

The Influence of Profitability, Asset Management, and Firm Size on Firm Value

I Gusti Putu Gilang Purohita^{1*}, Henny Triyana Hasibuan

¹Faculty of Economics and Business, Universitas Udayana, Bali, Indonesia

Article Info

Article history:

Received September 10, 2025

Revised Agustus 20, 2026

Accepted September 30, 2026

Keywords:

Profitability,
Asset Management,
Firm Size,
Firm Value

ABSTRACT

This study aims to examine the influence of profitability, asset management, and firm size on firm value in the property and real estate sector listed on the Indonesia Stock Exchange (IDX) for the 2021–2023 period. A quantitative approach with multiple linear regression analysis was employed. The sample was selected using purposive sampling, resulting in 36 companies with a total of 108 observations. The findings indicate that profitability has no significant effect on firm value, asset management also shows no significant influence, while firm size has a significantly positive effect on firm value. These results suggest that larger firms, as measured by total assets, play an important role in enhancing firm value. Conversely, high profitability and efficient asset management do not necessarily reflect a higher firm value from the perspective of investors.

This is an open access article under the [CC BY](#) license



Corresponding Author:

I Gusti Putu Gilang Purohita
Faculty of Economics and Business, Universitas Udayana
Bali, Indonesia
Email: gilang.purohita247@student.unud.ac.id

1. INTRODUCTION

Firm value reflects the market value of a company's shares, indicating both its current condition and future prospects. Firm value serves as an indicator of how the market comprehensively assesses a company [2]. Firm value can be interpreted as investors' assessment of a company's level of success and is typically correlated with its stock price [3]. Firm value serves as an indicator of how the market comprehensively evaluates a company [2]. This evaluation encompasses various factors, including financial performance, growth prospects, reputation, and corporate governance. A higher firm value reflects greater investor confidence in the company's future sustainability. One of the main indicators used to assess firm value is the stock price.

In Indonesia, stock trading takes place on the Indonesia Stock Exchange (IDX), which includes various sectors one of which is the property and real estate sector. The property and real estate sector is an industry associated with the development, sale, purchase, leasing, and management of land and buildings, including both residential and commercial properties. During the 2021–2023 period, the stock prices in this sector experienced a consistent annual decline. One of the significant contributing factors was the Covid-19 pandemic in 2021. The property and real estate sector is also considered high-risk due

to its heavy reliance on bank credit as a primary source of funding, while the companies' assets tend to be illiquid. This condition has led to limited investor interest in purchasing shares within this sector. The decline in stock prices can be observed in Table 1.

Table 1. Stock Price per Share of Property and Real Estate Sector Companies on the Indonesia Stock Exchange

	Kode Perusahaan	2021	2022	2023
1	BCIP	92	68	60
2	CSIS	151	72	51
3	INDO	104	92	89
4	KIJA	170	146	134
5	LPCK	1.225	1.020	800

Source: Indonesia Stock Exchange, processed data, 2025

Firm value is influenced by various internal and external factors, which can serve as signals to investors. These signals affect investors' investment decisions in the company, ultimately impacting the firm's value. Signaling theory suggests that company management seeks to convey signals to the market through financial information in order to reduce information asymmetry between internal and external parties [4]. Profitability, asset management, and firm size can act as signals from the company to investors, influencing their decision to invest in the company's shares.

Profitability reflects a company's ability to generate profits and serves as one of the benchmarks for investors in evaluating a company's performance. It can be used as an indicator to measure a company's financial performance and therefore acts as a reference in assessing firm value [5]. High profitability can become a key attraction for investors to invest in a company [6]. Previous studies by [7] and [8] found that profitability has a positive effect on firm value. However, a different result was reported by [9].

Asset management is a crucial factor influencing firm value, as it relates to the efficiency in utilizing assets to increase revenue [6]. Efficient and effective asset management enables companies to maximize income and reduce the risk of unproductive assets [10]. Effective asset management can help a company enhance its value and improve overall financial performance [11]. Studies by [12] and [13] found that asset management has a positive impact on firm value. However, different results were reported by [10].

