
ANALYSIS OF THE INFLUENCE OF CAPITAL STRUCTURE, WORKING CAPITAL TURNOVER, AND PROFITABILITY ON FIRM VALUE WITH FIRM SIZE AS A MODERATING VARIABLE (INDUSTRIALS AND BASIC MATERIALS SECTOR LISTED ON THE IDX)

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Abstract

This study aims to examine the effect of capital structure, working capital turnover, and profitability on firm value with firm size as a moderating variable in the Industrials and Basic Materials sectors listed on the Indonesia Stock Exchange (IDX) for the period 2021–2023. Using a quantitative approach and associative research type, this study employs secondary data through documentation techniques. The sampling method used is purposive sampling, with a final sample of 73 companies that consistently published sustainability reports. The analytical method used is Moderated Regression Analysis (MRA), preceded by classical assumption testing. The results indicate that capital structure, working capital turnover, and profitability each have a significant and negative effect on firm value. Additionally, firm size significantly moderates the relationship between working capital turnover and profitability on firm value but does not moderate the relationship between capital structure and firm value. The coefficient of determination (R^2) shows that 91.4% of the variation in firm value can be explained by the variables in the model. These findings suggest that optimal capital structure, effective working capital management, and consistent profitability considering firm size are critical to sustaining firm value.

Keywords: Capital Structure, Working Capital Turnover, Profitability, Firm Size, Firm Value

INTRODUCTION

Currently, the manufacturing industry in Indonesia is undergoing significant transformation, influenced by various internal and external factors. Despite experiencing positive growth, companies in the Basic Materials and Industrials sectors still face challenges such as inflation, market fluctuations, and disruptions in supply chains. The rapid economic development in Indonesia has led to intense business competition. Consequently, every company is required to compete with others to maintain operational sustainability and increase firm value while simultaneously expanding their market presence. Achieving these goals demands substantial funding, which poses its own challenges, as it involves various stakeholders, including creditors, shareholders, and the company's management.

Companies within the Industrials and Basic Materials sectors offer substantial advantages in terms of stability, global impact, and linkages with other critical industries. Furthermore, these sectors provide valuable opportunities for studying relevant issues such as sustainability, technological innovation, and risk management, all of which are increasingly becoming central concerns in today's business and economic environment. Firm value plays a crucial role in analyzing a company's financial statements, as it reflects how successful a company is in creating value for its shareholders and other stakeholders. It represents the company's performance and long-term prospects as captured in its financial statements. Firm value, often measured by market capitalization or stock prices, not only reflects the figures in the financial reports but also incorporates market expectations regarding the company's ability to generate profits and maintain operational continuity.

Research on firm value focuses on how capital structure, profitability, working capital turnover, and external factors such as market conditions, regulations, and macroeconomic trends influence a firm's value. This type of research is essential not only for investors in evaluating the feasibility of their investments but also for company management to formulate strategies aimed at improving financial performance and strengthening the firm's market position. Additionally, such research enables companies to reflect on the outcomes of past decisions and provides insights into future potential, which in turn supports strategic planning to optimize market value and enhance long-term competitiveness. There are several methods to measure and determine firm value; however, in this study, firm value is measured using the Price Earning Ratio (PER).

Firm value may be influenced by a combination of capital structure, working capital turnover, and profitability. An optimal capital structure, with a balanced proportion of debt, enables the company to finance expansion without incurring excessive financial risk. Meanwhile, working capital turnover reflects the company's ability to manage current assets effectively to support growth. Stable profitability allows the firm to generate consistent earnings, ultimately strengthening its value in the capital market. Therefore, these three variables are considered crucial in maintaining and enhancing firm value in the long term.

REVIEW OF LITERATURE

Capital Structure

Capital structure refers to the proportion between long-term debt and equity (Brigham & Houston, 2011). It is a crucial element for a company because it affects the level of risk

borne by shareholders and the expected rate of return (Itsnaini & Bernando, 2021). Essentially, capital structure represents the composition of corporate financing and debt. Companies with high growth potential require significant funding, thus necessitating additional external financing to support business development (Dhani & Utama, 2017). Signaling theory suggests that the greater the company's use of internal capital and debt as a funding source, the more it conveys a positive signal or "good news" to investors, implying that the company is performing well and confident in taking on higher debt. This statement is supported by previous studies. Research by Hamidy et al., (2015), Yusuf (2018), and Yunarsi (2020) found that capital structure has a positive effect on firm value.

