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PROFITABILITY AND LIQUIDITY MODERATED BY FIRM SIZE AS DETERMINANTS OF FIRM VALUE

Ahmad Furqon Burhani
Faculty of Economics, UIN Maulana Malik Ibrahim Malang, Indonesia
furqon.burhani@gmail.com

Maretha Ika Prajawati
Faculty of Economics, UIN Maulana Malik Ibrahim Malang, Indonesia
maretha@uin-malang.ac.id

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Abstract

This study aims to determine the effect of profitability and liquidity moderated by firm size on health sector companies listed on the Indonesia Stock Exchange (IDX) for the period 2018 - 2022. The sample in this study was determined using purposive sampling technique and obtained 11 sample companies that met the criteria, so there were 55 total financial reports. Multiple linear regression analysis or applied to data testing. The results of this study indicate that profitability and firm size have a positive effect on firm value, while liquidity has no effect on firm value. The role of firm size in moderation is only able to moderate the relationship between profitability and firm value. Meanwhile, firm size cannot moderate the relationship between liquidity and firm value.

Key Words: Profitability, Liquidity, Firm Size, Firm Value.

Abstrak

Studi ini bertujuan untuk menentukan dampak profitabilitas dan likuiditas moderat oleh ukuran perusahaan pada perusahaan sektor kesehatan yang terdaftar di Bursa Efek Indonesia (IDX) untuk periode 2018 – 2022. Sampel dalam penelitian ini ditentukan menggunakan teknik sampling khusus dan memperoleh 11 perusahaan sampel yang memenuhi kriteria, sehingga ada 55 laporan keuangan total. Multiple linear regresi analisis atau diterapkan untuk pengujian data. Hasil dari penelitian ini menunjukkan bahwa profitabilitas dan ukuran perusahaan memiliki efek positif pada nilai tetap, sementara likuiditas tidak memiliki efek pada harga tetap. Peran ukuran tetap dalam moderasi hanya mampu memoderasi hubungan antara profitabilitas dan nilai tetap. Sementara itu, ukuran perusahaan tidak dapat memoderasi hubungan antara likuiditas dan nilai tetap.

Kata kunci: Keuntungan, Liquiditas, Ukuran Perusahaan, Nilai Perusahaan

INTRODUCTION

The COVID-19 pandemic which has been in full swing since the beginning of 2020 has changed the business dynamics in various sectors of the economy, one of which is the healthcare sector. With the emergence of the COVID-19 pandemic, the healthcare sector has become one of the sectors most affected by this pandemic and a major concern at the global level (Asriansyah, 2022). The health sector is made up of several subsectors, including the pharmaceutical subsector, which is responsible for the development of medicines and medical devices and is regulated by the Ministry of Health. During the COVID-19 pandemic, the demand for vitamins, dietary supplements, medicines and health equipment increased (Faisol et al., 2021). The Ministry of Industry of the Republic of Indonesia noted that production of overalls, surgical gowns and masks increased significantly during the COVID-19 pandemic. There is a production surplus of 1.96 billion surgical masks, 377.7 million cloth masks, 13.2 million surgical gowns and 356.6 million medical protective suits by 2020, according to the Ministry of Industry of the

Republic of Indonesia and the Ministry of Health (Rizaldi et al., 2020). The healthcare industry is expected to continue to grow during the COVID-19 pandemic due to increased sales and demand. Therefore, investment in this sector is considered promising and can contribute to the national economy and provide profits for investors. Before investing, however, investors must first analyze the value of the company. The main goal of the company is the increase the company's income through the increase of the level of stock market activity or stock market trading (Maghfirah & Prajawati, 2023). Stock prices are one way to measure a company's value. For shareholders, the stock market price is a reflection of the company's true value (Wiratno et al., 2022). The company value in this study is calculated using the price-to-book value (PBV) indicator. PBV can be known by calculating the division of stock price and book value as a measuring tool for investors to the good or bad trading of shares traded in a company (Sari & Rudy, 2020). Company profits are also a consideration for an investor in investing (Atin & Pujiono, 2022). Profitability is a ratio that serves as an evaluation of the company's performance to achieve profit or profit from its operational activities. Profitability reflects how efficient the company is in converting sales or revenue into net income (Sanjaya & Rizky, 2018). A high level of profitability is a positive incentive (signal) for investors to have a stake in the company. (Aghnitama et al., 2021). Investors' great interest in investing in highly profitable companies will increase the value of shares and thus increase the company's valuation (Sintyana & Artini, 2018).

