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The Effect of Profitability, Liquidity, Leverage, and Firm Size on Firm Value in The Automotive and Component Subsector Listed on The Indonesia Stock Exchange For The Period 2015–2024

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Abstract *– The purpose of this research is to find out how profitability, liquidity, leverage and firm value affect firm value. The correlations among the variables were examined using a causal study design and a quantitative technique. Eighteen firms, all involved in the automotive and component industries, that were listed on the IDX between 2015 and 2024 make up the study's population. Five firms selected through purposive sampling consistently published full financial statements over the course of the ten-year study. A total of 50 observations were included in the research and evaluated using EViews 13. The primary technique for analysis was panel data regression. Firm value is positively and significantly impacted by profitability and leverage, according to the data. Firm value is significantly and negatively impacted by firm size. On the other hand, liquidity doesn't seem to have much of an impact on company valuation.*

Keywords: *profitability, liquidity, leverage, firm size, firm value*

INTRODUCTION

Businesses are driven to constantly enhance their productivity in response to the fierce global economic rivalry. This is essential for accomplishing set objectives. Owners or shareholders gain when these objectives are met (Liniarti et al., 2025). Improving the company's worth is one possible course of action. The stock price reflects investors' opinions on the company's performance, financial structure, and future growth prospects, which in turn reflects the firm's worth in the market (Wu & Rao, 2017; Akin et al., 2024). A high stock price indicates that the business is very valuable. The owners' expectations are satisfied by this condition since it boosts their welfare and makes the firm more appealing to investors (Rachmadinanti & Hirdinis, 2025). Consequently, organizations focused on long-term development should prioritize maximizing firm value (Sulistyawati et al., 2023).

Efforts to maximize firm value are often constrained, especially when market conditions are unstable. In the first quarter of 2024, the Indonesia Composite Stock Price Index (IHSG) experienced a decline of 8.04% year-to-date, reflecting a weakening of overall market capitalization (Ojk.go.id, 2024). This condition directly affected companies in the automotive and component subsector due to declining vehicle demand. Based on data from Gaikindo, domestic car sales decreased by 17.5% year-on-year, reaching 484,236 units from January to July 2024 (Kontan.co.id, 2024). The decline continued in September 2024 with sales volume reaching only 72,667 units, decreasing by 4.77% compared to August 2024 and 9.07% compared to September 2023 (Natalia, 2024). The corporate value of companies in the automotive and component subsector has declined as a result of the pressure caused by this situation on financial performance.

Companies listed on the Indonesia Stock Exchange that are involved in the automotive and component subsector likewise experience variations in firm value. There is a very noticeable declining trend in the average firm value calculated using Tobin's Q from 2015 to 2024 based on processed IDX data. This shows that investors' views on the performance and future prospects of companies in this industry are not always consistent. The development of firm value during the research period is presented in Figure 1.

This study uses Tobin’s Q ratio, a popular method for calculating firm value, which compares a company's market value to the replacement cost of its assets (Akin et al., 2024). Numerous prior studies

have made extensive use of Tobin's Q ratio, such as (Popa et al., 2024; Al-Omari et al., 2023; Truong, 2025; Susilowati & Meidiyustiani, 2023; Elamer et al., 2024; D'Costa et al., 2024).

Previous studies have identified several factors that may influence firm value, including profitability, liquidity, leverage, and firm size (Gz & Lisiantara, 2022)., (Adhyasta & Sudarsi, 2023)., and (Putri & Wahyudi, 2025). A firm size represents the scope of its assets and activities, liquidity demonstrates the firm's capacity to satisfy short-term commitments, leverage shows the amount of debt used to finance its operations, and profitability illustrates the ability to create profits.

Nevertheless, there are still conflicting empirical results about how these factors affect firm value. While some research indicates that firm size, profitability, liquidity, and leverage all have a substantial impact on firm value, other studies come to different conclusions (Siregar et al., 2023; Akin et al., 2024; Popa et al., 2024; Petronila & Aprilianti, 2024; Idrawahyuni et al., 2024). These differences in findings indicate the existence of a research gap that needs further investigation, particularly in the automotive and component subsector in Indonesia.

