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Profitability As a Moderator: Assessing The Influence of Capital Structure, Investment Decision, and Firm Size on Firm Value

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ABSTRACT
The purpose of this study is to determine whether capital structure, investment decisions, and firm size have an impact on firm value by examining profitability as a moderating factor. A quantitative methodology is used in this study. The population used in this study are companies listed on the Indonesia Stock Exchange through the website www.idx.co.id Jakarta Islamic Index 70 company in the 2019-2022 period. This study uses panel data regression model analysis. Within this research, STATA 17 version was used, also Breusch and Pagan Lagrangian is used to test the ordinary least square model versus random effect model regression. Meanwhile, Chow test is used to test ordinary least square model regression versus fixed effect model and Hausman test is used to find the most suitable panel data regression model between fixed effect model and random effect model. The results of this study indicate that capital structure affects firm value, investment decisions and firm size have no effect on firm value, profitability is able to moderate the effect of capital structure and investment decisions on firm value, while profitability is unable to moderate firm size on firm value.

Keywords:
Capital Structure, Firm Size, Firm Value, Investment Decisions, Profitability.

INTRODUCTION

The growing competition in the business world today, resulting in company managers must have a strategy so that the company can run better and can maintain the success of the company. A successful firm is one that can meet its corporate objectives. A company's purpose to make shareholders prosperous by maximizing company value. Therefore, the higher the company value shows that more investors are eager to put money into the business (Buhaenah & Pradana, 2022). Firm value is the investor's view of a company's success rate in managing its resources, as evidenced by its stock price. A high stock price raises the company's value and boosts market confidence in its performance now and in the future. (Bahriah et al., 2022)then to the independent variable X2 is profitabilitas with indicator of the return on investment (ROI.

Among those nations with a sizable Muslim populace is Indonesia. This makes many Indonesians want to apply Islamic sharia principles in Indonesia. Therefore, there are many Islamic capital markets in Indonesia (Rasyid et al., 2022)such as disclosure and management of the capital structure. Disclosure is made to provide information to the public about the company, one of which is the disclosure of Corporate Social Responsibility (CSR. The Jakarta Islamic Index 70 is a group of Indonesia's Islamic stock indices that estimates the average share price index for stocks that meet Islamic standards. or principles. With the existence of the Jakarta Islamic Index 70, it is hoped that it can become a benchmark for investors in choosing sharia-based stocks and to develop the Islamic capital market. JII 70 is an alternative for Indonesian investors who are generally Muslim people who want to invest their funds in sharia without fear of being mixed with ribawi funds. In addition, the benefits obtained by investors from investment returns are based on the principle of profit sharing (Hamzah Muchtar et al., 2021). The development of the Jakarta Islamic Index 70 at the end of June 2021, closed at 193.59 or decreased by 12.09% compared to the end of 2020. The capitalization of the JII70 as of the end of June 2021 closed at the level of IDR2,295.59 trillion or experienced a decrease of 9.17% compared to the end of 2020. When compared to March 24, 2020, the JII70 index has experienced an increase of 46.97% and an increase in market capitalization value of 45.23% (OJK, 2021). The development of investor interest in investing in Islamic stocks is certainly due to investors increasingly believing in Islamic stocks from companies that have good corporate value (S. Sari et al., 2023). Therefore, the higher the company value, the more investors are interested in investing in the company (Buhaenah & Pradana, 2022). Firm value is the investor's perception of the company's success rate in managing the company's resources which can be seen from its stock price. A high stock price makes the company value also high, and increases market confidence in the company's performance not only now but also in the future (Bahriah et al., 2022)then to the independent variable X2 is profitabilitas with indicator of the return on investment (ROI.

There are several factors that affect firm value, such as capital structure, investment decision, and firm size. An optimal capital structure is something that can increase the market value of the company's outstanding s hares. Optimal capital structure means that it has an influence on firm value where the capital structure can change in order to obtain optimal firm value (Telaumbanua et al., 2021).