There are factors that will influence company value. These factors have an inconstant relationship and influence on company value. One of these factors is profitability. The theory put forward by (Modigliani & Miller, 1958) states that company value is determined by the earnings power of the company's assets. Positive results indicate that the higher the earnings power value, the more efficient the asset turnover and/or the higher the earnings profit obtained by the company (Krisnando, 2019) . This will have an impact on company value. The profitability of a company can be assessed in various ways depending on the profits and assets or capital that will be compared with each other. Generally, every company has lazy assets which are non-productive and often burden the company. The level of profitability is generally described as the amount of a company's real profits based on operations, not just market to market accounting but more on strategic decisions and market conditions rather than good operational activities. Indicators in measuring profitability can be measured by asset revenue or Return On Asset (ROA). ROA is useful for knowing how much profit can be achieved by the company, high ROA indicates how well the company utilizes its assets to generate profits (Wijaya, 2019). The company's responsibility in terms of fulfilling its liabilities is also classified as one of the investor references in analyzing the company's valuation.

Another factor that can influence company value is liquidity (Caroline & Wijaya, 2022). A good company has a sufficient level of liquidity to run the company. Companies that do not have sufficient funds to cover maturing debts can disrupt good relations with shareholders. This means that in the end the company will experience a crisis of trust from various parties who have been helping the company run smoothly. Lliquidity is a ratio that measures a company's ability to fulfill its maturing obligations, both obligations to parties outside the company and within the company. According to (Syamsudin, 2009) liquidity is an indicator of a company's ability to pay short-term financial obligations at maturity using its current assets. Liquidity is not only concerned with the overall state of a company's finances, but is also concerned with its ability to convert certain current assets into cash. Liquidity ratios are known to measure a company's ability to meet its short-term obligations. This ratio is important because failure to pay obligations can cause company bankruptcy. This ratio measures the company's short-term liquidity capability by looking at the company's current assets relative to its current liabilities (Fahmi, 2011). Companies can analyze finances using financial ratios. Financial ratios are a relationship between certain amounts and other amounts. The results of financial ratios are used to assess company performance based on a comparison of financial data in a period. Each ratio can provide results to describe the financial condition of a company. Referring to the liquidity preference theory put forward by Keynes, companies hold or retain cash because they are driven by motives and objectives. These motives are: Transaction motive, Precautionary motive, Speculative motive.

Liquidity reflects the performance of a company in converting assets to be easily traded quickly and easily without causing significant losses in the value of these assets. Liquidity also describes the company's efforts to meet financial obligations that may arise in a short time (Yunazar et al., 2023). The Company's ability to meet its financial obligations on a timely basis is evidenced by its high liquidity (Darmawan, 2016). Current Ratio (CR) serves as one of the tools in considering assets that are easily obtained (liquid assets). CR functions in order to know the indicators of a company in terms of fulfilling its obligations through its current assets. It is worth considering for investors to review the company's total assets.

