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The Influence of Profitability, Liquidity, and Solvency on Company Value in the Technology Sector Listed on the Indonesia Stock Exchange

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A R T I C L E I N F O

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A B S T R A C T

The purpose of this study is to evaluate the effect of profitability, liquidity, and solvency on firm value in technology companies listed on the Indonesia Stock Exchange from 2021 to 2023. This study will use a purposive sampling method and multiple linear regression analysis using SPSS version 25. The results of the study indicate that liquidity and profitability each have a significant effect on firm value; however, solvency has no effect on firm value in the technology industry during the study period. Previous studies have shown that liquidity and profitability can both affect firm value, but solvency tends not to affect the value of technology companies in Indonesia.

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INTRODUCTION

Company value has an important role because it is a performance indicator that can affect investor perception and is usually closely related to stock prices. The company's own performance is influenced by the mechanism of buying interest and the availability of assets in the capital market, which reflects how the public assesses the company. If the company's performance is better, the potential profits obtained by investors will also be greater(Himawan, 2021). There are various methods to assess a company. The simplest way is to pay attention to the stock price. Stock prices are considered a reflection of market demand, so they are often used as an indicator of a company's value. When the stock price is high, it indicates great interest from investors, while a low stock price indicates less interest(Nathanael Hartanto et al., 2024).

For investment decision-making, it is important to pay attention to stock prices. Investors tend to set a consistent stock value as well as show consistent improvement, even though the stock price in the market fluctuates every year. Since these fluctuations are closely related to the company's financial situation, the analysis of financial statements can provide a deeper understanding of the company's situation and allow an assessment of its financial performance in that area(Putri et al., 2023) .

One of the sectors that experienced significant stock price fluctuations was the technology sector, the technology sector is included in the components of the Indonesia Stock Exchange where the stock price shows erratic price fluctuations, both increasing and decreasing. The sector includes stocks related to different types of technology, companies involving research and development, and the distribution of technology-based goods and services. This includes companies that produce digital devices, software engineering, computing units, as well as information technology-related goods and services.

Source : Google Finance

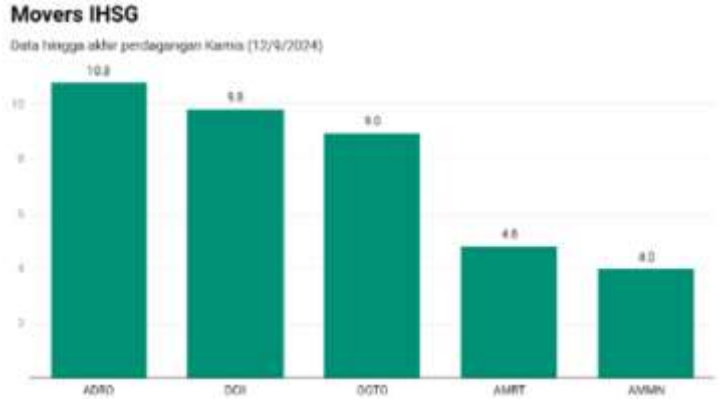
Figure 1. Technology Stock Price Chart

Based on data from the Indonesia Stock Exchange, the stock performance of a number of technology issuers will still experience pressure in early 2024. Some of the companies in the technology sector that experienced a decline in stock prices include PT GoTo Gojek Tokopedia Tbk. (GOTO) which experienced a substantial decline in 2022 and continues until 2023, PT Bukalapak.com Tbk. (BUKA) which fell by 25.60%, PT DCI Indonesia Tbk. (DCII) which recorded a

decline of up to 35.99%, and PT Elang Mahkota Teknologi Tbk. (EMTK) which fell by 22.95%(D. P. A. Sari, 2024). However, the technology sector on the local stock exchange is one of the main factors in increasing the return of the Composite Stock Price Index (JCI)(Dwi, 2024a).

