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The Influence of Profitability, Growth Ratio, and Firm Size on Firm Value with Stock Price as an Intervening Variable in Healthcare Sector Companies Listed on the Indonesia Stock Exchange for the 2021-2023 Period

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ABSTRACT

The rapid growth of the business world in an increasingly competitive era of globalization has made economic actors, including companies in the health sector, face increasingly fierce competition. Companies strive to increase and maximize company value to attract investors, because higher company value guarantees greater shareholder prosperity. This study aims to examine the effect of Profitability, Growth Ratio, and Company Size on Firm Value, with Stock Price as the intervening variable, in health sector companies listed on the IDX during the period 2021-2023. This study uses secondary data from the annual reports of 12 selected companies. The analysis methods used include descriptive statistical tests, measurement model evaluation and structural model evaluation. Data processing is done using the SmartPLS program. The findings show that the model used is Fit. Profitability and Share Price significantly affect Firm Value, while Growth Ratio and Firm Size do not. In addition, Share Price is not a viable intervening variable in this study.

Keywords: growth ratio, stock price, company value, profitability, company size

INTRODUCTION

The healthcare industry is one of the industrial sectors that plays an important role in supporting public health in Indonesia (Sija, 2022). Companies in the healthcare sector play a role in providing various health and medical care services to the public (Kerry et al., 2020). These include hospitals, clinics, doctors' practices, medical laboratories, and other services. The sector is also involved in the provision of pharmaceutical products and medical equipment as well as services such as medical consultations. Of course, this industry has promising prospects along with the increasing public awareness of health.

Furthermore, Indonesia has passed the Covid-19 pandemic period, this health industry is a promising sector for investment. Quite intense business competition occurs in the health industry business. This is marked by the emergence of companies conducting public offerings or initial public offerings (IPOs) or commonly called going public which also enliven business competition. According to Barnades and Suprihhadi (2020), a company's future prospects can be assessed through its success in maintaining a high stock price. A strong stock price reflects a high company value, which in turn fosters market confidence and enhances the company's overall performance. Additionally, for creditors, company value serves as an indicator of the firm's ability to repay debts, ensuring that lenders feel secure in extending financial support.

Company value can be assessed using the Price to Book Value (PBV) formula, which evaluates the relationship between a company's stock price and its book value per share (Kasmir, 2019). During the 2021-2023 period, the PBV ratio of companies in the health sector has shown a decline. This can occur due to a decrease in Covid-19 cases from time to time. However, it is possible that it will fluctuate again in the future. The average value of PBV shows > 1, meaning that the company is still categorized as a company with fairly good performance. However, of course a decrease in company value can be a worrying situation for investors caused by various external and internal factors that have various negative consequences. Several factors can impact company value, including profitability, company growth, and liquidity (Saputri & Giovanni, 2021). Meanwhile, Kurnia (2019) examined the relationship between profitability, dividend policy, and stock price on firm value.

The healthcare sector in Indonesia is experiencing rapid growth, especially in the post-Covid-19 era, leading to intense competition among companies. This research provides a novel perspective by examining the interplay between profitability, growth ratio, and firm size on company value, specifically using stock price as an intervening variable. Unlike previous studies, this research focuses exclusively on healthcare companies listed on the Indonesia Stock Exchange during the 2021-2023 period, highlighting the unique dynamics of this sector in a rapidly changing economic landscape.

The primary objective of this research is to analyze the impact of profitability, growth ratio, and firm size on company value, with a specific focus on the role of stock price as an intervening variable. The findings aim to offer valuable insights for stakeholders, including investors and company management, by identifying key factors that influence company value in the healthcare sector. The implications of this research extend to enhancing strategic decision-making for healthcare companies, enabling them to optimize their performance and improve investor confidence. Additionally, the study serves as a foundation for future research, encouraging further exploration of alternative variables that may significantly impact company value.

