyzed. Categorization was an invaluable technique in mapping and critically examining the data collected. Various classifications were explored in the coding to enhance the clarity of the analysis scheme in the coding.

Then, the scheme was tested on a sample of journals and refined iteratively to obtain the final cluster version, as described by Massaro et al., (2016). The final clustering results are presented in Table 2 below.

Table 2. Systematic Literature Review Criteria

A	Research Type
	Cluster Description: Identification of the research methodology
	Coding Categories:
	1. Paradigm
	a. Quantitative
	b. Qualitative
	c. Mixed methods
B	Research Context
	Cluster Description: Identification of the research context
	Coding Categories:
	2. Sector
	a. Manufacturing
	b. Financial Industry
	c. All Industry
	d. LQ45 Company
	e. Other Sector
C	Theory
	Cluster Description: Identification of the research theories
	Coding Categories:
	3. Theory
	a. Signaling Theory
	b. Agency Theory
	c. Stakeholder Theory
	d. Capital Structure Theory
	e. Other Theory

D Variables

Cluster Description: Identification of the types of research variables

4. Variables Used

- a. Independent Variables
- b. Dependent Variables
- c. Moderating Variables
- d. Control Variables

E Measurement

Cluster Description: Identifying Relative Value

5. Measurements

- a. Price Book Value (PBV)
- b. Price Earnings Ratio (PER)
- c. Enterprise to EBITDA
- d. Price to Cash Flow (P/CF)
- e. Other Measurements

Source: Data processed (2024)

RESULTS

Figure 2 shows the dynamic landscape of journals published on relative value from 2014 to 2023. In 2014 two journals were published on relative value, in 2015 and 2016 there was a decrease to only one journal each. In 2017 there was an increase to four journals while in 2018 there was another decrease to two journals. In 2019 there was a significant increase from two journals to six published journals. In 2020, publications on relative value again experienced a significant increase from the previous six journals to nine published journals. The decline in the number of publications on relative value occurred again in 2021 from nine journals to only six published journals. The increase in journal publications related to relative value again occurred in 2022 from the previous six to seven published journals. The number of publications on relative value again occurred in 2023, from seven journals to as many as eight journals.

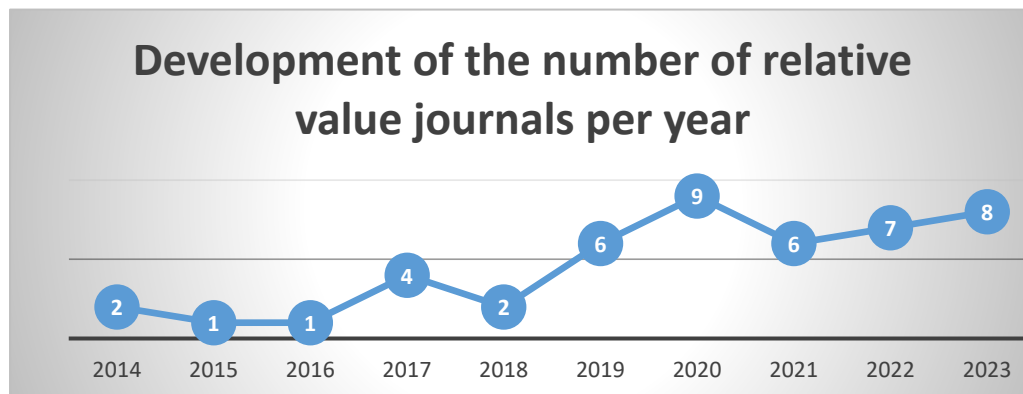


Figure 2. Development of the Number of Relative Value Journals Each Year

Figure 4 shows a comprehensive overview of the relative value of company's research with an analysis of 46 selected journals using the research methodology described earlier. Various research paradigms are depicted in this study. Of the three paradigms, namely quantitative, qualitative, and mixed method, the quantitative paradigm is still the dominant paradigm with 44 journals produced. While the qualitative and mixed method paradigms each with only one published journal. This shows that quantitative analysis is the main tool in research on relative value. The opposite happens to qualitative and mixed method research methods, each of which has only one journal published over the past ten years. This suggests that the qualitative and mixed methods research paradigms have not become alternative research paradigms but remain important to the development of relative value research. The details of this study can provide valuable insights into the methodological landscape of

relative value research by displaying a clear tendency towards quantitative approaches while still showing the importance of the contributions of qualitative and mixed methods research paradigms in relative value research.