The performance of the technology sector index (idxtechno) during the period 2021 to 2024 has decreased to -25.9%. The decline in the stock price index has an impact on the decline in the company's value. Overall, IDXTECHNO shows a high level of volatility with sharp spikes and declines. Market corrections, global economic conditions, and the performance of technology companies play an important role in influencing the value of stocks in this sector(Rahardika et al., 2022).

However, as reported by CNBC, the technology sector experienced a significant increase sectorally, becoming the largest support for the JCI on Monday (2/9/2024), reaching 7.61%. Technology issuer stocks experienced a significant increase from the first semester to 2024 and remained the main supporters of the Composite Stock Price Index (JCI) in session II(Dwi, 2024b).



Source : CNBC

Picture 2. Technology Issuers That Are JCI Supporters

In addition, there are technology issuers in the data center sector, namely PT DCII Indonesia Tbk (DCII), and super apps technology issuers, PT GoTo Gojek Tokopedia Tbk (GOTO), which also contributed to the increase in JCI, contributing 9.8 index points and 9 index points, respectively(Pranata, 2024). PT GoTo Gojek Tokopedia Tbk (GOTO), which had fallen sharply to IDR 50 per share in the first trading session, rebounded quickly to jump 8.2% to IDR 66 in the second session(Rahmawati, 2024).

The tech sector has faced a downturn over the past seven years, prompting companies to work on increasing their value to avoid bankruptcy amid market turmoil. The level of profitability reflects the ability of a business entity to generate profits associated with sales, overall assets, and company equity. This indicator plays an important role in evaluating the extent to which management is being implemented. High profitability indicates optimal company performance and has the potential to increase the company's value, as it is able to attract investors' attention through the prospect of higher returns. In addition, various studies conducted on companies that are officially listed on the Indonesia Stock Exchange reveal that profitability has a positive and substantial influence

on increasing the value of the company(Prasetyo et al., 2021). Previous research has shown that the relationship between profitability and company value has a positive influence. In other words, if a company has a higher level of profitability, then the value of the company tends to increase. This proves that high profitability can describe a company's ability to create greater profits and present a more promising picture of potential in the coming period(Nurhaliza & Azizah*, 2023). Other studies have shown that profitability does not always affect a company's value, because companies that are able to increase profitability do not necessarily reflect good quality(Puri & Lisiantara, 2023).

In addition to profitability, a company's liquidity also plays an important role in influencing a company's value. A good level of liquidity reveals the company's potential to pay off its short-term expenses, which include debt payments, dividends, as well as operating and investment costs(Harfani & Nurdiansyah, 2021). When a company's liquidity increases, it allows for an increase in the company's potential funds to pay off short-term debt, dividend payments, as well as operational and investment financing. Therefore, when investors have a good perception of a company's performance due to high liquidity, the stock price is expected to increase and the company's value will increase(Aldi et al., 2020). Previous studies have shown that liquidity has a positive effect on business value, but these benefits are not statistically substantial(Ferdila et al., 2023).

In addition, the level of solvency also has an effect on the company's value. Solvency indicates the proportion of the company's asset funding sourced from debt, which means that an increase in the level of solvency indicates an increased financial risk burden that must be borne by the company. Thus, an increase in solvency value will be directly proportional to an increase in financial risk, which can ultimately have an impact on increasing the company's profits and make a positive contribution to the company's value(Idris, 2021). These findings reinforce evidence from previous research results showing that solvency is correlated with a company's value(Komalasari & Yulazri, 2023). However, these findings contradict a number of previous studies that concluded that solvency does not have a significant impact on a company's value, as investors tend not to make the amount of debt a major factor in consideration. Instead, they focus more on the efficiency and effectiveness of the company in maintaining a balance between expenses and revenue, which, if achieved well, can increase the company's value(Mirayanti & Erlina Wati, 2023).

Problem Formulation: Do profitability, liquidity, and solvency simultaneously affect the value of the company?

Research Question: Is it true that profitability, liquidity, and solvency have a significant effect on the value of companies in the technology sector, either partially or simultaneously

SDGs Category: Classified as the 8th Sustainable Development Goals (SDGs) Indicator, namely Decent Work and Economic Growth.

