# The Influence of Profitability, Company Size and Investment Decisions on Firm Value in the LQ45 Index 2022-2024

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**Abstract**

This study seeks to analyse the impact of profitability, company size, and investment decisions on the value of firms listed on the LQ45 index from 2022 to 2024. The technique employed is multiple linear regression analysis in IBM SPSS 25. The research gathered 60 data sets with a purposive sampling method. The findings indicated that profitability and investment decisions significantly influenced firm value. Simultaneously, the scale of the corporation exhibited little impact on its valuation. Based on these findings, companies seeking to increase their firm value should prioritize optimizing profitability and making strategic investment decisions. Furthermore, company size does not always reflect valuation performance, so management should focus on efficiency and added value rather than simply expanding scale.

**Keywords:** Profitability, Company Size, Investment Decisions, Firm Value.

## 1. Introduction

Nowadays, both the corporate world and the economy are experiencing very rapid growth. As a result of this situation, several organizations have taken various steps to ensure the survival of the company, especially in terms of meeting capital needs. Companies need to grow and maintain their value in order to compete in the business environment (Fajriah et al., 2022). This is because potential investors tend to consider the value of a company before deciding where to invest their funds. Investors mostly use a company's stock price to determine the investment's potential profitability. The stock price of a corporation reflects market confidence in its performance and the prosperity of its stockholders (Suhendar & Paramita, 2024).

The welfare of shareholders is directly linked to the company's value, rendering the maintenance of business continuity imperative. According to Susanto and Suryani (2024), state that rising stock values are a sign of a growing business. Every business needs both immediate and distant goals. For now, businesses only care about making as much profit as possible from the resources they have. However, the ultimate goal is for the business to increase its firm value in the future (Bita et al., 2021). Muchtar (2021) argues that stock prices are determined by market forces such as supply and demand, representing public opinion on a company's performance. As a result, investors are eager to invest their money in successful businesses with the potential for growth in the company's value.

Every company listed on the IDX aims to offer competitive prices and attract investors. This is attributable to investors in the capital market pursuing short-term gains while contemplating the company's long-term value (Bita et al., 2021). The IHSG shows the changes in stock prices on the IDX and can be used to evaluate the overall performance of these stocks. An increase in the IHSG often signifies a rise in the overall worth of companies, as the IHSG represents the aggregate market value of all listed stocks (Ramadhiani et al., 2024). However, in reality, as reported in the news on kompas.com, the IHSG experienced a significant decline of 6.12 percent or 395.86 points to 6,076.08 in the first session of 2025.

**IHSG** 5,912.06 -598.56 (-9.19%)

| | |
|---|---|
| Intraday | |
| Open | 6,510.62 |

| All Market | | Regular | |
|---|---|---|---|
| Lot | 15.91M | Lot | 15.91M |

**Figure 1.** Illustration of IHSG Plunging
Source: kompas.com (Respati, 2025)

Domestic stock trading was briefly halted on the IDX. According to Anthony Budiawan, managing director of PEPS (Political Economy and Policy Studies), investors are worried about the future of the Indonesian economy due to the sharp fall in the IHSG over the past six months which has eroded their assets by more than 20% (Dewi & Dzulfaroh, 2025). According to cnbcndonesia.com, the IHSG performed worse in 2024 compared to 2023 with a decline of 2.65% throughout the year. In comparison, 2023 experienced a surge of 6.16%(Dwi, 2025). Foreign and domestic investors are losing interest in investing in the Indonesian stock market due to a combination of internal factors (such as worsening fiscal conditions, economic deceleration and political instability, along with external influences such as global unpredictability, resulting in a substantial decrease in the IHSG during 2024. There are several additional factors that contributed to the decline in the IHSG, such as state losses of around IDR 22.78 trillion in 2012-2019 at PT Asuransi Sosial Angkatan Bersenjata Republik Indonesia (Asabri) due to irregularities in the management of stock and mutual fund investments that traumatized investors and may have caused many investors to sell their shares to avoid sustainability risks (Irdawati et al., 2022).

