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Profitability, Leverage, and Size as Drivers of Firm Value: A Study of Indonesian Manufacturing Companies

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Abstract

This analyze aims to evaluate impact of profit, debt ratio, and firm size on the value of a manufacturing company the in processed food subsector itemized at the Indonesia Stock Exchange span period from 2022 to 2024. This research plan uses a causal associative study approach. In this study, trial was taken untilizing the purposive approach sampling. The analyzed data in this study includes 101 companies, of which 55 companies were selected as samples for a three-year observation period (2022-2024). The technique used to analyze the data is multiple linear regression. Centered the on test outcome, it able to be concluded data that from this study match necessary classical presumptions, including normality, and are available no are issues of multicollinearity, heteroscedasticity, and autocorrelation. The outcome of the fractional hypothesis assessment that donate profitability impacts the of firm value. From the outcome findings, can it deduced be that profitability performs crucial an part in influencing the firm value, indicating that capability the company's to create surplus a key is factor in increasing firm value. Meanwhile, leverage and firm size had no impact, indicating that debt levels and firm size are not determining factors in determining firm value.

Keywords: Profitability, Leverage, Firm Size, Firm Value.

INTRODUCTION

Indonesia is now a developing country, which has led to the emergence of many new businesses. This has resulted in increasingly intense competition among various companies. To compete with numerous rivals, companies need to improve their efficiency. These improvement efforts aim to enable companies to maintain their existing values. A firm value indicate how investors company's comprehed ability to achieve its

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goals and maintain competitiveness in the market, which able to observed to from price supply fluctuations on exchange. When supply prices rise, it indicates an increase firm value. Growth in a firm value ultimately has a positive impact on shareholder welfare, as seen in the increased returns received by investors.

Firm value a performs a crucial part as a guide investors for when assesing company's a potential and achivment. This information serves as the main foundation for investment decision-making. When a firm value shows good results, investors will view the company positively. Conversely, if a firm value is low, investors' of comprehension the company's usually is negative as well. According to Ahmad et al (2018), company owners desire a high value because a high value contributes to significant wealth for shareholders. Additionally, a firm value can assessed be by the total income earned by shareholders from their investments (Arsyad et al, 2021).

(PBV) price-to-book is ratio a method used to assess a firm value market. That ratio is computed by segmenting the sector price of a inventory by its book value per share, indicating how much additional firm value can generate comparative to capital center. A PBV taller suggests a greater favorable valuation of the company, as noted in a study by Arpan and Odjan (2020). Essentially, PBV compares the stock price with its book value, with the value book per share calculated segmenting by whole equity by number exceptional of shares. That ratio able to also reflect how market views management performance as well as the company's future growth potential. In general, when the book value per share increases, the stock price tends to rise, and vice versa. A high PBV often indicates an increase in the wealth of shareholders as well as growing investor confidence in the company's prospects. Globally, this ratio assesses how much value a company can generate for its shareholders compared to the capital that has been invested.

The Indonesia Stock Exchange, known as IDX, is an institution that regulates and provides a system connecting sellers (both companies and issuers) with buyers (investors) for various securities such as stocks and bonds, as well as various other market products. The Indonesia Stock Exchange (IDX) has two main roles, namely economic and financial functions. The economic function is evident in its role as a forum that brings together parties in need of funds with those who have capital, while the financial function provides opportunities for investors to obtain returns in accordance with the type of investment chosen.

The industrial sector is one of the most recorded types of companies on (IDX) Exchange Stock Indonesia. According to at Mekari journal, as in September 2025, there

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are approximately 200 industrial companies able to on IDX. Industrial companies are organizations that process raw materials using various chemical and physical methods with the aim of changing the appearance, characteristics, and final form of the product.

Companies in the production sector play a very important role in meeting market demands. When demand increases, production activities also rise. Therefore, it is not surprising that this sector becomes one of the main foundations of the country's economy, and the companies operating within it must compete very fiercely to maintain an advantage over their competitors. According to the categories established by the Indonesia Stock Exchange (IDX), the production sector is divided into three main groups: consumer goods, basic materials and chemicals, and other categories. Each of these groups encompasses various subsectors. For example, within the consumer goods group, there are five subsectors: food and beverages, pharmaceuticals, tobacco, beauty products, and household goods.