Firm size refers to the scale used to classify companies as either large or small [14]. The larger the firm, the easier it is for the company to obtain funding sources through stock investment activities, which in turn can enhance firm value [15]. Research findings by [16] and [17] indicate that firm size has a positive effect on firm value. However, different findings were reported by [14].

Based on the phenomenon of declining stock prices in companies within the property and real estate sector during the 2021–2023 period, which has affected firm value, as well as the inconsistencies found in previous research findings, this study aims to investigate firm value by introducing a novelty namely, the addition of firm size as an independent variable. This research focuses on property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period.

Signaling theory states that an increase in profitability serves as a positive signal to potential investors. Rising profits indicate a company's promising operational prospects, encouraging investors to invest in the company [18]. The relationship between profitability and firm value is supported by [6], who found that profitability positively affects firm value. This result is further supported by the findings of [19], [20], [14], [21], and [22]. The higher the profitability of a company, the more it can increase its firm value. Therefore, the first hypothesis is formulated as follows:

H1: Profitability has a positive effect on firm value in property and real estate companies during the 2021–2023 period.

According to signaling theory, effective asset management sends a positive signal, as a company's ability to manage its assets can lead to increased profits. The relationship between asset management and firm value is supported by [6], who found that asset management has a positive effect on firm value. This finding is also supported by [12], [13], [23], and [11]. The better a company manages its assets, the higher its firm value. Thus, the second hypothesis is formulated as follows:

H2: Asset management has a positive effect on firm value in property and real estate companies during the 2021–2023 period.

Signaling theory also suggests that a large firm size, indicated by high total assets, can be perceived as a positive signal to investors. The relationship between firm size and firm value is supported by [15], who found that firm size positively influences firm value. This conclusion is in line with findings from [24], [25], [9], [26], and [16]. The larger the company, the greater its potential to enhance its value. Therefore, the third hypothesis is formulated as follows:

H3: Firm size has a positive effect on firm value in property and real estate companies during the 2021–2023 period

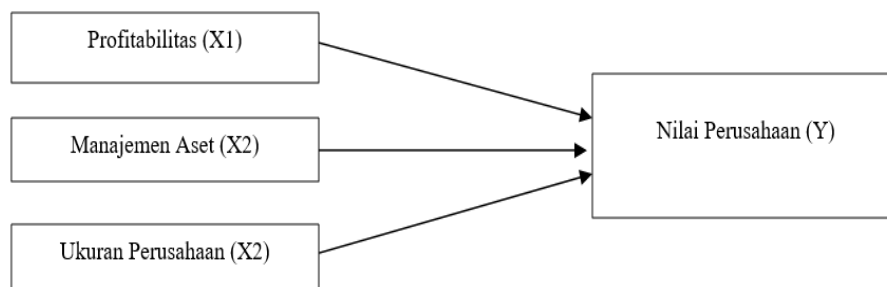


Figure 1. Research Model

Source: Research data, 2025

2. METHOD

This study employs a quantitative approach with an associative research design to identify the influence of independent variables—namely profitability (X1), asset management (X2), and company size (X3)—on the dependent variable, firm value (Y). The research is conducted on companies in the property and real estate sector that are officially listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. The sample selection method used in this study is purposive sampling, which is the selection of samples based on specific criteria in accordance with the research objectives. The criteria are as follows:

- (1) Property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period.
- (2) Property and real estate companies that did not consistently generate profits during the 2021–2023 period.
- (3) Property and real estate companies that did not publish complete annual reports on the IDX during the 2021–2023 period.

Based on these criteria, a total of 34 companies were obtained with 102 observation units (panel data).