Multiple factors are involved, including profitability, company size, and investment choices. Profitability, also referred to as profit, is essential for sustaining a company's operations as it indicates financial performance and enhances the company's value (Susanto & Suryani, 2024). The subsequent criterion to evaluate is the company's size, as a rather large enterprise is likely to possess substantial resources that can be effectively utilised for operational expansion. Consequently, stockholders will be incentivized to inject capital into the enterprise, thus enhancing the company's worth (Fitriani & Khaerunnisa, 2024). The third component is the investment decision, according to research Dendi et al (2024) shows how a business spends its money to acquire assets or make investments in the hope of future growth and increased profits. Investors will perceive this as an indicator of prospective growth for the company, positively influencing the stock price, which reflects the business's value.

Investigative results Dendi et al (2024) shown that profitability can affect a firm's worth, as each rupiah invested enables the organisation to enhance its value through profit generation. Furthermore, research from Hidayat & Khotimah (2022) the worth of a corporation is influenced by its size. As a company grows larger, it accumulates more assets, leading to a higher valuation. Ultimately, as stated by Ludianingsih et al., (2022), investment decisions influence the company's worth. Investors are more inclined to engage with a company that demonstrates sound investment selections, as this leads to increased profitability for them. The more judicious a company's investment decisions, the greater the increase in the company's worth. However, some studies such as Bagaskara et al (2021); Laksono & Rahayu (2021); And Komala et al (2021), stating that these variables have no effect. The variability of these outcomes can be used by the current study to address the enquiry of the impact of profitability, company size, and investment decisions on a firm's worth. Moreover, most prior research mostly concentrated on assessing corporate value through asset-related measures, such as Return on Assets (ROA), as the profitability variable in the study by Hidayat & Khotimah (2022) and Capital Expenditure to Book Value of Asset (CAP/BVA) for investment decision variables (Arianti, 2022). It was identified that there are other facts in the field saying that not only asset factors can be used as indicators, but equity factors such as Return on Equity (ROE) for profitability variables and Price to Earnings Ratio (PER) for investment decision variables. These indicators are more in line with this study which discusses the existence of stock phenomena. Researchers found that most previous studies focused on researching general sector companies listed on the IDX, so that companies included in the LQ45 index could be a review for further research.

This research seeks to analyse the influence of profitability, company size, and investment decisions on company value. The researcher intends to undertake a study in 2024 titled "The Effect of Profitability, Company Size, and Investment Decisions on Firm value in the LQ45 Index in 2022-2024".

**Signaling Theory**

According to Brigham and Houston (2019:500), signaling theory explains how managers present their company's future to investors. The communication indicates that management is endeavouring to satisfy the desires of the capital stakeholders. Investors are more likely to buy the company's shares when its status is well-defined. Conversely, investors may be reluctant to acquire the company's shares if its financial situation is not clearly established. Signalling theory posits that it can shape investors' perceptions of investment decisions, hence impacting the company's value (Prasetyo & Hermawan, 2023).

**Company Values**

The worth of a firm reflects investor expectations concerning the potential profits the company can create, as evidenced by the price of its shares (Komaria et al., 2023). A company's ability to attract investors is directly proportional to its value; if the value is high, investors will pour their money into the company. If the value is low, investors will withdraw their money (Aulia & Avriyanti, 2024). Shareholders prioritize company value because of its impact on their financial security. Increasing company value will have a positive impact on shareholder wealth. Maximizing all resources, both internal and external, is essential to increasing company value.

$$PBV = \frac{\text{Stock Price}}{\text{Book Value Per Share}} = \frac{\text{Stock Price}}{\text{Total Equity / Number of Shares Outstanding}}$$

**Profitability**

Aulia et al (2020) assert that a company's profitability is a measure of its capacity to turn a profit relative to its total assets, total equity, and total sales. If a company's profitability remains elevated, it is likely to attract increased interest from investors. A higher company value is generally observed when a firm can produce substantial profits, as this enhances its appeal to potential investors. Consequently, the number of investors also plays a role in the appreciation of the company's value (Aulia & Avriyanti, 2024).