Another factor that can be used in analyzing the company's total assets is company size. Company size is used to provide information on how large or small a company is in terms of assets, revenue, or operational scale (Sari & Rudy, 2020). It also examines how firm value is related to profitability, how firm value is related to liquidity, how firm value is related to firm size, how firm size moderates profitability, and how liquidity moderates firm value. Company size is one of the variables that investors consider when making investment decisions (Susanti & Restiana, 2018) . It is easier for large companies to gain investors' trust and the products produced are easily known to the public, large assets can support the company in increasing its profits. According to (Akhmadi et al., 2021) large company size is a driving force when companies want to borrow funds from external sources because these assets can be used as collateral for creditors. A company's large assets can be used to pay its debt obligations, thereby encouraging an increase in company value. Based on phenomenon data and research presented on factors that influence company value such as leverage and liquidity, this research will analyze how company size can support increasing the relationship between leverage and liquidity on company value in health sector companies listed on the Indonesia Stock Exchange. Stock Exchange (BEI) for the 2018-2022 period. The Stock Exchange for the 2016-2021 period uses a Signaling Theory approach. It is hoped that this research can contribute to the field of science by being guided by Signaling theory regarding the relationship between leverage and liquidity and company value. Then, it is hoped that this research can increase our understanding of the form of the moderating variable, namely the company size variable.

LITERATUR REVIEW / THEORETICAL REVIEW

Signal Theory

Signal theory by (Brigham & Houston, 2014) has shown that the financing theory is a framework that describes the way in which the management of a company tries to provide investors with a picture of the prospects of the company. Signaling theory interprets the actions taken by companies to guide investors about how management views the company's prospects theory by (Brigham & Houston, 2014). Signal theory states that not only managers have information about the company's profitability and prospects. Investors also have the same information regarding the company's profitability and prospects. Signaling theory can be used to explain how firms or businesses can send signals to stakeholders about their quality and performance, which in turn can affect perceptions and confidence in the firm's profitability.

Firm Value

The value of the company, as perceived by shareholders, can reflect the extent to which the company's performance has reached its equity value, both in terms of market value and book value (Harmono, 2014). The value of the company can also be assessed from the stock price of the company, the high price of the company stock allows the value of the company to be well (Nainggolan & Listiadi, 2014). Company value can show how significantly investors' perceptions of the company's health can be influenced by its performance (Rosyada & Prajawati, 2022). A company with a high level of liquidity means that the company is able to pay its short-term debt, so it tends to reduce its total debt. Reducing debt will make the capital structure smaller. Based on signal theory, a company's ability to fulfill its short-term obligations will receive a positive response from the stock market, which will cause the company's value to increase.

Profitability

Profitability is one of the factors that influence company valuation. Companies that are more profitable tend to have a higher value because they generate more profitable returns for shareholders (Dewantari et al., 2020). Profitability shows the company's ability to generate investor profits. Profitability is reflected in financial condition. Profitability is used to determine a company's ability to generate profits. Implementation of signal theory which provides information about profitability or the amount of profit obtained (Raningsih & Artini, 2018). Profitability has an important role in the company, namely become a benchmark for investors in assessing company prospects in the future. If profitability increases, the company value will also increase. Increased profitability will increase minimizing agency costs arising from asymmetric information in agency theory.

Liquidity

Liquidity reflects the company's performance in dealing with its financial obligations in the short term (Supriati, 2018). Companies with high levels of liquidity tend to find it easier to fulfill their obligations (Sakinah & Sari, 2022). Liquidity is a financial ratio that also plays a role in the company's success (Ajao et al., 2012). Liquidity can provide information about a company's ability to pay its current obligations. The higher the liquidity, the higher the company value, which reflects that the company is in good condition (Fauziah & Jamal, 2020). This is in accordance with signal theory, that company information will be able to provide signals to investors. A liquid company is a company that is able to pay its short-term debt. This will provide a positive signal for investors. So it can be concluded that a high liquidity value will cause the company value to increase.

Company Size

A reflection of the scale of operations and scope of the company's business is known as company size (Aghnitama et al., 2021). . Company size can be reflected in overall assets, overall net income or the average of all assets owned. Therefore, the size of the company can be considered as a measure of how much wealth belongs to the company (Sintyana & Artini, 2018). Company size is one of the variables that will influence company value. Company size is reflected in the total assets owned by the company. Large-scale companies are companies that are developing, so they have an impact company profitability. Increased profitability is a pulling factor that encourages investor interest in company shares, thereby increasing company value. So the size of the company has a direct effect the value of the company. Large companies will find it easier to gain the trust of creditors to obtain funding sources to increase company value (Pramana Dwi Agung Ngurah & Mustanda, 2016). The size of a company can also be an indicator that describes the level of risk for investors to invest in that company. Large companies are considered to have good finances, are better able to fulfill all their obligations, and can accommodate an adequate level of return for investors.

