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Analysis of Factors Affecting Firm Value in Consumer Goods Industry Companies Listed on the Indonesia Stock Exchange with Profitability as a Moderating Variable

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ABSTRACT

This study aims to identify and examine the factors that influence firm value in consumer goods industry companies listed on the Indonesia Stock Exchange (IDX) and to investigate the role of profitability as a moderating variable. The factors tested in this study include capital structure, liquidity, and dividend policy. The research utilizes secondary data.

The population consists of 51 consumer goods companies listed on the IDX. The sample was selected using purposive sampling, resulting in 18 companies for the period 2020-2023. The analytical tool used in this study is Moderated Regression Analysis (MRA), performed with the assistance of EViews 10 software.

The results show that capital structure and liquidity have a positive and significant effect on firm value, while dividend policy does not have a significant effect on firm value. Profitability does not moderate the relationship between capital structure and firm value, but it does moderate the relationship between liquidity and firm value. Furthermore, profitability does not moderate the relationship between dividend policy and firm value.

Keywords: capital structure, liquidity, dividend policy, firm value, profitability

INTRODUCTION

Public interest in investing in the Indonesian capital market is increasing every year. It can be seen from the press release on the official website idx.co.id, which states that capital market investors consisting of stock, bond, and mutual fund investors increased by 1.85 million investors to 12.16 million investors in 2023. Before investing, of course, investors must pay attention to several things. One thing that needs to be considered is the company's value.

Every company will certainly try to attract investors by increasing the company's value. Hidayah and Rahmawati (2019) stated that the firm's valuecan reflect how successful and sustainable the company will be in the following years (Mahanani and Kartika, 2022). In addition, one of the company's main goals is to provide prosperity to shareholders. Therefore, the company will try to provide benefits to shareholders by increasing the firm's value so that the company can survive in the long term.

The firm's value can provide maximum prosperity to shareholders if the company's stock price increases. The higher the stock price, the higher the shareholder's prosperity. To achieve firm value, investors generally hand over management to professionals (Sitanggang and Doloksaribu, 2021). For the firm's value to increase, of course, the

company must be able to manage finances and run its operations well.

The consumer goods sector is one of the most sought-after sectors. However, this sector has also experienced several crises. In 2018, the consumer goods sector index fell 3.83% and reached its lowest point in 2018 at 2,305.69. The consumer goods stocks that were widely released by investors today include: PT HM Sampoerna Tbk/HMSP (-6.33%), PT Unilever Indonesia Tbk/UNVR (-4.2%), PT Gudang Garam Tbk/GGRM (-3.09%), PT Indofood Sukses Makmur Tbk/INDF (-2.93%), and PT Indofood CBP Sukses Makmur Tbk/ICBP (-2%) (www.cnbcindonesia.com). Then, in 2019, the performance of the consumer goods industry sector on the Indonesia Stock Exchange was increasingly gloomy. Since the beginning of the year, its performance has fallen almost 20%, or 19.31%, based on exchange data on Thursday (11/14/2019). Several issuers burden the negative performance of the consumer sector, namely PT Hanjaya Mandala Sampoerna Tbk/HMSP (-43.9%), PT Gudang Garam Tbk/GGRM (-36.08%), PT Unilever Indonesia Tbk/UNVR (-6.66%), PT Mayora Indah Tbk/MYOR (-17.18%) (www.cnbcindonesia.com).

Furthermore, in 2021, the consumer goods stock sector index also tended to weaken year to date (YTD). The consumer goods stock sector index was recorded to have fallen by 6.73 percent. The consumer goods stock sector index fell to 1,708.84. The performance of this consumer goods stock sector index was even below the IHSG (www.liputan6.com).

