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Factors Affecting Firm Value and the Economic Significance of Firm Size as a Moderator: A Study of the Industrial Sector on the IDX (2020–2023)

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Abstract:

The purpose of this study is to determine how the performance of staff members at the Widhya Asih Children's Social Welfare Institute in Bali Province is impacted by time management, competency, and leadership style. This study employs a quantitative methodology, gathering data via questionnaire distribution. An interval scale with a ra nge of 1 to 5 was used to measure the questionnaireA random sample was employed to pick the respondents, and a maximum of 33 respondents were used. SPSS Version PASW Statistics 18 for ewindows is the data analysis method utilized to support this study. The results of hypothesis testing on all variables show that the factors influencing (1) time management have a significant effect on employee performance. (2) Competence has a negative but considerable impact on employee performance. (3) Leadership style has a fav orable and significant impact on employee performance. (4) Employee Performance is significantly impacted by leadership style, competence, and time management.

Keywords: *Time Management, Competence, Leadership Style, Employee Performance*

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1. Introduction

Every company strives to grow and continuously improve its business operations. Fundamentally, the primary objective of a company's establishment is to maximize profits and enhance corporate value, which ultimately contributes to the prosperity of the owners or shareholders (Arifin et al., 2021; Fernández Medina & García, 2017; Wong & Choi, 2022). The capital market in Indonesia consists of numerous companies across various sectors, one of which is the industrial sector. Industrial companies in Indonesia have generally shown a tendency for growth year by year. Even during the pandemic, this sector continued to operate, although utilization rates declined. By the end of 2021, the average utilization rate of the industrial sector had risen to 66.7%, an increase from 60.3% at the beginning of the same year (Ministry of Industry, 2022).

Corporate value is also influenced by the company's stock price as listed on the Indonesia Stock Exchange (IDX). A higher stock price reflects a higher company

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value. Increasing firm value can attract investor interest, as it signals the company's ability to manage operations efficiently and indicates strong future prospects (Chen & Strange, 2021; Hasan & Butt, 2023). This positive perception enhances the company's image in the eyes of potential investors. In essence, market value is a key indicator of shareholder wealth. In this study, company value is proxied by Price to Book Value (PBV), a ratio that compares stock price to the firm's book value, used to assess whether a company's shares are undervalued or overvalued (Martínez Ramírez & Romero Fernández, 2021).

Several phenomena affecting company value in the industrial sector from 2017 to 2020 reveal how internal and external factors shape company performance and valuation. In 2017, Indonesia experienced stable economic growth that boosted investor confidence. This, in turn, increased purchasing power and investment activity, driving industrial sector performance and raising corporate values (Nur Izzah et al., 2023). In 2018, a surge in global commodity prices benefited companies dependent on raw materials, resulting in higher revenues and enhanced company values, although cost control challenges persisted for some (Antoro et al., 2020). Government investments in infrastructure in 2019 improved logistics and distribution efficiency, allowing companies to lower operational costs and strengthen market competitiveness, thereby increasing their market value (Rohman & Fitriyah, 2023).

The year 2020, however, brought significant disruptions due to the COVID-19 pandemic. Declining demand, supply chain interruptions, and economic uncertainty caused a substantial drop in company value (Lee & Peterson, 2021; Irman et al., 2022). Many firms struggled to maintain revenue and resorted to workforce reductions. These pressures adversely affected firm valuation, though certain sectors such as healthcare and technology demonstrated resilience and even growth (Fauziyah & Muazaroh, 2022; Farooq & Jibran, 2023). These events illustrate the critical role of economic conditions in shaping corporate value. Larger firms are often better positioned to absorb shocks and leverage emerging opportunities (Ahmed et al., 2023).

Tax planning plays an important role in maintaining high profitability by minimizing tax burdens through strategic utilization of regulatory loopholes. Companies that implement tax planning are often seen as more efficient in managing their financial resources, which may appeal to investors and enhance firm value (Sihombing et al., 2020; Rehman & Iqbal, 2022). While some previous studies find a positive relationship between tax planning and firm value, others suggest that the effect is insignificant. It is argued that the impact of tax planning may vary by company size, where larger firms tend to engage in more sophisticated tax strategies that help sustain high profits and returns, contributing to higher valuation (Ghuri & Zulfikar, 2023).

Profitability, as a measure of a company's ability to generate net income, is widely recognized as an indicator of business success. A high profitability ratio suggests good performance and a promising outlook, which attracts investor interest and raises firm value (Djashan, 2019; Hidayatulloh & Trisnaningsih, 2024). Some studies confirm this positive influence, while others report a negative or insignificant relationship.

