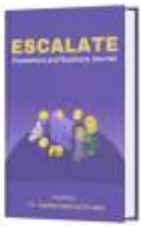
Escalate: Economics and Business Journal

https://journal.takaza.id/index.php/escalate

Vol. 04, No. 02, 2026, pp. 716-728
E-ISSN: 3025-4213

E-mail:escalate@takaza.id



The Influence of Growth Opportunity and Profitability on Company Value at PT Industri Jamu dan Farmasi Sido Muncul Tbk for the Period 2016-2025

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Article History:
Received : 21-08-2026
Revised : 25-08-2026
Accepted : 13-09-2026

Keywords: Asset Growth, Firm Value, Growth Opportunity, Profitability, Return on Assets

***Abstract**: The pharmaceutical and herbal industry in Indonesia has continued to develop, creating opportunities and increasing competition among firms. This study aims to examine the effects of Growth Opportunity and profitability on firm value at PT Industri Jamu dan Farmasi Sido Muncul Tbk during 2016–2025. A quantitative associative research design was employed. The population comprised of the company's annual financial reports, with ten annual reports selected as the sample using purposive sampling. Secondary data were collected through documentation, literature review, and internet searching. Growth Opportunity was measured using Asset Growth, profitability using Return on Assets (ROA), and firm value using Price to Book Value (PBV). The data were analyzed using IBM SPSS Statistics 26 through descriptive statistics, classical assumption tests, multiple linear regression, coefficient of determination, F-test, and t-test. The results show that Growth Opportunity and profitability simultaneously affect firm value ($F = 8.309$; $p = 0.014$). Partially, Growth Opportunity significantly affects firm value ($\beta = 0.213$; $p = 0.034$), while profitability also has a significant effect ($\beta = 0.291$; $p = 0.005$). The study concludes that both factors are significant determinants of firm value.*

How to Cite: Bella Saputri, Suryadi Marthadinata.(2026). *The Influence of Growth Opportunity and Profitability on Company Value at PT Industri Jamu dan Farmasi Sido Muncul Tbk for the Period 2016-2025*. 4(2). pp.715-727. https://doi.org/10.61536/escalate.v4i02.747

https://doi.org/10.61536/escalate.v4i02.747

Introduction

The pharmaceutical and herbal industry in Indonesia has shown quite rapid growth over the past decade. The Ministry of Industry recorded that the chemical, pharmaceutical, and traditional medicine sector grew by 11.65% in economic terms in the third quarter of 2025, higher than the national economic growth of 5.04% (Ministry of Industry of the Republic of Indonesia, 2025). This condition indicates that the pharmaceutical and traditional medicine sector plays a crucial role in supporting national economic growth. This development is further supported by changes in public habits following the COVID-19 pandemic, which have driven increased awareness of healthy lifestyles and demand for herbal products and health supplements. This situation presents an opportunity for companies operating in the herbal medicine and pharmaceutical industry to expand their business activities while improving company performance.

One company that has the opportunity to capitalize on these developments is PT Industri Jamu dan Farmasi Sido Muncul Tbk. The growth of the healthcare industry provides an opportunity for companies to increase market share by expanding distribution networks, increasing production capacity, and strengthening marketing in both domestic and international markets. However, these opportunities go hand in hand with increasingly fierce competition, requiring companies to maintain financial performance and increase corporate value to remain attractive to investors. Corporate value is important for publicly traded companies because it reflects investors' assessment of the company's condition and prospects. Brigham and Houston (2021) view corporate value as a reflection of investors' assessment of a company's success, which can be reflected in its stock price in the market. In this study, corporate value is measured using price-to-book value (PBV), while according to Hery (2020), price-to-book value (PBV) is used to compare the stock price and book value of a company, thus indicating how the market values a company.

The research problem is seen from the development of the company value of PT Industri Jamu dan Farmasi Sido Muncul Tbk during the period 2016 to 2025 which has changed from year to year. Based on the Price to Book Value (PBV) measurement, the company's value increased from 2.82 times in 2016 to 7.49 times in 2020. After reaching the highest value, PBV decreased to 4.65 times in 2023, then increased to 5.07 times in 2024 and 5.14 times in 2025. Although it increased again, the value has not been able to reach the highest level in 2020. This condition indicates that the company's value is still fluctuating and has not moved consistently during the observation period.