Table 1. Stock Prices 2018-2023

No	Company	Stock Price					
		2018	2019	2020	2021	2022	2023
1	Bumi Teknokultura Unggul Tbk	118	110	50	50	50	50
2	Delta Djakarta Tbk	6.000	7.000	4.400	3.740	3.830	3.530
3	Multi Bintang Indonesia Tbk	16.500	20.175	9.700	7.800	8.950	7.750
4	Prima Cakrawala Abadi Tbk	2.970	2.950	555	282	87	50
5	Gudang Garam Tbk	74.050	76.875	41.000	30.600	18.000	20.325
6	H.M. Sampoerna Tbk	3.850	3.140	1.505	965	840	895
7	Martina Berto Tbk	146	135	95	146	127	100
8	Mandom Indonesia Tbk	18.000	13.700	6.475	5.350	6.300	2.730
9	Unilever Indonesia Tbk	47.025	45.000	7.350	4.110	4.700	3.530
10	Langgeng Makmur Industri Tbk	156	136	85	195	116	111
	Average of Stock Price	16.882	16.922	7.122	5.324	4.300	3.907

Source: data idx.co.id, 2024

Table 1 shows several companies with fluctuating stock prices. It can be seen from the average stock price of consumer goods sector companies in 2019, which was 16,922, dropping drastically to 7,122 in 2020. The decline continued until 2023, with an average stock price of 3,907.

From several cases above, it showed that the stock price of the consumer goods sector fluctuates greatly. The consumer goods industry sector is closely related to basic human needs because its products can be used easily without going through a long process. Indirectly, this sector can present the level of public consumption and company profitability. Therefore, the researcher chose the consumer goods industry sector in this study.

This study will discuss several factors affecting firm value: capital structure, liquidity, and dividend policy. The researcher will use profitability as a moderating variable.

According to Hasanudin (2023), capital structure significantly affects firm value, and according to Amalia (2022), profitability is not a moderating variable between capital structure and firm value. Meanwhile, Sitanggang and Doloksaribu (2021) found that capital structure did not significantly affect firm value. Sutihat (2020), in his research, found that liquidity had no significant effect on firm value. These results are in line with research conducted by Nathania (2020). In addition, Nathania (2020) revealed that liquidity with profitability as a moderating variable had a positive but insignificant effect on firm value.

Ovani and Nasution (2020) found that dividend policy positively and significantly affected firm value. Meanwhile, the results of research conducted by Yustitianingrum (2013) showed that dividend policy did not affect firm value.

Based on the background above, companies' stock prices in the goods and consumer industry sector, which fluctuate greatly, will impact firm value and investor decisions. It is because the stock price reflects the firm's

value. Based on signal theory, a high stock price will signal to investors that the company has a high firm value and vice versa. Several external and internal factors can also influence this company's high and low value.

LITERATURE REVIEW

Firm Value

Hidayah and Rahmawati (2019) argue that firm value is an investor's perspective on a company, often associated with the stock price's future.

Kelly (2020) argues that the value of a company is an important concept for investors because it is an indicator for the market to assess the company. When investors want to invest, investors will first look for information about the company to invest in and choose the most profitable company. Firm value shows how high a company's success level is so that it can be a picture of investors to make investments. In addition, high firm value will make the market or investors believe in the company's current and future performance.

Of the various indicators used to measure firm value, this study uses price-to-book value (PBV). PBV is a comparison between stock price and book value per share. A high PBV will increase market confidence in the company's prospects and indicate high shareholder prosperity. PBV can also mean a ratio that shows whether the traded stock price is overvalued (above) or undervalued (below) in terms of the stock's book value. This PBV also illustrates how much the market values the book value of a company's shares. Companies that are running well generally have a PBV ratio above one, which reflects that the market value of the shares is greater than its book value (Febriana et al. 2016).

$$PBV = \frac{Price\ Per\ Share}{Book\ Value\ Per\ share}$$

Profitability

Harahap (2008) stated that profitability shows the company's ability to profit from all available resource capabilities such as sales activities, cash, capital, number of employees, branches, etc. Brigham and Houston (2006) define profitability as the net result of a series of policies and decisions. Profitability can be determined by calculating various relevant benchmarks. The benchmark in question is the financial ratio, which is one of the analyses in analyzing a company's financial conditions, operating results, and profitability levels. According to Kasmir (2019), profitability is an important aspect to be used as a basis by company owners or investors in assessing the performance of management in managing the company. Therefore, it can be concluded that profitability is a measure of the company's ability to generate profits, which will be an assessment of management performance.

