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# The Effect of Company Size, Capital Structure, and Profitability on Company Value Moderated by Dividend Policy

Wahyu Diana [1], Agus Munandar [2]

***Abstract:***

*This study aims to determine the effect of company size, capital structure, profitability on firm value with dividend policy as a moderator. This research uses associative and quantitative methods. The sample was obtained from the financial statements of the real estate sector on the Indonesia Stock Exchange for the 2018-2022 research period. The purposive sampling technique was used in this study, with the test tool using SPSS version 26. The test results show that company size has a positive influence, profitability has a significant positive effect on firm value. Capital structure has a negative and significant effect on firm value. Furthermore, dividend policy strengthens the effect of profitability on firm value, then dividend policy cannot moderate firm size and capital structure on firm value, and dividend policy strengthens profitability on firm value. Simultaneously, the independent variable on the dependent has a significant effect of 73.5% and other variables affect the dependent. The decision approved at the GMS is to pay dividends every accounting period to shareholders which will affect the company's value in the future. To gain investor confidence, company value is a consideration in decision making.*

***Keywords:*** *company size, capital structure, profitability, company value, dividend policy*

## 1. Introduction

Indonesia is the 4th ranked country with the largest population of 273,523,615 people worldwide. Therefore, the property & real estate sector is still popular with the public with the aim of asset investment and as a fulfillment of board needs. The condition of the sector in Indonesia, especially after the Covid-19 pandemic, is still slumped, causing several large companies to experience stock price degradation, so it is feared to affect the value of the company. The value of the company is valued based on the high and low share price (Ganggi et al., 2023; Wijayaningsih & Yulianto, 2021). The decline in stock prices occurred in most property and real estate sectors. This happened because property prices experienced a decline caused by declining demand along with Covid-19, making people cautious in spending. Sales of primary homes declined every year, especially in the second quarter of 2021. Property sales decreased -10.01% (yoy) in the period compared to 13,956% (yoy) in the previous quarter, but better than the decline of -25.6% (yoy) in the second quarter of 2020. The decline in sales volume in the second quarter of 2021 occurred in small-scale

[1]*Faculty of Economy and Business, Universitas Esa Unggul, Indonesia.* wahyu.wd0312@student.esaunggul.ac.id
[2]*Faculty of Economy and Business, Universitas Esa Unggul, Indonesia.* agus.munandar@esaunggul.ac.id

housing types -15.4% (yoy) and large -12.99% (yoy), while slower growth in medium-sized housing types (3.63% yoy) (Setyaningsih, 2021).

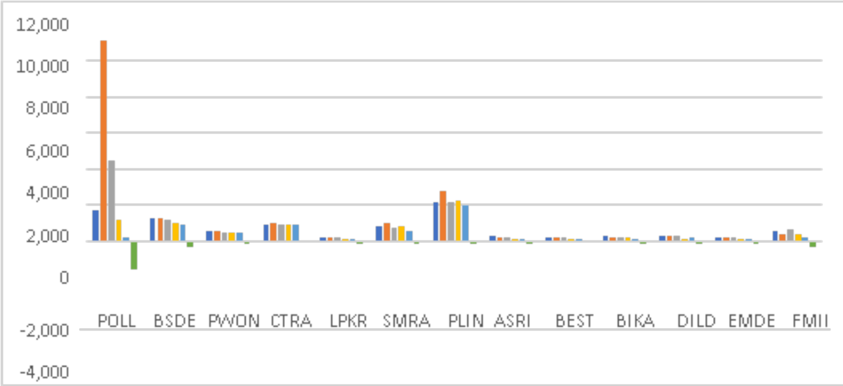


**Figure 1. Property & Real Estate Stock Price**
Source: Processed Data, 2023

The stock price decline data depicted in the chart above explains that the highest stock price decline in the property & real estate sector during 2018-2022 was experienced by PT. Pollux Property Indonesia Tbk (POLL) amounted to Rp (1,526)/share. Director of Pollux Properti Indonesia, said that the decline in the company's share price was due to positive market expectations for the success of the company's profit in 2020. The decline in share price is more based on market expectations for the company's development this year, such as the completion of three major projects, namely Chadstone in Cikarang, Master City in Batam and World Capital Tower in Jakarta, as well as several corporate projects implemented by the company (market.bisnis.com). While PT experienced the lowest stock price decline. Ciputra Development Tbk (CTRA) amounted to Rp (10.51)/share. POLL at the end of 2018 stock price was IDR 1,750, in 2019 the closing stock was at IDR 11,100 which was very high then in 2020 the closing price of shares dropped dramatically to IDR 4,490 and continued to decline until 2022 adjusted closed price of IDR 224. While in CTRA the stock price at the end of 2018 was IDR 950.51, then in 2019 it increased by IDR 987.26, but in 2020 it fell to IDR 960.5, in 2021 the closing price of shares was IDR 955.32, then in 2022 the closing price of shares was IDR 940. POL's share price in the past 5 years has only increased quite high in 2019, but after that every year it continues to decline drastically until in 2023 the last price in May is IDR 216. POLL in 2021 also experienced a net loss of IDR -133,412,834,422 with total revenue obtained of IDR 405,660,306,162 or in terms of NPM (Net Profit Margin) ratio of -0.33.