Capital structure is one of the most important considerations for investors in making investments, it is related to investment risk and income that will be received by investors (Bahriah et al., 2022). According to (Telaumbanua et al., 2021), (Bahriah et al., 2022), (Rohaeni et al., 2020), (Syamsudin et al., 2020), (Rasyid et al., 2022) capital structure has a positive and significant effect on firm value. In contrast to research (Ramadhani et al., 2021), (Afifah & Prajawati, 2022), (Buhaenah & Pradana, 2022) capital structure has a negative effect on firm value. Whereas research by (Permadani et al., 2021) capital structure does not affect firm value.

The second factor that is considered to affect firm value is investment decisions. The right investment decision will produce optimal performance. The more companies make the right investment, the more optimal the company's performance will be. Choosing a profitable investment is not easy and requires several considerations because investment decisions that only focus on financial information alone do not guarantee that the investment decisions made are correct. Investment is a commitment to a number of funds or other resources made at this time with the aim of obtaining a number of benefits in the future (Yulli, 2019).

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According to (Mulyani & Oktaviani, 2022), (Silaturahmi & Novitasari, 2022), (Larasati & Arrozi, 2022), (Syamsudin et al., 2020), (Yulli, 2019) firm value is significantly and favorably impacted by investment decisions. Meanwhile, studies indicate. (V. A. O. Sari & Yudiantoro, 2023), (Panjaitan et al., 2023) investment decisions have a detrimental impact on firm value. For the research of (Rahmawati & Wijaya, 2022), (Rindi Hariyanur et al., 2022) investment decisions doesn't have effect on firm value.

The firm's size, as determined by its total assets, can be employed for operational purposes. Large total assets make it easier for companies to solve funding problems for company needs. From the management perspective, the simplicity with which it controls the company will raise the company's worth. (Rohaeni et al., 2020).

According to (Firda & Efriadi, 2020), (Rohaeni et al., 2020), (Hidayat & Khotimah, 2022), (Dina & Wahyuningtyas, 2022) firm size has a positive and significant effect on firm value. Furthermore, according to (Bahriah et al., 2022)then to the independent variable X2 is profitabilitas with indicator of the return on investment (ROI firm size has a negative effect on firm value. Whereas according to (Rasyid et al., 2022)such as disclosure and management of the capital structure. Disclosure is made to provide information to the public about the company, one of which is the disclosure of Corporate Social Responsibility (CSR, (Khotimah et al., 2020) firm size has no effect on firm value.

Profitability in this study is a moderating variable where the variable is thought to be able to strengthen or weaken a variable that affects the dependent variable. Profitability is one of the factors that also affects the value of the company. ROA measures the company's ability to generate profits using the total assets the company has after adjusting for the costs of funding these assets. Because generally an investor sees how a company's ability to generate profits to make it more convincing to invest in the company. Profitability is projected using ROA (Return on Asset) which is a measure of the effectiveness of management in managing its investment (V. A. O. Sari & Yudiantoro, 2023).

The addition of the firm size variable to the research object—the Jakarta Islamic Index 70—and the research period (2019–2022) make this study novel.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Trade Off Theory

The smooth operation of a business is closely related to capital, the determination of capital in a business can be seen from the proportion of capital. Capital structure refers to the financing received by the company both internally and externally to fund the company's operational activities (Yadnya Dewi & Astika, 2019). The trade off theory can be related to the capital structure because the company will go into debt up to a certain level of debt where there is savings in taxes with additional debt equal to the cost of financial difficulties. Trade off theory has considered in determining the optimal capital structure by incorporating the optimal capital structure into several factors including taxes, agency costs and the cost of financial difficulties but also still in the issue of maintaining assumptions and symmetric information as rewards and benefits in the use of debt (Siswanti & Ngumar, 2019). Study research by (Telaumbanua et al., 2021), (Bahriah et al., 2022), (Syamsudin et al., 2020), (Rasyid et al., 2022), (Silvia & Toni, 2020) shows that capital structure has a beneficial impact on business value. Based on this description, the hypothesis offered for this study is as follows:

H1: Capital structure has a positive effect on firm value.

