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# The Influence of Profitability and Liquidity on Company Value with Stock Price Mediation in Property and Real Estate Companies

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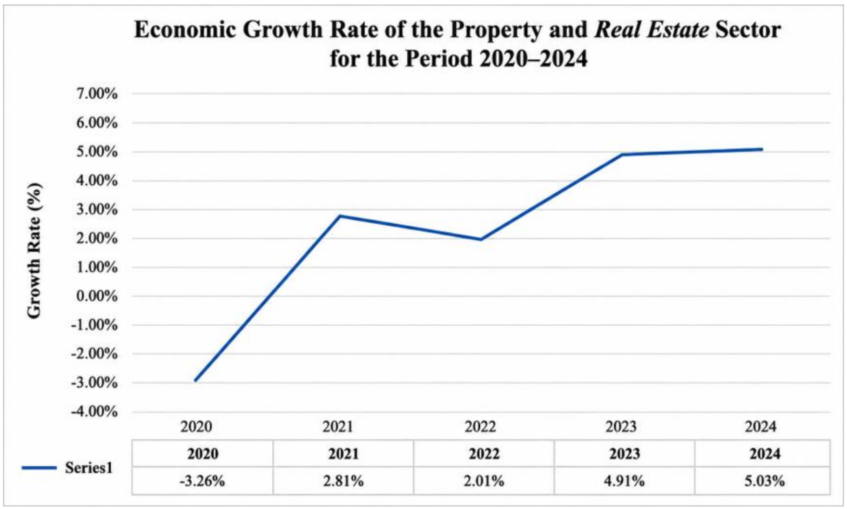
**ABSTRACT**

*This study examines the effect of profitability and liquidity on firm value with stock price as a mediating variable in property and real estate companies listed on the Indonesia Stock Exchange during 2020–2024. A quantitative approach was employed using secondary data from 55 companies (275 observations) selected through purposive sampling. Data were analyzed using multiple linear regression and the Sobel test. The results indicate that profitability, liquidity, and stock price have a positive and significant effect on firm value. Furthermore, stock price partially mediates the effects of profitability and liquidity on firm value.*

## INTRODUCTION

All companies will always strive to achieve their goals, both long-term and short-term goals. One of the company's long-term goals is to be able to increase the company's value and improve the welfare of shareholders, and the company's short-term goals, for example, are to maximize profits. Company profits with the human resources they possess. The property and real estate business is known for its intense, consistent, and complex competition. The rise in property prices is driven by the upward trend in land prices, while the demand for land continues to increase along with population growth and housing needs. will be a place to live. Developers make significant profits from the increase in property prices, and with this profit, developers can improve their financial performance and achieve higher goals (Sondakh *et. al* ., 2019).

Property companies listed on the IDX have a significant influence on Indonesia's current economic development. This is demonstrable. The government is committed to developing vital infrastructure that can support economic growth in Indonesia. One sector that will benefit from quality infrastructure is the property sector, most importantly luxury housing or real estate. infrastructure Which Good naturally will stimulate for investors to invest in this sector, as good infrastructure is expected to make real estate more acceptable to the public, allowing developers, investors, and the public to benefit from quality infrastructure. The property and real estate sector is one of the industrial sectors listed on the Indonesia Stock Exchange (IDX) and is one of the sectors that can drive economic growth.




**Picture 1. Rate Growth Economy Sector Property And Real Estate Period 2020-2024**

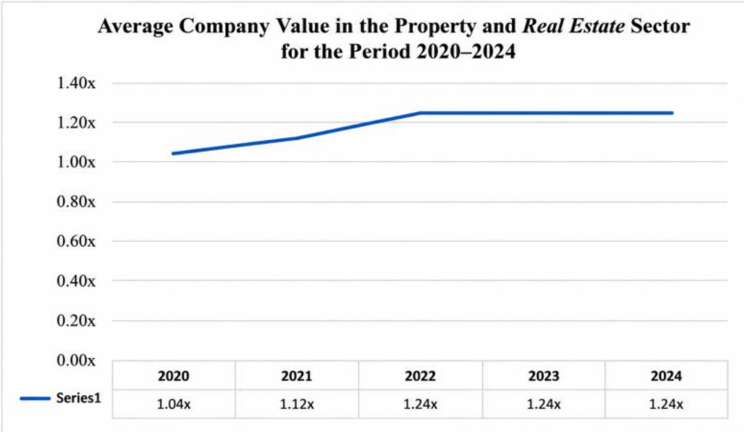
Based on the image above, the rate of economic growth in the manufacturing sector Property and real estate showed a fluctuating pattern during the 2020–2024 period. In 2020, this sector contracted by -3.26 percent as impact from weakening activity economy on time pandemic. In 2021, the property and real estate sector began to show recovery, growing by 2.81 percent. However, in 2022, growth in this sector slowed again to 2.01 percent. This indicates that the recovery process in the property and real estate sector has not yet fully stabilized. Furthermore, in 2023, growth in this sector increased significantly to 4.91 percent, and again in 2024 to 5.03 percent. This development indicates that the property and real estate sector is beginning to strengthen after a period of economic stress.

