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THE EFFECT OF PROFITABILITY, LIQUIDITY, LEVERAGE, CAPITAL STRUCTURE, AND COMPANY SIZE ON COMPANY VALUE (EMPIRICAL STUDY OF ENERGY SECTOR COMPANIES LISTED ON THE IDX 2020-2023)

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Abstract

This study aims to examine the effect of profitability, liquidity, leverage, capital structure, and firm size on firm value in the energy sector listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period. This study uses a quantitative approach with secondary data in the form of company financial reports. The sampling method used was purposive sampling with a total of 224 observations from 56 companies over four years. Data analysis was performed using multiple linear regression. The results show that leverage, capital structure, and firm size have a significant effect on firm value. Leverage has a negative effect, while capital structure has a positive effect, and firm size has a negative effect on firm value. Meanwhile, profitability and liquidity do not have a significant effect on firm value. These findings imply that energy sector companies need to pay attention to managing their capital structure and debt levels to avoid reducing the company's value in the eyes of investors. Furthermore, large company size does not always reflect high market value if it is not balanced with efficiency and good growth prospects.

Keywords: Profitability, Liquidity, Leverage, Capital Structure, Company Size, Company Value

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INTRODUCTION

Corporate Value is an important indicator of a company. The higher the value, the greater the opportunity to attract investors, thus strengthening the company's growth opportunities. Investors are attracted to high corporate values because they believe their investments will tend to be more profitable with a higher rate of return (Melati Maukonda et al., 2024). Corporate value is crucial for a company because it reflects the company's performance, which can then influence investors' assessments of the company. By maximizing a company's value, the company also optimizes the welfare of its investors, as investors are now not only interested in the company's financial aspects but also in how likely the company is to create corporate value (Rohana et al., 2023).

Several factors can influence a company's value. The first factor is profitability. Profitability is a company's ability to generate profits from sales and investments (Aida Sofiatin, 2014). Higher profitability reflects a company's good prospects, attracting investors and increasing the company's value (Cecilia & Syarief, 2021). Research by Indrayani et al. (2021) found that profitability has a positive effect on company value.

The second factor is liquidity. Liquidity, or working capital, is a ratio used to measure a company's liquidity, or how quickly assets can be liquidated (Alifian & Susilo, 2024). This difference in liquidity can be measured by comparing current assets with short-term liabilities or by measuring it with the current ratio. Research by Akbar & Fahmi (2020) found that liquidity has a positive but insignificant effect on company value.

The third factor is leverage. Leverage measures receivables, which can improve financial performance. Leverage allows companies that obtain funds

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from debt to determine the extent to which the loans taken out have impacted performance (Meirini & Khoiriawati, 2021). Higher leverage indicates a company's heavy reliance on debt to fund its operations (Melati Maukonda et al., 2024). Research by Ndruru & Silaban (2020) found that leverage has no effect on firm value, while research by Suwardika & Mustanda (2017) found that leverage has a positive and significant effect on firm value.

The Fourth Factor: Company Size. Company size is one of the factors that determine a company's financial strength. A large company reflects good development, thus increasing its value (Meirini & Khoiriawati, 2021). The larger a company, the easier it is to access both internal and external funding (Melati Maukonda et al., n.d., 2024). According to research conducted by Anggita & Andayani (2022), company size has a positive effect on company value.

Capital structure is a component of the financial structure that connects long-term debt with equity (Riyana et al., 2024). The greater the debt, the higher the interest payments. According to research conducted by Meirini & Khoiriawati (2021), capital structure has a significant positive effect on firm value.

This study expands on previous research on factors influencing firm value, specifically a study conducted by Efendi & Rivandi (2024). With the title "The Effect of Capital Structure, Liquidity, and Profitability on Firm Value in the Transportation and Logistics Sector Listed on the IDX for the 2018-2022 Period." The results show that capital structure and liquidity have a positive effect, while profitability has a negative effect. The difference between this study and the research conducted by Efendi & Rivandi (2024) is the addition of variables such as Company Size and Leverage, and the replacement of Transportation and Logistics sector companies with Energy Sector Companies.