The food and beverage sector consists of businesses that focus on management of raw materials for food and beverage products, both for the domestic market and for export. Companies in this sub-sector are dynamic in nature as they must be able to adapt to various changes in consumer preferences, product innovations, and government policies related to the food industry.

From an accounting perspective, the food industry is very interesting to analyze because the characteristics of this sector allow us to clearly observe the impact of profit, debt, and firm size on corporate value. Profit indicates how well a company can generate profit from its operations, debt reflects the extent of borrowing used as a financial source, while firm size explains the scale of the business and the potential resources it possesses. These three variables have the potential to influence firm value, which is reflected in investors' views of the company's performance and future prospects. Therefore, research on this subsector can a supply lower of comprehension how internal financial elements contribute to increasing firm value in market inventory.

According to (Odunayo et al, 2023), the objectives of a company, apart from maximizing profits, are to maximize shareholder wealth or maximize the value of the firm. Therefore, public companies should not only pursue profits but also protect the interests and prosperity of their shareholders. Various elements that can affect a firm value and are examined in this study include the ability to generate profit, debt levels, and the estimated firm value.

Profitability is a ratio that can be used to measure the ability of company executives to generate profits (Kurniawan and Suryaningsih, 2019). If a company has a good level

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of profitability, owners and creditors will assess the company's ability to earn profits through sales and investment activities (Mayasari, T., & Yulianto, A, 2018; Lailiyah et al., 2022). Companies that achieve maximum profits indicate high profitability, thereby increasing investors' positive perception of the value of a business entity.

Profitability is a major factor that attracts company owners because it reflects the performance of management in managing funds invested by investors. In this context, profitability shows how profits are divided between the portion that will be reinvested and the portion that will be paid as dividends to shareholders. As company profits increase, shareholders also benefit, which ultimately leads to an increase in firm value. Analyze performed by Omposungu also Vijaya (2021) revealed is profit affects firm value. In the meantime, analyze a by Vinatama and Tunjung (2021) stated is profit a has negative effect on profitability.

Leverage refers to the capacity of a business entity to measure its financial capability to join various financial duties and towards measure the debt ratio (Okelo et al, 2021). According to Mardiah, Satriana, & Syahriati (2017) leverage is related to the use of debt by a business entity funds that incur fixed costs with the aim of increasing the rate of return for shareholders. Leverage serves as a financing instrument that can be used to increase capital in order to obtain greater profits.

The use of debt as a source operational funding is expected to improve company performance, maximize profits, and increase shareholder welfare. However, increased leverage also has the potential to increase the risk to earnings for common shareholders, so investors need to consider the balance between risk and expected returns. High rates of return usually have an impact on increasing stock prices, while low rates of return can lower stock prices and ultimately affect firm value. A company that has too large a proportion of debt are considered unhealthy because their debt burden exceeds the amount of assets, which in turn increases risk and makes investors more cautious in investing their capital. Therefore, companies that can manage and utilize debt effectively can drive an increase in the value of the business and enhance investor confidence. Research by Rahayu and Siddi (2025) argue that the use of debt a positive has impact on a firm value. Conversely, Angela and Yanti (2022) shows that the use of debt does not contribute positively to the business entity.

Firm size able to as well be linked to the amount of wealth owned by the company (Rahman, 2021). Basically, firm size is a way to classify companies into certain categories. There are three categories of firm size, namely large-scale business entities, medium-scale business entities, and small-scale business entities. The revenue and

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activities of a company greatly influence its size; as size of the growth company, there is generally an increase in activities and revenue.

Firm size reflects how large or small a company is based on its total assets. This aspect is one of the references for investors in determining their investment decisions. Therefore, firm size can send a positive signal to investors and influence the firm value. Before investing, investors need to assess and select stocks that are considered capable of providing maximum returns on invested capital. Companies that earn high profits usually have a larger amount of retained earnings, enabling them to meet their funding needs for business expansion or product innovation through internal sources of funds. An increase in retained earnings indicates that the business entity has a more robust capacity to fund its activities without relying on external sources of funds or debt.

Firm value is expected to be maximized by considering the amount of capital that has been invested. For companies with good performance, this ratio generally increases, which is contemplated a in taller market of value shares compared against book value. An increasing ratio indicates an improvement efficient a business becomes in creating added value for its shareholders.

