

THE EFFECT OF PROFITABILITY, INDEPENDENT COMMISSIONERS, AND FIRM SIZE ON FIRM VALUE (IN PROCESSED FOOD SUB-SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE 2020–2024 PERIOD)



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Abstract

This research seeks to examine the influence of profitability, the presence of independent commissioners, and firm scale on corporate valuation within processed food sub-sector companies listed on the Indonesia Stock Exchange (IDX) over the 2020–2024 timeframe. The study adopts a quantitative design, utilizing secondary data derived from corporate annual reports. A total of 17 firms were selected through purposive sampling, yielding 85 observational data points. The analytical technique employed is panel data regression processed with SPSS software. The findings indicate that profitability exerts a positive and statistically significant impact on firm value, whereas independent commissioners do not demonstrate a meaningful influence. Conversely, firm size exhibits a negative yet significant relationship with firm value. Collectively, profitability, independent commissioners, and firm size simultaneously present a significant effect on corporate valuation. This study is anticipated to contribute empirically to the advancement of signaling theory and agency theory, while also offering insights for investors, corporate management, and policymakers in enhancing firm value within the processed food sub-sector.

Keywords: Profitability, Independent Commissioners, Firm Size, Firm Value

INTRODUCTION

In recent years, attention to firm value has increased along with the dynamics of competition and changing economic conditions that affect various industrial sectors in Indonesia. One of the industries that has demonstrated notable expansion is the processed food sub-sector listed on the Indonesia Stock Exchange (IDX). This sub-sector is characterized by intense competition, dependence on raw materials, and sensitivity to changes in consumers' purchasing power. These conditions encourage investors to be more selective in evaluating company performance and future prospects (F. L. H. Putri & Suprihhadi, 2023). Agency theory and signaling theory elucidate that the implementation of sound corporate governance alongside robust financial performance can foster greater investor trust, which subsequently contributes to the elevation of firm value (Atika Sapna, Sida Said, 2022).

A recent phenomenon that underpins this research is the relatively robust expansion of the processed food sub-sector, which is nonetheless accompanied by volatility in corporate financial performance throughout the 2020–2024 period. According to an industry analysis by InCorp Asia (2023), the market valuation of Indonesia's processed food industry reached approximately USD 17.9 billion, equivalent to IDR 286.4 trillion, indicating a surge in domestic demand for ready-to-consume and convenience-based food products. This trend is largely driven by the expansion of the middle-income demographic and evolving urban consumption patterns (InCorp, 2025).

The escalation in market valuation suggests that the processed food sub-sector possesses comparatively stable growth prospects relative to other industries, thereby enhancing its attractiveness to investors. From a theoretical standpoint, an expanding industry fosters heightened expectations of future revenues and profitability, which are subsequently capitalized into elevated firm value, as reflected in market-based indicators such as Price to Book Value (PBV) and overall market capitalization.

Consistent with this viewpoint, firm value serves as a crucial benchmark, as it embodies the market's perception of a company's overall prospects and financial robustness. Firm value may be interpreted as the monetary worth that prospective acquirers are prepared to offer in the event of a company's sale (Rauf Alhayra et al., 2024). It is shaped not only by present financial conditions but also by the firm's capability to mitigate risks, uphold effective governance practices, and convey favorable signals to investors regarding its anticipated future performance (Rosyid et al., 2022).

One determinant frequently linked to corporate valuation is profitability. Profitability may be interpreted as the firm's capability to produce returns while simultaneously attracting funding from both investors and creditors. An increase in profitability tends to be followed by an escalation in firm value, and conversely, a decline in profitability often corresponds with a reduction in firm value (Sonjaya et al., n.d.). Favorable profit expectations typically transmit a persuasive signal to the market, indicating that the firm is in a sound financial position and possesses substantial growth potential (Suteja et al., 2023).