THEORY

Profitability

According to Kasmir (2019), the profitability ratio is a measure used to assess a company's capability in generating profit. This ratio serves as an indicator of management effectiveness, reflected in the profits earned from sales and investments. The measurement results can later be used as a tool to evaluate management performance. If it succeeds in achieving the target, it is said to have succeeded in achieving the target for a period or several periods, but if it fails, it will be a lesson for management to investigate the location of the error and fix it so that it does not happen again. This study assesses profitability using the Return on Equity (ROE) ratio, which measures net profit after tax in relation to equity. This ratio reflects the efficiency of a company's use of equity, with a higher ROE indicating a stronger financial standing for its owner’s (Kasmir, 2019). The formula is as follows:

$$ROE = \frac{Profit\ After\ Interest\ and\ Tax}{Ekuitas}$$

Profitability is a crucial aspect that must be considered to ensure a company remains in a favorable financial state (Rolanta & Dewi, 2020). Business success is fundamentally defined by its ability to achieve objectives, particularly in generating profit, as profitability is a core goal of any company. Previous research by Dwiastuti and Dillak (2019) also found that profitability has a significant impact on company value.

Growth Ratio

J. Fred Weston, as referenced in Kasmir (2019), describes the growth ratio as a measure of a company's capability to maintain its economic standing amidst overall economic and industry sector expansion. This research applies the sales growth formula to evaluate company growth, where sales growth represents a company's ability to increase its revenue over a specific period compared to previous total sales. The formula is as follows:

$$Sales\ Growth = \frac{Sales\ (t) - Sales\ (t-1)}{Sales\ (t-1)}$$

Good company growth is a sign that the company has profitable aspects, because it is considered capable of generating better profits over time (Ramdhonah et al., 2019). Companies with high growth indicate that the company is developing (Krisnando & Novitasari, 2021). As previous research by Suastra, Widnyana, and Tahu (SUASTRA, 2023) revealed that company growth has a positive and significant effect on company value.

Company Size

Brigham and Houston (2019) define company size as a measure of a firm's scale, which can be assessed based on total assets, total sales, profit, tax burden, and other financial indicators. Company size serves as a key benchmark in evaluating a firm's value, which can be observed through its equity, sales, and total assets (Nugraha & Alfarisi, 2020). A company with larger total assets has greater flexibility in utilizing its resources, making it easier to manage operations and enhance its overall value (Dwiastuti & Dillak, 2019). Research by Irawati, Hermuningsih, and Maulida (2022) found that company size has a significant positive impact on firm value.

However, findings by Rolanta, Dewi, and Suhendro (2020) suggest that the effect of company size on firm value may vary. Company size, reflected in total assets, plays a crucial role in business operations, as asset stability tends to be relatively consistent over time. Firms with larger assets typically exhibit greater financial stability and a stronger capacity to generate substantial profits compared to those with smaller asset bases (Kristiadi & Herijawati, 2023). In this study, the measurement of company size is determined using the following formula:

$$Company\ Size = Ln\ Total\ Assets$$

Company Values

Company value represents investors' perceptions of a company and is commonly associated with stock prices, where an increase in stock prices signifies a higher company value (Elfiswandi et al., 2020). The valuation ratio is essential in fulfilling the goal of maximizing company value and increasing shareholder wealth. Enhancing company value is essential, as it directly correlates with increasing shareholder prosperity, which is the primary goal of any company.

Company value is generally measured through the company's stock market price, as it represents the overall investor assessment of the company's equity. The most suitable metric for evaluating company value is the valuation ratio, as it balances risk and return (Elfiswandi et al., 2020). The valuation ratio, also referred to as the market value ratio, comprises three types: the price-earnings ratio (PER), the price-to-cash flow ratio, and the price-to-book value (PBV) ratio (Elfiswandi et al., 2020). This study applies the following formula:

$$PBV = \frac{Share\ Price}{Book\ Value\ of\ Shares}$$

Stock price

According to researchers, shares serve as evidence of ownership or participation by an individual or entity in a company or limited liability corporation. They are generally issued in the form of certificates, granting the holder ownership rights in the issuing company. Before being traded on the stock exchange, shares are first sold in the primary market. This market acts as the initial venue for offering shares, often referred to as the new securities issuance market, as it represents the first-time sale of these securities.