The value of the company forms an important indicator for investors, because it becomes an indicator of market value that is able to reflect the situation that is happening in the market (Keni & Pangkey, 2022; Ningrum, 2022). Investors highly expect the increase in company value, because investor welfare will increase with the increase in company value (Suteja et al., 2023). Investors generally prefer to invest in companies whose company value increases (AlMOMANI et al., 2022). The value of an entity is a reflection that can describe the ability of the entity to generate profits (Janah & Munandar, 2022). Investors who are unhappy with the results of financial performance can market their shares and invest in other companies. This action will drop the market price per share as well as the market value of the company (Le et al., 2022). Investor demand is high only for companies with the best value and profit earners. To gain investor trust, the company's value is taken into consideration in decision making. The more the value of the company rises, the higher the sense of investor confidence in the company so that the return-on-investment increases.

Company size is a value that represents the size of a company and is calculated in several ways, including total assets, sales, and market capitalization (Hartanto & Wijaya, 2019). In addition, the size of the company is also believed to affect the value of the company. As the results of research Hapsoro & Falih, (2020) suggests that the size of the company has a significant positive effect on the value of the company. The high value of a company can affects the company's capability in creating a profit. Companies with large scale have the possibility to generate more sales when compared to small-scale companies. The opportunity to generate greater profits will certainly get a response from an investor is more likely. In practice, the collection and publication of data on company size and company age is common as grouped data to avoid disclosure of sensitive information (Ge et al., 2020).

A company with effective financing will create a strong and stable company in finance. Capital structure refers to a company's long-term expenses, calculated by long-term debt rather than equity (Sudana, 2019). Capital is an important part of the company to support the running of company operations at the beginning of business startup (Riki et al., 2022). After the company is able to establish a business with its own capital, the company will expand its business by seeking additional capital. The expected additional capital is investment from investors to the company. To get investors, companies must place public positions in the capital market to make it easier for investors to recognize the company.

Profit is an important component for the company, the size of the profit obtained will be used by managers for evaluating company performance. The company is considered capable of operating smoothly if the revenue obtained exceeds the capital used in obtaining profits. Profitability describes the ability of a company to make a profit. Current year's profit can be used as an indicator to investors about the company's performance that continues to grow and will affect investment responses to rising stock prices in the capital market (Kusumadewi & Edastami, 2022). Profit does not only describe cash inflows and outflows in the books without cash coming in (Brigham & Houston, 2019). Companies that show profit growth on target in the accounting period will generate substantial profitability in the future (Purwani, 2019; Sutrisno, 2020).

Dividend policy is the profit that will be distributed to investors (Putri & Ramadhan, 2020). Through the dividend policy, investors will be more interested in the current dividend distribution which is considered safer and has minimal risk when compared to the distribution of future capital gains (capital gains). There are several companies on the IDX that have earned profits but they do not distribute dividends in cash and some do not routinely distribute dividends to investors (Ovami & Nasution, 2020).

Some previous research has been conducted by examining several factors that can affect company value such as research that examines the relationship between capital structure and company value by AlMOMANI et al., (2022) Provides results if the capital structure exerts an insignificant influence but profitability, the size of the company gives the relationship of the influence of debt in the capital structure on the value of the company. Further similar research by Riki et al., (2022), shows if profitability is positively correlated but capital structure has a negative influence on company value while research results from Afinindy et al., (2021) the size of the company does not increase the value of the company, profitability and capital structure affect the value of the company. Research by Wijayaningsih & Yulianto, (2021) Explaining if profitability has a positive effect on company value, while capital structure does not affect company value and company size has a negative impact on company value. Dividend policy does not affect the value of the company Apriliyanti et al., (2019); Husna & Satria, (2019); Margono & Gantino, (2021); Purwani, (2019) Dividend policy has a clear positive impact on financial decisions and company value.

