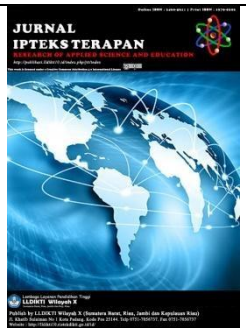

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Influence of Capital Structure, Capital Expenditure , and Firm Size on Firm Value with Profitability as Intervening Variable

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Abstract

This study aims to determine the major impacts of Capital Structure, Capital Expenditure and Firm Size on Company Value using Profitability as an Intervening Variable in Manufacturing Companies listed on the IDX for the 2016-2020 period. The population in this study amounted to 195 manufacturing companies and a sample of 60 companies using purposive sampling technique. This study used SPSS software version 25. Using the results of this study it was concluded that: (1) there is a significant influence between capital structure and profitability. (2) there is no effect between Capital Expenditure on Profitability. (3) there is no influence between Firm Size on Profitability. (4) there is a significant impact between capital structure and firm value. (5) there is no impact between Capital Expenditure on Company Value. (6) there is a significant effect between Firm Size and Firm Value. (7) there is a significant impact between Profitability on Firm Value. (8) Profitability is able to moderate the correlation between capital structure and firm value. (9) Profitability is not able to moderate the correlation between Capital Expenditure on Firm Value. (10) Profitability is unable to moderate the relationship between Firm Size and Firm Value. Keywords: Capital Structure, Capital Expenditure , Firm Size , Firm Value, Profitability.

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INTRODUCTION

Every company certainly wants to maximize its profits. This is because there is so much competition that occurs in manufacturing companies. Manufacturing companies are not only concerned with profits or profit, but also look at the prosperity of owners, employees and try to increase the value of the company using strategies that have been devised to achieve the goals or targets affected. The company will find the right way to optimize its profits in different ways depending on the company's requirements and the company's manager's decision. Companies must innovate to increase the value of the company every year to achieve the target. This will make investors interested in investing in the company. one way to maximize the prosperity of shareholders means to increase the value of the company. The company's goal is to maximize the value of the company and the welfare of shareholders. For investors, company value is a crucial concept because company value is an indicator of how the market values a company holistically.

Company value (which is often associated with stock prices) is the investor's perception of the level of success of the company. one approach to choosing the intrinsic value of a stock is the price book value (PBV). A high company value will make the market believe not only in the company's current performance but in the company's prospects in the future. [1]

Increasing the value of the company is the company's primary goal, which is to use a way to increase the stock price. High stock prices will make the market believe in the company's performance and prospects in the future. The company's financial manager is needed to be able to know the factors that influence the value of the company in order to be able to increase the value of the company and prosper the shareholders.

Firm value has a major effect on investors' investment decisions, because firm value can reflect financial stability and the level of risk faced by the company [2]. One of the important decisions faced by financial managers is the decision on capital structure. The capital structure is a long-term combination of debt and equity in the company's financial structure. [3]. Capital structure is one form of funding decisions. [4]. in research [2] Measurement of the capital structure in the study used the Debt to Asset Ratio (DAR), Long Term Debt to Equity Ratio (LtDER) and Debt to Equity Ratio (DER) ratios and the ratio of company values used the Price to Book Value (PBV) ratio which focuses more on the value of the company's equity. Measurement of firm value in this study uses Price to Book Value (PBV) as the dependent variable. In addition to capital structure, company size is considered to be able to affect company value because the larger the company size, the easier it is for the company to obtain funding that can be used to achieve company goals. [5]

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Capital expenditure is one of the important concepts in the financial theory of a company. Some of the primary financial functions performed by financial managers are making decisions related to fundraising activities (financing decisions) and making decisions related to how the funds obtained earlier are invested (investment decision) [6].