HYPOTHESIS DEVELOPMENT

Effect of Profitability on Firm value

In order for a company to be able to carry out its operational activities, the company must be in a profitable condition. Without profits, the company will find it difficult to obtain external funding. Companies that have a high level of profitability will be more attractive to investors.By offering a higher rate of return, significant profits will attract investors to invest in the company. This will increase the value of the stock. In turn, the valuation of the company will increase. The influence of profitability on company value is supported by signal theory, because profitability is considered to provide a signal for investors to invest in the company. Companies that are able to produce high profitability are considered capable of providing profits for investors who invest shares in the company. High profits will increase investment confidence (Levina & Dermawan, 2019). The profits obtained will be able to improve the company's performance. (Nur, 2019) found that profitability has a positive and significant effect on the value of the firm. In addition, (Aji & Atun, 2019). presented similar research with the same results. However, other studies state the opposite result, a study (Azmi & Hamdan, 2018) found that profitability does not matter when it comes to firm value. Similar research with the same results was also conducted by (Savitri et al., 2021).
H1: Return On Asset (ROA) affects firm value

The Effect of Liquidity on Firm Value

Good liquidity tends to be more trusted by investors; strong liquidity can reduce uncertainty and provide protection against investment risks. An indication of the good current assets of the company can be seen in the ability of the company to be responsible for its short-term debts. Liquidity is related to signal theory (Sari et al., 2023). A high liquidity ratio is a good signal for investors. Share prices will increase because high liquidity will increase investor confidence in the company so that share prices will increase and conversely low liquidity will reduce investor confidence. The level of liquidity will influence investment decisions in investing capital in companies. Investors will believe in investing their capital in companies that are liquid compared to those that are less or even illiquid. Liquidity is an important guideline for company navigation and sustainability. Liquidity is a guideline for companies

to evaluate performance, financial efficiency and analyze the company's financial condition (Lestari et al., 2022). (Nur, 2019) shows the influence given by liquidity on firm value. In addition, (Mardevi & Dewi, 2020) presented similar research with the same results. However, in other studies the results are just the opposite, research (Patricia et al., 2018) suggests that liquidity has no impact on firm value. Other research, (Aji & Atun, 2019) presented similar research with the same results.
H2: Current Ratio (CR) affects firm value

The Effect of Firm Size on Firm Value

The size of the company's assets, revenue or operational scale can be determined by measuring instruments in the size of the company (Sari & Rudy, 2020). Company size is used to provide information on how large or small a company is in terms of assets, revenue, or operational scale (Sari & Rudy, 2020). It also examines how firm value is related to profitability, how firm value is related to liquidity, how firm value is related to firm size, how firm size moderates profitability, and how liquidity moderates firm value. Company size is one of the variables that investors consider when making investment decisions (Susanti & Restiana, 2018) . It is easier for large companies to gain investors' trust and the products produced are easily known to the public, large assets can support the company in increasing its profits. A company's size can have an impact on the way investors view the company. The influence of company size is related to signaling theory (Beaver et al., 1970) which states that the larger the company size, the more investors will be interested in investing in the company because large companies are considered more profitable. (Nur Aulia et al., 2020) indicates a positive impact of firm size on firm value. Similar research with the same results was also conducted by (Satria Bagaskara et al., 2021). However, other studies have stated the opposite result, research (Mardevi & Dewi, 2020) does not show any impact on firm value. Similar research with the same results was also conducted by (Savitri et al., 2021).
H3: Firm size affects firm value

