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The Influence Of Company Size And Capital Structure On Company Profitability And Value In Food And Beverage Companies In Indonesia Stock Exchange

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ABSTRACT : This research is conducted at the food and beverage company on the IDX for the 2016-2018 period. Saturated sampling method is used with 13 samples. Data collection is carried out using non-participant observation methods through financial report data. The data analyzed using path analysis. Based on the results, company size, capital structure and profitability have positive and significant effect on firm value. Company size has a positive and insignificant effect on profitability. Capital structure has a negative and significant effect on profitability. Investors and companies are expected to pay more attention to company size, capital structure and profitability as factors that affect firm value. This is because these three variables have a significant influence on firm value so that they can provide an overview for investors to invest.
Keywords: *Company Value, Company Size, Capital Structure and Profitability.*

I. INTRODUCTION

Firm value is the investor's perception of the company's success rate which is often associated with stock prices. The value of the company is the amount of price that is available when the company is sold.. The company's value is reflected in its share price and can describe financial information both private and public, information about management, social and expectations regarding future performance (Legenzova et al., 2017). Anugerah & Suryanawa (2019) also state that high share prices indicate an increase in the company's performance and prospects in the future and indicate the level of prosperity of shareholders.

The proxy used to measure firm value is Price Book Value (PBV), which is the ratio between stock prices and book value per share. PBV can show the extent of the efforts made by the company in creating company value relative to the amount of funds that have been invested. The higher the PBV indicates that investors give a high appreciation of the company's shares, because high company value shows the prosperity of the shareholders (Chandani & Ahuja, 2017)

The PBV value can help investors to estimate the company's shares in undervalued or overvalued conditions so that investors can make the right decisions. Undervaluation is a condition where the stock market value is lower than its fair value, so investors are encouraged to buy shares and not sell their shares because the stock price is currently low. When the overvalued condition means that the stock market value is higher than its fair value, it means that in this condition investors can make the decision to sell their shares because the current stock price is quite expensive.

This research is conducted at manufacturing companies, especially in the food and beverage sub-sector. This sector is interesting to study because food and beverages are the primary needs of society, thus making the need for food and beverages always available. The average value of the Price Book Value (PBV) fluctuated in 2016-2018. The average PBV in the food and beverage sector on the IDX in 2016 was 6.43 and decreased in 2017 by 5.08 and increased again in 2018 to 6.05. The fluctuation of the PBV value in 2016-2018 was caused by several factors that influenced company value. Several factors that can affect the ups and downs of company value include profitability, liquidity, company size, leverage, growth, investment opportunity sets, dividend policy and capital structure (. Based on research conducted by Dewi & Badjra (2017), Purwanto & Agustin (2017)and Parminto et al. (2016)it shows that “the capital structure, company size and predicted profitability can affect firm value, so these three factors are used as research variable.”

The first factor that can affect firm value is company size. Company size is the large and small scale of a company which can be seen from the total assets, total sales, average level of sales and average total assets of the company. The size of the company is a consideration for investors when they want to invest because the size of the company provides information that the company is able to manage its business activities well so that it affects the increasing demand for company shares. An increasing demand for shares can trigger an increase in

stock prices in the capital market which directly increases company value. According to Rachmawati & Purwanti (2016), companies that have a small scale value tend to be less profitable than large-scale companies, this is due to limited external funding obtained by small companies, which hinders the production of goods. Large companies tend to diversify their business more than small companies so that the possibility of failure to run the business or bankruptcy will be less. Large companies are seen as more capable of dealing with crises in running their business so that it will be easier for them to gain trust from creditors. Companies that are easy to get funding will attract investors to invest.The proxy used for the firm size variable is the Natural Logarithm (Ln) of total assets. Research conducted by Purwanto & Agustin (2017), Setiawati & Melliana (2018), Dewi & Badjra (2017)and Ratnawati et al. (2018)stated that "company size has a positive effect on firm value" Different research found by Hargiansyah (2015) and Indriyani (2017) that company size has no significant negative effect on firm value.