The profitability measurement used in this study is the return on equity (ROE). ROE is a calculation of the company's income against the capital invested by investors.

In this study, profitability is used as a moderating variable. Moderating variables influence (strengthen and weaken) the relationship between independent and dependent variables. The selection of company profitability as a moderating variable is important because profitability or obtaining maximum profit or gain is the goal that the company wants to achieve. The company can prosper the owners and members by obtaining maximum profit according to the set target. With high profitability, it will also attract investors to invest their capital in the company. Thus, it will affect the company's value. The better the company's value, the stronger the influence of the capital structure, liquidity, and dividend policy variables.

$$ROE = \frac{Net\ Profit\ After\ Tax}{Equity}$$

Capital Structure

Capital Structure is a combination or balance between debt and equity (preferred stock and common stock) used to plan to obtain capital (Ambarwati, 2010). Capital structure is important for companies because it is concerned with the most profitable funding source policy. The company's funding sources include equity and foreign capital (debt). Using foreign capital (debt) can benefit the company through tax savings, but the company will bear fixed costs, namely interest. Over time, leverage problems will arise because the company uses assets that cause it to pay these fixed costs.

According to capital structure theory, if the capital structure position is above its optimal capital structure target, each debt increase will reduce the firm value (Sitanggang and Doloksaribu, 2021). According to Irnawati (2021), companies with a capital structure where equity is greater than foreign capital will better survive in bad conditions.

The greater the foreign capital owned by the company, the greater the company's fixed burden in the form of interest so that problems will arise for the company in the future. On the other hand, the greater the company's capital, the better its ability to increase its value, which is reflected in its high stock price. In this study, the capital structure is calculated using DER. DER is useful for knowing how much loan funds (creditors) are given to company owners. DER is a ratio used to assess debt with equity. This ratio compares all debts, including current debt, with all equity. DER is also commonly used to find out the amount of funds provided by borrowers (creditors) with company owners.

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

Liquidity

Liquidity is the ability of a company to meet its short-term obligations using its current assets. According to Brigham and Houston (2019: 108), liquidity is a liquid asset that can be quickly converted or cashed into cash at the current market price. A high liquidity ratio indicates that the company can pay off its debts. It will also have an impact on firm value.

Based on signaling theory, high liquidity will impact increasing firm value. A company with a high liquidity ratio shows that it has no problems paying its short-term debts. Conversely, if the liquidity ratio is low, the company has problems paying short-term debts. It can cause a decrease in firm value.

In this study, liquidity is measured by current assets (CR). CR is obtained by comparing current assets with the company's current liabilities (Hasanudin, 2023). Kasmir (2019) said that the cash ratio is a tool used to measure how much cash is available to pay debts. The higher the ratio, the higher the liquidity capacity of the company concerned.

$$Cash\ Ratio = \frac{Cash\ or\ Cash\ Equivalent}{Current\ Liabities}$$

Dividend Policy

Dividend policy is a company's financial decision about whether the profits generated will be distributed to investors or retained as retained earnings (Putra and Lestari 2016). In practice, dividend policy is the center of attention because it provides information about a company's performance. If the company chooses to pay or distribute dividends to shareholders, this indicates the prospect of the level of profitability that the company has achieved. Based on signaling theory, dividend policy reflects managers' expectations about the company's future cash flow so that the market will react to the announcement of dividend payments (Abdullah, 2002). High dividend payments signal to investors that high dividend payments will affect the increase in the company's value. The greater the dividends distributed to shareholders, the better the company's performance will be

considered. It will impact the firm's value as reflected in the stock price. The company will distribute profits to investors through dividends or retained earnings, which will be used as investment financing in the future (Brigham and Houston, 2006).