THEORETICAL REVIEW

Signalling Theory

Signalling theory, a concept originally presented by Spence in 1973, conveys that the sender of information (the owner of the information) tries to provide relevant pieces of information to the recipient so that it can be used properly. In the context of a company, this theory describes the steps taken by managers to channel information to investors regarding their perspective on the company's future opportunities. The information conveyed, usually in the form of an official announcement, serves as a guide or consideration that investors use to determine the direction of their investment. Positive signals are considered good news that can increase investors' desire to invest, thereby driving an increase in the company's value. Conversely, if the information lowers investor interest and leads to a decline in the company's value, then it is referred to as a negative signal(Dewantara & Firmansyah, 2022). According to signal theory, managers can convey information to investors through financial statements to reduce information discrepancies. The delivery of transparent and accurate information has the potential to encourage the growth of company value and provide a positive signal for the reporting party(Hidayat, 2024).

Company Values

Investors' views on the prospects and performance of a business entity are reflected in the company's value, which is generally seen through stock price movements. Investment opportunities play an important role in shaping a company's value, as shown by various indicators in the capital market(H. Sari et al., 2022). The allocation of funds for investment activities is seen as a positive signal by the management regarding the potential for future business expansion, which then has an impact on increasing the share price as a reflection of the value of the company. Therefore, there is a direct correlation between the value of the company and its share price.

Company value includes the overall market value consisting of a combination of the company's debt and equity. The value of equity shows how investors view the success of a business, which is usually indicated by the stock price. The company's high value is also reflected in its higher share price. Companies with strong values have a tendency to attract investors because they show positive past performance and bright future prospects. Therefore, shareholders seek to increase the value of the company by increasing its share price. This can be obtained through an increase in the company's operational and financial performance(Sudjana et al., 2023). The increase in the value of the company can be seen through the higher level of welfare that will be felt by investors. If the value of the company is higher compared to other companies, this will invite investor interest to develop capital in the company.

The measurement of a company's value involves several ratios, including PER, PBV, and Tobin's Q. This study utilizes the Tobin's Q ratio because the indicator focuses on the comparison between the market value of a company and the value of its assets with the cost of replacing its assets. This ratio is obtained by comparing the stock market value to the book value of the equity. In this

context, common stock and financial liabilities are important components in the calculation of Tobin's Q. Overall, the value of a company reflects the total assets it owns, including the market value of equities and debt.

$$\text{Tobin's Q} = \frac{(\text{Kapitalisasi Pasar} + \text{Utang Total})}{\text{Aset Total}}$$

Profitability

The profitability ratio has a crucial role for the company because it is able to describe how successful and how long the company will last. Profitability shows how well a company is competing and how well it is performing; A higher level of profitability signifies how well it performs. The profitability ratio describes a company's profitability capabilities, which are reflected in the profits earned through investment and sales (TRETIA, 2024). Thus, one of the important elements that influence stock price movements is influenced by profitability.

Profitability reflects the extent to which a company is able to generate profits during its operational activities by efficiently utilizing available financial resources. The net profit available to be distributed to investors is the amount of residual income after deducting interest and tax expenses. The greater the profit obtained, the more it shows the company's ability to maximize the use of its assets. A high level of profitability indicates the effectiveness of management performance and provides a prospective signal for the sustainability of the business in the future. return on assets (ROA) is used as an indicator in assessing the company's profitability ratio in current research(Jaya, 2020). If the company's ROA is getting higher, then the company is considered to be able to generate good profits from the use of its assets(Faizah & Priyadi, 2023).