The factor that affects the value of the company is firm size or company size. The size of the company is said to affect the value of the company because the bigger the size of the company, the easier it is for the company to obtain funding that can be used to achieve company goals[7]. Firm size is a measure to increase investor confidence. The larger the company, the easier it is for the company to be known by many people, as a result, information about the company will be easier to obtain, and this can form a higher company value. Total assets that have increased and are greater than the amount of company debt is a sign of an increase in company value. because sFigure conditions are generally owned by large companies. Determination of this firm size is based on the company's total assets[8]. Another factor that affects company value is profitability, profitability analysis is used to measure the performance of a company that focuses on profit. Profitability ratios provide how effectively the company is managed in the use of company assets. High profitability is an indicator that the company has good and healthy performance in order to realize the company's goals.

Profitability is used as a way to attract shareholders because profitability is what will be obtained by the company through management efforts. Manufacturing companies are industrial companies that process standard materials as finished goods or semi-finished goods. Manufacturing companies are not the same as service companies or other companies, because manufacturing companies cook raw materials into finished or semi-finished goods which will then be sold directly to consumers[9]. Company profitability can be seen through ratios such as the Return on Assets (ROA) ratio, the Return on Equity (ROE) ratio, and the Return on Investment (ROI) ratio. For the profitability ratios that are often used to see stock prices or stock returns are ROA or ROI. ROA or ROI is used to measure a company's effectiveness in making profits by utilizing its assets. The purpose of this study is to determine the effect of capital structure on firm value, to determine the effect of *capital expenditure* on firm value, to determine the effect of *firm size* on firm value, to determine the effect of capital structure on profitability, to determine the effect of *capital expenditure* on profitability, to determine the effect of *firm size* on profitability, to determine the effect of profitability on firm value, to determine the effect of capital structure on firm value through profitability, to determine the effect of

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capital expenditure on firm value through profitability and to determine the effect of *firm size* on firm value through profitability.

The benefits of this research can be explained by several parties, namely for the writer it can be used as one of the conditions for completing studies at the Putra Indonesia University "YPTK" Padang and to increase knowledge in connection with the knowledge that the writer can and is engaged in and contribute thoughts in the influence of capital structure, capital expenditure and firm size to firm value. For readers, the results of this research are expected to be useful for readers, especially for those who are conducting research and are expected to be able to provide information on capital structure, *capital expenditure* and *firm size* and this research can be a reference for further research and can also add to the literature for those who have an interest in deepen knowledge in finance. For academics this research is required to be able to provide additional reference material for further research which requires the development of further knowledge about the variables that affect capital structure, capital expenditure and firm size.

RESEARCH METHODS

The design of this study is a quantitative study with data collection techniques used, namely secondary data and in the form of financial data and annual reports (annual reports) of manufacturing companies listed on the IDX. Manufacturing companies are used as the object of this research because in addition to the large number of companies, manufacturing companies have relevant and unsFigure stock movements. Manufacturing companies have an obligation to submit financial reports annually to parties outside the company so that it is also possible to access and obtain annual reports in this study. The form of the framework for this study can be seen in Figure 1.

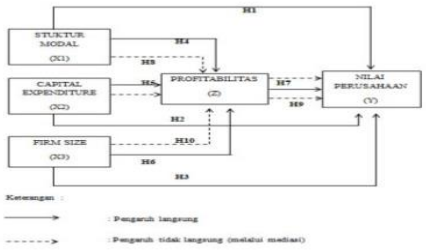

Figure 1. Research Method

Population

The population in this study are manufacturing companies that have been listed on the IDX for the 2016-2020 period, namely 195 companies.

Sample

By determining the research sample, it will be generalized to the research population. This research uses *purposive sampling* which has the following criteria:

1. Manufacturing companies listed on the IDX during the 2016-2020 period.

ISSN : 1979-9292

JURNAL IPTEKS TERAPAN
Research of Applied Science and Education V16.i4 (769-784)

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2. Manufacturing companies reporting financial statements during the 2016-2020 research period.
3. Manufacturing companies that use the rupiah currency in financial report data during the 2016-2020 research period.
4. Manufacturing companies that earn profits during the 2016-2020 research period.