Besides company value, issues are also evident in growth opportunities, as measured by asset growth. Growth opportunities reflect a company's continued growth, one of which is through asset growth, reflecting the expansion of business activities. According to Sudana (2019), increasing a company's growth opportunities can increase the likelihood of an increase in company value. However, the asset growth of PT Industri Jamu dan Farmasi Sido Muncul Tbk exhibits a fluctuating pattern. Asset growth was recorded at 6.84% in 2016, then decreased to 5.70% in 2017 and 5.68% in 2018. Asset growth increased to 5.75% in 2019 and reached 9.06% in 2020, then weakened again to 5.70% in 2021 and 0.30% in 2022. In 2023, asset growth was even negative at -4.67%, then increased to 1.25% in 2024 and again negative at -6.54% in 2025. This condition indicates that the company's growth opportunities have not been consistent throughout the research period. The next problem is related to the company's profitability which is measured using Return on Assets (ROA). Profitability reflects the company's ability to generate profits through managing its resources and is one of the considerations for investors in assessing the company's performance. This study uses Return on Assets (ROA) as a measure of profitability to demonstrate a company's ability to generate profits based on its total assets (Kasmir, 2019). At PT Industri Jamu dan Farmasi Sido Muncul Tbk, ROA increased from 16.08% in 2016 to 30.99% in 2021, but then decreased to 27.07% in 2022 and 24.43% in 2023. ROA increased again to 29.72% in 2024 and reached 33.39% in 2025. This condition indicates that although profitability increased again at the end of the period, the movement was not always in line with changes in company value. During the observation period, asset growth and ROA were not always followed by changes in PBV in the same direction. Asset growth in some years decreased or even became negative, but PBV remained at a relatively high level. Conversely, increased profitability is not always accompanied by a proportional increase in company value. The discrepancy between this condition and the results of previous research indicates a problem that requires further study. Aliyah Rahma Putri (2023) showed a positive relationship between asset growth and PBV in the pharmaceutical sector of the Indonesian Stock Exchange (IDX) for the period 2017-2021. Research by Bakhta & Rahmawati (2024) on companies in the healthcare sector of the Indonesian Stock Exchange (IDX) for the period

https://doi.org/10.61536/escalate.v4i02.747

2017-2021 found different results, showing that growth opportunities were related to company value.However, the level of influence varies across sample companies. Regarding profitability, Purba (2023) found that profitability significantly impacted PBV in the pharmaceutical subsector from 2018 to 2022. However, Hazaeri & Santoso (2024) found that profitability had no effect on firm value in the property and real estate sector listed on the Indonesian Stock Exchange (IDX) from 2020 to 2022. These differences in results indicate that the influence of growth opportunity and profitability on firm value still shows different findings. Therefore, this study aims to determine the partial and simultaneous influence of growth opportunity and profitability on firm value at PT Industri Jamu dan Farmasi Sido Muncul Tbk from 2016 to 2025. This research is important due to fluctuations in firm value, growth opportunity, and profitability, as well as discrepancies in the movement between variables during the observation period. The novelty of this research lies in the joint testing of growth opportunity and profitability on company value with the object of PT Industri Jamu and Farmasi Sido Muncul Tbk in the period 2016-2025, so that it can provide an overview of the relationship between these three aspects based on the company's condition during the research period.

Research methods

This study uses a quantitative research type with an associative approach. According to Sugiyono (2022:2), a research method is a scientific way to obtain data for specific purposes and uses. The quantitative approach was used because this study processes data in numerical form and uses statistical techniques to objectively analyze the relationships between variables. The associative approach was used to examine the effect of Growth Opportunity and profitability on company value at PT Industri Jamu dan Farmasi Sido Muncul Tbk from 2016 to 2025. The data used is secondary data sourced from the company's annual financial reports during the study period.

The research objects consist of Growth Opportunity, proxied by Asset Growth, profitability, measured by Return on Assets (ROA), and firm value, proxied by Price to Book Value (PBV). Asset Growth is used to measure the growth of a company's total assets from year to year, ROA is used to measure a company's ability to generate net income based on total assets owned, while PBV is used to measure firm value based on the comparison of share price to book value. Firm value in this study uses PBV as explained by Brigham and Houston (2021), while profitability uses ROA as used in the study by Kasmir (2019).