$$\text{DPR} = \frac{Dividend\ Per\ Share}{Book\ Value\ Per\ Share}$$

Framework

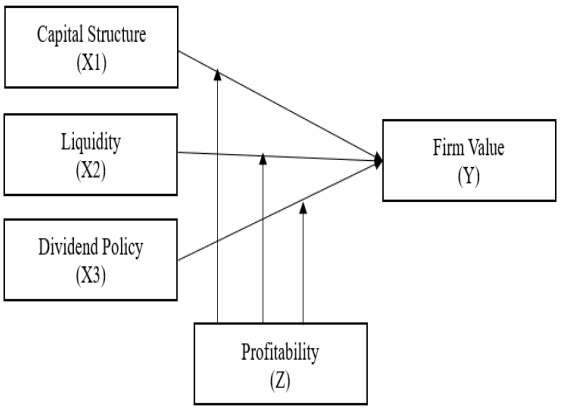

Figure 1. Conceptual Framework

H1: Capital structure has a negative effect on firm value in consumer goods industry sector companies listed on the IDX in 2020-2023

H2: Liquidity has a positive effect on firm value in consumer goods industry sector companies listed on the IDX in 2020-2023

H3: Dividend policy has a positive effect on firm value in consumer goods industry sector companies listed on the IDX in 2020-2023

H4: Profitability moderates the effect of capital structure on firm value in consumer goods industry sector companies listed on the IDX in 2020-2023

H5: Profitability moderates the effect of liquidity on firm value in consumer goods industry sector companies listed on the IDX in 2020-2023

H6: Profitability moderates the effect of dividend policy on firm value in consumer goods industry sector companies listed on the IDX in 2020-2023

MATERIALS & METHODS

This study uses a quantitative research approach. Quantitative research is a method based on the philosophy of positivism, used to research a certain population or sample data collection using research instruments (Sugiyono, 2017:8). The population of this study is the consumer goods industry sector companies, the food and beverage industry sub-sector listed on the IDX.

The sampling technique in this study is the purposive sampling method, where purposive sampling is the determination of samples considering certain criteria made for objects that follow the research objectives.

Sampling using the purposive sampling method using the following criteria:

1. Consumer goods industry sector companies listed on the IDX that publish audited financial reports consecutively during the 2020-2023 period.
2. Consumer goods sub-industry companies that have complete data on research variables in their annual reports in 2020-2023.

In this study, the sample used was 18 consumer goods sector companies listed on the Indonesia Stock Exchange in 2020-2023. The number of observations made was 72. The data analysis technique in this study used the EViews 10 program.

RESULT

A. Descriptive Statistics Results

Descriptive statistical analysis is used to determine the description of research data seen from the minimum, maximum value, average value, and standard deviation. The variables used in the descriptive analysis in this study are Firm value (PBV), Capital Structure (DER), Liquidity (CR), Dividend Policy (DPR), and Profitability (ROA). Based on the results of the descriptive statistical analysis of the variables above, the following sample descriptions are obtained:

Table 1. Descriptive Statistics

	Firm Value	Capital Structure	Liquidity	Dividend Policy	Profitability
Average	5.033910	0.763786	2.980705	0.726310	0.225151
Median Value	2.645201	0.509064	2.674016	0.531410	0.149210
Maximum Value	56.79190	3.928398	9.954171	4.115049	1.450882
Minimum Value	0.563717	0.000149	0.551662	0.032351	0.007805
Standard Deviation	9.935993	0.769105	1.692809	0.633740	0.291770

Source: Results processed with EViews 10 software

B. Panel Data Regression Model Selection

a. Chow Test

The Chow test is generally used in the context of cross-sectional or time series data to examine whether the characteristics or regression properties differ between two groups or certain periods. The basis for decision-making in the Chow test is seen from the cross-section probability value F. If the cross-section probability value F> 0.05, then the model chosen is the Common Effect Model (CEM) approach. If the cross-section probability value F <0.05, then the model chosen is the Fixed Effect Model (FEM) approach.

