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The Effect of Capital Structure, Company Size, and Dividend Policy on Company Value Through Profitability

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Abstract

This study was conducted with the aim of looking at the effect of capital structure, firm size, and dividend policy on firm value through profitability. This study uses a quantitative approach with the design used in this research is a hypothesis testing study. This study uses secondary data obtained from the IDX. This study uses panel data which is a combination of time series data from 2015-2019 and cross section data from 32 consumer goods sector companies listed on the IDX. The results showed that capital structure had a negative effect on profitability, firm size had a positive effect on profitability, profitability was not able to mediate the relationship between capital structure and firm value, profitability was able to mediate the relationship between firm size and firm value, dividend policy had no effect on firm value, and profitability has a positive effect on firm value.

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INTRODUCTION

Every company has short term and long term goals. The short-term goal of the company is to maximize the profit earned, while the long-term goal is to increase the value of the company. Company value is the selling value of a company as an operating business. Firm value is an investor's perception of the company, which is often associated with stock prices. The instability of the company's value is an important thing that will affect the view of investors towards the company. A high company value will make investors believe in the company's performance and prospects in the future. In addition to being considered by investors in investing, the value of the company is also a consideration for creditors in providing loans.

Price to book value (PBV) is a ratio that can be used to measure company value. PBV shows the company's ability to create company value in the form of prices for available capital. The higher the PBV ratio of a company shows that the market is more confident in the company's prospects. The higher the PBV means the company can be said to have succeeded in creating value and prosperity for investors and company owners. The instability of the company's value is an important thing that will affect investors' views of the company. Investors are certainly more selective in choosing companies to invest their capital, so that every company is required to maximize the value of the company (Ngurah, 2016). Apart from being considered by investors in making decisions to invest, the value of the company can also be used as consideration for creditors in providing capital loans.

Based on existing data, it can be seen that the average value of companies in the consumer goods sector in 2015 was 6.06 and increased in 2016 by 6.24. Then in 2017 there was a significant increase from the previous year with an average company value in 2017 of 7.06. However, the trend of increasing average firm value in consumer goods sector companies from 2015 to 2017 was not followed by subsequent years. In 2018 there was a decline in the value of the company with the average company value in 2018 of 6.89. Furthermore, in 2019 the average value of companies in the consumer goods sector again decreased by a value of 6.62.

The occurrence of fluctuations in the average PBV of companies in the consumer goods sector from 2015-2019 is due to factors that make the company's finances always change, both internal and external factors. Internal factors can be in the form of the company's financial performance ratios that can cause the company's value to change. There is a strong influence and relationship between financial ratios and firm value. Financial ratios are expected to predict the value of the company in the future because financial ratios are a comparison between accounts in the financial statements. External factors can be interest rates, exchange rates and inflation.Besarnya rata-rata nilai perusahaan sektor barang konsumsi dapat dilihat pada gambar dibawah ini :

