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# THE ROLE OF CAPITAL STRUCTURE IN MODERATING LIQUIDITY, PROFITABILITY AND FIRM SIZE

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***Abstrak***

*Penelitian ini bertujuan mengetahui pengaruh dari likuiditas, profitabilitas, dan ukuran perusahaan terhadap nilai perusahaan dengan menggunakan struktur modal sebagai variabel moderasi. Dalam penelitian ini menggunakan metode kuantitatif dengan sampel penelitian adalah perusahaan manufaktur yang terdaftar di Bursa Efek Indonesia (BEI) dengan menggunakan 143 sampel perusahaan pada periode tahun 2021-2023. Metode penelitian yang digunakan adalah regresi panel data, analisis regresi berganda, dan analisis regresi moderasi. Penelitian ini membuktikan bahwa likuiditas dan ukuran perusahaan berpengaruh negatif, sebaliknya profitabilitas berpengaruh positif terhadap nilai perusahaan. Struktur modal tidak memoderasi hubungan likuiditas dan ukuran perusahaan terhadap nilai perusahaan. Namun, struktur modal dinyatakan mampu memperlemah hubungan profitabilitas terhadap nilai perusahaan.*
***Kata Kunci:*** *Likuiditas, Profitabilitas, Ukuran Perusahaan, Nilai Perusahaan, Struktur Modal*

**Abstract**

This study aims to determine the effect of liquidity, profitability, and company size on firm value by using capital structure as a moderating variable. This study uses a quantitative method with a research sample of manufacturing companies listed on the Indonesia Stock Exchange (IDX) using 143 company samples in the 2021-2023 period. The research methods used are panel data regression, multiple regression analysis, and moderation regression analysis. This study proves that liquidity and company size have a negative effect, while profitability has a positive effect on firm value. Capital structure does not moderate the relationship between liquidity and firm size on firm value. However, capital structure is stated to be able to weaken the relationship of profitability to firm value.
**Keyword:** Liquidity, Profitability, Firm Size, Firm Value, Capital Structure

## INTRODUCTION

Companies aim to generate maximum profits and increase their company value, as good company value indicates optimal resource management and positive investor assessment. Investors need to consider the company's condition and make informed decisions before investing, as they may end up with a company with high debt and inefficient resource use (Wijaya & Viriany, 2021). Investors as funders need various considerations before investing in a company and need to know the condition of the entity and make a selection of the shares to be purchased. As reported by CNBC, if you do not make a selection first, investors could get caught up in a company that turns out to be unable to use its resources properly and has a lot of debt (Andrianto, 2024). According to Sembiring & Trisnawati (2019), in creating an increase in company value, the method that can be done is through the capital market; then the company's value can be said to be high when the stock price is also high, indicating an increase in profit for investors.

According to Gz & Lisiantara (2022) company value is a measure of a company's ability to provide prosperity to shareholders, based on stock prices and public assumptions about its work results. Through this, investors can assess and measure how much the company's ability is to provide prosperity to its shareholders. Determining the value of a company can be influenced by several factors, such as company size, sales growth, profitability, liquidity, inflation, dividend policy, and capital structure Brigham & Houston (2018). With these variables, the company can consider these factors as a benchmark in determining the value of the company.

Research by Wijaya & Viriany (2021) reveals that profitability is a key factor influencing company value. Profitability measures the amount of profit a company can generate from each rupiah unit invested by investors. Company size, defined as the number of assets and total sales during a period, is another factor influencing company value (Arsyada et al., 2022; Fitri & Syamwil, 2020). Company size can be used as an indicator for companies in getting investors. Likewise for investors, company size can be used as a consideration factor before making an investment. Another factor that can influence determining company value is liquidity.

Liquidity can be an important aspect in determining the value of a company. According to Hery (2023), liquidity is defined as a measurement of a company's capability in fulfilling its short-term liabilities. With information related to liquidity, investors can see and analyze the company's ability to meet these liabilities. Of the several factors that have been mentioned, including profitability, company size, and liquidity, there are other factors that can be used as aspects in influencing the value of the company, namely capital structure. Capital structure can be used as a basis before investment by investors; this is because the capital structure provides a view of the amount of risk, return, and profit obtained by the company in the next period (Wijaya & Viriany, 2021). The capital structure also provides an overview of the company's funding sources between internal and external funding.