Table 2. Chow Test Results

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.747580	(20,59)	0.0000
Cross-section Chi-square	90.824135	20	0.0000

Source: Results processed with EViews 10 software

Based on the results of the Chow test in the table above, it can be concluded that the significance value of the Cross Section Chi Square probability is smaller than alpha (0.000 <0.05). Thus, the decision taken in the Chow test is the Fixed Effect Model (FEM). Next, the Hausman test is continued, namely to determine which is more appropriate to use the Fixed Effect Model (FEM) or the Random Effect Model (REM).

b. Hausman Test

The Hausman test is used to test the null hypothesis that the difference between the parameter estimates of the random model and fixed models' parameter estimates is not systematic or statistically insignificant. If the Hausman test rejects the null hypothesis, we can conclude that one model is more efficient and statistically consistent. The selected model is the fixed effect approach if the random cross-section probability value is <0.05. If the random cross-section probability value is >0.05, the selected model is the random effect approach.

Table 3. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	42.885526	4	0.0000

Source: Results processed with EViews 10 software

Based on the results of the Hausman test estimation in Table 3, it can be seen that the significance value of the random cross-section probability is smaller than the significance value (0.000 <0.05), it can be concluded that it is rejected and accepted, and thus the selected model is the Fixed Effect Model (FEM).

Table 4. Panel Data Regression Results with the Fixed Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	3.891104	0.604184	6.440268	0.0000
X2	0.112274	0.030457	3.686311	0.0005
X3	0.014586	0.296427	0.049207	0.9609
C	-2.520743	0.520843	-4.839734	0.0000

R-squared	0.896525	Mean dependent var	4.552575
Adjusted R-squared	0.891286	S.D. dependent var	9.273661
S.E. of regression	3.057690	Akaike info criterion	5.130875
Sum squared resid	738.6078	Schwarz criterion	5.275566
Log likelihood	-210.4967	Hannan-Quinn criter.	5.189040
F-statistic	171.1182	Durbin-Watson stat	1.707680
Prob(F-statistic)	0.000000		

Source: Results processed with EViews 10 software

C. Classical Assumption Test

Normality Test

In this study, the normality test for residuals was Marque–Berra (JB) with a significance level of 0.05 or 5%. Decision-making is based on the probability (p) number of JB statistics with the provision that if the p value> 0.05, then the normality assumption is met, and vice versa. If the p-value <0.05, the normality assumption is unmet.

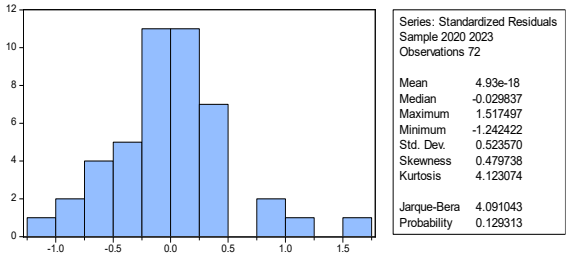

Figure 2. Jarque-Bera (JB) Normality Test
Source: Results processed with EViews 10 software

Based on the results of the Jarque-Bera normality test above, it is known that the significance value of 0.129313 is greater than 0.05. It can be concluded that the data is normally distributed.

Multicollinearity Test

Multicollinearity testing aims to determine whether the regression model finds a correlation between independent variables/ or free variables (Ghozali, 2016). Testing can be done by looking at the regression model's Variance Inflation Factor (VIF) value. The decision-making criteria related to the multicollinearity test are as follows (Ghozali, 2016): If the VIF value is <10, it is stated that there is no multicollinearity.

Table 5. Multicollinearity Test

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.019881	2.51846	
X1	0.66336	3.89995	3.86318
X2	0.18413	2.12919	2.01356
X3	0.00388	2.68121	1.11057

Source: Results processed with EViews 10 software

Based on the results of the Multicollinearity Test, the Variance Inflation Factor (VIF) value of each variable is <10. It indicates that there are no symptoms of multicollinearity in the regression model.

Heteroscedasticity Test

The heteroscedasticity test is conducted to test whether there is an inequality of variance or residual from one observation to another. The heteroscedasticity test is conducted to determine whether, in a regression model, there is an inconsistency of variance from the residual in one observation to another.