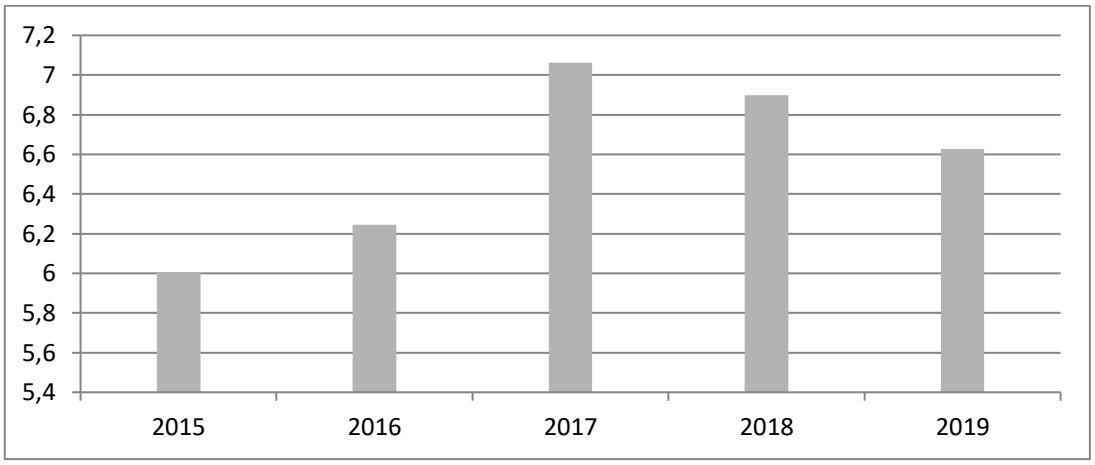

Figure 1. Value of Companies in the Consumer Good Sector in 2015-2019
Source : Indonesia stock exchange, data processed in 2020

There are several factors that can increase the value of the company. One of the financial factors that can affect the value of the company is the capital structure owned by the company. Capital structure is a balance or comparison between foreign capital and own capital. Foreign capital in this case is long-term and short-term debt. Meanwhile, own capital is divided into retained earnings and company ownership. The value of the company will increase when using debt, and vice versa, the value of the company will decrease if the company does not include debt in capital. Capital structure is one of the factors that can increase the value of the company as long as the capital structure is below the optimal point. Companies that have good performance will attract investors to invest their capital.

Another factor that can affect firm value is firm size. Company size is a size or scale that describes the size of the company based on several provisions, such as total assets, market value, total sales, total income, and total capital. The size of the business is viewed from the field of business being carried out. A large company size reflects that the company is experiencing good development and growth so that it increases the value of a company. The larger the size of the company, it means that the assets owned by the company are getting bigger and the funds needed by the company to maintain its operational activities are increasing.

The larger the size of the company will affect management decisions in deciding what funding will be used by the company so that funding decisions can optimize the value of the company. The size of the company is assumed to be able to affect the value of the company because the larger the size or scale of the company, the easier it will be for the company to obtain funding sources, both internal and external.

In addition to the capital structure and size of the company, another factor that affects the value of the company is the dividend policy. Dividends are distributions made by the company to shareholders proportionally according to share ownership. Thomas (2012:131) explains that the profits distributed to shareholders are received by shareholders in the form of cash, own company shares or other assets. In general, companies issue dividends to increase shareholder confidence in the long term, as well as attract new investors who are looking for a steady source of income.

However, based on empirical studies that have been conducted, there is still a gap between the results of one study and the results of other research (research gap). The results of research regarding the effect of capital structure on firm value still have gaps. Research conducted by Nurhayati (2020) states that capital structure has no effect on firm value in manufacturing companies. This is supported by the results of research

conducted by Suntari (2020) which states that capital structure has no effect on firm value in manufacturing companies. Research result.

The results of research on the effect of firm size on firm value also have gaps between the results of one study and the results of other studies. The results of research by Setiadewi and Ida (2016) state that there is no effect of firm size on firm value in food and beverage sub-sector companies. The results of Manoppo and Fitty's research (2016) show the same thing that company size has no effect on firm value.

The gap in the results of research regarding the effect of dividend policy on firm value also still occurs. Based on the results of research by Ariyanto and Muhammad (2017), it is stated that there is a positive and significant effect of 8.18% of dividend policy on firm value in manufacturing companies. Kim (2016) states the same thing that there is a positive and significant relationship of 4.35% dividend distribution to firm value in companies in South Korea. Meanwhile, based on the results of research conducted by Hanifa (2016) states that there is no effect of dividend policy on firm value in manufacturing companies.

Based on the research gap and the gap phenomenon described above, it is necessary to conduct further research on firm value. Researchers are interested in improving the research model by adding intervening variables. Indriyani (2017) states that a high profitability ratio will attract investors to invest in the company. The high interest of investors to invest in companies with high profitability will increase stock prices so that it will increase the value of the company.

This is in accordance with the results of research conducted by Nurkhin (2017) which states that profitability has a positive and significant influence on firm value in consumer goods sector companies. Purbawangsa (2019) states that there is an effect of profitability on company value in companies listed on the Indonesia, China and India Stock Exchanges, Anthony (2020) states that profitability has an influence on company value in companies in America.

