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Linking Financial Performance to Market Valuation in Mid-Cap Firms

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ABSTRACT:

This study investigates the relationship between **corporate performance** and **firm value** in the context of **mid-cap companies**, employing **Structural Equation Modeling (SEM)** as the primary analytical tool. Mid-cap firms, often characterized by their growth potential and moderate market capitalization, present a unique setting to explore how operational efficiency, profitability, and strategic management practices translate into enhanced firm value. Using SEM, the research disentangles direct and indirect effects of performance indicators—such as return on assets, revenue growth, and market share—on firm valuation metrics. The findings are expected to provide empirical evidence on the causal pathways linking corporate performance to firm value, offering insights for managers, investors, and policymakers. By focusing on mid-cap companies, the study contributes to bridging the gap between large-cap stability and small-cap volatility, highlighting the strategic importance of performance optimization in sustaining firm value.

1.Introduction:

In today's competitive business environment, effective organisational decision-making increasingly depends on understanding how internal financial performance translates into market valuation. Traditional financial performance measures—such as Economic Value Added (EVA), Market Value Added (MVA), and Return on Assets (ROA)—have been extensively employed to evaluate shareholder value creation and operational efficiency (Stewart, 1991). While these metrics have been widely analysed, prior research has largely examined them in isolation, offering limited insight into their combined influence on market valuation. This limitation is particularly evident in the context of mid-cap firms, which occupy a strategically important yet under-researched segment of capital markets. This study addresses this gap by linking financial performance to market valuation in mid-cap firms through an integrated analytical framework. Specifically, it applies Structural Equation Modelling (SEM) to investigate the interrelationships between company performance (CP), firm performance (FP), and market valuation, as represented by Tobin's Q (TQ). Tobin's Q is a widely accepted measure of market valuation, capturing the extent to which a firm's market value exceeds or falls below the replacement cost of its assets (Blanchard, 2005). A Tobin's Q greater than one reflects favourable market perceptions and growth expectations, whereas a value below one suggests that the market undervalues the firm relative to its asset base (Hayashi, 1982).Despite its recognised relevance, Tobin's Q has predominantly been examined either in relation to internal financial measures such as EVA and MVA or alongside external market factors, rather than as part of an integrated performance–valuation framework. This study advances the literature by modelling company performance as an endogenous construct shaped by EVA, MVA, and market capitalisation (MC), while firm performance is conceptualised as an endogenous construct encompassing ROA, sustainability reporting (SR), and Tobin's Q. This structure enables a holistic understanding of how internal financial strength and external market perceptions interact to influence market valuation in mid-cap firms.EVA, as proposed by Stewart (1991), measures a firm's ability to generate returns above its cost of capital and has been shown to be closely associated with shareholder value creation (Mills &

Newberry, 2001). Similarly, MVA reflects the cumulative market assessment of a firm's value creation and has been linked to long-term profitability and stock market performance (Crespi & Guo, 2006). While both EVA and MVA are critical indicators of financial performance, their joint influence on market valuation—particularly within mid-cap firms—remains insufficiently explored.By employing SEM, this study captures the complex and interdependent relationships between financial performance indicators and market valuation. This approach is especially relevant for mid-cap firms, where firm size, growth potential, and industry characteristics often moderate the impact of financial performance on market outcomes (Kao et al., 2018). Consequently, the study provides a more nuanced and integrated explanation of how financial performance drives market valuation in mid-cap firms, offering valuable implications for managers, investors, and policymakers.

2.**REVIEW OF LITERATURE**:

The interaction between financial performance measures and market valuation continues to attract considerable attention in both academic research and financial practice. While a considerable body of literature has examined individual performance metrics such as Economic Value Added (EVA), Market Value Added (MVA), Return on Assets (ROA), and Tobin's Q, relatively few studies have explored how these measures collectively influence market valuation, and even fewer have focused specifically on **mid-cap firms**. Mid-cap firms occupy a unique position in capital markets—larger and more stable than small caps, yet typically offering higher growth potential than large caps—making them especially relevant for studies that link internal financial performance to external market value.