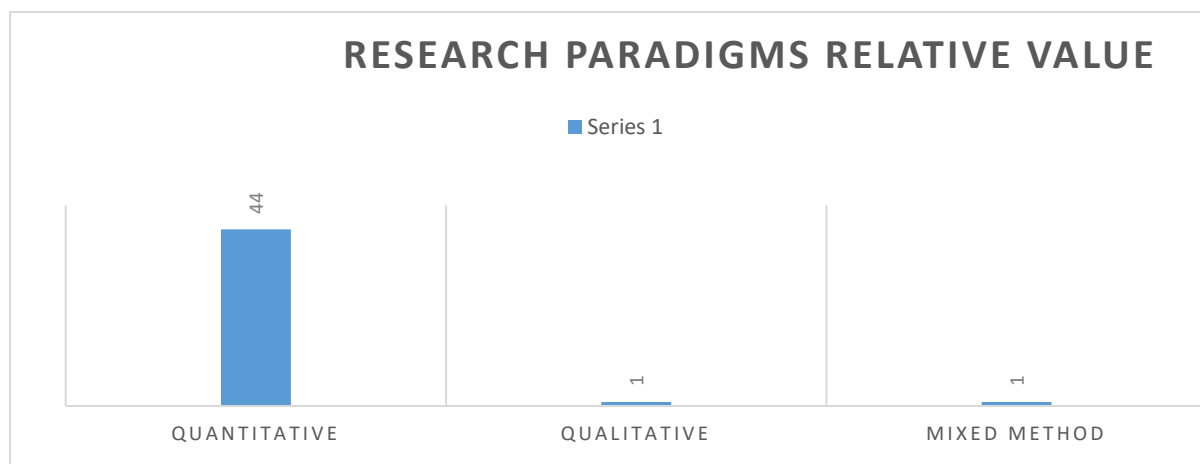


Figure 3. Research paradigm

Table 3 shows the sectors examined in the relative value research topic.

Table 3. Research Sectors

No.	Research Sector	Total
1	Manufacturing sector	13
2	Financial industry	6
3	All industry	5
4	LQ45 Company	5
5	Basic Industry	2
6	Oil and Gas Sector	2
7	Food and Beverage	2
8	Shariah Industry	1
9	Mining sector	1
10	Securities Data Corporation (SDC)	1
11	Consumer Goods Industry	1
12	IDX30	1
13	Property Sector	1
14	Non-Financial firm	1
15	Non-cyclical consumer sector companies	1
16	Sri Kehati Index	1
17	JII-70 Index	1
18	Communication	1
Total		46

Source: Data processed (2024)

Table 3 shows the distribution of research devoted to the relative value of firms across different industry sectors. In particular, the manufacturing industry emerges as the center of research attention with 13 journals dedicated to this sector. The next relative value-related research attention is on the financial industry sector with six studies. The group of companies in the LQ45 index and the overall industry sector with five studies each. Basic industry, oil and gas, Food and beverages with two studies each. While the mining sector, shariah, SDC, consumer goods industry, IDX30, property, non-financial, non-cyclical consumer sector, sri kehati index, JII70 index, and communication each with only one journal produced.

These findings indicate a clear emphasis on the manufacturing sector in relative value research. However, these findings also suggest a deep research gap in terms of the distribution of research attention, indicating potential opportunities for future exploration. Diversifying research efforts to cover different sectors can provide a more comprehensive understanding of relative value across industries. This understanding is crucial in guiding future research initiatives and fostering a more comprehensive understanding of relative value dynamics. Table 4 below provides an overview of the theories used in relative value research.