Profitability is the company's ability to generate profits for the company. The higher the profitability ratio of a company, the higher the prosperity of the company's shareholders and can increase the value of the company. The increase in company value from year to year is an illustration of the company's success in running its business. The value of the company is the main aspect that is seen by investors before deciding to buy company shares. The value of the company is very important because a high company value will be followed by high shareholder prosperity. Therefore, in this study, the researcher uses the profitability variable as an intervening variable to mediate the effect of other variables on the value of the consumer goods sector companies listed on the Indonesia Stock Exchange.

RESEARCH METHODS

This study uses a quantitative approach using secondary data. The design used in this research is a hypothesis testing study. This study uses secondary data obtained from IDX. The type of data used in this study is panel data which is a combination of time series data from 2015-2019 and cross-sectional data, namely in 32 consumer goods sector companies.

The population in this study are consumer goods sector companies listed on the Indonesia Stock Exchange for the 2015-2019 period. Based on the sampling criteria using purposive sampling technique, out of a total of 48 companies in the consumer goods sector, there are only 32 companies that meet the criteria. Because of the 48 companies there are only 32 companies that are still actively publishing financial statements for the 2015-2019 period. So the total sample in this study is 160, which comes from 32 (Number of Companies) x 5 (Research Period) = 160. The variables used in this study used three types of variables. The dependent variable is firm value (Y), the independent variable is capital structure (X1), firm size (X2), dividend policy (X3), and the intervening variable is profitability (X4).

Metode pengumpulan data pada penelitian ini menggunakan metode dokumentasi. Metode dokumentasi biasanya dilakukan untuk mengumpulkan data sekunder dari berbagai sumber, baik secara pribadi maupun kelembagaan. Sumber data dalam penelitian ini diperoleh dari laporan keuangan, laporan tahunan (*annual report*), dan *Indonesian Capital Market Exchange* (ICMD), yang dipublikasikan melalui website *Indonesia Stock Exchange* (IDX). Laporan keuangan dan lapopan tahunan tersebut digunakan untuk mencari data struktur modal, ukuran perusahaan, kebijakan deviden, nilai perusahaan dan profitabilitas.

The data analysis technique used in this study uses panel data regression analysis and path analysis. Regression analysis was tested using the SPSS 26 application, while the path analysis used the Sobel test calculator application.

RESULTS AND DISCUSSION

Descriptive Analysis Statistics

Descriptive statistical analysis is carried out to provide an overview or description of a data seen from the average value (mean), standard deviation, maximum value and minimum value. Descriptive statistics are also used to analyze data by describing or describing the data that has been collected as it is without intending to make general conclusions or generalizations. This method is used to describe the character of each variable. The results of descriptive statistical analysis can be seen in table 1 below:

Table 1 Descriptive Statistics Test Result

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Firm Value (Y)	160	-6,21461	4,27980	,6915324	1,50268657
Capital Structure (X1)	160	,03176	5,30219	,8734069	,90432059
Firm Size (X2)	160	20,33982	32,20095	28,8128549	1,67383213
Dividend Policy (X3)	160	,00362	1,13270	,4108399	,24612024
Profitability (X4)	160	-,15484	,44572	,0904373	,08581721
Valid N (listwise)	160				

a. Firm Value (Y)

The variable value of the company has a minimum value of -6.2146 at the Prasidha Aneka Niaga Tbk company in 2015, the maximum value is 4.2798 at the Unilever Indonesia Tbk company in 2019. A good company value when calculated using the PBV ratio must be greater than 1, based on the results Descriptive statistics show that the average PBV value is 0.6915, this shows that the consumer goods sector companies that are used as research samples are still low. The value of the standard deviation is 1.502.

b. Capital Structure (X1)

The capital structure variable has a minimum value of 0.0317 in H.M. Sampoerna Tbk in 2018, the maximum value is 5.3021 at Kimia Farma Tbk company in 2019. The average value is 0.8734 this shows that the consumer goods sector companies that are used as research samples receive a smaller proportion of debt funding than equity and corporate funding can maintain the composition of its funding so as to create an optimal composition of capital. The value of the standard deviation of the capital structure variable is 0.904.

c. Firm Size (X2)