Independent commissioners constitute members of the board of commissioners who maintain no financial ties, ownership interests, or affiliations with management and controlling shareholders, thereby enabling them to perform oversight functions with impartiality. Their existence represents a vital governance mechanism in mitigating agency

conflicts between shareholders and management, as well as in curbing the potential abuse of authority that may adversely affect the firm (S. Putri & Rahmaita, 2024).

Furthermore, firm size represents another salient variable influencing firm value, particularly within industries characterized by large-scale operations and long-term capital requirements. Firm value embodies a condition in which a company has attained a certain level of performance as a manifestation of public confidence accumulated over time (Sonjaya et al., n.d.). Firm size is commonly proxied by total assets or the natural logarithm of total assets, reflecting the organization's capacity to conduct operational activities with greater stability and efficiency (Lunawat et al., 2025).

Prior studies have produced inconsistent findings regarding the determinants of firm value, particularly related to the role of independent commissioners and firm size. Rosalina et al. (2025) found that independent commissioners did not significantly influence firm value, while, Sari & Bakkareng (2025) reported a positive effect of independent commissioners and profitability on firm value. These inconsistent findings indicate that the relationship between corporate governance, firm characteristics, and firm value remains inconclusive. In addition, previous studies have generally focused on broader manufacturing or consumer goods sectors, while limited research specifically examines processed food sub-sector companies during the 2020–2024 period, which was characterized by post-pandemic recovery, raw material price increases, and profitability fluctuations. Therefore, this study aims to fill the gap by analyzing the effect of profitability, independent commissioners, and firm size on firm value in processed food companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

The profitability of processed food sub-sector companies listed on the Indonesia Stock Exchange experienced significant fluctuations during the 2020–2024 period. IBOS showed a consistently increasing profitability trend, while AISA experienced a sharp decline after 2020. Meanwhile, HOKI and GULA also demonstrated a gradual decrease in profitability, with HOKI even recording a negative profit margin in 2024 (Financials, 2025). This condition indicates that not all companies in the processed food sub-sector were able to optimally benefit from industry growth, mainly due to production cost pressures, rising raw material prices, and changes in post-pandemic economic conditions.

However, the variability in profitability, as illustrated in the data trends, carries direct ramifications for firm value. Within the capital market framework, profitability serves as a primary metric through which investors evaluate corporate performance and future potential. Firms exhibiting an upward trajectory in profitability, such as IBOS, are more likely to elicit favorable investor sentiment, which is manifested through increasing share prices and enhanced firm valuation.

Consequently, despite the favorable macro-level expansion of the processed food sub-sector, firm value remains heavily contingent upon the profitability performance of individual firms. This circumstance underscores the necessity of investigating the determinants of firm value, particularly profitability, the presence of independent commissioners, and firm size, within processed food sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period.

REVIEW OF LITERATURE

Signalling Theory

Signalling Theory, by Spence (1973), explains that companies send signals to investors in order to reduce information asymmetry. Profitability, corporate governance (GCG), and firm size are important signals that reflect company performance, transparency, and operational capacity. Ross (1977) states that financial information can act as a credible signal that influences investor decisions, while Connelly et al. (2011) emphasize that consistent positive signals can improve market perception and investor trust.

Signalling Theory explains that profitability, firm size, and good corporate governance act as positive signals that can increase investor confidence and market valuation. Agency Theory emphasizes the importance of independent commissioners in reducing agency conflicts and ensuring that management acts in the interests of shareholders. Meanwhile, Trade-Off Theory explains that companies must balance operational growth, financing decisions, and risk management in order to maximize firm value. Therefore, profitability reflects the company's financial performance, independent commissioners represent governance effectiveness, and firm size indicates operational stability and long-term business capacity, all of which collectively influence firm value in processed food companies listed on the Indonesia Stock Exchange during the 2020–2024 period.