The firm size is believed to have an impact on its value. The larger a business entity, the easier it is for the entity to obtain various accessible funding options to achieve its business goals. However, a large firm size also has the potential to increase the amount of debt, as the risk of failing to meet financial obligations is considered relatively low. Findings from the research conducted by Mardiana and Manda (2026) that donate firm size not does impact its value. On other hand, the research results by Arpan and Odjan (2020); Laksmiwati et,al (2023) show is firm size has a positive effect that on value. Research on elements affect that firm value has been conducted depth in. Research by Markonah et al (2020), found that profitability also leverage own an important positive impact firm value.

Referring to the description above, there are differences in research results, which indicate inconsistencies among the various studies. This has attracted the interest of researchers to reexamine the elements that impact the firm value. Additionally, there's also variation in focus the of analyze. The study to be conducted will focus on one of Subsector within the industrial processing sector, namely the consumer goods field, specifically food and beverages. Furthermore, the studies conducted by Winatama and Wildflidus both cover the period from 2016 to 2018, so there is a need for further research include the to corpus of learning also develop financial theory, particularly in relation to

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the factors that influence firm value. This study can then be used as a consideration for companies in increasing their value in order to attract investors.

LITERATURE REVIEW

Agency Theory

Agency Theory generally ilustrates the ownership structure from a business entity managed by managers, not by the direct owners. According to Meckling and Jensen (1976), theory this describes the employment contract for the principal and agent, where the agent is authorized by the principal to operate managerial functions and make decisions on behalf of the company owner. The principal is the proprietor or shareholder, while the agent is the management given the authority to manage the business. To achieve the desired profit, the principal delegates authority to the agent who is more competent in managing the business. When the owner or principal delegates authority to the agent, the agent is responsible for organizing and managing the company's activities efficiently to achieve maximum profit. Profit an is crucial elements in optimizing of firm value, so when a business achieves maximum profit, value of the bussines will automatically increase.

Order Pecking Theorys

Order theory pecking of financing. This concept was originally introduced by Donaldson in 1961, but became known an order theory pecking funding of by Myers also Majluf (1984). A theory pecking order describe if that a business has high profitability, it usually has a small debt proportion. This is not because the business sets a low debt ratio target, but rather because its need for external financing is also low. Conversely, companies with low profitability tend to have a larger debt proportion due to limited internal funding sources and a tendency to use debt as external financing. Based on pecking order theory, there are three sources of company financing, namely internal financing, issuing debt, and issuing new equity (M. Nevina & Putri, 2024). Internal funding sources are a top priority for companies because they carry minimal risk, while external financing is used when internal funds are unable to meet the company's needs. If external funds are needed, companies issue debt first and only issue equity as a last resort (Pratiwi et al., 2022). To improve the firm value, management tends to utilize debt financing to reduce tax liabilities, as the use of debt provides the benefit of tax deductions from interest expenses.

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Firm Value

A firm value is output of administration the of resources owned by the bussines, which reflects the image and perception the of public and investors, particularly related to the stock performance of a business entity. This concept is vital for an investor as it indicates how the market perceives a business globally (Fajriani et al., 2023). Increase in firm value indicates an improvement in shareholder welfare, as a tall firm value is usually reflected in the rise in stock prices. Analyze this, firm value is calculated utilizing (PBV) Price Book Value. PBV is a ratio used to estimate how well the price supply contemplate value firm. The higher this ratio, reater exchanges certainty in potential and prospects of the business in the future. Here is the Price Book Value formula:

$$\text{PVB} = \frac{\text{Stock Price}}{\textit{Book Value of Shares}}$$

$$\text{BV (Book Value)} = \frac{\text{Total Equity}}{\textit{Number of Shares}}$$

Profitability

Profitability indicates a a company's ability to earn profit based on operational activities. (Vidyana & Buchory, 2024). The profit comes from the sale of investments and the optimization of internal and external funding sources of the business. Investor interest will increase when the company achieves maximum and consistent profits, which will overall affect the increase in value. Profitability is an indicator used for evaluation. the overall effectiveness of management performance, which is reflected in A firm capacity to gain margin although sales also investments. Analyze this, profit utilizing is using (ROA) return on assets with following formula:

$$\text{ROA} = \frac{\text{Net Profit}}{\text{Total Assets}}$$

Leverage

Leverage is a financial strategy related to how a company is financed and the company's decisions regarding that financing. (Ningsih et al., 2022). When a company does not have sufficient capital to support its operational activities, it will seek additional sources of funds by borrowing from creditors, thereby incurring an obligation to pay and repay the loan. Leverage is a financial strategy related to how a company manages its