Previous research conducted by Arsyada et al. (2022) found that company size and profitability have a positive and significant effect on influencing company value; the resulting capital structure is able to significantly moderate the relationship between profitability and company value, while the relationship between company size and company value produced by capital structure is unable to moderate the relationship. However, research conducted by Izzah et al. (2023) states that company size does not affect company value, but profitability has a positive effect, and capital structure cannot be used as a moderator between profitability and company value. On the other hand, capital structure is successful in moderating between company size and company value. Research by Wijaya & Viriany (2021) concludes that profitability is considered capable of influencing company value and produces a positive and significant effect, but the resulting capital structure is not successful in moderating the relationship between profitability and company value. Research by Nurwulandari et al. (2021) explains that liquidity is able to have a positive and insignificant effect on company value, while according to Gz & Lisiantara (2022), liquidity has a negative and significant effect on company value. Research by Gautama et al. (2024) concluded that profitability and liquidity have a positive and significant effect on firm value, and capital structure results in influencing the relationship between liquidity and profitability on firm value. Research by Rizky & Kisman (2023) found that the relationship between profitability and liquidity on firm value can be moderated by capital structure. In contrast to research by Mubyarto (2020), which resulted in firm value being influenced by profitability, the relationship between the two cannot be moderated by capital structure.

The research results reveal inconsistencies in the conclusions of various studies, potentially leading to research gaps in the relationship between variables. These inconsistencies can be attributed to a lack of consideration of other variables, such as capital structure. This study aims to examine the role of capital structure as a moderating variable in determining a company's value for stakeholders, as it is crucial in determining the level of risk associated with a company's return on profits as desired by shareholders (Kurniasih, 2018).

This study examines the impact of liquidity, profitability, and company size on company value in manufacturing companies during the COVID-19 pandemic period of 2021-2023. Capital structure variables will be considered as a moderator. The focus is on manufacturing companies, as there are numerous reports from these companies on the IDX page and as many Indonesian companies are involved in the manufacturing sector. The Central Statistics Agency (BPS) reports that as of 2023, there are 32,193 medium- and large-scale manufacturing companies in Indonesia. The selected variables will be tested to determine their influence on company value. Financial reports will be used to collect information on profitability, company size, liquidity, and capital structure. Through this research, it is expected to provide benefits in the academic field, namely to increase insight related to the relationship between company value, profitability, liquidity, company size, and capital structure for teachers, lecturers, and students. For companies, it is expected that this research can be used to see each existing variable so that it becomes a consideration in making decisions that can impact the welfare of shareholders. In addition, this research is expected to be one of the considerations in making investment decisions. This research is also expected to provide an overview for the public about the company value of several manufacturing companies in Indonesia.

## LITERATURE REVIEW

Signal theory is a theory proposed by Spence in 1973. In this theory, it is explained that companies can send a clear signal to users of financial reports through the presentation of reliable financial information, thus explaining the company's future prospects and minimizing uncertainty (Saputri et al., 2024). The variables in this study, such as liquidity, profitability, company size, and capital structure, can be associated with signal theory. Large companies can easily obtain income from internal or external funds, but still require external funds for profit and management (Izzah et al., 2023). According to Yuswandani et al. (2023), if the company has maximum profitability, this is a good signal to attract investors to be able to invest. In addition, good liquidity can be concluded that the company can meet its short-term obligations (Saputri et al., 2024). Through these things, it can be a company's attraction for investors to invest in the company because of the clear information provided by the company regarding future prospects.

Through this research, it is expected to provide benefits in the academic field, namely to increase insight related to the relationship between company value, profitability, liquidity, company size, and capital structure for teachers, lecturers, and students. For companies, it is expected that this research can be used to see each existing variable so that it becomes a consideration in making decisions that can impact the welfare of shareholders. In addition, this research is expected company value is an investor's assumption of the company regarding the company's capabilities based on the company's stock price; when the company's value is high, the level of prosperity provided by the company to investors will also be high (Meivinia, 2018). Investors as funders certainly want prosperity from the company that is given funds so that the company's value can be used as the right benchmark for investors before investing. According to Abdillah & Ali (2024), companies can feel many benefits and advantages if they have a high company value, because later the company can easily get funding from investors. By getting funding easily, it can help the company to carry out the company's operational activities so that it can maximize the profits obtained. Company value can also be used as a form of measuring company performance. According to Vernando & Erawati (2020), company value is often associated with stock prices; when stock prices are high, it can be said that the company's value is also high. In this study, the company's value is calculated using the Price Book Value (PBV). The company's value can be seen using the calculation on PBV to be one of the considerations in making investment decisions. This research is also expected to provide an overview for the public about the company value of several manufacturing companies in Indonesia.