Profitability

This variable is based on Signalling Theory proposed by Spence (1973). According to this theory, companies with strong financial performance, including high profitability, will send positive signals to investors regarding their future prospects. This signal emerges due to the asymmetry of information, where management possesses more comprehensive knowledge than external stakeholders. Consequently, management is motivated to disclose such information through financial statements in order to mitigate information asymmetry and enhance investor trust.

For example, a study conducted by Saddam dkk. (2021) on consumer goods industry companies showed that profitability significantly affected firm value, where ROA had a significant negative effect, while ROE and NPM had significant positive effects on Price to Book Value (PBV). In addition, Nadhilah dkk. (2022) also found that profitability had a significant effect on firm value in the property and real estate sector, indicating that higher profitability tends to increase firm value.

Independent Commissioners

Variable X2 in this study represents independent commissioners. This variable is grounded in Agency Theory as introduced by Jensen dkk. (1976). According to this framework, the relationship between shareholders (principals) and managers (agents) has the potential to generate conflicts of interest, as both parties pursue differing objectives. Independent commissioners act as an internal control mechanism that helps reduce information asymmetry, improve transparency, and minimize the possibility of actions that may harm shareholders (Torondek & Simbolon, 2022). Through this monitoring function, independent commissioners are expected to increase investor confidence and positively influence market perception of firm value.

Several empirical studies have shown varying relationships between independent commissioners and firm value. For instance, a study conducted by (Ayem & Bobat, 2025) found that independent commissioners influenced firm value in the examined model, although profitability did not always moderate the relationship. In addition, (Sari & Bakkareng, 2025) found in the food and beverage sub-sector that the proportion of independent commissioners had a significant effect on firm value, indicating that a higher proportion of independent commissioners strengthens monitoring and corporate governance mechanisms, which can reduce agency conflicts and encourage an increase in firm value.

Firm Size

Another theoretical foundation employed is the Trade-Off Theory developed by Kraus & Litzenberger (1973). This theory posits that firms determine their optimal capital structure by weighing the advantages of debt financing, such as tax benefits, against its associated risks, including financial distress and agency-related costs. It further suggests that larger firms generally possess a greater capacity to leverage debt, as they are perceived to be more stable and less susceptible to bankruptcy risk.

For example, a study conducted by Intan Bp dkk. (2021) showed that firm size had a significant negative effect on firm value, indicating that larger companies do not always guarantee higher investor valuation. Another study by Anisa dkk. (2022) found that firm size did not affect firm value, while other variables such as leverage had a significant negative effect and profitability had a significant positive effect on firm value. These findings indicate that company characteristics, including asset size, are related to market perceptions.

Firm Value

Variable Y in this research is firm value, which functions as the dependent variable, meaning it is influenced by the independent variables examined in this study. The conceptual basis of this variable is derived from Signalling Theory developed by Spence (1973). This theory explains that firm value is formed through signals provided by management to investors, especially through financial information such as dividends, profitability, and other policies that reflect the company's future prospects. Companies send positive signals to reduce information asymmetry and influence market perceptions regarding the quality of the firm.

According to a previous study conducted by Setyasari dkk. (2022), firm size was found to have no effect on firm value, while profitability was proven to have a significant positive effect on firm value. These findings support Signaling Theory, which suggests that strong and relevant signals, such as financial performance, are more capable of influencing firm value compared to other signals that are considered less informative by investors.

RESEARCH METHOD

This study employs a quantitative research approach, which emphasizes the objective measurement of phenomena through numerical data and statistical analysis to test the proposed hypotheses. The population of this study consists of processed food sub-sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2024 period.

Based on IDX records, there were 32 companies included in the processed food sub-sector during the observation period.

The sampling technique used in this study is purposive sampling, which selects samples based on specific criteria relevant to the research objectives. The criteria applied in selecting the sample are: (1) processed food sub-sector companies consistently listed on the Indonesia Stock Exchange during the 2020–2024 period, (2) companies that published complete annual reports during the observation period, (3) companies that provided complete data related to all research variables, including profitability, independent commissioners, firm size, and firm value, and (4) companies that were not delisted during the study period. Based on these criteria, 17 companies were selected as the research sample.