The second factor affecting firm value is the capital structure. Capital structure is a balance of short-term permanent debt, long-term debt, preferred stock and common stock. Capital structure is influenced by several factors, namely, asset structure, growth opportunities, company size, profitability and business risk.In general, there are two forms of funding sources in companies, namely internal and external sources of funding. Internal funding sources, namely funds originating from within the company, namely own capital and retained earnings. Own capital comes from share capital while retained earnings come from sources of funds obtained from the company's business in the company's operations, but along with economic development and business development demands, funds originating from within the company are not sufficient to meet the company's needs, so that company management is required to seek additional funds from external funding sources. (Taqi et al., 2016)

Funding decisions are very important for a company to carry out its operational activities, the company will need optimal capital. Optimal capital is a capital structure that can minimize the average cost of capital so that it will maximize firm value. Based on the trade off theory, if the position of the capital structure is below the optimal point, each additional debt can increase company value, but on the other hand, if the capital structure target has been achieved, any additional debt can decrease the company's value (Saona & Martin, 2018). Debt is financing that comes from external companies. High debt can reduce tax expenditures, so that it can increase company value, but debt that is too high will also create risks that make the company's financial condition unhealthy. Investors who have a low preference consider that too large a debt causes the company to bear a high interest expense, this affects the decision to invest, thereby reducing the value of the company. The proxy used for the capital structure variable in this study is the Debt to Equity Ratio (DER). DER can show the amount of use of debt compared to own capital. Research conducted by Parminto et al. (2016), Purwanto & Agustin (2017), Zeb & Rashid (2016)explains that capital structure has a significant positive effect on firm value. In contrast to the research of Matar et al. (2018) which states that capital structure has no effect on firm value. Research conducted by Ha & Tai (2017) states that capital structure has a negative effect on firm value.

The third factor that can affect firm value is profitability. Profitability is the company's ability to earn a profit in relation to sales, total assets and own capital. The better the company's profitability growth, the better the company's future prospects are for investors. Profitability plays an important role in assessing a company because it can show the company's ability to earn profits as well as a measure of the effectiveness of company management by utilizing its resources. Profitability in this study is proxied by Return on Assets. ROA was chosen to find out how much the return on investment the company has made using all the assets owned by the company. The higher the ROA, the higher the company's ability to generate profits which will directly increase company value. Investors will be interested in investing in companies that have a high level of profitability, high investor interest has an impact on increasing share prices. The share price as a reflection of the company's value, of course, has also increased. Research conducted by Parminto et al. (2016), Sabrin et al. (2016), Zeb & Rashid (2016) and Winarto (2015)stated that profitability has a significant positive effect on firm value. In contrast to the results of research conducted by Wulandari et al. (2018)which state that profitability has a significant negative effect on firm value.

The profitability variable is thought to be an intervening variable to determine the direct and indirect effect of the firm size and capital structure variables on firm value through the profitability variable. Profitability is used as an intervening variable because it can show a measure of the effectiveness of company management that is considered by shareholders and creditors. Profitability is also influenced by several factors such as company size and capital structure. Company size is the size of a company that is shown or assessed from total assets, total sales, total profit and tax expense. The greater the size of the company, which is indicated by the increased number of assets, the higher the company's profitability, this is because optimal asset management is able to generate optimal profits. Companies that manage their total assets well, their productivity levels will increase so that the company's profitability will also increase (Purwohandoko, 2017). Research conducted by Ambarwati et al. (2015), shows that company size has a positive effect on profitability. Ratnasari & Budiyanto (2016) found different results which state that company size has a positive and insignificant effect on

profitability. In addition, different results were also found by Sukmayanti & Triaryati (2019) who found that company size had a significant negative effect on profitability.

Apart from the size of the company, what can affect profitability is the capital structure. Optimization of the capital structure can be shown from the costs incurred are smaller than the benefits received. Companies that use more debt in their operations will get a higher interest expense, so that the interest expense will reduce net income, in other words the use of company debt increases, profitability will decrease, and vice versa. The greater the level of profitability will show good management performance in managing the company and increase prosperity for the company owner. The explanation of the optimization of the capital structure can be seen in the Trade off theory which explains the balance between benefits and sacrifices arising from the use of debt. The use of debt in a company will increase profits, because the interest on debt in the calculation of taxable income will reduce the proportion of the tax burden, so that the proportion of net profit after tax becomes bigger or the level of profitability is higher. The statement above is in accordance with the research conducted by Sukmayanti & Triaryati (2019) and Khan & Ali (2017) which state that capital structure has a positive effect on profitability. Different results were found by Tantono & Candradewi (2019)which stated that capital structure had a significant negative effect on profitability.