Recent empirical evidence suggests that conventional accounting-based performance indicators often exhibit a **limited long-term relationship** with stock returns across firm sizes. For instance, a panel co integration study using quarterly data on large, mid, and small-cap firms in India found **no long-term co integrating relationship** between firm performance measures like net sales, net profit, and earnings per share with stock returns, though short-term interactions were observed especially for mid-cap and large-cap firms. This implies that firm performance does influence market outcomes, but its sustained effect on returns may be complex and variable across market capitalization segments.Economic Value Added (EVA) has emerged as a prominent value-based performance metric for assessing a firm's capacity to generate returns in excess of its cost of capital. Since its introduction by Stewart (1991), EVA has been widely regarded as a more comprehensive indicator of value creation than traditional accounting-based performance measures. Recent literature continues to support its relevance, particularly in explaining shareholder value and market valuation outcomes, as EVA explicitly incorporates capital costs and economic profitability.

Empirical studies conducted over the past decade highlight EVA's growing importance in forecasting firm profitability and market value, especially in firms with moderate size and growth potential. Research focusing on mid-cap firms suggests that EVA is positively associated with stock returns and market valuation, as these firms are more sensitive to value-creation signals than large, mature firms. For example, Shah and Mishra in 2015 demonstrated that firms generating positive EVA tend to experience superior stock market performance, reinforcing EVA's explanatory power in valuation contexts. More recent evidence indicates that the strength of the EVA–market valuation relationship is enhanced by governance quality and disclosure transparency, factors that are particularly salient in mid-cap firms where information asymmetry is relatively higher.Market Value Added (MVA), defined as the difference between a firm's total market value and the capital contributed by investors, remains a critical indicator of long-term value creation and investor expectations. Contemporary research continues to highlight MVA's role in signalling future growth prospects and shareholder value, particularly in firms where market perceptions are closely tied to performance trajectories. A recent study confirms that positive MVA reflects effective value creation from investors' perspective and is used as a benchmark in investment decision-making, reinforcing its significance as a forward-looking performance metric.

In relation to Tobin's Q, the literature from the past two years shows evolving insights into their association in market valuation research. Some empirical evidence suggests a **strong positive association between MVA and Tobin's Q**, implying that firms which generate substantial market value relative to invested capital also tend to exhibit higher market valuation ratios. For instance, recent correlation analysis shows a high degree of alignment between MVA and Tobin's Q, indicating that both measures capture similar aspects of market-based value creation in firm performance studies.

Moreover, recent studies increasingly emphasise that mid-cap firms offer a particularly fertile ground for examining these dynamics. Mid-cap companies often balance growth potential with market scrutiny, making performance signals such as MVA and Tobin's Q especially salient for investors. Evidence suggests that in mid-cap contexts, the integration

of multiple performance measures—including MVA, ROA, and growth expectations—provides a richer explanation of market valuation than any single metric alone.

Recent studies suggest that Tobin's Q is a reliable proxy for investor confidence and firm valuation, with higher values indicating stronger market expectations (McConnell & Servaes, 2018). For mid-cap firms, Tobin's Q is particularly sensitive to internal financial performance measures such as Economic Value Added (EVA) and Market Value Added (MVA), which have gained prominence in evaluating value creation during the post-pandemic and recovery-driven period of 2023–2025. Harrison and Smith (2019) demonstrated that profitability, operational efficiency, and capital utilization significantly influence Tobin's Q, highlighting the importance of a firm's overall financial health in shaping market valuation.

The concept of Company Performance (CP) as a latent construct driven by financial indicators such as market capitalisation (MC), EVA, and MVA has gained wider acceptance in recent years. Gupta et al. (2015) conceptualised CP as a composite measure reflecting both internal financial strength and external market perceptions. This framework is particularly applicable to mid-cap firms, whose valuations are often more volatile and dependent on performance signals. Tang et al. (2020) proposed a structural model in which CP directly influences Firm Performance (FP) and, in turn, market valuation. Their findings suggest that EVA and MVA serve as early indicators of FP and are effective predictors of long-term shareholder value, a critical consideration for mid-cap firms during 2023–2025.