The research instrument consists of secondary data obtained from the annual financial reports of PT Industri Jamu dan Farmasi Sido Muncul Tbk for the period 2016 to 2025. The Growth Opportunity variable is measured through Asset Growth by comparing changes in total assets in the current year with total assets in the previous year. Profitability is measured using ROA, which indicates the company's ability to generate net income from all assets owned. Company value is measured using PBV, which is the ratio between the share price and the book value of the shares. The book value of shares is obtained from total equity divided by the number of outstanding shares. All variables use a ratio scale.

Data collection was conducted through documentation, literature review, and internet searches. Documentation was conducted by collecting company financial reports for the period 2016 to 2025, obtained from company websites and the Indonesia Stock Exchange. According to Sugiyono (2022:476), documentation is the process of collecting data and information in the form of writings, books, archives, documents, figures, images, reports, and explanations that can support the research. Literature review was conducted by utilizing various sources and scientific journals relevant to the research, while internet searches were conducted through online searches to obtain the necessary supporting data.

The data analysis technique was carried out using a quantitative approach with the help of the IBM SPSS Statistics program version 26. The analysis began with descriptive statistics to provide an overview of the research data based on the average value, standard deviation, minimum value, maximum value, and other statistical measures as explained by Ghozali (2018:19). Next, classical assumption tests were carried out which included normality, multicollinearity, heteroscedasticity, and autocorrelation tests to determine the feasibility of the regression model. The normality test used Shapiro-Wilk, the multicollinearity test used the Tolerance and Variance Inflation Factor (VIF) values, the heteroscedasticity test used the Glejser test, while the autocorrelation test used Durbin-Watson and

https://doi.org/10.61536/escalate.v4i02.747

Run Test as additional tests.

After the classical assumption test was met, the analysis continued with multiple linear regression to determine the effect of Growth Opportunity and profitability on firm value. According to Ghozali (2018:95), multiple linear regression analysis is used to measure the strength of the relationship between two or more independent variables on one dependent variable and to show the direction of the relationship between these variables. The regression model in this study was used to test the effect of Growth Opportunity (X1) and profitability (X2) on firm value (Y). Next, the model feasibility test was carried out through the correlation coefficient and the coefficient of determination as well as hypothesis testing using the F test and t test with a significance level of 0.05. The F test was used to determine the effect of Growth Opportunity and profitability simultaneously on firm value, while the t test was used to determine the effect of each variable partially on firm value.

According to Sugiyono (2022:80), a population is a generalization area that includes objects or subjects with certain qualities and characteristics that researchers have determined to be studied and then conclusions drawn. The population in this study is all annual financial reports of PT Industri Jamu dan Farmasi Sido Muncul Tbk published during the period 2016 to 2025. The population includes annual financial reports and stock price data used to measure Growth Opportunity based on Asset Growth, profitability based on ROA, and company value based on PBV.

The sample was determined using purposive sampling, a sampling technique based on specific criteria tailored to the research objectives. Sugiyono (2022:81) defines a sample as a subset of the number and characteristics of a population. The research sample was PT Industri Jamu dan Farmasi Sido Muncul Tbk, a company continuously listed on the Indonesia Stock Exchange and with complete annual financial reports. Data availability was also a consideration because the research required data to measure Growth Opportunity through Asset Growth, profitability through ROA, and company value through PBV for the period 2016 to 2025. Based on these criteria, the research sample consisted of ten annual financial reports of PT Industri Jamu dan Farmasi Sido Muncul Tbk for the period 2016 to 2025.

The research procedure was carried out systematically starting from determining the object and research variables based on the title "The Effect of Growth Opportunity and Profitability on Company Value at PT Industri Jamu dan Farmasi Sido Muncul Tbk Period 2016–2025". The next stage was collecting secondary data in the form of annual financial reports and company stock price data for the period 2016 to 2025 through documentation, literature studies, and internet searching. The collected data were then selected according to sample criteria and used to calculate Asset Growth, ROA, and PBV as indicators for each research variable.