Fluctuations in the growth of the property and real estate sector are important factors that investors need to consider when making investment decisions. Investors generally consider not only the sector's prospects but also the financial performance of individual companies. In the context of public companies, company value is an important indicator because it reflects market perceptions of the company's performance and prospects. A high company value indicates that the company is considered capable of generating profits, maintaining financial stability, and providing good growth prospects for shareholders. Stock price is closely related to company value because the stock market price reflects investors' assessment of the company's condition. The higher a company's stock price, the higher the perception. market to mark company the. Condition This provides investors with the opportunity to profit not only through dividends but also through capital gains from increases in the price of their shares. Therefore, profitability, liquidity, share price, and company value are important and relevant aspects to examine in property and real estate companies. listed on the Indonesia Stock Exchange. Company value can be understood as the selling price of a company, which is the basis for investors' considerations in assessing the company's condition and prospects. Company value indicates performance finance company Which go public. Price stock market Which tall can show high company value. This because the higher the company value, investors will get additional benefits besides dividends from the company, namely *capital gains* from the shares they own have ( Putra & Lestari, 2016 ). Company value is the selling value from a company, can used for know the condition of the company to be a consideration for investors regarding the company.

Profitability according to (Rudangga & Sudiarta, 2016) is an ability company to gain profits within a certain period, and to be a measuring tool for the overall operational effectiveness of the company. Companies with large profits are companies that are sought after by investors, because investors will always make an effort For gain profit from investment Which they plant. Companies with high profit levels will be more valuable in the eyes of investors (Dhani & Utama, 2017). Profitability is measured by *return on assets* (ROA), where ROA is ability company produce profit from assets used (Tarima *et. al* ., 2016). According to research (Nurrahman *et. al* ., 2018) profitability has an effect on mark However, this is contrary to research (Tarima et al., 2016) which states that profitability does not significantly influence company value.

The value of a company influences its ability to generate profits from its assets. Therefore, investment can influence its value. A high company value can be used as an indicator of increased shareholder welfare or prosperity. Company management must consistently improve shareholder prosperity *through* various authorities (Putra & Lestari, 2016).

Therefore, management is required to make sound financial decisions, both in terms of investment, funding, and dividend policy, to maximize the company's value sustainably. These efforts to increase company value not only reflect successful managerial performance but also serve as a positive signal for investors and shareholders. other stakeholders regarding the company's future prospects. Thus, optimizing company value is a primary goal aligned with shareholder interests. In line with this, companies need to maintain a balance between achieving profits short-term and long-term performance sustainability. Financial decisions taken must consider the level of risk, optimal capital structure, as well as efficiency use asset so that capable produce m a x i m u m rate of return. Furthermore, information transparency and the implementation of good corporate governance *also* play a crucial role in increasing investor confidence.




**Picture 2. Average Value of Companies in the Property and Real Estate Sector for the Period 2020 – 2024**

Based on the figure above, the average value of companies in the property and real estate sector, as proxied by Price to Book Value, shows an increasing trend during the 2020–2024 period. In 2020, the average company value was 1.04 times. This value increased to 1.12 times in 2021. Furthermore, in 2022, the average company value increased again to 1.24 times. In 2023 and 2024, the average company value tended to be stable at 1.24 times. This development indicates that the value of companies in the property and real estate sector is experiencing strengthening after period pressure economy on time pandemic.

The increase in average company value from 2020 to 2022 reflects an improvement in market perception of the prospects of companies in this sector. The stability of company values in 2023 and 2024 indicates that the property and real estate sector is entering a more controlled recovery phase, although it has not yet shown overly aggressive growth. Company values above 1x indicates that the market values the company higher than its book value. This condition may reflect investor confidence in the company's performance prospects, its ability to generate profits, and the potential for future growth in the property and real estate sector. Therefore, changes in company value are important to analyze because they can reflect investor responses to the company's profitability, liquidity, and stock price.


**Figure 3. Index Price Share Property And Real Estate Period 2020-2024**

On picture 3, can seen index share sector property And real estate year 2021 until 2023. Happen decline Which Enough significant on December year 2021 Which continue until July 2022, slightly increased in September 2022, and continued to decline until March 2023, and experienced a slight increase in June 2023, before finally experienced another decline from September to December 2023. Liquidity indicates the ability to pay financial obligations term short appropriate on time (Meivinia, 2018). The more The higher a company's liquidity level, the greater its certainty of converting it into cash. According to (Febriani, 2020), liquidity is a ratio used to determine a company's liquidity. Liquidity indicates how much current assets cover current liabilities. The greater the ratio of current assets to current liabilities, the greater the likelihood that the company will be able to convert the current assets into cash. And The higher the current liabilities, the greater the company's ability to meet its short-term obligations. *Current Ratio* (CR) is a ratio used to measure liquidity, where this ratio is used to measure the company's ability to meet its short-term obligations that fall due soon tempo with using the total current assets available. According to research (Iman *et. al* ., 2021) liquidity has a positive and significant effect on the firm value variable. However, in contrast with research (Meivinia, 2018) which states that liquidity does not have a significant effect on company value.