By presenting actual data from the automotive and component subsector over a ten-year period, covering pre- and post-pandemic circumstances, this research adds to the body of knowledge. However, the results may not be as broadly applicable due to the very small sample size (5 firms). Furthermore, this study's findings on the detrimental impact of firm size go counter to the majority of other studies, making it a significant contribution that needs further research.

This research aims to examine the impact of profitability, liquidity, leverage, and firm size on firm value in automotive and component subsector businesses listed on the IDX between 2015-2024, based on the above problem description.

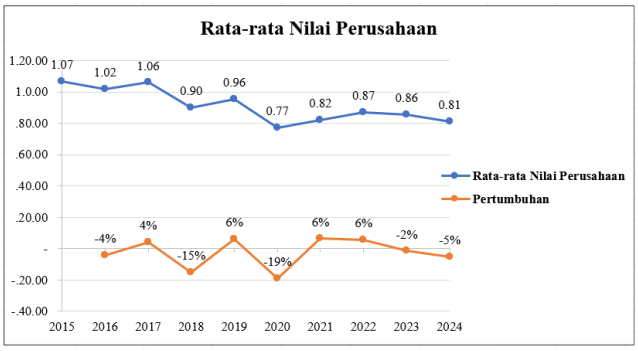

Figure 1. Average Firm Value (Tobin's Q) of Automotive and Components Subsector Companies for the Period 2015–2024
Source: IDX data processed (2025)

LITERATURE REVIEW

Signalling theory

Spence (1973) was the first to present signaling theory, which explains that companies convey information to investors through financial reports as signals regarding management actions and company performance. This theory helps explain the behavior of parties involved when information asymmetry occurs between management and investors. The information disclosed by companies reflects their financial condition and performance, which is then evaluated by investors when making investment decisions. Positive signals indicate good company prospects, while negative signals indicate risks that may influence investor perceptions (Al-Omari et al., 2023). In this context, financial information such as profitability, liquidity, leverage, and firm size can function as signals that influence investors' assessments of firm value (Setiawan & Venona, 2023).

Trade off theory

According to trade-off theory, companies weigh the advantages and disadvantages of debt financing to establish their ideal capital structure. Modigliani and Miller (1963) emphasize that the use of debt provides tax advantages that can enhance firm value. However, excessive use of debt may also generate various costs and risks that can potentially reduce firm value. Therefore, firms are expected to determine an optimal level of debt, where the benefits of debt are balanced with the associated costs. According to this hypothesis, having a suitable amount of debt might boost a company's worth, while having too much debt could have the opposite effect (Kraus & Litzenberger, 1973; Ahmed et al., 2023; Oppusunggu & Chalil, 2025).

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Firm value

Firm value is a reflection of how investors in the capital market see a company's performance, which is often represented in the stock price that results from the interplay of supply and demand. Firm value is a crucial consideration when making investment decisions since investors' perceptions of a company's performance and prospects are positively correlated with its stock price (Gz & Lisiantara, 2022; Indriaty et al., 2024). Tobin's Q, or the ratio of the market value of debt and equity to the total assets of the business, is used in this research to calculate firm value (Popa et al., 2024).

$$Tobin's\ Q\ = \frac{MVE + Debt}{TA}$$

Description:
MVE = Market Value of Equity (Stock Price × Number of Outstanding Shares)
Debt = Total Company Liabilities
TA = Total Assets of the Company