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debt and meets its obligations. A company that can manage its debt and fulfill its responsibilities will demonstrate that it operates well and responsibly to potential investors, which will attract their attention. Are investors are enthusiastic in investing assets their into business, which will has a positive affect on firm value (Wijaya et al., 2021). If the amount of debt of a business entity is large, then the impact that must be borne by the investor will also be high, so they tend to demand a higher rate of return. Leverage is measured using ratio Debt. A coefficient denotes proportion a firm of assets financed debt although, and it is computed as watch :

$$\textit{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Eqquity}}$$

Firm Size

Large-scale business can generally access funding from various sources with ease to meet their needs, making the process of obtaining loans from creditors simpler. This is due to higher credibility and profitability, which allows the company to excel among competitors or survive in the industry (Diewantra & Oetomo, 2019). The larger the assets of a business entity, the higher the size of the company (Mayasari, T., & Yulianto, A., 2018; Mita et al., 2024). Large-scale businesses that demonstrate positive performance are usually able to increase the value of a business entity because they have greater access to capital and resources compared to small companies. Business entities with larger and higher economic coverage are considered to be able to survive for a long period (Mayasari, T., & Yulianto, A., 2018). Firm size describes how much total assets a business entity has, and this variable is usually measured using the natural logarithm of the total assets. The use of the logarithm natural aims to normalize the data, thereby minimizing the differences in asset values between very large companies. The calculation of size a of firm be can assessed using formula below:

Firm Size = Ln.total Asset

The Influence of profitability on the firm value.

Profit describes ability a corporation entity to generate an profit. This ratio can be used as a benchmark to approach the performance and condition financial of a company entity. Higher the profitability, the more positive the signal received by investors because it indicates a great potential return. The development of a company's profits can also

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influence the rise in share prices also strengthen the perception the of bussines value for investors.

Referring to the studies obtained from Markonah et al (2020); Irsad (2023) as well as Arpan and Odjan (2020), profitability shows an effect on the value the of business. This is result of the corporation capacity to generate gain, which affects its value. Although profits do not always increase, as long as the company can maintain it is performance without incurring losses, its prospects will be viewed positively. Profitability growth indicates good future potential for a business entity, which assault can investors to invest, ultimately increase the corporations stock price and its value. Therefore, hypothesis is:a

H1: Profitability a has significant positive on influence firm value.

The Influence of Leverage on Firm Value

A leverage shows ratio the between the total debt of a business entity and its total assets or equity. This ratio reflects how high the operational level of the business entity is financed by borrowed funds compared to its own or internal financing. The larger the debt a company has, the higher the risk it has to face entity, and vise versa. A high debt ratio also indicates instability, where total debt exceeds total assets.

The study conducted by Laksmiwati et.al (2023); Arpan and Odjan (2020) explains that leverage affects the firm value. Therefore, a business entity can maximize its use of debt if the returns obtained are demand than the price of debt that. A higher return is expected to optimize gains, that in turn impress growth in value corporation. Therefore, hypothesis is:

H2: Leverage has a significant positive influence on firm value.

The Influence of Firm Size on Firm Value

Size of a business reflects level of a corporation, be can which estimated from many indicators such as total assets, market value, and marketing. The size of a business can be observed thru the total assets used in its operational activities. In general, companies are categorized into three groups: large, medium, and small. The larger the property owned by company, the simpler it is for the business up to manage it is resources plus optimize performance to increase the firm value.

Research conducted by Laksmiwati et.al (2023); Arpan and Odjan (2020), as well as by Irsad (2023), revealed this corporation size have a positive impress on firm value. This indicates that companies with more assets are usually able to increase their value because they have more resources stability. This condition attracts investors to invest

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with the expectation of obtaining higher dividends from the company. Therefore, the hypothesis is:

Firm size has a significant positive influence on firm value.

