

ABSTRACT

This study aims to analyze the effect of capital structure and profitability on firm value, as well as the role of firm size as a moderating variable. Firm value is an important indicator in assessing company performance, especially in the consumer non-cyclical sector, which tends to be stable and sustainable. This study is important because firm size is suspected to strengthen or weaken the influence of capital structure and profitability on firm value. A quantitative approach is used with the Structural Equation Modeling (SEM) method based on Partial Least Square (PLS), processed using SmartPLS software. Firm value is measured using Price to Book Value (PBV), capital structure by Total Debt to Total Equity, profitability by Return on Assets (ROA), and firm size by the logarithm of total assets. The results show that capital structure, profitability, and firm size each have a positive and significant effect on firm value, with P-Values < 0.05. However, firm size does not moderate the relationship between capital structure and firm value (P-Value = 0.500), nor between profitability and firm value (P-Value = 0.207), as the P-Values are > 0.05. These findings indicate that optimal debt and profit management can enhance firm value, while firm size does not act as a significant moderator. The size of the firm does not influence the relationship between capital structure and profitability on firm value. The implication is that companies should focus their strategies on optimizing capital structure and improving profitability. Firm size is not a determining factor in this relationship, and this study contributes to the financial literature, particularly in the consumer non-cyclical sector in Indonesia.

Keywords: Capital Structure, Profitability, Firm Size, Firm Value