Signalling Theory

Signaling theory challenges the notion that insiders have superior knowledge of the company to outsiders. Managers are unaware of future stock market prices and interest rates, but they are aware of the company's possibilities. If management alone comprehend the company's prospects while investors and analysts do not, this circumstance has led to information asymmetry. (Syamsudin et al., 2020).

Signal theory states the way a company signals to consumers in analyzing financial statements. Signal theory explains how high-quality organizations can purposefully send signals to investors, allowing them to differentiate between high-quality and low-quality enterprises. (Arianti, 2022). Investors will also analyze financial statements, see how sales growth from year to year and will provide signals to investors, knowing

that investors will assess whether the company has good prospects in the future. If investors have put their trust in the company, in the same way, the company's worth will rise. Signal theory highlights the significance of information issued by the company to parties outside the company. Information is an important element for investors and business people, because information presents information, records and descriptions both used for past, current and future circumstances. Making informed investment decisions requires the use of analytical tools that provide complete, pertinent, accurate, and timely information that will increase company value. Research conducted by (Mulyani & Oktaviani, 2022), (Silaturahmi & Novitasari, 2022), (Larasati & Arrozi, 2022), (Syamsudin et al., 2020) shows that investment decisions has a positive effect on firm value. The study's hypothesis is as follows, based on the description provided

H2 : Investment decisions has a positive effect on firm value.

An organization's total asset value is a reflection of its size, and this is known as company size. More investors are likely to take an interest in a company that is larger in scale. This is because large companies will tend to have more stable conditions. This stability condition is to attract investors to own the company's shares and this condition is the cause of the increase in the company's share price in the capital market. An increase in demand for company shares can refer to an increase in stock prices in the capital market, which indicates that the company is considered to have greater value (Siswanti & Ngumar, 2019). According to (Firda & Efriadi, 2020), (Rohaeni et al., 2020), (Hidayat & Khotimah, 2022) firm size has a positive effect on firm value. Based on this description, the hypothesis proposed in this study is as follows:

H3: Firm size has a positive effect on firm value.

Profitability can be used to describe management performance based on corporate profits. The larger the company's profit, the more confident investors will be. Higher investor confidence will boost the share price and firm value. High profitability demonstrates the company's potential to generate significant returns for its shareholders. The higher the profit, the larger the company's ability to pay dividends. Furthermore, it has an effect on raising business value. The company's strong profitability ratio will serve as a signal to investors to invest in it. (Syamsudin et al., 2020). The results of preview research by (Syamsudin et al., 2020), (Buhaenah & Pradana, 2022), (Permadani et al., 2021), (Ramadhani et al., 2021) indicate that profitability can moderate capital structure on firm value. Based on this description, the hypothesis proposed in this study is as follows:

H4: Profitability is able to moderate the effect of capital structure on firm value

Profitability is linked with managerial performance in company management, as well as a representation of the institutional party's ability to exercise managerial control over the firm management process. Profitability growth has a direct impact on the company's internal funding sources. Sufficient internal financing sources eliminate superfluous debt while also providing as a company's reserve fund for investment. Indeed, good profitability will have an impact on the company's dividend policy because it will result in a higher distribution to the company's owners or shareholders. The interactions resulting from the aforementioned relationships will surely affect company value, hence profitability is likely to increase the effect of investment decisions on firm value. (Syamsudin et al., 2020). The results by (Silaturahmi & Novitasari, 2022), (Rahmawati & Wijaya, 2022), (Mulyani & Oktaviani, 2022) shows that profitability can moderate investment decisions on firm value. Based on this description, the hypothesis proposed in this study is as follows:

H5: Profitability is able to moderate the effect of investment decisions on firm value.