Profitability

A ratio called profitability assesses how well a business can make money off of its assets. Increased profitability is a sign of improved business performance and may boost investor confidence, both of which have the potential to raise firm value (Husna & Satria, 2019; Al-Omari et al., 2023). Return on Assets (ROA), which is used to quantify profitability in this research, is calculated using the following formula:

$$ROA\ = \frac{Net\ Income\ After\ Tax}{Total\ Asset} \text{x } 100\%$$

Liquidity

The capacity of the business to satisfy its short-term commitments using its existing assets is referred to as liquidity. Businesses with high liquidity are seen as having solid finances and are better equipped to handle short-term financial threats (Petronila & Aprilianti, 2024). The Current Ratio (CR), which is used to quantify liquidity in this research, is calculated using the following formula:

$$CR\ = \frac{Current\ Assets}{Current\ Liabilities}$$

Leverage

The degree to which a business employs debt in its capital structure is referred to as leverage. Excessive debt may raise financial risk and undermine investor trust, while the right use of debt can boost firm value via financing advantages (Puspitasari et al., 2023; Jayati & Cindiyasari, 2024). The Debt to Equity Ratio (DER), which measures leverage in this research, is calculated using the following formula:

$$DER\ = \frac{Total\ Liabilities}{Total\ Equity}$$

Firm Size

Firm size is a measure of a company's size and is often linked to its potential for growth and economic strength. Bigger businesses often have more access to resources like labor, cash, and technology, which may boost their competitiveness and financial success (Khoa, 2023; Segura et al., 2024). A more accurate picture, the natural logarithm of total assets is used in this research to calculate firm size (Latif et al., 2023).

$$Firm\ Size = \text{LN (Total } Asset)$$

Hypotheses Development and Research Framework

A company's capacity to make money from its assets is reflected in its profitability, which may affect investor interest and firm value (Hutauruk, 2024). According to signaling theory, a high degree of profitability sends a good signal about the success of the business and its prospects going forward (Gz & Lisiantara, 2022). Businesses that are able to turn a profit on a regular basis tend to draw in investors

and raise demand for investments, which may eventually raise the value of the company. Profitability has a favorable impact on firm value, according to a number of earlier research (Siregar et al., 2023; Al-Omari et al., 2023; Jayati & Cindiyasari, 2024; Averio et al., 2024; Adhyasta & Sudarsi, 2023), Consequently, the following is the initial theory put forth:

H1: Profitability has a positive effect on firm value.

The capacity of a business to satisfy its short-term commitments using its existing assets is referred to as liquidity. Stable financial circumstances and a good capacity to meet short-term commitments are indicated by a high current ratio (Ahmad et al., 2023). Good liquidity, according to signaling theory, gives investors a favorable signal about a company's financial health and capacity to pay debts (Petronila & Aprilianti, 2024). This circumstance may boost investor confidence and motivate investment choices, which might eventually raise the worth of the company. Liquidity has a favorable impact on firm value, according to earlier research (Popa et al., 2024; Idrawahyuni et al., 2024; Nurjanah & Srimindarti, 2023; Adhyasta & Sudarsi, 2023), Thus, the following is the formulation of the second hypothesis:

H2: Liquidity has a positive effect on firm value.

The degree to which a business utilizes debt to fund its operations is referred to as leverage (Jayati & Cindiyasari, 2024). According to trade-off theory, if a business has an ideal capital structure, using debt may boost its value since it offers tax advantages that can lower the cost of capital (Ngatno et al., 2021). Effective leverage management may help businesses grow and perform better financially, which can boost investor confidence and firm value. Leverage has a favorable impact on firm value, according to earlier research (Martini, 2024; Adhyasta & Sudarsi, 2023; Akin et al., 2024; Abbas et al., 2023; Oppusunggu & Chalil, 2025), Thus, the following is the third hypothesis that is put forth:

H3: Leverage has a positive effect on firm value.

Firm size, which is often determined by total assets, represents the scope of a business's activities (Oktasari et al., 2025). According to signaling theory, bigger businesses often provide investors favorable signals since they are seen as more stable and have stronger development potential (Gz & Lisiantara, 2022). Large companies also often have more access to financial resources and more market power, which may attract investors and raise the value of the company. Firm size and firm value are positively correlated, according to a number of earlier research (Amimakmur et al., 2024; Akin et al., 2024; Septerini & Hendrani, 2024; Mirnawati & Dewi, 2023; Umboh & Yanti, 2025). The influence of firm size is not always constant, however, since some research suggest that inefficiencies, operational complexity, and diseconomies of scale may have a negative impact on firm value (Santika et al., 2023; Latif et al., 2023). Consequently, the following is the formulation of the fourth hypothesis:

H4: Firm size has a positive effect on firm value.

