Vol. 4 No. 3 (2026)
e-ISSN: 2963-7589
Economic and Business Journal | ECBIS
https://ecbis.net/index.php/go/index

The Effect of Profitability and Company Value on Stock Prices in Health Sector Companies Listed on The Indonesia Stock Exchange for The Period 2020-2024

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Submitted:	Revised:	Accepted:
12 December 2025	26 February 2026	02 March 2026

Abstract

This study aims to examine the influence of profitability and firm value on stock prices in health sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period. A quantitative approach with a documentation method was employed in this research. The population consisted of all health sector companies within the specified period, while the sample was selected using a purposive sampling technique based on predetermined criteria, resulting in a total of 15 companies. Data were analyzed using panel data regression through the Economic Views (EViews) 12 software. The findings of this study indicate that, profitability (ROA) has a positive and significant effect on stock prices of health sector companies for the 2020–2024 period. Similarly, firm value (Tobin's Q) also shows a positive and significant influence on stock prices within the same period.

Keywords: *Profitability, Firm Value, Stock Price, Health Sector.*

1. BACKGROUND

The rapid development of the business world has encouraged the occurrence of major dynamics in the global economy, including in Indonesia. This transformation is characterized by increasing economic activity, innovation in business models, and increasingly fierce competition between companies in various industrial sectors. As public participation in investment activities increases, the capital market is evolving to become an important instrument to create a more efficient allocation of resources (Lubis *et al.,* 2024).

The health sector has become one of the sectors that has attracted attention in recent years, especially because its existence plays a very strategic role in supporting people's quality of life and national resilience. The health sector is the main highlight, both in the context of public services and as one of the sectors that has strong economic growth prospects (Olyvia *et al.,* 2025).

The main advantage of this sector lies in the continuous demand because health products and services are basic needs that cannot be postponed, in contrast to the non-primary and technological consumption sectors which are more dependent on market trends

and people's purchasing power (Nisa *et al.,* 2024). Table 1 presents a summary of the share prices of Health Sector Companies for the 2020-2024 period.

Table 1. Summary of Stock Prices of Health Sector Companies for the 2020-2024 Period

Issue Code	2020	2021	2022	2023	2024
KLBF	1.480	1.615	2.090	1.610	1.360
WOW	1.600	1.975	1.080	800	400
PYFA	975	1.015	845	1.145	210
MIKA	2.730	2.260	3.190	2.850	2.540
ALSO	805	865	755	525	590
HEAL	3.530	1.070	1.550	1.490	1.630
FART	3.250	9.200	5.600	5.400	2.700
TSPC	1.400	1.500	1.410	1.835	2.500
BRAND	3.280	3.690	4.750	4.180	3.600
DVLA	2.420	2.750	2.370	1.665	1.600
KAEF	4.250	2.430	1.085	1.445	605
INAF	4.030	2.230	1.15	580	126
PEHA	1.695	1.105	685	640	324
CARE	322	515	476	160	189
SAME	292	368	300	314	264

Source: Indonesia Stock Exchange (data processed by researchers, 2025)

In table 1, it can be seen that the stock price of the health sector in 2020–2024 shows very sharp fluctuations. PRDA shares are one of the empirical findings, where the share price rose from 3,250 in 2020 to 9,200 in 2021, then dropped back to 2,700 in 2024. In addition to fluctuations, the sector also faces a post-pandemic downward trend in prices. After rising in 2020–2021, several issuers actually declined sharply in 2022–2024. KAEF dropped from 4,250 to 605, INAF dropped from 4,030 to 126, and IRRA from 1,975 to 400.

In conditions like this, the company's profitability is an increasingly important factor, because investors tend to see the company's ability to generate profits as the basis for assessing whether the stock price is worth maintaining or not. Profitability is basically a measuring tool to assess the extent to which a company is able to produce overall performance and productivity so that it reflects the effectiveness and efficiency in managing its business. When earnings performance weakens, the market usually responds with a decline in stock prices, whereas companies that are able to maintain their profitability have the opportunity to gain more trust from investors. The relationship between profitability and stock prices is relevant to be studied to understand the extent to which fundamental conditions play a role in determining the direction of stock price movements in the health sector in the 2020-2024 period (Ratnasari, 2020).

