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DETERMINANTS OF FIRM VALUE WITH FIRM SIZE AS MODERATING VARIABLE

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ABSTRACT

The fundamental purpose of a business is to enhance investor wealth, which is closely related to increasing market value. Especially in the consumer non-cyclical sector, companies try to maintain stability through the provision of essential goods that tend to be resistant to economic changes. This study intents to examine how profitability (ROE) and leverage (DER) impact a company's valuation (PBV), using the moderating role of company size. This research focused on companies in consumer non-cyclical sector listed on the Indonesia Stock Exchange (IDX) from 2020 to 2023. The purposive sampling method was chosen to use 33 companies, resulting in 132 samples in this study. The data were analysed using panel data regression and moderation regression analysis, with EViews 12 employed as the data processing tool. The proceeds demonstrate that both profitability and leverage exert a positive and substantial affect the business value. Additionally, enterprise scale does not moderate the connection between profitability and firms worth. However, it weakens the positive relation of leverage and company value. Hence, this suggests that company size may weaken the impression of leverage on the enterprise value, suggesting a signal to investors.

Keywords: *Profitability, Leverage, Firm Size, Firm Value*

1. INTRODUCTION

A company’s principal objective is to maximize shareholder’s resource, closely tied to its market value, which serves as a key measure of success. Market value impacts stock prices, an important component in various financial models. A company's value depends significantly on its earning power; higher earning power enhances profitability and asset efficiency, which, in turn, raises the company's worthiness. Therefore, debt policies influence firm value, as increased debt levels can lead to higher share prices, thereby contributing positively to shareholder’s wealth (Komara et al., 2020).

Firm value is an essential metric that can be assessed through various indicators, one of the most significant being the market share price, which reflects the enterprise's overall ability and performance (Margono & Gantino, 2021). To appraise a company's overall worth, financial metrics like the Tobin’s Q, Price-Earnings Ratio, and Price-to-Book Value are frequently employed. Among these, PBV serves as a crucial market assessment tool for evaluating the worth of a company's shares. A high PBV demonstrates that the market holds a favorable view of the company, suggesting effective management and strong growth potential. Moreover, a higher PBV typically correlates with lower book value relative to net operating assets, positioning the firm to enhance shareholder wealth effectively. By optimizing PBV, companies can drive profit growth for shareholders, ultimately contributing to a more robust firm value (Yuliyanti et al., 2022).

Many factors affect firm value such as sales growth, liquidity, dividend policy, leverage, net profit margin, earnings per share, profitability, firm size, and many more. This research focuses on the discussion of profitability and leverage, as well as company size as a moderator of these measurements. An enterprise's financial strength can be measured by its size, generally measured by its average total net sales over several years. A larger firm size may provide stability and enhanced financial flexibility, potentially increasing the company's attractiveness to investors and reinforcing its market value.

Profitability ratios are essential tools for assessing a firm's ability to generate profit over a specific period, offering insights into management effectiveness and operational efficiency. These ratios provide a quantifiable measure of how effectively a company converts sales or investment income into profits. Return on Equity (ROE) is a profitability measure that assesses a firm's ability to generate profit after taxes relative to its shareholders' equity. Essentially, ROE reflects how well a company utilizes its capital to generate returns for its investors. A higher ROE signifies a more efficient use of equity, suggesting strong financial performance and effective management strategies (Panjaitan & Supriyati, 2023). The research result Saputri & Bahri (2021) and Rani et al. (2023) show that a beneficial and significant relevance exists between profitability and firm value.

Moreover, leverage plays a critical position in business's financial strategy, representing the proportionate relationship between debt, equity, and issued shares used to meet its financial needs. By effectively managing leverage, a company can enhance its value, as leverage decisions directly influence profitability and the overall financial position. One critical metric in evaluating leverage is evaluated with Debt-to-Equity Ratio (DER), which helps firms decide between increasing capital through equity or opting for long-term debt. Choosing to finance through long-term loans can create a reliance on external creditors, which may pose risks if not managed carefully. As businesses seek to expand, the need for substantial capital becomes evident, making leverage an essential component in navigating funding decisions and ensuring sustained growth (Wahyuni & Gani, 2022). Based on Anggraeni & Banani (2021) and Wahyuni & Gani (2022) research result is leverage has significant adverse influence on firm’s worth.