The sample used in this company after the *purposive sampling method was carried out* , namely 60 manufacturing companies listed on the IDX for the 2016-2020 period. A high PBV will result in market confidence in the company's future prospects. This is also what the owners of the company desire, because a high company value indicates high shareholder prosperity. The ratio that is often used in financial statement analysis is the price to book value. The formula is as follows (1):

$$PBV = \frac{market\ price\ per\ share}{book\ value\ per\ share} \quad (1)$$

RESULTS

Descriptive analysis and sample data studied aims to see an overview of the condition of the company concerned by using the measuring instruments that have been determined in the research presented in Figure 2.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Y	300	.00	82.44	3.7725	8.46858
DER	300	.01	9.57	.9665	1.11082
CE	300	-1.16	2.71	.0786	.26240
SIZE	300	24.46	33.49	28.9337	1.62079
ROA	300	-2.19	52.67	7.2142	8.41321
Valid N (listwise)	300				

Figure 2. Descriptive Statistical Results of Research Data

Capital structure has a mean value of 0.97 with a standard deviation of 1.11. The minimum capital structure that occurs is 0.01 or 1% and the maximum value is 9.57 or 957%. *Capital expenditure* has a mean value of 0.08 with a standard deviation of 0.26. The minimum *capital expenditure* value is -1.16 or -116%. While the maximum value *of capital expenditure* is 2.71 or 271%. *Firm size* has a mean value of 28.93 with a standard deviation of 1.62. The minimum *firm size* value is 33.49 or 334.9%. Meanwhile, the maximum *firm size* is 23.49 or 234.9%. Firm value, as measured by PBV, has a mean value of 3.77 with a standard deviation of 8.47. The minimum value for the company value is 0.00 or 0% and the maximum value for the company value is 82.44 or 824.4%. Profitability which is measured using ROA has a mean value of 7.21 with a standard deviation of 8.41 or 841%. The minimum value of profitability obtained by -2.19 or -219%. While the maximum value of profitability obtained by 52.67 or 526.7%.

ISSN : 1979-9292

JURNAL IPTEKS TERAPAN
Research of Applied Science and Education V16.i4 (769-784)

E-ISSN : 2460-5611

Normality Test

In what will be the normality test to see whether the data distribution is normal or not, it can be seen from the One-Sample Kolmogorov-Smirnov test. If the value of Asymp.sig.(2-tailed) > 0.05 then the residual data is normally distributed, and vice versa.
The results of the normality test can be seen and known in Figure 3.

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		300
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.25012607
Most Extreme Differences	Absolute	.050
	Positive	.034
	Negative	-.050
Test Statistic		.050
Asymp. Sig. (2-tailed)		.073[c]

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.

Figure 3. Normality Test Results

According to the one-sample Kolmogorov-Smirnov normality test in Figure 3 above, it can be observed that the probability value or Asymp.Sig.(2-tailed) is 0.073 > 0.05 which can mean that the research data is normally distributed.

Multicollinearity Test Results

Tests using multicollinearity are carried out to find out whether there is a correlation relationship between the independent (independent) variables. for this test is done using VIF. The cutoff value used in this study was a tolerance value of more than 1 (≥ 0.10) or a VIF value less than 10 (≤ 10). signs of multicollinearity will be identified if the tolerance value is less than 1 or the VIF value is greater than 10.

Based on the results of the multicollinearity that has been carried out, a summary of the results can be seen in the 2 processed modals which are presented in Figure 4.

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	.250	1.976		.126	.900		
	DER	.091	.100	.054	.917	.360	.983	1.017
	CE	.274	.421	.038	.650	.516	.986	1.014
	SIZE	.073	.068	.062	1.073	.284	.994	1.006

a. Dependent Variable: ROA

Figure 4. Model 1 Multicollinearity Test Results

Based on Figure 4 above, it can be concluded that the independent variables capital structure, *capital expenditure* and *firm size* have a VIF value < 10, namely 1.017, 1.014 and 1.006 and have a smaller tolerance value < 1. So it can be stated that it does not occur or is free from multicollinearity problems in model 1.