The conceptual framework, shown in Figure 2, was developed by the researcher based on the literature study.

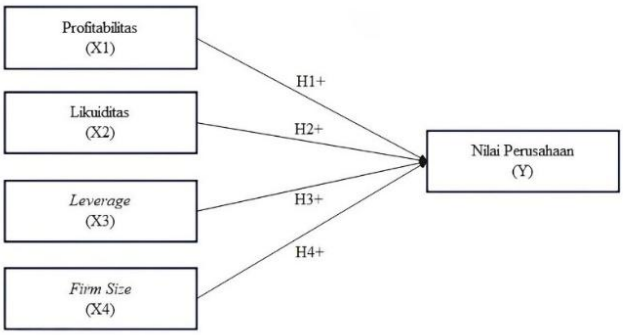

Figure 2. Research Framework

METHOD

The impact of profitability, liquidity, leverage, and firm size on firm value in automotive and component subsector businesses listed on the IDX between 2015-2024 is investigated in this study using a quantitative method with a causal research design. Within the subsector, there are eighteen

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businesses. Five firms are included in the final sample based on the availability of data and the consistency of financial reporting over the observation period.

The study's secondary data came from the firms' yearly financial statements, which are accessible to the public on both the official websites of the individual companies and the IDX. ROA, CR, DER, firm size, and firm value measured using Tobin's Q are the variables included in this study. The dependent variable is firm value, and the independent variables are profitability (proxied by ROA), liquidity (proxied by CR), leverage (proxied by DER), and firm size (measured by the natural logarithm of total assets).

EViews 13 program is used for panel data regression data analysis. Descriptive statistics, panel data model selection using the Chow and Hausman tests, and traditional assumption tests like heteroscedasticity and autocorrelation tests are all part of the analytical process. The t-test and coefficient of determination (R^2) are used to test hypotheses.

RESULTS and DISCUSSION

Descriptive Statistics

Table 1. Descriptive Statistics of Research Variables

	Tobin's Q	ROA	CR	DER	FSIZE
Mean	1.140779	0.082701	2.207666	0.496182	30.29060
Median	0.832308	0.059506	1.733418	0.380746	29.89816
Maximum	3.401664	0.227307	5.760598	1.711561	33.78996
Minimum	0.139325	0.000757	1.147183	0.101908	28.42858
Std. Dev.	0.893803	0.069755	1.162317	0.344255	1.753608
Observations	50	50	50	50	50

Source: Processed data using EViews 13 (2025)

1. Companies in this subsector above their book value. The maximum value of 3.401664 was recorded by PT. Astra International Tbk, while the minimum value of 0.139325 was observed in PT. Astra Otoparts Tbk. The standard deviation of 0.893803 indicates a moderate variation in firm value among companies.
2. Profitability (ROA) has an average value of 0.082701, meaning that companies generate about 8.2% profit from their total assets. The highest ROA value (0.227307) was recorded by PT. Selamat Sempurna Tbk, while the lowest (0.000757) was found in PT. Indospring Tbk. The standard deviation of 0.069755 indicates some variation in profitability across firms.
3. Liquidity (Current Ratio) has an average value of 2.207666, indicating that companies generally have a good ability to meet short-term obligations. The maximum value (5.760598) was recorded by PT. Selamat Sempurna Tbk, while the minimum (1.147183) was found in PT. Astra Otoparts Tbk. The standard deviation of 1.162317 shows relatively high differences in liquidity among companies.
4. Leverage (Debt to Equity Ratio) has an average value of 0.496182, suggesting that most companies rely more on equity than debt in their capital structure. The maximum DER (1.711561) was recorded by PT. Mitra Pinasthika Mustika Tbk, while the minimum (0.101908) was found in PT. Indospring Tbk. The standard deviation of 0.344255 indicates variation in leverage levels among firms.
5. Firm Size has an average value of 30.29060, indicating that most companies in the automotive and component subsector are classified as large firms. The maximum value (33.78996) was recorded by PT. Astra International Tbk, while the minimum (28.42858) was found in PT. Selamat Sempurna Tbk. The standard deviation of 1.753608 indicates variation in firm size within the subsector