## RESEARCH METHODS

This research was conducted on property and real estate companies listed on the Indonesia Stock Exchange by examining the financial reports of each company published to the public. The research period was from 2020 to 2024. This research was conducted by collecting secondary data from the financial reports of property and real estate companies listed on the Indonesia Stock Exchange for 2020-2024, published on their website, www.idx.co.id. The population in this study were property and real estate companies listed on the Indonesia Stock Exchange (IDX) during the 2020-2024 period. The sampling technique used in this study was a *purposive sampling method* , resulting in 55 companies with 275 observational data. This study used panel data ( *pooled data* ), a statistical analysis method that combines cross-section data (several individuals/entities) and time series (several time periods) to observe the behavior of the same unit over time. This technique increases *the degree of freedom* , reduces collinearity, and provides more informative results. The data analysis technique in this study used Multiple Regression analysis. A mediation test was conducted to determine whether stock price could mediate the effect of profitability on firm value and liquidity on firm value. The mediation test was conducted through two regression stages followed by a Sobel test.

## RESULTS AND DISCUSSION

*Ordinary Least Squares* (OLS)-based testing with *time series data* must meet the requirements of the classical assumptions, namely the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. Because this study used two regression models to test for mediation, the classical assumption test was conducted separately for each model. The following are the results of the classical assumption test in this study.

**Test Normality**

A normality test was conducted to determine whether the residuals in the regression model were normally distributed. This study used *the One-Sample Kolmogorov-Smirnov Test*, with the criterion that if the significance value (Asymp. Sig. 2-tailed) > 0.05, the residuals were declared normally distributed. The following are the results of the normality test for both models.

**Table 1. Results Test Normality**

| **Information** | **Model 1 (Profitability & Liquidity → Stock Price)** | **Model 2 (Profitability, Liquidity) & Price Stock → Company Value)** |
|---|---|---|
| N | 275 | 275 |
| Mean Residual | 0.0000000 | 0.0000000 |
| Std. Deviation Residual | 0.23474160 | 0.11681546 |
| Test Statistics | 0.037 | 0.046 |
| Asymp. Sig. (2- tailed) | 0.200 | 0.200 |
| Monte Carlo Sig. (2- tailed) | 0.499 | 0.186 |

Table 1 shows the *Asymp. Sig. (2-tailed) values* for Models 1 and 2, each showing a value of 0.200. This value is greater than the 0.05 significance level, so it can be concluded that the residuals in both models are normally distributed. This finding is supported by the *Monte Carlo Sig. (2-tailed) value.* Which Also is at in on 0.05, that is as big as 0.499 on Model 1 And 0.186 in Model 2. Thus, the normality assumption in OLS regression has been met for both models.

**Test Multicollinearity**

A multicollinearity test was conducted to determine whether there was a high correlation between the independent variables in the regression model. This study used *Tolerance* and *Variance Inflation Factor (VIF) values*, with the following criteria: if the *Tolerance value* is >0.10 and *the VIF* is <10, then multicollinearity is not present. The following are the results of the multicollinearity test for both models.

**Table 2. Results Test Multicollinearity**

| **Information** | **Model 1 (Profitability & Liquidity → Price Share)** | | **Model 2 (Profitability, Liquidity) & Price Share → Mark Company)** | |
|---|---|---|---|---|
| Variables | *Tolerance* | *VIF* | *Tolerance* | *VIF* |
| Profitability | 0.997 | 1,003 | 0.607 | 1,647 |
| Liquidity | 0.997 | 1,003 | 0.847 | 1,180 |
| Stock price | - | - | 0.538 | 1,859 |

Based on Table 2, in Model 1 it is known that the *Tolerance value* for the variable profitability And liquidity each as big as 0.997 (> 0.10) And VIF value of 1.003 (<10). In Model 2, the *Tolerance value* for the profitability variable, liquidity, And price share each as big as 0.607, 0.847, and 0.538 (all > 0.10), while the *VIF values* were 1.647, 1.180, and 1.859 (all < 10), respectively. Thus, it can be concluded that there is no happen multicollinearity between variables independent on both models regression.

**Test Autocorrelation**

The autocorrelation test is carried out to determine whether there is a correlation. between the residuals in a certain period and the residuals in the previous period in the regression model data *time series* . Testing in study This using the Durbin-Watson test with the criteria: if the DW value is between du (upper limit) and (4-du), then there is no autocorrelation. The following are the results of the autocorrelation test for both models.

**Table 3. Results Test Autocorrelation**

| **Information** | **Model 1 (Profitability & Liquidity → Stock Price)** | **Model 2 (Profitability, Liquidity) & Price Share → Company Values )** |
|---|---|---|
| Durbin-Watson | 1,962 | 2,027 |
| Amount Sample (n) | 275 | 275 |
| Amount Independent Variable (k) | 2 | 3 |
| two (limit on) | 1.82 | 1.80 |
| 4- two | 2.18 | 2.20 |

Based on the table above, in Model 1, the *Durbin-Watson value* is 1.962. With a sample size (n=275) and independent variables (k=2), the du value is 1.82, and the 4-du value is 2.18. The DW value of 1.962 is between 1.82 and 2.18, so there is no autocorrelation. In Model 2, the Durbin-Watson value is 2.027. With a sample size (n=275) and independent variables (k=3), the du value is 1.80, and the 4-du value is 2.20. The DW value of 2.027 is between 1.80 And 2.20, so that No happen autocorrelation. Thus, The non-autocorrelation assumption in OLS regression has been met for both models.

**Test Heteroscedasticity**

A heteroscedasticity test is performed to determine whether there is inequality in the variance of the residuals in the regression model. This study uses the *Glejser test* by regressing the absolute value of the residuals against the independent variables. The test criterion is that if the significance value (Sig.) is > 0.05, heteroscedasticity does not occur. The following are the results of the heteroscedasticity test for both models.