The Effect of Profitability on Firm Value Through Firm Size

Firms with relatively greater scale tend to raise more debt as they grow and require more capital. The size of the company plays an important role in the ability of the company to obtain additional external capital to support its business activities. Large firms have easy access to large amounts of external funds, such as loans, which can help increase the firm's operations and productivity. A large company size will be able to generate large profitability; Large companies have advantages over small companies in controlling the market and obtaining a high level of profitability. This is a driving factor for investors to buy shares in a company (Sepri Yanti et al., 2020). The effect of this will be an increase in the profitability of the company as stated by (Pratama & Wiksuana, 2016). In addition, The size of the company is also one of the factors that affect the value of the company, which reflects the total assets owned by the company. (Pratama & Wiksuana, 2016) Expressed that the size of the company is able to provide an influence, which indicates that the greater the size of the company, which describes high profitability along with the value of the company (Nur, 2019). This research supports the research results of (Apriyani, 2021) which states that company size can positively moderate the relationship between profitability and company value. Based on this, it can be concluded that:
H4: Return On Asset (ROA) affects firm value through firm size

The Effect of Liquidity on Firm Value Through Firm size

The correlation between liquidity level and investment behavior has previously been studied by (Audretsch & Elston, 2002). Their results show that medium-sized companies face greater liquidity challenges in implementing investment decisions compared to larger companies (Nur, 2019). Therefore, the larger the firm size, the lower the liquidity problems faced in implementing investment decisions. This concept is in line with the fact that investment decisions can make a positive contribution to increasing firm value. Liquidity affects company value. (Aru & ListyoriniWahyu Widati, 2022) revealed that the higher a company's liquidity ratio, the higher the obligations borne by current activities, thereby increasing public trust. The mechanisms for regulating and liquidity of firm value support a price-based theoretical approach. If investors value liquidity, then liquid shares must be sold at a higher price and this will increase market equity value and increase company value as measured by the Q ratio. (District,

2015) reveals that companies divert their funds to financing and investment companies so that investors the perception of the company's operating performance is getting better.
H5: Current Ratio (CR) affects firm value through firm size

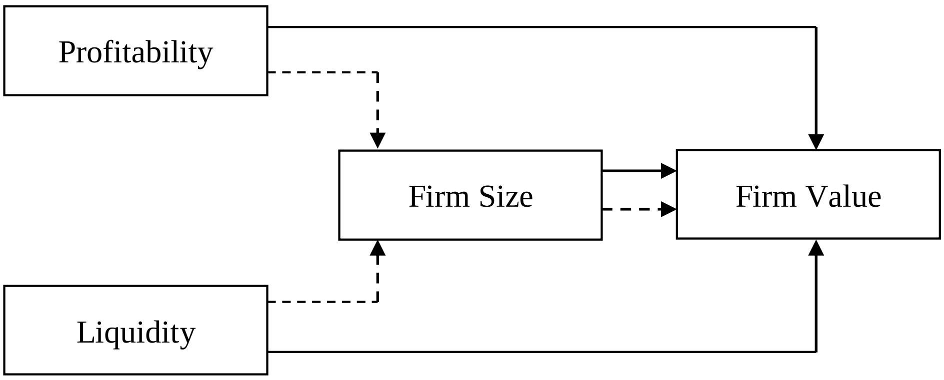

Figure 1
Conceptual Framework

RESEARCH METHODS

These types of research are classified as quantitative approach. Quantitative research method is a research approach based on the philosophy of positivism, according to (Sugiyono, 2022). A specific population or sample is studied using this research method. Quantitative research is a type of research that does not focus on detailed data, but uses large amounts of data accompanied by a large sample (Musianto, 2002). The population in this study consists of companies in the health sector listed on the Indonesian Stock Exchange (IDX) for the period 2018-2022 that have published their financial statements with audits as of December 31, resulting in a population of 31 companies. Sample determination using purposive sampling, a technique used as sample determination after several considerations (Sugiyono, 2022). After processing the population with the criteria for companies that include profits in the financial statements and issue shares for the period 2018 - 2022 in a row, 11 samples of companies were obtained. Multiple regression analysis, a technique used to understand the relationship between a dependent variable and an independent variable, is applied in the analysis of this study. The price-to-book value (PBV) ratio is used in the financial industry to measure stock price valuation by comparing the closing price to the book value of the business (Ulya, 2014). In this study, the company value is calculated using the *Price-to-Book Value* which is formulated as follows:

$$Price\ Book\ Value = \frac{Market\ Price\ Per\ Share}{Book\ Price\ Per\ Share}\ x\ 100\%$$