Model Selection Results

Table 2. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	36.503001	(4,41)	0.0000
Cross-section Chi-square	75.880038	4	0.0000

Source: Processed data using EViews 13 (2025)

Table 3. Hausman Test Result

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	146.012006	4	0.0000

Source: Processed data using EViews 13 (2025)

The FEM is chosen as the best panel data regression model for this investigation based on the Chow Test and Hausman Test findings shown in Tables 2 and 3, as the probability values are below the significance threshold of 0.05. Consequently, the FEM is used to estimate the regression analysis, as Table 4 shows.

Table 4. Fixed Effect Model Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	26.03029	4.464681	5.830267	0.0000
ROA	3.149287	1.245807	2.527911	0.0154
CR	-0.046413	0.062730	-0.739896	0.4636
DER	0.491959	0.121211	4.058698	0.0002
FSIZE	-0.834965	0.151709	-5.503720	0.0000
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.967696	Mean dependent var		1.140779
Adjusted R-squared	0.961392	S.D. dependent var		0.893803
S.E. of regression	0.175622	Akaike info criterion		-0.479420
Sum squared resid	1.264562	Schwarz criterion		-0.135256
Log likelihood	20.98551	Hannan-Quinn criter.		-0.348361
F-statistic	153.5227	Durbin-Watson stat		0.966284
Prob(F-statistic)	0.000000			

Source: Processed data using EViews 13 (2025)

Model Feasibility Test (F-Statistic)

The probability value of 0.000 in the F-test findings is significantly less than the significance threshold of 0.05. These results show that the study's regression model satisfies the feasibility criteria and is suitable for further analysis.

Coefficient of Determination (R^2)

The independent variables ROA, CR, DER, and firm size collectively explain 96.14% of the variance in the dependent variable, Tobin's Q, according to the Adjusted R-Squared value of 0.961392 (96.14%). Other variables beyond the study model account for the remaining 3.86%. This finding implies that the model has a very good explanatory power and that internal financial performance has a significant impact on firm value in the automotive and component subsector.

However, given the small number of cross-sectional units, this very high value should be taken cautiously since it may be impacted by firm-specific effects recorded in the Fixed Effect Model. Furthermore, even if the model fits the sample data well, its capacity to generalize beyond the observed

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data may be constrained due to the short sample size, which might lead to an overestimation of the model's explanatory power.

CLASSICAL ASSUMPTION TEST

Heteroscedasticity Test

Table 5. Heteroscedasticity Test Results

F-statistic	0.325146	Prob. F(4,45)	0.8596
Obs*R-squared	1.404501	Prob. Chi-Square(4)	0.8434
Scaled explained SS	1.080691	Prob. Chi-Square(4)	0.8973

Source: Processed data using EViews 13 (2025)

Table 5 shows that the probability value of Obs*R-squared is 0.8434, above the significance threshold of 0.05. Furthermore, both the Prob. Chi-Square value of 0.8973 and the Prob. F value of 0.8596 are greater than 0.05. These findings suggest that the regression model satisfies the classical assumption and is not affected by heteroscedasticity.

Autocorrelation Test

Table 6. Autocorrelation Test Results

F-statistic	1.413522	Prob. F(2,32)	0.2581
Obs*R-squared	3.165779	Prob. Chi-Square(2)	0.2054

Source: Processed data using EViews 13 (2025)

Table 6 shows that the probability values are above the significance threshold of 0.05. This indicates that the regression model satisfies the classical assumption and is free of autocorrelation.