Working Capital Turnover

An ideal working capital turnover ratio increases annually, indicating that the company is efficiently utilizing its working capital to generate higher sales. Working capital turnover (net working capital turnover) is a ratio used to measure business activity based on the excess of current assets over current liabilities, as reflected in the volume of sales (Sujarweni, 2017). According to previous studies, Wahyuliza & Dewita (2018) state that working capital turnover positively and significantly affects profitability. Agusentoso (2017) and Indriyani et al. (2018) also report that working capital turnover influences firm value. In contrast, Bintara (2020) found that working capital turnover does not affect profitability.

Profitability

According to Subramayam & Wild (2013), profitability ratios are used to measure a company's performance and the efficiency of its asset management. These include operating performance ratios to evaluate profit margins from operating activities. An increasing Gross Profit Margin (GPM) indicates a higher gross return relative to net sales. The more efficient the costs incurred to support sales activities, the greater the income generated (Taruh, 2012). Several previous studies, including those by Ramdhonah et al., (2019) and Cheryta et al., (2017), have found that profitability positively affects firm value. However, these findings differ from those of Wulandari & Wiksuana (2017), who argue that profitability has no significant impact on firm value.

Firm Size

Mature companies tend to have positive cash flows and are projected to sustain profitability over a relatively long period (Suwardika & Mustanda, 2017). Larger firms send stronger signals to investors and attract more attention due to their perceived stability. This condition is often associated with rising stock prices in the capital market (Suardana et al., 2020). Previous studies also support this view. Rachmawati et al. (2010) show a positive and significant relationship between firm size and firm value. Likewise, Erna (2018), Dewi (2018), and Maptuha (2021) found that firm size positively influences firm value.

Firm Value

According to Wiagustini (2010) defines firm value is defined as the amount a prospective buyer is willing to pay when acquiring a company. A higher firm value implies greater shareholder wealth received by the owners. Firm value is important as it reflects a company's performance and can influence investors' perception of the company (Salvatore, 2011).

RESEARCH METHOD

Type of Research

This study employs a quantitative approach with an associative research type. According to Sugiyono (2018), associative methods aim to examine causal relationships between variables, thereby providing a more comprehensive understanding of the phenomena being studied.

Data Collection Technique

The type of data used in this research is secondary data obtained through a documentation study. Secondary data refers to data that is not collected directly by the researcher but is acquired from other sources, such as documents or official publications (Sugiyono, 2018). The documentation study was conducted by reviewing documents related to financial data, including inflation growth, income growth, deposit interest rates, and lending interest rates.

Population and Sample

Population is defined as a generalization area consisting of objects or subjects that possess certain characteristics determined by the researcher to be studied, and conclusions can be drawn (Sugiyono, 2018). The population in this research comprises all companies in the Industrials and Basic Materials sectors listed on the Indonesia Stock Exchange (IDX) during the period 2021–2023, totaling 165 companies. The sampling technique used is purposive sampling, which is a technique based on specific criteria or considerations (Sugiyono, 2018). Based on the selection criteria, 92 companies that did not consistently publish sustainability reports during the observation period were excluded, resulting in a final sample of 73 companies used in this study.

Data Analysis Technique

The data analysis technique in this study begins with classical assumption testing to ensure the validity of the regression model used. The normality test is conducted using the one-sample Kolmogorov-Smirnov Test, where the data is considered normally distributed if the significance value is greater than 0.05 (Ghozali, 2018). The multicollinearity test is used to detect correlations among independent variables; multicollinearity is considered absent if the tolerance value is greater than 0.10 and the VIF value is less than 10 (Ghozali, 2018). Furthermore, the autocorrelation test is carried out using the Run Test method, and the data is said to be free from autocorrelation if the significance value exceeds 0.05 (Ghozali, 2018). The heteroscedasticity test employs the Glejser method to detect the equality of residual variance among observations, with no symptoms of heteroscedasticity present if the significance value is above 0.05 (Ghozali, 2018). To determine the appropriateness of the form of relationships between variables, a linearity test is conducted using the Lagrange Multiplier test, with decision-making based on the chi-square value (Ghozali, 2018). The regression analysis in this study adopts the Moderated Regression Analysis (MRA) approach to examine the interaction effect between independent variables and the moderating variable on the dependent variable (Ghozali, 2018), with two regression model equations used: Model 1 ($Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$) and Model 2 ($Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 Z + \beta_4 (X_1 Z) + \beta_5 (X_2 Z) + \beta_6 (X_3 Z) + e$), where Y represents firm value, X_1 is capital structure (DER), X_2 is working capital turnover (WCT), X_3 is profitability (GPM), Z is firm size, and e is the error term. Furthermore, correlation coefficient analysis is employed to measure the strength and