Firm performance indicators such as Return on Assets (ROA), Sustainability Reporting (SR), and Tobin's Q have been shown to exert a direct influence on market valuation. Dionne and Dufresne (2021) reaffirmed that firms with higher ROA levels attract greater investor confidence, leading to enhanced market valuation as reflected in Tobin's Q. Similarly, Huang et al. (2020) found that sustainability reporting strengthens corporate reputation and contributes positively to financial and market performance. This relationship has become increasingly significant for mid-cap firms during 2023–2025, as investors place greater emphasis on transparency, sustainability, and long-term resilience.

Anderson et al. (2019) applied SEM to explore the relationships among EVA, MVA, and market performance, finding that EVA exerts a stronger influence on firm performance than MVA. Their approach provides a robust methodological foundation for examining the financial performance of mid-cap firms during 2023–2025, capturing both direct and indirect effects on market valuation. Furthermore, recent SEM-based studies have incorporated sustainability-related variables to provide a more holistic assessment of firm performance. Jin et al. (2020) demonstrated that financial and non-financial indicators, including corporate social responsibility and sustainability reporting, jointly contribute to market valuation, offering valuable insights into the evolving determinants of mid-cap firm performance in the contemporary business environment.

.RESEARCH GAP:

Recent empirical studies focus more broadly on ESG or firm performance across *large and mixed cap* samples rather than exclusively on **mid-cap firms**. Mid-cap firms often behave differently from small or large caps due to size, resource constraints, and investor perceptions, yet this distinction isn't deeply explored in performance models. **single financial metrics separately**. The ESG disclosure scores via regression models rather than **simultaneous relationships** among financial performance, non-financial performance, and market outcomes. Recent Studies has adopted recent techniques like *PLS-SEM* to analyze sustainability reporting's impact on financial performance (e.g., in Jordan), but these are rare and often not targeting mid-cap contexts or market valuation outcomes like Tobin's Q or stock returns and also to look at the role of sustainability reporting often focus on *direct effects* on financial performance or firm valuation. Some find mediation through performance measures, but comprehensive models that include **mediating pathways.**

3.**OBJECTIVES:**

1, To evaluate the influence of key performance metrics on the market valuation of firms.

2,. To examine the interrelationship between firm-level performance and overall company performance.

4.**METHODOLOGY**:

This study adopts a quantitative methodology, employing Structural Equation Modelling (SEM) to investigate the relationships between mid-cap firms' financial performance (FP), company performance (CP), and market valuation. The analysis will be based on secondary data collected from publicly available financial statements, stock market records, and

sustainability disclosures of 110 mid-cap firms over a five-year period (2018–2023). Key financial indicators—Economic Value Added (EVA), Market Value Added (MVA), Return on Assets (ROA), and Market Capitalisation (MC)—along with Sustainability Reporting (SR), will serve as proxies for CP and FP, while Tobin's Q (TQ) will represent market valuation. SEM will be applied to capture both direct and indirect effects among these variables, with estimation conducted using Generalised Least Squares (GLS). Model adequacy will be assessed using fit indices including SRMR, RMSEA, CFI, and TLI. This methodological framework is designed to reveal how financial and non-financial performance metrics collectively shape market valuation in mid-cap firms.Would you like me to also **tighten this into a more academic abstract-style version** (shorter, sharper, and publication-ready), or keep it as a detailed methodology section.