The next stage is data processing using IBM SPSS Statistics version 26. Data were analyzed through descriptive statistics, classical assumption tests consisting of normality, multicollinearity, heteroscedasticity, and autocorrelation tests, then continued with multiple linear regression analysis. After the model was analyzed, correlation coefficient, determination coefficient, F test, and t test were tested. The results of all stages of analysis were used to determine the effect of Growth Opportunity and profitability on company value, both simultaneously and partially, in accordance with the research objectives.

https://doi.org/10.61536/escalate.v4i02.747

Results and Discussion

Calculation Results

1. *Growth Opportunity*which is proxied by Assets Growth

Table 1. Growth Opportunity of PT. Industri Jamu dan Pharmaceutical Sido Muncul Tbk Period 2016-2025

YEAR	Total Assets (millions)	Total Assets^{n-1} Previous year (millions)	*Assets Growth* (%)
2016	2,987,614	2,796,111	6.84
2017	3,158,198	2,987,614	5.70
2018	3,337,628	3,158,198	5.68
2019	3,529,557	3,337,628	5.75
2020	3,849,516	3,529,557	9.06
2021	4,068,970	3,849,516	5.70
2022	4,081,442	4,068,970	0.30
2023	3,890,706	4,081,442	-4.67
2024	3,939,625	3,890,706	1.25
2025	3,681,875	3,939,625	-6.54

Based on the table above, Asset Growth shows changes throughout the 2016-2025 period. At the beginning of the period, asset growth was relatively stable at around 5-7%, even reaching a peak of 9.06% in 2020. However, growth has since weakened significantly, nearly stagnating at 0.30% in 2022. It then turned negative in 2023 at -4.67% and worsened again in 2025 to -6.54%. This condition indicates that the entity is experiencing increasing pressure to maintain and develop its assets.

2. **Profitability**

Table 2. Profitability of PT. Sido Muncul Herbal Medicine and Pharmaceutical Industry Tbk for the Period 2016-2025

Year	Current year profit	Total Assets	ROA (%)
2016	480,525	2,987,614	16.08
2017	533,799	3,158,198	16.90
2018	663,849	3,337,628	19.89
2019	807,689	3,529,557	22.88
2020	934,016	3,849,516	24.26
2021	1,260,898	4,068,970	30.99
2022	1,104,714	4,081,442	27.07
2023	950,648	3,890,706	24.43
2024	1,171,026	3,939,625	29.72
2025	1,229,202	3,681,875	33.39

Source: Data processed by the author

Based on the table above, PT Sido Muncul Tbk's ROA moved positively throughout the period 2016 to 2025. The company posted an ROA of 16.08% in 2016, then continued to climb to a peak in 2021, reaching 30.99%. Unfortunately, this performance was short-lived, with the ROA beginning to erode in 2022 to 27.07%, then weakening again in 2023 to 24.43%. However, the company did not remain silent, as in 2024 the ROA was boosted again to 29.72% and even continued to strengthen in 2025, recording its highest figure of the period, at 33.39%.

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3. Company Values

Table 3. Company Value of PT. Sido Muncul Herbal and Pharmaceutical Industry Tbk for the Period 2016-2025

Year	Equity (Millions)	Number of Shares Outstanding (sheet)	PBVS	Closing stock price (Rp)	PBV (multiplied)
2016	2,757,885	15,000,000,000	183,859	520	2.82
2017	2,895,865	15,000,000,000	193.0577	545	2.82
2018	2,902,614	15,000,000,000	193.5076	840	4.34
2019	3,064,707	15,000,000,000	204.3138	1,275	6.24
2020	3,221,740	30,000,000,000	107.3913	805	7.49
2021	3,471,185	30,000,000,000	115.7062	865	7.47
2022	3,505,475	30,000,000,000	116.8492	755	6.46
2023	3,385,941	30,000,000,000	112.8647	525	4.65
2024	3,487,844	30,000,000,000	116.2615	590	5.07
2025	3,120,434	30,000,000,000	104.0145	535	5.14

Source: Data processed by the author

Based on the table, the company's value, as measured by price-to-book value, shows a fluctuating trend. PBV continues to increase from 2.82 in 2016 to a peak of 7.49 in 2020, then gradually declines to 4.65 in 2023, before slightly improving in 2024 and 2025 to 5.07 and 5.14, respectively. In 2020, it gradually declines to 4.65 in 2023, before slightly improving in 2024 and 2025 to 5.07 and 5.14, respectively.