Investor interest in a company is caused by the information conveyed in financial ratios. These financial ratios are obtained after analyzing the company's financial statements. Financial ratios that show that the company has good prospects in the future will provide added value for the company in the eyes of investors. When the financial reports are published, it shows the role of signaling theory. Signaling theory shows the existence of information asymmetry between company management and interested parties regarding the information that needs to be provided. This information can be obtained through the issuance of financial reports. Signaling theory also explains how a company provides signals to users of financial reports. Investors' responses to positive and negative signals greatly affect market conditions. Signal theory explains why companies have the urge to provide financial statement information to external parties in order to increase investor interest in the company. The more investors who invest their capital in the company, it can cause the company's value to increase.

II. HYPOTHESIS DEVELOPMENT

The size of the company, which is proxied by total assets, is a consideration for investors when they want to invest because companies with large total assets are considered capable of managing their business activities well, thus affecting the increasing demand for company shares. An increase in shares causes an increase in share prices in the capital market which directly increases firm value. Based on the signaling theory, the size of the company is interpreted as a positive signal received by investors that the company has good prospects, so that large companies are more attractive to investors. Research conducted by Purwanto & Agustin (2017)states that company size has a positive effect on firm value, investors consider the size of the company in buying shares. Purwanto & Agustin (2017), and Setiawati & Melliana (2018)who get the same results, namely company size has a positive effect on firm value. Based on these theoretical and empirical studies, the following hypothesis can be formulated:

H1: Firm size has a significant positive effect on firm value

Capital structure is a balance of permanent short-term debt, long-term debt, preferred stock and common stock (. Companies are required to pay attention to funds, both internal and external, because the large amount of funds borne by the company causes the amount of interest charged. Based on the signaling theory, companies that use a lot of debt as a source of funding are interpreted as good news by investors because they indicate the company's good performance so that the company has the courage to take on large debts. The existence of debt for the company can help control the excessive and free use of cash funds by management, so that the capital structure has a significant positive effect on firm value. The above statement is supported by research by Parminto et al. (2016), Purwanto & Agustin (2017)and Zeb & Rashid (2016). Based on the theoretical and empirical studies, the following hypothesis can be formulated:

H2: Capital structure has a significant positive effect on firm value

Profitability is a factor that can affect firm value because profitability is an important aspect for companies in maintaining long-term business viability. The relationship between profitability and firm value is that the higher the company's profitability, the higher the efficiency of the company to generate profits which will directly increase firm value. A high level of profitability will attract potential investors to invest in the company, so that the demand for share prices will increase and the company value will also increase. In accordance with the signal theory, the high profit earned shows a good company prospect in the future, this is interpreted as a signal that is responded positively by investors so that the company's value will increase. Several previous studies that support this statement are research conducted by Parminto et al. (2016), Sabrin et al. (2016), Zeb & Rashid (2016)and Winarto (2015)stated that the profitability variable is measured by Return

on Assets (ROA), obtained positive and significant results on firm value. Based on the theoretical and empirical studies, the following hypothesis can be formulated:
H3: Profitability has a significant positive effect on firm value.

Company size is the size of a company that is shown or assessed from total assets, total sales, total profit and tax expense. The greater the size of the company, indicated by the increased number of assets, will result in increased company profitability, this is because optimal asset management is able to generate optimal profits. Companies that manage their total assets well, their productivity levels will increase so that the company's profitability will also increase. Research conducted by Ambarwati et al. (2015), shows that company size has a positive effect on profitability. Based on the theoretical and empirical studies, the following hypothesis can be formulated:
H4: Firm size has a significant positive effect on profitability.

Capital structure is the comparison or balance of the company's long-term funding as shown by the comparison of long-term debt own capital. The choice and use of capital is one of the key elements of a company's financial strategy. The use of debt in a company will increase profits, because the interest on debt in calculating taxable income will reduce the proportion of the tax burden, so that the proportion of net profit after tax becomes larger or the level of profitability is higher. The above statement is in accordance with the trade-off theory which explains the balance between benefits and sacrifices arising from the use of debt. Research conducted by Sukmayanti & Triaryati (2019), Khan & Ali (2017), Gupta & Vishnoi (2015)also stated that capital structure has a significant effect on profitability. Based on the theory and results of previous research, a hypothesis can be formulated for the effect of capital structure on profitability:
H5: Capital structure has a significant positive effect on profitability.