Liquidity is a ratio used to calculate the company's ability to pay short-term obligations of the company Abdillah & Ali (2024). The current ratio is a ratio that is proxied as a calculation of liquidity in this study. The magnitude of the current ratio can provide an indication for investors or prospective shareholders to understand the company's capabilities in meeting its obligations (Yuliyanti et al., 2022). Based on research by Gz & Lisiantara (2022), the liquidity generated can positively and significantly affect the company's value. When a company has a high liquidity value, it can be said that the company has a high ability to meet its current obligations, so that this situation is viewed positively by the market; then the market will respond by buying its shares, and finally the company's value increases. Another study by Adhyasta & Sudarsi (2023) supports the statement from the study by Gz & Lisiantara (2022) that liquidity is stated to have a positive effect on company value. Then, research by Gautama et al. (2024) also produced the same thing, namely a positive and significant effect on the relationship between liquidity and company value. With the conclusion of several previous studies, it is the basis for the hypothesis that liquidity has a positive effect on company value.

H1: Liquidity has a positive effect on company value.

In measuring the level of success of a company in generating profit, profitability ratio measurements can be used. Profitability is a measurement ratio that can be used to determine how much profit a company generates (Malik & Ismiyanti, 2024). According to Adnyani & Suaryana (2020), if the profit obtained by the company is large, the greater the investors can expect for the returns provided by the company. Thus, when investors decide to provide funds to the company, they expect a return that is commensurate with what they provide. To calculate profitability, this study will use Return on Equity (ROE) to analyze how much profit the company obtains from each investment by investors (Fitri & Syamwil, 2020).

In measuring the level of success of a company in generating profit, profitability ratio measurements can be used. Profitability is a measurement ratio that can be used to determine how much profit a company generates (Malik & Ismiyanti, 2024). According to Adnyani & Suaryana (2020), if the profit obtained by the company is large, the greater the investors can expect for the returns provided by the company. Thus, when investors decide to provide funds to the company, they expect a return that is commensurate with what they provide. To calculate profitability, this study will use Return on Equity (ROE) to analyze how much profit the company obtains from each investment by investors (Fitri & Syamwil, 2020). Profitability is a benchmark for measuring a company's ability to earn income now and in the future and is a determinant of the company's success (Sembiring & Trisnawati, 2019). When the company's profitability value is high, it can be used to determine that the company's value also increases because the company's performance is good at generating maximum profit so that it can attract investors. Research conducted by Nopianti & Suparno (2021) showed that profitability has a positive and significant effect on determining company value. Research by Arsyada et al. (2022) also concluded that profitability can positively influence company value. Research from Santoso & Junaeni (2022) stated that profitability has a positive and significant effect on company value. The existence of these statements can be the basis for the hypothesis that profitability positively influences company value.
H2: Profitability has a positive effect on company value.

Company size can be used as an indicator to assess the factors that influence the value of a company. Based on research by Setyani et al. (2022), company size means the size of the company determined through its total assets. Company size is not only used to determine the size of the company but can also indicate the company's management of its assets. Before making an investment, investors will also look at the size of the company first to see the feasibility of the company that will be given investment. This study will also see how big a role company size plays in influencing company value.

Company size can be used as an aspect that influences company value. Company size is stated to be able to be a point of performance assessment of a company; by having high total assets, it can state that the company's performance is also good and the company size is large and has a stable condition (Adnyani & Suaryana, 2020). Companies with large sizes state that the company has a good reputation in the public and is considered capable of managing its assets well, so that this can increase the value of the company. Research by Malik & Ismiyanti (2024) supports the statement that company size affects company value, with a positive influence between company size and company value. Research by Kusna & Setijani (2018) shows that company size has a positive influence on company value, although not significant. Furthermore, it is supported by research by Pangesti et al. (2020), which has the same conclusion that company value is positively influenced by company size. Through previous research, it became a reference in determining the hypothesis of this study, which resulted in the hypothesis that company size has a positive effect on company value.
H3: Company size has a positive effect on company value.