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LITERATURE REVIEW

Signaling Theory

According to Brigham and Houston (2015), a signal is an activity or action chosen by a company that is used as an indicator for investors regarding how management views the company's prospects (Fauziah & Sudiyatno, 2020). According to research conducted by Jusrizal and Aloysius (2017), companies with favorable prospects prefer external funding sources and avoid issuing shares, which results in increased external funding. Conversely, companies with less favorable prospects will issue new shares to compensate for losses that may be experienced by new investors (Wijoyo & Cindy, 2023). Internal funding through issuing new shares will indicate poor prospects for investors because internal funding will be a negative signal and is considered less profitable for investors.

Trade-Off Theory

Brigham and Houston (2015) explain the relationship between firm value and capital structure through trade-off theory. A company's capital structure, which relies heavily on external funding, can result in high interest expenses (Wijoyo & Cindy, 2023). This suggests that increasing the use of external funding can increase firm value because interest expenses can lower taxes. Using external funding means the company will pay a certain amount of interest. Interest is tax deductible because it reduces the company's tax obligations, thereby increasing its after-tax cash flow (Haryono et al., 2017). However, increasing the use of external funding increases the likelihood of financial distress because the entity or company will continuously pay interest to creditors over a long period of time (Baihaqi et al., 2019).

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The Influence of Profitability on Company Value

Profitability is an important indicator in assessing a company's financial performance because it reflects the ability of a company or organization to generate profits from its operational activities within a certain period. Measuring profitability indicates how effectively a company utilizes resources to generate profits. According to research conducted by Copeland and Wetson (1986), companies with a high return on assets typically use little debt. This is due to a high return on assets, which allows the company to increase capital with retained earnings. However, there is another assumption that using large debt will not impact the capital structure because of housing capacity. With a high rate of return, internally generated funds can be used to finance most funding needs (Wijoyo & Cindy, 2023). The results of research conducted by (Meirini & Khoiriawati, 2022). The results of research conducted by Rembe et al. (2023) show that profitability affects company value. Therefore, the following hypothesis can be formulated:

H1: Profitability has a positive effect on company value.

The Effect of Liquidity on Company Value

Liquidity describes the ability of a company, entity, individual, or financial institution to meet its short-term obligations without experiencing financial problems. High liquidity indicates that a company has sufficient internal funds to pay its obligations. A high liquidity figure can lead investors to perceive the company's performance as good. The higher a company's liquidity, the greater its likelihood of providing funds for dividend payments to shareholders (Darmayanti, 2019). A company's liquidity value can be seen from its current ratio and quick ratio. High current ratios and quick ratios can indicate good company

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liquidity, which can influence investor perceptions of the company because it can provide a positive perception of the company's business condition. According to Sakamulja (2019), liquidity can indicate how quickly a company or organization can convert assets into cash (Saputri & Giovanni, 2022). Research conducted by Mia Novianti et al. (2023) shows that liquidity has a positive effect on company value. This can be formulated as follows:

H2: Liquidity has a positive effect on company value.

The Effect of Leverage on Company Value

Leverage is often used to assess the extent to which a company uses debt compared to equity in its capital structure. Leverage refers to the use of financial resources, such as debt or liabilities, to finance the company's assets or operations. Higher leverage means more debt is used to finance the company, making it more difficult for the company to obtain additional loans due to concerns that the company will not be able to cover its debts with its assets (Indrayani, Indiana, & Pramesti, 2021). Because leverage is a ratio that measures the extent to which creditors provide funds and also compares the amount of debt to a company's total assets, investors will think twice before investing if they see a company with many assets but also has a high leverage risk (MRPA Sari & Handayani, 2016). According to research conducted by Wulandari & Natasya (2022), leverage negatively affects company value. Therefore, it can be formulated as follows:

H3: Leverage has a negative effect on company value.

The Influence of Capital Structure on Company Value

Capital structure is the ratio of a company's long-term debt to equity. Capital structure is crucial for increasing company value because it relies on long-term debt financing. If a company can leverage long-term debt to finance its

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assets, the company's assets will grow and improve, saving investors time (Mahanani & Kartika, 2022). The more capital a company accumulates and manages, the greater its likelihood of generating profits and increasing investor wealth (Meirini & Khoiriawati, 2022).