The company size variable has a minimum value of 20.3398 at the Sekar Laut Tbk company in 2018, the maximum value is 32.2009 at the Indofood Sukses Makmur Tbk company in 2018. The average value is 28.8128, this shows that the consumer goods sector companies that the research sample has a large company size, this is because consumer goods sector companies have large assets. The value of the standard deviation of company size is 1.673.

d. Dividend Policy (X3)

The dividend policy variable has a minimum value of 0.0036 at the Organon Pharma Indonesia Tbk company in 2015, the maximum value is 1.1327 at the Delta Djakarta Tbk company in 2018. The average value is 0.4108, this shows that the average sector company consumer goods that are used as research samples distribute dividends of 41.08% of the total profits obtained by the company. The value of the standard deviation of the dividend policy is 0.246.

e. Profitabilitas (X4)

Variabel profitabilitas memiliki nilai minimum sebesar -0,1548 pada perusahaan Bentoel Internasional Investama Tbk tahun 2016, nilai maksimum sebesar 0,4457 pada perusahaan Unilever Indonesia Tbk tahun 2018. Nilai rata-rata sebesar 0,09043 hal ini menunjukan bahwa rata-rata perusahaan sektor barang konsumsi yang dijadikan sampel penelitian memiliki rasio profitabilitas sebesar 9,04%. Besarnya nilai standar deviasi profitabilitas 0,085.

Table 2 Results of Model I Regression Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,284	,111		-2,556	,012
	Capital Structure (X1)	-,021	,007	-,221	-2,937	,004
	Firm Value (X2)	,014	,004	,266	3,538	,001

a. Dependent Variable: Profitability (X4)

Based on table 2, it is known that the regression equation model I is as follows:

$Y = - 0,284 – 0,021X_1+0,014X_2+e$

This shows that the constant (a) has a value of -0.284, this shows that if the capital structure (X1) and firm size (X2) are 0, then the profitability (X4) is -0.284 assuming other variables remain.

The capital structure variable (X1) has a regression coefficient of -0.021, this shows that if there is an increase of 1 unit in the capital structure variable, it will cause a decrease in the profitability variable (X4) of 0.021 units assuming other variables remain. The coefficient of the capital structure variable (X1) is negative, meaning that the direction of the relationship between the capital structure variable (X1) and the profitability variable (X4) is not unidirectional, where when the capital structure variable increases, the profitability variable will decrease.

The firm size variable (X2) has a regression coefficient of 0.014, this shows that if there is an increase of 1 unit in the firm size variable, it will cause an increase in the profitability variable (Y) of 0.014 units assuming other variables remain. The coefficient of the company size variable (X2) is positive, meaning that the direction of the relationship between the company size variable (X2) and the profitability variable (X4) is unidirectional, where when the company size variable increases, the profitability variable will increase.

After performing the regression test, the researcher conducted a partial test (t test). Based on the table, it can be seen that the capital structure variable (X1) has a coefficient value of -0.021 and a significance value of 0.004 < 0.005. This shows that there is no partial effect of the capital structure variable (X1) on profitability (X4), so Ha which states that there is a positive effect of capital structure on profitability is rejected.

Firm size variable (X2) has a coefficient value of 0.014 and a significance value of 0.001 <0.005. This shows that there is a partial effect of the firm size variable (X2) on profitability (X4), so that Ha which states that there is a positive effect of firm size on profitability is accepted.

Table 3 Results of Model II Regression Analysis

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-6,460	1,756		-3,678	,000
	CapitaL Structure (X1)	-,060	,113	-,036	-,528	,598
	Firm Vakue (X2)	,236	,063	,263	3,750	,000
	Dividend Policy (X3)	-,780	,421	-,128	-1,851	,066
	Profitability (X4)	8,038	1,236	,459	6,501	,000

a. Dependent Variable: Firm Value (Y)

Based on table 3, it is known that the regression equation for model II is as follows:

$Y = -6,460–0,060X_1+0,236X_2–0,780x_3+8,038+e$

This shows that the constant (a) has a value of -6.460, this shows that if the capital structure (X1), company size (X2), dividend policy (X3), and profitability (X4) are worth 0, then the magnitude of the firm value (Y) of -6.460 assuming other variables remain.

