ABSTRACT

Firm value is one of the important things that investors look at in investing their capital. The higher the firm value, the greater the investor trust in the capabilities and opportunities that exist in a company.

This study aims to determine the effect of liquidity, capital structure, and firm size on firm value in pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period. The firms value in this study is measured using the Price Book Value (PBV).

The population in this study consists of pharmaceutical sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2019-2023 period. The method used in this study is quantitative. The sampling technique used is purposive sampling, resulting in 10 companies with 50 observations. The data collection method in this research is secondary data. Data were analyzed using panel data regression analysis using Eviews version 12.

The results show that, simultaneously, liquidity, capital structure, and firm size have a simultaneous effect on firm value. Partially, liquidity and firm size do not affect. In the partial test, liquidity and firm size did not affect firm value. Meanwhile, capital structure has a positive effect on firm value.

Based on the research results which show that capital structure influences company value, it is recommended that company leaders pay attention to aspects of their capital structure, and investors can also pay attention to aspects of their capital structure when investing.

Keyword: firm value, liquidity, capital structure, firm size