In the consumer non-cyclical sector, companies are expected to operate with a clear vision and well-defined objectives to ensure sustained growth and stability. This sector, which includes essential goods such as food, healthcare, and personal care products, remains relatively insulated from economic cycles.

Based on DJPB data as of January 2024, the non-cyclical consumer sector contributed significantly to JCI growth with an increase of 3.90% (Laksono et al., 2024). This is consistent with Nadya’s (2023)view that companies producing non-cyclical goods, such as basic-necessities, are still able to achieve steady sales performance across various economic cycles. For example, throughout the COVID-19 pandemic, Indofood as a producer of non-cyclical goods still recorded positive sales. This consistency shows that the non-cyclical consumer sector plays an important role in maintaining stock market stability and growth amidst economic challenges.

The International Monetary Fund (IMF) expects global economic growth to be 3.2% in its April 2024 World Economic Outlook, a figure that is still below the historical average. The IMF calls this condition “steady but slow,” describing that the global economy will remain resilient but move slowly (“World Economic Outlook (International Monetary Fund),” 2024). Although the non-cyclical consumer sector is known to be stable, the case of PT Hero Supermarket Tbk amid the COVID-19 pandemic shows that not all companies in this sector can survive. PT Hero closed all Giant stores in Indonesia in 2021 due to continued losses since 2018, unable to cover the firms's cost of goods sold and expenses (Novelino, 2021). This underscores the fact that while the non-cyclical sector is relatively stable, some companies within this sector may still experience negative impacts from economic fluctuations.

This proven by the phenomena of consumer non-cyclical sectors where the company's woth in this sector registered in Indonesia Stock Exchange has decreased each year from 2021-2023.

Table 1 Consumer non-cyclical sub-sector's PBV
Source: www.idx.co.id

Sub-sector	2021	2022	2023
Food & staples retailing	4.60	3.61	3.05
Food & beverage	1.90	1.73	1.58
Tobacco	1.02	0.93	1.56
Nondurable household products	1.10	0.89	0.69
Total	1.93	1.72	1.56

In Table 1, it shows that each sub-sector experiences fluctuating changes in company value. where the tobacco sub-sector is the only one to experience a significant increase in 2023, and the other sub-sectors are constantly decreasing every year. overall, the non-cyclical consumer sector continues to decline from 2021-2023.

Based on the previous study results, there are contradict results. The researchist intends to investigate the affection of profitability and leverage on business value, considering the moderating role of firm size. This study provides a valuable reference for companies, particularly those in the sector of consumer non-cyclical, in their efforts to maintain and enhance company value. Hence, the study is intended to helps investors make informed investment choices by highlighting the positive indicators present in financial reports. Understanding these signals can empower investors to identify companies with strong fundamentals and potential for long-term success in the consumer non-cyclical market. Ultimately, this research seeks to bridge the gap between corporate management strategies and investor expectations, fostering a more robust and resilient business environment.

Signaling Theory

Signaling theory emphasizes the crucial role of companies convey information to external stakeholders, particularly investors, through financial statements and public announcements. Management actions, such as choices in capital structure, serve as signals reflecting the company's outlook and confidence in its growth potential. For instance, companies with favorable prospects may avoid issuing new shares and instead opt for debt financing, signaling strength and stability. According to Wahyuni & Gani (2022)signaling theory underscores the need for complete, relevant, accurate, and timely information to allow investors to assess a company's past, present, and future performance effectively. Such information enables investors to make informed decisions, with positive signals often triggering favorable market responses. This reliable information flow is critical in influencing market valuation and maintaining investor confidence (Panjaitan & Supriyati, 2023).