The dependent variable in this study is firm value, which is measured using the Tobin's Q ratio. This ratio represents the market value of a firm relative to its replacement cost and serves as an indicator of the firm's overall investment opportunities. The Tobin's Q ratio is formulated as follows:

$$\text{Tobin's } Q = \frac{\text{Market Value of Equity} + \text{Total Liabilities}}{\text{Total Asset}}$$

The independent variable in this study is profitability, which is measured using Return on Assets (ROA) a ratio that indicates the return generated from the total assets employed by the company. Return on Assets is formulated as follows:

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

The next independent variable is Asset Management, which is measured using the Total Asset Turnover (TAT). This financial ratio assesses a company's efficiency in utilizing its total assets to generate revenue or sales. The Total Asset Turnover is calculated using the following formula:

$$\text{TAT} = \frac{\text{Net Sales}}{\text{Total Asset}}$$

The next independent variable is Company Size, which is measured using the Natural Logarithm of Total Assets. This measurement is employed to minimize excessive data fluctuations and to simplify the total asset values. The Natural Logarithm is formulated as follows:

$$\text{SIZE: } \text{Ln}(\text{Total Asset})$$

The data analysis technique employed in this study includes descriptive statistical analysis and multiple linear regression analysis. The analysis was carried out using SPSS software. The equation for the multiple linear regression analysis is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Explanation:

- Y = Firm Value
- α = Constant Term
- β = Regression Coefficient
- X_1 = Profitability
- X_2 = Asset Management
- X_3 = Company Size
- e = Standard Error

3. RESULTS AND DISCUSSION

3.1. Descriptive Statistical Analysis

Table 2. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability X1	102	0,00	0,55	0,52	0,07
Asset Management (X2)	102	0,01	0,72	0,17	0,14
Firm Size (X3)	102	17,52	31,83	27,74	2,94
Firm Value (Y)	102	0,00	5,72	1,21	1,17
Valid N (listwise)	102				

Source: Processed secondary data, 2025

The mean value of profitability is 0.52, with a standard deviation of 0.07. This indicates that the mean exceeds the standard deviation, suggesting a relatively low variation in profitability among the sampled companies. The mean value of asset management is 0.17, while the standard deviation is 0.14. Since the mean is lower than the standard deviation, this implies a relatively high variation in asset management across the sampled firms. The mean value of firm size is 27.74, with a standard deviation of 2.94. As the mean is greater than the standard deviation, it suggests a low level of variation in firm size among the sampled companies. The mean value of firm value is 1.21, and the standard deviation is 1.17. Given that the mean is higher than the standard deviation, it indicates a relatively low variation in firm value across the sampled firms.

3.2. Classical Assumption Test

Table 3. One-Sample Kolmogorov-Smirnov Test

N		102
Normal Parameters ^{a,b}	Mean	0.000
	Std. Deviation	1.158
Most Extreme Differences	Absolute	0.244
	Positive	0.244
	Negative	-0.127
Test Statistic		0.244
Asymp. Sig. (2-tailed) ^c		0.001

Source: Processed secondary data, 2025

Table 4. Multicollinearity Test

	Model	t	Sig.	Collinearity Statistics	
				Tolerance	VIF
1	(Constant)	-0.638	0.525		
	ROA	1.893	0.061	0.984	1.016
	TAT	-1.109	0.270	0.955	1.047
	SIZE	1.761	0.081	0.970	1.031

Source: Processed secondary data, 2025

Prior to conducting regression analysis, classical assumption tests were performed to assess the validity of the model. The normality test resulted in a significance value of 0.001 (< 0.05), indicating that the data are not normally distributed. The multicollinearity test showed that all variables had

tolerance values greater than 0.10 and Variance Inflation Factor (VIF) values less than 10, suggesting the absence of multicollinearity. The heteroscedasticity test, conducted using the Glejser test, revealed that all variables had significance values above 0.05, indicating no symptoms of heteroscedasticity. However, the regression model did not fully meet the classical assumptions. Therefore, this study employed a robustness test, as the data did not pass the assumption tests, and this method is applied to minimize the influence of outliers.

3.3. Hypothesis Testing

Table 5. Results of R² Test and F-Test

Model	R Square	Adjusted R Square	F	Sig.
1	0.181	0.003	1.110	0.349

Source: Processed secondary data, 2025

The results of the model feasibility test and the coefficient of determination indicate that the regression model is less appropriate for use, with a simultaneous significance value of 0.349 and an Adjusted R² of 0.003, meaning that 3% of the variation in firm value can be explained by the independent variables.