Return On Asset (ROA) is used as an indicator of profitability calculation by considering how the company operates its assets to reap income. (Made Rismawati & Made Dana, 2014). Then for the profitability ratio calculated using *return on assets* (ROA) which is formulated as follows:

$$Return\ On\ Asset\ (ROA) = \frac{Earning\ After\ Tax}{Total\ Assets}\ x\ 100\%$$

Current Ratio (CR) is used as an indicator to determine liquidity. CR is used as a measuring tool that considers how much current assets are available to cover current liabilities. Then for the liquidity ratio calculated using the Current Ratio which is formulated as follows:

$$CR = \frac{Aktiva\ lancar}{Hutang\ Lancar}\ x\ 100\%$$

Then for company size is calculated using Total Asset which is formulated as follows:

$$Ukuran\ Perusahaan = Ln(Total\ Aset)$$

RESEARCH RESULTS

Sample selection results

For the period 2018 - 2022, the sample used in this study was taken from the financial statements of companies in the healthcare sector listed on the Indonesia Stock Exchange (IDX). The results of the sample selection can be seen in the following table:

Table 1
Sample selection process based on criteria

Description	Total
Healthcare Companies on the IDX for the period 2018 - 2022	31
Companies that do not issue shares during the period 2018 - 2022	16
Companies that experienced losses during the period 2018 - 2022	4
Total sample used in the study (5 years)	11

Descriptive Statistics

Descriptive statistics report minimum, maximum, mean, and standard deviation information derived from research variables. These research variables include Profitability and Liquidity as independent variables, Firm Value as dependent variables, and Intermediate (moderating) Firm Size. Descriptive statistics are shown in the following table:

Table 2
Descriptive Statistic Results

		ROA	CR	PBV	Ln	Valid N (listwise)
Range	Statistic	.3075	7.7950	2.9947	4.9810	
Minimum	Statistic	.0024	.9430	.1622	19.0470	
Maximum	Statistic	.3099	8.7380	3.1569	24.0280	
Sum	Statistic	5.9088	177.8360	57.9754	1197.1020	
Mean	Statistic	.107433	3.233382	1.054098	21.765491	
	Std. Error	.0092506	.2528026	.1313562	.1545201	
Std. Deviation	Statistic	.0686042	1.8748346	.9741637	1.1459516	
Variance	Statistic	.005	3.515	.949	1.313	
Skewness	Statistic	.827	1.002	.897	-.145	
	Std. Error	.322	.322	.322	.322	
Kurtosis	Statistic	.600	.624	-.659	.101	
	Std. Error	.634	.634	.634	.634	
N	Statistic	55	55	55	55	55

Source: data processed, 2023

The table of description statistics shows N of 55, meaning that the number of specimens in this study was 55 specimens. The profitability ratio described by the ROA indicator has a minimum of 0.0024 to a maximum of 0.3099 and an average of 0.107433 with a standard deviation of 0.0686042. The Liquidity Ratio described by the CR indicator ranges from a minimum of 0.9430 to a maximum of 8.7380 and is averaged at 3.233382 with a standard deviation of 0.2528026. The company value described by the PBV indicator has a minimum of 0.1622 and a maximum of 3.1569, with an average of 1.054098 and a standard deviation of 0.9741637. The size of the company expressed by the Ln indicator has a minimum of 19.047 and a maximum of 24.0280, with an average of 21.765491 and a standard deviation of 1.1459516.

Hypothesis Test
The results of testing the research hypotheses are as follows:

Table 3
T Test Results
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	15.844	2.203		7.192	.000
	ROA	-72.210	22.191	-7.234	-3.254	.002
	CR	.776	.749	2.124	1.035	.306
	Ln	-.694	.103	-1.161	-6.754	.000
	X1Z	3.616	1.021	8.084	3.543	.001
	X2Z	-.042	.034	-2.569	-1.220	.228

a. Dependent Variable: Y1

Source: data processed by researchers, 2023.