Firm value can occur influenced by company size (size). Company size states that "company size can be interpreted as the average total net sales for the relevant year, rounded to multiple years. Companies that have a large company size will be easily recognized by the public, and are considered to have better finances than companies that have a small company size, this results in the public will believe in the products and services marketed by companies that have a large company size, with this it will be able to increase company sales so that company profitability increases, and shareholder welfare which is a measure of company value will increase (Khotimah et al., 2020). Research conducted by (Firda & Efriadi, 2020), (Deme et al.,

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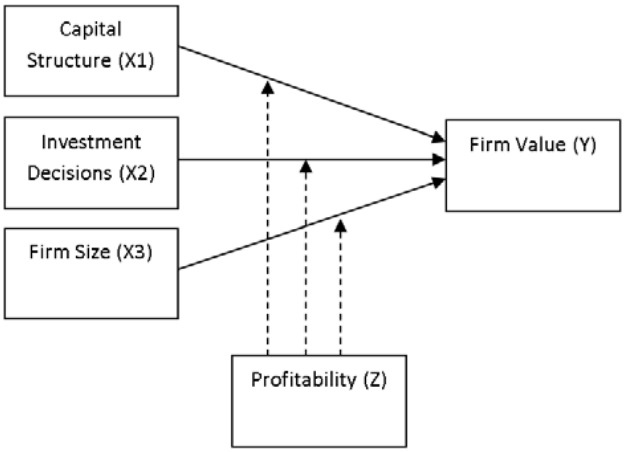
2022) shows that profitability can moderate firm size on firm value. Based on this description, the hypothesis proposed in this study is as follows:

H6: Profitability is able to moderate the effect of firm size on firm value.

The following figure shows the research framework:



RESEARCH METHODS

Research Variable

The debt-to-equity ratio (DER) serves as the study's independent variable. This measurement refers to Syamsudin's (2020) research with the following formula:

$$DER = \frac{Total\ Debt}{Total\ Equity}$$

Investment Decisions

The second independent variable in this study is investment decisions as measured by the price earnings ratio (PER). This measurement refers to Syamsudin's (2020) research with the following formula:

$$PER = \frac{Market\ Value\ per\ Share}{EPS}$$

Firm Size

Another independent variable is firm size that measured by the natural logarithm of total asset (Ln Total Asset). This measurement refers to Bahriah et al., (2022) research with the following formula:

$$Ln = Ln\ Total\ Asset$$

Firm Value

The dependent variable in this study is firm value as proxied by price book value (PBV). This measurement refers to Ramadhani et al., (2021) research with the following formula:

$$PBV = \frac{Market\ price\ per\ share}{Book\ value\ per\ share}$$

Profitability

This study's moderating variable is profitability, as assessed by return on assets (ROA). This measurement refers to Dina and Wahyuningtyas (2022) research with the following formula:

Data Analysis Techniques

This study employs a quantitative technique, namely examining research data derived from research data based on yearly financial reports from the Indonesia Stock Exchange. This study employs three independent variables, a dependent variable, and a moderating variable. The intent of this study is to examine the effect of independent variables (capital structure, investment decisions, and company size) on the dependent variable (firm value), as well as the moderating factors (profitability), in companies indexed by the Jakarta Islamic Index 70 between 2019 and 2022.

The population used in this study are companies listed on the Indonesia Stock Exchange through the website www.idx.co.id Jakarta Islamic Index 70 company in the 2019-2022 period. This study uses panel data regression model analysis. According to Gujarati and Porter (2009), research using panel data must be tested with a panel data regression model. Panel data analysis consists of ordinary least square regression model, fixed effect model and random effect model. Within this research, STATA 17 version was used, also Breusch and Pagan Lagrangian is used to test the ordinary least square model versus random effect model regression. Meanwhile, Chow test is used to test

ordinary least square model regression versus fixed effect model and Hausman test is used to find the most suitable panel data regression model between fixed effect model and random effect model.