The capital structure variable (X1) has a regression coefficient of -0.060, this shows that if there is an increase of 1 unit in the capital structure variable, it will cause a decrease in the firm value variable (Y) of 0.060 units assuming other variables remain. The coefficient of the capital structure variable (X1) is negative, meaning that the direction of the relationship between the capital structure variable (X1) and the firm value variable (Y) is not unidirectional, where when the capital structure variable increases, the firm value variable will decrease.

The firm size variable (X2) has a regression coefficient of 0.236, this shows that if there is an increase of 1 unit in the firm size variable, it will cause an increase in the firm value variable (Y) of 0.236 units assuming other variables remain. The coefficient of firm size variable (X2) is positive, meaning that the direction of the relationship between the firm size variable (X2) and the firm value variable (Y) is unidirectional, where when the firm size variable increases, the firm value variable will increase.

The dividend policy variable (X3) has a regression coefficient of -0.780, this shows that if there is an increase of 1 unit in the dividend policy variable, it will cause a decrease in the firm value variable (Y) of 0.780 units assuming other variables remain. The coefficient of the dividend policy variable (X3) is negative, meaning that the direction of the relationship between the dividend policy variable (X3) and the firm value variable (Y) is not in the same direction, where when the dividend policy variable increases, the firm value variable will decrease.

The profitability variable (X4) has a regression coefficient of 8.038, this shows that if there is an increase of 1 unit in the profitability variable, it will cause an increase in the firm value variable (Y) of 8.038 units assuming other variables remain. The coefficient of the profitability variable (X4) is positive, meaning that the direction of the relationship between the profitability variable (X4) and the firm value variable (Y) is unidirectional, where when the profitability variable increases, the firm value variable will increase.

The t-test of the regression model II is as follows. the capital structure variable (X1) has a coefficient value of -0.060 and a significance value of 0.598 > 0.005. This shows that there is no effect of the capital structure variable (X1) on firm value (Y), so Ha which states that there is a positive effect of capital structure on firm value is rejected. Firm size variable (X2) has a coefficient value of 0.236 and a significance value of 0.000 < 0.005. This shows that there is an influence of firm size variable (X2) on firm value (Y), so that Ha which states that there is a positive effect of firm size on firm value is accepted.

The dividend policy variable (X3) has a coefficient value of -0.780 and a significance value of 0.066 > 0.005. This shows that there is no effect of the dividend policy variable (X3) on firm value (Y), so Ha which states that there is a positive effect of dividend policy on firm value is rejected. The profitability variable (X4) has a coefficient value of 8.038 and a significance value of 0.000 < 0.005. This shows that there is an influence of the profitability variable (X4) on the firm value (Y), so that Ha which states that there is a positive influence of profitability on firm value is accepted.

Table 4 Sobel Test

Track	A	B	SE_a	SE_b	Sobel Test Statistic
DER to PBV through ROA	-0,021	8,038	0,007	1,236	-2,72411616
TA to PBV through ROA	0,014	8,038	0,004	1,236	3,08199352

It can be seen that in table 4, based on the results of calculations using the Sobel test calculation application on www.danielsoper.com, the t_{count} value is -2.7241, this value is smaller than the t_{table} value. Where the t_{table} value is 1.65443. So it can be concluded that profitability is not able to mediate the effect of capital structure on firm value.

Based on the results of calculations using the Sobel test calculation application on www.danielsoper.com, the t_{count} value is 3.0819, the value is greater than the t_{table} value. Where the t_{table} value is 1.65443. So it can be concluded that profitability is able to mediate the effect of firm size on firm value.

	Hypothesis	
H_1	Capital structure has a positive effect on profitability.	**Rejected**
H_2	Firm size has a positive effect on profitability.	**Accepted**
H_3	Profitability mediates the effect of capital structure on firm value.	**Rejected**
H_4	Profitability mediates the effect of firm size on firm value.	**Accepted**
H_5	Dividend policy has a positive effect on firm value.	**Rejected**
H_6	Profitability has a positive effect on firm value.	**Accepted**

Effect of Capital Structure on Profitability

Based on table 2, it can be seen that the coefficient value is -0.021 and the significance

value is 0.004 <0.005. Therefore, it can be concluded that there is a negative effect of capital structure on profitability, so H1 which states that there is a positive effect of capital structure on profitability is rejected.