**Table 4. Results Test Heteroscedasticity**

| **Information** | **Model 1 (Profitability & Liquidity → Stock Price)** | | **Model 2 (Profitability, Liquidity & Stock price → Company Value)** | |
|---|---|---|---|---|
| Variables | B | Sig. | B | Sig. |
| (Constant) | 0.171 | 0,000 | 0.218 | 0.018 |
| Profitability | - 0.001 | 0.769 | 0.001 | 0.666 |
| Liquidity | 0.016 | 0.487 | 0.003 | 0.835 |
| Price Share | - | - | - 0.023 | 0.197 |

Based on Table 4, in Model 1, the significance value for the profitability variable is 0.769 and liquidity is 0.487. Both values are > 0.05, so there is no heteroscedasticity in Model 1. In Model 2, the significance value for the profitability variable is 0.666, liquidity is 0.487. as big as 0.835, And price share as big as 0.197. All over mark significance > 0.05, so that heteroscedasticity does not occur in Model 2. Thus, both regression models in this study are free from the problem of heteroscedasticity.

**Multiple Linear Regression Analysis**

After fulfilling all the classical assumptions which include normality, multicollinearity, heteroscedasticity, and autocorrelation tests, the next step is is to conduct a multiple regression test. The multiple regression test aims to examine the influence between variables within a predetermined mediation framework. This test includes a partial test (t-test) to determine the influence of each independent variable individually, and a simultaneous test (F-test) to know influence all over variables independent in a way together. Following is results test regression multiple For Model 1 And Model 2:

**Table 5. Results Analysis Regression Multiple Linear**

| Model | Variables | B | Beta | t | Sig. | R Square | F | Sig. F |
|---|---|---|---|---|---|---|---|---|
| Model 1 (Profitability Liquidity → Price Share) | (Constant) | 5,037 | - | 81,954 | 0,000 | 0.462 | 116,815 | 0,000 |
| | Profitabilit | 0.088 | 0.589 | 13,214 | 0,000 | | | |
| | Liquidity | 0.268 | 0.308 | 6,926 | 0,000 | | | |
| Model 2 (Profitability, Liquidity & Price Share → Company Value) | (Constant) | 0.145 | - | 0.933 | 0.352 | 0.524 | 99,585 | 0,000 |
| | Profitabilit | 0.038 | 0.484 | 8,997 | 0,000 | | | |
| | Liquidity | 0.068 | 0.147 | 3,238 | 0.001 | | | |
| | Stock price | 0.144 | 0.272 | 4,758 | 0,000 | | | |

Based on the regression coefficient values, the Stock Price (M) variable has the greatest influence (0.144) on Company Value (Y), followed by the Liquidity (0.068) and Profitability (0.038) variables. All three independent variables have a positive and significant influence on company value. The *R Square value* of 0.524 indicates that these three variables are able to explain variation mark company as big as 52.4%, whereas the rest 47.6% explained by variables other in outside model.

**Test Significant Simultan (Test Statistics F)**

The F test (simultaneous) is conducted to determine whether all independent variables together have a significant influence on the dependent variable. The testing criteria use a significance level of 0.05, where If mark significance (Sig.) < 0.05, so model regression stated worthy (fit) and the independent variables simultaneously influence the dependent variable. The following are the F-test results for Model 1 and Model 2.

**Table 6. Results Test Significant Simultan (Test Statistics F)**

| Model | Variables | B | Beta | F | Sig. F | Information |
|---|---|---|---|---|---|---|
| Model 1 (Profitability & Liquidity) → Price Share) | Profitability | 0.088 | 0.589 | 116,815 | 0,000 | Significant |
| | Liquidity | 0.268 | 0.308 | | | |
| Model 2 (Profitability, Liquidity) & Stock Price → Company Value ) | Profitability | 0.038 | 0.484 | 99,585 | 0,000 | Significant |
| | Liquidity | 0.068 | 0.147 | | | |
| | Price Share | 0.144 | 0.272 | | | |

**Test F Model 1**

Based on Table 6 (Results of Multiple Regression Test Model 1), it is obtained F value The calculated value is 116.815 with a significance level of 0.000. This significance value is less than 0.05, so it can be concluded that simultaneously the variables Profitability ($X_1$ ) and Liquidity ($X_2$ ) have a significant effect on Stock Price. Share (M). With thus, model regression Which used worthy or fit.

**Test F Model 2**

Based on Table 6 (Results of Multiple Regression Test Model 2), it is obtained mark F count as big as 99,585 with level significance 0,000. Mark The significance level is less than 0.05, so it can be concluded that simultaneously the variables Profitability ($X_1$ ), Liquidity ($X_2$ ), and Stock Price (M) have a significant effect on Company Value (Y). Thus, the regression model used is appropriate or fit.

**Partial Significance Test ( t-Statistic Test)**

A (partial) t-test was conducted to determine whether each independent variable individually has a significant influence on the dependent variable. The test criteria used a significance level of 0.05, where if the significance value (Sig.) < 0.05, then the independent variable has a partial significant influence on the dependent variable. The following are the t-test results for Model 1 and Model 2.