In this study, the equation model is used to test the effect of capital structure, investment decision and firm size on firm value with profitability as a moderating variable. The regression equation in this study is as follows:

Model 1. The influence of capital structure, investment decisions and firm size on firm value.

$$PBV = \alpha + \beta_1 DER + \beta_2 PER + \beta_3 Ln(TA) + \varepsilon_t \quad (1)$$

Model 2. The Moderating Role of Profitability in Strengthen the Effect of capital structure, investment decisions and firm size.

$$PBV = \alpha + \beta_1 DER + \beta_2 PER + \beta_3 LN(TA) + \beta_4 ROA + \beta_5 DER * ROA + \beta_6 PER * ROA + \beta_7 Ln(TA) * ROA + \varepsilon_t$$

Where:
PBV = *Price to Book Value*
DER = Debt to Equity Ratio
PER = Price Earning Ratio
LN(TA) = Logaritma Natural (Total Assets)
ROA = Return On Assets
ε = Errors

The following figure shows the research framework:

RESULTS AND DISCUSSION

Descriptive Statistic

Descriptive statistics are used to obtain an overview of the distribution or description of data which can be seen from the average value (Mean), standard deviation, maximum and minimum (Ghozali, 2016). With an average value of 3.769476 and a deviation value of 8.004992, the PBV variable has a minimum value of 0.1730033 and a maximum value of 60.67179. The DER variable has an average value of 1.137713 and a standard deviation of 1.379771. Its minimum value is 0.1262169, and its maximum value is 9.873995. The PER variable has an average value of 29.85756, a deviation value of 68.17305, a maximum value of 577.2612, and a minimum value of -94.60262. The LN (TA) variable has an average value of 31.02963 with a deviation value of 1.006478, and a minimum value of 28.89427 and maximum value of 33.35372. The ROA variable has an average value of 0.0876516, a standard deviation value of 0.0837985, a maximum value of 0.4542669, and a minimum value of -0.1381818. Overall descriptive statistics of each variable can be seen in the table below :

Table 1 : Descriptive Statistic

Variable	Min	Max	Mean	Std. Dev
PBV	0.1730033	60.67179	3.769476	8.004992
DER	0.1262169	9.873995	1.137713	1.379771
PER	-94.60262	577.2612	29.85756	68.17305
LN (TA)	28.8943	33.35372	31.02963	1.006478
ROA	-0.1382	0.4542669	0.0876516	0.0837985

Premilinary Test (*Breusch and Pagan Lagrangian Multiplier Test, Chow* and *Hausman Test*)

The Breusch and Pagan Lagrangian tests are used to compare the ordinary least squares regression model to the random effect regression model. While the Chow test is used to evaluate the ordinary least square model against the fixed effect model, and the Hausman test is used to discover the most suited panel data regression model between the fixed effect model and the random effect model.

Table 2 : Breusch and Pagan Lagrangian Multiplier Test Results

	Model 1	Model 2
Chibar2 (01)	116.84	99.59
Prob > chibar2	0.0000	0.0000

First, the Breusch and Pagan Lagrangian Multiplier Test was used to compare the regular least square regression and random effect regression models. The following speculation are hypothetical:

Hypothesis zero : Ordinary least square is preferable (p>0.05)
Hypothesis : The random effect model is preferable (p<0.05)

Based on the data, the Breusch and Pagan Lagrangian test values in model 1 are 116.84 with a probability value of 0.0000, whereas in model 2 they are 99.59 with a probability value of 0.0000. This finding is significant (p < 0.05). As a result, at a significance level of 5%, the null hypothesis is rejected. The results showed that the standard

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least squares model was unable to quantify the impact of three key independent variables: capital structure, investment decisions, and business size, with profitability serving as a moderator. These findings indicate that a random effect model is recommended.

