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Profitability and growth opportunity: Impact on company value

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Abstract
Purpose: This research aims to examine and analyze the impact of profitability and growth opportunity on company value in healthcare companies listed on the IDX in 2018-2022.
Method: The sampling method used in this research was purposive sampling. The data analysis method employed in this research was multiple linear regression analysis.
Results: The research results show that profitability has no effect on company value, while growth opportunity has a negative effect on company value.
Conclusions: This study concludes that profitability does not significantly affect company value, whereas growth opportunities negatively impact it.
Limitations: This study has limitations, notably the low determination coefficient of 17.6%.
Contribution: The contribution of this research to companies in the healthcare sector is to provide insight into the importance of profitability and growth opportunities in increasing company value.
Novelty: The novelty of this research compared to previous studies lies in three aspects: First, the inclusion of growth opportunity as an independent variable. Second, the use of the PBV indicator for measuring company value, as opposed to the Tobin's Q indicator used in prior studies. Third, the focus of this research is on the healthcare sector, in contrast to previous studies that focused on the food and beverage industry.

Keywords: *Profitability, Growth Opportunity, Company Value, Healthcare, Regression Analysis*

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1. Introduction

Companies, as economic entities, typically pursue both short-term and long-term objectives. In the short term, a company aims to maximize returns on its resources, while in the long term, it seeks to enhance its overall business value (Nopianti, 2021). The capital market in Indonesia plays a crucial role in this pursuit, as companies listed on the stock exchange can attract investors to inject capital. These investments generate funds that support operational activities and contribute to increasing company value (Cahyono, Surasni, & Hermanto, 2019).

Stocks traded on the Indonesia Stock Exchange (IDX) are categorized into various sectors. On January 25, 2021, the IDX introduced a new classification system for the sectors and industries of listed companies known as the Indonesia Stock Exchange Industrial Classification (IDX-IC). Among these sectors is the healthcare sector, which includes companies engaged in providing health products and services, such as medical equipment manufacturers, healthcare service providers, pharmaceutical firms, and health-related research companies. During the Covid-19 pandemic in 2019, government policies such as Work From Home (WFH) and the Enforcement of Community Activity Restrictions (PPKM) affected many industries. However, the healthcare sector remained fully operational, as its activities were essential to maintaining public health in Indonesia.

Fundamentally, a company's primary goal is to maximize its value. An increase in company value is a significant achievement for business owners as it enhances owner welfare. According to Febriani (2020), a company's ability to gain public trust after years of operation is referred to as company value. The establishment of a company must be accompanied by well-defined objectives, which can be categorized into three main goals: (1) achieving maximum profit, (2) providing prosperity for stockholders, and (3) enhancing the company's value, as reflected in its stock price (Nugraha & Alfarisi, 2020). These objectives serve to attract investors (Baheri, Makkulau, & Rahmah, 2022).

According to Makmur, Amali, and Hamin (2022), an increase in stock price indicates a rise in company value, whereas a decline in stock price signifies a decrease. Price to Book Value (PBV) is a financial indicator used to measure company value in this study. PBV is one of the financial ratios that help investors evaluate whether a stock is a good investment (Jayanti & Tunisa, 2021). Ardiana and Chabachib (2018), state that a high PBV indicates a high stock price, reflecting investors' confidence in a company's success. Measuring company value using PBV is appropriate, as it assesses whether a company has a strong potential for future investment.

A high company value boosts market confidence not only in the company's current performance but also in its prospects. A rising stock price in the capital market leads to increased shareholder wealth, as reflected in the company's growing value. A high company value signals strong financial performance, assuring investors of the company's long-term potential. Additionally, company value reflects the effectiveness of management in handling the company's assets, which is evident through financial performance indicators.

Companies constantly strive to maximize their company value. A rise in company value is marked by an increase in stock prices. Amid intense global competition, businesses seek to enhance their competitiveness to attract investors. However, company value fluctuates due to various internal and external factors, including stock market indices, interest rates, and company fundamentals. A higher company value signals strong market performance, attracting potential investors. PBV, which compares a stock's market price to its book value per share, serves as an essential metric in measuring company value. A higher PBV suggests greater wealth accumulation.