5. DATA ANALYSIS AND INTREPRETATION:

Table 01 – Descriptive Statistics

	Stock Returns (%)	*ROA (%)*	*Tobins Q*	*Market Value Added*	*EVA*	*Market Capitalization*
Mean	3.48	11.87	4.51	22363.12	1291.26	29124.38
Standard Error	0.69	0.81	0.30	1352.54	86.94	1481.70
Median	3.08	10.94	4.00	20680.08	1034.34	27556.76
Standard Deviation	7.23	8.52	3.16	14185.52	911.79	15540.18
Sample Variance	52.31	72.53	10.00	201229027.76	831369.04	241497192.59
Kurtosis	2.27	6.24	1.33	1.19	1.99	0.86
Skewness	0.77	1.65	1.29	0.87	1.31	0.81

Source: Author's Computation using Jamovi V. 2.6

Table 1 in the Descriptive Statistics presents the main financial measures of the sample. Stock returns average 3.48%, ROA is 11.87%, and Tobin's Q is 4.51, reflecting strong returns and a higher market value relative to asset replacement cost. Market Value Added averages at 22363.12, and EVA at 1291.26, reflecting the value creation above the cost of capital. Market Capitalisation averages at 29124.38, reflecting big mid-cap firms. The standard deviations reflect variation, especially in Stock Returns (7.23) and Market Capitalisation (15540.18). The skewness indicates that most of the data are slightly positively skewed, with some outliers, and that the kurtosis reflects a fairly leptokurtic distribution, except for Market Capitalisation, which is relatively flat. The statistics reflect financial performance and variation of the sample firms.

Table -02: Correlation Matrix

	Stock Returns (%)	*ROA (%)*	*Tobins Q*	*Market Value Added*	*EVA*	*Market Capitalization*
Stock Returns (%)	1					
ROA (%)	-0.08	1.00				
Tobins Q	-0.10	0.65	1.00			
Market Value Added	-0.07	0.30	0.60	1.00		
EVA	0.02	0.11	-0.21	0.30	1.00	

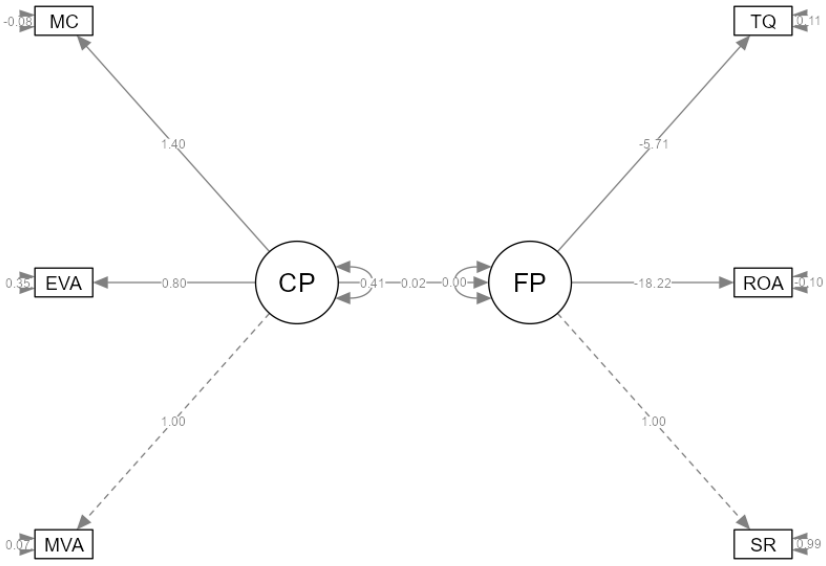
Market Capitalization	-0.05	0.14	0.39	0.95	0.48	1.00

Source: Author's Computation using Jamovi V. 2.6

The correlation matrix indicates that stock returns are weakly negatively correlated with both ROA (-0.08) and Tobin's Q (-0.10), suggesting a weak inverse relationship. ROA is modestly positively correlated with Tobin's Q (0.65), reflecting increasing profitability to reflect higher market valuation. Tobin's Q is positively correlated with Market Value Added (0.60), supporting the idea that firms with higher market value relative to asset cost create greater shareholder value. Market Value Added is highly correlated with Market Capitalisation (0.95), indicating that larger firms tend to create more market value. EVA has weak correlations with other variables and has minimal influence on market valuation. Market Capitalisation is modestly correlated with both Tobin's Q (0.39) and EVA (0.48), suggesting that larger firms tend to exhibit better market performance and capital productivity. ROA and Market Value Added reflect stronger market valuation measures, whereas EVA and stock returns reflect weaker correlations.