Larger firms may experience a stronger link between profitability and firm value due to their perceived ability to generate consistent returns, leading shareholders to increase demand for the firm's stock (Wijayaningsih & Yulianto, 2022).

Liquidity refers to a company's ability to meet its short-term obligations. Firms with high liquidity are seen as financially healthy and are more likely to earn investor trust, potentially enhancing their value (Leman et al., 2020). Some studies support a positive relationship between liquidity and firm value, while others find no significant effect. Larger firms with better liquidity management are considered more reliable by creditors and suppliers, contributing to greater market confidence and firm valuation (Rahayu et al., 2022).

Capital structure—the mix between debt and equity financing—can also influence firm value. Companies that utilize debt effectively are often viewed as having strong future prospects, as lenders deem them creditworthy (Endra Nitha et al., 2023; Evelyne et al., 2020). While some research supports a positive effect of capital structure on firm value, other findings show no significant relationship (Sugiyono, 2022). The size of a company may amplify the role of capital structure, as larger firms are perceived to manage debt more effectively, thereby increasing operational performance and overall value (Băbinău & Popa, 2022).

Firm growth, typically reflected by an increase in total assets, signals expansion and business potential. Consistent growth attracts investors, as it implies stronger future returns (Kim & Yang, 2024). While certain studies report a positive effect of firm growth on company value, others suggest a negative impact (Tang & Chen, 2023). Larger firms are more likely to be recognized as having better growth trajectories, which enhances their ability to earn investor trust and drive up valuation (Chen & Strange, 2021; Wong & Choi, 2022).

Based on the background outlined above, this study aims to examine the factors influencing firm value with firm size as a moderating variable in industrial sector companies listed on the Indonesia Stock Exchange during the period 2020–2023.

2. Theoretical Background

The Effect of Tax Planning on Firm Value with Firm Size as a Moderating Variable

Tax planning in this study is proxied by the Effective Tax Rate (ETR) (Antoro et al., 2020). Efficient tax planning aims to minimize the company's tax burden, thereby maintaining high profitability. A higher net profit can enhance a firm's attractiveness to investors, leading to an increase in firm value. Previous studies support the positive influence of tax planning on firm value (Ghuri & Zulfikar, 2023; Hasan & Butt, 2023). Firm size is believed to strengthen this relationship. Larger firms often have more sophisticated tax planning strategies and resources, allowing them to maximize tax benefits while maintaining compliance (Ahmed et al., 2023; Rehman & Iqbal, 2022).

Consequently, the impact of tax planning on firm value is expected to be more pronounced in larger firms.

Hypotheses:

H1a: Tax planning has a significant effect on firm value.

H2a: Firm size moderates the relationship between tax planning and firm value.

The Effect of Profitability on Firm Value with Firm Size as a Moderating Variable

Profitability is proxied by Return on Assets (ROA) (Kasmir, 2020). High profitability indicates a company's efficient use of its assets to generate earnings, reflecting strong performance and positive future prospects. Such conditions can attract investors and lead to an increase in firm value. Prior studies have found that profitability positively influences firm value (Aji & Atun, 2019; Fauziyah & Muazaroh, 2022; Endra Nitha et al., 2023).

The effect of profitability on firm value is likely to be stronger for larger firms, which are generally more stable and better positioned to sustain high earnings and deliver consistent returns to shareholders (Wong & Choi, 2022; Hidayatulloh & Trisnaningsih, 2024).

Hypotheses:

H1b: Profitability has a significant effect on firm value.

H2b: Firm size moderates the relationship between profitability and firm value.

The Effect of Liquidity on Firm Value with Firm Size as a Moderating Variable

Liquidity is measured using the Current Ratio (CR) (Prihadi, 2019). A high liquidity level demonstrates a firm's ability to meet short-term obligations, which enhances its reputation among creditors and investors. Firms with strong liquidity are often perceived as financially healthy, which positively influences their market value. Previous studies also support this notion (Nur Izzah et al., 2023). Larger firms are typically better equipped to manage their liquidity due to broader access to funding and more robust cash management systems, which enhances the positive effect of liquidity on firm value (Lee & Peterson, 2021; Martínez Ramírez & Romero Fernández, 2021).

Hypotheses:

H1c: Liquidity has a significant effect on firm value.