The research that will be examined empirically to determine the evidence between the influence of company size, capital structure, and profitability, dividend policy as moderation on company value. The difference and novelty in this research is the ratio of measuring company value used using PER (Price Earning Ratio), adding dividend policy variables as moderation with a dummy variable measurement scale and using financial data on the IDX. Dividend policy as a moderation variable will act as a moderator to find out whether to react to variable X. While in the previous study the measurement ratio used Tobin's Q and the financial data used came from the Amman Stock Exchange (ASE). This is intended to find out the difference from the results of research conducted by AlMOMANI et al., (2022) Jordan and is classified as a developed European country since December 2010 as well as a member of the Europe - Middle East free trade. In addition, according to previous research references, in order to try different sectors from the manufacturing and energy utility sectors. In this study, the authors took the property & real estate sector as the object of the research sample with the criteria to be determined to find the population sample. This study aims to determine the effect of company size, capital structure, profitability on firm value with dividend policy as a moderator.

## 2. Literature Review

**The relationship between company size and company value**
The size of the company is classified into three forms, namely small, medium, and large. Large companies that have many assets have an advantage in budget sources to fund investments in earning profits. Research by (Margono & Gantino, 2021) revealed that restricted firms have capital elasticity, causing fluctuations up to four times greater and capital reallocation. Companies that have more resources and more experience can grow internal control systems better in operational activities when compared to small entities (Effendi & Ulhaq, 2021). In addition, large

companies with many assets tend to be superior in budget sources to fund investments during the process of earning profits. Businesses that are able to finance investments and generate profits have an impact on the value of the company.

Statement by Sudiyatno et al., (2020) convey if the size of the company and profitability have a positive effect on the value of the company. Next Husna & Satria, (2019) suggests if the size of the company influences the value of the company. Then Hapsoro & Falih, (2020) convey if the size of the company has a positive influence on the value of the company. And the last one put forward Sudrajat & Setiyawati, (2021), The size of the company has a significant effect on the value of the company. This illustrates that the larger the size of a company will have its value according to the views of investors so that it will affect the view of the company's value. Referring to the discussion of previous research, the hypothesis in this study is as below:
*H1: The size of the company has a positive effect on the value of the company*

**The Relationship Between Capital Structure and Company Value**
In capital composition, the source of funding to run a business from the most profitable company is the source of funding obtained from own capital and external capital investors. When a company receives and uses capital from investors, it has a fixed cost obligation of the company. Leverage occurs because the company pays or incurs fixed costs by using the company's assets. Managers must be able to raise funds effectively taking into account the capital burden. Financial stability and the impact of the company's bankruptcy depend on funding and the total assets of the company owned (Umdiana & Claudia, 2020).

The word "capital structure" refers to the arrangement of shares, equity, capital from preferred stock, debentures, and long-term loans. In capital composition, this unit is very important for companies including funding sources to run businesses from the most profitable companies, funding sources for companies are when getting capital from their capital or investors' external capital and influence the value of the company. Financial stability and the impact of the company's bankruptcy depend on the source of funding and the total assets owned (Umdiana & Claudia, 2020). The capital structure of an entity correlates with the value of the company. Companies that use high debt will have the effect of reducing value in the chemical industry (Luu, 2021), as researched by AlMOMANI et al., (2022) states that debt in the capital structure has an insignificant influence on the value of the company. Then Sudana, (2019) Argues that capital structure is a negative factor that can affect the value of the company. Last by Alghifari et al., (2022) Arguing that capital structure influences the profitability and value of the company, so the hypothesis is structured like:
*H2: Capital structure has a negative impact on the value of the company*

**The Relationship between Profitability and Company Value**
A company's profit is considered quality if the company's profits increase and increase (Franita, 2018). Investors will certainly focus more on looking at the future of a company regarding the profits that will be obtained in the long term so that it will produce dividends for investors by measuring the profitability ratio. Previous researchers by (Afinindy et al., 2021; Sudiyatno et al.,

2021; Yousaf et al., 2021) Providing profitability results has a positive effect on the value of the company. Next Sari & Sedana, (2020) Profitability has a significant positive influence on the value of the company. Then Hirdinis, (2019) Provides results if capital structure and profitability have a positive influence, so the hypothesis in this study is:
*H3: Profitability has a positive effect on the value of the company.*