Figure 6. Results multiple linear regression

Model		B	Robust Std. Error	t	Sig.
1	(Constant)	-0,496	0.778	-0.638	0.525
	ROA	1.993	1.053	1.893	0.061
	TAT	-0.616	0.555	-1.109	0.270
	SIZE	0.048	0.027	1.761	0.081

Source: Processed secondary data, 2025

Based on the table above, it can be concluded that:

$$Y = -0,424 + 1,09(X1) - 0,478(X2) + 0,060(X3) + e$$

The results of the study show that profitability and asset management do not have a significant effect on dividend policy, thus hypotheses H1 and H2 are rejected. This result is influenced by the relatively low minimum value of ROA, which is 0.000 compared to its mean value of 0.52, and the mean of TAT is only 0.17 compared to its maximum value of 0.72. Therefore, profitability and asset management are not capable of influencing firm value. This result is consistent with the findings of [27], [28], [11], [29] assert that Profitability has no significant effect on firm value. This result is consistent with the findings of [6], [11], [13], dan [12] There is no observable impact of asset management on firm value.

Meanwhile, firm size has a significant positif effect on firm value, this hypothesis H3 is accepted. This indicates that a larger company size can contribute to an increase in the firm's value. These findings suggest that company size typically assessed by total assets has the potential to affect firm value, as evidenced by stock price performance in the market. This result is consistent with the findings of [15], [9], [26], [25], dan [1] state that firm size has a significant effect on firm value

4. CONCLUSION

The findings of this study indicate that profitability and asset management do not have a significant effect on firm value. This suggests that higher levels of profitability and more efficient asset management are not sufficient to influence the value of a company. In contrast, firm size has a significant

effect on firm value. This implies that an increase in company size, as measured by total assets, can enhance the firm value.

Companies in the property and real estate sector are advised to focus their strategies on expanding firm size. This can be achieved through asset expansion, development of large-scale projects, and strengthening of capital structure to enhance competitiveness and investor appeal. Future research is encouraged to include a broader range of independent variables that may influence firm value. The findings of this study indicate that only 3% of the variation in firm value can be explained by the independent variables used

REFERENCE

- [1] P. Aprilia and S. Andayani, "The Effect of Capital Structure, Firm Size, and Profitability on Firm Value (Empirical Study on Property and Real Estate Companies Listed on the BEI in 2019–2022)," *COSTING: Journal of Economic, Business and Accounting*, vol. 7, no. 4, pp. 10983–10995, 2024. doi: 10.31539/costing.v7i4.11239.
- [2] C. Iman, F. N. Sari, and N. Pujiati, "Pengaruh Likuiditas dan Profitabilitas Terhadap Nilai Perusahaan," *Jurnal Perspektif*, vol. 19, no. 2, pp. 191–198, 2021. doi: 10.31294/jp.v19i2.11393.
- [3] N. P. T. A. Nugraheni and I. G. N. A. Suaryana, "Good Corporate Governance, Ukuran Perusahaan, Nilai Perusahaan dan Profitabilitas sebagai Variabel Moderasi," *E-Jurnal Akuntansi*, vol. 34, no. 6, pp. 1495–1508, 2024. doi: 10.24843/EJA.2024.v34.i06.p12.
- [4] M. Spence, "Job Market Signaling," *The Quarterly Journal of Economics*, vol. 87, no. 3, pp. 355–374, 1973. doi: 10.2307/1882010.
- [5] P. S. Dewi and H. T. Hasibuan, "Peran Good Corporate Governance dalam Memoderasi Pengaruh Penghindaran Pajak dan Profitabilitas pada Nilai Perusahaan," *E-Jurnal Akuntansi*, vol. 32, no. 10, p. 3114, 2022. doi: 10.24843/EJA.2022.v32.i10.p15.
- [6] R. Al-Omari, Y. Oroud, M. H. Makhoul, A. R. Alshehadeh, and H. A. Al-Khawaja, "The impact of profitability and asset management on firm value and the moderating role of dividend policy: Evidence from Jordan," *Asian Economic and Financial Review*, vol. 14, no. 1, pp. 1–11, 2024. doi: 10.55493/5002.v14i1.4937.
- [7] D. C. Pangestuti, A. Muktiyanto, I. Geraldina, and Darmawan, "Role of Profitability, Business Risk, and Intellectual Capital in Increasing Firm Value," *Journal of Indonesian Economy and Business*, vol. 37, no. 3, pp. 311–338, 2022. doi: 10.22146/jieb.v37i3.3564.
- [8] S. Anik, A. Chariri, and J. Isgiyarta, "The Effect of Intellectual Capital and Good Corporate Governance on Financial Performance and Corporate Value: A Case Study in Indonesia," *The Journal of Asian Finance, Economics and Business*, vol. 8, no. 4, pp. 391–402, 2021. doi: 10.13106/jafeb.2021.vol8.no4.0391.
- [9] R. Reschiwati, A. Syahdina, and S. Handayani, "Effect of Liquidity, Profitability, and Size of Companies on Firm Value," *Utopía y Praxis Latinoamericana*, vol. 25, no. Extra 6, pp. 325–332, 2020. doi: 10.5281/zenodo.3987632.
- [10] D. R. Wulandari and D. Priantinah, "The Effect of Free Cash Flow and Assets Management on Firm Value with Financial Performance as Intervening Variable," *Jurnal Profita: Kajian Ilmu Akuntansi*, vol. 8, no. 3, 2020.
- [11] L. Suzan and R. P. Ramadhani, "Pengaruh Manajemen Aset, Intellectual Capital, dan Profitabilitas Terhadap Nilai Perusahaan," *Innovative: Journal of Social Science Research*, vol. 4, no. 6, pp. 482–493, 2024. doi: 10.31004/innovative.v4i6.15869.
- [12] Andreas, Christin, S. Wijaya, and J. C. Sembiring, "Effect of Liquidity, Asset Management, Leverage and Dividend Policy on Firm Value at Food and Beverages Companies Listed on the Indonesia Stock Exchange," *Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences*, vol. 4, no. 2, pp. 2695–2701, 2021. doi: 10.33258/birci.v4i2.1977.