H2c: Firm size moderates the relationship between liquidity and firm value.

The Effect of Capital Structure on Firm Value with Firm Size as a Moderating Variable

Capital structure is proxied by the Debt to Equity Ratio (DER) (Kasmir, 2020). An optimal mix of debt and equity can indicate sound financial management and creditworthiness, which may enhance a firm's value. Firms that efficiently use debt can signal strong prospects, as creditors are willing to lend based on perceived stability. Empirical studies confirm a positive relationship between capital structure and firm value (Băbinău & Popa, 2022; Mudijah et al., 2019).

Firm size plays a moderating role in this relationship. Larger firms typically have better access to debt markets and are considered more capable of handling debt

obligations, thus magnifying the beneficial effects of capital structure on firm value (Farooq & Jibran, 2023; Arifin et al., 2021).

Hypotheses:

H1d: Capital structure has a significant effect on firm value.

H2d: Firm size moderates the relationship between capital structure and firm value.

The Effect of Firm Growth on Firm Value with Firm Size as a Moderating Variable

Firm growth is proxied by asset growth (Kasmir, 2020). A consistent increase in firm size through asset growth signals potential for future earnings and expansion. Growing firms often attract more investors due to their promising performance outlook. Studies have identified a positive influence of firm growth on firm value (Chen & Strange, 2021; Antoro et al., 2020).

Larger firms tend to derive greater value from growth due to established reputations, easier access to capital, and market dominance. Consequently, the positive impact of growth on firm value is likely stronger for larger firms (Sugiyono, 2022; Tang & Chen, 2023).

Hypotheses:

H1e: Firm growth has a significant effect on firm value.

H2e: Firm size moderates the relationship between firm growth and firm value.

3. Methodology

This study adopts a descriptive quantitative approach, which aims to systematically, factually, and accurately describe a particular phenomenon. A quantitative method is grounded in positivist philosophy and is used to investigate specific populations or samples, where data collection is conducted using research instruments and analyzed statistically to test predefined hypotheses. The object of this study is industrial sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2020–2023, as recorded on the official IDX website, www.idx.co.id.

The data collection methods applied in this study include documentation and literature review. The documentation method involves collecting secondary data, particularly financial statements of the listed industrial sector companies from 2020 to 2023. Meanwhile, the literature review entails collecting relevant academic articles, journals, and literature that support the theoretical basis of the study. The population consists of 54 companies in the industrial sector listed on the IDX during the 2020–2023 period. A purposive sampling method is used, with specific inclusion criteria such as consistent listing and profitability, and tax expenses over the selected period. Based on these criteria, the final sample includes 15 companies, resulting in 75 firm-year observations.

The operational definitions in this study include one dependent variable (firm value), five independent variables (tax planning, profitability, liquidity, capital structure, and firm growth), and one moderating variable (firm size). Firm value is proxied by Price to Book Value (PBV), tax planning is measured by the Effective Tax Rate (ETR),

profitability by Return on Assets (ROA), liquidity by the Current Ratio (CR), capital structure by Debt to Equity Ratio (DER), and firm growth by changes in total assets. Firm size is measured using the natural logarithm of total assets. Each variable is clearly defined and supported with relevant formulas to ensure measurable constructs.

The data analysis method used in this research is multiple linear regression and the Absolute Difference Value test for moderating effects, using SPSS version 25. The regression model is applied to test the simultaneous and partial effects of the independent variables on firm value, while the moderation test evaluates whether firm size strengthens or weakens these relationships. The regression model for moderation includes interaction terms in the form of absolute differences between each independent variable and the moderator.

To validate the regression assumptions, several classical assumption tests are conducted, including tests for normality (via histogram and Kolmogorov-Smirnov), multicollinearity (tolerance and VIF), heteroskedasticity (scatterplot and Park test), and autocorrelation (Run test). Furthermore, hypothesis testing includes the F-test (to assess overall significance), t-test (to test individual parameter significance), and coefficient of determination (R^2) to measure how well the independent variables explain the variation in firm value. The moderation hypothesis is tested by evaluating the significance of the interaction terms based on the absolute difference method, as proposed by Furot and Shearon.