direction of relationships between variables, with interpretation based on Sugiyono (2006), who classifies relationship strength from very weak to very strong. The coefficient of determination (R^2) is used to assess the proportion of variability in the dependent variable that can be explained by the independent variables (Ghozali, 2018). The F-test (simultaneous) is conducted to determine the joint influence of independent variables on the dependent variable, using a significance level of 0.05 as the decision threshold (Siregar, 2017). Meanwhile, the t-test (partial) is used to examine the individual influence of each independent variable on the dependent variable with a significance level of 5% (Siregar, 2017).

RESULTS AND DISCUSSION

Classic Assumption Test

Normality Test

Normality test in this study is conducted to determine whether the data used is normally distributed. A good regression model requires a normal data distribution. The decision criteria are:

- a. Data is considered normal if the significance value is > 0.05 .
- b. Data is considered abnormal if the significance value is < 0.05 .

The normality test is conducted using the One-Sample Kolmogorov-Smirnov method.

Table 1
Normality Test Results

Test	Value
N (Sample)	117
Test Statistic (Kolmogorov-Smirnov Z)	0.071
Asymp.Sig.(2-tailed)	.200 ^{c,d}

Source: Processed Data, 2025

In Table 1 above, the test results show a significance value of 0.200, which is > 0.05 . Thus, it can be concluded that the residual data is normally distributed, so that the assumption of normality in this regression model has been fulfilled.

Multicollinearity Test

Multicollinearity tests aim to identify correlations between independent variables in a regression model. A good regression model does not contain multicollinearity. The test is conducted by looking at the tolerance and Variance Inflation Factor (VIF) values, with the following conditions:

- a. Multicollinearity does not occur if tolerance ≥ 0.10 and VIF ≤ 10 .
- b. Multicollinearity occurs if tolerance ≤ 0.10 and VIF ≥ 10 .

Table 2
Multicollinearity Test Results

Variable	Tolerance	VIF
Capital Structure	0.969	1.032
Working Capital Turnover	0.943	1.061
Profitability	0.939	1.065
Firm Size	0.930	1.075

Dependent Variable: Firm Value

Source: Processed Data, 2025

In Table 2, the test results show that all independent variables have tolerance values > 0.10 and VIF values < 10 , so it can be concluded that there is no multicollinearity in the model. This means that each independent variable in the model is independent of the others, and the regression model is suitable for further analysis.

Autocorrelation Test

An autocorrelation test is used to detect any relationship between the residuals in the current period and the previous period in the regression model. A good model should be free of autocorrelation. The test is performed using the Run Test with the following decision criteria:

- a. If the Asymp Sig (2-tailed) value is < 0.05 , then there is autocorrelation.
- b. If the Asymp Sig (2-tailed) value is > 0.05 , then there is no autocorrelation.

Table 3
Autocorrelation Test Results
Runs Test

	Unstandardized Residual
Test Value ^a	-0.99451
Cases $<$ Test Value	58
Cases \geq Test Value	58
Total Cases	116
Number of Runs	65
Z	1.119
Asymp. Sig. (2-tailed)	0.263
a. Median	

Source: Processed Data, 2025

One of the non-parametric methods used in Table 3 above is the Run Test, which tests whether the residual data is random or not. If the significance value (Sig.) is > 0.05 , then the residual is considered random and there is no autocorrelation. Therefore, if the Run Test results show a significance value > 0.05 , it can be concluded that there is no autocorrelation in the regression model. This means that the assumption of residual independence has been met, and the regression model is suitable for further analysis.

Linearity Test

The linearity test is used to test whether the relationship between the independent variable and the dependent variable is linear. A good regression model should have a linear relationship between the independent variable and the dependent variable. The linearity test is performed using the Lagrange Multiplier. The basis for decision-making is as follows:

- a. If the calculated C^2 value is less than the table C^2 value, then the hypothesis stating that the model is linear is accepted.
- b. If the calculated C^2 value is greater than the table C^2 value, then the hypothesis stating that the model is linear is rejected.