Firm Value

Firm value represents a company's market valuation, reflecting the potential to maximize shareholder wealth, especially when the share price rises. Investors often see firm value as a core factor influencing their investment choices, as it indicates the company's overall market perception and future potential (Margono & Gantino, 2021). To enhance firm value, companies must have well-defined goals, prioritizing the wealth and value maximization for investors or owners. Achieving this goal involves not only focusing on share price but also creating added value through efficient management and sustained business operations. This surplus value signifies the quality of the company's governance and its talent to drive consistent sales above the business's liquidation value, reinforcing investor confidence and long-term sustainability (Hastuti & Tertia, 2023).

Profitability and Firm Value

Profitability represents an enterprise's capability to earn profits, serving as a key indicator of strong operational performance. Higher profits signal good company health and enhance its attractiveness to investors, who perceive high-profit companies as more valuable and reliable investments. Consequently, increasing profitability boosts firm value, as profitability acts as a positive signal encouraging investor confidence and investment. A company that consistently delivers strong profit performance is likely to maintain a favorable market position and drive sustained growth in firm value (Rani et al., 2023).

Saputri & Bahri (2021) and Rani et al. (2023) found a favorable link between profitability and value of company. However, Panjaitan & Supriyati (2023) and Dwiputra & Viriany (2020) yield a negative and significant relation. In contrast, Alhayra et al. (2024) discovered no significant connection between the two.

Leverage and Firm Value

Leverage gauges a firm's ability to fulfil its monetary duties and its reliance on debt for operations. This ratio is vital for evaluating a company's financial health, as it exposes the degree to which it depends on debt to fund its assets. (Panjaitan & Supriyati, 2023). A higher leverage suggests a greater reliance on debt, which can impact both risk and potential returns for shareholders, reflecting the company's effectiveness in managing its debt responsibly (Sari et al., 2023).

The research result Anggraeni & Banani (2021) and Wahyuni & Gani (2022) are leverage has negative and substantial influence on corporate, on contrary Panjaitan & Supriyati (2023) and Sari et al. (2023) show that leverage effects positive and significantly on company value. Furthermore, the result of moreover Hardiyanto & Akhmadi (2024) research result shows that leverage has no substantial impact on enterprise worth.

Firm Size as Moderating Variable

Company size represents the scale of a business's operations, including its production capacity and range of services, which affects its ability to meet investor expectations. Large companies are typically audited more rigorously due to their lower risk of bankruptcy, given their substantial resources and operational scope. Indicators of company size, such as assets, average total assets, sales, and average total revenue, play a significant role in shaping firm value. Larger companies with greater asset bases and revenue streams tend to be more resilient and appealing to investors, which in turn positively influences their market valuation (Alhayra et al., 2024).

Companies with high profitability can allocate these profits to various initiatives including acquiring new assets, which an ultimately lead to growth in firm size (Hardiyanto & Akhmadi, 2024). Strong profitability ratios and effective profit utilization are attractive to investors, as they signal that management is adept at maximizing returns. This positive outlook is rooted in Signaling Theory, which suggests that good performance indicators like profitability convey valuable information to investors, enhancing the company's market value. Firm size also positively influences profitability, as it reflects a corporate scale to disclose relevant information and reduce agency costs, thus supporting its reputation and reliability in the market.

The results of Panjaitan & Supriyati (2023) and Alhayra et al. (2024) suggest that larger firms benefit more from increased profitability, as firm size positively and significantly moderates the correlation of profitability and firm value. Conversely, Hardiyanto & Akhmadi (2024) found that larger companies had an unfavorable results on the connection between earnings performance and value of firm. Moreover, Yuliyanti et al. (2022) and Alghifari et al. (2022) found that company size did not significantly affect the association of profitability and company worth.

Leverage indicates a firm's ability to fulfil both its current and non-current obligations. Leverage can impact firm size as the effective management of company debt can facilitate asset acquisition and subsequent business growth. This concept aligns with signaling theory, which proposes that higher leverage and strategic use of debt convey positive signals to the market. A high leverage ratio may indicate a company's capacity for growth, making it appealing to investors by reflecting a high firm value. As a result, investors perceive the business's performance and future projections as promising, increasing their willingness to invest in the company (Hardiyanto & Akhmadi, 2024).