Table 4. Research Theory

No	Theory	Total	Percentage
1	Signaling Theory	15	32,61%
2	Agency Theory	7	15,22%
3	Stakeholder Theory	4	8,71%
4	Capital Structure Theory	3	6,52%
5	Financial Management Theory	2	4,35%
6	Q Theory	2	4,35%
7	Cost of Capital Theory	1	2,17%
8	Modigliani and Miller Theory	1	2,17%
9	Legitimacy Theory	1	2,17%
10	Good Corporate Governance Theory	1	2,17%
11	Pecking Order Theory	1	2,17%
12	Financial Intermediation Theory	1	2,17%
13	Theory of Net Surplus	1	2,17%
14	Valuation, Fundamentals of Portfolio Theory	1	2,17%
15	Trade Off Theory	1	2,17%
16	Theory of the Firm	1	2,17%
17	Theory principles and asymmetric relation-ship boolean algebra.	1	2,17%
18	Theory of Mergers and Acquisitions	1	2,17%
19	Roll's theory	1	2,17%
Total		46	100

Source: Data processed (2024)

Table 5 below shows the details of the theories used in the relative value research.

Table 5. Theories Used by the Authors

No	Teori	Penulis
1	Signaling theory	(Adiputra et al., 2020); (Angga & Dermawan, 2023); (Br Bukit & Nasution, 2016); (Fadjar et al., 202); (Gani et al., 2022); (Heryana et al., 2020); (Krisna Putri et al., 2023); (Maulina et al., 2023); (Neldi et al., 2023); (Emudainohwo, 2017); (Suhendi et al., 2022); (Sutrisno et al., 2020); (Wiyono & Safitri, 2021)
2	Agency theory	(Ahmad et al., 2021); (Constand et al., 1991); (Eom & Nam, 2017); (Haryono & Paminto, 2015); (Hidayat et al., 2020); (Jeroh, 2020); (Kurniawansyah & Kurnianto, 2020)
3	Stakeholder Theory	(Chabachib et al., 2019); (Gupta & Garg, 2022); (Harun et al., 2020); (Tarjo et al., 2022)
4	Capital Structure Theory	(Battisti et al., 2020); (Abdul et al., 2019); (Alghifari et al., 2022)
5	Trade of theory	(Alghifari et al., 2022); (Uzliawati et al., 2018)
6	Financial Management Theory	(Jajang, 2022), (Neldi et al., 2023)
7	Cost of Capital Theory	(Aras & Kazak, 2022)
8	Modigliani and Miller Theory	(Purwanto & Agustin, 2017)
9	Legitimacy Theory	(Titisari et al., 2019)
10	Good Corporate Governance Theory	(Badruzaman et al., 2022)

11	Pecking Order Theory	(Fosu et al., 2016)
12	Financial Intermediation Theory	(Buchory, 2020)
13	Theory of Net Surplus	(Indupurnahayu et al., 2023)
14	Valuation, Fundamentals of Portfolio Theory	(Yuliani et al., 2021)
15	Q Theory	(Bhattacharya et al., 2020)
16	Theory of the Firm	(Yulianti et al., 2023)
17	Theory principles and asymmetric relationship boolean algebra.	(Bhaskaran et al., 2023)
18	Theory of Mergers and Acquisitions	(Bianconi & Tan, 2019)
19	Roll's theory	(Hammar, 2014)

Source: Data processed (2024)

Table 6 shows an overview of the measures taken to assess the relative value of a company in the context of this study. The analysis shows that the most widely used measure is Price Book Value (PBV) featuring 27 journals. The second most common relative value measure is the Price Earnings Ratio (PER) with 12 journals. These findings demonstrate the prevalence and importance of PBV and PER as key metrics in evaluating the relative value of companies. PBV and PER have their own prominence in the literature which indicates an agreement among researchers regarding the efficacy and accuracy of the measures in capturing important aspects of relative value in various contexts. Recognizing these widely used metrics is critical in establishing a common framework for relative value research and facilitating meaningful comparisons across studies.

Table 6. Relative value measurement

No	Measurement	Total
1	Price Book Value (PBV)	27
2	Price Earnings Ratio (PER)	12
3	Enterprise to EBITDA	3
4	Price to Cash Flow (P/CF)	1
5	Brand values (BVS)	1
6	Price Earning to Growth (PEG)	1
7	Price to Cash Flow (P/CF)	1

Source: Data processed (2024)

The next analysis was to identify the number of dependent variables related to relative value. The names and frequencies of these variables are shown in Table 7 below.