This shows that the size of the capital structure (both own capital and foreign capital) owned by the company does not guarantee the size of the profits obtained by the company. Because with the addition of excessive foreign capital it will harm the company itself, even if foreign capital exceeds the optimal point and the company cannot use it properly it will result in bankruptcy because the company is unable to pay off both the interest and the amount owed because the amount is too large.

The results of this study are not in accordance with the trade-off theory, where according to the trade-off theory with debt (foreign capital) the company will pay interest. This interest can reduce taxes that must be paid by the company and can increase after-tax cash flow. But in fact, based on research results, the amount of debt owned is not able to increase the company's profitability.

The results of this study are in accordance with the results of research conducted by Jaisinghani (2017) which states that the capital structure owned by companies in India has a negative influence on company profitability. The results of the same study were found by Sukmayanti (2019) which stated that there was a negative and significant effect of capital structure on profitability in food and beverage sub-sector companies listed on the IDX.

The Effect of Firm Size on Profitability

Based on table 2, it can be seen that the magnitude of the coefficient value is 0.014 and the significance value is 0.001 < 0.005. Therefore, it can be concluded that there is an effect of firm size on profitability, so H2 which states that there is a positive effect of firm size on profitability is accepted.

Because the coefficient value is positive, this indicates that the higher the total assets owned by the company, the higher the profitability of the company. If the company has large assets, the management will be more flexible in using the assets owned by the company. This ease in controlling the company's assets will increase the ease of the company in carrying out its operational activities. With the ease of carrying out its operational activities, the company can increase the profitability ratio.

This is in accordance with the signal theory which states that large companies that have large total assets can provide a strong signal to investors, so that investors will be interested in investing their capital. That way the company can carry out the desired activities that aim to expand market share, with the wider market share owned by the company, it will increase the company's profitability.

The results of this study are in line with the results of research conducted by Subramaniam (2019) which states that the total assets of the company can increase profitability in all sizes of companies, both small and large companies in Malaysia. The results of the same study are shown by Kinesti (2020) which states that there is an effect of company size on profitability in companies in the consumer goods industry sector.

The Effect of Capital Structure on Firm Value Through Profitability

Based on table 4, it can be seen that based on the calculation of the Seobel test, the t_{count} value is -2.72411616, with a t_{table} value of 1.65443. Because the value of t_{count} -2.72411616 < t_{table} 1.65443, it can be concluded that profitability is not able to mediate the effect of capital structure on firm value. So H3 which states that profitability is able to mediate the effect of capital structure on firm value is rejected.

The results of this study are not in line with the trade-off theory which explains that the value of companies that use debt will be greater than the value of companies that do not use debt. The higher the DER value means the greater the amount of capital used as investment capital so that it can increase the company's profitability ratio, with an

increase in profitability it will be followed by an increase in the value of the company itself. But in reality a large amount of debt does not guarantee that the company can get big profits too, this actually makes the company's debt increase if the company is not able to pay the interest on the large debt. Hi, this will actually lower the stock price and have a bad impact on the value of the company itself.

The results of this study are in line with the results of research conducted by Hera (2017) which states that profitability is not able to mediate the effect of capital structure on firm value. The same research results were found by Sofiani (2020) which stated that there was no effect of capital structure on firm value through profitability in consumer goods sector companies.

The Effect of Firm Size on Firm Value Through Profitability

Based on table 4, it can be seen that based on the calculation of the Seobel test, the t_{count} value is 3.08199352, with a t_{table} value of 1.65443. Because the value of t_{count} 3.08199352 > t_{table} 1.65443, it can be concluded that profitability is able to mediate the effect of firm size on firm value. So H4 which states that profitability is able to mediate the effect of firm size on firm value is accepted.