Table 6. Heteroscedasticity Test Results

F-statistic	2.49361	Prob. F(2.97)	2.255907
Obs*R-squared	5.26392	Prob. Chi-Square(2)	0.393830
Scaled explained SS	15.8643	Prob. Chi-Square(2)	0.000006

Source: Results processed with EViews 10 software

Based on the results of the heteroscedasticity test, it is known that the value of Prob. Chi-Square (2) on Obs*R-squared is 0.3938. Therefore, the P value is 0.3938> 0.05, so this data has no heteroscedasticity problem.

Autocorrelation Test

Significant autocorrelation can affect the reliability of statistical analysis results and result in hypothesis testing errors. If there is a correlation, then it is called an autocorrelation problem. One of the most commonly used is the Durbin-Watson test. The Durbin-Watson test statistic (d) is a number that ranges between 0 and 4. Values approaching 0 indicate positive autocorrelation (positive correlation between values in data at adjacent times), while values approaching 4 indicate negative autocorrelation (negative correlation between values in data at adjacent times). Values approaching 2 indicate no autocorrelation (values in data at adjacent times are not significantly correlated).

Table 7. Durbin-Watson Autocorrelation Test

Log likelihood	-210.4967	Hannan-Quinn criter.	5.189040
F-statistic	171.1182	Durbin-Watson stat	1.707680
Prob(F-statistic)	0.000000		

Source: Results processed with EViews 10 software

Based on Table 7 above, the Durbin-Watson value is 1.707, namely 1.7054 <1.7076 <2.2946, so the non-autocorrelation assumption is met. Where Du < Dw < 4-Du where Du can be obtained from the Durbin Watson table.

D. Multiple Regression Analysis

Multiple regression analysis determines the effect of independent variables on dependent variables (Ghozali, 2018:94). This test

determines the effect of capital structure, liquidity, dividend policy, and profitability as a moderation that influences Firm value. The following are the results of the research regression test:

From the multiple linear regression analysis table above, the regression equation model formula can be seen as follows:

Firm Value = -2.520 + 3.891 Capital Structure + 0.112 Liquidity + 0.014 Dividend Policy

The interpretation of the multiple regression above can be explained as follows:

The coefficient for Capital Structure (X1) is significant (t = 6.44, p <0.05), the Liquidity Coefficient (X2) is significant (t = 3.68, 0.0005 <0.05), The coefficient for Dividend Policy (X3) is not significant (t = 0.049, 0.96> 0.05).

E. Hypothesis Test Results

Coefficient of Determination

The coefficient of determination test determines how much endogenous variables can simultaneously explain exogenous variables. The higher the adjusted R-squared value, the better the prediction model of the proposed research model will be. Based on Table 4, the Determination Coefficient test (Adjusted R-squared) results on the dependent variable of firm value are 0.891. It indicates that all independent variables simultaneously influence 89.1% of the firm value (dependent variable). At the same time, the remaining 11.9% is influenced by other variables that were not tested in the study.

Partial Test (t-Test)

The t-test is conducted to test the research hypothesis regarding the influence of each independent variable partially on the dependent variable. Decision-making is done by looking at the significance of the value in the coefficients table. In hypothesis testing, it can be significant when the T-statistics value is greater than 1.96, while if the T-statistics value is less than 1.96, it is considered insignificant (Ghozali, 2016). Regression results testing is conducted with a confidence level of 95% or a significance level of 5% ($\alpha = 0.05$). If the significance value of the t-test> 0.05, then H_0 is accepted, and Ha is rejected. It means there is no influence between the independent and dependent variables. If the significance value of the t-test <0.05, then H_0 is rejected, and Ha is accepted. It means there is an influence between the independent and dependent variables.

Based on the results of statistical tests in Table 4, it is known that the t-statistic value of the Capital Structure variable (X1) is 6.44, and the probability is 0.00 <0.05. It indicates that the capital structure affects the company's value, so H1 is accepted. The t-statistic value of the Liquidity variable (X2) is 3.686, and the probability is 0.00 <0.05. It can be assumed that liquidity affects the company's value, so H2 is accepted. The t-statistic value of the dividend policy variable (X3) is 0.049, and the probability value is 0.960> 0.05. It indicates that the dividend policy does not affect the company's value, so H3 is rejected.

