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Analysis of the Effect of Profitability, Company Size and Growth Opportunity toward Firm Value with Capital Structure as Intervening Variable in Consumer Goods Companies Listed on Indonesia Stock Exchange period 2018-2020

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ABSTRACT: This research was conducted to analyze whether profitability, company size and growth opportunity influence firm value with capital structure as an intervening variable toward consumer goods companies listed on Indonesia Stock Exchange period 2018-2020.This research selects 30 consumer goods companies listed on Indonesia Stock Exchange periode 2018 to 2020 as research objects using purposive sampling method. The results show that Profitability and Firm Size have a positive and significant effect on Capital Structure, while Growth Opportunity have no significant effect on Capital Structure. Profitability and Capital Structure have positive significant effect on firm value, while firm size and growth opportunity have no significant effect on firm value. Capital Structure cannot be intervening variable toward the effect of Profitability, Company Size and Growth Opportunity on Firm value.

KEYWORDS: Profitability, Company Size, Growth Opportunity, Capital Structure, Firm Value

I. INTRODUCTION

Rapid development of Indonesian economy has led to intense competition between companies that have gone public. This intense competition has encouraged many companies to improve their performance for the purpose of maximizing profit as the main purpose of establishing a company.

A company that has gone public or listed on the IDX is a business entity that was established with short-term as well as long-term goal. In short-term, the main purpose of establishing a company is to generate profit while during long-term, company aim to maximize the firm value. (Brigham and Houston, 2011)

Firm value is essential for a company because it provides an overview to shareholders about the state and management of the company which can be measured by Price to Book Value (PBV). Increase of firm value will encourage investors to invest as they believed that the company have future and vice versa. Increased firm value followed by a high rate of return on investment to shareholders will affect shareholder value (Ramdhonah et al., 2019)

Consumer goods sector plays an important role in boosting Indonesia's economic growth as it produces products that are consumptive and daily needs such as food and beverages, cosmetics, etc. Furthermore, demand for investing in consumer goods sector is increasing over the years as demand for consumer goods products is increasing continuously.

Firm value can be influenced by profitability. Profitability is measured by Return on Assets (ROA). ROA is used to examine how efficiently a company uses its assets to generate profit. Higher ROA represents the company's ability to generate profits through the use of existing assets therefore can influence firm value because firm value can be determined by the number of company's total assets. (Yanti and Santoso, 2018)

Several previous studies done by Fauziah and Sudiyatno (2020), Amro and Asyik (2021), Oktiwiati and Nurhayati (2020) showed that profitability have positive and significant effect toward firm value . On the other hand, previous studies done by Nurul Isnaeni (2020) and Kumalasari et al (2020) showed that profitability have no significant effect toward firm value.

Firm value can be influenced by company size. Company size is also important factors in increasing firm value. Company size describes the size of a company. Company size is figured by the total assets owned by the company. Companies with large amount of total assets demonstrate that the company has more strong sources of funding so that it can attract potential investors to invest therefore firm value increases. (Chasanah, 2018)

Company size in this study was measured using logarithm (Ln) total assets with the aim of reducing excessive data fluctuations. Total assets must be calculated with the natural logarithm (Ln) because total assets of the company commonly amount to billions until trillions while other variables are in percentage units. (Susilawati, 2020)

Based on research that Pangesti et al., (2020), Nurul Isnaeni (2020), Oktiwiati and Nurhayati (2020) that company size has a significant effect on firm value while research conducted by Mardevi et al., (2020), Oentoro and Susanto (2020) and Rizkya Paulita Nasution (2021) stated that company size had no significant effect on firm value.