Profitability reflects the capacity of technology companies in an effort to earn profits through the use of their assets. Companies that can take advantage of innovation and digital development opportunities will be able to increase revenue and achieve higher profits. The Return on Assets (ROA) indicator was chosen because of its relevance in evaluating the effectiveness of a company in using assets to generate profits. ROA is also considered a comprehensive indicator to assess a company's performance in managing resources to create profits, providing investors with a clear picture of the company's efficiency. Therefore, the use of Return on Assets (ROA) as an indicator of profitability is very relevant to understand how the value of companies in the technology sector can increase along with the progress and innovation implemented.

$$\text{ROA} = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Assets}}$$

Liquidity

A company's ability to meet short-term expense obligations, such as payables, dividends, taxes, and others, is known as liquidity. However, there is another view that states that liquidity is the ability of an individual or company to use its current assets to pay off actual debt. Certain amounts, such as cash ratios, quick ratios, and current ratios, indicate a company's level of liquidity. Stronger liquidity conditions are considered to reflect better performance. Companies with high levels of liquidity generally find it easier to obtain support

from various parties, including financial institutions, creditors, and suppliers(Rukmana Fauziyah, Rini Rahayu Kurniati, 2023).

The measurement of the liquidity ratio is carried out using the Current Ratio (CR) method, where the calculation is carried out by comparing the company's liquidity level to its financial performance. The current ratio is a variable that describes a company's capacity to meet its short-term financial liabilities. If the CR ratio value is low, it illustrates that the company may not be able to meet its short-term obligations due to current asset limitations.

Companies with a high Current Ratio (CR) indicate their ability to cope with short-term financial stresses, such as paying off debt or financing operational expenses. In a context where tech companies need to pay vendors, software developers, and research teams during the development process, liquidity is a crucial factor that affects a company's value. Companies with a good level of liquidity tend to gain more trust from investors, this makes liquidity relevant as a relevant indicator in evaluating the value of technology companies and their influence on stock price movements.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Solvency

The solvency ratio, which is the ratio between the amount of debt a company has to pay and the value of its assets, describes how well a company can meet its long-term financial obligations(Kristiadi & Herijawati, 2023). The solvency ratio, also understood as the leverage ratio, is a measure of how much debt a business can apply to maintain its assets. Investors may not like to invest in businesses when solvency levels are high due to the greater risk of bankruptcy(Stuart & Juwita, 2022). Investors may be reluctant to invest in companies that have high solvency ratios because of the potential risks associated with greater bankruptcy. Solvency is a ratio that reflects the extent to which the company leverages debt, or financial leverage, to obtain funding(Cornelia Alisha & Abdul Muis, 2024).

$$Debt\ Equity\ Ratio = \frac{Utang\ Jangka\ Panjang}{Modal\ Sendiri}$$

METHODOLOGY

The research was carried out quantitatively, and the data collected was numerical data so that it had a clear structure. Associative studies explore the bonds and relationships related to independent variables and bound variables(Wulanningsih & Agustin, 2020). Population in this study refers to all entities or elements that are the object of study, such as events, objects, or individuals with certain characteristics. The research population comes from 47 technology sector companies listed on the Indonesia Stock Exchange (IDX) in 2021 - 2023.

Non-probability sampling and purposive sampling methods are required in selecting the research sample. Purposive sampling is a method of sample selection that is carried out by taking into account special criteria that have been set beforehand, ensuring that each sample collected meets the requirements and objectives of the set research(Adnyana, 2021). The following are the research criteria:

Table 1. Research Sampling Criteria

No.	Information	Sum
1.	Technology sector companies listed on the Indonesia Stock Exchange	47
2.	Technology companies that published complete and consecutive financial statements on the Indonesia Stock Exchange during the 2021-2023 period	28
3.	Companies listed as "SUSPENDED" by the IDX	7
Total Sample		**12**

Source : Data processed, 2024

The researcher collected research results from 12 companies (issuers) in the 2021–2023 period based on the criteria mentioned above. The secondary data in this study refers to the financial information of technology companies listed on the Indonesia Stock Exchange (IDX) during the observation period. The data source comes from the IDX's official website and financial websites such as Yahoo Finance(Meirawati et al., 2023).