Once shares are traded in the primary market, they can be bought and sold in the secondary market. As stated by Yanti (2022), the initial offering price of shares is set through an agreement between the issuing company and the underwriter. However, in the secondary market, share prices fluctuate due to the supply and demand dynamics between buyers and sellers. In this study, the share price used is the closing nominal value of business entities.

One of the ways to enhance company value is through the capital market, which serves as a funding platform for activities related to public offerings and securities trading, including shares. A company's value can be reflected in its stock price, which tends to remain stable or increase over the long term. In general, a higher stock price indicates a higher company value (Sembiring & Trisnawati, 2019). However, a study by Novita, Samosir, Rutmia, Sarumaha, and Saragih (2022) found that stock prices do not have a significant impact on company value.

RESEARCH METHOD

Research Model

The model presented in the study is illustrated in Figure 1.

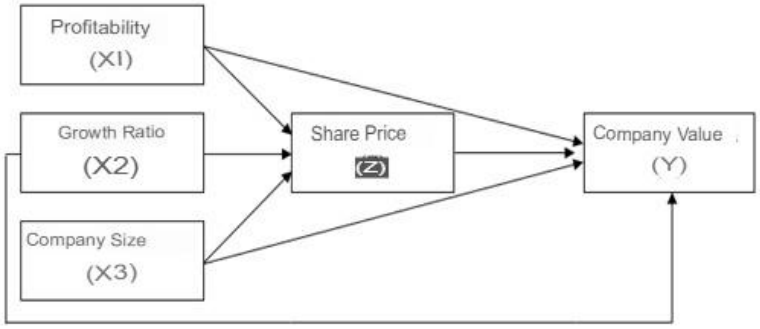

Figure 1. Research Model

Research Hypothesis

H1: Profitability has an effect on Company Value.
H2: *Growth Ratio* has an effect on Company Value.
H3: Company size affects company value.
H4: Profitability has an effect on stock prices.
H5: *Growth Ratio* has an effect on Stock Price.
H6: Company size affects stock prices.
H7: Stock Price affects Company Value.
H8: Profitability on Company Value Through Stock Price as an *Intervening Variable*.
H9: *Growth Ratio* to Company Value Through Stock Price as an *Intervening Variable.*
H10: Company Size on Company Value Through Stock Price as an *Intervening Variable*.

Research Subject

The subjects of this research are companies in the health sector that are listed on the IDX during the 2021-2023 period.

Research Object

The objects of this research include Profitability, Growth Ratio, Company Size, Company Value, and Stock Price.

Population and Sample

The population in this study consists of health sector companies listed on the IDX for the 2021-2023 period. The sample includes companies that meet the predetermined criteria using purposive sampling.

Data Types and Sources

This study uses a quantitative approach and utilizes secondary data as its primary source. The secondary data for this study are obtained from reference books, research journals, and online sources. Specifically, the data consist of annual financial reports collected from the official website of the IDX at www.idx.co.id and the respective official websites of the companies.

RESULT AND DISCUSSION

Descriptive Statistics

According to Sugiyono (2018), descriptive statistics refer to statistical methods used to analyze data by presenting or illustrating the collected information as it is, without aiming to make broader generalizations or draw conclusions applicable to the general population.

Table 1. Descriptive Statistical Test Results

Variable	No.	Missing	Mean	Median	Min	Max	Std. Dev
Profitabilitas (X1)	1	0	0.133	0.12	0.002	0.363	0.093
Growth Ratio (X2)	2	0	0.113	0.072	-0.429	1.34	0.287
Company Size (X3)	3	0	29.111	29.037	27.322	30.958	0.898
Company Value (Y)	4	0	2.89	2.645	0.698	7.476	1.688
Share Price (Z)	5	0	2130.472	1490	300	9200	2248.467

Source: Processed data, 2024

Table 1 illustrates that the profitability variable, represented by ROE has an average value of 0.133 (13.3%) and a median of 0.12 (12%). This indicates that the company's performance, as measured by ROE, is relatively weak. The lowest ROE recorded is 0.002, found in Sarana Meditama Metropolitan Tbk. in 2022, while the highest value is 0.363, observed in Industri Jamu dan Pharmaceutical Sido in 2021. The standard deviation of 0.093 suggests that the data has a consistent level of variability and is relatively homogeneous.