Between 2019 and 2021, the PBV of companies in the healthcare sector fluctuated. A company is considered to have strong performance if its PBV exceeds 1, as a higher PBV correlates with increased stock returns and earnings. The following graph illustrates the fluctuations in PBV for healthcare companies during this period.

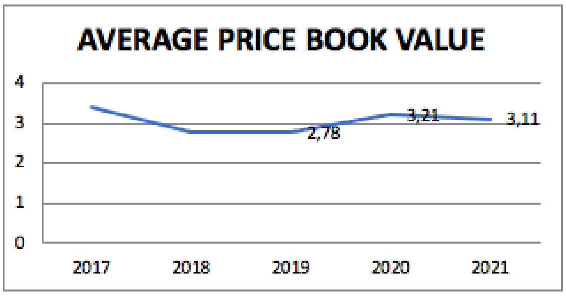

Figure 1. PBV Development Graph

The graph above highlights the fluctuating Price to Book Value (PBV) from 2019 to 2021. In 2019, the average PBV was 2.78, rising to 3.21 in 2020 before declining to 3.11 in 2021. These fluctuations are not favorable for the company, as a drop in value may reflect poor performance, potentially discouraging external investors from investing in the company.

Several factors influence a company's value, with profitability and growth opportunities being key determinants. Profitability reflects the company's ability to generate earnings and measures how efficiently it manages operations and assets (Thaib & Dewantoro, 2017). It plays a crucial role in shaping company value, as it provides investors with insight into prospects. A company must maintain profitability to ensure its sustainability, as the inability to generate profits makes it difficult to attract external capital. Higher profitability signals strong performance, creating a positive response from investors and driving up stock prices. Companies with high profitability demonstrate efficient asset management, enabling them to generate consistent profits (Dewantari, Cipta, & Susila, 2019).

Profitability is a critical indicator for investors to assess company value. Strong profitability suggests positive prospects for a company's stock, increasing demand and, in turn, raising its value. Profitability also plays a vital role in a company's long-term sustainability, as it indicates financial stability and growth potential. Therefore, every business entity always strives to improve its profitability because the higher the profitability generated, the more secure the company's survival. Firm profitability is critical to the long-term survival of a firm in the dynamic operational environment of a business (Yeye & Egbunike, 2023). Profitability is measured using Return on Assets (ROA). Research by Ryangga, Chomsatu, and Suhendro (2020) shows that profitability has a positive impact on company value. However, Djashan (2019) found that profitability negatively affects company value, suggesting that this relationship may vary based on specific market conditions.

The second factor, growth opportunity, represents the company's potential for future expansion, typically measured by changes in total assets. Companies with strong asset growth are considered to be on a growth trajectory, which is expected to lead to higher future profits and increased stock prices—both key indicators of company value. Businesses are expected to evolve in response to market dynamics. Companies with rapid growth potential often rely on their own equity to finance operations, whereas those with slower growth rates may depend on long-term debt. This financial strategy is a key consideration for management when making investment decisions. The presence of investment opportunities enhances a company's growth potential, signaling investors to invest, which positively impacts its value. (Virliandita & Sulistyowati, 2024).

Growth Opportunity reflects the company's past operational success and can help predict its future expansion (Rusyanto, Van Rate, & Untu, 2022). A high-growth opportunity suggests that the company is well-positioned to generate significant future revenue. This increases stock prices, reinforcing investors' confidence in the company's long-term prospects and strengthening its corporate value. Cahyono et al. (2019) found that growth opportunities positively affect company value, while Nopianti (2021) concluded that growth opportunities have no impact on company value.

Considering the issues presented, the research problem in this study is formulated as follows: (1) Does profitability affect company value? (2) Does growth opportunity influence company value?