Table 7. Number of Dependent Variable in Each Research

Dependent Variables	Frequency
0	0
1	34
2	8
3	2
4	1
5	1
Total	46

Table 8 illustrates the variables used in the relative value research which are grouped into independent, control, mediation, and moderation variables.

Table 8. Names of Relative value Variables

No	Variable Name	Independent	Control	Mediating	Moderation
1	Earning per share	3			
2	Firm size	10	4		1
3	Return on asset	4			1
4	Capital structure	5			
5	Profitability	2		1	
6	Dividen policy	8		1	
7	Tax avoidance	2			
8	ESG	1			
9	Return on equity	8	1		
10	Capital ratio		1		
11	Capital adequacy ratio		1		
12	Concentration		1		
13	GDP		1		
14	Inflation		1		
15	Earning growth	4			
16	Current ratio	3			
17	Debt to equity ratio	8	1		
18	Institutional ownership	1			1
19	Corporate social responsibility	5		1	1
20	Corporate governance	3			
21	Cost of capital			1	
22	Liquidity	1	1		
23	Leverage	1			
24	Profitability	3		2	
25	Financial decision	1			
26	Productivity sustainable investment based on financial constraints			1	
27	Firm characteristics	1			
28	Intellectual capital			1	
29	Voluntary disclosoure	1			
30	Audit quality	1			
31	Public ownership	1			
32	Asymmetry information	1			
33	Tangible growth		1		
34	Corporate attributes	1			
35	Banking intermediation	1			
36	Asset quality	1			
37	Price earnings ratio	3			
38	Stock price	1			
39	Sales	1	1		
40	Debt to asset ratio	2			
41	Earning Growth Rate	1			
42	Average Share Price	1			
43	Market return	3			
44	Shareholder Equity	1			
45	Average Asset Employed	1			
46	Price book value	1			
47	Tobin's Q	1			
48	Stock return	1			
49	Price to sales ratio	1			
50	Net income	1			
51	Hedging Policies				1
52	Tax planning	1			
53	CSRD	1			
54	Governance, firm and country-specific		1		
55	Financial fraud			1	
56	Long term debt to equity ratio	1			
57	Long term debt to asset ratio	1			
58	Financial performance			1	
59	Firm risk			1	
60	Industry classification				1

61	Board size	1
62	Growth opportunities	1
63	Difference in differences (DID) strategy with and without propensity score matching	1
64	Ratio of book value to market value	1
65	Debt ratio	1
66	market beta	1
67	equity holding rate	1
68	foreigner equity ratio	1
69	Small firm premiums	1
70	value of land	1
71	Share of Ownership	1
72	Financial institutions and trust companies	1
73	Share of ownership individual Japanese	1
74	Share of ownership individual foreign	1
75	Standard deviation of earning	1
76	Expected growth rate in earning	1
77	Dividen per share	1

Source: Data processed (2024)

Table 8 outlines systematically the various forms of variables including independent variables, control variables, mediating variables, and moderating variables used to assess their influence on the relative value of a company. In addition to being the dependent variable, the relative value measurement is also used as an independent variable such as the Price Book Value (PBV), Price Earnings Ratio (PER), Price to Sales Ratio (PSR) variables. The various treatments of these relative value proxy variables indicate the complexity and diverse nature of the investigation both as an independent variable and as a dependent variable.

In addition to being the dependent variable, it was found that relative value proxy measures are also used as independent variables. Eom & Nam (2017) & Putri et al., (2023) used Price Book Value (PBV) as an independent variable with a focus on its direct impact. Buchory (2020) & Jajang (2022) also use Price Earnings Ratio (PER) as an independent variable. This comprehensive breakdown of the use of relative value provides a deep understanding of how various forms contribute to relative value research. The various roles given to the measurement of relative value variables emphasizes the ever-evolving nature of research methodologies that require approaches tailored to the specific objectives of each study. The importance of this study lies in the breadth of insights shown into the complex landscape of relative value research.