The bigger the company size, the bigger the total assets owned so that the resources are also bigger. The abundance of available resources is utilized for investment activities optimally, resulting in increased profits for the company. Based on the signaling theory, investors will be interested in investing in large companies because of the possibility of high returns from the profits earned by the company, which will increase the company's stock price. An increase in the company's stock price will increase the company's value. The above statement is supported by research conducted by Ardiana & Chabachic (2018). Based on the theory and results of previous research, a hypothesis can be formulated for the effect of firm size on firm value through profitability:
H6: Company size has a significant positive effect on firm value through profitability

Companies that have a high debt value will also bear high interest expenses. The use of debt that is too large can reduce the net profit earned by the company due to the amount of repayment that is greater than the amount of debt used. Based on the signaling theory, when profitability decreases, the company's stock price also decreases as a result of the signal received by investors that the company does not promise good prospects in the future, thus affecting the company's value. The above statement is supported by research conducted by Ardiana & Chabachic (2018). Based on the theory and results of previous research, a hypothesis can be formulated for the effect of capital structure on firm value through profitability:
H7: Capital structure has a significant negative effect on firm value through profitability

III. METHODS

This research is classified in associative research. This research was conducted at the food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the period 2016-2018. The object of this study is the profitability and firm value which are influenced by the variables of company size and capital structure in the food and beverage sector in the Indonesia Stock Exchange for the period 2016-2018. The independent variable in this study is firm size (X1) and capital structure (X2). The dependent variable in this study is firm value (Y2). The intervening variable in this study is profitability (Y1). The population used in this study were all food and beverage sector companies listed on the Indonesia Stock Exchange (BEI) for the 2016-2018 period, totaling 13 companies. The sampling method used in this research is saturated sampling, which is a sampling technique when all members of the population are used as samples. Sampling using a scale data approach (time series) with an annual scale. This research period is for 3 years, 2016-2018, then the company sample is multiplied by the number of research periods, 13 x 3, the total research sample (N) is obtained as many as 39. Data collection in this study carried out by non-participant observation, namely by reviewing books, journals and papers to get a comprehensive theoretical foundation as well as an exploration of the annual financial statements of the food and beverage sub-sector companies listed on the Indonesia Stock Exchange for the 2016-2018 period.The types of data used in this research are quantitative and qualitative data. Quantitative data is data in the form of numbers in the form of stock market prices, book value per share, net income, total assets, total debt and company capital. Qualitative data, descriptive data in the form of an overview of the company. The data source used is secondary data. Secondary data is obtained from annual financial reports that have been published by sub food and beverage companies and can be accessed from www.idx.co.id which is the

official website of the Indonesia Stock Exchange. The data analysis technique used in this study is path analysis using the SPSS program.

IV. RESULTS AND DISCUSSION

Descriptive statistical analysis explains the data description of all the variables studied. This study uses the variable company size (Ln Size), capital structure (DER) and profitability (ROA) and firm value (PBV). Based on the sample criteria used, 13 food and beverages sub-sector companies were found on the IDX during the 2016-2018 period as samples in this study.

Table 1. Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Ln Size (X_1)	39	13,250	18,380	15,117	1,425
DER (X_2)	39	0,160	1,850	0,825	0,426
ROA (Y_1)	39	-0,034	0,213	0,078	0,056
PBV (Y_2)	39	0,850	7,450	3,472	1,907
Valid N (listwise)					

Source: Data Processed, 2020

Company Size (Ln Size) has an average value (mean) of 15,117. The lowest value (minimum) company size (Ln Size) of 13,250 obtained from the company Sekar Laut Tbk. (SKLT) in 2016. The highest score (maximum) of 18,380 is owned by Indofood Sukses Makmur Tbk. (INDF) in 2018. The standard deviation for Ln Size is 1.425. Capital Structure (DER) has an average value (mean) of 0.825 (8.25%). The lowest (minimum) value of capital structure (DER) of 0.160 (16%) was obtained from the company Delta Djakarta Tbk. (DLTA) in 2017. The highest (maximum) value of 1,850 (185%) is owned by Multi Bintang Indonesia Tbk. (MLBI) in 2016. The standard deviation for DER is 0.426. Profitability (ROA) has an average value (mean) of 0.078 (7.8%). The lowest (minimum) ROA value of -0.034 (-3.4%) was obtained from the company Tri Banyan Tirta Tbk. (ALTO) in 2018. The highest (maximum) value of 0.213 (21.3%) is owned by Delta Djakarta Tbk. (DLTA) in 2016. The standard deviation for ROA is 0.056 (5.6%). Firm Value (PBV) has an average (mean) value of 3,472 times. The lowest (minimum) company value (PBV) of 0.850 times obtained from the company Wilmar Cahaya Indonesia Tbk. (CEKA) in 2017. The highest (maximum) value of 7,450 times is owned by Mayora Indah Tbk. (MYOR) in 2018. The standard deviation for firm value is 1.907 times