Simultaneous Test (F Test)

The F test is conducted to see the effect of all independent variables simultaneously on the dependent variable. The level used is 0.5 or 5%. If the significant value of F <0.05, then it can be interpreted that the independent variables simultaneously affect the dependent variable or vice versa (Ghozali, 2016).

Based on the results of the simultaneous test in Table 4, it is known that the F-statistic value is 171.118 with a Prob value of 0.000 <0.05. It shows that simultaneously (together), capital structure, liquidity, and dividend policy variables affect firm value.

Moderation Test Results

Moderation regression analysis is a regression analysis that involves moderating variables in building a relationship model. Moderating variables can strengthen or weaken the relationship between predictor

variables (independent) and dependent variables.

Table 8. Moderation Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
X1	1.947509	1.359662	1.432348	0.1569
X2	1.435434	0.489956	2.929722	0.0047
X3	1.261955	0.946699	1.333005	0.1873
X1Z	-6.348719	2.827023	-2.245726	0.0682
X2Z	-10.35853	2.966610	-3.491707	0.0009
X3Z	-4.595791	7.350815	-0.625208	0.5341
C	-7.569783	2.356106	-3.212837	0.0021

Source: Results processed with EViews 10 software

Based on the results of the moderation test, it is known that the t-statistic value of the capital structure variable moderated by profitability is -6.348719, with a probability of 0.0682> 0.05. It indicates that the profitability variable does not moderate the capital structure of the company's value. The t-statistic value of the liquidity variable moderated by profitability is -10.35853 with a probability of 0.0009 <0.05. It indicates that profitability moderates the capital structure of the company's value. The t-statistic value of the dividend policy variable moderated by profitability is -4.595791 with a probability of 0.5341> 0.05. It indicates that profitability moderates the dividend policy on value. The regression model obtained from this analysis is as follows:

$$\mathbf{Y = \beta 0 + BX1 + \beta X2 + \beta X3 + \beta Z + \beta(X1 \times Z) + \beta(X2 \times Z) + \beta(X3 \times Z) + \epsilon}$$

Firm Value = -7.569783 + 1.947509 X1 + 1.435434 X2 + 1.261955 X3 + βZ – 6.348719 X1×Z -10.35853 X2×Z – 4.595791 X3×Z

DISCUSSION

The Effect of Capital Structure on Firm Value

This study shows that capital structure has a positive effect on firm value. It aligns with the Trade-off theory, which states that companies must balance the cost of debt and the tax benefits of debt. Thus, companies that have an optimal capital structure can increase firm value. Financial managers must face an important issue: the relationship between capital structure and firm value (Sartono: 2001). Capital structure is important for companies because it is concerned with the most profitable funding source policy. The company's funding sources can come from its capital and foreign (debt). Using foreign capital (debt) can benefit the company through tax savings, but the company will bear fixed costs, namely interest. Over time, leverage problems will arise because the company uses assets that cause it to pay these fixed costs.

The Effect of Liquidity on Firm Value

The results of this study show that liquidity has a positive effect on firm value. Good liquidity indicates that the company can meet its short-term obligations, which can increase investor confidence and, in turn, firm value. A high liquidity ratio indicates that the company can pay off its debts. It will also have an impact on firm value. Based on signaling theory, high liquidity will impact increasing firm value. A company with a high liquidity ratio shows that it has no problems paying its short-term debts. Conversely, if the liquidity ratio is low, the company has problems paying short-term debts. According to Adiputra and Hermawan (2020), high liquidity can increase investor confidence and firm value.

The Effect of Dividend Policy on Firm Value.

Dividend policy does not affect firm value. This result is consistent with the theory of Modigliani and Miller (1961), which states that there is no relationship between dividend policy and firm value. Kusumastuti (2013) added that dividend policy does not affect firm value because shareholders only want to take advantage in the short term by obtaining capital gains. Investors consider that small dividend income today is not more profitable than capital gains in the future. Research by Wulandari (2021) and Siddik & Chabachib (2017) shows that in some cases, dividend policy can have a negative effect on firm value, especially if the company cannot meet market expectations or if there is economic uncertainty.