**The relationship of company size, capital structure and profitability to company value**
Ningrum, (2022) states that the size of a company can be calculated using the calculation of the logarithmic value of the total assets. Research by Margono & Gantino, (2021) Finding restricted companies have capital flexibility that results in four times greater volatility and capital abuse. Investors will certainly focus more on seeing the foresight of a company regarding profits that will be obtained in the long term which will generate dividends for investors by measuring the profitability ratio. The size of the company is believed to be able to influence the value of the company so that investor reaction to the company will increase. Research conducted by Hirdinis, (2019); Sutrisno, (2020) Provides results if capital structure and profitability have a positive effect, but the size of the company has a significant negative effect on the value of the company. Next by Hidayat et al., (2020) Capital structure and profitability affect the value of the company simultaneously so that the hypotheses in this study are:
*H4: Company Size, Capital Structure, and Profitability Have a Simultaneous Influence on Company Value*

**The Relationship of Company Size to Company Value Moderated Dividend Policy**
Large-scale entities are believed to be able to make investors interested in investing. The first sight when investors are looking for an investment platform, the first thing to look at is whether the name of the company is well known enough and the size of a company. The investments made are useful for getting dividends (Yanti et al., 2022). The way the company distributes dividends to investors also affects investors' interest in investing. Investors prefer the current dividend distribution with minimal risk. The size of the company is believed to be able to influence the value of the company so that it will cause increased investor reaction to the company. Khasanah et al., (2019) convey that dividend policies that moderate the size of the company have a positive influence on the value of the company. Furthermore, by Hawari et al., (2020) that dividend policy cannot moderate the size of the company on stock returns. Then by Setiawan et al., (2021) dividend policy has a positive impact on the value of a company, so the hypothesis in this research is:
*H5: Dividend Policy Moderates (Reinforces) the Effect of Company Size on Company Value*

**The Relationship of Capital Structure to Company Value Moderated Dividend Policy**
The ownership of long-term funding of the company in the form of a beneficial capital structure can affect the company's financial position. Capital structure has an important role in the company's operational activities. Capital used usually consists of balancing the proportion of total long and short-term debt with own capital. Foreign capital obtained from investment is the responsibility of the company to be able to provide benefits to capital owners. Profit sharing is also an important indicator for investors, one of which is by implementing a dividend policy.

Some investors like profit sharing with the dividend policy method rather than capital again with minimal risk.

Nurhayati et al., (2020); Riki et al., (2022) suggests that dividend policy is able to moderate (strengthen) the capital structure to the company's value because investors consider the capital structure as a reference in profit distribution with dividend policy. Dividend policy is able to increase the value of a company when the capital structure is high and vice versa. This means that higher or lower dividend policies have a greater influence on the relationship between capital structure and company value. Therefore, high dividends paid to investors can push stock prices up when primary debt is high. Conversely, low dividends paid to investors can push stock prices down when capital structure is low (Rokhayati et al., 2022), So the hypothesis is compiled:
*H6: Dividend policy strengthens capital structure on company value*

**Relationship of Profitability to Company Value Moderated Dividend Policy**
Profitability is the company's capability when creating profits from related revenue activities from sales transactions, assets, and equity. From an investor's perspective, the progress of increasing profits is an important indicator in assessing the future of a company. It is important to know the amount of investment by investors who will get a return on profits according to them. The company's policy model in the distribution of return on investment is also an important point for investors. Investors will prefer companies that implement dividend policies. Investors consider that the current share of investment returns is less risky when compared to retained earnings. The ability to generate profits relates to the ability of an entity to pay dividends to shareholders (Ningrum, 2022). A high level of profitability and an optimal dividend policy can illustrate good opportunities for the company.

Dividend policy has an important role in a company. The consideration of paying dividends is useful in maintaining a good corporate portrait. Some investors consider dividend policy actions as a positive signal from the company. This study is supported by the signaling theory expressed by Miller in Gumanti (2013), that the higher the increase in dividends, the higher the manager's confidence in increasing profits. Rising dividends will give investors a signal regarding the entity's profits. If the dividend is high, investors will buy shares of the company and increase the stock price (Nianty et al., 2023). Profitability is strengthened by the dividend policy on the value of the company which means that when the dividend distribution is distributed, the company has given a good signal to investors that the company has performed well (Nurhayati et al., 2020), Then the hypothesis is formed as follows:
*H7: Profitability in company value strengthened by dividend policy*

**Thinking Framework**
After the description and reasons for the previous research in the previous chapter, therefore the framework that the author made as below:

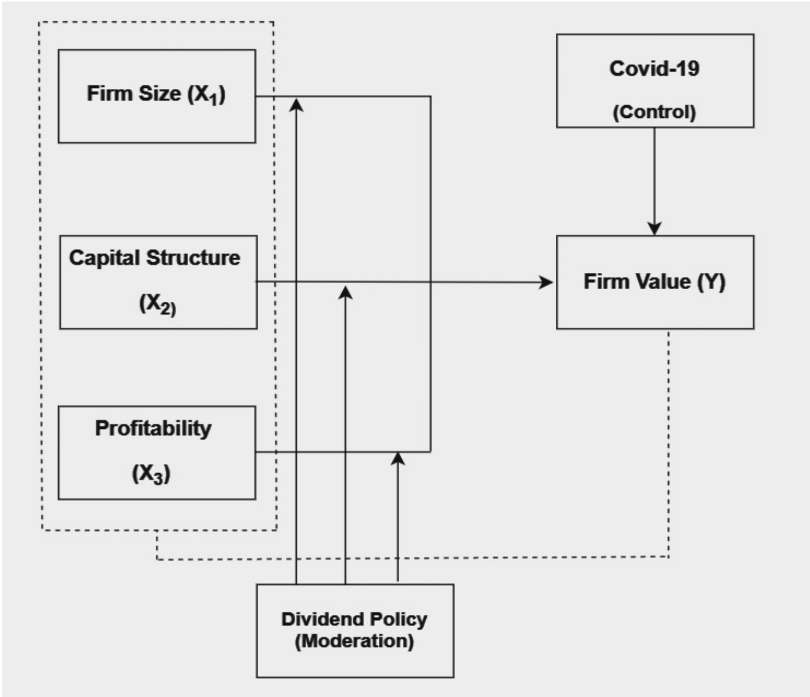


**Figure 2. Research Framework**

## 3. Methodology

This study used associative and quantitative methods. Associative is useful to see the effect of bonds between two or more variables such as variable X to Y. While the moderation variable is calculated using dummy variables. Dummy variables are also used as a measurement of covid-19 control variables to avoid unequal financial data. Secondary data was used in this study by obtaining it directly through the Indonesia Stock Exchange (IDX). Population is the sum of all components to be studied and is the same nature. It could be in the form of an individual in a group, an event or something to research (Hapsoro & Falih, 2020). The population in this study uses the real estate sector and already has standard criteria that researchers have set to represent the entire sample population. The sample in this research is the financial statements of the real estate sub-sector on the Indonesia Stock Exchange with research years starting from 2018-2022. Purposive sampling technique was used in this study. According to Sugiyono, (2018) Purposive sampling is the collection of a sample by considering certain things. The benchmarks set for this research are as below:

**Table 1. Sample Assignment**

| No. | Information | Total |
|---|---|---|
| 1 | Property & real estate sector companies listed on IDX | 88 |
| 2 | Companies with incomplete financial statements from 2018-2022 | (33) |
| 3 | Companies that lost money for the period 2018-2022 | (38) |
| 4 | Sample of companies that meet the criteria | 17 |
| | **Total financial statement period during 2018-2022 (5 years X 17 = 85)** | **85** |

The data study unit that will be used in this research is a real estate sector company on the IDX with a research period of 2018-2022. The method used in this research uses the SPSS program version 26 while the data analysis used is associative data analysis and will be carried out descriptive statistical analysis tests, classical assumption tests, and hypothesis tests, F &T statistical tests and Coefficient of Determination (R2) tests. Multiple linear regression analysis in this study is as below.

**Model Equation 1. Multiple Linear Regression**

$$PER = a + \beta_1 Ln + \beta_2 DER + \beta_3 NPM + \varepsilon$$

**Model Equation 2. Multiple Linear Regression, Moderation and Control**

$$PER = a + \beta_1 Ln + \beta_2 DER + \beta_3 NPM + \beta_5 Ln*Div + \beta_6 DER*Div + \beta_{7*} NPM *Div + Cov + \varepsilon$$

PER : Company value
a : Constant (Parameter coefficient)
$\beta 1$- $\beta 4$ : Value of Regression Coefficient
Ln : Company size
DER : Capital Structure
NPM : Profitability
Div : Dividend Policy
Cov : Covid-19 Pandemic
$\varepsilon$ : Random error or error

## 4. Empirical Findings/Result

**Descriptive Statistical Analysis**

**Tabel 2. Descriptive Statistics**

| N | | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| Ln_TA | 85 | 6.72 | 13.81 | 12.3014 | 1.43868 |
| THE | 85 | .00 | 13.03 | .8657 | 1.52117 |
| NPM | 85 | .00 | .99 | .2706 | .19406 |
| PER | 85 | -664.00 | 1666.67 | 47.7974 | 242.06608 |
| Div | 85 | .00 | 1.00 | .5294 | .50210 |
| Those | 85 | .00 | 1.00 | .6000 | .49281 |
| Valid N (listwise) | 85 | | | | |

Source: Processed Data, 2023

Based on the table listed above, it is known that from the total observation data of 85, obtained from 17 companies for 5 research years 2018-2022, it is explained that the average company size is 12.3014, with a maximum value of 13.81 and a minimum of 6.72; capital structure of 0.8657, with a maximum value of 13.03 and a minimum of.00; profitability of 0. 2706, with a maximum value of.99 and a minimum of.00; dividend policy of 0.5294, with a maximum value of 1.00 and a minimum of.00; and a company value of 47.7974, with a maximum value of 1666.67 and a minimum of -664.00.