With a significance level of 0.002, the t-test results of the multiple regression show that the coefficient of the variable profitability is -72.210. It can be said that profitability has a significant effect on firm value because the significance level is less than 0.05, which means that H1 is accepted. The higher the earnings of the company, the higher the value of the company.

With a significance level of 0.306, the coefficient of the variable liquidity is 0.776. The significance level is greater than 0.05, which means that H2 is rejected, which means that it can be concluded that liquidity does not affect the firm value in a significant way. The value of the company does not increase the more the company meets its short-term obligations.

With a significance level of 0.000, the coefficient of the firm size variable is -0.694. The level of significance is less than 0.05, which means that H3 is accepted, so it can be said that the size of the company has a significant effect on the value of the company. This means that a company's assets are more valuable.

With a significance level of 0,001, we accept H4, which means that company size has a moderating effect between profitability and company value. The positive relationship between profitability and firm value can be strengthened with the higher the value of firm size.

With a significance level of 0.228, the coefficient of the liquidity variable and the moderation of firm size is -0.042. The significance level is less than 10%, which means that H4 is rejected. Therefore, it can be concluded that firm size cannot moderate the relationship between liquidity and firm value. The relationship between liquidity and firm value cannot be strengthened the higher the value of firm size.

DISCUSSION

Effect of Profitability on Firm Value

The profitability ratio has a positive effect on the value of the company based on the results of the t-test. In this case, the H1 profitability ratio affects firm value. The research results support signaling theory. Signaling theory interprets the actions taken by companies to guide investors about how management views the company's prospects (Brigham & Houston: 2011). Signal theory states that not only managers have information about the company's profitability and prospects. Investors also have the same information regarding the company's profitability and prospects. The value of the company can be increased by increasing or increasing the profit generated by the company. Signaling theory provides information to investors about companies that can provide signals to investors regarding investment decision making. The information provided can be in the form of information regarding the company's financial performance which is presented through the company's profitability and liquidity, which will later become the basis for signals of good or bad company value (Dewi et al., 2021). Information related to financial reports will provide information and knowledge for investors about the company so that it can help minimize the occurrence of information asymmetry. Improving corporate performance has the potential to produce positive results in the long run, according to signaling theory, which is likely to attract investors to invest in the company. The result of the study is consistent with the findings of (Nur, 2019) and (Aji & Atun, 2019) that profitability positively affects the value of the company.

The Effect of Liquidity on Firm Value

Liquidity ratio has a negative effect on firm value based on the t-test results. In this case, H2, which states that the Liquidity Ratio does not affect firm value, is rejected. Because excessive liquidity is considered inefficient due to excessive unproductive assets, the better the firm's responsibility in meeting its short-term obligations does not imply an increase in firm value. Liquidity can provide information about a company's ability to pay its current obligations. The higher the liquidity, the higher the company value, which reflects that the company is in good condition (Fauziah & Jamal, 2020). The research results show that the liquidity ratio does not affect company value because investors pay less attention to the liquidity variable because based on research data, the distribution of current debt and current assets is relatively constant. There is no increase or decrease in changes. The high or low ratio will not be able to influence investors' interest in spending their funds. The results of this research support the signaling theory which says that when a company has good corporate value, it is possible to have a very good ability to pay off its financial obligations, namely paying dividends, interest and loan principal and being able to maintain the company's operational capabilities well, this is a signal that the company has good corporate performance and this can be seen from its assets and profit and loss statements (Muslim Muslim, 2022) . Therefore, when a company's assets and profits increase, this illustrates that the company is making progress, and this is good news. The results of this study agree with the researches of (Patricia et al., 2018) and (Aji & Atun, 2019) which show that liquidity does not affect firm value.