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	-8.540	1.665		-5.129	.000		
	DER	-.171	.084	-.110	-2.037	.043	.980	1.020
	CE	-.047	.355	-.007	-.131	.896	.984	1.016
	SIZE	.386	.057	.360	6.736	.000	.990	1.010
	ROA	-.137	.049	-.150	-2.803	.005	.993	1.008

a. Dependent Variable: PBV

Figure 5. Model 2 Multicollinearity Test Results

ISSN : 1979-9292

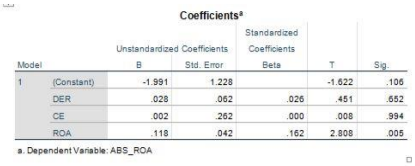
JURNAL IPTEKS TERAPAN
Research of Applied Science and Education V16.i4 (769-784)

E-ISSN : 2460-5611

Based on Figure 5 above, it can be concluded that the independent variables capital structure, capital expenditure and firm size and profitability have a VIF value < 10, namely 1.020, 1.016, 1.010 and 1.008 and have a smaller tolerance value < 1. So it can be stated that it does not occur or is free of the multicollinearity problem in model two.

Heteroscedasticity Test Results

The heteroscedasticity test is a condition where in the regression model there is an unequal variance of the residual origin from one observation to another. This heteroscedasticity test was carried out using the Glejser test sample.
The Glejser test is carried out using a regressive method between the independent variables with their definite residual values. If the significance value between the independent variables with residual certainty is more than 0.05, then there is no heteroscedasticity problem. As for the results of testing the heteroscedasticity test shown in the two structures.



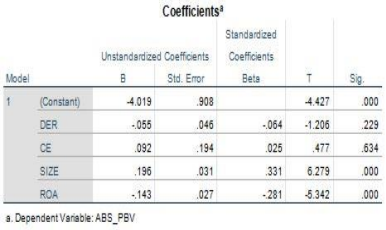
Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	-1.991	1.228		-1.622	.106
	DER	.028	.062	.026	.451	.652
	CE	.002	.262	.000	.008	.994
	ROA	.118	.042	.162	2.808	.005

a. Dependent Variable: ABS_ROA

Figure 6. Model 1 Heteroscedasticity Test Results

Based on the results of Figure 6 above, it can be seen that for the regression model, namely the effect of capital structure, *capital expenditure* and *firm size* on profitability as an intervening variable. There were no symptoms of heteroscedasticity in the capital structure and *capital expenditure variables* . Evidenced by the significance value of the variable is greater than 0.05 (> 0.05), namely 0.652 and 0.994 > 0.05. There is a symptom of heteroscedasticity in the *firm size variable* . Evidenced by the smaller variable significance value of 0.05 (<0.05), namely 0.005 <0.05.



Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	-4.019	.908		-4.427	.000
	DER	-.055	.046	-.064	-1.206	.229
	CE	.092	.194	.025	.477	.634
	SIZE	.196	.031	.331	6.279	.000
	ROA	-.143	.027	-.281	-5.342	.000

a. Dependent Variable: ABS_PBV

Figure 7. Model 2 Heteroscedasticity Test Results

Based on the results of Figure 7 above, it can be seen that for the regression model, namely the influence of capital structure, *capital expenditure* , *firm size* and profitability on firm value. Evidenced by the 2 variables having a greater variable significance value of 0.05, namely 0.229 and 0.634. The dominant significant value is greater than 0.05, so it can be concluded that model 2 on the capital structure and *capital expenditure variables* does not occur heteroscedasticity symptoms. The other 2 variables have variable

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significance values less than 0.05, namely 0.000 and 0.000. Small dominant significant value of 0.05, it can be concluded that the *firm size* and profitability variables show heteroscedasticity.

Path Analysis Results

Path analysis model 1 was carried out to see the direct effect of the independent variables: Capital Structure (X1), Capital Expenditure (X2), and Firm Size (X3) on Profitability (Z) as intervening variables. The results of model 1 path analysis can be seen in Figure 8.