Table 3: Chow Test Results

	Model 1	Model 2
F	28.74	34.18
Prob > F	0.0000	0.0000

Secondly, the likelihood test (Table 3) is used to compare the fixed effect with regression in ordinary least squares models. Hypothesis beliefs are as follows:

The null hypothesis : *ordinary least square* is preferable (p>0.05)
Hypothesis : Fixed *effect* model is preferable (p <0.05)

Table 3 shows that the chow test value in chi-square statistics in model 1 is 28.74 with a probability value of 0.0000, while in model 2 it is 34.18 with a probability value of 0.0000 (p < 0.05). At a significance level of 5%, the null hypothesis is thus rejected. The findings showed that the traditional least squares model was insufficient for measuring the influence of significant independent variables such as capital structure, investment decisions, and business size, with profitability acting as a moderating variable. Based on these data, we may conclude that the fixed effect model is better suited for measuring the corresponding models 1 and 2.

Table 4 : Hausman Test Results

	Model 1	Model 2
Chibar2 (3)	25.05	92.0
Prob > chibar2	0.0000	0.0000

In order to determine whether the fixed effect and random effect models were selected successfully, the Hausman test is run the third time. Here are the fundamental presumptions of the hypothesis:

Hypothesis zero : The random effect model is preferable (p > 0.05).
Alternative hypothesis : Fixed effect model is preferable (p<0.05).

Based table 4 shows that the hausman test value of model 1 is 25.05 with a probability value of 0.0000 and in model 2 it is 92.02 with a probability value of 0.0000. This result shows the significance of hausman (p < 0.05). Therefore hypothesis 0 is rejected at the 5% significance level. The hausman test results determine that the fixed effect model is more suitable for use in this study.

Based on the three tests above, this research will use the fixed effect model in models 1 and 2 to test the relationship between capital structure variables, investment decisions and firm size with profitability as a moderating variable.

Diagnostic Tests of Heteroscedasticity and Autocorrelation

The heteroscedasticity or serial correlation problems can be addressed by selecting STATA commands after testing for heteroscedasticity and serial correlation. Hoechle (2007) and Torres-Reyna (2007) state that White's standard error can be used to increase the model's robustness to heteroscedasticity in the event that heteroscedasticity occurs in a fixed or random effect model. Heteroscedasticity and serial correlation in fixed effect models can be resolved by employing Discroll Kraay standard errors, which strengthen the model's resistance against these perturbations This study's findings use the fixed effect model to examine the diagnostics of heteroscedasticity and serial correlation. The Prob> Chi2 score of 0.0000 for models 1 and 2 indicates that the model exhibits heteroscedasticity symptoms. The Serial Correlation test findings in model 1 have a Prob> F value of 0.0000, indicating that the model displays symptoms of serial correlation, but model 2 has a Prob> F value of 0.9255, indicating that no serial correlation exists.

	Model 1	Model 2
Full Sample		
Heteroscedasticity		
Chi2	1.2e+0.6	5.8e+05
Prob > Chi2	0.0000	0.0000
Serial Corelation		
F	25.266	0.009
Prob > F	0.0000	0.9255

Hypothesis Test Results

Independent Variabel	Dependen Variabel PBV			
	Coeff.	Std. Err.	t	P>|t|
DER	0.8597158	0.3739139	2.30	0.105
PER	0.0023173	0.0018206	1.27	0.293
LN (TA)	-1.195699	0.346603	-3.45	0.041
ROA	14.91727	0.9597562	15.54	0.001
cons	38.51676	10.84944	3.55	0.038
R-square within	0.1414			
F		87.28		
Prob>F		0.0020*		
No. observation		156		
*signifikansi 5%				

Independent Variabel	Dependen Variabel PBV			
	Coeff.	Robust Std. Err.	t	P>|t|
DER	0.8177363	0.1461367	5.60	0.000
PER	-0.0005529	0.0005189	-1.07	0.293
LN (TA)	0.7718966	0.4825051	1.60	0.118
ROA	-76.95318	64.56697	-1.19	0.241
DER_ROA	4.001555	0.4790197	8.35	0.000
PER_ROA	2.661939	0.4745959	5.61	0.000
LN (TA)_ ROA	2.283844	2.029109	1.13	0.267
cons	-25.43617	15.29489	-1.66	0.105
R-square within	0.8943			
F		508.08		
Prob>F		0.0000*		
No. observation		156		
*signifikansi 5%				