Descriptive Statistics

Table 4. Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
GO	10	-6,54	9,06	2,9070	5,17366
ROA	10	16,08	33,39	24,5610	5,84583
PBV	10	2,82	7,49	5,2500	1,68102
Valid N (listwise)	10				

Source: Processed by SPSS 26

The descriptive statistics of each variable can be explained as follows:

1. *Growth Opportunity,* the lowest value is -6.54, while the highest value reaches 9.06, with an average of 2.9070 and a standard deviation of 5.17366.
2. Profitability (ROA), the lowest value is 16.08, while the highest value reaches 33.39, the average is at 24.5610 with a standard deviation of 5.84583
3. Company Value (PBV), the lowest value is 2.82, while the highest value reaches 7.49, with an average of 5.2500 and a standard deviation of 1.68102.

https://doi.org/10.61536/escalate.v4i02.747

Classical Assumption Test

1. Normality Test

Table 5.

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
GO	,304	10	,009	,867	10	,092
ROA	,111	10	,200*	,961	10	,800
PBV	,126	10	,200*	,929	10	,441

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

`` Source: Processed by SPSS 26

Normality testing yielded the following findings:

1. The Growth Opportunity (GO) variable has a significant value (Sig.) of 0.092 > 0.05, so the GO data is normally distributed.
2. The Profitability variable (ROA) has a significant value (Sig.) of 0.800 > 0.05, so the Profitability data is normally distributed.
3. The Company Value (PBV) variable has a significant value (Sig.) of 0.441 > 0.05, so the Company Value data is normally distributed.

Referring to the results of the Shapiro-Wilk test, all three research variables had a significance level above 0.05. This finding indicates that the entire data meets the requirements for normality, allowing for further regression analysis.

2. Multicollinearity Test

Table 6. Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics Tolerance	VIF
1	GO	,680	1,470
	ROA	,680	1,470

a. Dependent Variable: PBV

Source: Processed by SPSS 26

In Table 6, the tolerance value is 0.680 > 0.10, while the VIF value is 1.470 < 0.10. Both values are within the established limits, so the regression model does not indicate multicollinearity.

3. Heteroscedasticity test

Table 7. Glejser Test

Coefficientsa

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	,989	,750		1,318	,229
	GO	-,020	,031	-,282	-,635	,546
	ROA	-,005	,028	-,088	-,197	,849

a. Dependent Variable: ABS_RES

Source: data processed with IBM SPSS 26

https://doi.org/10.61536/escalate.v4i02.747

The Glejser test found that the significance value of the Growth Opportunity (GO) variable was 0.546, while the Profitability (ROA) variable was 0.849. Because both values are greater than 0.05, the regression model is declared free of heteroscedasticity.

4. Autocorrelation test

Table 8. TestAutocorrelation

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,839[a]	,704	,619	1,03772	1,437

a. Predictors: (Constant), ROA, GO

b. Dependent Variable: PBV

Source: Processed by SPSS 26

Table 9. Test Runs

	Unstandardized Residual
Test Value[a]	-,19482
Cases < Test Value	5
Cases >= Test Value	5
Total Cases	10
Number of Runs	5
Z	-,335
Asymp. Sig. (2-tailed)	,737

a. Median

Source: Processed by SPSS 26

The Durbin-Watson value obtained was 1.437. At a significance level of 0.05, with a sample size of 10, the lower limit (dL) value was 0.697 and the upper limit (dU) value was 1.641. The position of the DW value is between dL and dU, namely 0.697 < 1.437 < 1.641, so the test results are in the inconclusive area or cannot be concluded directly. To obtain additional test results, the analysis was then continued with Runs Test. The Runs Test results showed an Asymp. Sig. (2-tailed) value of 0.737, which means it is greater than 0.05. Thus, it can be stated that the regression model in this study does not contain symptoms of autocorrelation.

https://doi.org/10.61536/escalate.v4i02.747

5. Multiple linear analysis

Table 10. Multiple linear analysis

Coefficientsa

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	-2,516	1,933		-1,301	,234
	GO	,213	,081	,657	2,634	,034
	ROA	,291	,072	1,012	4,055	,005

a. Dependent Variable: PBV

Source: data processed with IBM SPSS 26

$$Y = -2.516 + 0.213X1 + 0.291X2$$

Based on this equation, then:

A. The constant, of -2.516, indicates that the company value (PBV) will be -5.977 if the Growth Opportunity and Profitability variables do not change or have a value of 0.