2. Literature review

2.1 Signal Theory

Signal theory, according to Shantiani (2023), refers to actions taken by a company to provide indications of management's view on the company's prospects. These signals serve as indicators for investors before making investment decisions regarding the company's condition. Positive signals, such as increased profits or dividend payments, indicate favorable conditions, while negative signals, such as reduced dividends or poor financial reports, suggest unfavorable conditions. This theory helps in understanding how information presented by the company influences stakeholder perceptions and decisions.

Signal theory directly affects company value in this study, as financial statements serve as a crucial means of conveying information about the company's condition. Financial statements are records prepared at the end of a financial year to present the company's profit or loss, financial position, and cash flow status. These reports provide insights into past and current financial activities (Olayinka, 2022). The information received by investors is first interpreted as either a positive signal (good news) or a negative signal (bad news). If a company reports strong financial performance, this information is perceived as a good signal, indicating positive company prospects (Putra & Sunarto, 2021).

2.2 Company Values

Company value is crucial because a high company value is accompanied by increased shareholder prosperity (Shantiani, 2023). The goal of establishing a company is to maximize its company value, which can be reflected in its stock price. The higher the stock price, the higher the company value. A high company value is the aspiration of company owners, as it signifies greater shareholder prosperity, thereby attracting shareholders to invest in the company. According to Adinda et al. (2024:2), company value represents investors' perceptions of a manager's success in managing the company's resources entrusted to them, which is often associated with stock prices.

According to Shantiani (2023), company value is the investor's perception of a company related to its stock price. A company's performance is reflected in how the company's value is owned by a company which will ultimately influence investors to invest. When the company's value is higher, it can be used as an attraction to attract other potential investors. The increase in investment will affect the stock price, which will result in an increase in the company's value, thus having an impact on the prosperity of its shareholders. The increasing change in the company's total asset achievement will affect the price per share of equity per share and the company's capability in gaining profits to return investor equity, which can have an impact on the company's value (Ramadhanti & Cipta, 2022). The increase in company value is something desired by company owners, as it leads to improved shareholder welfare. This can be achieved through good collaboration between the company's management and other parties, such as stakeholders. A company can be said to have good company value if it demonstrates good performance. Ndemezo and Kayitana (2018) stated that company value is reflected in its stock price, as the market price of stocks is considered a reflection of the actual value of the company's assets.

This study uses Price to Book Value (PBV) to measure company value and indicates how much investors value stocks based on their book value, showing whether a company's stock price falls into the category of overvalued or undervalued (Irnawati, Febriana, & Asmita, 2023). Companies that perform well generally have a PBV ratio above one, indicating that the market value of their stock exceeds its book value. A high PBV reflects the level of shareholder prosperity, where shareholder prosperity is the primary goal of a company. A high PBV indicates that investors are willing to pay more for every rupiah of the company's equity, reflecting their optimism about the company's growth prospects and future profitability (Setiyowati, Naser, & Astuti, 2020).

2.3 Profitability

Irnawati et al. (2023) stated that profitability is a company's ability to generate profit or measure management efficiency in running a company. Profitability can be measured using the company's own capital or all funds invested in the company. Profitability is related to sales, total assets, and equity. Profitability is the company's ability to make a profit through all the capabilities and resources available in the company. Profit in the company's operational activities is an important element to ensure the company's survival in the future. A company, in order to be able to carry out its operational activities, must be in a profitable condition. Without profit, it will be difficult for the company to attract capital from outside. Companies that have a high level of profitability will be in demand by investors. Thus, profitability can affect the value of the company (Setiyowati et al., 2020). The higher the profitability of a company, the higher the returns expected by investors, and the higher the company's value (Pratiwi, 2016). The positive effect of profitability on company value can be explained through several mechanisms.