The study of Panjaitan & Supriyati (2023), Sari et al. (2023), and Alghifari et al. (2022) are resulted that firm size could moderate adverse influence on leverage to firm value. However, Hardiyanto & Akhmadi (2024) discovered that larger firms actually amplified the positive interaction between leverage and firm value. On the other result of Dayanty & Setyowati (2020) found that company size had no moderating influence of leverage on firm value.

Hypothesis and Conceptual Framework

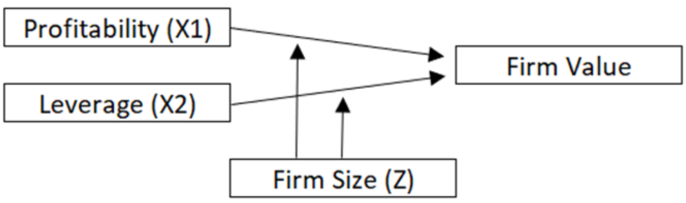

Figure 1 Conceptual Framework

H1 Profitability has a positive and substantial impact on firm value.
H2 Leverage has adverse and significant effect on corporate value.
H3 Firm size moderates positive influence on profitability to firm worth.
H4 Firm size moderates negative influence on leverage to firm value.

2. RESEARCH METHOD

This investigation used a descriptive design to study consumer non-cyclical companies listed on the IDX between 2020 and 2023. The number of samples is 132, chosen using purposive sampling based on specific conditions: (a) Companies registered on the IDX and categorized as consumer non-cyclical, (b) Company that publicly traded before 2020, (c) Company that published financial reports in Indonesian Rupiah (IDR), and (d) consistently published financial statements from 2020 to 2023. This resulted in a sample of 33 companies for each year. The research measured the following operational variables:

Table 2 Variable's Operationalization and Measurement

Variable	Size	Formula	Scale	Source
Firm Value	PBV	$\frac{Market\ Price\ Per\ Share}{Book\ Value\ Per\ Share}$	Ratio	Alghifari et al. (2022)
Profitability	ROE	$\frac{Earning\ After\ Tax}{Total\ Equity}$	Ratio	Rani et al. (2023)
Leverage	DER	$\frac{Total\ Liabilities}{Total\ Equity}$	Ratio	Sari et al. (2023)
Firm Size	LNTA	Ln (Total Asset)	Ratio	Alhayra et al. (2024)

The data analysis process involved a series of steps, starting with descriptive statistics, followed by classical assumption tests, the selection of a panel data regression model, and finally, hypothesis testing. Data analysis was processed with Microsoft Excel 2019 and EViews 12.

3. RESULTS AND DISCUSSIONS

Analysis Descriptive Statistics

Table 3 Result of Descriptive Statistics

	Profitabiity	**Leverage**	**Firm Size**	**Firm Value**
Mean	0.113594	0.922339	29.19485	1.404689
Median	0.098607	0.694836	28.90291	0.869929
Maximum	0.903945	4.935010	32.41239	6.848483
Minimum	-0.178194	0,102822	26.64687	0.211239
Std. Dev	0.107931	0.929659	1.495068	1.130966

According to the descriptive analysis results in Table 3, the dataset comprises 132 observations from consumer non-cyclical sector companies for the period 2020–2023. Profitability (X1) lowest value is -0.1782 (PT Gozco Plantations Tbk) and the highest is 0.903945 (PT Sawit Sumbermas Sarana Tbk), with the mean value of 0.1136 and the standard deviation value of 0.107931.

Leverage (X2) ranges start from 0.1028 (PT PP London Sumatra Indonesia Tbk) to 4.935 (PT Sawit Sumbermas Sarana Tbk). Leverage has an average value of 0.9223 and statistical deviation value of 1.4951.