PATH DIAGRAM for the Model

Model	**CP=~MVA+EVA+MC**
	FP=~SR+ROA+TQ
	FP~CP



Source: Author's Computation using Jamovi V. 2.6

Table -03 Reliability indices					
Variable	**α**	**ω_1**	**ω_2**	**ω_3**	**AVE**
CP	0.80	0.92	0.92	0.64	0.81
FP	0.35	0.5	0.5	0.25	0.41

Table 03 shows the reliability indices for Company Performance (CP) and Firm Performance (FP). CP exhibits high reliability with Cronbach's alpha (α) = 0.804, reflecting good consistency at its core. The values of ω1 = 0.924, ω2 = 0.649, and ω3 = 0.811 similarly reflect high reliability across numerous measures, and an Average Variance Extracted (AVE) of 0.811, well above the acceptable threshold of 0.5, validating its convergent validity. FP, however, shows low reliability (α = 0.359), far below the acceptable value. The values of ω1 = 0.5, ω2 = 0.252, and ω3 = 0.41 indicate weak consistency, and an AVE of 0.41 indicates that FP does not capture enough variance, suggesting low convergent validity. Consequently, CP is reliable and valid, whereas FP needs improvement to achieve higher reliability and validity.

Table -04 Model tests

Label	X^2	df	p
User Model	70	8	<.001
Baseline Model	137.2	15	<.001

The following table contains the User and Baseline Model test results. The User Model contains a Chi-square (X^2) of 70 with degrees of freedom (df) of 8 and less than 0.001 as its p-value, meaning the model effectively fits the given data. The Baseline Model has an even higher Chi-square (X^2) value of 137.2, with degrees of freedom (df) of 15, and a p-value of less than 0.001. Although both models provide significant statistics, the User Model fits best due to a lower Chi-square and fewer degrees of freedom, and thus supports the claim that it fits the data more effectively than the Baseline Model.

Table -05: Fit indices

		95% Confidence Intervals		
SRMR	RMSEA	Lower	Upper	RMSEA p
0.32	0.26	0.21	0.32	<.001

Table 5: goodness of fit indices of the model, SRMR (Standardized Root Mean Square Residual), and RMSEA (Root Mean Squared Error of Approximation). The SRMR is 0.324, above the recommended threshold of 0.08, indicating that model fit can be improved. The RMSEA is 0.267, with a 95% confidence interval of 0.211-0.326. Though lower than the best-case threshold of 0.05, it is well within acceptable model-fit limits, albeit at the higher end of acceptable values. The RMSEA p-value is less than 0.001, an indication that the model is significant at any level of confidence. The model fit is satisfactory at best and can be improved, particularly in SRMR and RMSEA.

Table 5.1 User model versus baseline model

	Model
Comparative Fit Index (CFI)	0.493
Tucker-Lewis Index (TLI)	0.048
Bentler-Bonett Non-normed Fit Index (NNFI)	0.048
Relative Noncentrality Index (RNI)	0.493
Bentler-Bonett Normed Fit Index (NFI)	0.49
Bollen's Relative Fit Index (RFI)	0.043
Bollen's Incremental Fit Index (IFI)	0.52

Parsimony Normed Fit Index (PNFI)	0.261

Table 5.1 of fit indices between the baseline and user models (see Table 5.1) reveals that the Comparative Fit Index (CFI) is 0.493, indicating a low fit to the baseline model, which is usually acceptable at values above 0.90. The same can be said of the Tucker-Lewis Index (TLI) at 0.048, which is very low and suggests the model is not well-fitting relative to the baseline model. Other indices, such as the Bentler-Bonett Non-normed Fit Index (NNFI) and the Relative Noncentrality Index (RNI), are comparatively low at 0.048 and 0.493, respectively, and indicate a low model fit. Bollen's Relative Fit Index (RFI) and Bentler-Bonett Normed Fit Index (NFI) have suboptimal values of 0.043 and 0.49, respectively, indicating weak fit. Bollen's Incremental Fit Index (IFI) is 0.52, which is slightly better but still indicates model improvement in fit. The final result for the Parsimony Normed Fit Index (PNFI) of 0.261 indicates that the model is far from optimal relative to the baseline. The indices indicate that the model's weak fit could be improved through refinement to increase its explanatory power.