Hypothesis testing used multiple linear regression, and classical assumption tests in the form of normality, heteroscedasticity, multicollinearity, and autocorrelation were carried out before hypothesis testing. Data processing is carried out using the help of SPSS software which includes descriptive analysis. The next stage is a hypothesis test which includes an R-Squared determination coefficient test, a partial t test, and a simultaneous F test (Susanti & Saumi, 2022).

RESULTS AND DISCUSSION

Research Results

Descriptive Statistical Analysis

Descriptive statistical analysis can be used to compile and display information collected for a study. The descriptive statistical components of the study are mean, standard deviation, minimum value, and maximum value (Profitability et al., n.d.).

The descriptive statistical data of the study, which includes the variables of profitability, liquidity, solvency, and company value, is evidenced in the following table:

Table 2. Descriptive Statistical Analysis Results

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Profitability	36	-2,41	4,27	1,5331	1,45217
Liquidity	36	-1,47	4,89	1,3403	1,35135
Solvency	36	-3,65	4,62	0,0719	2,47954
Company Values	36	-1,24	8,95	2,6786	2,70564
Valid N (listwise)	36				

Source: Data processed in 2025 using SPSS 25

Classic Assumption Test

Normality Test

This study uses the Kolmogorov-Smirnov normality test to identify whether the free and bound variables in the regression model are normally distributed. The data is declared to be normally distributed if the significance value The distribution is greater than 0.05 and is said to be abnormal if the distribution is less than 0.05(Anshary, 2022).

Table 1. Kolmogorov Smirnov results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		36
Normal Parameters, b	Mean	0,0000000
	Std. Deviation	2,15272624
Most Extreme Differences	Absolute	0,139
	Positive	0,139
	Negative	-0,102
Test Statistic		0,139
Asymp. Sig. (2-tailed)		0.077c

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Source: Data processed in 2025 using SPSS 25

The distribution of data in the regression model in this study meets the assumption of normality, in accordance with the results of the normality test using the Kolmogorov-Smirnov method shown in Table 2 above. This model is suitable for use in research, as confirmed by the Asymp value. Sig. (2-tailed) is 0.077 > 0.050.

Multicollinearity Test

The multicollinearity test is a procedure that is necessary in identifying whether there is a relationship or correlation between independent variables observed in linear regression analysis.There are several criteria that are used to detect the presence of multicollinearity, namely: (1) if the tolerance value > 0.10 and the variable inflationary factor (VIF) value < 10, then there is no significant relationship between independent variables, so that multicollinearity does not occur. (2) Conversely, if the tolerance value is < 0.10 and the VIF value is > 10, then there is a relationship between independent variables that indicate the symptoms of multicollinearity (Layin & Saadah, 2023).

Table 4. Multicollinearity Test Results

Coefficient

Type		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIVID
1	(Constant)	0,716	0,678		1,056	0,299		
	Profitability	0,565	0,267	0,317	2,117	0,042	0,965	1,036
	Liquidity	0,929	0,317	0,463	2,936	0,006	0,870	1,149
	Solvency	0,113	0,174	0,104	0,650	0,521	0,846	1,182

a. Dependent Variable: Company Value

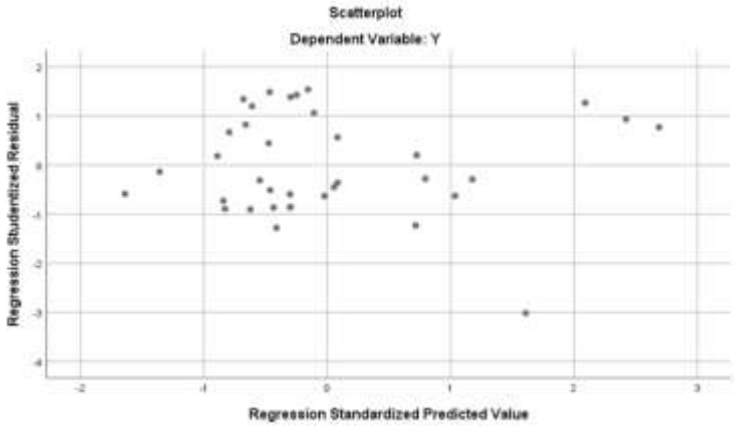
Source: Data processed in 2025 using SPSS 25