The moderating variable in this reseach is Firm Size (Z), has the lowest value of 26.6469 (PT Dharma Samudera Fishing Industry Tbk) and a highest of 32.4124 (PT Indofood CBP Sukses Makmur Tbk), with an mean value of 29.1949 and a standard deviation of 0.9297.

Firm Value (Y) ranges from 0.2112 (PT Mustika Rati Tbk) to 6.8485 (PT Sawit Sumbermas Sarana Tbk), with the dispersion of 1.1310 and the average value of 1.4047.

Classical Assumption Test

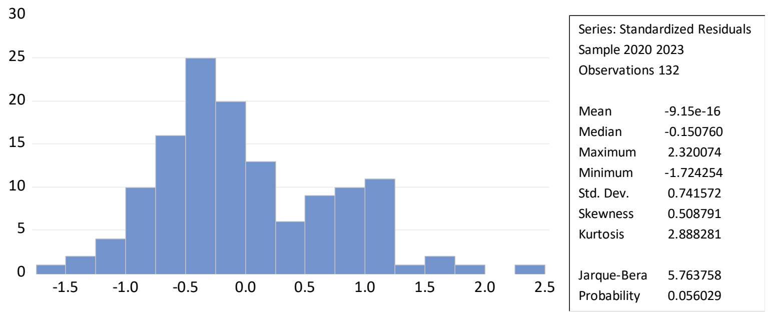

Figure 2 Result of Normality Test

The result in Figure 2 of the normality test suggests that the Jarque-Bera test probability value of 0.0560 exceeds the significance threshold of 0.05, concluding the data reveals a normal distribution, which the data pointes are symmetrically distributed around the mean.

Table 4 Result of Autocorrelation Test

Durbin-Watson Stat	1.822238
Criteria	1.7786 < 1.822238 < 2.2214

Table 4 presents the autocorrelation test concludes the Durbin-Watson (DW) value of 1.8222, calculated using a sample size of 132 and three independent variables at a 0.05 significance level. Referring to the Durbin-Watson table, the lower bound (dU) is 1.7786, and the upper bound (4-dU) is 2.2214. Since the DW value lies within the scope 1.7786 < 1.8222 < 2.2214, it indicates the absence of autocorrelation issues in the dataset.

Table 5 Result of Multicollinearity Test

	Profitability	Leverage	Firm Size
Profitability	1.000000	0.177563	0.079555
Leverage	0.177563	1.000000	0.126021
Firm Size	0.079555	0.126021	1.000000

The findings in Table 5 demonstrate that the correlation coefficients among the independent variables, which consist of Profitability and Leverage, Leverage and Firm Size, as well as Firm Size and Profitability, are all below 0.85. This confirms that the regression model has not any multicollinearity problems.

Table 6 Result of Heteroscedasticity Test

F-statistic	0.086126	Prob. F(1,129)	0.7696
Obs*R-squared	0.087403	Prob. Chi-Square (1)	0.7675

The heteroscedasticity conducted using the ARCH model, discovered a Chi-Square confidence level of 0.7675. Since this amount exceeds the critical threshold of 0.05, it can be summarized that the dataset does not exhibit heteroscedasticity issues.

Selection of Panel data Regression Model

Table 7 Result of Chow Test

Effects Test	Statistic	d.f	Prob.
Cross-section F	13.238236	(31,96)	0.0000
Cross-section Chi-square	222.915845	32	0.0000

The research findings reveal that the Chi-square of cross-section test significance level is 0.0000, which is under the threshold of 0.05. This result displays that the fixed effects model is the preferred choice in the Chow test.

Table 8 Result of Hausman Test

Test Summary	Chi-Sq. Statistic	Chi.Sq. d.f	Prob.
Cross-section random	56.620584	3	0.0000

The discoveries of this study demonstrates that the Cross-section random's p-value is 0.0000, as it is below the significance level 0.05. This indicates that the fixed effects model is chosen in the Hausman test.

In summary, this research adopted the fixed effects model, a conclusion supported by the outcomes of both the Chow test and the Hausman test.