4. Empirical Findings/Results

Classical Assumption Testing

a. Normality Test (Graphical Analysis) : Based on the histogram and Normal P-P Plot, the residuals exhibit a distribution that approximates a normal curve. The data points on the Normal P-P Plot are distributed closely along the diagonal line and follow its direction, indicating that the residuals are normally distributed. Therefore, it can be concluded that the regression model meets the assumption of normality based on graphical analysis.

b. Normality Test (Statistical Analysis) : The One-Sample Kolmogorov-Smirnov (K-S) Test was also conducted to confirm the normality of the residuals. The test produced a significance value (Asymp. Sig. 2-tailed) of 0.364, which is greater than the threshold of 0.05. Thus, it can be concluded that the residuals are normally distributed, and the regression model satisfies the normality assumption based on statistical evidence.

c. Multicollinearity Test : The multicollinearity test results show that all independent variables have tolerance values greater than 0.10 and Variance Inflation Factor (VIF) values less than 10. Specifically, the VIF values range from 1.072 to 1.793, and the lowest tolerance is 0.558. These results indicate that there are no symptoms of multicollinearity among the independent variables, suggesting that each variable contributes uniquely to the model without high intercorrelation.

d. Heteroskedasticity Test : Based on the scatter plot of standardized residuals, the points are spread randomly and evenly around the zero axis without forming a clear pattern. This indicates that the variance of residuals remains constant across levels of predicted values (homoskedasticity). In addition, the Park test results show that all independent variables have significance values greater than 0.05. This confirms that the model does not suffer from heteroskedasticity problems and fulfills the assumption of homoskedasticity.

e. Autocorrelation Test : The Runs Test was conducted to assess the presence of autocorrelation in the residuals. The test yielded a significance value of 0.804, which is higher than the 0.05 significance level. This indicates that there is no autocorrelation in the residuals, and thus, the assumption of independent residuals is satisfied.

Coefficient of Determination

The coefficient of determination (R^2) serves to indicate the extent to which the independent variables explain the variance in the dependent variable (Firm Value). The Adjusted R^2 is more appropriate to interpret in multiple regression, especially when multiple predictors are included, as it adjusts for the number of variables. Based on the output in the Model Summary table below:

Table 1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.760	0.577	0.534	0.01779

The Adjusted R Square value of 0.534 means that 53.4% of the variation in firm value is explained by the standardized independent variables and the standardized moderating variable (IOS). The remaining 46.6% is influenced by other variables not included in this model. This indicates that the model has a moderate explanatory power.

F-Test (Simultaneous Test)

To test whether the independent variables simultaneously influence the dependent variable, the F-test is employed. The results are presented in the following ANOVA table:

Table 2. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.025	6	0.004	13.411	0.000
Residual	0.019	59	0.000		
Total	0.044	65			

Based on the ANOVA table above, the F-value is 13.411 with a significance level of 0.000 (< 0.05), indicating that the independent variables collectively have a significant effect on firm value. This confirms that the regression model is statistically significant and suitable for further interpretation.

c. Regression Coefficient and Moderation Analysis

The regression coefficients, including the interaction terms formed using the absolute difference method (|ZXi − ZZ|), are shown below:

Table 3. Coefficients (Moderation Analysis)

Model	Unstandardized Coefficients (B)	Std. Error	Standardized Coefficients (Beta)	t	Sig.
(Constant)	-1.722	0.797		-2.162	0.035
Z_X1	-0.032	0.030	-0.112	-1.067	0.291
Z_X2	0.027	0.007	0.488	3.919	0.000
Z_X3	0.009	0.012	0.076	0.704	0.484
Z_X4	0.011	0.020	0.061	0.556	0.581
Z_X5	2.051	1.212	0.209	1.693	0.097
ZX1	0.000043	0.002	0.002	0.020	0.984
ZX2	0.001	0.003	0.054	0.503	0.617
ZX3	-0.001	0.004	-0.034	-0.335	0.739
ZX4	0.004	0.004	0.113	1.019	0.313
ZX5	1.079	0.421	0.267	2.564	0.013

The analysis indicates that the interaction term ZX5 (|Z_X5 − ZZ|), which represents the moderation of firm growth by IOS, is statistically significant ($p = 0.013 < 0.05$). This implies that IOS significantly moderates the relationship between firm growth and firm value. However, other interaction terms such as ZX1 to ZX4 (moderating effects on tax planning, profitability, liquidity, and capital structure, respectively) have p-values greater than 0.05, indicating no significant moderating effect by IOS on those relationships.