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	.705	.628		1.122	.263
	DER	.092	.041	.132	2.250	.026
	CE	.072	.068	.062	1.066	.287
	SIZE	.070	.116	.035	.601	.548

a. Dependent Variable: ROA

Figure 8. Results of Path Analysis Model 1

Based on Figure 8 above, it can be seen the formula or path equation of model 1 in formula (8):

Z = 0.705 + 0.092 X1 + 0.072 X2 + 0.070 X3 + e (8)

1. The value of the constant α is 0.705, if the variables of capital structure, *capital expenditure* and *firm size* are observed in the i and t periods are left or have a value of zero, the profitability is 0.705.
2. The β1 coefficient value of 0.092 means that if the capital structure is observed to i and the t period increases by one (1) unit, then Profitability has increased by 0.092 using the estimated Capital Expenditure variable *and* Firm *Size* is ignored.
3. The value of the β2 coefficient of 0.072 is that if *the Capital Expenditure* is observed to i and the t period is higher by one (1) unit, then Profitability has increased by 0.072 using the estimated capital structure variable and *Firm Size* being ignored.
4. The β3 coefficient value of 0.070 means that if *the Firm Size* is observed to i and the t period is one (1) unit higher, then Profitability has increased by 0.070 with the estimated capital structure and *Capital Expenditure variables* being ignored.

Results of Path Analysis Path Model 2

Path analysis model 2 was carried out to see the direct effect of the variables Capital Structure (X1), *Capital Expenditure* (X2), *Firm Size* (X3) and Profitability (Z) on Firm Value (Y). The results of model 2 path analysis can be seen in Figure 9.

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-8.540	1.665		-5.129	.000
	DER	-.171	.084	-.110	-2.037	.043
	CE	-.047	.355	-.007	-.131	.896
	SIZE	.386	.057	.360	6.736	.000
	ROA	-.137	.049	-.150	-2.803	.005

a. Dependent Variable: PBV

Based on Figure 9 above, it can be seen that the path equation for model 2 is in formula (9)

Y = -8.540 – 0.171 X1 – 0.047 X2 + 0.386 X3 – 0.137 Z + e (9)

ISSN : 1979-9292

JURNAL IPTEKS TERAPAN
Research of Applied Science and Education V16.i4 (769-784)

E-ISSN : 2460-5611

• The value of the constant α is -8,540, if the variable Capital Structure, *Capital Expenditure* , *Firm Size* and Profitability is observed i and the t period is ignored or has a zero value then the Firm Value is -8,540 percent.

• The value of the β1 coefficient of -0.171 means that if the capital structure is observed in the i and t periods it increases by one (1) unit, then the firm value decreases by 0.171 assuming the variables *Capital Expenditure, Firm Size* and Profitability are ignored.

• The β2 coefficient value of -0.047 means that if *the Capital Expenditure* in the ith observation and the tth period is higher by one (1) unit, then the Firm Value has decreased by 0.047 using the estimated capital structure, *Firm Size* and Profitability variables being ignored.

• The β3 coefficient value of 0.386 is when *the Firm Size* is observed in the i and t periods increases by one (1) unit, then the Firm Value increases by 0.386 assuming the variables Capital Structure, *Capital Expenditure* and Profitability are ignored.

• The β4 coefficient value of -0.137 means that if Profitability is observed in the i and t periods it increases by one (1) unit, then the Firm Value decreases by 0.137 using the estimated capital structure, Capital Expenditure *and* Firm *Size variables* being ignored.

According to the statistical test results on the multiple regression analysis Figure examples 1 and two, the path diagram and equations can be formulated as follows

Hypothesis Testing

T-test results

The t test is useful for testing the significant effect of the independent and partially dependent variables. Where this test compares the significant probability with alpha 0.05 using the degrees of freedom model I (df) nk, namely 300-4 = 296 and the degrees of freedom model II (df) nk-1, namely 300-5 = 295, so what will happen is obtained to show a t of 1, 972.

From the analysis that has been carried out on the variables Capital Structure, *Capital Expenditure, Firm Size* and Profitability as intervening variables on firm value, it can be stated in Figure 10.