- [13] I. Jebril, R. Almaslmani, B. A. F. Jarah, M. I. Mugableh, and N. Zaqeeba, "The Impact of Strategic Intelligence and Asset Management on Enhancing Competitive Advantage: The Mediating Role of Cybersecurity," *Uncertain Supply Chain Management*, vol. 11, no. 3, pp. 1041–1046, 2023. doi: 10.5267/j.uscm.2023.4.018.
- [14] N. Hermawaty and I. P. Sudana, "Profitabilitas, Ukuran Perusahaan, Pengungkapan Corporate Social Responsibility dan Nilai Perusahaan," *E-Jurnal Akuntansi*, vol. 33, no. 5, p. 1240, 2023. doi: 10.24843/EJA.2023.v33.i05.p07.
- [15] E. Grediani and M. Dianingsih, "Struktur Aset, Ukuran Perusahaan, Likuiditas, Profitabilitas, dan Nilai Perusahaan," *E-Jurnal Akuntansi*, vol. 32, no. 4, p. 877, 2022. doi: 10.24843/EJA.2022.v32.i04.p04.
- [16] Z. A. F. Al-Slehat, "Impact of Financial Leverage, Size and Assets Structure on Firm Value: Evidence from Industrial Sector, Jordan," *International Business Research*, vol. 13, no. 1, pp. 109–120, 2020. doi: 10.5539/ibr.v13n1p109.
- [17] S. Tang, "Liquidity, Leverage dan Firm Performance Dengan Firm Size Sebagai Variabel Moderasi," *E-Jurnal Akuntansi*, vol. 32, no. 9, pp. 2239–2250, 2022. doi: 10.24843/EJA.2022.v32.i09.p01.
- [18] N. K. D. F. Sugiantari and E. A. Sisdyani, "Pengaruh Profitabilitas dan Leverage pada Nilai Perusahaan dengan Pengungkapan Corporate Social Responsibility sebagai Variabel Moderasi," *E-Jurnal Ekonomi dan Bisnis Universitas Udayana*, vol. 13, no. 10, pp. 2004–2012, 2024. doi: 10.24843/EEB.2024.v13.i10.p02.
- [19] M. Jihadi, E. Vilantika, S. M. Hashemi, Z. Arifin, Y. Bachtiar, and F. Sholichah, "The Effect of Liquidity, Leverage, and Profitability on Firm Value: Empirical Evidence from Indonesia," *The Journal of Asian Finance, Economics and Business*, vol. 8, no. 3, pp. 423–431, 2021. doi: 10.13106/jafeb.2021.vol8.no3.0423.
- [20] S. Aryantini and S. Jumono, "Profitability and Value of Firm: An Evidence from Manufacturing Industry in Indonesia," *Accounting*, vol. 7, no. 4, pp. 735–746, 2021. doi: 10.5267/j.ac.2021.2.011.
- [21] L. Suzan and I. R. Nurul, "Firm Value Factors: The Effect of Intellectual Capital, Managerial Ownership, and Profitability," *Jurnal Akuntansi*, vol. 27, no. 3, pp. 401–420, 2023. doi: 10.24912/ja.v27i3.1487.