$$\text{Return on Equity (ROE)} = \frac{\text{Net Profit}}{\text{Total Equity}}$$

**Company Size**

The size of a company pertains to the dimensions of a business organization, which can be assessed through total assets, overall sales, profit margins, tax obligations, and a range of additional criteria (Brigham & Houston, 2015:4). Large companies will try harder to attract public attention than smaller companies (Astakoni and Wardita, 2020). It is asserted that the size of a company serves as an indicator of its financial capacity, as larger firms tend to have more straightforward access to both internal and external financing sources, which increases in availability as their size and scale expand.

$$\text{Size} = \text{Ln (Total Assets)}$$

**Investment Decisions**

Putri & Santoso (2024) the process of allocating funds to an asset (or a number of assets) with the hopes of making a profit later on is referred to as investing, which may manifest as either income or an appreciation in value. Concurrently, investment decisions are those made by corporate management concerning the distribution of cash for acquiring assets, with the expectation of realizing income in the future (Kurniawati & Widyawati, 2020). To some extent, a company's capacity to generate a healthy rate of return is directly proportional to the level of discretion exercised over its investments (Astakoni & Wardita, 2020). A firm that possesses robust investment decision-making abilities can influence investors' perceptions of the organization, resulting in an increased demand for its shares. The choices made by investors to engage in investment can elevate the company's value in direct relation to the degree of investor enthusiasm for the investment.

$$\text{Price to Earnings Ratio (PER)} = \frac{\text{Price Per Share}}{\text{Net Earnings Per Share}}$$

**Hypothesis Development**
**Profitability with Firm Value**

Bagaskara et al (2021) found no correlation between profitability and firm value in their investigation. They clarified that despite a company's substantial revenues and capital, it does not necessarily indicate considerable return for investors. The findings of this research stand in opposition to the conclusions drawn by Aulia & Avriyanti (2024), which illustrate the connection between business value and profitability. The greater the company's potential for profit, the higher the expected return for investors, which raises the company's value.

Moreover, the study by Kurniawati & Widyawati (2020) discovered that profitability influences the company's worth. A company's profitability indicates its ability to create profits. Investors perceive this as an indicator of success, and when a company is lucrative, they seek additional shares. Investors generally see profit as a measure of success and will tend to increase their stock ownership, especially if the profit shows good growth potential in the future.

$H_1$: Profitability Affects Firm Value

**Company Size with Firm Value**

Laksono & Rahayu (2021) show that a company's size has no bearing on its worth. This phenomenon arises from the tendency of investors to perceive larger companies as not necessarily outperforming their smaller counterparts, or that total assets do not significantly contribute to enhancing company value. This conclusion contrasts with the findings of Meifari (2023) who asserts that company size negatively impacts company value. He contends that a disproportionately large asset base could be perceived by investors as a negative indicator, as it provides management with excessive freedom in managing assets. In contrast, the study carried out by Hidayat & Khotimah (2022) implies that a company's size positively affects its worth. This means that the operational costs used to fund the maintenance of company assets will be higher in larger companies so that there is a correlation between company growth and increasing asset accumulation.

$H_2$: Company Size Affects Firm Value

**Investment Decisions with Firm Value**

Komala et al (2021) found in their research that the value of a firm is unaffected by investing choices. Since these decisions do not disrupt the operational conditions of the company, they do not lead to alterations in the company's value as perceived by stakeholders, particularly investors who hold shares in the company. Different from what was found by Laksono & Rahayu (2021), the worth of the company is influenced by investment choices. Based on these findings, organizations that have a clear vision and strategy for the future as indicated by their investment decisions tend to be valued higher by the market. Research Kurniawati & Widyawati (2020) revealed that the investment choices made by a company significantly influence its overall value. This indicates that effective management can enhance the company's value by making informed policy decisions regarding the allocation of its financial resources to various assets.

$H_3$: Investment Decisions Affect Firm Value.