No	Variabel	t hitung	t tabel	Sig.
1	Struktur Modal(X_1)* Profitabilitas (Z)	2,250	1,972	0,025
2	*Capital Expenditure* (X_2)* Profitabilitas (Z)	1,066	1,972	0,287
3	*Firm Size* (X_3)* Profitabilitas (Z)	0,601	1,972	0,548
4	Struktur Modal(X_1)* Nilai Perusahaan (Y)	-2,037	1,972	0,043
5	*Capital Expenditure* (X_2)* Nilai Perusahaan (Y)	-0,131	1,972	0,896
6	*Firm Size* (X_3)* Nilai Perusahaan (Y)	6,736	1,972	0,000
7	Profitabilitas (Z)* Nilai Perusahaan (Y)	-2,803	1,972	0,005

Figure 10. Partial Test of All Independent Variables

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JURNAL IPTEKS TERAPAN
Research of Applied Science and Education V16.i4 (769-784)
E-ISSN : 2460-5611

Based on Figure 10 above, it can be concluded that the results of the t-test are as follows:

1. the influence of capital structure on profitability as an intervening variable

From the Figure above it is known that t-count > t-Figure (two.250 > 1.972) using a significant level (0.025 <0.05), is that partially there is a significant effect between capital structure and profitability. thus Ho is rejected and Ha is accepted. What will happen, the research stated is in line with research [1] that capital structure has a significant impact on profitability.

According to this fact, the capital structure can have a significant impact on profitability. The origin of this research means that if the capital structure in the company is said to be optimal and can contribute to the company, the profits in manufacturing companies listed on the IDX will also increase. therefore the success of the company can be guaranteed if the company's profits have increased.

H1 = there is a significant impact between capital structure and profitability.

2. The effect of Capital Expenditure on Profitability becomes an intervening variable

From the Figure above it is known that t-count < t-Figure (1.066 < 1.972) with a significant level (0.287 > 0.05), there is partially no significant effect between capital expenditure and profitability. thus Ho is accepted and Ha is rejected.
The results of this study are stated to be in line with research [11], that *capital expenditure* does not have a significant effect on profitability.

Based on this information, this research is not proven by the formulation that *capital expenditure* has a significant effect on profitability. From the results of this study, it means that *capital expenditure* on manufacturing companies listed on the Indonesia Stock Exchange cannot guarantee an increase in profits for these companies. If the company has a larger *capital expenditure, automatically the company's profitability to society, the economy and so on can be said to be optimal or good.*

H2 = _ There is a significant influence between *capital expenditure* and profitability.

3. The effect of *Firm Size* on Profitability as an intervening variable

From the Figure above it is known that t-count < t-Figure (0.601 < 1.972) with a significant level (0.548 > 0.05), that is partially there is no significant effect between firm size and profitability. thus Ho is accepted and Ha is rejected. what will happen, this research stated is in line with

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JURNAL IPTEKS TERAPAN
Research of Applied Science and Education V16.i4 (769-784)
E-ISSN : 2460-5611

research [12], that firm size does not have a significant effect on profitability.

According to the description of this study, it is not proven that firm size has a significant effect on profitability. Large-scale companies indicate that the company is growing as a result affecting the company's profitability and vice versa, increased profits tend to attract investors which then results in higher demand for company shares, so that the company's share price soars which in turn will have an impact on the high value of the company. then it can be said that the size of a company is exclusively influential.

H $_3$ = There is a significant influence between *firm size* on profitability

4. Effect of Capital Structure on Firm Value

From the Figure above it is known that t-count < t-Figure (-2.037 < 1.972) with a significant level (0.043 < 0.05), there is partially a significant impact between capital structure and firm value. thus Ho is rejected and Ha is accepted. The results of this study are in line with research [7] which states that there is a significant effect between capital structure and firm value. According to this statement, the capital structure has a positive and significant effect on firm value. The optimal capital structure is often the company's benchmark in using available capital originating funds, if the company is going to add the required capital, generally the company obtains the capital from the composition or components of existing capital using always keeping the average capital cost so that it remains the same. use the cost of capital before any additional capital.