The value of the company also plays a role in determining the price of the stock. According to Fadillah *et al.,* (2021), the value of the company is the selling point or potential

for improving welfare for shareholders, which can be seen directly through the price of its shares. When the share prices of issuers such as KAEF, INAF, and IRRA continue to decline from year to year, it shows a weakening of investors' view of the value of the company. In contrast, companies with positive outlook tend to have more stable or increasing stock prices. The post-pandemic decline in stock prices not only illustrates weakening performance, but also signals a decline in the company's value (Ryando, 2022).

Based on this phenomenon, this study uses the theory of the Efficient Market Hypothesis (Fama, 1970). This theory explains that stock prices reflect all information, both public and non-public. Any changes in information regarding the company's condition, such as the level of profitability and the value of the company, will be directly reflected in the stock price.

Previous research by Jumiati & Natsir (2023) and Aminar Sutra Dewi & Saputra (2025) found that profitability had a positive and significant effect, but the findings were inconsistent with research by Putra & Susila (2024) and Kusumawardhani & Nugroho (2021) which states that profitability has no significant effect on the stock price. This difference shows that stock price movements can be influenced by other factors such as industry conditions, internal policies, and market sentiment. Research by Rivanda (2023) and Jumiati & Natsir (2023) shows the influence of the company's value on the stock price, but Riski & Hadiya (2023) Finding the value of a company has no significant effect on the stock price. The inconsistency of these findings is the basis for the need for further research to re-examine how profitability and company value affect stock prices, especially in health sector companies that during 2020–2024 showed quite striking price fluctuations on the Indonesia Stock Exchange.

Based on the description of the phenomenon and gaps in the results of previous research, it can be seen that the relationship between profitability and company value to stock prices in the health sector still needs a more in-depth study, especially in the context of sharp fluctuations that occurred throughout the 2020–2024 period. Therefore, the author intends to compile a study entitled "The Effect of Profitability and Company Value on Stock Prices in Health Sector Companies Listed on the Indonesia Stock Exchange for the 2020–2024 Period."

2. RESEARCH METHODS

2.1 Research Types and Design

This study uses a quantitative method with an explanatory approach, where according to scrape *et al.,* (2025) Quantitative research utilizes numerical data as a basis for answering research questions, while Shirley *et al.,* (2023) explained that explanatory research focuses on the relationship between variables and factors that cause an event. This research focuses on health sector companies listed on the Indonesia Stock Exchange for the period 2020–2024, starting from the preparation of a literature review, population and sample determination, and data collection through financial statement-based documentation methods. The final stage is in the form of data analysis using *EViews* and the preparation of research report results.

2.2 Research Location and Time

This research was carried out on health sector companies listed on the Indonesia Stock Exchange, with data sources obtained through the official website of the Indonesia Stock Exchange in www.idx.co.id. The determination of the location of this research was carried out by considering the availability of complete and accurate data, as well as the ease of obtaining company financial information. The period of this research is in a span of five years, namely from 2020 to 2024.

2.3 Operational Definitions and Variable Measurements

The stock price is the value per share formed through trading activities in the capital market, and in this study it is measured using the *closing price* because it reflects the final value of the transaction in a trading period. Profitability is a financial indicator that shows a company's ability to generate profits from its assets or capital, and in this study it is measured using *Return on Assets* (ROA).

$$ROA = \frac{Laba\ bersih\ setelah\ bunga\ dan\ pajak}{Total\ aset} x100\%$$

Company value is the market perception of the management performance of companies in the health sector in the 2020–2024 period, especially in managing its resources and taking advantage of future development opportunities. In this study, the value of the company was measured using the Tobin's Q ratio.

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

Description :
Tobin's Q = Company Value
MVE = Share Price x Number of Shares Outstanding
Debt = Total Liabilities
Total Assets = Total Assets

2.4 Population and Sample

The population in this study includes all health sector companies listed on the Indonesia Stock Exchange (IDX) in the 2020–2024 period, as many as 38 companies. The selection of samples is carried out to represent the population appropriately so that the results of the study can be generalized properly. The sample determination process must ensure that the characteristics of the sample match the characteristics of the population in order for the resulting analysis to remain objective and valid. This study uses *the purposive sampling method,* which is a sample determination technique based on certain criteria that are relevant to the research objectives so that only companies that really meet the requirements are included. The criteria used include: (1) health sector companies listed on the Indonesia Stock Exchange during the 2020–2024 period, (2) companies that have complete financial statements in that period, (3) companies that consistently publish financial statements every year, and (4) companies that display complete stock price data for the 2020–2024 period. Through a selection process based on these criteria, 15 qualified health sector companies were obtained and used as research samples. Thus, the samples used have represented the

characteristics of the population, allowed the analysis to be carried out in a more targeted manner, and provided a solid basis for drawing research conclusions.