- [22] P. Novitasari and T. Indrawati, "Pengaruh Profitabilitas dan Leverage Terhadap Nilai Perusahaan pada Perusahaan Sub Sektor Property dan Real Estate," *Jurnal Ekonomi, Bisnis dan Sosial*, vol. 2, no. 3, pp. 84–92, 2024.
- [23] M. Suak, J. J. Sondakh, and H. Gamaliel, "Effect of Tax Planning, Earnings Growth, Asset Management, and Sticky Costs on Firm Value (Study on Property and Real Estate Companies Listed on the Indonesia Stock Exchange in 2016–2019)," *Jurnal Riset Akuntansi dan Auditing "Goodwill"*, vol. 12, no. 2, pp. 142–152, 2021. doi: 10.35800/jjs.v12i2.36253.
- [24] P. A. Widiastari and G. W. Yasa, "Pengaruh Profitabilitas, Free Cash Flow, dan Ukuran Perusahaan pada Nilai Perusahaan," *E-Jurnal Akuntansi*, vol. 23, no. 2, pp. 957–981, 2018. doi: 10.24843/EJA.2018.v23.i02.p06.
- [25] M. Chabachib, Hersugondo, E. Ardiana, and I. D. Pamungkas, "Analysis of Company Characteristics of Firm Values: Profitability as Intervening Variables," *International Journal of Financial Research*, vol. 11, no. 1, p. 60, 2020. doi: 10.5430/ijfr.v11n1p60.
- [26] H. N. Dang, T. T. C. Nguyen, and D. M. Tran, "The Impact of Earnings Quality on Firm Value: The Case of Vietnam," *The Journal of Asian Finance, Economics and Business*, vol. 7, no. 3, pp. 63–72, 2020. doi: 10.13106/jafeb.2020.vol7.no3.63.
- [27] M. N. Farid and M. Safitri, "Pengaruh Profitabilitas, Struktur Modal, dan Ukuran Perusahaan Terhadap Nilai Perusahaan (Studi Kasus pada Perusahaan Property dan Real Estate yang Terdaftar di Bursa Efek Indonesia Tahun 2017–2023)," *Jurnal Ekonomi dan Bisnis (JEKOBs)*, vol. 3, no. 4, pp. 254–264, 2024. doi: 10.33633/jekobs.v3i4.11626.

- [28] D. Mayangsari and P. Wahyuningsih, "Determinan Nilai Perusahaan pada Perusahaan Property dan Real Estate yang Terdaftar di Bursa Efek Indonesia," *Jurnal Ilmiah Fokus Ekonomi, Manajemen, Bisnis & Akuntansi (EMBA)*, vol. 1, no. 3, pp. 348–355, 2022. doi: 10.34152/emba.v1i3.636.
- [29] C. Mercyana, Hamidah, and D. Kurnianti, "Pengaruh Struktur Modal, Profitabilitas, Ukuran Perusahaan dan Likuiditas terhadap Nilai Perusahaan Infrastruktur yang Terdaftar di BEI Periode 2016–2020," *Jurnal Bisnis, Manajemen, dan Keuangan*, vol. 3, no. 1, pp. 101–113, 2022. doi: 10.21009/jbmk.0301.08.