Growth ratio variable proxied by sales growth has a mean value of 0.113 or 11.3% and a median value of 0.072 or 7.2%. The sales level of large companies will be better if they have sales growth between 5-10%. The minimum value is -0.429, namely at Itama Ranoraya Tbk. in 2022 and the maximum value is 1.34, namely at the same company in 2021, with a standard deviation of 0.287, which means there is a lot of variation in the data, this indicates that there is a fluctuation in the sales level of each company in the period 2021-2023, of course this can also be caused by the pandemic that affects the economy.

The company size variable, represented by asset value has an average value of 29.111 and a median of 29.037. The trend in the natural logarithm of total assets shows a consistent increase over the years, indicating positive growth. The lowest asset value recorded is 27.322, observed in Itama Ranoraya Tbk., while the highest is 30.958, found in Kalbe Farma Tbk. The standard deviation of 0.898, which is lower than the mean, suggests that asset values have a low level of variation and are relatively homogeneous. The company value variable, represented by the price-to-book value (PBV) ratio has an average value of 2.89 and a median of 2.645. A PBV greater than 1 indicates that the stock price exceeds its book value. The lowest PBV recorded is 0.698, observed in Phapros Tbk., while the highest is 7.476 in Sido Herbal Medicine and Pharmaceutical Industry. With a standard deviation of 1.688, the data shows low variation and tends to be centralized or homogeneous.

The stock price variable proxied by the closing price each year has a mean value of IDR 2,130,472, a median value of IDR 1,490. Then the minimum value is IDR 300, namely at Sarana Meditama Metropolitan Tbk. and a maximum value of IDR 9,200 at Prodia Widyahusada Tbk. with a standard deviation of IDR 2,248,467 which is larger but not too far from the mean, indicating that the data is not far from the average and is unevenly distributed due to stock price fluctuations due to the unstable economy.

Convergent Validity

According to Ghozali and Latan (2018), the Rule of Thumb applied in this study requires that the loading factor value > 0.70 to be considered valid. Additionally, the average variance extracted (AVE) value should exceed 0.50.

Table 2. Convergent Validity Test Results

	Outer Loadings	AVE	Description
Profitabilitas (X1)	1.000	1.000	Valid
Growth Ratio (X2)	1.000	1.000	Valid
Company Size (X3)	1.000	1.000	Valid
Company Value (Y)	1.000	1.000	Valid
Share Price (Z)	1.000	1.000	Valid

Source: Processed data, 2024

Referring to Table 2 above, the obtained loading factor and AVE values indicate that each variable has a loading factor greater than 0.70 and the value of AVE > 0.50. Therefore, the indicator can be considered valid.

Discriminant Validity

According to Hair, Risher, Sarstedt, and Ringle (2019), discriminant validity evaluates how much a construct is different from other constructs. Strong discriminant validity is shown when the square root of the AVE for each construct exceeds the correlation between the constructs in the model.

Table 3. Results of Discriminant Validity Test

	Growth Ratio (X2)	Share Price (Z)	Company Value (Y)	Profitabilitas (X1)	Company Size (X3)
Growth Ratio (X2)	1.000				
Share Price (Z)	0.130	1.000			
Company Value (Y)	0.320	0.028	1.000		
Profitabilitas (X1)	0.295	0.263	0.740	1.000	
Company Size (X3)	-0.044	0.012	0.027	0.130	1.000

Source: Processed data, 2024

Based on Table 3 above, the square root value of the AVE for each construct is greater than the correlation between constructs in the model. Therefore, the variable can be considered valid.

Reliability

Reliability testing is conducted to assess the consistency and dependability of a construct. The threshold applied is a value greater than 0.70 for confirmatory research, while a range of 0.60-0.70 is still acceptable for exploratory research.

Table 4. Reliability Test Results

	Cronbach's Alpha	Composite Reliability	Description
Growth Ratio (X2)	1.000	1.000	Reliable
Share Price (Z)	1.000	1.000	Reliable
Company Value (Y)	1.000	1.000	Reliable
Profitabilitas (X1)	1.000	1.000	Reliable
Company Size (X3)	1.000	1.000	Reliable

Source: Processed data, 2024

Based on table 4 above, it shows that *Cronbach's Alpha* and *Composite Reliability* on each variable of Profitability, *Growth Ratio*, Company Size, Company Value, and Stock Price have values > 0.7. This shows that the data used in the study are declared reliable.