**Classical Assumption Test**

**Table 3. Classical Assumption Test Results**

| No | Test Instruments | Result | Standard | Conclusion |
|---|---|---|---|---|
| 1. | Normality (Kolmogorov Smirnov) | 0,755 | >0,05 | Normally distributed |
| 2. | Multicollinearity (VIF) | Ln = 1,253 | < 10 | No Multicollinearity |
| | | THE = 1.677 | | |
| | | NPM = 2.533 | | |
| | | Of those = 1,281 | | |
| 3. | Heteroscedasticity (Glejser test) | Ln = 0.893 | >0.05 | No Multicollinearity |
| | | DER = 0.841 | | |
| | | NPM = 0.34 | | |
| | | Ln * div = 0.632 | | |
| | | DER * Div = 0.238 | | |

Source: Data Processed (2023)

Based on the table above, classical assumption tests, including normality, multicollinearity, heteroscedasticity, and autocorrelation tests, have fulfilled the criteria.

**Hypothesis test**

**Table 4. Multiple Regression Analysis Results**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .195 | .741 | | .264 | .793 |
| | Ln_TA | .108 | .696 | .012 | .155 | .877 |
| | THE | -.321 | .061 | -.372 | -5.261 | .000 |
| | NPM | 1.061 | .097 | .806 | 10.962 | .000 |
| | Div | .073 | .083 | .065 | .884 | .379 |
| | Those | .129 | .089 | .112 | 1.444 | .153 |

a. Dependent Variable: PER

Source: Processed Data, 2023

Based on the results of multiple linear regression analysis as in Table 4, a structural equation is formed as follows:

$$\mathbf{Y = 0.195 + 0.108LN - 0.321\ DER + 1.061\ NPM + 0.073\ DIV + 0.129\ Cov + \in}$$

The regression coefficient for the independent variable of company size is statistically insignificant ($p > 0.05$), although it shows a positive correlation. In contrast, profitability demonstrates a significant positive correlation with a significance value of < 0.05, indicating a substantial positive impact on the company's value. On the other hand, the capital structure exhibits a significance value of < 0.05 with a negative correlation, signifying a notable negative effect on the company's value. Further analysis of the multiple regression test results for the impact of company size on the company's value yields a regression coefficient of 0.108, with a significant value of 0.877 > 0.05, suggesting acceptance of the alternative hypothesis (H1). This outcome indicates a positive influence of company size on the company's value. Similarly, examining the effect of capital structure on the company's value through multiple regression tests reveals a regression coefficient of -0.321, with a significant value of 0.000 < 0.05. The acceptance of the alternative hypothesis (H2) suggests a negative and significant impact of capital structure on the company's value. Finally, the analysis of the impact of profitability on the company's value in multiple regression tests unveils a positive regression coefficient of 1.061, with a significant value of 0.000 < 0.05. This result aligns with the acceptance of the alternative hypothesis (H3), indicating a positive and significant effect of profitability on the company's value.

**Table 5. ANOVA test**

| Model | | Sum of Squares | df | Mean Square | F | Sig |
|---|---|---|---|---|---|---|
| 1 | Regression | 17.155 | 5 | 3.431 | 28.462 | .000b |
| | Residual | 9.161 | 76 | .121 | | |
| | Total | 26.316 | 81 | | | |

a. Dependent Variable: PER
b.Predictors: (Constant), CoV, NPM, DER, Div, Ln_TA
Source: Processed Data, 2023

According to the results of the analysis of the simultaneous influence of variable X on Y in the F test results, a significant value of 0.000 was obtained. The values 0.000 < 0.05 indicate that there is a simultaneous influence between the variables X and Y or H4 accepted.