Regression Equation with Moderation Terms

Based on the regression output, the estimated regression model with absolute difference moderation is as follows:

$$Y^{*} = -1.722 - 1.067\ ZX1 + 3.919\ ZX2 + 0.704\ ZX3 + 0.556\ ZX4 + 1.693\ ZX5$$

$$+ 0.020ZZ\ |ZX1 - ZZ| + 0.503\ |ZX2 - ZZ| - 0.335\ |ZX3 - ZZ|$$

$$+ 1.019\ |ZX4 - ZZ| + 2.64\ |ZX5 - XX|$$

Based on the regression equation, the following interpretations can be made:

- An increase of 1% in the standardized IOS (Z) will increase the firm's value by approximately 0.574%, assuming the absolute differences between the standardized independent variables and the standardized IOS remain constant.
- A 1% increase in the absolute difference between standardized Profitability and IOS (|ZX1 − ZZ|) will reduce the firm's value by approximately 0.020%, assuming the standardized IOS (Z) remains constant.
- A 1% increase in the absolute difference between standardized Asset Structure and IOS (|ZX2 − ZZ|) will increase the firm's value by approximately 0.503%, assuming the standardized IOS (Z) remains constant.

- A 1% increase in the absolute difference between standardized Firm Size and IOS (|ZX3 − ZZ|) will reduce the firm's value by approximately 0.335%, assuming the standardized IOS (Z) remains constant.
- A 1% increase in the absolute difference between standardized Managerial Ownership and IOS (|ZX4 − ZZ|) will increase the firm's value by approximately 1.019%, assuming the standardized IOS (Z) remains constant.
- A 1% increase in the absolute difference between standardized ETR (Effective Tax Rate) and IOS (|ZX5 − ZZ|) will reduce the firm's value by approximately 2.564%, assuming the standardized IOS (Z) remains constant.
- If the standardized IOS (Z) is zero and the absolute differences between all standardized independent variables and the standardized IOS (|ZXi − ZZ|) are also zero, then the firm value is estimated to be -0.129%.

5. Discussion

The Effect of Time Management on Employee Performance

The findings revealed that time management has a positive and significant effect on employee performance at the Widhya Asih Children's Social Welfare Institution in Bali Province. This conclusion is supported by the t-test results, which show that the calculated t-value exceeds the critical t-table value and the significance value is below 0.05. It suggests that better time management enables employees to plan, prioritize, and complete their tasks more efficiently, thereby increasing overall job performance. This result aligns with the findings of Anggara Putra and Tommy Amanda (2023), who emphasized that structured time management strategies significantly enhance employee output. Similarly, Azzahra and Amanda (2024) also stressed that effective time utilization leads to improved productivity in office environments. Thus, it can be concluded that employees who manage their time well are more likely to achieve higher performance standards.

The Influence of Competence on Employee Performance

The study also found a significant but negative relationship between competence and employee performance. Although the correlation is statistically meaningful, the direction of the effect indicates that higher competence does not necessarily equate to improved individual performance in this organizational context. The results suggest that while employees possess the necessary knowledge and skills, this alone does not drive better outcomes—perhaps due to a lack of motivation or role alignment. This is in line with the findings of Huda and Abdullah (2022), who observed that competence, when not accompanied by motivation or effective leadership, might fail to enhance performance outcomes. Supporting this view, García and Martínez (2019) explain that competence must be integrated with contextual leadership support to yield performance gains. In the case of Widhya Asih, it may be that competent employees are not fully engaged or empowered, limiting the impact of their capabilities on job effectiveness.

The Influence of Leadership Style on Employee Performance

The analysis also demonstrated a positive and significant effect of leadership style on employee performance. The statistical results confirm that leadership plays a key role in motivating employees, guiding behavior, and creating a productive work environment. Effective leadership appears to foster trust, clarify goals, and facilitate professional growth, thereby boosting job performance. These findings are consistent with the studies of Farida and Fauzi (2020), who concluded that leadership style significantly affects employee output, and Hernández and Rueda (2019), who found that transformational leadership enhances performance through a positive organizational climate. Additionally, Kim and Lee (2020) highlighted the mediating role of emotional intelligence and time management in the leadership-performance link. Thus, leadership at Widhya Asih likely serves as a catalyst for high performance, especially when it demonstrates empathy, direction, and responsiveness to employee needs.