Hypothesis Testing

Table 9 Panel Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.314482	0.100716	3.122472	0.0024
Profitability	2.958784	0.493348	5.997353	0.0000
Leverage	0.817603	0.106339	7.688657	0.0000
R-squared	0.920536	F-statistic		33.04954
Adjusted R-squared	0.892683	Prob (F-statistic)		0.000000

According to the Table 9 about the panel data regression's result, then obtained the equation model as follows:

$$\mathbf{PBV = 0.3145 + 2.9588*Pro + 0.8176*Lev + e}$$

The research outcomes highlight that the constant's value is 0.3145 signifies that, when profitability (X1) and leverage (X2) are held constant, the enterprise worth is 0.3145. The profitability regression coefficient value of 2.9588 shows that each unit increase in ROE leads to a 2.9588 raise in business value. Moreover, the leverage coefficient of 0.8176 indicates that each unit rise in DER results in a 0.8176 enhance in firm's worth.

Profitability significantly and positively determined on corporate value. The coefficient is 2.9588, with a p-value of 0.0000, below 0.05 the significance threshold. The t-statistic of 5.9974 exceeds the t-value of 1.9785, confirming the acceptance of the first hypothesis.

Leverage also positively and significantly impacts firm value. The t-statistic of 7.6887 outperforms the t-value of 1.9785, with a coefficient of 0.8176 and a prob-value of 0.0000. However, the second hypothesis is rejected, as leverage's influence does not align with expected outcomes.

Additionally, the F-test results demonstrate that profitability and leverage collectively influence firm value, evidenced by an F-statistic of 33.0495 and a probability of 0.0000, which is less than 0.05. The adjusted R-squared value of 0.8927 indicates that 89.27% of the variance in firm value is clarified by profitability and leverage, while the remaining 11.73% is attributable to other external factors.

Table 10 Moderating Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.115968	0.125594	0.923361	0.3582
Profitability	2.048305	12.72959	0.160909	0.8725
Leverage	12.72549	4.448743	2.860470	0.0052
Size*Profitability	0.034669	0.430376	0.080555	0.9360
Size*Leverage	-0.398378	0.148778	-2.677671	0.0087
R-squared	0.926119	F-statistic		33.07935
Adjusted R-squared	0.898122	Prob (F-statistic)		0.000000

The moderation regression analysis presented in Table 10, then obtained the mathematical model as follows:

PBV = 0.1160 + 2.0483*Pro + 12.7255*Lev + 0.0347*Size*Pro - 0.3984*Size*Lev + e

The value of constant is 0.1160 conveys that when profitability (X1), leverage (X2), interaction of firm size and profitability (X3), and interaction of firm size and leverage (X4) remain constant, the value of firm is 0.1160. The coefficient of regression for the interaction of firm size and profitability (0.0347) suggests a positive but insignificant effect, while the coefficient for the relation of firm size and leverage (-0.3984) indicates a negative moderating implications on business value.

The scale of firm does not substantially moderate the link between profitability and value of the business. The coefficient is 0.0347 and has a p-value of 0.9360 which over 0.05 as a significance level, and the t-statistic of 0.0806 is below the t-value of 1.9785. Thus, the third hypothesis is rejected.

Conversely, firm size significantly moderates the relationship of leverage to company worth negatively. The coefficient is -0.3984, with a prob-value of 0.0087 is less than 0.05 the negligent level, and the t-statistic of -2.6777 supports the acceptance of the fourth hypothesis.

The F-statistic value of 33.0794 and a prob-value of 0.0000 confirm that profitability, leverage, and both moderating interactions collectively influence firm value. The adjusted R-squared value of 0.8981 shows that 89.81% of the model accounts for the variability in company worth, while 11.19% is due to other factors outside this examination.

The Effect of Profitability on Firm Value

The discoveries suggest that profitability affected the value of company positively and significantly. This suggests that these companies have been effective and efficient in utilizing their equity, enhancing investor confidence in the potential for consistent dividend payments. With higher profitability, firms can reinvest in their operations, increasing productivity and creating greater opportunities for profit growth. This outcome emphasizes the importance of maintaining strong profitability as it not only sustains firm value but also attracts investors by signalling a stable, growth-oriented financial position.