**Table 6. Results of Multiple Regression Analysis for Moderation**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig |
| 1 | (Constant) | .155 | .628 | | .246 | .806 |
| | Ln_TA | -.021 | .592 | -.002 | -.036 | .971 |
| | THE | -.293 | .064 | -.339 | -4.573 | .000 |
| | NPM | 1.241 | .120 | .943 | 10.352 | .000 |
| | Ln.Div | .000 | .000 | .531 | 4.033 | .000 |
| | SAY. Div | .001 | .000 | .136 | 1.549 | .126 |
| | NPM. Div | .035 | .006 | .605 | 5.706 | .000 |
| | Those | .079 | .074 | .069 | 1.065 | .290 |

a. Dependent Variable: PER
Source: Processed Data, 2023

According to the results of the analysis in table 6 as presented, the equation is as follows:

$$\mathbf{Y = 0.155 – 0.021LN – 0.293\ DER + 1.241\ NPM + 0.000\ Ln.DIV + 0.001\ DER.\ DIV + 0.035\ NPM.\ DIV – 0.079\ Cov + \in}$$

Profitability, Ln.Div interaction, and NPM exhibit a significant positive correlation with the value variable of the company, as indicated by their significance values of < 0.05. Conversely, the capital structure variable displays a significant negative correlation with the company's value, having a significance value of < 0.05. However, Ln_Ta has a significance value of > 0.05, suggesting a non-significant negative influence. The DER interaction variable, Div, does not significantly affect the company's value, as indicated by its significance value of > 0.05.

In the regulatory regression analysis, the Ln.Div interaction variable with a sig value of 0.000 and a positive regression coefficient of 0.000 indicates a one-way relationship. This implies that dividend policy cannot moderate the effect of company size on the company's value, leading to the rejection of H5.

Similarly, the DER interaction variable, Div, with a significant value of 0.126 and a positive regression coefficient of 0.001, shows that dividend policy cannot moderate the capital structure's impact on the company's value, leading to the rejection of H6.

On the other hand, the NPM interaction variable, Div, with a significant value of 0.000 and a positive regression coefficient of 0.020, demonstrates that the dividend policy reinforces profitability in determining the company's value, supporting the acceptance of H7.

**Coefficient of Determination Test**

**Table 7. R2 Test Results**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .870a | .758 | .735 | .29356 |

Source: Processed Data, 2023

The results of the R2 test obtained an R Square number of 0.735 which means that the value of the company can be influenced by company size, capital structure, profitability, dividend policy, Ln. Div interaction variables, DER interactions. Div and NPM interactions. Div by 73.5% and the remaining 26.5% is elaborated by other aspects.

## 5. Discussion

**The Relationship between Company Size and Company Value**

Based on the results of research, the size of the company has a positive influence that is not significant on the value of the company. The size of a company has the possibility of affecting the company's skills in dealing with risks from all situations and competitive conditions it faces. Usually, large companies are seen as having a lower level of risk than small size companies (Rokhayati et al., 2022). This is due to the fact that large companies have better control over competitive conditions in the market, allowing them to be better prepared to resist economic competition in the free market. Success in control allows the company to maintain the stock price from various risks faced so that the stock price does not decrease, because the value of the company is reflected in the company's stock price. The results of this study are in line with Hapsoro & Falih, (2020); Husna & Satria, (2019); Sudiyatno et al., (2021); Sudrajat & Setiyawati, (2021) that firm size has a positive effect.

**The Relationship Between Capital Structure and Company Value**

Capital structure has a negative and significant impact on the value of the company. These results identify that entities with high loan ratios allow greater risk to be experienced. The use of debt in the company is useful to support the running of company activities but has benefits as well as risks. The risk of bankruptcy and even bankruptcy will be faced by the company if there is an error in the use and management of debt. Bankruptcy that occurs due to debt will get a negative response from investors and make the company's value decrease. In addition, this finding is in line with the results of the study (Firmansyah, (2020) argue if the capital structure is a negative factor that affects the value of the company.

**The Relationship Between Profitability and Company Value**

Profitability has a significant positive effect on firm value. These results identify that the company has found a way to optimize shareholder profits from the total profit earned, so that the company has achieved its main goal of maximizing company value. An investment is considered profitable if it is able to increase investor wealth after investing. Investors can own other stocks that are expected to increase in price as they work toward maximum returns. High profitability is essential for companies to maintain long-term business sustainability. In long-term investments, investors pay great attention to the analysis of the level of profitability. If shareholders want to see the actual profits that will be received, they will be interested in companies that are highly profitable. This can increase their interest as investors in the company and result in an increase in stock price, and ultimately increase the value of the company (Rokhayati et al., 2022). These findings are in line with the results of studies by Afinindy et al., (2021); Hirdinis, (2019); Nianty et al., (2023); Sari & Sedana, (2020); Sudiyatno et al., (2021); Yousaf et al., (2021).