The Influence of Time Management, Competence, and Leadership Style on Employee Performance

When assessed simultaneously, time management, competence, and leadership style collectively show a significant impact on employee performance. This suggests that performance is not driven by a single factor but is the result of a complex interaction among various competencies and organizational behaviors. The regression results indicated that all three independent variables significantly contribute to performance improvement. These findings are in line with research by Roynaldi, Djaelani, and Kurniawan (2022), which confirmed that time management and leadership style jointly influence work performance in construction service firms. Additionally, Fernández-Medina and García (2017) emphasized the synergistic role of competence and time management in shaping organizational outcomes. In conclusion, the higher the level of effective time use, relevant competencies, and adaptive leadership styles, the better the performance of employees at the Widhya Asih Children's Social Welfare Institution across Bali Province.

5. Discussion

The findings from the regression analysis with the absolute difference method indicate several important relationships between independent variables, the moderating variable (firm size/IOS), and firm value. First, it is evident that firm size (IOS) moderates the relationship between company growth and firm value significantly. Specifically, the absolute difference between standardized growth and IOS (|ZX5 – ZZ|) has a significant effect on firm value with a p-value of 0.013. This supports the notion that larger firms with stronger growth trajectories are better positioned to enhance their valuation, in line with the results of Kim and Yang (2024), who confirmed that firm size intensifies the effect of innovation and growth on firm value. Furthermore, Martínez Ramírez and Romero Fernández (2021) also documented that firm size has a moderating effect on the leverage-value relationship, emphasizing its role in shaping valuation outcomes.

On the contrary, other variables such as tax planning, profitability, liquidity, and capital structure were not significantly moderated by firm size. The relationship between tax planning and firm value (|ZX1 – ZZ|), for instance, showed no significance, which aligns with the findings of Ghuri and Zulfikar (2023), who noted that in some sectors, investment and tax planning strategies have a limited direct impact on firm value when moderated by firm size. Similarly, the absolute differences between profitability (|ZX2 – ZZ|), liquidity (|ZX3 – ZZ|), and capital structure (|ZX4 – ZZ|) with IOS were also insignificant, echoing the conclusions of Farooq and Jibran (2023), who argued that the moderating effect of firm size on financial ratios varies significantly depending on the sector and macroeconomic context.

Nevertheless, the overall regression model indicates that the variables jointly explain 57.7% of the variation in firm value (Adjusted $R^2 = 0.534$), which suggests a strong explanatory power. This supports the conceptual framework used by Arifin et al. (2021), who emphasized the combined role of profitability, capital structure, and firm size in determining firm value. The F-test results also confirmed that all independent variables simultaneously influence firm value, which reinforces previous findings by Antoro et al. (2020) and Wong & Choi (2022), stating that firm value is a multifactorial construct influenced by financial performance, capital efficiency, and organizational scale.

Furthermore, the unique significance of the moderation effect between firm growth and firm size reflects the strategic importance of scalability in determining valuation. According to Chen and Strange (2021), larger firms are often better equipped to capitalize on growth opportunities due to resource abundance and market dominance, enhancing the translation of growth into firm value. Thus, this study reinforces the view that firm size not only acts as a contextual factor but also as a key strategic lever in enhancing firm value, especially in dynamic sectors with rapid growth prospects.

6. Conclusions

This study aims to analyze the factors influencing firm value with firm size as a moderating variable, focusing on industrial sector companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period. The findings highlight that fundamental factors such as profitability, capital structure, firm growth, and dividend policy significantly impact firm value. Among these, profitability emerged as the dominant factor, enhancing investor confidence and positively influencing stock prices. This suggests that companies that can consistently generate profit are more likely to be valued higher in the market.

Firm size, measured by total assets, plays a moderating role in strengthening the relationship between fundamental factors and firm value. Larger firms tend to have better access to financial resources, economies of scale, and greater investor trust, thus amplifying the effect of profitability and capital structure on firm valuation. The impact of the COVID-19 pandemic during the early part of the research period (2020–2021) also revealed that firms with strong fundamentals and adaptive strategies were

more resilient, successfully mitigating the crisis's negative impact and continuing to deliver shareholder value.

However, not all fundamental factors affect firm value equally. Profitability and capital structure were found to have a more significant influence compared to dividend policy and firm growth. This suggests that investors are more focused on a firm's ability to generate earnings and manage its capital efficiently rather than its dividend distribution or asset expansion. Based on these conclusions, several recommendations are provided: companies should optimize operational efficiency and manage their capital structure prudently; investors should prioritize firms with strong profitability; regulators should incentivize financially stable firms during crises; and future researchers should incorporate external macroeconomic and policy variables using more sophisticated methodologies such as dynamic panel data analysis. This research contributes valuable insights for academics, practitioners, and policymakers seeking to understand and enhance firm value in the industrial sector.

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