Table 2. Research Sample

No.	Company Code	Company
1.	KLBF	Kalbe Farma Tbk
2.	IRRA	Itama Ranoraya Tbk
3.	PYFA	Pyridam Farma Tbk
4.	MICAH	Mitra Keluarga Karyasehat Tbk
5.	SIDO	Herbal Medicine and Pharmaceutical Industry Sido Muncul Tbk
6.	HEAL	Medikaloka Hermina Tbk
7.	PRDA	Prodia Widyahusada Tbk
8.	TSPC	Tempo Scan Pacific Tbk
9.	BRAND	Merck Tbk
10.	DVLA	Darya-Varia Laboratoria Tbk
11.	KAEF	Kimia Farma Tbk
12.	INAF	Indofarma Tbk
13.	SLOGAN	Phapros Tbk
14.	CARE	Metro Healthcare Indonesia Tbk
15.	SAME	Sarana Meditama Metropolitan Tbk

Source: Data processed by researchers (2025)

2.5 Types and Data Sources

This study uses secondary data, namely data obtained indirectly from previously available sources, as explained by Eldest (2024). Data is taken from the financial statements of health sector companies published through the Indonesia Stock Exchange website (www.idx.co.id), the official website of the sample company, as well as financial databases such as investing.com for the period 2020–2024. The types of data used include profitability data obtained from net income, total equity, and total assets, company value data taken from the closing price of shares and book value per share; as well as data on the number of shares outstanding as supporting information.

2.6 Data collection techniques

This research uses a documentation method because all the data needed is available in official documents published by the Indonesia Stock Exchange. As explained (Scott, 2023) Documentation data is data obtained from previous research records or documents and reused for analysis. The data collection process begins by identifying health sector companies listed on the IDX, then applying sampling criteria to determine relevant samples. The next stage is to collect the annual reports and financial statements of sample companies for the 2020–2024 period through the company's official website and IDX, then check the completeness of the reports, especially the balance sheet, income statement, and notes on the financial statements used in the calculation of research variables. After that, the researcher collects data on the closing price of shares and the number of outstanding shares as the basis

for calculating the value of the company through the stock index on the Indonesia Stock Exchange.

2.7 Data Analysis Techniques

This study used panel data analysis with the help of *EViews* 12 software. This analysis aims to simplify and interpret the data so as to produce clear and meaningful information about the relationships between variables.

a. Descriptive Statistical Analysis

Descriptive statistical analysis is used to describe data according to actual conditions without generalizing (Sugiyono, 2023). The data analyzed includes profitability, company value, and share prices of health sector companies for the 2020–2024 period.

b. Panel Data Regression Analysis

The panel data regression analysis combines cross section and time series data into a single multiple regression model to test the linear relationships between independent and dependent variables.

c. Panel Data Model Estimation

Estimation was carried out using three approaches, namely *Common Effect Model* (CEM), *Fixed Effect Model* (FEM), *and Random Effect Model* (REM). CEM assumes the same *intercept* and *slope* for the entire unit, FEM provides intercept differences between companies or years, while REM incorporates those differences into the error component. All three models were used to obtain the estimation results that best match the characteristics of the research data.

d. Classic Assumption Test

According to Basuki (2021) In the data panel, only the tests required are multicollinearity and heteroscedasticity. The multicollinearity test was performed by looking at correlations between independent variables, while heteroscedasticity was tested using Breusch-Pagan-Godfrey. If the significance value < 0.05 then heteroscedasticity occurs, and vice versa if > 0.05 then the model meets the assumption of homoscedasticity.

e. Uji Hypothesis

The t-test was used to assess the influence of each partially independent variable on $\alpha = 0.05$. If the significance value < 0.05, then the independent variable has a significant effect. In addition, the coefficient of determination (R^2) is used to measure the model's ability to explain variations in dependent variables, with interpretations: 0.75 strong relationships, 0.50 moderate, and 0.25 weak.

3. RESULTS AND DISCUSSION

3.1 RESULTS

a. Descriptive Statistical Analysis

This analysis is used to see the distribution of value, the tendency of data concentration, and the degree of variation in each variable, namely profitability (X1), company value (X2), and stock price (Y).