According to Yuswandani et al. (2023), capital structure is a long-term expenditure owned by a company that can be measured through the long-term debt ratio. In addition, according to Munthe (2018), capital structure can be defined as a portion of meeting expenses for company needs based on long-term funding from external and internal sources. The capital structure can be said to be good, but if the company tries to change its capital structure to be better, it can change the company's value to be better (Wicaksono & Mispiyanti, 2020). This makes the capital structure a consideration in viewing and increasing the company's value. The capital structure in this study is shown based on the calculation of the debt-to-equity ratio (DER).

Capital structure provides an indication of the difference between external funds in the long term and internal funds (Khoirunnisa et al., 2018). Previous research conducted by Gautama et al. (2024) examined the relationship between capital structure in moderating the relationship between liquidity and firm value, resulting in capital structure being able to moderate by strengthening and weakening the relationship. Supported by research by Diastanova & Marsoem (2023), which concluded that the relationship between liquidity and firm value can be strengthened by capital structure. The statement from this study also supports research by Indira et al. (2021), which states that liquidity on firm value can be strengthened by capital structure. Companies must manage their capital properly, because if it is not done properly, it will have an impact on aspects of the company, such as liquidity and firm value. If the company's liquidity shows a high figure and the company's capital structure is also large, then the market response will be good, because even though the capital structure is high, liquidity is also high. This shows that the company is able to meet its debts, so that the presence of a capital structure can strengthen the relationship between liquidity and firm value.

H4: Capital structure strengthens the relationship between liquidity and firm value.

It is important for companies to continue to improve performance and manage capital well in order to achieve maximum profit. because maximum profit can help the sustainability of the company and attract investors. With an increase in the level of profitability, it will be a good signal for external parties to be willing to become investors for the company (Wijaya & Viriany, 2021). Supported again by research by Gautama et al. (2024), which also states that capital structure also has a positive effect in moderating or being able to strengthen the relationship between profitability and firm value. Research by Rizky & Kisman (2023) provides the same conclusion, namely that capital structure strengthens the relationship between profitability and firm value. In line with research by Izzah et al. (2023), which produced the same result that the relationship between profitability and firm value can be strengthened by capital structure. If a company has a high capital structure, then external funding is greater, but the profitability figure is also high, then this can also provide a positive signal to investors. This is because even though the company has a lot of external funding, the company can use it optimally so that the company's profitability continues to increase; then the company's value will also increase.

H5: Capital structure strengthens the relationship between profitability and company value.

Large companies are seen as having the advantage of potentially attracting more investors than small companies (Kartika & Wiagustini, 2024). Determining company size can be based on several things, such as its total assets (Mipo, 2022). Based on signal theory, company management is interested in conveying information that the company views as private but can attract investors, especially if the information is good information. In this case, information that is considered good to disclose in order to state the size of the company includes total assets and the company's capital structure. Research by Izzah et al. (2023) states that there is a positive influence on capital structure as a moderator between company size and company value, which can strengthen the relationship between the two. Furthermore, research by Sitawati et al. (2023) obtained the results that capital structure can moderate company size and company value by strengthening the relationship between the two, and research by Mardevi et al. (2020) concluded that company value and company size can be strengthened by the presence of capital structure. Several of these studies can be used as a reference in determining hypotheses related to the relationship between the three variables of company size, company value, and capital structure. This is supported when the company's capital structure is optimal and the company size is also large; then investors tend to be interested in buying shares, thereby increasing the company's value.

H6: Capital structure strengthens the relationship between company size and company value.

## RESEARCH METHOD

This study uses companies engaged in the manufacturing sector as the population. The sampling technique is purposive sampling. The criteria for determining the sample are presented in the table below.