First, high profitability reflects the company's operational efficiency in generating profits from its assets. Companies that can effectively manage operational costs and generate high revenues will achieve high profitability. This indicates that the company has a sustainable competitive advantage and is capable of creating added value for its shareholders. Second, high profitability can also increase the company's cash flow. A strong cash flow enables the company to make investments, pay dividends, and reduce debt, all of which can enhance company value. Companies with positive cash flow also tend to be more resilient to economic changes and have greater financial flexibility. Third, high profitability can boost investor confidence in the company. Investors are more likely to invest in companies with good financial performance and positive growth prospects. High profitability is a key indicator of good financial performance, thereby increasing investor interest in purchasing the company's shares, which, in turn, will raise the stock price and company value. Additionally, high profitability can improve the company's reputation among stakeholders such as creditors, suppliers, and employees. A good reputation can help the company gain easier access to financial resources, establish better relationships with business partners, and attract high-quality employees. All these factors can contribute to an increase in company value.

The profitability indicator in this study uses Return On Asset. Return on Asset is the level of net profit that the company has managed to obtain in carrying out its operations. ROA measures how much net profit is going to be produced of each rupiah of funds that inveterate total asset (Shabrina & Hadian, 2021). Return On Asset is measured from net profit after tax to its total assets, which reflects the company's ability to use the investments used for the company's operations in order to generate the company's probability. Return on Asset is also a measure of a company's effectiveness in generating profits by utilizing fixed assets used in generating profits by utilizing fixed assets used for operations. Return On Asset relates to the company's ability to obtain satisfactory profits so that investors and shareholders will continue to provide capital for the company.

2.4 Growth Opportunity

Growth opportunity refers to a company's potential for future expansion. Zidane and Suwarti (2022), highlight that investment opportunities significantly influence company value, as they signal potential for future growth. Companies with high future growth estimates will use shares as the issuer's operational funds. With high growth opportunities, they will be able to attract investors. Growth opportunities indicate future growth, so every policy in determining business capital will get the company's development. The high level of growth opportunity achievement will be a good factor for the company's value (Ramadhanti & Cipta, 2022). In this study, the growth opportunity variable is calculated by changes in the company's total assets. Companies with good asset growth can be classified as growing companies. High-growth opportunities are expected to enable companies to achieve and generate high profits in the future. Therefore, it will also increase the company's stock price, which is one of the indicators of company value (Zidane & Suwarti, 2022).

From an investor's perspective, high growth opportunity is one of the signs that a company has favorable aspects, encouraging investors to expect returns from their investments. Companies with high growth opportunities also require significant resources to fund their operations. Internal funding (retained earnings) and external funding (issuing debt or new shares) are the two sources of funding used to support a company's growth. With high growth opportunities, companies are expected to achieve high company value. This enables companies to undertake business expansions with large funds, influencing decisions on capital structure or funding.

Investors believe that companies with rapid growth potential tend to generate high returns from future investments. Growth opportunities will subsequently provide positive signals to investors, influencing their future investment decisions. Companies with high growth rates will need more funds in the future, especially external funds, to meet their investment needs or finance their growth. The higher the growth opportunity, the better the company's prospects appear to investors.

Better company prospects mean that investors have the potential to earn significant returns. This increases the company's value. Both internal and external parties highly anticipate growth opportunities in a company, as good growth opportunities signify the company's development. From the shareholders' perspective, a company's growth opportunity indicates that the company has favorable aspects, and shareholders also expect a good rate of return on their investments, reflecting positive development. Companies experiencing rapid growth often need to increase their fixed assets. Thus, companies with high growth rates require more funds in the future and tend to retain more earnings.

2.5 Hypothesis

Profitability is a ratio used to assess a company's ability to generate profit, serving as one of the factors that can influence company value. When profitability is strong and stable, company value tends to be high, which in turn positively impacts stock prices. A company with good profitability attracts investors, as they expect returns on their investments. The relationship between profitability and company value is based on signaling theory. A company that consistently generates high and stable profits sends a positive signal to investors about its performance. A high Return on Assets (ROA) ratio attracts investors, leading to an increase in company value. Investors generally pay close attention to this ratio, as higher returns correlate with higher company value (Shantiani, 2023).