The research findings are supported by several previous studies by Nita Riyana (2024) and Melianis Yuli (2024), which stated that capital structure has a negative effect on firm value. Based on this theory and previous research findings, the following hypothesis can be formulated:

H4: Capital structure has a negative effect on company value.

The Influence of Company Size on Company Value

A large and growing company can indicate higher future profitability and a strong commitment to further improving its performance (Indrayani et al., 2021). This potential will generate a market willing to spend more than currently. The belief is that the company is generating significant revenue, thus increasing its value.

Company size plays a crucial role when potential investors invest in a company, as companies with larger assets are considered to be in better shape and have easier access to capital markets for funding. Because companies are larger, investors have easier access to information than small and medium-sized companies. This, in turn, leads to increased demand for shares, leading to higher share prices, reflecting the company's increasing value.

The research findings are supported by several previous studies by Khosyi Tiara (2022) and Melianis Yuli (2024), which found that company size has a positive effect on company value. Based on this theory and previous research, the following hypothesis can be formulated:

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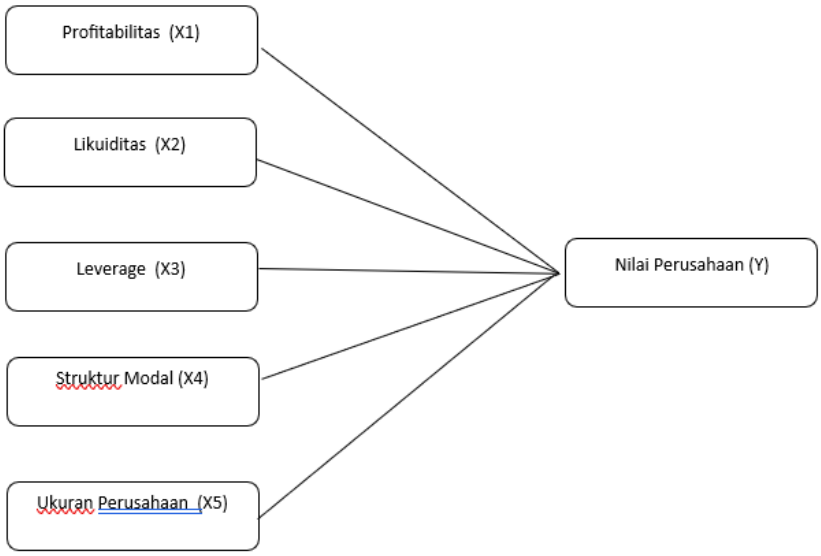
H5: Company size has a positive effect on company value.



RESEARCH METHOD

Profitability

The profitability ratio is a ratio used to measure a company's ability to seek profits, indicated by the profit generated from sales and income from investments (Alifian & Susilo, 2024). In this study, the alternative used as a profitability research indicator is the Return on Equity (ROE) method, because ROE describes the company's rate of return on shares to its shareholders, which has a greater impact on company value compared to the rate of return on investment measured by ROA because ROA measures the company's rate of return on investment by valuing its assets (Saputri & Giovanni, 2022). The following is the calculation formula for Return on Equity:

ROE= (Net Profit)/(Total Equity)

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Liquidity

The liquidity ratio is a company's ability to meet its short-term obligations promptly (Ari Supeno, 2022). In this study, the liquidity ratio was measured using the current ratio method, which compares the company's current assets with its short-term liabilities (Saputri & Giovanni, 2022). The following is the formula for calculating the current ratio:

Current Ratio = (Current Assets) / (Current Liabilities)

Leverage

Leverage is a ratio used to measure a company's ability to meet its financial obligations, both short-term and long-term (DK Sari & Wahidahwati, 2021). In this study, leverage is measured using the Debt-Assets Ratio (DAR). The following is the calculation formula using the Debt-Assets Ratio (DAR):

DAR = (Total Liabilities)/(Total Assets)

Company Size

Company size is one of the benchmarks that indicate the size of a company by looking at the size of the company's assets. Company size also reflects the size of the company related to opportunities to enter the capital market, and also other external financing that shows the company's ability to borrow (Hidayat, 2019). Company size can be measured using total assets because total assets are considered capable of describing the size of the company. Here is the formula for measuring company size:

Company Size = Log Total Assets

Capital Structure

Capital structure is a long-term financing strategy used by a company to maximize shareholder wealth, enabling financial managers to assess the capital

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structure and understand the risks and returns (Oktaviani et al., 2019). The Debt Equity Ratio (DER) is used to measure capital structure in this study. This ratio is used to determine the amount of costs provided by borrowers to company owners (Sahara et al., 2022). The following is the Debt Equity Ratio (DER) formula:

DER = Total Liabilities/Total Equity

Company Values

This company value can provide maximum welfare for shareholders if the shares in the company increase, the company value can also provide a positive signal for investors to invest in the company, while the creditors of the company's value show the company's ability to pay debts, so that creditors are not worried about providing loans to the company (Alifian & Susilo, 2024). The ratio for calculating the company's value in this study uses Price Book Value (PBV) with the following formula:

PBV= (Market Price Per Share)/(Book Price Per Share)

RESEARCH METHOD

Descriptive Statistical Analysis

In this study, descriptive statistical analysis was used to identify the objects under study in general. This study used data descriptions that showed the average (mean), standard deviation (standard deviation), maximum (highest) value, and minimum (lowest) value (Ghazali, 2016).

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Classical Assumption Test

Normality Test

In this study, the normality test was used to determine whether the independent and dependent variables were normally distributed in the regression model (Ghozali, 2016). If both variables are normally distributed, the regression equation can be considered good. The Kolmogorov-Smirnov test can be used to test normality in a study.

Multicollinearity Test

This study uses a multicollinearity test to determine whether there is a correlation between the independent variables in the regression model (Ghozali, 2016). Multicollinearity in this study can be detected through the Tolerance Value and Variance Inflation Factor (VIF). In Ghazali's (2016) study, if the Tolerance Value for all variables is >0.1 or if the VIF for all variables is <10, the regression model is declared to be free of multicollinearity and therefore suitable for use.

Autocorrelation Test

In this study, the autocorrelation test is intended to determine whether there is a correlation between the nuisance error in period t and the nuisance error in period t-1 in a linear regression model (Ghozali, 2016). Whenever there is a correlation, in other words, there is an autocorrelation problem that arises as a result of observations that are correlated with each other and occur sequentially over time. In the Run Test method, data can be said to be free from autocorrelation symptoms if the value of Asymp. Sig. (2-tailed) > 0.05.

Heteroscedasticity Test

The heteroscedasticity test is used to test whether there is inequality in the variance of residuals from one observation to another in the regression model.

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The heteroscedasticity test used is the Spearman-Rho test. If the residuals from one observation to another remain constant, it is called homoscedasticity. If the significance value is >0.05, heteroscedasticity does not occur. Conversely, if the significance value is <0.05, heteroscedasticity occurs (Ghozali, 2019).

Multiple Linear Regression Analysis

This study uses multiple linear regression analysis to determine the extent of influence of the independent variables on the dependent variable (Ghazali, 2016). Multiple linear regression analysis testing was conducted using the following model:

$$PBV = \alpha + \beta_1 ROE + \beta_2 CR + \beta_3 DAR + \beta_4 Ln + \beta_5 DER + \epsilon$$

Information :

PBV	= Company Value
α	=Constant
β1,β2,β3,β4,β5	=Regression Coefficient
ROE	=Profitability
CR	=Liquidity
DAR	= Leverage
Ln	=Company Size
DER	=Capital Structure

Coefficient of Determination Test (R^2)

This study uses the coefficient of determination test to determine the extent to which the model's ability to explain variations in the dependent variable is based on the assumption that if the determination value (R^2) is between 0 and 1, then there is a limitation of the independent variable in explaining the dependent variable. If the determination value (R^2) approaches 1, then there is a high

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probability that the independent variable has an influence on the dependent variable.

Model Feasibility Test (F Test)

The model feasibility test (F test) can be performed using SPSS by testing the F significance value on the regression output at a significance level of 0.05. If the significance value is greater than 0.05, the regression model is said to be feasible. If the significance value is less than 0.05, the regression model is said to be infeasible.