Hypothesis Testing (T-Test)

Table 7. T-Test Results of the Effect of Independent Variables on Firm Value

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	26.03029	4.464681	5.830267	0.0000
ROA	3.149287	1.245807	2.527911	0.0154
CR	-0.046413	0.062730	-0.739896	0.4636
DER	0.491959	0.121211	4.058698	0.0002
FSIZE	-0.834965	0.151709	-5.503720	0.0000

Source: Processed data using EViews 13 (2025)

1. ROA (X1) shows a probability value of 0.0154 < 0.05 and a coefficient value of 3.149287. This finding demonstrates that firm value, as determined by Tobin's Q, is positively and significantly impacted by profitability as determined by ROA. H1 is thus accepted.
2. CR (X2) features a probability value of 0.4636 > 0.05 and a negative coefficient of -0.046413. Therefore, H2 is rejected as the liquidity represented by CR has no discernible impact on firm value.
3. DER (X3) yields a probability value of 0.0002 < 0.05 and a coefficient value of 0.491959. These results show that leverage significantly and favorably affects firm value. This indicates that the market responds favorably to increased levels of leverage in this research and may promote a rise in firm value. H3 is thus accepted.
4. FSIZE (X4) has a probability value of 0.0000 < 0.05 and a negative coefficient value of -0.834965. This finding demonstrates that firm size has a negative and substantial impact on firm value, suggesting that an increase in firm size does not necessarily translate into an increase in firm value. H4 is thus rejected.

Discussion of Hypothesis Results

The Effect of Profitability on Firm Value

The study's findings show that firm value, as assessed by Tobin's Q, is positively impacted by profitability as determined by ROA. As a result, the first hypothesis (H1) gets accepted. According to this research, the market's evaluation of a business increases with its capacity to make money from its assets. This is represented in rising stock prices, which have a direct impact on the growth of firm value.

This finding is in line with the signaling theory proposed by Spence (1973), which explains that good company performance attracts positive attention from investors. High profitability reflects the efficiency of company management and good growth prospects, which in turn increases the attractiveness of the company's shares in the capital market. This condition encourages investors to purchase company shares and contributes to increasing stock prices, which ultimately increases firm value (Al-Omari et al., 2023). In the automotive and component industry, which is a capital-intensive sector with high investment needs for machinery, technology, and production facilities, efficiency in asset utilization becomes a key factor in maintaining profitability. Investor trust in the company's fundamentals and growth potential is boosted by high profitability, which is a reflection of management's ability to manage assets effectively. In the end, this confidence raises stock prices and stimulates demand for shares, increasing the worth of the company. These results are in line with earlier research demonstrating that profitability significantly and favorably affects firm value, such as those carried out by (Siregar et al., 2023; Al-Omari et al., 2023; Jayati & Cindiyasari, 2024; Averio et al., 2024; Adhyasta & Sudarsi, 2023).

The Effect of Liquidity on Firm Value

The study's findings show that firm value as determined by Tobin's Q is unaffected by liquidity as evaluated by the Current Ratio (CR). As a result, the second hypothesis (H2) is rejected. These results show that a high level of liquidity has not been able to directly affect firm value and does not always result in a favorable reaction from the market. In other words, while evaluating businesses in the automotive and component subsector, investors do not prioritize the company's capacity to fulfill short-term commitments.

In the framework of signaling theory, a high level of liquidity should theoretically be interpreted as a positive signal indicating that the company is in good financial condition and able to meet its short-term obligations. However, excessively high liquidity can also be interpreted as a negative signal because it indicates idle cash that is not invested productively. This reflects inefficiency in asset utilization (Gz & Lisiantara, 2022). In the capital-intensive automotive and component industry, companies require large working capital to support raw material procurement, production processes, and distribution. Therefore, high liquidity levels tend to reflect operational needs rather than the company's ability to create value. As a result, the signal conveyed becomes ambiguous and does not necessarily increase firm value. These findings are consistent with previous studies that also found liquidity does not significantly affect firm value, such as those conducted by (Santika et al., 2023; Rahayu & Waluyo, 2024; Petronila & Aprilianti, 2024; Averio et al., 2024; Inrawan & Lie, 2024; Septyani & Risman, 2024).