Growth opportunities can also affect company value. Growth opportunity refers to a company's potential for expansion in the future. Companies with strong growth potential signal investors to invest, positively impacting company value. Based on the theoretical framework, the influence of independent variables—profitability and growth opportunity—on the dependent variable, company value, is illustrated as follows:

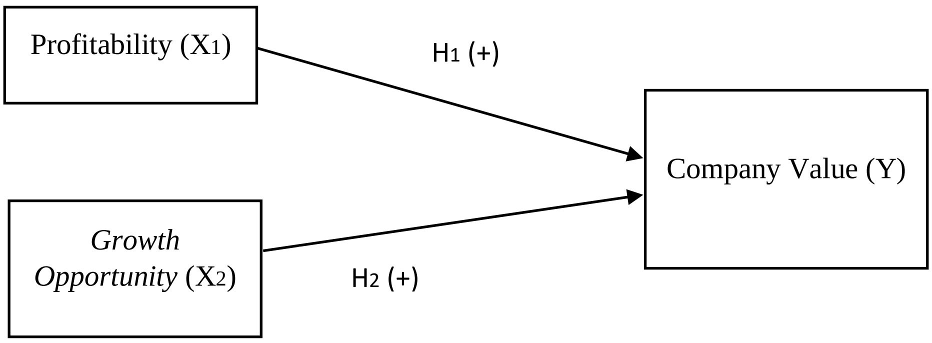

Figure 2. Theoretical Framework

2.6 The Effect of Profitability on Company Value

High profitability in a company increases the likelihood of dividend distribution (Makmur et al., 2022). Profitability is a ratio used to assess a company's ability to generate profit. Every company strives to improve its performance, as higher profits enable continued operations and growth. Investors prefer companies with high profitability.

According to signaling theory, when a company generates significant profits, it signals to shareholders about its ability to pay dividends, increasing company value. Higher profits also influence stock prices, potentially driving them higher. A rising stock price correlates with increased company value. When a company shares positive information, it sends a favorable signal to the market, encouraging investment. Growth in profitability, measured by ROA, reflects a company's improving prospects, which investors view as a positive signal. This facilitates management in attracting capital through shares.

Research shows that market announcements act as strong signals for investors. Positive and relevant information about issuers is quickly absorbed by the market, reflected in stock price changes in the capital market, ultimately increasing company value (Siswanti & Sukoharsono, 2019).

According to Setiyowati et al. (2020), greater investor interest strengthens the positive relationship between profitability and stock prices, creating a favorable image of the company and increasing company value. This is further supported by Ramadhanti and Cipta (2022), whose research indicates that profitability significantly and positively affects company value. Similar findings have been reported by Setiyowati et al. (2020).
H1: Profitability has a positive effect on the Company's Value

2.7 The Effect of Growth Opportunity on Company Value
Growth opportunity refers to a company's potential for expansion in the future. Companies that continue to grow attract more positive responses from investors due to higher expected profits, increasing the company's earnings response coefficient. According to signaling theory, companies with high growth rates send positive signals to stakeholders, making it easier to attract capital, particularly from investors. Information about high growth rates generates a favorable response from investors seeking profits, thereby increasing company value. A firm's growth can be measured in terms of revenue, profits, assets, or employee numbers, all of which are essential for financial health and profitability (Tharu & Shrestha, 2019).

Growth opportunity, or a company's growth potential, can be observed through changes in the company's total assets over time. These changes indicate whether a company is growing or not. An increase in total assets signifies that the company is growing well, while a decrease indicates poor growth. Growing total assets also suggest that the company's operational results are likely to improve in the future, thereby enhancing investor confidence in the company. Since investors aim to obtain positive returns in the future, companies with strong growth opportunities instill greater confidence that investors will achieve favorable returns. If many investors invest in a company, it will drive up the company's stock price, and a rising stock price reflects a strong company value.

Growth opportunities can also be observed through changes in total assets over time. An increase in total assets signifies strong company growth, whereas a decrease indicates poor growth. Growing total assets suggest improved operational results, strengthening investor confidence. Investors seek positive future returns, and companies with strong growth opportunities inspire greater confidence that favorable returns will be achieved. Increased investor interest raises stock prices, and a higher stock price signifies stronger company value.