Hypothesis Test (t-Test)

TestThis partial t-test or hypothesis is used to determine whether each independent variable has a significant impact on the dependent variable with a significance level of 0.05 (α=5%) (Ghozali, 2016). The hypothesis requirement is that a significant t-value greater than 0.05 indicates the hypothesis is rejected, while a significant t-value less than 0.05 indicates the hypothesis is accepted.

RESULTS AND DISCUSSION

Descriptive Statistics

Table 1
Descriptive Statistical Analysis Results

Variabel	N	Minimum	Maximum	Mean	Std.Dev
PR	196	-1.12	1.37	0.1193	0.29106
LK	196	0.01	9.45	1.8965	1.60982
LV	196	0.00	2.42	0.5915	0.38373
SM	196	-4.94	11.19	1.2876	1.89213
UK	196	27.95	32.76	29.1886	1.59886
PBV	196	-7.60	6.34	1.2887	1.52188
Valid N (listwise)	196				

Source: SPSS Data Processing, 2024

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Profitability

The profitability variable in Table 2, the results of the descriptive statistical test, shows that 196 samples were analyzed during the research period of 2020-2023. Of the 196 samples, the minimum profitability value was -1.12, which was held by PT SMR Utama Tbk in 2021. And the maximum value of 1.37 was held by Ratu Prabu Energi Tbk in 2021.

The average profitability score for energy sector companies was 0.1193. This indicates that, on average, companies in the energy sector were still able to generate profits from their operations during the 2020-2023 period, although the profits were not particularly high. The standard deviation was 0.29106, indicating that there was variation in the profitability variable between companies, but not too extreme.

Liquidity

The liquidity variable in Table 2, the results of the descriptive statistical test, shows that 196 samples were analyzed during the research period of 2020-2023. Of the 196 samples, the minimum value was 0.01, which was held by Ratu Prabu Energi Tbk in 2021. And the maximum value was 9.45, which was held by Dana Brata Luhur Tbk in 2023.

The average value for the energy sector's liquidity variable was 1.8965, indicating that companies in the energy sector generally had a good ability to meet their short-term obligations during the study year. The standard deviation of 1.60982 indicates significant variation between companies. This indicates that not all companies are in the same condition, so further analysis is needed for each company.

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Leverage

The leverage variable in Table 2 shows the results of descriptive statistical tests with a total data value of 196 samples, with a research period of 2020-2023. The minimum sample value is 0.00 owned by PT Sumber Energi Andalan Tbk in 2020. The maximum value of the leverage variable is 2.42, owned by PT Exploitasi Energi Indonesia Tbk in 2022.

The average value of the leverage variable is 0.5915, indicating that most companies rely on debt financing. The standard deviation is 0.38373, indicating significant variation.

Capital Structure

Based on Table 2, the results of the descriptive statistical test of the capital structure variable show a minimum value of -4.94, the minimum value is owned by PT Ratu Prabu Energi Tbk in 2022. And the maximum value of the capital structure variable is 11.79, owned by PT Atlas Resource in 2020. This test involved data from 196 samples.

In descriptive statistical testing, the average value of the capital structure variable was 1.2876. This average value indicates that companies generally have a high capital structure. This average value also shows that most companies use a fairly large portion of debt in their financing structure. The standard deviation value shows 1.89213, indicating that variations between one company and another are not too high, which means that the capital structure pattern of companies in the energy sector is quite consistent from year to year or between companies.

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Company Size

Based on Table 2 on the results of the descriptive statistical test of the company size variable in the results of the descriptive statistical test involving data from 1,196 samples, the minimum figure is 24.95, owned by PT Perdana Karya Perkasa Tbk, and the maximum figure is 32.76, owned by PT Alamtri Resources Indonesia Tbk.

The average value for the company size variable is 29.1836, indicating that the majority of the sample are large companies with relatively high total assets. The standard deviation value of 1.59888 indicates that company sizes vary considerably, but not to an extreme degree.

Company Values

Based on Table 2, the results of the descriptive statistical test of the company value variable in this test using 196 data sets show a minimum value of -7.60 and a maximum value of 6.34. The minimum value for this variable was held by PT Ratu Prabu Energy Tbk in 2022, and the maximum value was held by PT Super Energy Tbk in 2020.