Referring to the previous literature review, the researcher formulated a conceptual framework in which profitability, company size, and investment decisions were set as independent variables. While firm value was set as the dependent variable.
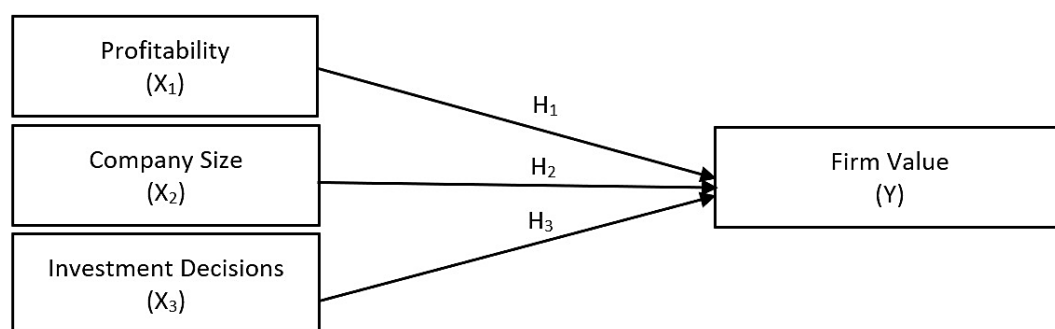


**Figure 2.** Conceptual Framework
Source: Processed Image (2025)

| $X_{1,2,3}$ | : | Independent Variables |
| Y | : | Dependent Variable |
| $H_1$ | : | Relationship between Profitability ($X_1$) and Firm value (Y) |
| $H_2$ | : | Relationship between Company Size ($X_2$) and Firm value (Y) |
| $H_3$ | : | Relationship between Investment Decisions ($X_3$) and Firm value (Y) |

## 2. Method

The researchers used a quantitative approach based on the associative method. The purpose of the associative technique is to identify factors that influence each other (Ekasari, 2023:98). Alternatively, researchers can use numerical data and statistical analysis systematically and objectively to study social phenomena using a

quantitative approach. In order to derive conclusions from the data, systematic and thorough methodologies are employed to gather, analyze, and interpret the information (Mamuaya et al., 2024:2).

The population of this study consists of companies listed on the LQ45 Index from 2022 to 2024.  A purposive sampling technique was employed to select the sample. By using subjective criteria, researchers selected respondents through a purposive sampling method who were considered to have knowledge or characteristics relevant to the research (Setiawati, 2024:94). The criteria utilized by researchers are as follows:
1) Companies that remain part of the LQ45 index on IDX for three consecutive years, namely 2022 - 2024
2) Companies that consistently present complete financial reports during the period 2022 - 2024
3) Companies that continuously use the rupiah currency in presenting financial reports throughout 2022 - 2024
4) Companies that consistently show positive profit results in their financial reports during 2022 – 2024
5) Companies that provide complete and relevant data with variables and needs in research.

This research employs secondary data sourced from the IDX website (www.idx.co.id) as a means of data collection. Researchers and analysts often use secondary data, which has been collected by another entity for a specific purpose. Sukmawati et al (2023:57) defines secondary data as data that is not actively sought, but this data already exists. Researchers use SPSS version 25 to process financial report data and obtain research results.

The method employed in this research is multiple linear regression. As stated by Rifkhan (2023:97), multiple linear regression is a technique that utilizes two or more independent variables to establish a relationship with the dependent variable. Finding the relationship between the values of the independent variables (X1, X2,..., Xn) and the dependent variable (Y) is the main goal of multiple linear regression analysis.