The regression coefficient value of the firm size variable (Ln size) is positive with a t test significance value of more than 0.05. This shows that the firm size variable has a positive and insignificant effect on the profitability variable. The regression coefficient value of the capital structure is negative with a t test significance value of less than 0.05. This shows that the capital structure variable has a significant negative effect on the profitability variable. The amount of influence of the independent variable on the dependent variable is indicated by the total determination value (R Square) of 0.470 which means that 47 percent of the variation in firm value is influenced by variations in firm size while the rest 53 percent is explained by other factors not included in the model.The regression coefficient value of each independent variable is positive with a t test significance value of less than 0.05. This shows that all independent variables have a significant positive effect on the dependent variable. The magnitude of the influence of the independent variables on the dependent variable as indicated by the total determination value (R Square) of 0.501 means that 50.1 percent of the variation in firm value is influenced by variations in company size, capital structure and profitability, while the remaining 49.9 percent is explained by other factors not included in the model.

The direct effect of the firm size variable (SIZE) on Firm Value (PBV) is 0.255, while the indirect effect mediated by the profitability variable shows a value of 0.078. These results prove that profitability mediates the effect of firm size on firm value with a total effect of 0.333. The direct effect of the capital structure variable (DER) on Firm Value (PBV) is 0.515, while the indirect effect mediated by the profitability variable shows a value of -0.051. These results prove that profitability does not mediate the effect of capital structure on firm value with the total effect obtained at -0.051.

Table 2. Direct Effect, Indirect Effect and Total Variable Effect

Variable	Direct Effect	Indirect Effect	Total Variable
SIZE → ROA	0,092	-	-
DER → ROA	-0,666	-	-
SIZE → PBV	0,255	0,078	0,333
DER → PBV	0,515	-0,566	-0,051
ROA → PBV	0,850	-	-

Source: Data Processed, 2020

The results of hypothesis testing show that the significance value of the company size variable is 0.043 which is smaller than 0.05 and the regression coefficient is 0.255. These results indicate that the first hypothesis (H1) is accepted, that firm size has a positive and significant effect on firm value. Company size can affect firm value in the food and beverage company on the IDX for the 2016-2018 period. The size of the company, which is proxied by total assets, is a consideration for investors when they want to invest because companies with large total assets are considered capable of managing their company activities well, thus affecting the increasing demand for company shares. The increasing demand for shares can trigger an increase in stock prices in the capital market which directly increases the value of the company. In accordance with the signaling theory, the increase in the company's ability to manage the company is interpreted as a positive signal for investors that the company has good prospects in the future. Increased investor confidence and interest will result in an increase in stock prices, thereby increasing company value. The results of this study are in accordance with research conducted by Purwanto & Agustin (2017), and Setiawati & Melliana (2018).

The results of hypothesis testing show that the capital structure variable proxied by DER has a significance value of 0.003 less than 0.05 and a regression coefficient of 0.515. This indicates that the second hypothesis (H2) is accepted, namely that capital structure has a positive and significant effect on firm value. The greater the capital structure, the higher the value of the food and beverage company. Additional debt made by the company to expand its business will increase the company's share price, according to the signaling theory, companies that use a lot of debt as a source of funding are interpreted as good news by investors because it indicates the company's good performance so that the company has the courage to take on large debts. Based on the trade off theory, the use of debt can reduce the tax burden and agency costs of companies, so that companies using debt can increase company value if they have not reached the optimal point. This means that the existence of debt can reduce the company's burden in paying corporate taxes, besides that debt can also help control the uncontrolled use of cash funds by management, so that the capital structure has a significant positive effect on firm value. The results of this study are consistent with research conducted by Parminto et al. (2016), Purwanto & Agustin (2017)and Zeb & Rashid (2016)

The results of hypothesis testing show that the profitability variable proxied by ROA has a significance value of 0.000 less than 0.05 and a regression coefficient of 0.850. This shows that the third hypothesis (H3) is accepted, namely that profitability has a positive and significant effect on firm value. The higher the profitability of the company, the higher the level of efficiency of the company to generate profits which will directly increase company value. Based on the signaling theory, when ROA increases, it is considered a signal to investors that the company has good prospects in the future. A high level of profitability indicates a good company performance and gives an indication of the company's prospects in the future so as to attract potential investors to invest in the company, this will cause the demand for share prices to increase and the company's value to increase. The results of this study are consistent with research conducted by Parminto et al. (2016), Sabrin et al. (2016), Zeb & Rashid (2016) and Winarto (2015).