Multicollinearity

The multicollinearity test is performed to check if there is any correlation between the independent variables in the regression model. A well-constructed regression model should not show any correlation between the independent variables. If the Variance Inflation Factor (VIF) is less than 10, it indicates that there is no multicollinearity among the indicators within a formative block.

Table 5. Multicollinearity Test Results (*Outer VIF Values*)

	VIF
Profitabilitas (X1)	1000
Growth Ratio (X2)	1000
Company Size (X3)	1000
Company Value (Y)	1000
Share Price (Z)	1000

Source: Processed data, 2024

Table 6. Multicollinearity Test Results (*Inner VIF Values*)

	Profitabilitas (X1)	Growth Ratio (X2)	Company Size (X3)	Company Value (Y)	Share Price (Z)
Profitabilitas (X1)				1.188	1.121
Growth Ratio (X2)				1.107	1.104
Company Size (X3)				1.025	1.025
Company Value (Y)					
Share Price (Z)				1.078	

Source: Processed data, 2024

Based on Tables 5 and 6 above, there is no correlation detected between the independent variables in either the outer or inner model, as indicated by the VIF values, which are all below 10.

Table 7. Model_Fit

	Saturated Model	Estimated Model	
SRMR	0,000	0,000	**< 0.10 (FIT)**
NFI	1,000	1,000	**> 0.9 (FIT)**

Source: Processed data, 2024

Based on the SRMR (Standardized Root Mean Square) value of 0.000, which is below 0.10, and the NFI value of 1.000, which exceeds 0.9, the model is considered a good fit. According to these two model evaluations, the model satisfies the fit criteria.

Coefficient of Determination (R^2)

The coefficient of determination measures the predictive power within a sample. An R^2 value of 0.75 indicates a strong model, 0.50 suggests a moderate model, and 0.25 reflects a weak model.

Table 8. Results of the Determination Coefficient Test

	R Square	R Square Adjusted
Share Price (Z)	0.073	-0.014
Company Value (Y)	0.595	0.543

Source: Processed data, 2024

Table 8 above indicates that the R-Squared value for variable Z (Stock Price) is 7.3%, meaning that Profitability, Growth Ratio, and Company Size collectively explain 7.3% of the variation, while the remaining 92.7% is influenced by other factors not included in this study, such as economic conditions and interest rates. This suggests that the model is weak. Meanwhile, the R-Squared value for variable Y (Company Value) is 59.5%, meaning that Profitability, Growth Ratio, Company Size, and Stock Price account for 59.5% of the variation, with the remaining 40.5% explained by other variables not covered in this study, such as leverage and liquidity. Thus, this model is considered moderate.

***Cross-validated Redundancy* (Q^2)**

The cross-validated redundancy method is used to predict missing data. If the Q^2 value is greater than 0, it means the model is good at making predictions. If the Q^2 value is less than 0, it means the model does not have predictive power.

Table 9. Cross-validated Redundancy Test Results

	Q^2(=1-Sse/Sso)
Share Price (Z)	**-0.045**
Company Value (Y)	**0.497**

Source: Processed data, 2024

Based on table 9 above, it shows that the *Q-Squares value* of the Stock Price variable is -0.045 <0, this indicates that the variables Profitability, *Growth ratio*, and Company Size have less predictive relevance to Stock Price. While for the Company Value variable, the Q- *Squares value is* 0.497> 0, this indicates that the variables

Profitability, *Growth Ratio*, Company Size, and Stock Price have predictive relevance to Company Value.

Hypothesis Testing

In testing the basic hypothesis, the output image and the values in the output path coefficients and the indirect effects obtained from the *bootstrapping process are used*.