The average value of 1.2887 indicates that, in general, companies in the energy sector are valued by the market at 1.29 times their book value. This indicates that investors view the companies as having good prospects, and the market places a premium on book value. The standard deviation of 1.52188 is quite high, indicating significant variation across companies in market valuations.

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Classical Assumption Test

Normality Test

Table 2
Normality Test Results

One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residual
N	196
Test Statistics	.119
Asymp. Sig. (2-tailed)	.000

Source: SPSS Data Processing, 2025

Table 3 above shows the results of the normality test using the one-sample Kolmogorov-Smirnov test method. In this test, the Asymp. Sig. (2-σσtailed) value shows 0.000, which is smaller than the significance value of 0.05. This indicates that the residual values are normally distributed. However, according to Levine et al. (2017) "However, for many analyses, you will either be able to know that the population is not normally distributed or conclude that it would be unrealistic to assume that the population is normally distributed. The central limit theorem deals with this situation." The Central Limit Theorem states that in the context of a large research sample, it can be assumed that the distribution of the sample mean is normal. The meaning of large-scale research is research that uses a sample size of more than 30 samples. The Central Limit Theorem is used in this study to accommodate the problem of residual distribution abnormalities in the context of this study.

Multicollinearity Test

Table 3
Multicollinearity Test Results

			Collinearity Statistics	
Model		B	Tolerance	VIF
1	(constant)	7,351		

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PR	.578	.940	1,064
LK	.071	.819	1,221
LV	-.780	.833	1,201
UK	.281	.934	1,070
SM	.213	.909	1,100

Source: SPSS Data Processing, 2025

The results of the multicollinearity test obtained the value of the inflation factor (VIF) variable from each independent variable of 1.604, 1.221, 1.201, 1.070, and 1.100. Each independent variable has a VIF value of less than 10 (VIF ≤ 10), meaning that there is no multicollinearity problem in the regression model of this study. While the tolerance value for each independent variable shows the numbers 0.940, 0.819, 0.833, 0.934, 0.909, these values indicate that the value of the independent variable is more than 0.10 (Tolerance ≥ 0.10), so it can be concluded that the research variables do not contain multicollinearity in the regression model.

Autocorrelation Test

Table 4
Autocorrelation Test

	Unstandardized Residual
Test Value	-.26605
Cases < Test Value	98
Cases >= Test Value	98
Total Cases	196
Number of Runs	108
Z	1,289
Asymp. Sig. (2-tailed)	.197

Source: SPSS Data Processing, 2025

The significance of the run test must be greater than 0.05 or 5% (Sig > 0.05) so it can be said to be free from autocorrelation symptoms. The results of the autocorrelation test show that Asymp. Sig. (2-tailed) shows a figure of 0.197, which means that the variable is free from autocorrelation symptoms.

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Heteroscedasticity Test

Table 5
Autocorrelation Test

Correlation						
Unstandardized Residual		PR	LK	LV	SM	UK
	Correlation Coefficient	.131	-.111	.085	.082	.127
	Sig (2-tailed)	.068	.122	.235	.256	.076
	N	196	196	196	196	196

Source: SPSS Data Processing, 2025

From the results of the heteroscedasticity test with Spearman-rho, the independent variables are 0.068, 0.122, 0.235, 0.256, 0.076, which can be concluded that the variables do not have heteroscedasticity problems because the significance value of the independent variables is more than 0.05 (Sig > 0.05).

Coefficient of Determination (R2) Test

Table 6
Coefficient of Determination (R2) Test

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.424	.180	.158	1.39655

Source: SPSS Data Processing, 2025

Based on table 8, the results of the SPSS data test show that the coefficient of determination (R2) test shows an Adjusted R Square value of 0.180 or 18%. This indicates that the five independent variables in the regression model, namely Profitability (PR), Liquidity (LK), Leverage (LV), Capital Structure (SM), and Company Size (UK), together can explain variations in company value by 18%, while the remaining 82% is explained by other factors not included in the research model.