**The Relationship Between Company Size, Capital Structure and Profitability on Company Value**

Company value plays an important role for investors, investors usually prefer to invest more in companies with increased company value (AlMOMANI et al., 2022). In general, a company's value is considered as an investor's perception of how successful the company is in relation to the stock price. Companies with large sizes and amounts of assets tend to be more attractive for investment to investors. A large level of desire and interest from investors towards the company can have an impact on the level of stock prices and the value of the company increases (Rokhayati et al., 2022). Companies that want to increase the value of their company, then must find additional capital by selling shares in the capital market. Meeting the needs of funds with long-term credit means that the company's capital structure will change (Rokhayati et al., 2022). Investors can hold other stocks that are expected to increase the stock price as they seek to earn the maximum rate of return (Rokhayati et al., 2022).

**The Relationship of Company Size to Company Value Moderated Dividend Policy**

Dividend policy does not moderate (strengthen) the effect of firm size on firm value. These results identify that real estate sector companies have a tendency to prioritize business expansion and the search for the latest innovations to achieve greater growth when compared to distributing profits to current shareholders. In this case, they focus more on business expansion to gain investors. The main objective of this approach is to expand the scale of the company's operations and increase the potential for future growth. This study supports previous findings by Wardani et al., (2022).

**The Relationship of Capital Structure to Company Value is moderated by Dividend Policy**

Based on the research results, the dividend policy variable cannot moderate the capital structure on firm value. This result identifies that the existence of dividend policy does not affect investors' opinion of the entity. Investors consider that entities that are able to implement dividend policies can certainly face operational activities from the proportion of capital used. The ratio used to assess the capital structure in this study is DER. The higher the DER ratio, the higher the use of corporate debt compared to equity. A high DER ratio will result in investor distrust of the company in dividend distribution which will cause the company's value to decline. The high dividends that have been distributed to investors can increase the company's share price, but the high capital structure with the DER ratio causes the share price to fall because there is no interest. This study supports previous findings by Yanti et al., (2022).

**Relationship of Profitability to Company Value Moderated Dividend Policy**

Dividend policy can strengthen profitability on firm value. This result identifies that the profit of a company is related to the company's power to pay dividends to shareholders. A high level of profitability and an optimal dividend policy can reflect a good prospect for the company which in turn can increase stock prices and firm value. Dividend policy has an important contribution in every entity. The decision to pay dividends will protect the company's good image. This will have a strong effect on the company's profits. Each entity has its own considerations in determining how much dividends will be paid to shareholders (Iwanty & Surjandari, 2022). On the other hand, bondholders generally want to take short-term and long-term profits with the strategy of owning several company shares so that they can get dividends, capital gains, and so on (Nianty et al., 2023). Rising dividends will give investors a signal about the company's profits. If the dividend is high, investors will buy shares of the company and increase the stock price (Nianty et al., 2023).

**Covid as a control variable of company size, capital structure, profitability, dividend policy**

The control variables associated with Covid still have a direction of relationship that is in line with the variable being tested (X). This can be caused by several factors, including the measurement of Covid control variables using dummy variables. The use of dummy variables in statistical analysis can result in an effect that is more focused on the comparison of two specific groups or conditions. In this context, Covid control variables measured with dummies may have an influence that is more focused on the difference between the presence/absence of Covid or pandemic-related conditions. Therefore, they may not have a significant impact on the test results related to variable X. This suggests that the Covid control variable does not affect the direction of the relationship between variable X and the other variables being tested. As a result, the study concluded that Covid control variables may not need to be significantly accounted for in the analysis of variable X under study.

## 6. Conclusion

The test results show that in this study, company size has a positive influence on firm value, which means that the larger the company size, the higher the company value. Profitability also has a significantly positive effect on firm value, indicating that companies that generate greater profits tend to have higher values. On the other hand, capital structure has a negative and significant effect on firm value, which indicates that the higher the capital structure of a company (more debt), the lower the firm value. Furthermore, dividend policy strengthens the effect of profitability on firm value, indicating that a good dividend distribution policy can increase the positive impact of profitability on firm value. However, dividend policy cannot moderate firm size and capital structure on firm value. This means that dividend policy does not affect the effect of firm size and capital structure on firm value. Overall, the independent variables simultaneously affect the dependent variable by 73.5%, and other factors also affect firm value. The decision to pay dividends to shareholders is an important factor affecting future firm value, and firm value is a major consideration in decision making to gain investor confidence. Further research could sample from different industries or sectors to gain a more comprehensive understanding of how these variables interact in various business contexts. In addition to moderating by dividend policy, research can explore the effect of these variables on firm value by considering alternative dividend policies such as cash dividends or stock dividends.

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