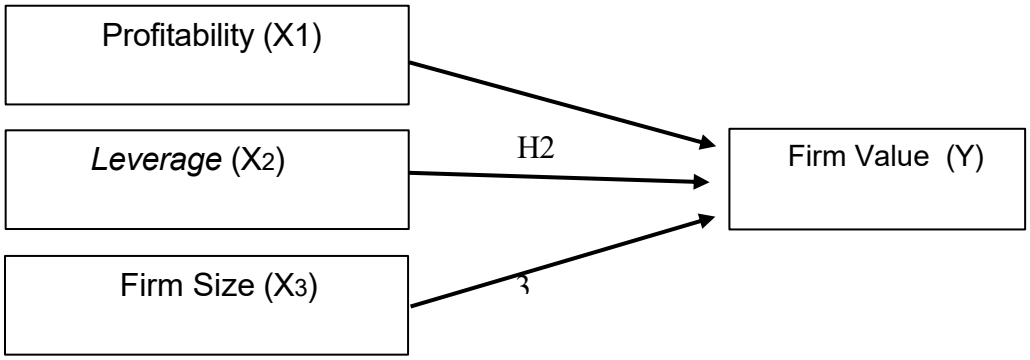


Figure 1: Conceptual Model

RESEARCH METHOD

This study applies data quantitative analysis to explore relationship between three a variables independent: profitability, leverage, also firm size, as well as firm value, which is variable dependent. Population the studied this in analyze includes company manufacturing in processed food subsector itemized on Indonesia Stock Exchange throughout 2022-2024 duration. There are total of 101 companies listed in this subsector in the year of the study. The approach employed sampling is purposive, which resulted in sum of 55 bussines as sample. The type and source data of employed this in analyze secondary are data, which already exist, taken from official website IDX in https://www.idx.co.id/id, to obtain information about companies in the processed food subsector in application of monetary declaration, stock information, and details of businnes enumated on swap.

In this analyze, statistical analysis was performed untilizing SPSS Version 26 program thru regression multiple linear tests to examine the formulated hypotheses. Previously, classical assumption tests were conducted first guarantee to the that analysis portotype is unrestricted by issuesnof normality, autocorrelation, multicollinearity and heteroscedasticity. If all assumptions were met, the regression model was declared suitable for use

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RESULTS

A comprehensive summary of the study's output based on the variables examined is presented in the following description:

Statistics Descriptive

The function of descriptive statistics is to describe data. This includes the mean, standard deviation, as well as the maximum and minimum values of each variable analyzed with SPSS version 26.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
	Statistic	Statistic	Statistic	Statistic	Statistic
PROFITABILITY	165	.0010	.3319	.081541	.0629572
LEVERAGE	165	-1.7686	4.9638	.825862	.9418215
FIRMSIZE	165	24.9749	32.9379	28.860207	1.7997169
FIRMVALUE	165	-.0537	17.5702	2.210799	2.3290657
Valid N (listwise)	165				

Based on descriptive statistics, this study applies 165 observation data points for all variables, indicating the statistical validity of the data for analysis.

The firm value variable serving as the dependent variable, has a minimum value of -0.0537 and the maximum value of 17.5702, with a mean of 2.210799 and a standard deviation of 2.3290657.

The independent variable, profitability has a minimum value of 0.0010 and the maximum value is -0.3319, a mean of 0.081541 and a standard deviation of 0.0629572.

The independent variable, leverage has a minimum value of -1.7686 also value a maximum 4.9638, a mean of 0.825862 and a standard deviation of 0.9418215

The independent variable, firm size has a minimum value of 24.9749 also value of maximum 32.9379, a mean of 28.860207 and a standard deviation of 1.7997169.

Normalitys Test

To check the normal distribution of residuals in a regression model, (K-S) Kolmogorov-Smirnov non-parametric tests statistical is used. Explanation of outcome of data normality tests employing (K-S) Kolmogorov-Smirnov test statistical is a pursues.

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Table 2. Normalitys Test

Test One-Sample Kolmogorov-Smirnov		
		Unstandardized Residual
N		165
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	916699104.83785190
Most Extreme Differences	Absolute	.062
	Positive	.024
	Negative	-.062
Test Statistic		.062
Asymp. Sig. (2-tailed)		.200[c,d]

Founded on outcome of (K-S) non-parametric Kolmogorov-Smirnov test statistical in Table 2, the four variables show a significance probability of 0.200. This value is above 0.05, indicating that all variables, namely Profitability, Leverage, and Firm Size, are normally distributed.