Companies with high growth rates have more real options for future investments compared to lower-growth firms. If a company is predicted to experience significant growth, it presents an opportunity for rapid expansion. This situation often requires additional funding, typically in the form of debt, which is faster to obtain than equity for financing operations. Additionally, companies with strong growth opportunities instill greater confidence among creditors, making it easier to secure loans. Companies experiencing continuous growth attract positive investor responses due to higher anticipated profits. This expectation increases the company's profit response coefficient, ultimately enhancing company value.

The research by Ramadhanti and Cipta (2022) supports this, showing that growth opportunities have a significant positive impact on company value. Additional studies by Irnawati et al. (2023) and Zidane and Suwarti (2022) further reinforce these findings. Setiyowati et al. (2020) also demonstrate a close relationship between growth opportunity and company value.

H2: Growth Opportunity has a positive effect on Company Value

3. Research Methodology

This study employs a quantitative research method, where profitability and growth opportunity serve as independent variables, while company value is the dependent variable. The research focuses on healthcare sector companies listed on the Indonesia Stock Exchange (IDX). The objective is to analyze the effect of profitability and growth opportunity on company value.

The sample selection was conducted using purposive sampling. The data was processed using Statistical Program for Social Science (SPSS) version 25. Profitability is measured using Return on Assets (ROA). Growth Opportunity is measured using total asset growth. Company value is measured using Price to Book Value (PBV), which is calculated by dividing the market price per share by the book value per share (Ishak, 2024).

This study uses secondary data in the form of documentary data, including company reports, archives, and other records published by IDX-listed companies, which can be accessed via the official IDX website **(www.idx.co.id**). Descriptive statistics are used to provide an overview of each research variable by examining the mean, maximum, and minimum values.

4. Results and discussions

The results of data analysis in this study are as follows:

Table 1. Descriptive Statistical Analysis

	N	*Min*	*Max*	*Mean*	*Std. Deviation*
X1	36	0,01	0,92	0,1256	0,14673
X2	36	-0,24	2,53	0,2406	0,53803
Y	36	0,00	383,00	77,7222	89,70097

Based on the descriptive statistical test results shown in the table, the sample consists of 36 companies. The minimum value for the profitability variable is 0.01, observed at PT Pyridam Farma Tbk. (PYFA) In 2021, while the maximum value is 0.92, seen at PT Merck Tbk. (MERK) in 2018. The mean value of the profitability variable is 0.1256, with a standard deviation of 0.1467. Since the mean value is smaller than the standard deviation, this indicates a wide distribution in the data, showing a significant difference between the minimum and maximum values for profitability.

For the growth opportunity variable, the minimum value is -0.24, recorded at PT Organon Pharma Indonesia Tbk. (SCPI) in 2021, and the maximum value is 2.53, noted at PT Pyridam Farma Tbk. (PYFA) in 2021. The mean value for this variable is 0.2406, with a standard deviation of 0.5380. Similar to the profitability variable, the mean value is smaller than the standard deviation, indicating a broad distribution of data and a considerable gap between the minimum and maximum values for growth opportunity.

The company value variable shows a minimum value of 0.00, observed at PT Organon Pharma Indonesia Tbk. (SCPI) in 2022 and a maximum value of 383.00, found at Prodia Widyahusada Tbk. (PRDA) in 2021. The mean value for the company value variable is 77.7, with a standard deviation of 89.7. As with the other variables, the mean value is smaller than the standard deviation, reflecting a wide distribution in the data and indicating substantial variability between the minimum and maximum values for company value.

Table 2. Classical Assumption Test

Unstandardized Residual	**Information**
0,200	Normal

Based on the results of the normality test shown in table 2 above, the significant value (Monte Carlo Sig.) is 0.200. Since this value is greater than 0.05, it indicates that the data in this study is normally distributed.