DISCUSSIONS

The Influence of Capital Structure on Firm Value

The first hypothesis to be tested is whether capital structure affects firm value in JII70. Table 6 displays the results of the research hypothesis testing. With a coefficient value of 0.8177363, Hypothesis 1 testing shows a positive relationship between capital structure and firm value. This demonstrates that profitable organizations tend to incur more debt. The more successful a company is, the more likely it will incur debt. The corporation can utilize the extra interest to pay lower taxes on increasing corporate profits. Additional debt only modestly raises the chance of bankruptcy for a corporation that is financially solid. In other words, a sensible firm will expand debt if it may boost the company's earnings. (Syamsudin et al., 2020).

The trade-off principle can be applied to the capital structure since the company will incur debt up to a certain level where tax savings outweigh the cost of financial issues. Trade-off theory has been considered in determining the optimal capital structure by incorporating the optimal capital structure into several factors including taxes, agency costs, and the cost of financial difficulties, but there is still the issue of maintaining assumptions and symmetric information as rewards and benefits in the use of debt. (Siswanti & Ngumar, 2019). This research is in line with research (Telaumbanua et al., 2021), (Bahriah et al., 2022), (Syamsudin et al., 2020), (Rasyid et al., 2022), (Silvia & Toni, 2020) shows that the capital structure has a positive effect on firm value.

The Influence of Investment Decisions on Firm Value

The second hypothesis to be tested is whether investment decisions affect firm value in JII70. Table 6 displays the results of testing the research hypothesis. With a coefficient value of -0.0005529, Hypothesis 2 testing shows that there is no relationship between investment decisions and firm value, especially companies with the JII70 index that go public on the Indonesia Stock Exchange. The deviating research results obtained show that the composition of the company's asset growth according to stakeholders, particularly investors owned by the company, does not jeopardize the company's condition, so it is assumed that it will have no effect on changes in the company's value, particularly as measured by the price earning ratio. This condition suggests that rising investment decisions made by shareholders or investors outside of the company do not always have an impact on its value. Given the existence of a number of external risk variables, such as exchange rate variations, inflation, and interest rate fluctuations. Each of these variables cannot be handled, and the magnitude of the change in value is uncertain, yet they make a significant influence. (Jesilia & Purwaningsih, 2020). The research conducted is in

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line with research by (Jesilia & Purwaningsih, 2020), (Rahmawati & Wijaya, 2022), (Tanggo & Taqwa, 2020) which states that investment decisions have no effect on firm value.

The Influence of Firm Size on Firm Value

The third hypothesis to be tested is whether investment decisions affect firm value in JII70. Table 6 displays the results of testing the research hypothesis. With a coefficient value of 0.7718966, hypothesis 3 testing shows no influence between firm size on firm value.The number of assets owned by the company has no bearing on the issue of funding needs used in the company's operating activities, according to the conclusion that, for companies listed in the JII70 index 2019–2022, the size of the company (size) has no significant effect on the value of the company (PBV). (Rohaeni et al., 2020). Large company size does not necessarily guarantee high company value, because large companies may not necessarily dare to make new investments related to expansion, before the obligations (debt) have been paid off, on the other hand, in investing capital investors do not only look at the size of the company but investors still consider many other factors that become investors' considerations in channeling their funds. Such as growth and increase in company profits (Khotimah et al., 2020). This study supports the findings of (Khotimah et al., 2020), (Rohaeni et al., 2020) study, that firm size has no significant effect on the value of the company.