H $_4$ = There is a significant influence between capital structure and firm value.

5. Effect of *Capital Expenditure* on Company Value

From the Figure above, it is known that t count < t Figure (-0.131 <1.972) with a significant level (0.896 > 0.05), meaning that partially there is no significant impact between capital expenditure on firm value. Ho is accepted and Ha is rejected. The results of this study are stated to be in line with research [13] which yields the result that capital expenditure does not have a significant impact on firm value.

According to the news above, it is not proven that capital expenditure is able to have a significant effect on company value. from these results it can be concluded that the value of the company can be even higher if it is supported by using good capital expenditure. because, capital expenditure can be a benchmark for a company to increase the value of the company. The use of capital expenditure as an investment decision can give a positive signal about the company's growth in the

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JURNAL IPTEKS TERAPAN
Research of Applied Science and Education V16.i4 (769-784)
E-ISSN : 2460-5611

future, then the investor will respond well. This is in accordance with the signaling theory, namely investment decisions can provide positive signals for investors.

H $_5$ = There is a significant effect between *capital expenditure* on firm value.

6. The Effect of *Firm Size* on Firm Value

From the Figure above it is known that t count > t Figure (5.736 > 1.972) with a significant level (0.000 <0.05), meaning that partially there is a significant influence between *firm size* on firm value. Ho was rejected and Ha was accepted. The results of this study were stated to be in line with research [8] The results show that *firm size* has a significant effect on firm value.

Based on this information, it is proven that *firm size* is able to have a significant influence on firm value. The larger the company, the easier it is for the public to know the company, so that information about the company will be easier to obtain, and this can increase the value of the company. Total assets that have increased and are greater than the amount of the company's debt is a sign of an increase in company value. Because sFigure conditions are usually owned by large companies. Determination of this *firm size* is based on the company's total assets.

H $_6$ = There is a significant effect between *firm size* and firm value

7. Effect of Profitability on Firm Value

From the Figure above it is known that t count < t Figure (-2.803 < 1.972) with a significant level (0.005 <0.05), meaning that partially there is a significant influence between profitability on firm value. Ho was rejected and Ha was accepted.

H $_7$ = There is a significant effect between profitability on firm value.

3.6.2 *Path Analysis Results* (direct and indirect effects)

8. The Indirect Effect of Capital Structure on Firm Value Through Profitability as an Intervening Variable

Uraian	Pengaruh langsung (*direct effect*)	Pengaruh tidak langsung (*indirect effect*)	Total *effect*
Pengaruh Struktur Modal terhadap Nilai Perusahaan melalui Profitabilitas pada Perusahaan Manufaktur di Bursa Efek Indonesia (BEI) tahun 2016-2020	-0,110	-0,018084 (0,132 x -0,137)	-0,128

Figure 11. Comparison of Direct and Indirect Influence Value of Capital Structure on Firm Value Through Profitability as an Intervening Variable.

Based on Figure 11, this study can analyze the value of the indirect effect (*indirect effect*) of capital structure on firm value through profitability. If the capital structure directly affects the value of the

ISSN : 1979-9292
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Research of Applied Science and Education V16.i4 (769-784)
E-ISSN : 2460-5611

company, the estimated coefficient value obtained is -0.110. Meanwhile, if through indirect influence or the influence of capital structure on firm value through profitability, the additional estimated coefficient value obtained is -0.018084. Thus the total effect of this hypothesis is -0.128, namely the direct effect of -0.110 plus the indirect effect through communication of -0.018084 or -0.110 + -0.018084 = -0.128.

So it can be concluded that the value of the indirect effect is greater than the direct effect or -0.018084 > -0.110. This means that the indirect relationship is greater than the direct relationship, which means profitability
able to mediate the relationship between capital structure and firm value. H $_8$ = There is an influence of Capital Structure on Firm Value which is mediated by Profitability.