In classical assumption testing, various statistical tests are utilized, including the t-test for assessing the significance of individual parameters, the F-test for evaluating the significance of parameters collectively, and the R-squared test. Below is the regression model equation that is applied to test the hypothesis:

$$NP = \alpha + \beta_1 PROF + \beta_2 UP + \beta_3 KI + e$$

Information:

| | | |
|---|---|---|
| NP | : | Company Value Variable |
| $\beta_0, \beta_1, \beta_2, \beta_3$ | : | Population parameters whose values are not yet known and must first be estimated from the data |
| PROF | : | Profitability Variable |
| SIZE | : | Company Size Variable |
| KI | : | Investment Decision Variable |
| e | : | Standard Error |

According to Sudaryono (2021), classical assumption tests are conducted to identify how likely the research data can be tested further in order to answer the existing research hypothesis. Researchers perform a set of standard assessments for variable data, which encompass tests for normality, heteroscedasticity, autocorrelation, and multicollinearity.
1) Normality Test
   One statistical method for confirming that the data follows a normal distribution pattern is the normality test (Kurniawan et al., 2024). To guarantee that the residuals are consistently distributed within the framework of regression analysis, it is essential to conduct a normality test. Only after this verification can the regression outcomes be interpreted accurately.
2) Heteroscedasticity Test
   In order to ensure whether there are differences in variance in the regression results, the heteroscedasticity test is used (Duli, 2019). Failure of the assumption in regression occurs when there is no pattern in the residual variance of a single observation (Nugraha, 2022). One way to check heteroscedasticity is through data visualization using scatter plots. This is done by mapping the estimated values with their residual values.
3) Autocorrelation Test
   To ascertain whether the error at time t in a model is connected to the error at time t-1, the autocorrelation test is utilised (Ghodang & Hantono, 2020). Autocorrelation is not present when Durbin Watson values are more than dU and less than 4-dU.
4) Multicollinearity Test
   Firdaus (2021) describes the multicollinearity test as a method for assessing whether the independent variables exhibit a distinct linear relationship. A VIF value below 10 and a tolerance exceeding 0.10 suggest that multicollinearity is not present.

According to Niswah dan Hakimi (2022) In his book, the multiple linear regression hypothesis test is divided into several tests, namely as follows:
1) Regression Coefficient Test (t-Test)

The function of the t-test is to identify the individual influence of variable X on Y. The two parameters to be calculated are the intercept constant and the linear equation coefficient.

a. Variable X is said to have an effect on variable Y if its significance value is below 0.05.
b. Variable X is considered to have no effect on variable Y if the significant value equals 0.05.

2) Model Reliability Test (F Test)

When the estimated model is reliable, it may be relied upon to explain how independent factors affect the dependent variable. A simultaneous influence of variable X on variable Y is indicated by a significance value of less than 0,05. Conversely, if the significance value exceeds 0,05, it means that variable X and variable Y are not simultaneously impacted.

3) Determinant Coefficient ($R^2$ Test)

Evaluating the Coefficient of Determination (KD), often known as the correlation coefficient, is one way to examine the relationship between two variables. The R-Square or Adjusted R-Square number can be used to calculate the coefficient of determination. When there is only one independent variable, the R-Square value applies. But when there are several independent factors, the Adjusted R-Square value is a more useful metric since it shows how much each independent variable influences the dependent variable.

# 3. Results and Discussion

### 3.1. Results

**Table 1.** Elimination of Samples According to Criteria

| No | Purposive Sampling Criteria | Amount |
|----|------------------------------|--------|
|    | Number of LQ45 companies in 1 year | 45 |
| 1  | The company is not included in the LQ45 index on the Indonesia Stock Exchange Consecutively during 2022-2024 | (11) |
| 2  | The company did not issue consecutive and complete financial reports during 2022-2024 | (1) |
| 3  | The company did not publish financial statement in rupiah currency consecutively during 2022-2024 | (10) |
| 4  | The company did not report consecutive positive profits during 2022-2024 | (3) |
| 5  | Companies with incomplete data or data that does not match the variables and research needs | (0) |
|    | Total Samples in 1 years | 20 |
|    | Total Samples in 3 years | 60 |

Source: Data Processed (2025)

As indicated in Table 1, a total of 20 companies were identified that satisfied the criteria for research samples, resulting in 60 data observations over a span of 3 years (20 companies × 3 years).