The results of hypothesis testing show that the firm size variable has a significance value of 0.459 greater than 0.05 and a regression coefficient of 0.092. It can be seen that company size has a positive but insignificant effect on profitability. This means that the size of the company is not a factor that has a real effect on profitability. Based on these results, the fourth hypothesis (H4) is rejected. The size of the company is not a guarantee that the company has the ability to generate good profits. This insignificant effect is caused by the large costs required to carry out the company's operational activities such as production and expansion, which will reduce profitability (Ratnasari & Budiyanto, 2016). The results of this study are in accordance with research conducted by Ratnasari & Budiyanto (2016).

The results of hypothesis testing show that the capital structure variable has a significance value of 0.000, less than 0.05 and a regression coefficient of -0.666. This shows that the capital structure has a negative and significant effect on profitability, so that the fifth hypothesis (H5) is rejected. The higher the DER, the greater the total debt composition compared to the total equity itself, so that the greater the company's interest expense on outsiders (creditors), if this happens, it will have an impact on decreasing the company's profitability. The above statement is supported by a trade off theory in which the use of debt that exceeds the optimal limit, causes the interest expense to be greater than the benefits provided from the use of debt so that company profits decline. This research is in line with research conducted by Tantono & Candradewi (2019)

Based on the calculation of the direct effect of the firm size variable on firm value, it has a value of 0.255, while the indirect effect mediated by the profitability variable shows a value of 0.078. These results prove that profitability mediates the effect of firm size on firm value with a total effect obtained of 0.333 so that the sixth hypothesis (H6) is accepted, namely company size has a positive and significant effect on firm value through profitability. In accordance with the signaling theory, investors will be interested in investing in large companies because of the possibility of high returns from the profits earned by the company, which will

increase the company's stock price. An increase in the company's stock price will increase the company's value. The above statement is supported by research conducted by Ardiana & Chabachic (2018).

Based on the direct effect of the capital structure variable (DER) on Firm Value (PBV) of 0.515, while the indirect effect mediated by the profitability variable shows a value of -0.051. These results prove that profitability does not mediate the effect of capital structure on firm value with the total effect obtained at -0.051 so that the seventh hypothesis (H7) is accepted, namely that capital structure is not able to influence firm value through profitability. Companies that have a high debt value will also bear high interest expenses. The use of debt that is too large can reduce the net profit earned by the company due to the amount of repayment that is greater than the amount of debt used. Based on the signaling theory, when profitability decreases, the company's stock price also decreases as a result of the signal received by investors that the company does not promise good prospects in the future, thus affecting the company's value. The above statement is supported by research conducted by Ardiana & Chabachic (2018)

This study discusses the influence of company size, capital structure on profitability and firm value. This research has theoretical and practical implications. Theoretically, the results obtained indicate that company size, capital structure and profitability have a significant positive effect on firm value, while firm size has a positive and insignificant effect on profitability and capital structure has a significant negative effect on profitability. This research can also add to empirical studies in the development of financial management science and strengthen previous research on firm value. The practical implication obtained from this study is a consideration for company management and investors. Company management must always pay attention to company size, capital structure and company profitability. The use of capital structure that exceeds the optimal limit can lead to a decline in company profits. This is supported by the trade off theory, namely the use of debt exceeds the optimal limit, because the interest expense is greater than the benefits provided by using debt so that company profits decrease. Investors are expected to pay more attention to and understand the factors that can increase company value such as profitability and company size, so that investors can make appropriate investment decisions so that later they will get maximum profit.

V. CONCLUSION

Company size has a positive and significant effect on firm value. Capital structure has a positive and significant effect on firm value. Profitability has a positive and significant effect on firm value. Firm size has a positive and insignificant effect on productivity. Capital structure has a negative and significant effect on profitability. Profitability is able to mediate the effect of firm size on firm value. Profitability is not able to mediate the effect of capital structure on firm value.

Investors and companies are expected to pay more attention to company size, capital structure and profitability as factors that affect firm value. This is because these three variables have a significant influence on firm value so that they can provide an overview for investors to invest. For further researchers, it is hoped that further research will be carried out with other variables that affect firm value such as liquidity, dividend policy and company growth as well as adding to the time period of research and carried out in other companies.

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