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F test

Table 7
F test

Model	F	Sig.
1	8,314	0.000

Source: SPSS Data Processing, 2025

Based on the SPSS test results in Table 9, the F-test results show that the Sig. value is 0.000, which is less than 0.05 (Sig. < 0.05). Therefore, at a 95% confidence level, it can be concluded that the multiple linear regression model has met the requirements and can be said to be a fit regression model. This means that the independent variables simultaneously influence the company's value.

Hypothesis Testing

Multiple Linear Regression Test

Table 8
Multiple Linear Regression Test

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.
	B	Std. Error	B		
(Constant)	7,351	1,920		3,828	0.000
PR	.578	.354	.110	1,683	.105
LK	.071	.069	.075	1,031	.304
LV	-.780	.286	-.197	-2,731	.007
SM	.281	.055	.349	5.132	.000
UK	-.213	.066	-.224	-3.245	.001

Source: SPSS Data Processing, 2025

Based on Table 7 of the results of multiple linear regression, a regression equation can be created that will complement the results found in the research:

PBV=7.357+0.578PR+0.071LK-0.780LV+0.281SM-0.213UK+∈

Based on the multiple linear regression model above, the resulting regression coefficient can be interpreted as follows:

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Constants

Based on the results of multiple linear regression, it is known that the constant value is 7.357. This value indicates that if all independent variables in the model, namely profitability, liquidity, leverage, capital structure, and company size, are considered to have no influence (zero value), then the company value is estimated at 7.351.

Profitability

The profitability (PR) value is 0.581, indicating a positive relationship between profitability and firm value. These results indicate that every one-unit increase in profitability will increase firm value by 0.578 units, assuming other variables remain constant.

Liquidity

The liquidity (LK) value is 0.071. This indicates a positive relationship between liquidity and firm value. This positive coefficient indicates that every one-unit increase in liquidity will increase firm value by 0.071 units. However, this effect is not statistically significant based on a t-test.

Leverage

The leverage value (LV) is -0.780. This indicates a negative relationship between leverage and firm value. Leverage has a negative coefficient, indicating that a one-unit increase in leverage will decrease the firm's value by 0.780 units.

Capital Structure

The Capital Structure (SM) value is 0.281. This indicates a positive relationship between capital structure and firm value. The positive coefficient indicates that each one-unit increase in capital structure will increase firm value by 0.281.

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Company Size

The value for Company Size (UK) is -0.213. This indicates that company size has a negative relationship with company value. The negative coefficient for company size indicates that every one-unit increase in company size decreases company value by 0.213.

T-test

Table 9
T-test

Variables	Sig.	Conclusion
PR	0.105	H1 is not acceptable
LK	0.304	H2 is not acceptable
LV	0.007	H3 is accepted
SM	0.000	H4 accepted
UK	0.001	H5 is accepted

Source: SPSS Data Processing, 2025

The profitability variable has a significance value of 0.105, indicating that the profitability value is greater than 0.05. Likewise, the liquidity value shows a significance number of 0.304. This means that H1 and H2 are not accepted or rejected, meaning that profitability and liquidity do not significantly influence the company's value. Meanwhile, the leverage, capital structure, and company size variables have significance values of 0.007, 0.000, and 0.001. The significance values of these three variables are less than 0.05, meaning that H3, H4, and H5 are accepted. This shows that leverage, capital structure, and company size have a significant effect on the company's value.

Synthesis of Topic

The Influence of Profitability on Company Value

H1 states that profitability has a positive effect on firm value. This hypothesis is supported by the results of the research testing, which showed a

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positive effect on firm value. In this study, profitability is defined as a company's ability to generate profits, using the ratio of net profit after tax to total equity.

In theory, high profitability reflects good financial performance and increases investor confidence and company value. A company will strive to find an optimal balance between the benefits of using debt and the bankruptcy risk posed by that debt. High profitability indicates operational efficiency and financial strength, which, in theory, will increase company value. This aligns with the Trade-Off Theory, which emphasizes that high profitability can reduce reliance on debt and effectively balance financial risks and benefits.

The results of this study support the research of Baihaqi, Geraldina, & Wijaya (2019), which stated that profitability has a positive effect on firm value, as high profitability is directly proportional to high firm value, and profitability reflects an indication of good company performance, thus attracting investors. However, this study disagrees with the research of Artanti & Rahmiyati (2022), which stated that profitability has a negative effect on firm value, as higher debt usage lowers firm value.