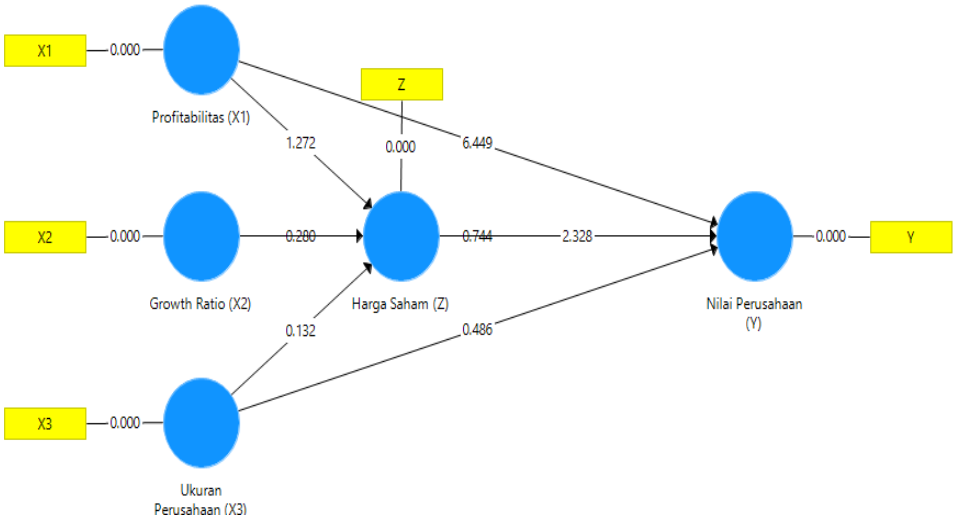

Figure 2. PLS *bootstrapping* output results

Source: SmartPLS output results, 2024

Based on Figure 2 above, it can be seen that the path coefficients from the PLS *bootstrapping test* produce tables 9 and 10 below.

Table 10. Hypothesis Test Results (*Direct Effect*)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (Stdev)	T Statistics (|O/Stdev|)	P Values
Profitabilitas (X1)-> Company Value (Y)	0.764	0.741	0.118	6.449	**0.000**
Growth Ratio (X2)-> **Company Value (Y)**	0.116	0.093	0.156	0.744	0.229
Company Size (X3)-> **Company Value (Y)**	-0.065	-0.025	0.134	0.486	0.314
Profitabilitas (X1)-> Share Price (Z)	0.249	0.258	0.196	1.272	0.102
Growth Ratio (X2)-> Share Price (Z)	0.055	0.058	0.198	0.280	0.390
Company Size (X3)-> Share Price (Z)	-0.018	-0.049	0.136	0.132	0.447
Share Price (Z)-> Company Value (Y)	-0.188	-0.170	0.081	2.328	**0.010**

Source: Processed data, 2024

The test criteria indicate that if the t-value (T-statistics) exceeds the critical t-value (t-table), the coefficient is statistically significant at a specific error probability, known as the significance level. A two-tailed t-value > 2.040 (with a 5% significance level) and a p-value below 0.05 (<5%) indicate statistical significance. Based on the test results, the following findings were obtained:

1. The test results indicate that Profitability has a significant positive impact on Company Value, as evidenced by a T-statistic value of 6.449, which exceeds the T-table value of 2.040. Additionally, the P-value of 0.000 is below the 0.05 threshold, with a positive coefficient (original sample) of 0.764. Therefore, the hypothesis is supported.
2. The test results show that the Growth Ratio does not have a significant impact on Company Value. This is indicated by a T-statistic value of 0.744, which is lower than the T-table value of 2.040, and a P-value of 0.229, which exceeds the 0.05 threshold. Although the coefficient (original sample) is positive at 0.116, it does not significantly influence Company Value. Therefore, the hypothesis is not supported.
3. The test results indicate that Company Size does not have a significant influence on Company Value. This is evidenced by a T-statistic value of 0.486, which is lower than the T-table value of 2.040, and a P-value of 0.314, which exceeds the 0.05 threshold. Additionally, the coefficient (original sample) is negative at -0.065, but its impact on Company Value is not statistically significant. Therefore, the hypothesis is not supported.
4. The test results show that Profitability does not have a significant impact on Stock Price. This is indicated by a T-statistic value of 1.272, which is lower than the T-table value of 2.040, and a P-value of 0.102, which is greater than 0.05. Although the coefficient (original sample) is positive at 0.249, its effect on Stock Price is not statistically significant. Therefore, the hypothesis is not supported.
5. The test results indicate that the Growth Ratio variable does not significantly influence Stock Price. This is evidenced by a T-statistic value of 0.280, which is lower than the T-table value of 2.040, and a P-value of 0.390, which exceeds 0.05. Although the coefficient (original sample) is positive at 0.055, its effect on Stock Price is not statistically significant. Therefore, the hypothesis is not supported.
6. The test results indicate that the Company Size variable does not significantly impact Stock Price. This is shown by a T-statistic value of 0.132, which is lower than the T-table value of 2.040, and a P-value of 0.447, which exceeds 0.05. Despite having a negative coefficient (original sample) of -0.018, the effect is not statistically significant. Therefore, the hypothesis is not supported.
7. The test results indicate that the Stock Price variable has a significant negative impact on Company Value. This is evidenced by a T-statistic value of 2.328, which exceeds the T-table value of 2.040, and a P-value of 0.010, which is below 0.05. With a negative coefficient (original sample) of -0.188, it can be concluded that Stock Price negatively influences Company Value. Therefore, the hypothesis is accepted.

Table 11. Hypothesis Test Results (*Indirect Effect*)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (Stdev)	T Statistics (|O/Stdev|)	P Values
Profitabilitas (X1)-> Share Price (Z)->	-0.047	-0.047	0.048	0.984	0.163
Company Value (Y) Growth Ratio (X2)-> **Share Price (Z)->**	-0.010	-0.009	0.035	0.296	0.384
Company Size (X3)-> Share Price (Z)-> **Company Value (Y)**	0.003	0.008	0.024	0.141	0.444

Source: Processed data, 2024

From the results of testing the indirect influence hypothesis, the following was obtained:

1. The test results indicate that Profitability, when mediated by Stock Price, does not have a significant negative impact on Company Value. This is demonstrated by a T-statistic value of 0.984, which is lower than the T-table value of 2.040, and a P-value of 0.163, which exceeds 0.05. With a negative coefficient (original sample) of -0.047, it can be concluded that the indirect effect of Profitability through Stock Price on Company Value is not significant. Therefore, the hypothesis is rejected.
2. The test results show that the Growth Ratio, when mediated by Stock Price, does not have a significant negative impact on Company Value. This is indicated by a T-statistic value of 0.296, which is lower than the T-table value of 2.040, and a P-value of 0.384, which exceeds 0.05. With a negative coefficient (original sample) of -0.010, it can be concluded that the indirect effect of the Growth Ratio through Stock Price on Company Value is not significant. Therefore, the hypothesis is rejected.
3. The test results indicate that Company Size, when mediated by Stock Price, does not have a significant positive impact on Company Value. This is evidenced by a T-statistic value of 0.141, which is lower than the T-table value of 2.040, and a P-value of 0.444, which is greater than 0.05. With a positive coefficient (original sample) of 0.003, it can be concluded that the indirect effect of Company Size through Stock Price on Company Value is not significant. Therefore, the hypothesis is rejected.

CONCLUSION

Based on the research findings, it can be concluded that profitability significantly influences company value in the health sector listed on the IDX for the 2021–2023 period. However, growth ratio and company size did not exhibit a significant effect on company value during the same period. Additionally, profitability, growth ratio, and company size, when mediated by stock prices, also did not show a significant impact on company value. From this study, profitability emerged as the most influential factor affecting company value, while stock prices failed to serve as an effective intervening variable. Based on these findings, health sector companies listed on the IDX are advised to maintain strong company performance and foster effective communication with investors to uphold their reputation. Future researchers are encouraged to explore alternative intervening variables and identify other factors that may have a more substantial impact on company value.

For further research, it is suggested to explore alternative intervening variables, such as market sentiment or economic indicators, that may have a more substantial impact on company value. Additionally, investigating other sectors beyond healthcare could provide a broader understanding of these dynamics across different industries. Future studies could also consider longitudinal analyses to assess the impact of external factors, such as regulatory changes or technological advancements, on company value over time.

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