Table 4
Linearity Test Results

Variable	Deviation from Linearity	Description
Firm Value * Capital Structure	0.090	

Firm Value * Working Capital Turnover	0.187	Linear
Firm Value * Profitability	0.224	
Firm Value * Firm Size	0.099	

Source: Processed Data, 2025

Table 4 above shows that the significance value of Deviation from Linearity for the three independent variables and one modernization variable is >0.05 , so the relationship between variables X and Y is linear. Therefore, if the test results show a significance value for Deviation from Linearity > 0.05 , it can be concluded that the relationship between the independent and dependent variables is linear. This means that the regression model can be used, as it meets the assumption of linearity.

Heteroscedasticity Test

The heteroscedasticity test is used to test whether there is unequal variance of residuals from one observation to another in the regression model. A good regression model should not exhibit heteroscedasticity. The heteroscedasticity test uses the Glejser test. The basis for decision-making is as follows:

- a. If the value (sig > 0.05), then there is no evidence of heteroscedasticity in the regression model.
- b. If the value (sig < 0.05), then there is evidence of heteroscedasticity.

Table 5
Heteroskedasticity Test Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.897	6.491		-0.292	0.771
	Capital Structure	-0.051	0.127	-0.041	-0.404	0.687
	Working Capital Turnover	0.012	0.187	0.007	0.064	0.949
	Profitability	-0.083	0.114	-0.072	-0.726	0.469
	Firm Size	1.496	1.946	0.073	0.769	0.444

a. Dependent Variable: Firm Value

Source: Processed Data, 2025

In Table 5 above, the test results show that the significance value is > 0.05 , so there is no heteroscedasticity. Therefore, if the Glejser test results show that the significance value of each independent variable is > 0.05 , it can be concluded that there is no evidence of heteroscedasticity in the regression model. This means that the residual variance is homogeneous, and the model satisfies the classical assumption of heteroscedasticity.

Moderated Regression Analysis (MRA)

Regression analysis with Moderated Regression Analysis is an analytical technique used to maintain sample integrity and provide a basis for controlling the influence of moderator variables. The following table shows the results of the regression analysis test with the moderated regression analysis equation 1:

Table 6

MRA Test Results Equation 1

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	60.254	4.472		13.473	0.000
	Capital Structure	-0.155	0.029	-0.407	-5.326	0.000
	Working Capital Turnover	-0.037	0.009	-0.307	-3.982	0.000
	Profitability	-0.090	0.025	-0.281	-3.659	0.000

a. Dependent Variable: Firm Value

Source: Processed Data, 2025

Based on Table 6, the multiple linear regression equation is:

$$Y = 60.254 - 0.155 X_1 - 0.037 X_2 - 0.090 X_3 + e$$

The regression equation model that can be written from the above equation is:

- The constant of 60.254 indicates that if Capital Structure, Working Capital Turnover, and Profitability are all equal to 0, then the Initial Return value is 60.254.
- If Capital Structure increases by 1 unit, then the Initial Return value will increase by 0.155.
- If Working Capital Turnover increases by 1 unit, the Initial Return value will increase by 0.037.
- If Profitability increases by 1 unit, the Initial Return value will increase by 0.090.

Table 7

MRA Test Results Equation 2

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	67.881	2.564		26.477	0.000
	Capital Structure	-0.040	0.020	-0.104	-1.980	0.050
	Working Capital Turnover	-0.033	0.006	-0.275	-5.249	0.000
	Profitability	-0.194	0.040	-0.607	-4.902	0.000
	Firm Size	-0.829	0.062	-0.759	-13.328	0.000
	Capital Structure * Firm Size	-0.001	0.001	-0.091	-1.707	0.091
	Working Capital Turnover * Firm Size	0.000	0.000	0.134	2.051	0.043
	Profitability *Firm Size	0.005	0.001	0.567	4.643	0.000

a. Dependent Variable: FIRM VALUE

Source: Processed Data, 2025

Based on Table 7, the multiple linear regression equation is as follows:

$$Y = 67.881 - 0.040 X1 - 0.033 X2 - 0.194 X3 - 0.829 Z - 0.001 X1*Z + 0.000 X2*Z + 0.005 X3*Z + e$$

The regression equation model that can be written from the above equation is:

- a. The constant of 67.881 indicates that if Capital Structure, Working Capital Turnover, Profitability, Firm Size, Capital Structure with Firm Size, Working Capital Turnover with Firm Size, and Profitability with Firm Size are all equal to 0, then the Initial Return value is 67.881.
- b. If Capital Structure increases by 1 unit, the Initial Return value will increase by 0.040.
- c. If Working Capital Turnover increases by 1 unit, the Initial Return value will increase by 0.033.
- d. If Profitability increases by 1 unit, the Initial Return value will increase by 0.194.
- e. If Firm Size increases by 1 unit, the Initial Return value will increase by 0.829.
- f. If Capital Structure with Firm Size increases by 1 unit, the Initial Return value will increase by 0.001.
- g. If Working Capital Turnover with Firm Size increases by 1 unit, the Initial Return value will increase by 0.000.
- h. If Profitability with Firm Size increases by 1 unit, the Initial Return value will increase by 0.005.