Since the study covers a five-year observation period from 2020 to 2024, the total number of observations used in this research amounted to 85 firm-year observations (17 companies × 5 years). The study uses secondary data obtained from annual reports and sustainability reports of processed food sub-sector companies listed on the Indonesia Stock Exchange. The data were collected through documentation techniques by downloading and reviewing company reports accessed from the official Indonesia Stock Exchange website and the official websites of each sampled company.

This study aims to examine the effect of profitability, independent commissioners, and firm size on firm value. The research employs a quantitative approach using multiple linear regression analysis with SPSS to test the proposed hypotheses. The data analysis procedures in this study include descriptive statistics, classical assumption tests, multiple linear regression analysis, and hypothesis testing.

Table 1.
Operational Variable

No	Variables	Measurement	Scale
1.	Profitability (ROA)	$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \times 100\%$	Ratio
2.	Independent Commissioners	$\text{Independent Commissioners} = \frac{\text{Number of Independent Commissioners}}{\text{Total Commissioners}}$	Ratio
3.	Firm Size	Firm Size=ln (Total Aset)	Ratio
4.	Firm Value	$PBV = \frac{\text{Stock Price}}{\text{Book Value per Share}}$	Ratio

Research Hypothesis

Grounded in the established research framework, the hypotheses of this study may be systematically articulated as follows:

- H1: Profitability has a positive effect on firm value.
- H2: Independent commissioners have a positive effect on firm value.
- H3: Firm size has a positive effect on firm value.

Research Model

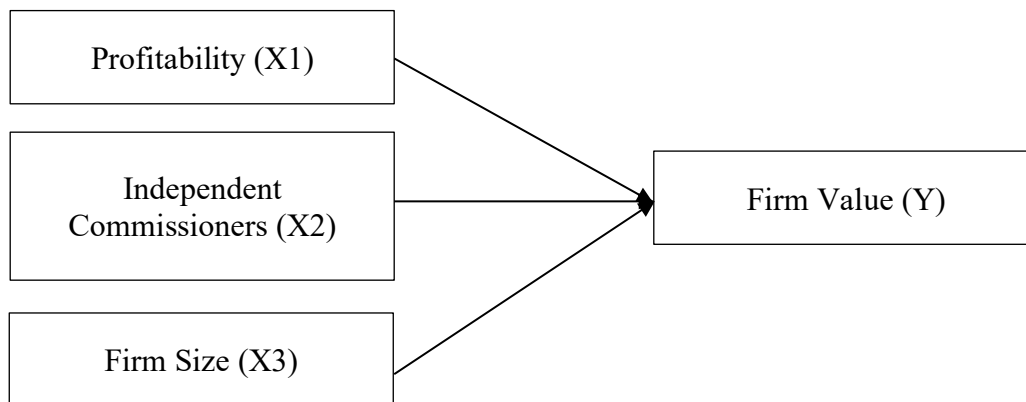


Figure 1.
Conceptual Framework

RESULTS AND DISCUSSION

The following are the research results obtained from the analysis using SPSS, namely:

Table 2.
Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		71
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.9254221
Most Extreme Differences	Absolute	.080
	Positive	.080
	Negative	-.049
Test Statistic		.080
Asymp. Sig. (2-tailed) ^c		.200 ^d

Source: Data processed (2025)

Based on Table 2, the asymptotic significance value shown in the table is 0.200. Therefore, it can be concluded that the Unstandardized Residual data are normally distributed because the significance value is greater than 0.05.