Table 1. Sample Determination Criteria

| | |
|---|---|
| 1. | Manufacturing companies listed on the Indonesia Stock Exchange for the period 2021-2023. |
| 2. | Manufacturing companies that present complete financial report data. |
| 3. | Manufacturing companies that use the Rupiah currency unit of measurement. |

### Measurement of Variables

### Company Value

This study uses the Price Book Value calculation in measuring the company's value. Here is the calculation formula *Price Book Value* (Nurwulandari et al., 2021):

*Price Book Value* (PBV) = $\frac{Market\ Price\ per\ Share}{Book\ Value\ per\ Share}$

### Liquidity

This study uses current value calculations to measure liquidity. Here is the formula *Current Ratio* (Bidaya et al., 2023):

*Current Ratio* (CR) = $\frac{Current\ Asset}{Current\ Liabilites}$

**Profitability**

This study uses Return on Equity (ROE) calculations in calculating profitability. Here is the calculation formula *Return on Equity* (Robiyanto et al., 2020):

*Return on Equity* (ROE) = $\frac{Laba\ Bersih}{Total\ Equity}$

**Company Size**

This study will take into account company size as one of its variables. According to Pradika & Dwiati (2021) company size can be formulated as follows:

Ukuran Perusahaan = $Ln\ (asset)$

**Capital Structure**

This study uses the Debt to Equity Ratio (DER) calculation in determining the company's capital structure. The following is the calculation formula (Puspitaningtyas et al., 2020):

*Debt to Equity Ratio* (DER) = $\frac{Total\ Debt}{Total\ Equity}$

**Research Design and Analysis Techniques**

In this study, the approach used is a quantitative approach. The data in this study were obtained from secondary data sourced from the company's financial reports published on the Indonesia Stock Exchange (IDX) page. The method of analysis of the data that has been collected is using statistical tests. The tool used to conduct the test is E-Views 10. The testing stages go through several tests, namely the classical assumption test, which consists of the normality test, heteroscedasticity test, autocorrelation test, and multicollinearity test. Furthermore, there is a hypothesis test that includes the $R^2$ coefficient test, partial test (t-test), simultaneous test (F-test), and moderated regression analysis. This study also uses panel data regression. The panel regression models compared in this study are the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The selection of the panel data regression model will be determined through the Chow test and Hausman test.

According to Mipo (2022), the classical assumption test is used to show and test the feasibility of the regression model in this study. The classical assumption test focuses on finding out that the data does not contain multicollinearity, heteroscedasticity, or autocorrelation and that the data is normally distributed. In this study, multiple linear regression analysis was used to process the data because this study used two variables, namely the independent variable and the dependent variable (Mipo, 2022).

Regression equation formula

$$Y = \alpha + \beta_1 Lik + \beta_2 Prof + \beta_3 Uk + \beta_4 (Lik.SM) + \beta_5 (Prof.SM) + \beta_6 (Uk.SM) + \varepsilon$$

Keterangan:

Y = Company Value
α = Constant
*Lik* = Likuidity
*Prof* = Profitability
*Uk* = Company Size
*SM* = Capital Structure
ε = *Error*

**RESULT AND DISCUSSION**

This study focuses on manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2021-2023. The selection of manufacturing companies as research objects is because on the IDX page there have been many publications of financial reports included in the manufacturing sector. In addition, another reason for selecting manufacturing companies is based on data from the Central Statistics Agency on the number of manufacturing companies in Indonesia. The selected sample is based on several criteria, such as including manufacturing companies listed on the IDX for the period 2021-2023, companies that present complete financial reports, and manufacturing companies that present financial reports in Rupiah currency.

Table 2. Sample Selection Criteria

| No. | Information | Total |
|---|---|---|
| 1. | Manufacturing companies listed on the Indonesia Stock Exchange for the period 2021-2023. | 201 |
| 2. | Manufacturing companies that present complete financial report data. | 176 |
| 3. | Manufacturing companies that present financial reports using the Rupiah currency unit of measurement. | 171 |
| 4. | Companies that present financial reports using currency units other than Rupiah | (30) |
| 5. | Outlier data | 3 |
| **Total** | | 143 |

Based on the table above, which states regarding the sample that the companies included in the sample criteria for this study were 143 companies during 2021-2023, resulting in a total sample in the data of 429. In this study, outlier reduction was carried out with the aim of removing data with extreme values.

**Descriptive Statistics**

Descriptive statistics in research are used to show the magnitude of the average value (mean), minimum value, maximum value, total (sum), range, standard deviation, kurtosis, and skewness of the data distribution (Ghozali, 2018). Through descriptive statistics, it can be easier to find out the picture of the sample data used in the research being conducted.