Table 3. Multicollinearity Test

Variable	***Collinearity Statistics***	
	Tolerance	**VIF**
X1_Profitabilitas	0,918	1,08
X2_Growth Opportunity	0,918	1,08

The table above indicates that the tolerance values for all independent variables are greater than 0.10, and the VIF (Variance Inflation Factor) values are less than 10. This suggests that the research data meets the necessary criteria, as there is no significant correlation between the independent variables. Therefore, it can be concluded that there is no multicollinearity present in the regression model.

Table 4. Heteroscedasticity Test

Variable	**Sig.**
ABRESID	0,748

Based on the table showing that the significant value > 0.05, it shows that this study has been free from heteroscedasticity.

Table 5. Autocorrelation Test

Du	***Durbin-Watson***	**4 – dU**
1,5631	2,179	2,4369

Based on the table above, the Durbin-Watson value is 2.179. When compared with the Durbin-Watson table at a significance level of $\alpha = 5\%$, with a total sample size (N) of 29 and two independent variables (K = 2), the lower bound (dL) value is 1.2699, and the upper bound (dU) value is 1.5631. Since the DW value (2.179) is greater than the dU value (1.5631) but less than 4 – dU (4 – 1.5631 = 2.4369), it can be concluded that there is no autocorrelation in the regression model.

Table 6. Multiple Linear Regression Analysis

Model	***Unstandardized Coefficients***
	B
(Constant)	57,181
X1_Profitabilitas	265,668
X2_*Growth Opportunity*	-357,803

Based on the table above, it can be known that the results of the multiple linear regression equation are:

$Y = 57{,}181 + 265{,}668X1 – 357{,}803X2 + \varepsilon$

The constant has a positive value of 57.181, indicating that if the independent variables are assumed to be constant (0), then the value of the dependent variable will be 57.181.

The regression coefficient in the profitability variable (X1) has a positive value of 265.668, meaning that the company value variable (Y) will increase by 265.668 if the profitability variable (X1) increases by one unit, assuming that the other independent variables have a constant value (0).

The regression coefficient in the growth opportunity variable (X2) has a negative value of -357.803, meaning that the company value variable (Y) will decrease by -357.803 if the growth opportunity variable (X2) increases by one unit, assuming that the other independent variables have a constant value (0).

Table 7. Hypothesis Test

t count	t table	Sig.
1,184	2,045	0,247
-2,799	2,045	0,010

Based on the results of the t-test in the table above, the conclusion is:
The profitability variable was obtained with a value of t calculated < t table (1.184 < 2.028) and a significant value of 0.247 > 0.05, then Ho was accepted and Ha was rejected, meaning that there was no influence between the profitability variable on the company value variable.

The growth opportunity variable was obtained with a t-value calculated < t table (-2.799 < 2.028) and a significant value of 0.010 < 0.05, then Ho was accepted and Ha was rejected, meaning that there was a negative influence between the growth opportunity variable on the company's value variable.

Table 8. F Test

ANOVA[a]		
Model	F	Sig.
Regression	3,999	0,031

Based on the table above, the magnitude of a significant number of 0.031 indicates a value smaller than 0.05 (0.031 < 0.05), meaning that the independent variables together (simultaneously) have an influence on the value of the company.

Table 9. Coefficient of Determination Test

Model Summary[b]	
Model	*Adjusted R Square*
1	0,176

Based on the results of the determination coefficient test (R2 Test) in the table above, it is known that the Adjusted R square value is 0.176 or 17.6%, this means that the company's value of 17.6% is influenced by independent variables of profitability and growth opportunity while the remaining 73.4%, the company's value is influenced by other variables outside this study.

4.1 The Effect of Profitability on Company Value

Based on the results of the test, the significance value is 0.247, which is greater than 0.05, and the calculated t-value is 1.184. This indicates that profitability does not have a significant effect on the company's value, leading to the rejection of the first hypothesis, which stated that profitability has a positive impact on company value. Although higher profit levels typically enhance company value, the findings of this study suggest otherwise. This may be due to the management's inability to effectively utilize the company's assets, resulting in a small net profit despite the company having substantial assets. These findings contradict signal theory, which proposes that a company providing good information will send a positive signal to investors, encouraging them to invest. The results of this study are consistent with the research by Zidane and Suwarti (2022), which also concluded that profitability does not influence company value. The results of this study are consistent with the research conducted by Lilia, Situmeang, Verawaty, and Hartanto (2020), which concluded that profitability does not have a significant effect on company value.