Table 3.
Multicollinearity Test
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	Collinearity Statistics	
		B	Std. Error				Tolerance	VIF
1	(Constant)	5.574	1.877		2.970	.004		

Profitabilitas	.071	.016	.491	4.291	<.001	.841	1.189
Komisaris Independen	1.503	1.767	.099	.850	.398	.813	1.230
Ukuran Perusahaan	-.160	.068	-.268	-2.348	.022	.845	1.184

a. Dependent Variable: Nilai Perusahaan

Source: Data processed (2025)

Based on Table 3, the multicollinearity test results indicate that all independent variables do not experience multicollinearity problems. This can be seen from the tolerance values of the variables, where Profitability has a tolerance value of 0.841, Independent Commissioners 0.813, and Firm Size 0.845, all of which are greater than 0.1. In addition, the Variance Inflation Factor (VIF) values for Profitability, Independent Commissioners, and Firm Size are 1.189, 1.230, and 1.184, respectively, all of which are below the threshold value of 10. Therefore, it can be concluded that there is no strong linear relationship among the independent variables, and the regression model is appropriate for further analysis.

Table 4.
Heteroscedasticity Test
Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.394	.987		1.413	.162
	Profitabilitas	-.001	.009	-.008	-.061	.952
	Komisaris Independen	-1.195	.929	-.171	-1.286	.203
	Ukuran Perusahaan	-.005	.036	-.020	-.153	.879

a. Dependent Variable: Abs_res

Source: Data processed (2025)

Based on Table 4, the heteroscedasticity test results using the Glejser method indicate that all independent variables have significance values above 0.05. The Profitability variable has a significance value of 0.952, Independent Commissioners 0.203, and Firm Size 0.879. Therefore, it can be concluded that the regression model does not experience heteroscedasticity problems.

Table 5.
Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.510 ^a	.261	.227	.94591	1.015

a. Predictors: (Constant), Ukuran Perusahaan, Profitabilitas, Komisaris Independen

b. Dependent Variable: Nilai Perusahaan

Source: Data processed (2025)

Based on Table 5, the Durbin–Watson value is 1.015. Referring to the testing criteria used in this study, where a Durbin–Watson value between -2 and +2 indicates the absence of

autocorrelation, the value of 1.015 falls within that range. Therefore, it can be concluded that the regression model does not experience autocorrelation problems.

Table 6.
Regression Analysis
ANOVA^a

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.121	3	7.040	7.869	.000 ^b
	Residual	59.948	67	.895		
	Total	81.070	70			

a. Dependent Variable: Nilai Perusahaan

b. Predictors: (Constant), Ukuran Perusahaan, Profitabilitas, Komisaris Independen
Source: Data processed (2026)

Table 7.
t-test Result
Coefficients^a

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.574	1.877		2.970	.004
	Profitabilitas	.071	.016	.491	4.291	.000
	Komisaris Independen	1.503	1.767	.099	.850	.398
	Ukuran Perusahaan	-.160	.068	-.268	-2.348	.022

a. Dependent Variable: Nilai Perusahaan

Source: Data processed (2026)

Table 8.
Correlation Coefficient and Determination Coefficient Test
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.510 ^a	.261	.227	.94591

a. Predictors: (Constant), Ukuran Perusahaan, Profitabilitas, Komisaris Independen

Source: Data processed (2025)

Referring to Table 8, the Adjusted R Square coefficient is recorded at 0.227, equivalent to 22.7%. This indicates that 22.7% of the fluctuations in firm value (PBV) are attributable to the variables of profitability, independent commissioners, and firm size, whereas the remaining 77.3% is influenced by factors beyond the scope of the proposed model. In essence, the explanatory power of the model in capturing variations in firm value stands at 22.7%.

T Test

Based on the t-test results in Table 7 with a t-table value of 1.993, the results are as follows.