Table 3. Descriptive Statistical Analysis Results

	X1	X2	Y
Mean	0.58640	2.580098	1803.467
Median	0.074348	1.993648	1480.000
Maximum	0.732109	8.038743	9200.000
Minimum	-0.948898	0.869748	126.0000
Std. Dev.	0.188350	1.657580	1560.495
Skewness	-1.920485	1.241745	1.917407
Kurtosis	15.28721	3.970552	8.494298
Jarque-Bera	517.9021	22.21779	140.2910
Probability	0.000000	0.000015	0.000000
Sum	4.398017	193.5074	135260.0
Sum Sq. Dev.	2.625199	203.3203	1.80E+08
Observations	75	75	75

Source: Data processed by researchers (2025)

Based on the results in the table above, descriptive statistical analysis shows that profitability (X1) measured using *Return on Assets* (ROA) with the amount of data (N = 75) has a minimum value of –0.948898, a maximum value of 0.732109, an average value of 0.058640, and a standard deviation of 0.188350. The company value variable (X2) measured by Tobin's Q (N = 75) showed a minimum value of 0.869748, a maximum value of 8.038743, an average value of 2.580098, and a standard deviation of 1.657580. Meanwhile, the share price (Y) measured through the *closing price* with the same amount of data shows a minimum value of 126.0000, a maximum value of 9200,000, an average value of 1803.467, and a standard deviation of 1560.495.

b. Panel Data Regression Analysis

Panel data regression analysis is a method that combines *cross section* and *time series* data in one multiple regression model. The main objective is to test the linear relationship between independent variables and dependent variables using multiple linear regression approaches. Through this analysis, researchers can see whether independent variables, namely profitability and company value, have a positive or negative effect on stock prices.

Table 4. Panel Data Regression Analysis Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	983.9365	423.5913	2.322844	0.0230
Profitabilitas	1991.389	815.9381	2.440613	0.0171
Nilai Perusahaan	272.3752	98.13902	2.775401	0.0070

Source: Data processed by researchers (2025)

$$\mathbf{Y = 983.936484344 + 1991.38906158X1 + 272.375152015X2 + 423.5913}$$

Based on the results of the data regression analysis test, it can be concluded that:

1. The constant of 983.936484344 shows that if all independent variables, namely profitability and company value, are at zero, then the stock price is estimated to be worth 983.936484344.
2. The profitability regression coefficient of 1991.38906158 shows a positive relationship between profitability and stock prices. That is, every one unit increase in profitability would increase the stock price by 1991.38906158, assuming the other variables remained constant. In other words, the higher the level of profitability, the higher the company's share price.
3. The company's value coefficient of 272.375152015 also shows a positive relationship with the stock price. This means that a one-unit increase in the company's value will increase the stock price by 272.375152015, albeit on a relatively small scale, assuming other variables are constant.
4. The additional constant of 423.5913 reflects the cumulative influence of factors other than the variables studied that also affect the stock price but was not included in this study model.

c. Panel Data Model Estimation

1. Chow Test

The Chow test is used to determine the best model between *the Common Effect Model* and *the Fixed Effect Model* in panel data analysis. Decision making was carried out by comparing the probability value with a significance level of 0.05. If the probability > 0.05, then the right model is the *Common Effect Model,* while if the < is 0.05, then *the Fixed Effect Model* is more suitable.

Table 5. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	12.249281	(14,58)	0.0000
Cross-section Chi-square	103.156213	14	0.0000

Source: Data processed by researchers (2025)

Based on the table, the *cross-section chi-square* 103.156213 with a probability level of 0.0000. The probability value is < 0.05 (0.0000 < 0.05), so it can be concluded that the most appropriate model to use is *Fixed Effect Model* (FEM).

2. Hausman Test

The Hausman test is used to determine the best model between *the Fixed Effect Model (FEM)* and *the Random Effect Model* (REM) in the analysis of panel data. If the *Probability Cross-Section* value > 0.05, then the null hypothesis is not rejected, which means that there is no systematic difference between FEM and REM. Thus, *the Random Effect Model* is considered more appropriate to use.

Table 6. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	2.954889	2	0.2282

Source: Data processed by researchers (2025)

Based on the results in the table, the statistical value of *the cross-section chi-square* is 2.954889 with a probability of 0.2282. This means that > 0.05 (0.2282 > 0.05), it can be concluded that the Hausman test shows that the appropriate model to use is *the Random Effect Model* (REM).