**Table 7. Results of Partial Significance Test (t-Statistic Test)**

| Model | Variables | B | Beta | t | Sig. | Information |
|---|---|---|---|---|---|---|
| Model 1 (Profitability & Liquidity → Stock Price) | Profitability | 0.088 | 0.589 | 13,214 | 0,000 | Significant |
| | Liquidity | 0.268 | 0.308 | 6,926 | 0,000 | Significant |
| Model 2 (Profitability, Liquidity & Price) Stock → Company Value) | Profitability | 0.038 | 0.484 | 8,997 | 0,000 | Significant |
| | Liquidity | 0.068 | 0.147 | 3,238 | 0.001 | Significant |
| | Stock price | 0.144 | 0.272 | 4,758 | 0,000 | Significant |

The results of Table 7 show that the t-value of the profitability variable is 13.214 with a significance level of 0.000. Since the significance value of 0.000 <0.05, profitability has a positive and significant effect on stock prices. The t-value of the liquidity variable is 6.926 with a significance level of 0.000. Since the significance value of 0.000 <0.05, liquidity has a positive and significant effect on stock prices.

The t-value of the profitability variable is 8.997 with a significance level of 0.000. Since the significance value of 0.000 <0.05, profitability has a positive and significant effect on company value. The t-value of the liquidity variable is 3.238 with a significance level of 0.001. Since the significance value of 0.001 <0.05, liquidity has a positive and significant effect on company value. The t-value of the stock price variable is 4.758 with a significance level of 0.000. Since the significance value of 0.000 <0.05, stock price has a positive and significant effect on company value.

**Results Test Effect Mediation And Test Sobel**

The mediation test in this study aims to determine whether stock price acts as a mediating variable in the relationship between profitability and liquidity on firm value. The test method used referring to on procedure Which put forward by Baron & Kenny (1986) with three main stages. First, testing the influence of independent variables on mediator (Model 1). Second, test influence mediator to dependent variable (Model 2). Third, test the significance of the indirect effect using the Sobel Test.

**Table 8. Results Summary Track Mediation**

| Track | Coefficient | Standard Error | t count | Significance | Information |
|---|---|---|---|---|---|
| Profitability → Stock price | 0.088 | 0.007 | 13,214 | 0,000 | Significant |
| Liquidity → Stock price | 0.268 | 0.039 | 6,926 | 0,000 | Significant |
| Price Share → Company Values | 0.144 | 0.030 | 4,758 | 0,000 | Significant |
| Profitability → Company Values | 0.038 | 0.004 | 8,997 | 0,000 | Significant |
| Liquidity → Company Values | 0.068 | 0.021 | 3,238 | 0.001 | Significant |

Based on Table 8, all influence paths are declared significant because the value significance < 0.05. Matter This fulfil condition mediation according to Baron & Kenny (1986), so that analysis can to be continued to Test Sobel. Test Sobel used to test significance effect No direct with compare indirect effect on the combined standard error.

Profitability significantly influences Stock Price (Model 1) and Stock Price significantly influences Firm Value (Model 2). After the Stock Price variable is included in the model, the coefficient of the direct effect of Profitability on Firm Value decreases from 0.088 to 0.038, but remains significant. The Sobel Test results show a calculated z-value of 4.48 > 1.96, indicating that the indirect effect is statistically significant. Thus, Stock Price acts as a significant partial mediator in the relationship between Profitability and Firm Value. This means that increasing profitability not only directly increases firm value but also through increasing stock prices first.

Liquidity significantly influences Stock Price (Model 1) and Stock Price significantly influences Firm Value (Model 2). After the Stock Price variable is included in the model, the coefficient of the direct effect of Liquidity on Firm Value decreases from 0.268 to 0.068, but remains significant. The Sobel Test results show a calculated z-value of 3.94 > 1.96, indicating that the indirect effect is statistically significant. Thus, Stock Price acts as a significant partial mediator in the relationship between Liquidity and Firm Value. This means that increasing liquidity not only directly increases firm value but also through a prior increase in stock price.

**Discussion**

**Influence Profitability To Price Share**

Hypothesis testing results indicate that *Return on Assets* has a positive and significant effect on stock prices in property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period. This explains the existence of a unidirectional and significant influence, whereby an increase *in Return on Assets* tends to be followed by an increase in stock prices. The results of this study have confirmed Hypothesis 3 (H3) in the accepted research.

Signaling Theory *proposed* by Spence (1973) This is reinforced by Yusri (2020), who explains that companies with superior quality intentionally send signals to the market, which are expected to differentiate between good and poor quality companies. Financial information such as profitability levels can be a positive signal for investors. High profitability signals a company's financial health, thus encouraging investors to purchase its shares. The market's response to this signal is reflected in changes in share prices. In this context, the profitability reflected in annual financial reports serves as a signal to the public outside the company, especially investors, which then influences their investment decisions.

*Return on Assets* (ROA) is a financial ratio that measures a company's ability to generate profit from all its assets. The higher the ROA, the more effectively the company manages its assets to generate profits. Yudistira & Adiputra (2020) state that increasing ROA impacts a company's share price. Kartiko & Rahmi (2021) also stated that information about increasing ROA will be perceived by the market as a positive sign, leading to increased investor demand for the company's shares, thus increasing share prices.

The findings of this study align with previous research conducted by Fairurachma (2023), Barus (2021), Islamy *et al.* (2022), Rostina *et al.* (2023), Saprudin & Hasyim (2020), and Wulandari & Badjra (2019). Research by Dwipa et al. (2023) also shows that profitability influences stock prices. This consistent finding indicates that profitability is a fundamental factor that consistently influences stock prices, particularly in the property and *real estate sectors*, which are sensitive to company financial performance.