Correlation Coefficient Analysis (R)

Correlation coefficient analysis is a test used to determine whether independent and dependent variables are related or not. The following Table 8 shows the results of the correlation coefficient analysis test (R test):

Table 8
Correlation Coefficient Test Results (R)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.956 ^a	0.914	0.908	8.150

Predictors: (Constant), Profitability*Firm Size, Capital Structure*Firm Size, Working Capital Turnover *Firm Size, Firm Size, Capital Structure, Working Capital Turnover, Profitability

Source: Processed Data, 2025

R value = 0.956 indicates the degree of relationship between the independent variables (capital structure, working capital turnover, profitability, firm size, and their interaction) and the dependent variable (firm value). Based on Sugiyono's (2006) classification of relationship strength: 0.80 – 1.000 = Very Strong. Therefore, the R value of 0.956 indicates that the relationship between the independent variables and company value is very strong and positive.

Analysis of the Coefficient of Determination R²

Determinant analysis is used to measure a model's ability to explain the variation in dependent variables. Table 9 shows the results of the coefficient of determination (R²) analysis test:

Table 9
Coefficient of Determination R² Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.956 ^a	0.914	0.908	8.150

Predictors: (Constant), Profitability *Firm Size, Capital Structure * Firm Size, Working Capital Turnover *Firm Size, Firm Size, Capital Structure, Working Capital Turnover, Profitability

Source: Processed Data, 2025

R Square value = 0.914 This means that 91.4% of the variation in firm value can be explained by the independent variables in the model, namely: capital structure, working capital turnover, profitability, firm size, and the interaction between each of these variables and firm size. The remaining 8.6% is explained by other factors outside the model.

Statistical Test F

Simultaneous test (F test) is a test used to show whether all independent variables or free variables have an effect on dependent variables or bound variables. Based on the decision-making:

- a. If the significance value is < 0.05, then Ho is accepted and Ha is rejected.
- b. If the significance value is > 0.05, then Ho is rejected and Ha is accepted.

Table 10
Statistical Test Results F Equation 1

Model	Sum of Squares	Mean Square	F	Significance
Regression	29172.036	9724.012	19.999	.000 ^b
Residual	54943.058	486.222		

Dependent Variable: Firm Value

Predictors: (Constant), Profitability, Capital Structure, Working Capital Turnover

Source: Processed Data, 2025

In Table 10 above, it can be seen that the Sig. = 0.000 < 0.05, the regression model is simultaneously significant. This means that the regression model is simultaneously significant. It can be concluded that profitability, capital structure, and working capital turnover collectively have a significant influence on firm value. This indicates that the three independent variables are suitable for use in the regression model as they make a tangible contribution to changes in firm value.

Table 11
Statistical Test Results F Equation 2

Model	Sum of Squares	Mean Square	F	Significance
Regression	76874.924	10982.132	165.335	.000 ^b
Residual	7240.170	66.424		

Dependent Variable: Firm Value

Predictors: (Constant), Profitability*Firm Size, Capital Structure*Firm Size, Working Capital Turnover *Firm Size, Profitability, Capital Structure, Working Capital Turnover

Source: Processed Data, 2025

In Table 11 above, it can be seen that the test results show a significance value (Sig.): 0.000. This value is much smaller than alpha 0.05 (even 0.01). Therefore, the decision is: Ha is accepted and Ho is rejected. The regression model is statistically significant, meaning that the independent variables simultaneously have a significant effect on the Firm Value variable.

Statistical Test t

The partial test (t-test) is used to determine whether the independent variable partially influences the dependent variable. The basis for decision-making is as follows:

- a. If the significance value is < 0.05 , then H_0 is accepted and H_a is rejected.
- b. If the significance value is > 0.05 , then H_0 is rejected and H_a is accepted.