The comprehensive breakdown shown in Table 8 as a whole not only shows the incorporation of various forms of variables but also looks at their influence both directly and indirectly on relative value. For example, the variables of firm size, profitability, dividend policy, institutional ownership, corporate social responsibility are not only used as independent variables that directly affect the relative value, but also as control, mediation and moderation variables that indirectly affect the relative value. The importance of this research lies in its ability to reveal the complicated and evolving nature of relative value investigations. The different insights gained from the various roles assigned to key variables signaled the need for methodological adjustments that are a reflection of the unique objectives and context of each study. In addition to enriching the understanding of relative value, this comprehensive breakdown provides a roadmap for future research on the still highly dynamic relative value of firms.

The systematic breakdown in Table 8 adds significantly to the scope of knowledge on relative value research by offering a more detailed understanding of how variables such as firm growth, firm size audit committee, dividend policy and other variables are used in various relative value studies. The recognition of different approaches such as the treatment of firm size as an independent variable, control variable, or moderating variable represents the adaptability of researchers in addressing the diverse nature of relative value. This analysis provides insight into the evolving methodologies in the field, identifying gaps and providing avenues for future exploration. The diverse understanding of variable usage not only enriches the theoretical framework but also offers valuable guidance in designing more effective research methodologies tailored to the unique objectives and context of each study. Overall,

this breakdown contributes to a deeper understanding of the dynamics of firm relative value, providing impetus for the continued development and refinement of the relative value field.

A review of 46 journals can provide invaluable insights into the current relative value research landscape, revealing strengths as well as potential areas for future exploration. Notably, for the majority of studies that rely on secondary data sources, such as financial ratios, using analytical approaches are familiar. However, a deep gap was identified where the use of other perspectives from business practitioners and academics such as surveys and interviews seemed to be underutilized. Future research uses the application of survey and interview methods to add insights directly from the leaders and members of an organization so as to enrich the breadth and depth of a company's relative value for business sustainability.

This comprehensive examination also underscores the need for continued attention to the topic of relative value research with an emphasis on the potential for analysis using qualitative and mixed-method approaches in addition to quantitative methods. Despite the abundance of literature, gaps were identified that require further research exploration. These reviews emphasize the use of various theories with agency theory being the most common reference. However, calls for future research suggest that there are opportunities to explore relative value through alternative theoretical perspectives such as good corporate governance theory, which emphasizes good corporate governance as part of the agency theory and signaling theory perspectives. One of the mechanisms in the agency perspective related to corporate supervision such as the existence of commissioners, audit committees, management ownership, and institutional ownership is a good corporate governance mechanism. In addition, good corporate governance can also be seen through the perspective of signal theory where good corporate governance is also part of the positive signals spread by the company to investors so that investors react positively to indications of good corporate governance through good corporate governance theory. Basically, this literature review not only emphasizes the current state of corporate relative value research but also provides a roadmap for future research. Applying a holistic approach that combines practitioner perspectives and alternative theories has the potential to advance the field, offering a deeper understanding of the dynamics and challenges associated with relative value.

DISCUSSION

The results of the analysis show that the number of journal publications on the relative value of companies over the past decade is very limited namely 46 journals so that research on relative value is still very interesting to do. When viewed in terms of research paradigms, of the 46 published journals, 44 studies are still dominated by quantitative paradigms and the rest use qualitative paradigms and mixed methods as much as one study each. The results of this study also show that the manufacturing sector dominates research on relative value with 13 studies followed by the financial industry with six studies, all industries and LQ45 with five studies each, basic industry sector with two studies, oil and gas sector with two studies, food and beverage sector with two studies, and other sectors totaling 11 studies. Other results regarding the theories used in relative value research show that 15 studies used signal theory, seven studies used agency theory, four studies used stakeholder theory, three studies used capital structure theory, two studies each used financial management theory and trade off theory, and the rest used one theory each for 13 studies.