**Influence Liquidity To Price Share**

The results of hypothesis testing show that *the Current Ratio* has a positive and significant effect on share prices in property and *real estate companies.* listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period. This finding explains the existence of a unidirectional and significant influence, whereby if *the current ratio* increases will tend followed by improvement on price share. Research result This has confirm Hypothesis 4 (H4) in study accepted. Signaling Theory *once* again serves as the theoretical basis for explaining these findings. Financial information, such as liquidity levels, also serves as a signal to investors. High liquidity signals that a company is financially sound and capable of meeting its short-term obligations on time. This reflects that company management has optimally managed current assets in its operational activities. This positive signal can increase investor confidence, thereby driving demand for the company's shares, which ultimately has the potential to increase share prices.

*The Current Ratio* (CR) is a ratio that compares a company's current assets with its short-term debt. The higher the *Current Ratio* , the greater the company's ability to pay. its short-term obligations. Rahayu & Triyonowati (2021) stated that the higher *the Current Ratio value* , the higher the company's ability to pay short-term obligations, thus increasing the stock price. will rise, attracting investors. Faradina & Laily (2025) also stated that if the liquidity ratio increases, share prices will also increase, as companies with high liquidity are able to meet short-term debt obligations effectively.

The findings in this study are in line with the results of previous studies conducted by Lutfiya Putri (2021), Sapta *et. al* (2025), Takarini & Dewi (2023), Wahyuningtyas & Hariyanto (2022), as well as Cahyani (2023). However, This result contradicts research by Dwipa et al. (2023), which found that liquidity negatively impacts stock prices. This difference may be due to differences in sample characteristics, the research period, or economic conditions in the property and real estate sector, which has a different business cycle than the energy sector.

**Influence Price Share To Mark Company**

Results testing hypothesis show price share influential positive and significantly impact *Price to Book Value* in property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period. This finding explains the existence of a unidirectional and meaningful influence, whereby an increase in stock price tends to be followed by an increase in *Price to Book Value* . The results of this study have confirmed Hypothesis 5 (H5) in the accepted research.

The Firm Value Theory proposed by Astari & Hartini (2021) states that firm value represents how investors assess the company's stock price and success rate. A high stock price reflects an increasing company value. Firm value is one benchmark for reflecting a company's market value. For investors and shareholders, firm value is an important concept because it indicates how the market values the company as a whole, as measured by its stock price (Novianti *et. al* ., 2023).

*Price to Book Value* (PBV) is a ratio used to measure the value of a company. with compare price market share with mark book per share. According to Gultom *et. al* (2019), PBV is a reflection of good company management by management to create and utilize prospects. business, so that get benefits and able to fulfill its responsibilities to owners, employees, the community, and the government *(stakeholders)* . Companies that perform well usually have a PBV ratio above one, indicating that the market value of the stock is higher than its book value.

The findings in this study are in line with the results of previous studies conducted by Eka Lestari (2024), Denny Kurnia (2019), Novita (2022), and Satria Akmal (2023). Eka Lestari (2024) stated that a company's value is a reflection of what society wants or investors to invest capital, so that higher share prices will result in higher value Which more big And profit Which more big for Investors. Denny Kurnia (2019) also said that the higher the share price, the higher the company's value, because the higher the share price. influence the company's value to the maximum so as to provide prosperity for shareholders.

**Influence Profitability To Mark Company**

The results of the hypothesis testing show that *Return on Assets* has an effect positive and significant impact on *Price to Book Value (P/ BV)* in property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period. This finding demonstrates a unidirectional and meaningful influence, whereby an increase *in Return on Assets (ROA)* tends to be followed by an increase in *Price to Book Value (P/BV). to Book Value* . Results study This has confirm Hypothesis 1 (H1) in research accepted.

*Signaling* Theory explains that profitability high reflects good company performance and send a positive signal to investors. Companies with high profitability tend to be more attractive to investors. This positive signal increases trust. investors, so that request to share The company's value increases and ultimately drives an increase in the company's value, which is reflected in the Price to Book Value (PBV).

*Return on Assets* (ROA) Which tall show that company able to utilize all its resources to generate after-tax profit. According to Aqabah *et al.* (2021), ROA affects PBV if there is an increase in company profits, which also drives the company's book value. An increase in a company's book value also increases the market price of its shares. Investors trust a company's optimal asset management capability, which contributes to an increase in its stock market value.

The findings of this study align with previous research conducted by Silaban et al. (2025), Nico & Widyaastuti (2025), Dwipa (2020), Gunawan & Viriany (2023), Kurniawan & Ardiansyah (2020), and Anggita & Andayani (2022). However, these results contradict I m n a n a *et. al (2023)* research which states that profitability has an effect negative impact on company value. This difference may be caused by differences in the sector industry, period study, as well as condition economy macro Which different on moment study done.

**Influence Liquidity To Mark Company**

Hypothesis testing results show that *the Current Ratio* has a positive and significant effect on *Price to Book Value* in property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period. This explains the existence of a unidirectional and meaningful influence, where if *the current ratio* increases it will tend to be followed by an increase in *Price to Book Value* . The results of this study have confirmed

Hypothesis 2 (H2) in research accepted.