Based on the results of the multicollinearity test, the profitability variable had a VIF value of 1.036 which was less than 10 and a tolerance value of 0.965 > 0.10. A tolerance value of 0.870 and a VIF of 1.149 were found on the liquidity variable, both of which met the requirement of multicollinearity-free. In contrast, the solvency variable showed no signs of multicollinearity, with a tolerance value of 0.846 and a VIF of 1.182. Based on that, it can be said that the regression model used is feasible and valid to be established in additional studies because there is no problem of multicollinearity among independent variables.

Heteroscedasticity Test

Heteroscedasticity testing is performed to identify the existence of residual variance differences in the regression model between between one observation and another. An ideal regression model is a model that is free of heteroscedasticity. The residual variance of that model is fixed or can be called homocedasticity. One way to detect heteroscedasticity is to use a scatter plot graph. The basis for decision-making includes: (1) If the distribution of points in the scatter plot does not form a certain pattern, then the data shows homogeneity. (2) If the distribution of points shows a patterned arrangement of points on both

the upper and lower sides of the Y axis at the number 0, then there is heteroscedasticity in the regression model (Profitability & Solvency, n.d.)



Source: Data processed in 2025 using SPSS 25

Picture 3. Scatterplots Heteroscedasticity Test Results

Since no heteroscedasticity problem was found, it can be concluded that the regression model is feasible in this study. The heteroscedasticity test is shown based on the scatterplot graph in Figure 3 above. On the Y-axis, the dots are randomly scattered above and below the number 0.

Durbin Watson Autocorrelation Test

The purpose of using the autocorrelation test is to determine whether there is a correlation between the sequential data based on time and how the previous data can affect the next data. The Durbin-Watson value can be used to find out if there is an autocorrelation between the independent variable and the bound variable in this study. If the Durbin-Watson value is greater than 0.05, autocorrelation does not occur because the H0 hypothesis test is accepted, if the Durbin-Watson value is less than 0.05, then it can be concluded that autocorrelation occurs (Ahmad & Badri, 2022) .

Here are the results of the autocorrelation test:

Table 5. Durbin Watson's Autocorrelation

Model Summaryb

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.343a	0.118	-0.103	17508.930	1.859

a. Predictors: (Constant), Solvency, Profitability, Liquidity

b. Dependent Variable: Company Value

Source: Data processed in 2025 using SPSS 25

The results of the autocorrelation test with Durbin-Watson showed a value of 1.859, which is between the upper limit (du = 1.654) and the value of 4 minus du (4 - du = 2.346). Since these values are within this range, it can be

concluded that the regression model tested does not experience autocorrelation. Thus, the residual in the model does not show a specific pattern, so the classical regression assumption regarding the absence of autocorrelation has been fulfilled.

Multiple Linear Regression Analysis

Multiple linear regression analysis is the method used in this study model. The goal of this approach is to measure how each independent variable (X) affects the bound variable (Y). The multiple linear regression equations shown in the following table illustrate the extent to which the variables of profitability, liquidity, and solvency affect the value of a company

Table 6. Multiple Linear Regression Analysis

Coefficient

Type		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	0,716	0,678	
	Profitability	0,565	0,267	0,317
	Liquidity	0,929	0,317	0,463
	Solvency	0,113	0,174	0,104

a. Dependent Variable: Company Value

Source: Data processed in 2025 using SPSS 25

The results of the multiple linear regression equation as follows are obtained based on the results of data processing shown in Table 6 above:

Y = a + b1.x1 + b2.x2 + b3.x3

= 0.716 + 0.565 LONG + 0.929 CR + 0.113 DER

a) If the independent variables, namely Profitability (X_1), Liquidity (X_2), and Solvency (X_3), are considered constant or have a value of zero, then the value of the dependent variable in the form of Company Value is 0.716. This value refers to the regression constant in model (a).
b) With a regression coefficient for profitability (X1) of 0.565, any 1% increase in the financial profitability ratio will result in an increase in Company Value of 0.565, assuming the other profitability variable (X1) remains unchanged.
c) With a regression coefficient for liquidity (X2) of 0.929, any 1% increase in the liquidity financial ratio will have an impact on the Company Value of 0.929, assuming the other Liquidity variables (X2) remain unchanged.
d) A regression coefficient for Solvency (X3) of 0.113 indicates that any 1% increase in the Solvency financial ratio will have an impact on the Company's Value increase by 0.113, assuming the Solvency variable (X3) is zero.

Capital Feasibility Test

F Test (Simultaneous)

Table 7. Determination Coefficient Results

ANOVA

Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	72,230	3	24,077	4,750	0.008b
	Residual	162,198	32	5,069		
	Total	234,428	35			

a. Dependent Variable: Company Value

b. Predictors: (Constant), Solvency, Profitability, Liquidity

Source: Data processed in 2025 using SPSS 25

The F value of 4.750 with a significance level of 0.008 which is smaller than 0.05 according to the findings of the F test shown in Table 7 above, proves that the regression model is suitable for further analysis in this study.

Coefficient of Determination Test (R^2)

Table 8. Determination Coefficient Results

Model Summaryb

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.343a	0.118	-0.103	17508.930

a. Predictors: (Constant), Solvency, Profitability, Liquidity

b. Dependent Variable: Company Value

Source: Data processed in 2025 using SPSS 25

Based on the results of the determination coefficient shown in Table 8 above, the R Square value obtained is 0.343. This value indicates that independent variables, namely profitability (ROA), liquidity (CR), and solvency (DER), contribute 34.3% to the variability of the company's value. Meanwhile, the remaining 65.7% were influenced by other variables that were not included in the scope of this study.

T Test (Partial)

Table 9. T Test Results

Coefficient

Type		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0,716	0,678		1,056	0,299

	Profitability	0,565	0,267	0,317	2,117	0,042
	Liquidity	0,929	0,317	0,463	2,936	0,006
	Solvency	0,113	0,174	0,104	0,650	0,521

a. Dependent Variable: Company Value

Source: Data processed in 2025 using SPSS 25

Interpretation

a. The results of the t-test for the Profitability variable (X_1) showed that the calculated t-value of 2.117 exceeded the table t-value of 2.093, and had a significance level of 0.042, which was below the threshold of 0.05. Based on these findings, the first hypothesis (H1) is acceptable, which means that Profitability (X_1) exerts a significant influence on the Company's Value (Y).
b. For the Liquidity variable (X_2), the t-test results in a calculated t-value of 2.936, greater than the table's t-value of 2.093, and its significance value is 0.006, which is also below 0.05. Therefore, the second hypothesis (H2) is declared acceptable, showing that Liquidity (X_2) has a significant influence on the Company Value (Y).
c. Meanwhile, testing of the Solvency variable (X_3) yielded a calculated t-value of 0.650, which is lower than the t-table of 2.093, and a significance value of 0.521, which exceeds the limit of 0.05. Thus, the third hypothesis (H3) is rejected, which means that Solvency (X_3) has no significant effect on the Company's Value (Y).

The Effect of Profitability on Company Value

The significance value of the profitability variable to the company's value is 0.042, less than 0.050. This is based on the results of the hypothesis test using the t-test. This shows that profitability affects the value of the company significantly and positively. Therefore, the H1 hypothesis of this study is accepted. That is, in the investor's view, the company's capacity to earn a profit is proportional to its value. Through the measurement of high Return On Assets (ROA) on profitability will create an increase in the value of the company. In addition, high profitability also motivates managers to optimally manage shareholder wealth, which ultimately provides an increase in the company's value. In other words, profitability plays a role as one of the main factors in strengthening the value of the company. This indicates that a good company's value is influenced by a high share price, in accordance with the company's main goal, which is to increase value by maximizing profits for shareholders and owners. This finding is in line with the findings of previous research (Candra et al, 2022) which stated that profitability has a positive and significant effect on company value. Increasing the company's profitability can have an effect on better performance and provide an indication of the company's bright prospects in the future, so that the company's value also increases i (Chynthiawati & Jonnardi, 2022) .