**Table 2.** Multiple Linear Regression Test Results

| No | Variable | B |
|----|----------|---|
| 1  | Constant | -2,950,084,805 |
| 2  | PROF     | 5,618,508,904 |
| 3  | SIZE     | 94,110,816 |
| 4  | KI       | 163,233,663 |

Source: Data Processed (2025)

The formula NP = -2,950,084,805 + 5,618,508,904 PROF + 94,110,816 SIZE + 163,233,663 KI can be seen in two tables. It can be inferred that both Investment Decisions and Profitability influence the company's value, thereby possessing the potential to enhance it. The company's value is directly related to the caliber of investment decisions and its profitability. Concurrently, the analysis results suggest that the variable of company size does not impact firm value, demonstrating that the company's size does not influence its valuation.

**Classical Assumption Test**

1) Normality Test

**Table 3.**Normality Test Results

|  | Unstandardized Residual |
|---|---|
| N | 60 |
| Asymp. Sig (2-tiled) | 0.200 |

Source: Data Processed (2025)

The findings from the normality assessment presented in Table 3, utilizing the Kolmogorov-Smirnov Test, indicate an Asymp. Sig. (2-tailed) value of 0.2. This value exceeds 0.05, thereby allowing us to conclude that the residuals of the regression model adhere to a normal distribution.

2) Multicollinearity Test

**Table 4.** Multicollinearity Test Results

| No | Variable | Tolerance | VIF |
|---|---|---|---|
| 1 | PROF | 0.958 | 1.033 |
| 2 | SIZE | 0.953 | 1.050 |
| 3 | KI | 0.932 | 1.073 |

Source: Data Processed (2025)

Multicollinearity does not occur here because when viewed from the tolerance values of the profitability variables, company size and investment decisions, all exceed 0,01 as shown in Table 4. Furthermore, the VIF values for the investment choice variables, company size and profitability are all less than 10. This demonstrates that the data does not exhibit multicollinearity.

3) Heteroscedasticity Test

**Table 5.** Heteroscedasticity Test Results

| No | Variable | t | Sig |
|---|---|---|---|
| 1 | PROF | 1.119 | 0.268 |
| 2 | SIZE | 1.088 | 0.281 |
| 3 | KI | 1.974 | 0.053 |

Source: Data Processed (2025)

In this research, the Park Test was employed by the investigators to assess heteroscedasticity. As illustrated in Table 5, the data does not exhibit heteroscedasticity, as the significance values for all variables exceed 0.05.

4) Autocorrelation Test

**Table 6.** Autocorrelation Test Results

| R Square | Adjusted R Square | Durbin-Watson |
|---|---|---|
| 0.499 | 0.472 | 1.800 |

Source: Data Processed (2025)

This study utilizes three independent variables (k=3) and comprises sixty samples (n=60). A 5% significance level is used for the analysis. These values will be assessed against the figures presented in the Durbin Watson Table. Observing that 1.800 falls within the interval defined by dU (1.6889) and 4 – dU (2.3111), it can be concluded that this model does not exhibit any autocorrelation, as per the established criterion that dU < d < 4 – dU (1.6889 < 1.800 < 2.3111).

Hypothesis Testing

**Table 7.** Hypothesis Test Results

| No | Variable | t | Sig |
|----|----------|------|-------|
| 1 | PROF | 4.776 | 0.000 |
| 2 | SIZE | 0.979 | 0.332 |
| 3 | KI | 4.911 | 0.000 |
| | F = 19.178 | | |
| | Sig F = 0.000 | | |
| | $R^2$ = 0.499 | | |

Source: Data Processed (2025)

As shown in Table 7, the t-test findings show that the profitability and investment decision-related factors have a significant partial impact on company value, with each variable exhibiting a significance value of 0.000 (below the α level of 0.05). The company size variable, on the other hand, does not show a significant effect because its significance value of 0.332 is higher than the 0.05 threshold.

The significance level of 0.000 presented in Table 7, which falls below the threshold of α = 0.05, suggests that all independent factors collectively have a substantial impact on the company's worth. Table 7 illustrates that 49.9% of the total variation in the dependent variable is influenced by the independent factors, as evidenced by an R-Square value of 0.499. This indicates that 49.9% of the company's value is influenced by the three variables analysed.