The conclusion of this result aligns with the findings of result Saputri & Bahri (2021) and Rani et al. (2023), which reveal a positive and noteworthy link between profitability and value of firm. This study disagrees with the conclusions of Panjaitan & Supriyati (2023) and Dwiputra & Viriany (2020), who reported a significant adverse impact of profitability on corporate worth.

The Effect of Leverage on Firm Value

The data suggest that leverage has considerable and beneficial effects on value of the enterprise. Debt can help boost profitability and firm value by reducing taxes, as interest payments on debt are tax-deductible. Using debt wisely allows companies to save on taxes and increase profits up to an optimal level. Additionally, debt can align management's actions with shareholders' interests by limiting excess cash, reducing the risk of wasteful spending. In short, a well-planned debt strategy benefits company's valuation.

This finding is aligned with the findings of Panjaitan & Supriyati (2023) and Sari et al. (2023), such as the value of enterprise is affected by leverage positively and significantly. Additionally, the findings of Anggraeni & Banani (2021) and Wahyuni & Gani (2022) which showed an adverse significant impact of leverage on firm's value, do not align with this research result.

Business Size Moderates the Influence of Profitability on Firm Value

The examination signifies that business size has not a significant moderating role in the connection of profitability and company worth. This finding suggests that investors might not solely focus on profitability when evaluating a company's investment potential. Instead, they may consider broader factors like market conditions, industry dynamics, and external economic influences, which could outweigh the combined effects of firm size and profitability. Consequently, profitability alone, even including the firm size, may not hold sufficient weight in shaping investment decisions in this scenario.

This result is consistent with the Yuliyanti et al. (2022) and Alghifari et al. (2022) findings, that enterprise size is unable to moderate the relationship between profitability and firm worth. However, this study contradicts the findings of Panjaitan & Supriyati (2023) and Alhayra et al. (2024), who identified that company's scale positively moderates the association between profitability and value of the business. Additionally, Hardiyanto & Akhmadi (2024) found that size of the company negatively moderates this relationship.

Firm Scale Moderates the Influence of Leverage on Firm Value

The result indicates that enterprise size could moderate leverage influence negatively and significantly on company value. A large firm size value, indicated by high total assets, often allows a company to secure operational funding through debt more easily. However, this increase in leverage can also raise the firm's risk profile, potentially signalling a negative impact to the market. Investors may respond unfavorably to high leverage due to the associated financial risk, which can induce to a drop in the firm's stock price and, consequently, a decrease in overall firm value.

This finding aligns with Alghifari et al. (2022) and Sari et al. (2023) who found that business size is able to mitigate the undesirable impact of leverage on enterprise value. The research of Hardiyanto & Akhmadi (2024) result showed that company scale can moderate leverage on value of business positively and significantly, additionally the research of Dayanty & Setyowati (2020) also is not supported as the firm scale is unable to moderate leverage on company value.

4. CONCLUSIONS AND SUGGESTIONS

This study examined how profitability and leverage, along with firm size, affect the valuation of non-cyclical consumer companies listed on the IDX from 2020 to 2023 period. The findings discover that both leverage and profitability positively and significantly impact value of firm. However, while business size does not significantly alter the beneficial connection between profitability and firm worth, it does undermine the positive association between leverage and business value. This indicates that larger firms may benefit less from increased leverage compared to smaller firms.

Investors should be mindful of a company's size when considering its use of debt. Larger companies may not reap the same benefits from increased leverage as smaller ones. Managers, especially those leading larger firms, should exercise caution and avoid excessive debt. A balanced approach to financing is crucial for maximizing long-term value. Future research could delve deeper into the association among profitability, leverage, company's size, and value of the enterprise. By exploring factors like industry type, corporate governance, and macroeconomic conditions, researchers can gain a more comprehensive understanding of these relationships.

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