B. The Growth Opportunity (GO) variable has a regression coefficient of 0.213. This value indicates that a one-unit increase in GO will increase the firm's value (PBV) by 0.213.

C. The profitability variable (ROA) has a regression coefficient of 0.291. This value indicates that a one-unit increase in profitability (NPM) will increase the firm's value (PBV) by 0.291.

6. Model Feasibility Test

A. Correlation coefficient

Table 11.Multiple Correlation Coefficient

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,839[a]	,704	,619	1,03772	1,437

a. Predictors: (Constant), ROA, GO

b. Dependent Variable: PBV

Source: Processed by IBM SPSS 26

The table shows a correlation coefficient (R) of 0.839. This value indicates a very strong relationship between the independent variables and company value.

B. Coefficient of Determination

Table 12.Coefficient of Determination

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,839[a]	,704	,619	1,03772	1,437

a. Predictors: (Constant), ROA, GO

b. Dependent Variable: PBV

Source: Processed by SPSS 26

The table shows a correlation coefficient (R) of 0.839. This value indicates a very strong relationship between the independent variables and company value.

https://doi.org/10.61536/escalate.v4i02.747

Hypothesis Testing
1. f-test (Simultaneous)

Table 13.f-test (Simultaneous)

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17,895	2	8,947	8,309	,014[b]
	Residual	7,538	7	1,077		
	Total	25,433	9			

a. Dependent Variable: PBV

b. Predictors: (Constant), ROA, GO

Source: Processed by SPSS 26

The simultaneous test obtained a calculated F value of 8.309, exceeding the F table of 4.74 (8.309 > 4.74), so H0 was rejected and Ha was accepted. The significance value of 0.014, which is below 0.05, also strengthens these results. These results indicate that Growth Opportunity and Profitability jointly influence Company Value.

2. t-test (Partial)

Table 14.t-test (Partial
coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-2,516	1,933		-1,301	,234
	GO	,213	,081	,657	2,634	,034
	ROA	,291	,072	1,012	4,055	,005

a. Dependent Variable: PBV

Source: Processed by SPSS 26

A. Growth Opportunity t-test

The calculated t-value for the growth opportunity (GO) variable is 2.634, while the table t-value is 2.365 (2.634 > 2.364). H0 is therefore rejected, and Ha is accepted. The significance value of GO is 0.034 (0.034 < 0.05), which confirms the rejection of H0 and the acceptance of Ha. Growth Opportunity has been shown to influence firm value (PBV), and this conclusion is drawn from both results.

B. Profitability t-test (ROA)

The t-value for the profitability variable (ROA) is 4.055, while the t-table is 2.365 (4.055 > 2.364). H0 is therefore rejected, and Ha is accepted. The t-value of 0.005 is recorded as the profitability significance value (0.005 < 0.05). The rejection of H0 and the acceptance of Ha are further strengthened by these results. Profitability (ROA) has been shown to influence firm value (PBV), a conclusion drawn from both results.

Discussion
The Influence of Growth Opportunity and Profitability on Company Value

Based on the research results, the calculated F value was 8.309 while the F table value was 4.74. Because the calculated F is greater than the F table (8.309 > 4.74), then H0 is rejected and Ha is accepted. The sig. value of 0.014 is smaller than 0.05 (0.014 < 0.05), so H0 is rejected and Ha is

https://doi.org/10.61536/escalate.v4i02.747

accepted. Thus, it can be concluded that the Growth Opportunity and Profitability variables jointly influence Company Value.

*Asset Growth*Return on Assets (ROA) and Return on Assets (ROA) measure different factors, but they essentially complement each other as factors investors consider when assessing a company. Asset Growth represents a company's efforts to expand its operational scale and increase its business capacity. ROA illustrates how effectively the company's assets are converted into profits. When these two elements move in harmony, they improve the company's image in the eyes of investors and open up brighter prospects. This, in turn, boosts investor confidence, reflected in an increase in Company Value through the PBV indicator.