*Signaling* Theory is also a theoretical basis for the relationship This. Liquidity Which good to give signal positive Because It demonstrates a company's ability to effectively manage cash flow and short-term liabilities. This positive signal can boost investor confidence, drive demand for the company's shares, and potentially increase the company's value.

*The Current Ratio* (CR) is a commonly used ratio to measure a company's liquidity level. Barnades & Suprihadi (2020) stated that the higher a company's liquidity ratio, the higher its value. Farizki (2021) also stated that the more a company is able to improve its liquidity ratio, the higher its value will be. The findings of this study align with previous research. done by William & Tanusdjaja (2023), Wijaya & Fitriati (2022), and Trisnayanti et al. (2025) found that liquidity has a positive effect on firm value. However, these results contradict research by Abdillah & Ali (2024) and Trisnayanti et al. (2025), which showed that liquidity has a negative effect on firm value. This difference may be due to differences in sample characteristics, research period, and industry sector. Which researched. On sector property And *real estate* , liquidity Which Good is very important because this industry requires healthy cash flow to finance long-term development projects.

**The Effect of Profitability on Firm Value with Price Mediation Share**

The results of the hypothesis testing indicate that stock prices partially and significantly mediate the effect of *Return on Assets* on *Price to Book Value* in property and real estate companies listed on the Indonesia Stock Exchange (IDX) for the 2020-2024 period. This is evidenced by the fulfillment of all mediation requirements according to Baron & Kenny (1986) and the results of the Sobel test, which shows a calculated z-value of 4.48.

> 1.96. Results study This has confirm Hypothesis 6 (H6) in research accepted.

The Signaling Theory *proposed* by Spence (1973) is the main foundation for explaining this mediation relationship. Signaling theory suggests that companies with superior quality intentionally send signals to the market. In the context of this research, profitability (ROA) is... signal beginning will responded to by market through movement price share.

Furthermore, stock prices, as a second signal, will influence company value. Thus, stock prices serve as a mechanism for transmitting signals from a company's fundamental performance (profitability) to the market's assessment of the company (company value).

Based on the analysis results, there was a decrease in the coefficient of the direct effect of profitability on firm value from 0.088 to 0.038 after the stock price variable was included in the model. However, this direct effect remained significant. This indicates that stock price only partially mediates *the* effect of profitability on firm value. company. This means that profitability does not only have a direct impact on company value, but also indirectly through the mechanism of increasing share prices. Investors view profitability as an indicator of good company performance, which is then reflected in rising share prices, ultimately increasing company value.

*Return on Assets* (ROA) as size profitability show It measures how effectively a company manages its assets to generate profits. When ROA increases, investors perceive this positive signal, which drives increased demand for shares and causes share prices to rise. The subsequent increase in share prices will increase the company's value, reflected in *the Price to Book Value* (PBV).

The findings of this study are consistent with previous research conducted by Hatta Setiabudhi (2022) and Ahmad I (2021). (2022) state that results test influence direct The relationship between profitability and company value is positive and significant, while the direct influence between stock prices and company value is positive and significant, meaning that stock prices are directly able to increase company value. These findings indicate that profitability and stock prices are factor fundamentals that play an important role in increasing the company's value, Because both reflect financial performance as well as perception market regarding the company's future prospects.

**The Effect of Liquidity on Company Value with Stock Price Mediation**

Results testing hypothesis show that price share mediate in a way partial And significant influence of *Current Ratio* to *Price to Book Value* in property companies And real the estate registered in Stock Exchange Effect Indonesia Stock Exchange (BEI) for the 2020-2024 period. This is evidenced by the fulfillment of all mediation requirements. Baron & Kenny (1986) as well as results Test Sobel Which show mark z count (3.94) > 1.96. Results study This has confirm Hypothesis 7 (H7) in study accepted.

*Signaling* Theory once again serves as the theoretical basis for explaining this mediating relationship. Financial information, such as liquidity levels, serves as a signal to investors regarding a company's financial condition. Good liquidity provides a positive signal because it demonstrates the company's ability to effectively meet its short-term obligations . A positive signal This will responded to by market through improvement price shares. Furthermore, an increase in share prices will have an impact on increasing the company's value. With thus, the price share functioning as transmission mechanism signal from liquidity to mark company.

Based on the results of the analysis, there was a decrease in the coefficient of direct influence of liquidity. to mark company from 0.268 become 0.068 after variables stock prices are included in the model. However, the direct effect remains significant. Matter This indicates that price share only mediate Partial *mediation* of the effect of liquidity on firm value. This means that liquidity not only directly influences firm value but also indirectly through the mechanism of increasing share prices first .

*The Current Ratio* (CR), as a measure of liquidity, indicates a company's ability to meet its short-term obligations. When *the Current Ratio* increases, investors perceive a positive signal that the company is financially sound and capable of managing its current assets effectively. This drives increased demand for shares and causes share prices to rise. The subsequent increase in share prices will increase the company's value, reflected in *its Price to Book Value* (PBV).

The findings in this study are in line with the results of previous research conducted by Febriawan *et. al* (2025), Agatha & Irsad (2021), Syawalina & Harun (2020), and Vilantika & Santoso (2022). Febriawan *et. al* (2025) stated that stock prices can mediate the effect of liquidity on stock value. company. Things This show that the more tall liquidity company, then the company has the ability to meet its short-term obligations. with Good, so that matter This influence price share and impacts company value. Agatha & Irsad (2021) also explain that if a company's liquidity increases, it is able to effectively meet its short-term obligations. This will be positively responded to by investors and result in increased stock prices. An increase in stock prices indicates an increase in company value.