Tabel 12
Statistical Test Results t Equation 1

Research Variable	Coefficients	t Statistic	Significance Value
(Constant)	60.254	13.473	0.000
Capital Structure	-0.155	-5.326	0.000
Working Capital Turnover	-0.037	-3.982	0.000
Profitability	-0.090	-3.659	0.000

Dependent Variable: Firm Value

Source: Processed Data, 2025

The t-test is conducted to examine the partial effect of each independent variable on the dependent variable (firm value). Based on Table 12, the influence of each variable is as follows:

- a. The significance value of the Capital Structure variable is 0.000, meaning that Capital Structure significantly and negatively influences Firm Value. Each 1-unit increase in Capital Structure reduces Firm Value by 0.155.
- b. The significance value of the Working Capital Turnover variable is 0.000, meaning that Working Capital Turnover significantly and negatively influences Firm Value. Each increase of 1 unit in Capital Structure will decrease Firm Value by 0.037.
- c. The significance level of the Profitability variable is 0.000, indicating that Profitability is negatively and significantly related to Firm Value. Each increase of 1 unit in Profitability will decrease Firm Value by 0.090.

In conclusion, the three independent variables tested (Capital Structure, Working Capital Turnover, and Profitability) have a significant partial effect on Firm Value. The direction of the effect is negative, meaning that an increase in these three variables actually reduces firm value (inverse relationship), according to the regression model used.

Tabel 13
Statistical Test Results t Equation 2

Research Variable	Coefficients	t Statistic	Significance Value
(Constant)	67.881	26.477	0.000
Capital Structure	-0.040	-1.980	0.050
Working Capital Turnover	-0.033	-5.249	0.000
Profitability	-0.194	-4.902	0.000
Firm Size	-0.829	-13.328	0.000
Capital Structure*Firm Size	-0.001	-1.707	0.091
Working Capital Turnover *Firm Size	0.000	2.051	0.043
Profitability*Firm Size	0.005	4.643	0.000

Dependent Variable: Firm Value

Source: Processed Data, 2025

Based on Table 13, the influence of each variable is as follows:

- a. The significant value of the Capital Structure variable is 0.050 with an Initial Return of 0.040, meaning that Capital Structure is almost significant, indicating a negative influence on Firm Value, but there is a margin of doubt.
- b. The significance level of the Working Capital Turnover variable is 0.000 with an Initial Return of 0.033, meaning that Working Capital Turnover has a significant negative influence. The higher the working capital turnover, the lower the firm value (possibly because excessive efficiency reduces quality or certain risks).
- c. The significant value of the Profitability variable is 0.000 with an Initial Return of 0.194, meaning that profitability has a significant negative influence. This could mean that high profitability does not necessarily increase firm value, or it could indicate differing market perceptions.
- d. The significant value of Firm Size is 0.000, meaning it has a significant negative influence. This suggests that firms that are too large may actually reduce efficiency or value.
- e. The significant value of Capital Structure * firm size is 0.091, meaning it is not significant, where firm size does not moderate the effect of capital structure on firm value.
- f. The significant value of Working Capital Turnover * firm size is 0.043, meaning it is significant, where firm size significantly moderates the relationship between working capital turnover and firm value. Significant Value of Profitability * Firm Size of 0.000 means highly significant, where Firm Size strongly moderates the influence of Profitability on Firm Value.

Therefore, it can be concluded that Working Capital Turnover and Profitability have a significant negative effect on Firm Value, significantly moderated by Firm Size. Capital Structure has a nearly significant negative influence on Firm Value, but its interaction with Firm Size is not significant.

CONCLUSION

Based on the results of data analysis using Moderated Regression Analysis (MRA), this study concludes that capital structure, working capital turnover, and profitability have a significant and negative effect on firm value in the Industrials and Basic Materials sectors listed on the IDX. The negative direction of influence indicates that increases in these financial indicators do not necessarily enhance firm value, highlighting the potential presence of risk or inefficiency when these variables increase beyond optimal thresholds. Furthermore, firm size is proven to moderate the effect of working capital turnover and profitability on firm value, but it does not significantly moderate the effect of capital structure. This implies that larger firm size strengthens the influence of profitability and working capital turnover in determining firm value, suggesting that scale plays a strategic role in enhancing performance outcomes. However, firm size alone cannot offset the risks associated with poor capital structure management. The coefficient of determination (R^2) of 91.4% indicates that the model used is highly explanatory. These findings emphasize the importance of companies to balance financial decisions carefully and consider firm size in strategic planning to maintain or increase firm value in the long term.

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