The Effect of Leverage on Firm Value

The results of the analysis indicate that leverage proxied by the Debt to Equity Ratio (DER) has a positive and significant effect on firm value measured using Tobin's Q. Therefore, H3 is accepted. These findings indicate that an increase in DER tends to receive a positive response from the market because it is viewed as a strategic effort to utilize external financing to encourage business growth and expansion.

According to trade-off theory, when debt is used proportionately, it may lower tax obligations via tax shields and boost business performance, which eventually has the ability to raise firm value as long as its usage stays at an ideal level (Oppusunggu & Chalil, 2025). In the capital-intensive automotive and component subsector, companies require substantial funding for technological development, production capacity improvement, and product innovation. When internal funds are insufficient, external financing through debt becomes an important strategy to maintain competitiveness and support expansion. Investors view productive use of debt as a positive signal that the company has growth prospects and management confidence in generating future cash flows to meet its obligations. Effective debt management is reflected in improved company performance, which in turn strengthens investor confidence and encourages an increase in firm value. These results align with earlier research, including (Martini, 2024; Adhyasta & Sudarsi, 2023; Akin et al., 2024; Abbas et al., 2023; Oppusunggu & Chalil, 2025).

The Effect of Firm Size on Firm Value

The findings show that the impact on firm value is statistically significant. Nevertheless, the

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relationship's negative direction defies the suggested theory. Consequently, rather than lacking statistical significance, H4 is rejected because of a discrepancy in the predicted direction. This result implies the existence of diseconomies of scale, wherein bigger businesses may have inefficiencies that have a detrimental effect on their firm value. To put it another way, investors may not always see substantial assets as an indication of a company's size as a sign of superior investment quality or efficient capital use.

From the perspective of signaling theory, a larger firm size should provide a positive signal to investors because it reflects operational stability, adequate production capacity, and stronger financial capability (Latif et al., 2023). However, in the automotive and component subsector, companies with large assets often face challenges such as higher operational complexity, greater depreciation costs, and heavier maintenance expenses for production facilities and equipment. When asset growth is not accompanied by efficient asset management and increased profitability, the company loses its ability to generate optimal profits. In such situations, the signal conveyed becomes negative. Investors perceive asset expansion as inefficient capital allocation, which tends to reduce investment interest and ultimately decrease firm value. This phenomenon is known as diseconomies of scale, where company growth exceeds the optimal point so that coordination and bureaucratic costs become greater than the efficiency gained. These results align with earlier research carried out by (Santika et al., 2023; Latif et al., 2023).

CONCLUSION

Based on the results of this study regarding the effect of profitability, liquidity, leverage, and firm size on firm value in automotive and component subsector companies listed on the Indonesia Stock Exchange during the 2015–2024 period, several conclusions can be drawn as follows:

1. Profitability has been proven to be a major determinant that positively and significantly effects firm value. This result demonstrates that a company's firm value increases with its degree of profitability.
2. Liquidity does not have a significant effect on firm value. This suggests that investors do not evaluate businesses in this industry based on their capacity to fulfill short-term commitments.
3. Leverage has a positive and significant effect on firm value, demonstrating that investors see the use of debt as an indication of the company's potential for development and its capacity for effective financial management.
4. Firm size has a negative and significant effect on firm value, suggesting that, in contrast to bigger organizations, which often deal with operational complexity and expansion constraints, investors prefer to value the growth potential of smaller businesses.

LIMITATION AND FUTURE RESEARCH

There are a number of limitations to this research. First, the results may not be as broadly applicable due to the limited sample size of five businesses. Second, firm-specific effects in the panel data model might have an impact on the high Adjusted R2 value. Third, this research just looks at four financial variables; it leaves out other crucial elements including market mood, company governance, and macroeconomic circumstances.

To increase the robustness and generalizability of the results, it is advised that future studies increase the sample size, add more variables, and look at new industries or cross-national data.

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