9. The Effect of *Capital Expenditure* on Firm Value Through Profitability as an Intervening Variable

Uraian	Pengaruh langsung *(direct effect)*	Pengaruh tidak langsung *(indirect effect)*	Total *effect*
Pengaruh *Capital Expenditure* terhadap Nilai Perusahaan melalui Profitabilitas pada Perusahaan Manufaktur di Bursa Efek Indonesia (BEI) tahun 2016-2020	-0,007	-0,008494 (0,062 x -0,137)	-0,015494

Figure 12 Comparison of the Value of Direct Influence with the Indirect Effect of *Capital Expenditure Effect* on Firm Value Through Profitability as an Intervening Variable

Based on Figure 12, it can be analyzed the value of the indirect effect of *capital* expenditure *on* company value through profitability. If *capital expenditure* directly affects the company's value, then the estimated coefficient value obtained is -0.007. Whereas if through indirect influence or the influence of *capital expenditure* on company value through profitability, the additional estimated coefficient value obtained is -0.008494. Thus the total effect of this hypothesis is -0.015, namely the direct effect of -0.007 plus the indirect effect through communication of -0.008494 or -0.007 + -0.008494 = -0.015.

So it can be concluded that the value of the indirect effect is smaller than the direct effect or -0.008494 < -0.007. This means that the indirect relationship is smaller than the direct relationship, which means that profitability is unable to mediate the relationship between *capital expenditure* and firm value.

H $_9$ = There is no influence of *Capital Expenditure* on Firm Value which is mediated by Profitability.

10. The Effect of *Firm Size* on Firm Value Through Profitability as an Intervening Variable

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Research of Applied Science and Education V16.i4 (769-784)

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Uraian	Pengaruh langsung (*direct effect*)	Pengaruh tidak langsung (*indirect effect*)	Total *effect*
Pengaruh *Firm Size* terhadap Nilai Perusahaan melalui Profitabilitas pada Perusahaan Manufaktur di Bursa Efek Indonesia (BEI) tahun 2016-2020	0,360	-0,004795 (0,035 x -0,137)	0,355205

Figure 13. With the Indirect Effect of *Firm Size* on Company Value Through Profitability

Based on Figure 13, it can be analyzed the value of the indirect effect (*indirect effect*) of *firm size* on firm value through profitability. If *firm size* directly affects firm value, then the estimated coefficient value obtained is 0.360. Whereas if through indirect influence or the influence of *firm size* on firm value through profitability, the additional estimated coefficient value obtained is -0.004795. Thus the total effect of this hypothesis is 0.355205, namely a direct effect of 0.360 plus an indirect effect through communication of -0.004795 or 0.360 + -0.004795 = 0.355.

So it is concluded that the value of the indirect effect is smaller than the direct effect or -0.004795 <0.360. This means that the indirect relationship is smaller than the direct relationship, which means that profitability is unable to mediate the relationship between *firm size* and firm value .

H $_{10}$ = There is no effect of *Firm Size* on Firm Value which is mediated by Profitability.

CONCLUSION

Based on the table above, it is known that t count < t table (-0.131 <1.972) with a significant level (0.896 > 0.05), that is, partially there is no significant effect between *capital expenditure* on firm value. Ho is accepted and Ha is rejected. the impact of this research is stated to be in line with research [13] conveying what will happen that *capital expenditure* does not have a significant effect on firm value. After conducting research for 5 years (2016-2020), what will happen is a description of capital structure, *capital expenditure* and firm size on firm size with profitability as an intervening variable. It can be concluded that capital structure has a significant impact on profitability as an intervening variable, not there is a significant effect between *capital expenditure* on profitability as an intervening variable, there is no significant impact between firm size on profitability as an intervening variable, capital structure, no significant effect between *capital expenditure* on firm value, *firm size* has a significant effect on firm value, there is an impact significance between profitability and firm value, profitability as an intervening variable is able to mediate the correlation between capital structure and firm value, profitability as an intervening variable is unable to mediate the correlation between *capital exenditure* on firm value and profitability as intervening variables are unable to mediate the relationship between *firm size* and firm value.

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