Table 3. Descriptive Statistics

| | NP | LIK | PROF | UK | SM |
|---|---|---|---|---|---|
| Mean | 2.014825 | 2.879907 | 0.082075 | 28.38166 | 0.989814 |
| Median | 1.010000 | 1.790000 | 0.070000 | 28.21000 | 0.620000 |
| Maximum | 44.86000 | 83.34000 | 2.170000 | 39.15000 | 34.55000 |
| Minimum | -4.110000 | 0.070000 | -1.480000 | 20.08000 | -15.80000 |
| Std. Dev. | 3.859406 | 5.280388 | 0.245922 | 2.048349 | 2.765160 |
| Observations | 429 | 429 | 429 | 429 | 429 |

Based on the results of the descriptive statistical tests that have been carried, which are shown in Table 3 above, in the table it is known that the number of observations is 429 data. The table shows the average value (mean) of the company's value represented by NP has an average value of 2.014825, and the value of its standard deviation is 3.859406. This shows that the distribution of data on the company's value variable is quite varied because its value is greater than its average value. The dependent variable of the company's value has the largest value of 44.86000 and the smallest value of -4.110000. The first independent variable is liquidity, represented by LIK has an average value (mean) of 2.879907, and the value of its standard deviation is 5.280388. This shows that the distribution of the data is considered quite varied because the standard deviation value is greater than the average value. Liquidity data has the largest value of 83.34000 and the smallest value at 0.070000. The second independent variable has the largest value of 2.170000 and the smallest value of -1.480000, which is profitability represented by PROF.

Profitability has an average value of 0.082075 and a standard deviation value of 0.245922. From these figures, it is concluded that the data is quite varied, as evidenced by its standard deviation being greater than the average. The third independent variable in this study is company size, represented by the UK having the largest value of 39.15000 and the smallest value of 20.08000. In addition, UK data is said to have a less varied data distribution because the mean value is greater than the standard deviation value; the standard deviation value is 2.048349, and the mean value has a value of 28.38166. Furthermore, the capital structure moderation variable is represented using SM; the average value shows the number 0.989814, and the standard deviation value is at 2.765160, which means that the data distribution is less varied. The capital structure variable has the largest value of 34.55000, and the smallest value is -15.80000.

**Panel Data Regression Test Results**

In this study, the Chow Test is used to determine the panel data regression model. The Chow Test is used to choose between the Common Effect Model and the Fixed Effect Model.

Table 4. Chow Test Results

| Effects Test | Statistic | d.f. | Prob. |
|---|---|---|---|
| Cross-section F | 30.660782 | (142,279) | 0.0000 |
| Cross-section Chi-square | 1205.366289 | 142 | 0.0000 |

In this study, the significance level is 5%, so in determining the model using the hypothesis, when the probability value is >0.05, then use the Common Effect Model, and when the probability value is <0.05, then use the Fixed Effect Model. Based on the results of the Chow test, it was shown that the chi-square cross-section showed a figure of 0.0000, which means that 0.0000 < 0.05, so the selected model is the fixed effect model. When the Chow test has been carried out and the fixed effect model has been selected, the Hausman test is then carried out to determine the best estimation model between the fixed effect model and the random effect model. In addition, in this study a significance of 5% was applied.

Table 5. Hausman Test Results

| Test Summary | Chi-Sq. Statistic | Chi-Sq. d.f. | Prob. |
|---|---|---|---|
| Cross-section random | 150.624716 | 7 | 0.0000 |

To select the best estimation model, the hypothesis is applied that when the probability value is >0.05, then the Hausman Effect Model will be used, and when the probability value is <0.05, then the Fixed Effect Model will be used. From the results of the Hausman test that has been carried out above, it is shown that the probability value of the random cross-section is 0.0000, because 0.0000 < 0.05, so that the selected estimation model is the Fixed Effect Model. For classical assumption testing, the author ensures that there are no problems with data normality, heteroscedasticity, multicollinearity, and autocorrelation.