3. Uji Lagrange Multiplier

The Lagrange Multiplier (LM) test is an important method in panel data regression to determine whether the more suitable model to use is *the Common Effect Model* (CEM) or *the Random Effect Model* (REM). The testing process is carried out by looking at the cross-section probability value of the Breusch-Pagan test. If the probability value > 0.05, then it can be concluded that the CEM model is chosen as the model. However, if the probability value is < 0.05, then REM is chosen as the best model because it shows that there is a significant random effect or variation between cross-section units and needs to be considered in the analysis. Thus, the LM Test helps to ensure that the panel regression model used matches the data structure and is able to provide more accurate estimation results.

Table 7. Lagrange Multiplier Test Results

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	59.92416 (0.0000)	0.990617 (0.3196)	60.91478 (0.0000)
Honda	7.741070 (0.0000)	-0.995297 (0.8402)	4.769981 (0.0000)
King-Wu	7.741070 (0.0000)	-0.995297 (0.8402)	2.771405 (0.0028)
Standardized Honda	8.620335 (0.0000)	-0.758192 (0.7758)	2.209831 (0.0136)
Standardized King-Wu	8.620335 (0.0000)	-0.758192 (0.7758)	0.381794 (0.3513)
Gourieroux, et al.	--	--	59.92416 (0.0000)

Source: Data processed by researchers (2025)

Based on the table above, the Breusch-Pagan Both value is 0.0000 which means < 0.05, so the most suitable model is the *Random Effect Model* (REM). Furthermore, the results of the three tests of the Chow Test, the Hausman Test, and the Lagrange Multiplier Test show that REM is the most appropriate model to use in the regression analysis of panel data.

d. Classic Assumption Test

According to Basuki (2021:27), not all classical assumption tests are mandatory to apply to OLS-based linear regression, because in normal distribution panel data is not a major requirement given that the observations include many entities with different characteristics. The autocorrelation test aims to see the effect of past values on the next period, but this is less relevant in the panel data because the observation structure is not purely time-based. Based on these considerations, this study only uses two classical assumption tests, namely:

1. Multicollinearity Test

The multicollinearity test was performed to determine whether there is a strong relationship between independent variables in the regression model. If two or more independent variables have a high correlation, then multicollinearity occurs which can cause the estimated coefficient to be biased or unstable. As a result, small changes to independent variables can result in large changes in the regression coefficient. If the correlation value between independent variables < 0.85, it can be concluded that the model does not experience multicollinearity problems.

Table 8. Multicollinearity Test Results

	X1	**X2**
X1	1.000000	0.184836
X2	0.184836	1.000000

Source: Data processed by researchers (2025)

Based on the results of the multicollinearity test, it is known that the correlation value between independent variables is < 0.85 (<α 0.85). Thus, it can be concluded that the regression model does not experience multicollinearity.

2. Heteroscedasticity Test

The heteroscedasticity test was used to find out whether the residual variance in the regression model was constant in each observation. In this study, the heteroscedasticity test was carried out using the Glejser method.

Table 9. Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	676.2502	299.5173	2.257800	0.0270
Profitabilitas	-180.4389	677.6057	-0.266289	0.7908
Nilai Perusahaan	155.8958	80.80319	1.929327	0.0576

Source: Data processed by researchers (2025)

Based on the table above, it can be seen that the probability value of each independent variable > 0.05. Thus, it can be concluded that the regression model does not experience heteroscedasticity problems.

e. Uji Hypothesis

The hypothesis test on the regression of panel data using *EViews* aims to determine whether independent variables have a significant effect on dependent variables based on statistical evidence.

1. Partial Test (T Test)

The T-test is used to measure the influence of each independent variable partially on the dependent variable.

Table 10. Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	983.9365	423.5913	2.322844	0.0230
Profitabilitas	1991.389	815.9381	2.440613	0.0171
Nilai Perusahaan	272.3752	98.13902	2.775401	0.0070

Source: Data processed by researchers (2025)

Based on the results of the t-test in the table above, it can be explained that:

1. **H1:** Profitability has a positive and significant effect on the stock price. This is shown by profitability which has a calculation of 2.440613, greater than the table (2.440613 > 1.993463567), and a significance value of 0.0171 < 0.05. Thus, H_1 is accepted and H_0 is rejected.
2. **H2:** The value of the company has a positive and significant effect on the stock price. This is shown by the value of the company that has a tcount of 2.775401, which is larger than the ttable (2.775401 > 1.993463567), with a significance value of 0.0070 < 0.05. Thus, H_2 is accepted and H_0 is rejected.

2. Determination Coefficient Test (R2)

The determination coefficient is a statistical measure that shows how much variation of dependent variables can be explained by independent variables in a regression model.