The Effect of Firm Size on Firm Value

The results of the t-test show that there is an influence of the size of the company on the value of the company. Therefore, we accept H3 that firm size has an effect on firm value. The value of the company can increase the higher the total assets of the company. The value of the company can also be assessed from the stock price of the company, the high price of the company stock allows the value of the company to be well (Nainggolan & Listiadi, 2014). A company with a high level of liquidity means that the company is able to pay its short-term debt, so it tends to reduce its total debt. Reducing debt will make the capital structure smaller. Based on signal theory, a company's ability to fulfill its short-term obligations will receive a positive response from the stock market, which will cause the company's value to increase. Company size is a reflection of the total assets owned by a company. (Beaver et al., 1970) the influence of company size is supported by signal theory, the larger the company size, the more investors will be interested in investing in large companies because they are considered profitable.
The results of this study are in line with the research (Nur Aulia et al., 2020) and (Satria Bagaskara et al., 2021) shows that there is a positive influence given by the size of the company on the value of the firm.

The Moderating Role of Firm Size on Profitability and Firm Value

The t-test results of the moderating role of the size of the company on the profitability on the value of the company have a positive effect. Therefore, H4 the size of the company can support the relationship between profitability and the value of the company is accepted. The positive relationship between profitability and firm value can be strengthened with the higher the value of firm size. Profitability is the company's ability to generate profits with all the assets owned by the company. Profitability reflects the company's profits from all assets (Santosa, 2020). High profitability will cause demand for shares to increase so that share prices will rise and result in the return obtained by investors also increasing so that it can also increase the value of the company (Masdupi et al., 2018). This conclusion means that companies that have high profits have a positive impact on investors and companies because investors believe in companies that have high profits to invest in (Nurlela et al., 2019). This research supports the research results of (Apriyani, 2021) which states that company size can positively moderate the relationship between profitability and company value

The Moderating Role of Firm Size on Liquidity and Firm Value

The results of the t-test of the moderating role of the size of the company on liquidity on the value of the company have no effect. H5 The relationship between liquidity and firm value cannot be supported by firm size is rejected in this case. This means that higher total assets do not improve the company's responsibility in meeting its current liabilities, which means that higher firm size cannot strengthen the relationship between liquidity and firm value. These results prove that company size is not able to strengthen the influence of liquidity on company value. The company will be influenced by the size of the company (Aji & Atun, 2019). Companies that are large in size will tend to regularly carry out operational activities. On the other hand, large companies will easily dominate the stock market compared to small companies. As a result, the company will easily gain profits because of the large amount of trust it gets from investors (Dewa Ayu Nopiyanti & Putu Ayu Darmayanti, 2016). According to (Rachman, 2016); (Mery, 2017); (Erawati & Sulistiyanto, 2019) companies with a high level of profitability are not always influenced by their liquidity. This reason is because current assets consist of cash, inventory, and large receivables cause funds within the company to become idle and this will cause the company to make small profits. This incident is due to the company's lack of productivity in managing its assets (Adita & Mawardi, 2018). The company must be able to apply critical resource theory which the company must able to control resources to obtain the expected profits. This incident will greatly affect its future profits. Companies that do not pay attention to this will be considered less profitable companies and will give a negative signal to the company so that investor confidence will decrease. Large companies that have excess liquidity are considered to have a lot of idle cash which results in low profits and decreased company value. The results of this research are in line with research conducted by (Aji & Atun, 2019).

CONCLUSIONS AND SUGGESTIONS

Based on the explanation discussed above, it can be concluded that there is a positive effect on firm value, while liquidity has no effect on firm value, and company size has a positive effect on firm value. The moderating role of company size is only able to moderate the relationship between profitability and firm value, while company size cannot moderate the relationship between liquidity and firm value. Researchers suggest that further research use a larger population and sample range as well as a longer research period in order to provide a long-term picture of the company. Researchers also provide suggestions for adding or replacing independent variables, such as other ratios for consideration before investing in a company using financial statement analysis, as well as trying other variables as intervening variables to support the relationship to independent variables such as company performance, stock prices, and other independent variables.

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