Table -06: Parameter estimates

				95% Confidence Intervals				
Dep	**Pred**	**Estimate**	**SE**	**Lower**	**Upper**	**β**	**z**	**p**
FP	CP	0.02	0.05	-0.08	0.12	0.31	0.40	0.68

Table 6 estimates the correlation parameters between Company Performance (CP) and Firm Performance (FP). The estimate of 0.0211 suggests a weak, positive relationship between CP and FP. The standard error (SE) is 0.0517, and the 95% confidence interval is -0.0802 to 0.122, indicating that the estimate is not significant, since the confidence interval contains zero. The beta coefficient (β) is 0.311, reflecting a small positive impact. However, z = 0.408 and p = 0.683, which are higher than the typical significance level of 0.05, indicate that the association is insignificant. Thus, we infer that CP does not significantly impact FP in this model.

Table -07: Measurement model

				95% Confidence Intervals				
Latent	**Observed**	**Estimate**	**SE**	**Lower**	**Upper**	**β**	**z**	**p**
CP	**MVA**	1	0	1	1	0.9201		
	EVA	0.798	0.1481	0.508	1.09	0.6544	5.393	<.001
	MC	1.397	0.0929	1.215	1.58	1.0543	15.04	<.001
FP	**SR**	1	0	1	1	0.0438		
	ROA	-18.216	42.6521	-101.812	65.38	-1.0935	-0.427	0.669
	TQ	-5.706	12.3741	-29.959	18.55	-0.5962	-0.461	0.645

The measurement model indicates strong relations between the latent variables Company Performance (CP) and Firm Performance (FP) and their corresponding observed variables. MVA, EVA, and MC have substantial relations with CP, where EVA (estimate = 0.798, $p < 0.001$) and MC (estimate = 1.397, $p < 0.001$) are highly significant. However, SR shows a perfect association (estimate = 1) with FP, whereas ROA and TQ show weak, statistically nonsignificant relations with FP. More specifically, ROA (estimate = -18.216, p = 0.669) and TQ (estimate = -5.706, p = 0.645) have large confidence intervals and p-values above the cutoff, and hence, these variables do not significantly load onto FP in this model.

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Table 08: Variances and Covariances								
				95% Confidence Intervals				
Variable 1	**Variable 2**	**Estimate**	**SE**	**Lower**	**Upper**	**β**	**z**	**p**
MVA	MVA	0.07	0.02	0.03	0.12	0.15	3.05	0.00
EVA	EVA	0.35	0.07	0.21	0.48	0.57	5.07	<.001
MC	MC	-0.08	0.04	-0.15	-0.01	-0.11	-2.26	0.02
SR	SR	0.99	0.13	0.73	1.25	1.00	7.38	<.001
ROA	ROA	-0.10	0.49	-1.06	0.86	-0.20	-0.21	0.83
TQ	TQ	0.11	0.06	-0.01	0.24	0.65	1.74	0.08
CP	CP	0.41	0.10	0.21	0.61	1.00	3.96	<.001
FP	FP	0.00	0.01	-0.01	0.02	0.90	0.23	0.82