Table 11. Heteroscedasticity Test Results

R-squared	0.221298	Mean dependent var	497.6514
Adjusted R-squared	0.199668	S.D. dependent var	936.5918
S.E. of regression	837.8872	Sum squared resid	50547959
F-statistic	10.23079	Durbin-Watson stat	1.761447
Prob(F-statistic)	0.000123		

Source: Data processed by researchers (2025)

Based on the table above, the value of the determination coefficient (Adjusted R^2) of 0.19 indicates that the variables of profitability and company value (ROA and Tobin's Q) are able to explain 19% of the variation in stock price changes. Meanwhile, the remaining 81% were influenced by factors other than the two variables that were not included in this study model.

3.2 DISCUSSION

a. The Effect of Profitability on Stock Prices

The test results showed that profitability had a calculation of 2.440613, larger than the table (2.440613 > 1.993463567), with a significance value of 0.0171 < 0.05. This means that profitability has a positive and significant effect on the share price of Health Sector Companies for the 2020–2024 period. These findings are in line with *Efficient Market Hypothesis* (Fama, 1970), which states that the stock price reflects all relevant information, including changes in fundamental indicators such as ROA. Increased profitability information is considered a positive signal to which the market responds immediately. The quality of profit information reflects the company's financial credibility and increases investor confidence (Ridhasyah, 2024). Profitability is influenced by internal factors such as capital structure, sales growth, company size, and working capital adequacy, as well as external factors such as exchange rates, inflation, and interest rates. These two factors determine a company's ability to generate profits and influence investor perception. Companies with high profitability tend to experience an increase in stock prices. Investors in the health sector make profitability a key indicator in investment decisions. These findings are reinforced by research by Practical *et al.,* (2023) and Dewi & Saputra, (2025) which shows that profitability has a positive and significant effect on the stock price.

b. The Effect of Company Value on Stock Prices

The value of the company has a positive and significant effect on the stock price. This is shown by the tcount of 2.775401 which is larger than the ttable (2.775401 > 1.993463567) and the significance value of 0.0070 < 0.05. These findings are in line with *Signaling Theory* (Spence, 1973) which explains that company performance indicators can be a signal for investors in assessing the company's prospects. The increase in Tobin's Q indicates a higher market assessment of the company's ability to create value and maintain sustainable performance. This positive signal encourages an increase in demand for stocks, so that stock prices also rise. Investors' perception of a company's value is shaped by internal factors such as profitability, funding decisions, dividend policies, and managerial ownership, as well as external factors such as market conditions, inflation, exchange rates, and economic stability. These findings are reinforced by the results of research by Kusumawardhani & Nugroho (2021) and Riski & Hadiya (2023) which shows that the value of the company has a positive and significant effect on the stock price. The increase in the value of the company provides a strong signal to the market and contributes to the rise in the stock price through increased investor confidence and interest.

4. CONCLUSION

The results of this study show that profitability measured by *Return on Assets* (ROA) has a positive and significant effect on the stock price of health sector companies. This means that the increase in ROA is followed by an increase in the stock price because the market assesses the company's high ability to generate profits as a signal of healthy and sustainable performance. This condition is seen in companies such as TSPC and MIKA, which in a few years have recorded stable profitability and are supported by relatively strong stock prices.

Profitability is an important indicator for investors, especially in the health sector which faces sharp fluctuations during 2020–2024. The increase in ROA is seen as a positive signal because it shows operational efficiency and the company's ability to maintain productivity amid market pressures.

The value of a company measured using Tobin's Q has a positive and significant effect on the stock price. This means that an increase in market perception of the company's prospects will encourage an increase in stock prices. This can be seen from the movement of stock prices in issuers such as PRDA, MERK, and TSPC, which in certain years showed an increase in stock prices in line with high market expectations for growth and value creation of companies. However, issuers such as KAEF, INAF, and IRRA showed a fairly sharp decline in the company's value during 2021–2024, followed by a decline in share prices to touch the lowest level. This condition illustrates that the weakening of the company's value will directly suppress the demand for stocks and lower prices in the market.

Although profitability and company value have a positive and significant effect on stock prices, it is recommended that health sector companies not only focus on increasing profits, but also ensure that such performance is sourced from stable and sustainable operational activities in order to continue to receive a positive response from the market. Companies also need to maintain company value through strengthening growth strategies and governance so that investor perception is maintained, especially amid stock price fluctuations.

For further research, it is recommended to add other variables such as company size, capital structure, or market risk, and expand the research period or sector to provide a more comprehensive picture of the factors that affect stock prices.

REFFERENCE

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