**Multiple Linear Regression Analysis Results**

Table 6. Multiple Linear Regression Test Results

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 54.06690 | 13.39104 | 4.037542 | 0.0001 |
| LIK | -0.013811 | 0.005946 | -2.322782 | 0.0209 |
| PROF | 0.566269 | 0.263877 | 2.145956 | 0.0327 |
| UK | -1.839262 | 0.472837 | -3.889841 | 0.0001 |
| LIK_SM | -0.004464 | 0.004541 | -0.982991 | 0.3265 |
| PROF_SM | -0.352397 | 0.067227 | -5.241899 | 0.0000 |
| UK_SM | 0.036483 | 0.052979 | 0.688627 | 0.4916 |

Prob (F-statistic): 0.0000; Adj R-squared: 0.934605

Based on the tests that have been carried out, it shows that the F-statistic is 42.05252 with a probability value (F-statistic) of 0.000000. Thus, it is produced that 0.000000 < 0.05, which means that all independent variables, moderating variables, and interaction variables together have a significant effect on the dependent variable, namely the company's value. By looking at the test results, it can be seen that the adjusted $R^2$ value shows a figure of 0.934605, thus reflecting the magnitude of the dependent variable, namely the company's value, which can be explained by the independent variables, namely liquidity, profitability, and company size, which show a figure of 93.46, and the rest is 6.54, which means it is explained by variables that are not in the study.

Based on the tests that have been carried out, the probability value of the liquidity variable is 0.0209 < 0.05, and the coefficient is -0.013811, so it can be concluded that liquidity has a negative and significant effect on the company's value. The probability value of the profitability variable is 0.0327 < 0.05, and the coefficient is 0.566269. It can be concluded that profitability has a positive and significant effect on company value. The probability value of company size is 0.0001 < 0.05, and the coefficient is -1.839262, so it is concluded that company size has a negative and significant effect on company value. By looking at the test results, it can be concluded that the second hypothesis is accepted, while the first and third hypotheses are rejected because they do not meet the requirements.

**Moderation Regression Test**

To determine the effect of capital structure as a moderating variable in this study, a moderation regression can be conducted involving interaction variables between the independent variables and their moderating variables. The moderation regression test is stated to be influential through a comparison of probability values < 0.05, and the determination of the direction of the relationship is determined by the coefficient value.

Table 7. Results of Moderation Regression Test

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 54.06690 | 13.39104 | 4.037542 | 0.0001 |
| LIK_SM | -0.004464 | 0.004541 | -0.982991 | 0.3265 |
| PROF_SM | -0.352397 | 0.067227 | -5.241899 | 0.0000 |
| UK_SM | 0.036483 | 0.052979 | 0.688627 | 0.4916 |

Based on the test results, the probability value of Liquidity*Capital Structure has a value of 0.3265> 0.005 and a coefficient of -0.004464, which means that the capital structure cannot moderate the relationship between liquidity and firm value. Second, the probability value of Profitability*Capital Structure is 0.0000 < 0.05 and a coefficient of -0.352397, which means that the capital structure weakens the relationship between profitability and firm value. Third, the probability value of Company Size*Capital Structure is 0.4916> 0.05 and a coefficient of 0.036483; it is concluded that the capital structure cannot moderate the relationship between company size and firm value.

**The Effect of Liquidity on Company Value**

Through the results of the research that has been conducted, it is concluded that liquidity (X1) has a negative and significant effect on company value based on a probability value of 0.0209 < 0.05 and a coefficient of -0.013811. These results support research from Meivinia (2018), Yuliyanti et al. (2022), and Rizky & Kisman (2023), which states that liquidity has a negative effect on company value. With this conclusion, it means that the first hypothesis has been rejected. This shows that the amount of liquidity can give a negative signal to investors even though a high figure indicates that the company's ability to meet its current debts is good. However, a high liquidity figure shows that many companies maintain their assets, but for investors, large assets can indicate that the company is not good enough at utilizing its assets. This can cause the company's value to decrease due to a lack of investor trust in the company. Based on the test results, it was shown that liquidity has a fairly small standard deviation figure; in addition, the maximum and minimum values are quite far apart. This is thought to be the cause of liquidity having a negative effect on the company's value.

**The Effect of Profitability on Company Value**

The probability value of profitability is 0.0327 < 0.05, and the coefficient is 0.566269. It can be concluded that profitability has a positive and significant effect on company value. These results support the research of Wijaya & Viriany (2021), Yuswandani et al. (2023), Mipo (2022), and Mubyarto (2020), which states that profitability has a positive effect on company value. With this conclusion, it means that the second hypothesis has been accepted. Through the test results stating that profitability has a positive effect on company value, then if it is associated with signal theory, this can explain that when the company's profitability figure is high, it can be a good signal for investors because the company is considered to be able to maximize its performance and can generate high profits. Thus, high profitability has an effect on increasing company value.