Autocorrelation Test

Test Watson-Durbin is an approach employed discover to correlation between residuals in a regression model. Below the chart explains output finding of autocorrelation untilizing test the Durbin-Watson (DW) tests :

Table 3. Autocorrelation Tests

Summary[b] Model					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.606a	.367	.351	764405252.17076	1.934
a. Predictors: (Constant), LAG_Y, LEVERAGE, PROFITABILITY, FIRM SIZE					
b. Dependent Variable: FIRM VALUE					

Source: SPSS 26 Data Analysis

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The criteria for determining the presence of autocorrelation are based on the equation du < d < 4 - du. As shown In chart four, Watson-Durbin is value recorded as 1.934. From Watson-Durbin chart, it appears value that of dL is 1.7085 and dU is 1.7825. The obtained Durbin-Watson value is above the upper limit (dU) and below 4 minus du. Which is 2.2175, resulting in the equation 1.7825 < 1.934 < 2.2175. The equation meets the criteria, which can be confirmed as there being no signs of autocorrelation.

Multicollinearity Test

Table 5. Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1029736308.566	323099733.133		3.187	.002		
	PROFITABILITY	.180	.055	.248	3.246	.001	.993	1.007
	LEVERAGE	.015	.073	.016	.205	.837	.984	1.016
	FIRMSIZE	-813.002	1005.074	-.062	-.809	.420	.991	1.009

a. Dependent Variable: FIRM VALUE

According of the multicollinearity analysis utilizing (VIF) Variance Inflation Factor method, the VIF for value the profitability variables (X1) is 1.007, for leverage (X2) 1.016, and for firm size (X3) 1.009. Meanwhile, the tolerance value for profitability (X1) and leverage (X2) is 0.993 and 0.984 respectively, and the tolerance value for firm size (X3) is 0.991. With VIF less than 10 and tolerance above 0.10, this indicates there that are multicollinearity no problems among independent in variables this research model regression.

Heteroscedasticity Test

The tests for heteroscedasticity to goals determine if there are in variations the variation of residuals between one observation and another in the regression model. The regression model is considered good if it shows no signs of heteroscedasticity. The results of the heteroscedasticity test in this study were obtained through the Gletjer test. The Gletjer test was conducted with the assumption that if alpha > 0.05, then there is no heteroscedasticity problem. The results of the Gletjer test can be seen in the following table:

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Table 6. Heteroscedasticity Test

Coefficientss[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	382562264.902	328279809.207		1.165	.246
	PROFITABILITY	-.010	.075	-.011	-.140	.889
	LEVERAGE	-763.067	1033.432	-.058	-.738	.461
	FIRM SIZE	-.060	.054	-.088	-1.116	.266
a. Dependent Variable: FIRM VALUE						

It can be seen out of table over that be can it concluded the that significance the of variable Profitability on Firm Value at 0.889 > 0.05, the significance of Leverage on Firm Value is 0.461 > 0.05, and the significance the of variable firm Size on Firm Value at 0.66 > 0.05. Therefore, summary the obtained is that there are no signs of heteroscedasticity. Thus, the model is considered adequate for predicting the variables of Profitability, Leverage, and Firm Size with Firm Value as dependent variable.

Tests Multiple Linear Regression

Below is outcome from regression the analysis using SPSS version 26:

Table 7. Regression Test Multiple Linears

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1029736308.566	323099733.133		3.187	.002
	PROFITABILITY	.180	.055	.248	3.246	.001
	LEVERAGE	.015	.073	.016	.205	.837
	FIRMSIZE	-813.002	1005.074	-.062	-.809	.420
a. Dependent Variable: FIRM VALUE						

From Table 8, the following linear regression equation can be obtained:

Firm Value = α + $\beta 1X1$ + $\beta 2X2$ + $\beta 3X3$ + ε

Firm Value = 1029736308.566 + 0,180+ 0,015 – 813,002 + e

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The regression equation can be described as follows:

According to this equation, the constant of 1029736308.566 indicates the that if of variables Profitability, Leverage, and Firm Size are assumed to be or constants equal to 0 (zero), firm value will increase out of 1029736308.566.

Regression the coefficients for Profitability is 0.180 and is plus. Indicates this if that of the values other variable remain constants, at 1% increase a Profitability will create of increase 0.180 at firm Value. The positive coefficient value indicates positive connection amid profitability and firm value.

Regression the coefficients of Leverage variables indicates value plus of 0.015. This shows the if other variables remain constant and Leverage out of increases 1%, the Firm Value will definitely increase by 0.015. The positive coefficient indicates a positive connection amid Leverage and Firm Value.