The Effect of Liquidity on Company Value

The results of the hypothesis test using the t-test ensured that the liquidity variable had a significance of 0.006 on the company's value. This is shown how liquidity increases the value of the company. Therefore, the H2 hypothesis in this study is accepted. This means that the more liquid a company is, the higher its value. Good liquidity optimizes investor confidence in a company's financial stability and increases its value. The findings support the signal theory, which emphasizes the importance for companies to convey accurate financial disclosure information and have credibility for interested parties to convince them of a promising future. In addition, the results of this study also support the findings expressed by (Gilang et al, 2024), which reveal that in valuing stocks, investors consider the company's capacity to pay off its short-term financial obligations. The larger the cash a company has compared to short-term debt, the better the ratio between the company's current assets and current liabilities (Permana et al., 2024).

The Effect of Solvency on Company Value

Based on the results of the hypothesis test using the t-test, the significance value of the solvency variable in the company value was 0.521> 0.050. This proves that solvency does not have substantial impact on the value of the company, so this study rejects the H3 hypothesis. Changes in the debt-to-assets ratio have no direct effect on the company's value. In the technology sector, investors are more likely to prioritize earnings and liquidity growth over long-term debt burdens, especially amid uncertain market conditions. This is because solvency is related to capital structure and long-term financial risk, so the relationship between investor perception of the company's value is not always immediately apparent. This condition confirms that in innovation-based industries such as technology, profit performance and liquidity are the main factors that attract investors, while high solvency levels is not always the main benchmark in determining the company's valuation. This finding is in line with the research of Rina et al. (2024) which states that solvency (DER) does not have a substantial relationship with the company's value (Ramadhani et al., 2024).

CONCLUSIONS AND RECOMMENDATIONS

Referring to the results of studies that have focused on technology companies listed on the Indonesia Stock Exchange from 2021–2023, it can be concluded that both profitability and liquidity contribute substantially to the value of companies, according to the findings of a study focused on technology companies listed on the Indonesia Stock Exchange between 2021 and 2023. Optimal profitability reflects a business's capacity to earn revenue from its assets, which can attract more investors and increase the value of the company. Similarly, strong liquidity indicates that a business can pay off its short-term financial obligations, which increases investor confidence and increases the value of the company. During the study period, solvency was not shown to have a substantial impact on the valuation of technology sector companies, which suggests that investors do not evaluate debt levels especially when evaluating technology companies in

Indonesia. These findings are in line with some previous research, where profitability and liquidity tend to be the main factors that affect a company's value, while solvency is not always the main determinant, particularly in the technology sector. Therefore, technology companies should continue to maintain profitability and maintain liquidity in order to optimize company value and expand investor attraction. Although solvency was not shown to significantly affect the value of the company in this study, debt management still needs to be done wisely so as not to pose financial risks in the future. In addition, companies need to ensure regular disclosure of financial information as a form of positive signal to the market and stakeholders. Optimizing the two main aspects, namely profitability and liquidity, will be a strong foundation in increasing company value and maintaining competitiveness in the midst of the dynamics of the highly competitive technology industry.

FURTHER STUDY

This research has limitations in the scope of the industrial sector and a relatively narrow time period, which only focuses on technology sector companies over the past three years. Therefore, further research is recommended to expand the scope by adding other industry sectors or extending the observation time span to obtain more representative and generalist results. In addition, it will be more comprehensive if future research considers additional variables such as company size, ownership structure, and dividend policy as external factors that may also affect the company's value. The data panel approach method or non-linear regression model can also be used as an alternative to deepen understanding of the dynamics of relationships between more complex variables

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