4.2 The Effect of Growth Opportunity on Company Value

Based on the results of the test, the significance value is 0.010, which is less than 0.05, and the calculated t-value is -2.799. This indicates that growth opportunities have a negative effect on the company's value, leading to the rejection of the second hypothesis, which stated that growth opportunities have a positive impact on company value. The negative impact of growth opportunities on company value can be attributed to investor concerns that high-asset growth requires increased funding. Companies often allocate generated profits as internal funds rather than focusing on investors' interests. Consequently, investors' interest in purchasing company shares declines, which reduces share demand, impacting the stock price and ultimately lowering the company's value. These findings suggest that higher asset growth negatively affects company value, contradicting signal theory. According to signal theory, a company providing positive information should attract investors, encouraging them to invest. However, in this case, investors are less inclined to invest because they perceive that the company prioritizes using profits for internal needs rather than maximizing shareholder interests. This study aligns with the research of Irnawati et al. (2023), which also found that growth opportunities negatively affect company value. Companies with high growth rates require more funds in the future, particularly external funds, to meet their investment needs or to finance their growth. This means that financing growth will require external funding (debt). An increase in debt is perceived by external parties as a reflection of the company's ability to meet its obligations in the future or as an indication of high business risk. This is likely to be negatively responded to by the market, which in turn can affect the decline in the company's value.

5. Conclusion

5.1. Summary

Based on the preceding analysis, this study concludes that profitability does not significantly affect company value, whereas growth opportunities negatively impact it. Specifically, higher profitability does not guarantee increased company value, and conversely, companies with lower profits can still enhance their value. These findings align with previous research by Putra and Sunarto (2021) and Febriani (2020), which also found no significant relationship between profitability and company value.

The healthcare sector is heavily regulated by the government and other bodies, particularly concerning product/service pricing, operational permits, and service quality. These regulations can constrain the profit potential of healthcare companies, even those with high profitability. Consequently, these companies cannot freely adjust prices or profit margins, thus limiting the impact of profitability on their value.

Companies pursuing aggressive growth strategies typically incur higher capital costs, either through debt or equity issuance. If these capital costs are excessive or inefficient, they can negatively affect company value. Investors may perceive such growth opportunities as unlikely to yield returns commensurate with the associated costs.

Growth strategies inherently involve increased uncertainty and risk. If companies invest in expansion or ventures with unproven profitability, investors may become wary, fearing potential losses or failure. This can diminish perceived company value.

Furthermore, pursuing growth strategies can impose significant managerial burdens. Rapid expansion or market entry demands substantial skills and resources. Ineffective management of such growth can result in decreased company value. However, when considered jointly, profitability and growth opportunities do simultaneously influence company value.

5.2. Limitation

This study is limited by its relatively low coefficient of determination (R^2), which was 17.6%. This suggests that a substantial portion of the variance in company value is attributable to other independent variables not included in this model. Additionally, outlier data was removed due to non-normality during testing, resulting in a reduced sample size. Consequently, the study's findings led to the rejection of both hypotheses: that profitability positively affects company value and that growth opportunities positively affect company value. These results imply that factors beyond profitability and growth opportunities significantly influence company value.

5.3. Suggestion

Based on the research findings and conclusions, the following recommendations are offered for future researchers: First, incorporating additional independent variables, such as capital structure and company size, would provide a more comprehensive understanding of the factors influencing company value. Second, expanding the sample to include a wider range of companies listed on the Indonesia Stock Exchange (IDX) would enhance generalizability and improve results. Finally, this research is intended as a reference for future studies in this field, which could be further developed by extending the observation period for a more accurate reflection of research outcomes.

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