For regressions, coefficients the of Firm Size variables adverse is at -183.002. This indicates that if other variables remain constant and the Firm Size 1% by increases, Firm Vanue will the definitely out of decrease -183.002. This negative coefficient shows a negative connection amid Firm Size and Firm Value.

Partial (T-Test)

T-test the (partial) an useful for testing influence among variables every, namely Profitability, Leverage, also Firm Size, Firm Value on individually. T-test results (partial) can be seen below:

Table 8. Output (Partial) T-Test

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1029736308.566	323099733.133		3.187	.002
	PROFITABILITY	.180	.055	.248	3.246	.001
	LEVERAGE	.015	.073	.016	.205	.837
	FIRMSIZE	-813.002	1005.074	-.062	-.809	.420
a. Dependent Variable: FIRM VALUE						

Looking at the output a table 8, hypothesis following tests be can applied:

Based on the output of the first hypothesis test in this study, it shows that the Profitability variable has a regression coefficient of 0.180 and a significance value of

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0.001. This significance value of 0.001 is smaller than α (0.05). This indicates that the variables Profitability affects the Firm Value, can it this that terminated be H1 is approved.

Founded the on output from second the hypothesis test in this analyze, it shows that Leverage variable has coefficient a regression by 0.015 and significance a value by 0.837. Significance the value by 0.837 bigger is than α (0.05). It displays that that firm value is not affected in leverage factors, therefor can it be ended that H2 is rejected.

Founded on output by test third the hypothesis in analyze this, this indicates a regression coefficient for firm size variable is -813,002 and the p-value is recorded at 0.420. The p-values of 0.420 is taller than α (0.05). Therefore, can it be ended a the firm size has variables no impact on firm value, and thus, H3 can be considered rejected.

DISCUSSIONS

The Impact of Profitability on Firm Value

Founded on outcome of the study, the significance level is 0.001 < α (0.05). Approach this that the Profitability variable affects Firm Value, so it can be concluded that H1 is accepted. These research results are consistent with the research conducted by Markonah et al (2020); Irsad (2023) as well as Arpan and Odjan (2020), which states that profitability has an influence on the variable of firm value. However, the output of this study is not in line with the study by Mardiana and Manda (2026), which states that profitability does not have an impact on firm value. The ability of a business to pay dividends usually increases with higher profitability. This condition able to attract investors to invest they's finances in business, which has a potential to increase the bussines market value.

The Impact of Leverage on Firm Value

Founded on research outcome , obtained p-value is 0.837, is which higher than α (0.05). This denotes that if leverage variable usage note impact the firm value, H2 can be rejected. The findings of in analyze are reliable along with study by Mardiana and Manda (2026), which indicated that resilience variable no has impact on value corporation. However, these outcome contradict study by Laksmiwati et.al (2023); Arpan and Odjan (2020), which stated that leverage. affects the firm value. A company's level of dependence on creditors in financing its assets can be measured through leverage.

Companies with high leverage show a high level of dependence on external funding sources to finance their assets. Conversely, companies with low leverage use more of their own capital to finance their assets. However, in the context of investment

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decisions, the leverage factor is often not a primary consideration for investors. This is because investors generally consider the potential return on investment more than the amount of debt the company has.

The Impact of Firm Size on Firm Value

Founded on findings of the study, p-value obtained is 0.420, is which higher than α of 0.05. This denotes that if size corporate usage note impact firm value, then H3 can be considered rejected. This condition occurs because the market assesses that bigger dimension a commerce of unit, the increased it is ability to conduct funcional activities and utilize broader investment opportunities, which ultimately can increase the a firm value.

An output this of analyzse is consistent with analyze out of Mardiana and Manda (2026), which revealed the variables that Firm Size lacks cortain an effect the on variable firm value. However, this output differs from the study conducted by Laksmiwati et.al (2023); Arpan and Odjan (2020); by Irsad (2023) which stated that the variable Firm Size an owns on impact the variable Firm Value.

CONCLUSIONS

Founded on the analysis of tests deducted, can be it derived this differences in profitability impact firm value. On other hand, variations in debt and Firm size do not affect this value. For researchers in future studies, they can expand the research variables that can be used to predict Firm Value, extend the research period, and also expand the research object.

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