### 3.2. Discussion
**Profitability Against Firm Value**

Consistency in revenue growth and increased profitability are important indicators that make a company more attractive in the eyes of investors. This is because companies with stronger profitability ratios can offer better investment returns. Rising stock prices due to favourable performance can enhance the company's overall value. The profitability variable's coefficient, as indicated by the ROE metric, reveals a computed t value of 0.000 < α = 0.05 in the outcomes of the regression analysis via statistical tests. Consequently, the findings of hypothesis 1 are accepted.

Signaling theory in this context considers that high profitability shows a positive indication for investors who view companies with stable performance and promising growth prospects as attractive investment opportunities (Pratama, 2023). This positive indication strengthens investor confidence, resulting in increased interest in buying shares and driving to a rise in the company's value. Consistency in profit growth reflects effective management, bright business prospects, and the company's capacity to deliver lucrative investment returns. Therefore, the company's value is directly proportional to its profitability. Research Aulia & Avriyanti (2024); Kurniawati & Widyawati (2020); And Keni & Pangkey (2022) found that profitability affects firm value.

**Company Size Against Firm Value**

Large corporations typically garner greater trust from funding providers, facilitating access to both internal and external financial resources, due to their perceived stability and established track record. This circumstance enhances the attractiveness of huge firms to investors, perhaps resulting in an increase in the company's worth. A company's size is frequently assessed based on the total value of its assets; the greater the assets, the more potential the company has to produce income and profit. Statistical analyses indicate that the variable representing company size has a significance value of 0.332, exceeding the 0.05 threshold. Therefore, the second hypothesis is dismissed, as company size does not have a significant impact on firm value.

Signaling theory holds that even though a company has a large scale, it does not necessarily make it able to communicate its performance and future plans effectively and reliably to investors. A large company size is not enough to increase investor confidence and firm value if the information provided is not transparent or does not reflect good quality (Ilham et al., 2021). Therefore, firm value is not affected by company size even when the firm has more assets as long as the signals about performance and prospects are not clear and convincing. This study supports previous findings from Laksono & Rahayu (2021); Amro & Asyik (2021); and Alifian & Susilo (2024) which states that company size does not affect firm value.

**Investment Decisions Against Firm Value**

Investment choices enable organizations to allocate resources to assets or initiatives with the anticipation of future gains. This choice profoundly influences the company's value, as prudent investments can enhance operational capacity, expand market share, and foster the development of new products and services that yield

revenue and profit. The acceptance of the third hypothesis is based on the profitability coefficient derived from the PER indicator, as the resulting t-value is 0.000 (α < 0.05)..

Management possesses more comprehensive information regarding the company's circumstances and prospects than external entities, so investment decisions are considered an indication that the company is optimistic about the growth and sustainability of its business (Laksono & Rahayu, 2021). Stock prices and business valuations are boosted by these signals as investors become more confident. In short, investment decisions are a means for management to convey the company's future vision to the market, which ultimately affects the company's value by reducing information asymmetry. Previous research findings belong to Arsyada et al (2022); Ludianingsih et al (2022); Dewantari et al (2023) reinforces the idea that investment decisions have an impact on firm value.

## 4. Conclusion

This research yielded several significant findings. Firstly, profitability exerts an influence and is crucial to the firm. This situation arises because companies with elevated profits typically achieve higher stock valuations, rendering them more appealing to investors. Secondly, the size of the company did not demonstrate any influence on the firm. This indicates that the total asset size is not the primary factor for investors when evaluating a company, as they also take into account various other elements of the financial statements. Thirdly, investment decisions have a notable impact on the firm. This impact illustrates that the company's capability to effectively manage profitable investments is essential for generating additional value in the future.

This study is not without its limitations, including the observation period, which spans only three years, thereby constraining the analysis's scope. Therefore, it is recommended that future studies implement an extended observation time to improve the precision and representativeness of the results. The impact of independent variables on company value constitutes merely 49.9%, indicating that future studies ought to explore and integrate supplementary variables.

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