1. Profitability: The t-value is 4.291, which is higher than the t-table ($4.291 > 1.993$) with a significance value of $< 0.001 < 0.05$. This indicates that profitability has a positive and significant effect on firm value (PBV).
2. Independent Commissioners: The t-value is 0.850, which is lower than the t-table ($0.850 < 1.993$) with a significance value of $0.398 > 0.05$. Therefore, independent commissioners do not have a significant effect on PBV.
3. Firm Size: The t-value is -2.348, which is greater in absolute value than the t-table ($2.348 > 1.993$) with a significance value of $0.022 < 0.05$. This indicates that firm size has a negative and significant effect on firm value.

F Test

Referring to Table 6, the computed F-statistic amounts to 7.869, which exceeds the critical F-table value of 2.73 ($7.869 > 2.73$), with a significance level below 0.001 (< 0.05). These results indicate that profitability, independent commissioners, and firm size simultaneously have a statistically significant effect on firm value (PBV). However, the explanatory power of the model remains relatively limited, as reflected by the Adjusted R-square value of 22.7%, indicating that a substantial proportion of the variation in firm value is explained by other variables outside the model.

The Effect of Profitability on Firm Value (H1)

Based on the partial t-test results, the profitability variable yields a t-statistic of 4.291, exceeding the critical threshold of 1.993 ($4.291 > 1.993$), with a significance level below 0.001, which is well beneath the 0.05 benchmark. This evidences that profitability has a positive and statistically significant impact on firm value, thereby leading to the acceptance of the first hypothesis (H1).

These findings imply that an enhanced capacity of a firm to generate earnings corresponds with an elevation in its value, as proxied by the Price to Book Value (PBV) (Jubaedah et al., 2021). Elevated profitability conveys a favorable signal to investors regarding the firm's financial soundness and prospective growth, thereby reinforcing market confidence (Elsa et al., 2025). This result aligns with Signalling Theory, which posits that profit-related information functions as an informative cue for investors in evaluating corporate quality. Firms exhibiting superior profitability are typically perceived as possessing efficient management practices and the ability to sustain stable cash flows, thus rendering them more appealing to investors (Nahak & Giri, 2023). Furthermore, this outcome corroborates the findings of Oktaviani et al. (2024) who demonstrated that higher profitability reflects managerial effectiveness in optimizing assets and operational performance, ultimately enhancing firm value.

These results further substantiate the applicability of Signalling Theory as introduced by Michael Spence (1973), wherein heightened profitability serves as a credible indicator of a firm's performance quality to investors. Within this framework, profit disclosures presented in financial statements constitute a pivotal reference for mitigating information asymmetry

and appraising corporate prospects. This perspective is reinforced by Stephen A. Ross (1977) and Brian L. Connelly et al. (2011), who contend that consistent and favorable financial signals can bolster market confidence and refine investor perceptions of firm value. Consequently, profitability functions not merely as an internal performance metric but also as a strategic signaling mechanism that shapes investment behavior and the valuation of firms within capital markets.

The Effect of Independent Commissioners on Firm Value (H2)

Drawing on the outcomes of the t-test, the independent commissioner variable produces a t-statistic of 0.850, which falls below the critical t-value of 1.993 ($0.850 < 1.993$), with a significance level of 0.398 exceeding the 0.05 threshold. This indicates that independent commissioners do not exert a statistically significant influence on firm value; consequently, the second hypothesis (H2) is not supported.

These results suggest that the existence of independent commissioners has not yet contributed directly to enhancing firm value. Although, in theoretical terms, independent commissioners are intended to oversee managerial conduct and reinforce good corporate governance practices, their practical effectiveness may remain limited or may not constitute a decisive factor for investors when appraising corporate performance (Ayem & Bobat, 2025). Investors are generally more inclined to prioritize fundamental indicators such as profitability, earnings expansion, and overall financial performance rather than the composition of the board of commissioners. As a result, the proportion of independent commissioners does not produce a meaningful impact on firm value. This finding does not fully corroborate Agency Theory, which posits that monitoring mechanisms such as independent commissioners can mitigate conflicts of interest between management and shareholders and ultimately enhance firm value. Nonetheless, this outcome is consistent with Hafizah (2020) who reported that independent commissioners do not significantly affect firm value, particularly when their appointment merely fulfills regulatory compliance requirement.