The Effect of Liquidity on Company Value

H2 states that liquidity has a positive effect on firm value. This hypothesis is supported by the research findings, which show a positive effect on firm value. In this study, liquidity is used to determine a company's ability to meet its short-term obligations using the current liabilities to current assets ratio.

This relates to analysis using Signaling Theory, as financial information serves as a signal to investors about a company's internal financial condition. Positive signals are expected to increase investor confidence, while negative signals can decrease the company's perceived value. A company's liquidity level

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does not necessarily convey a positive signal to investors. A high liquidity figure can send a negative signal, as investors may interpret the company as not optimally utilizing its resources to generate profits. It also reflects inefficiency or a non-aggressive managerial strategy in maximizing company value.

The results of this study align with those of Rossa, Susandya, & Suryandari (2023), who stated that liquidity positively impacts firm value, as higher liquidity leads to higher dividends, which impacts investor perceptions of improved firm performance. However, this study disagrees with the research conducted by Saputri & Giovanni (2022), who stated that liquidity negatively impacts firm value, as high liquidity hinders a company's ability to generate profits, thus influencing investor decisions and decreasing firm value.

The Effect of Leverage on Company Value

H3 states that leverage negatively impacts firm value. This hypothesis is supported by the results of the research, which showed that the leverage variable negatively impacts firm value. This means that the higher the leverage value, the lower the firm's value. This reinforces the hypothesis that excessive use of debt creates financial risks that are detrimental to the company in the eyes of investors.

According to signaling theory, a company's financial decisions, including financing decisions, can signal to investors about the company's prospects, risks, and financial health. High leverage can send a negative signal because investors may perceive the company as using large amounts of debt, having weak financial capabilities, or experiencing liquidity pressures. This can raise investor concerns about the possibility of default, which can ultimately lower the company's value in the eyes of investors.

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The results of this study align with Purnawanti's (2021) study, which found that leverage negatively impacts firm value. However, this study disagrees with Anggita's (2022) study, which found that leverage positively impacts firm value.

The Influence of Capital Structure on Company Value

H4 stated that capital structure negatively impacts firm value. This was not proven, as the research results showed a positive effect of capital structure on firm value. In this study, capital structure was used as an indicator to measure how a company finances its operations through debt and equity.

The research results show that the judicious use of debt in the capital structure actually increases company value because it provides financial benefits and serves as a positive signal to investors. This finding aligns with the Signaling Theory perspective, which emphasizes the importance of balancing risks and rewards in financing decisions.

This research aligns with research conducted by Supeno (2022), which found that capital structure positively influences firm value. However, this research disagrees with research conducted by Rossa et al. (2023), which found that capital structure negatively influences firm value.

The Influence of Company Size on Company Value

H5 stated that firm size positively influences firm value. This was not proven, as the research test found a negative effect of firm size on firm value. The firm size in this study showed that the larger the firm size, the lower the firm value, thus disproving the initial hypothesis.

The findings of this study indicate that a small company size does not necessarily reflect a high market value, especially if it is not supported by

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operational efficiency, profit growth, and sound asset management. This finding aligns with signaling theory, which argues that a company's large size is not sufficient as a positive signal if it is not accompanied by promising company performance and business prospects.

This research is in line with research conducted by Alifian & Susilo (2024) and (Nugroho et al. (2023), which stated that company size has a negative effect on company value. However, this is not in line with research conducted by Anggita (2022), which stated that company size has a positive effect on company value. Because the results of the study show that a large company size does not necessarily guarantee a high company value because the company.

CONCLUSION

Based on research on 56 energy sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020–2023 period, it was concluded that not all independent variables significantly influence firm value. Profitability and liquidity showed a positive but statistically insignificant effect, indicating that increased profits and the ability to meet short-term obligations are insufficient to influence investor assessments of firm value.

Meanwhile, leverage and firm size showed a significant negative effect on firm value. This indicates that high debt levels and large company scale are not always perceived favorably by the market. Conversely, capital structure had a positive and significant effect on firm value, indicating that proportional use of debt can send a positive signal to investors regarding a company's boldness and growth strategy.

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