The results of this study are in line with the signaling theory which states that companies will provide signals to investors through annual financial reports containing information on the state of the company, past and current records that can reflect the performance of a company. With the annual financial report, investors get a signal that can be used to see the total assets owned by the company and is expected to provide a positive signal for investors to invest their capital.

That way the company can carry out the desired activities that aim to expand market share, with the wider market share owned by the company, it will increase the company's profitability. Companies that have a high profitability ratio can provide a strong signal to investors so that it can increase demand for shares, with an increase in stock prices, it will increase the value of the company.

The results of this study are reinforced by the results of research conducted by Ardinan (2018) which states that profitability is able to mediate the effect of firm size on firm value. The results of the same study were found by Asti (2019) which stated that there was an effect of firm size on firm value through profitability in food and beverage sub-sector companies.

The Effect of Dividend Policy on Firm Value

Based on table 3, it can be seen that the coefficient value is -0.780 and the significance value is 0.066 > 0.005. Therefore, it can be concluded that there is no effect of dividend policy on firm value, so H5 which states that there is a positive effect of dividend policy on firm value is rejected.

This shows that the level of dividends distributed by the company to shareholders has no effect on the value of the company. The dividend policy does not affect the value of the company because the dividend payout ratio is only a detail in the company's financial statements. An increase in the amount of dividend distribution is not always followed by an increase in the value of the company.

The results of this study are not in line with The Bird In The Hand theory which states that investors want high dividends because they have higher certainty than capital gains. By providing high dividends, it will increase the company's stock price and will have an impact on increasing the value of the company. But based on the results of the study, the size of the dividends distributed by the company to shareholders does not affect the value of the company.

The results of this study are in line with the results of research conducted by Karpavicius (2017) which states that the size of the dividend distribution made by the company does not affect the value and risk of the company. The results of research conducted by Shintara (2017) state the same thing that dividend policy has no effect on firm value.

The Effect of Profitability on Firm Value

Based on table 3, it can be seen that the magnitude of the coefficient value is 8.038 and the significance value is 0.000 <0.005. Therefore, it can be concluded that there is an influence of profitability on firm value, so H6 which states that there is a positive influence of profitability on firm value is accepted.

Because the value of the coefficient is positive, this indicates that the high and low profitability has an effect on the value of the company, the higher the profit earned by the company, the higher the value of the company. High profits reflect the company's excellent prospects, this will attract investors to invest and will increase the demand for company shares. Higher demand for company shares will increase the company's share price. When the stock price of a company is high, it can increase the value of the company.

The results of this study are consistent with signaling theory which states that company executives who have better information about their company will be motivated to convey this information to investors. This information is a signal given by the company to outside parties. Companies that have a high level of profitability can provide a strong signal to investors so that they can attract investors to deposit their capital and increase the value of the company.

The results of this study are in line with the results of research conducted by Antony (2020) which states that profitability has a positive influence on stock prices and can increase firm value. The results of the same study were found by Rahayu (2019) which stated that there was a positive and significant influence on profitability on firm value.

CONCLUSION

Based on the results of data analysis that has been obtained results that the capital structure has a negative effect on profitability. Firm size has a positive effect on profitability. Profitability is not able to mediate the relationship between capital structure and firm value. Profitability is able to mediate the relationship between firm size and firm value. Dividend policy has no effect on firm value. Profitability has a positive effect on firm value.

The suggestions that can be given are as follows: (1) For further researchers, it is expected to be able to add other variables that can affect firm value that have not been studied, so that new empirical findings are found. In addition, further researchers are expected to be able to expand the object of research in other sectors by using the latest period data on the object under study. (2) The role of the company's management should be improved, especially in creating an optimal capital structure so that the capital derived from the debt can be utilized by the company to finance effective and efficient operational activities so that it can bring big profits for the company. (3) Investors must be wise in making investment decisions in the company. There are several things to consider, the first is related to the total assets owned by the company. Because based on the results of this study total assets have a significant influence on the value of the company, so the greater the total assets owned by the company, the value of the company is also higher. The second is related to profitability, because based on the results of this study, profitability has a significant influence on firm value. This means that when a company has a high profitability ratio, the company has good prospects in the future, this will also have an impact on the value of the company.

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