Previous research on the relative value of companies using Signal Theory was conducted by (Adiputra et al., 2020); (Angga & Dermawan, 2023); (Bukit & Nasution, 2016); (Fadjar et al., 2021); (Gani et al., 2022); (Heryana et al., 2020); (Putri et al., 2023); (Maulina et al., 2023); (Neldi et al., 2023); (Emudainohwo, 2017); (Suhendi et al., 2022); (Sutrisno, 2020); & (Wiyono & Safitri, 2021). Other relative value research using Agency Theory was conducted by (Ahmad et al., 2021); (Constand et al., 2014); (Eom & Nam, 2017); (Haryono & Paminto, 2015); (Hidayat et al., 2020); (Jeroh, 2020) & (Kurniawansyah & Kurnianto, 2020). (Chabachib et al., 2019); (Gupta & Garg, 2022); (Harun et al., 2020); & (Tarjo et al., 2022) conducted research on relative value using Stakeholder Theory. Research on relative value was also carried out using the theory of Capital Structure theory conducted by (Battisti et al., 2020); (Abdul et al., 2019); & (Alghifari et al., 2022), Trade Off Theory conducted by (Alghifari

et al., 2022); & (Uzliawati et al., 2018), Financial Management Theory conducted by (Jajang, 2022); & (Neldi et al., 2023). In addition to Signaling Theory, Agency Theory, Stakeholder Theory, Capital Structure Theory, Trade Off Theory, and Financial Management Theory, research on the relative value of companies is also carried out using one theory each, namely the Cost of Capital Theory by (Aras & Kazak, 2022), Modigliani and Miller theory (Purwanto & Agustin, 2017a), Legitimacy Theory (Titisari et al., 2019), Good Corporate Governance Theory (Badruzaman et al., 2022), Pecking Order Theory (Fosu et al., 2016), Financial Intermediation Theory (Buchory, 2020), Theory of Net Surplus (Indupurnahayu et al., 2023), Valuation and Fundamentals of Portfolio Theory (Yuliani et al., 2021), Q Theory (Bhattacharya, 2020), Theory of the Firm (Yulianti et al., 2023), Theory Principles and Asymmetric Relationship Boolean Algebra (Bhaskaran et al., 2023), Theory of Mergers and Acquisitions (Bianconi & Tan, 2019), and Roll's theory (Hammar, 2014).

Systematic Literature Review research on relative value can also be seen from the measurements used. A total of 27 studies on relative value were conducted using Price to Book Value (PBV), 12 studies using Price Earnings Ratio (PER), three studies using Enterprise to EBITDA measurements and one study each using Price to Cash Flow (P/CF), Brand values (BVS), Price Earning to Growth (PEG), and Price to Cash Flow (P/CF). Of the 46 previous studies, 34 studies used one dependent variable, eight studies used dependent variables, two studies used three dependent variables, and one study each used four and five dependent variables. The research results in Table 8 also show that studies on the relative value of companies use a variety of research variables in addition to independent variables and dependent variables, namely control, mediation, and moderation variables.

CONCLUSION

This research has contributed valuable insights into relative value for the period 2014 to 2023 by outlining key directions for future analysis. Overall, the literature review shows significant progress in understanding the relative value of companies while also highlighting areas that can be further explored. Future research efforts could broaden the scope of the study to include various types of under-explored sectors such as mining, shariah, consumer goods industry, and property. In addition, there is a call for more in-depth research exploration of variables that influence relative value beyond traditional metrics such as financial ratios of liquidity, leverage, activity and profitability.

Quantitative methods are predominant in the literature on relative value and there needs to be a more balanced emphasis on the use of qualitative methods by utilizing practitioners in the business world. This inclusive strategy is crucial in designing effective strategies to achieve good relative value in an organization. A deep understanding of relative value requires the integration of a wide range of research methods to account for the complex interactions between various stakeholders such as management, investors, regulators, and other interested parties that influence the relative value of the firm.

However, it is important to acknowledge the limitations of this study. The process of searching for journals limited by the choice of sources and specific research keywords may introduce bias in the research design, so future investigations could refine this process by using more specific keywords and accessing more comprehensive online libraries. In addition, the reliance on Scopus-indexed journals using specific software may have excluded relevant research from other reputable journal sources. Recognizing and addressing these limitations will be critical to ensuring the robustness and inclusiveness of future research on firm relative value.

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