Asset growth signals combined with profitability signals provide investors with a more comprehensive picture of a company's current condition and future prospects, in line with Signaling Theory (Brigham and Joel F. Houston, 2021). This combination of positive signals also shapes investment decisions. These decisions are ultimately responded to by the market through stock price movements, reflected in the PBV value.

Previous research by Sagita Ramadhanti & Wayan Cipta (2022) published in the Journal of Accounting Research supports these findings, stating that growth opportunity and profitability simultaneously influence firm value. This study examines the influence of growth opportunity and profitability on firm value at PT Industri Jamu dan Farmasi Sido Muncul Tbk for the 2016–2025 period, based on these findings.

The Influence of Growth Opportunity on Company Value

Growth Opportunity, the calculated t value is 2.634 while the t table value is 2.364 (2.634 > 2.364), so H0 is rejected and Ha is accepted. The significant value of GO is 0.034 (0.034 < 0.05), so H0 is rejected and Ha is accepted. Thus, it can be concluded that Growth Opportunity has an effect on company value (PBV).

A company's value, as reflected in its PBV, has the potential to increase along with increasing growth opportunities. A company's capacity to increase its assets from one period to the next is reflected in its Growth Opportunity, proxied by Asset Growth. The opportunity for a company to expand its operational reach, scale its business, and pave the way for future profits is indicated by positive asset growth. This factor is also considered by investors when assessing a company's prospects, and it contributes to increased investor confidence in the company.

The Signaling Theory proposed by Brigham and Joel F. Houston (2021) is relevant to this situation, stating that corporate actions essentially convey information in the form of signals to investors about the company's future condition and direction. Signs of management optimism about the company's future are interpreted from the company's continued, steady growth in assets, which in turn fosters investor confidence and influences their investment decisions. An increase in stock valuation is the market's response to such signals, leading to an increase in PBV.

The research results align with the findings of Ade Pratiwi Indasari & I Ketut Yadnyana (2018) in the Udayana University Accounting Journal, which stated that Growth Opportunity influences Company Value. Therefore, in this study, Growth Opportunity influences Company Value at PT Industri Jamu dan Farmasi Sido Muncul Tbk. for the period 2016-2025.

The Influence of Profitability on Company Value

Based on the research results, the calculated t value for the profitability variable (ROA) is 4.055 while the t table is 2.365 (4.055 > 2.364), so H0 is rejected and Ha is accepted. The significance value of profitability (ROA) is 0.005 (0.005 < 0.05), so H0 is rejected and Ha is accepted. Thus, it can be concluded that profitability (ROA) has an effect on company value (PBV).

The potential for a company's value to increase is reflected in improved profitability, as represented by its PBV. ROA essentially reflects a company's ability to convert its assets into profits, and this is where the relationship arises. Effective resource management and well-running company operations are characterized by rising ROA. This growth in investor confidence in the company's bright

https://doi.org/10.61536/escalate.v4i02.747

future also contributes to this, increasing demand for its shares, driving up its share price, and ultimately boosting the company's value.

A company's earnings information serves as a positive signal for external parties in assessing the company's condition and prospects, as defined by Signaling Theory (Brigham and Joel F. Houston, 2021). Management's effectiveness in managing assets to generate profits is reflected in a high ROA, and this positive signal builds investor confidence and influences their investment decisions. This confidence drives stock buying interest, boosting share prices, and ultimately increasing the PBV.

This finding is consistent with previous research by Pebisitona Mesajaya Purba (2023) in the journal Equilibrium, which stated that profitability influences firm value. Therefore, in this study, profitability influenced firm value at PT Industri Jamu dan Farmasi Sido Muncul Tbk for the 2016-2025 period.

Conclusion

The findings demonstrate that Growth Opportunity and profitability have a positive and significant effect on firm value at PT Industri Jamu dan Farmasi Sido Muncul Tbk during 2016–2025. Simultaneously, both variables significantly affect firm value. These findings indicate that asset growth and the company's ability to generate profits are important considerations in determining firm value. Nevertheless, the study is limited by its focus on a single company and only ten annual observations, which may constrain the generalizability of the findings. Future studies should consider broader samples, longer observation periods, and additional variables affecting firm value. Practically, the company should maintain sustainable asset growth and improve asset management effectiveness, while investors can consider Growth Opportunity and profitability when evaluating the company's prospects and investment potential.

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