Profitability Moderates the Effect of Capital Structure on Firm Value

The study results indicate that profitability does not moderate capital structure on firm value. Profitability measures a company's ability to generate profits, while capital structure focuses on how it finances its operations. Although profitability can affect financing decisions, it does not necessarily mean that profitability will moderate the relationship between capital structure and firm value.

Profitability Moderates the Effect of Liquidity on Firm Value

The results of the study show that profitability moderates liquidity on firm value. Kasmir (2013) stated that liquidity, measured by a high current ratio, indicates that the company has placed large funds on the current asset side. If the liquidity ratio is high, this indicates that the company has sufficient current assets to pay short-term debts. The results of this study prove that liquidity affects firm value, and profitability strengthens or weakens the effect on firm value. The results of this study explain how it improves its performance and makes it easier to get funding from investors. At the same time, companies with high profitability can generate satisfactory profits, so they can get large investments that will increase firm value.

Profitability Moderates the Effect of Dividend Policy on Firm Value

The study results show that profitability does not moderate dividend policy on firm value. High company profits will increase the possibility of higher prosperity for owners (shareholders) because the dividends or returns on investment for owners are highly dependent on the profits achieved by the company (Budiyono, 2017). The relationship between dividend policy and firm value is direct, while the relationship between profitability and value is more complex and involves many other factors, such as growth expectations. High profitability can increase the capacity to pay dividends, but this does not always mean that it will increase the positive impact of dividends on firm value. Profitability is an important indicator of a company's financial health, but it is not an effective moderator in the relationship between dividend policy and firm value. It is due to the nature of the information signal from dividend policy and investors' focus on payment stability compared to short-term profit fluctuations.

CONCLUSION

Based on the results of the research and discussion, it can be concluded that this study:

1. Capital structure positively affects firm value, indicating that companies with good capital structures tend to have higher values.
2. Liquidity positively affects firm value, meaning that companies with good liquidity can increase investor confidence and market value.
3. Dividend policy does not affect firm value.
4. Profitability does not moderate capital structure on firm value in consumer goods sector companies listed on the IDX in 2020-2023.
5. Profitability moderate liquidity on firm value in consumer goods industry sector companies listed on the IDX in 2020-2023. Profitability strengthens the relationship between liquidity and firm value, indicating that companies with high levels of profitability can utilize liquidity more effectively to increase their value.
6. Profitability does not moderate dividend policy on firm value in consumer goods sector companies listed on the IDX in 2020-2023.

LIMITATIONS

The limitations of this study include several aspects that may affect the results and generalization of the study. Here are some points that can be considered weaknesses or limitations:

1. The scope of this study only covers companies in the consumer goods sector listed on the IDX during the 2020-2023 period. It may limit the generalization of the research results to other industrial sectors or different periods.
2. Focus The variables of this study only consider certain variables such as capital structure, liquidity, dividend policy, and profitability. Many other factors can affect firm value, such as macroeconomic factors, market conditions, and other external factors not analyzed in this study.
3. Short-Term Analysis: This study may not consider the long-term dynamics of the influence of the variables studied on firm value, which can provide a more comprehensive insight into the relationship.
4. Limited Data: This study relies on the company's financial statements. The analysis results may also be affected if the data is incomplete or inaccurate.

SUGGESTIONS

Based on the results of this study, here are some suggestions for further research:

1. This study can include more industrial sectors than consumer goods. It will provide a more comprehensive picture of the influence of capital structure, liquidity, and dividend policy on firm value in various industrial contexts.
2. Further research can consider other variables that may affect firm value, such as macroeconomic factors, market conditions, or other external factors that may have a significant impact.
3. Conduct a long-term analysis to see how capital structure, liquidity, and dividend policy influence firm value may change over time. It can provide insight into market dynamics and more adaptive strategies.
4. Conduct case studies on specific companies with different financial policies to understand best practices and challenges in implementing these policies.

Declaration by Authors

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