These findings carry implications for Agency Theory as formulated by Michael C. Jensen et al. (1976), wherein independent commissioners are envisioned as a supervisory instrument to alleviate agency conflicts. However, the present study demonstrates that such oversight has yet to generate a tangible impact on firm value. This indicates that the effectiveness of independent commissioners is not solely contingent upon their formal presence within the organizational structure, but also on the caliber of their oversight, the degree of their independence, and their active participation in strategic decision-making processes. Accordingly, the practical application of Agency Theory in this appears to be suboptimal, underscoring the necessity to reinforce corporate governance mechanisms so that the monitoring function can yield substantive value and bolster investor confidence.

The Effect of Firm Size on Firm Value (H3)

Based on the t-test results, the firm size variable has a t-value of -2.348, which in absolute terms is greater than the t-table value ($2.348 > 1.993$), with a significance value of 0.022 that is lower than 0.05. These results indicate that firm size has a significant negative effect on firm value. However, because the direction of the relationship is negative and not consistent with the proposed hypothesis, the third hypothesis (H3) is rejected.

This finding suggests that larger firm size may actually reduce firm value. This condition can occur because large companies generally have higher operational complexity, greater management costs, and a higher potential for inefficiency in asset utilization. As a result, investors may perceive that large firms are not always able to optimize their resources to generate maximum profit. In addition, firms with large total assets often require higher funding and face more complex risks (Wijayaningsih & Yulianto, 2022). This may raise concerns among investors regarding the company's ability to maintain consistent financial performance.

This finding is consistent with the research conducted by (Khairunnissa et al., 2023) which also found that firm size has a negative effect on firm value. In addition, this result supports previous studies showing that larger company size does not always guarantee higher investor valuation if it is not accompanied by efficient management and strong financial performance. Therefore, the findings indicate that investors may focus more on profitability and operational efficiency rather than solely on the size of company assets.

Furthermore, this result provides implications for Trade-Off Theory proposed by Kraus & Litzenberger (1973), which explains that larger firms generally have advantages in obtaining funding and maintaining business stability. However, the negative relationship found in this study indicates that the benefits of firm size may not always exceed the associated risks, such as operational complexity, agency costs, and inefficiency. Therefore, firm size alone cannot automatically increase firm value unless it is supported by effective resource management and sustainable financial performance.

CONCLUSION

Drawing upon the results of the empirical analysis, it can be inferred that profitability exerts a positive and statistically significant influence on firm value, suggesting that an enhanced capacity to generate earnings leads to more favorable investor perceptions regarding the firm's future prospects. In contrast, independent commissioners do not demonstrate a significant impact on firm value, indicating that their presence has not yet contributed directly to the enhancement of corporate valuation. Meanwhile, firm size exhibits a significant yet inverse relationship with firm value, implying that the magnitude of a company's asset base cannot be regarded as a decisive determinant in shaping its market valuation. Collectively, profitability, independent commissioners, and firm size simultaneously produce a significant effect on firm value. Nevertheless, the Adjusted R Square figure of 22.7% implies that a substantial proportion of the variation in firm value is still attributable to other determinants beyond the scope of the proposed model.

Some suggestions that can be given are that companies should improve profitability through effective asset management, cost efficiency, and strategies focused on profit growth. Large companies also need to ensure that their assets are managed productively to avoid inefficiencies. For investors, it is recommended not to rely solely on firm size as the main consideration, but also to pay attention to the company's ability to generate profit and maintain stable performance. Company management should optimize the role of independent commissioners so that the monitoring function becomes more effective and can increase market trust. Meanwhile, for future researchers, it is suggested to include other variables such as leverage, dividend policy, managerial ownership, and company growth, as well as to

expand the research sector and observation period to obtain more comprehensive results and better generalization.

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