Profitability is able to moderate capital structure on firm value

The fourth hypothesis to be tested is whether Profitability is able to moderate capital structure on firm value in JII70. Table 6 displays the results of the research hypothesis testing. With a coefficient value of 4.001555, Hypothesis 4 testing shows that Profitability is able to moderate capital structure on firm value. With the increase in debt, the company obtains funds to develop business operations so as to increase company profits. If the use of debt provides benefits that are greater than the sacrifices incurred by the company, such as the benefits of tax deductions greater than the interest expense incurred by debt, the use of debt can increase the company's net profit (Buhaenah & Pradana, 2022). The higher the DER value, the lower the risk borne by the company in paying debt so that it will increase investor confidence (Permadani et al., 2021). This study supports the findings of (Buhaenah & Pradana, 2022), (Permadani et al., 2021), (Ramadhani et al., 2021), (Syamsudin et al., 2020) that Profitability is able to moderate capital structure on firm value.

Profitability is able to moderate investment decisions on firm value

The fifth hypothesis to be tested is whether Profitability is able to moderate investment decisions on firm value in JII70. Table 6 displays the results of the research hypothesis testing. With a coefficient value of 2.661939, Hypothesis 5 testing shows that Profitability is able to moderate investment decisions on firm value. Investors see this company's increased profits as a sign of strength in this instance. Naturally, investors are drawn to businesses with promising futures in the hopes that the stock price of the company will rise. The company's value is positively impacted by rising stock prices as well. Investors are interested in entrusting their capital to the company due to its high profitability (Mulyani & Oktaviani, 2022). In order to attract investors, a company with a high PER value typically offers strong growth prospects and is a good investment. Investors will value the shares more than what is shown on the balance sheet of the company due to the strong demand for shares. As a result, a higher stock price suggests that the company is worth more. Having said that, a company's return on investment (or profit) increases with the amount of money invested in it. This attracts more investors and raises the firm's value (Syamsudin et al., 2020). This research is in line with (Silaturahmi & Novitasari, 2022), (Rahmawati & Wijaya, 2022), (Syamsudin et al., 2020), (Mulyani & Oktaviani, 2022) shows Profitability is able to moderate investment decisions on firm value.

Profitability is able to moderate company size on firm value

The last hypothesis to be tested is whether Profitability is able to moderate firm size on firm value in JII70. Table 6 displays the results of the research hypothesis testing. With a coefficient value of 2.283844, Hypothesis 6 testing shows that Profitability is unable to moderate firm size on firm value. From the calculation results and decision-

making criteria, it can be concluded that partially profitability (ROA) is not able to moderate the effect of company size (size) significantly on firm value (PBV) in JII70 indexed companies for the 2019-2022 period. This means that the company is unable to earn profits from the assets owned by the company so that it weakens the capital funding policy which then becomes unable to optimize the company's value (Rohaeni et al., 2020). This research is in line with (Rohaeni et al., 2020), (Rasyid et al., 2022)such as disclosure and management of the capital structure. Disclosure is made to provide information to the public about the company, one of which is the disclosure of Corporate Social Responsibility (CSR, (Khotimah et al., 2020) Profitability is unable to moderate firm size on firm value.

Conclusion

According to the findings of the preceding study, the results of this study indicate that capital structure affects firm value, investment decisions and firm size have no effect on firm value, profitability is able to moderate the effect of capital structure and investment decisions on firm value, while profitability is unable to moderate firm size on firm value.

The company should provide more complete and clear information in order to reduce asymmetry from several sources regarding the company's financial condition. Companies that have good prospects should use internal and external funds as well as possible, especially for financial managers in calculating the effective use of financing or funding from external sources and paying attention to the capital structure and profitability that may be in accordance with the needs of the company's operational activities. The company will make considerations in the use of external funds such as debt because if the company has high debt, investors can provide high debt and obtain high profits which affect the company's value.

It is expected that investors if they want to make an investment should consider the company's financial condition regarding the capital structure of the company's value by choosing a company from a good level of profitability in order to produce high company value.

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