**The Effect of Company Size on Company Value**

The probability value of company size is 0.0001 < 0.05, and the coefficient is -1.839262, so it is concluded that company size has a negative and significant effect on company value. These results support the research of Izzah et al. (2023) and Mipo (2022), which states that company size has a negative effect on company value. With this conclusion, it means that the third hypothesis has been rejected. This conclusion explains that company size is not always a good signal for investors. This is because investors do not necessarily use company size as a benchmark in seeing the value of the company. Company size Another thing that is thought to influence it is that the measurement indicator of company size is not enough to be measured using only its total assets.

**The Effect of Capital Structure as a Moderating Variable in Influencing the Relationship between Liquidity and Company Value**

The test results show that the probability value of Liquidity*Capital Structure has a value of 0.3265> 0.005 and a coefficient of -0.004464, which means that capital structure cannot moderate the relationship between liquidity and company value. These results support the research of Faisal et al. (2024), which shows that capital structure is unable to moderate the relationship between liquidity and company value. With this conclusion, it states that the fourth hypothesis has been rejected. This states that the effect of liquidity on company value does not depend on the size of the capital structure, so that capital structure is unable to change the direction of the relationship between the two. If the company's liquidity is high, but if the use of the capital structure is not effective and efficient, then this will not affect the relationship between liquidity and company value. This statement shows that investors do not consider the company's funding sources, so that capital structure is not considered too much.

**The Effect of Capital Structure as a Moderating Variable in Influencing the Relationship between Profitability and Firm Value**

Second, the probability value of Profitability*Capital Structure is 0.0000 < 0.05, and the coefficient is -0.352397, so it is stated that the capital structure weakens the relationship between profitability and firm value. This result is in line with Mubyarto (2020), which also provides the same statement, so the fifth hypothesis is rejected. The large value of a company's profitability can be a plus for the company in increasing the value of the company, but the large value of profitability alone is not enough; the capital structure is also a consideration. When the profitability value is high, but if the company also has a high capital structure, it can give a negative signal to investors. This can lead to the formation of investor assumptions that the profits generated are actually used to meet the company's debt, so that the capital structure can weaken the relationship between profitability and firm value.

**The Effect of Capital Structure as a Moderating Variable in Influencing the Relationship between Profitability and Firm Value**

Second, the probability value of Profitability*Capital Structure is 0.0000 < 0.05, and the coefficient is -0.352397, so it is stated that the capital structure weakens the relationship between profitability and firm value. This result is in line with Mubyarto (2020), which also provides the same statement, so the fifth hypothesis is rejected. The large value of a company's profitability can be a plus for the company in increasing the value of the company, but the large value of profitability alone is not enough; the capital structure is also a consideration. When the profitability value is high, but if the company also has a high capital structure, it can give a negative signal to investors. This can lead to the formation of investor assumptions that the profits generated are actually used to meet the company's debt, so that the capital structure can weaken the relationship between profitability and firm value.

## CONCLUSION

The study found that liquidity and company size variables negatively impact company value, while profitability had a positive effect on the company's value from 2021-2023, despite the negative impact of these variables on the sample company. In addition, there is also a moderating variable in this study, namely the capital structure variable. Capital structure in the relationship between liquidity and company size to company value is stated to be unable to moderate the relationship between the two to company value. However, the results are quite different in the role of capital structure in the relationship between profitability and company value, because in the test it was stated that capital structure can moderate the relationship between the two but has a negative direction.

This study was conducted with a focus on manufacturing companies listed on the Indonesia Stock Exchange (IDX), which does not cover all company industries on the IDX. In addition, the time span in the study using the years 2021-2023 is estimated to be less appropriate because there are factors that are not considered, namely Covid-19, which is suspected of influencing the results of the study. The variable measurement indicators are also limited to one measurement only. In this study, the variables used are only a few of the many factors that can affect company value.

Given the limitations that have been listed previously, there are several suggestions from researchers that can be used as considerations for further researchers. Some suggestions that can be considered are that further researchers can consider other indicators in measuring the variables used. Consider additional variables that are not yet in this study or replace the combination of variables used in this study. Further researchers can also change the time span used in this study, taking into account the limitations of this study related to the years affected by Covid-19, so that they can use a more ideal year for comparison. Further researchers can also change the indicators for measuring their variables.

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