## CONCLUSION AND SUGGESTIONS

Based on the results of research conducted on property and real estate companies listed on the Indonesia Stock Exchange for the 2020-2024 period, the following conclusions can be drawn:

1) *Return on Assets (ROA)* has a positive and significant effect on *Price to Book Value (P/BV)* in property and real estate companies listed on the Indonesia Stock Exchange. The higher *the ROA* , the more effectively the company manages its assets to generate profits, thus increasing *the PR/BV* . Optimal asset management capabilities attract investors' trust, which in turn increases the company's value.
2) *Current Ratio* has a positive and significant effect on *Price to Book Value* in property and real estate companies listed on the Indonesia Stock Exchange. The higher a company's *current ratio* , the better its ability to meet its short-term obligations, thus sending a positive signal to investors, which in turn increases the company's value.
3) *Return on Assets* has a positive and significant effect on stock prices in property and real estate companies listed on the Indonesia Stock Exchange. The higher *the return, the better. On The greater the company's assets* , the greater the company's attractiveness to investors, so that the company's share price increases.
4) *The current ratio* has a positive and significant effect on stock prices in property and real estate companies listed on the Indonesia Stock Exchange. The higher a company's *current ratio* , the greater its ability to meet short-term obligations, attracting investors and increasing stock prices.
5) Price shares have a positive effect and significantly impacts *Price to Book Value* in property and real estate companies listed on the Indonesia Stock Exchange. The higher a company's share price, the higher its value, as share prices reflect investors' assessment of the company's prospects.
6) Stock prices partially and significantly mediate the effect of *Return on Assets* on *Price to Book Value* in property and real estate companies listed on the Indonesia Stock Exchange. This is evidenced by the Sobel test value ($z = 4.48 > 1.96$) and a decrease in the profitability coefficient after stock prices are included in the model.

7) Stock prices mediate partial and the significant influence of *the Current Ratio* on *Price to Book Value* in listed property and real estate companies on the Stock Exchange Indonesia. This is proven by Sobel Test value (z = 3.94 > 1.96) and there was a decrease in the liquidity coefficient after stock prices were included in the model.

Based on the research results and conclusions obtained, it can be the following suggestions are put forward:

1) For Company Property And Real Estate
   a) Improvement Profitability (ROA)

      Property and real estate companies need to focus on improving profitability because ROA has been shown to positively impact stock prices and company value. Strategies to improve operational efficiency, optimize asset utilization, and manage costs effectively should be a priority. need ensure that every asset owned provides maximum contribution to company profits.
   b) Improvement Liquidity (CR)

      Companies need to maintain a healthy liquidity ratio because liquidity proven influential positive to price share And mark company. Given that the property and real estate sector requires significant cash flow for long-term projects, companies must manage current assets and current liabilities in a balanced manner. Companies with high liquidity will more easily gain the trust of investors and creditors.
   c) Management Price Share

      Companies need to pay attention to factors that influence stock prices because stock prices act as a significant mediator. Managers must guard communication Which transparent with investors through financial statements Which accurate And appropriate time. Signal positive through improvement ROA and CR will responded to market through increase price share, Which on ultimately increasing the value of the company.
   d) Transparency Information Finance

      Companies must improve the quality and timeliness of their annual financial report publications, as financial information serves as a signal to investors. Transparency of information will reduce information asymmetry between management and shareholders.
2) For Investor

   Investors should use profitability (ROA) and liquidity (CR) as fundamental indicators in investment decision-making in the property and real estate sector. Companies with high ROA and CR tend to have good growth prospects, stable stock prices, and increasing company value. Investors should also consider that stock prices act as a signaling mechanism for a company's fundamentals and its value.
3) For Regulator (Stock Exchange Effect Indonesia)

The Indonesia Stock Exchange needs to continue strengthening its financial reporting transparency regulations to ensure that company information is accurate, timely, and accountable. Regulators also need to closely monitor companies that fail to consistently publish financial reports. Furthermore, investor education on the importance of fundamental analysis in investment decision-making needs to be continuously improved.

4) For Study Furthermore
   a) Expansion Sector Industry

      Further research should include companies from various industrial sectors other than property and real estate, such as manufacturing, banking, infrastructure, or trade, to see if these findings are consistent across industry contexts. A broader analysis could provide more comprehensive insights into the relationship between profitability, liquidity, stock prices, and firm value.

   b) Extension Period Study

      Given that this study covers the period 2020-2024 (including the pandemic and recovery periods), future research needs to be conducted over a longer period (e.g., 10-15 years) to capture the dynamics of the relationship between variables under different economic conditions, including normal economic periods and crises.

   c) Addition Variables Other

      The results of the coefficient of determination show that the profitability variable (ROA) and liquidity (CR) with stock price mediation together explain approximately 52.4% of the variation in firm value (based on Adjusted R Square Model 2). These results indicate that there is still around 47.6% variation mark company Which No explained by variables in model This shows that there are other factors outside the model that also contribute to variations in company value. Further research needs to include variables other like structure capital (DER), company size , dividend policy (DPR), company growth, leverage, business risk, and macroeconomic factors such as inflation and interest rates to provide a more comprehensive picture.

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