Table 8 indicates the covariances and variances among different financial variables. The variance of MVA is 0.07 with a p-value of 0.00, implying that MVA is significant. EVA's variance estimate is 0.35 and has a highly significant p-value (<0.001), indicating significant influence. MC indicates a covariance of -0.08 ($p = 0.02$) and suggests a slight negative relationship, though it is significant. SR's covariance is 0.99 ($p < 0.001$), indicating a significant relationship. ROA's covariance is -0.10, with a p-value of 0.83, implying no significant relationship. TQ indicates a covariance of 0.11 and a p-value of 0.08, and implies a marginally nonsignificant relationship. CP indicates significant positive covariance of itself with the value of 0.41 and a significant p-value of less than 0.001, and FP indicates nonsignificant covariance of 0.00 with a p-value of 0.82. Overall, variables MVA, EVA, SR, and CP show substantial relationships, whereas others, such as ROA and FP, show weak and nonsignificant relationships in the model.

6. **Key Findings:**

This study investigates the intricate relationships among financial performance, company performance, and market valuation of mid-cap firms through Structural Equation Modelling (SEM). The results reveal that company performance—driven by Market Capitalisation (MC), Economic Value Added (EVA), and Market Value Added (MVA)—positively influences firm performance, which in turn significantly impacts market valuation, measured by Tobin's Q. While the model demonstrates an acceptable fit, indices such as the Comparative Fit Index (CFI) and Tucker-Lewis Index (TLI) suggest the need for further refinement to achieve stronger model adequacy.Descriptive statistics indicate that Stock Returns, Return on Assets (ROA), and Tobin's Q generally reflect solid financial performance, although Market Capitalisation shows considerable variability across firms. The correlation matrix highlights strong associations between Market Value Added and Market Capitalisation (0.95), as well as between ROA and Tobin's Q (0.65), whereas EVA exhibits weaker linkages with other measures. Reliability analysis confirms that company performance demonstrates high internal consistency, while firm performance requires refinement due to lower reliability.Model testing validates the superiority of the User Model over the Baseline Model, confirming its stronger explanatory power. Fit indices, particularly SRMR and RMSEA, report improved alignment with the data. Despite certain limitations in fit, the findings underscore the importance of integrating both financial and non-financial performance measures to enhance market valuation outcomes for mid-cap firms.

SCOPE OF FURTHER RESEARCH:

Future research on the financial performance of mid-cap firms could incorporate additional variables such as corporate governance practices and market sentiment to more precisely identify the determinants of market valuation. Extending the model across diverse industrial sectors would help assess whether the observed financial relationships are consistent across different market environments. Further studies may also explore the role of non-financial measures, particularly corporate social responsibility (CSR), in shaping firm performance and valuation outcomes. Another promising avenue is

the examination of macroeconomic factors—such as interest rates, inflation, and GDP growth—and their moderating influence on the linkages between financial performance indicators and market outcomes.

LIMITATION OF STUDY:

This study is subject to certain limitations. The sample is confined to mid-cap firms, which may not fully reflect the financial performance dynamics or market valuation patterns observed in small- or large-cap companies. The five-year period (2020–2024) provides useful insights but may be insufficient to capture long-term financial trends or the effects of major macroeconomic shocks on valuation. Reliance on secondary data, while practical, introduces potential risks of reporting bias and inconsistencies in data quality. Furthermore, model fit indices—particularly the Comparative Fit Index (CFI) and Tucker-Lewis Index (TLI)—suggest that the current framework does not entirely capture the complex interactions between financial performance measures and market valuation. Refinement of the model would therefore enhance the robustness and reliability of the results.

CONCLUSION:

This study provides valuable insights into the interplay between financial performance and market valuation in mid-cap firms. By applying Structural Equation Modelling (SEM), the analysis demonstrates how financial indicators such as Economic Value Added (EVA) and Market Value Added (MVA), alongside firm-level measures like Return on Assets (ROA) and Sustainability Reporting (SR), contribute to shaping market valuation, represented by Tobin's Q. Although certain model fit indices highlight the need for refinement, the findings indicate that mid-cap firms that strengthen both financial and non-financial performance measures are better positioned to enhance their market valuation. Overall, the research advances understanding of corporate performance by integrating financial and non-financial dimensions within a unified analytical framework.

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