Firm value can be influenced by growth opportunity. Growth Opportunity is measured by total Assets Growth (TAG) is used as one of the independent variables in this study because growth opportunity is also an important factor that affects firm value. The company's high growth opportunity will provide a positive signal to investors because it shows prospects in the future. (Novitasari and Krisnando , 2021)

Growth opportunity shows the opportunity of a company to grow even better in the future. Companies that have high growth opportunities will use long-term debt more. Companies that grow rapidly will continue to try to increase their fixed assets. As the result, companies with high growth rates require more funds in the future and also retain more profits. (Yanti et al., 2018)

Several previous studies conducted by Atiningsih and Wahyuni (2020) and also Marpuah et al., (2021) stated that Growth Opportunity has significant effect on firm value while previous studies conducted by Aslindar and Lestari (2020) , Terrania and Wahidahwati (2021) Setiyowati et al., (2020) also Desy Harfiani (2021) stated that Growth Opportunity has no significant effect on firm value.

For the purpose of increasing firm value, management also needs to apply the right and optimal capital structure for company. By managing the right capital structure, will help achieve company goals.Furthermore, the capital structure is also important to meet the production needs of the company. Optimal capital structure will have a positive impact on the company and indirectly increase the company's financial position as well as the firm value. Failure in managing the capital structure will result in a large amount of debt, then increase financial risk due to the company's inability to pay interest and debt as the result firm value will also decrease. (Dewi and Sudiartha, 2017)

The fundamental factor influencing firm value which is the independent variable of this study such as profitability, company size and growth opportunity have shown inconsistencies in the previous research results toward firm value. Therefore intervening variable such as Capital Structure measured with Debt to Equity Ratio is implemented. Intervening variables are variables that are assumed to indirectly affect the relationship between the independent variable and the dependent variable which cannot be observed or estimated

II. LITERATURE REVIEW

A. Signalling Theory

Signalling theory stated that that it is important for companies to convey information through financial reports to parties outside the company in a good and accountable manner. Companies have more information about the company's financial condition and performance as well as challenges and opportunities in the future, this causes information asymmetry. The non-exposure of information provided by the company to outsiders can lead investors' doubts to invest their capital, this happens because investors want to protect themselves from losses so that investors give a low value to the company. Positive signals conveyed by companies through financial statements can reduce information asymmetry. (Sudiyatno E.S., 2018)

B. Firm Value

Firm value can be measured using price to book value (PBV) is the comparison between the stock price and the book value per share. The higher the PBV, the higher the level of prosperity of the shareholders because it is the fundamental goal of a company. Price to Book Value ratio can be implemented to all types of companies because book value can be a rational measure for valuing companies. (Sartono, 2015)

Firm value indicates the level of success of a company which is always associated with stock prices. The increasing stock price has a high impact on the value of the company and company's future prospects. (Susilawati, 2020). Firm value can be calculated as follow:

$$Price\ to\ Book\ Value\ (PBV) = \frac{Harga\ per\ lembar\ saham}{Nilai\ Buku\ per\ lembar\ saham}$$

C. Profitability

Profitability is measured by Return on Assets (ROA). Return on Assets (ROA) is included as one of the profitability ratios. In financial statement analysis, this ratio is most often applied because it can show the company's success in generating profits. ROA is able to measure the company's ability to obtain profits in the past so that it can be projected in the future. ROA can be calculated as follow:

$$Return\ on\ Assets = \frac{Laba\ Bersih}{Total\ Aset}$$

D. Company Size

According to Pratiwi (2016), company size can be indicated using total sales, total assets, as well as market capitalization. However, total assets are the most stable measurement compared to other measurement in measuring company size. Total assets are transformed into the natural logarithm (ln) because total assets value is relatively large compared to other variables. Therefore, company size can be calculated as follow:

$$\text{SIZE} = \text{Ln Total Aset}$$

E. Growth Opportunity

Growth Opportunity is the shifting of either in the form of a decrease or an increase in the total assets possessed by the company. Asset growth is calculated as the percentage change in assets in a current period against the previous period. (Novitasari and Krisnando, 2021). The calculation formula is as follow:

$$Total\ Assets\ Growth = \frac{\text{Total Asset t} - \text{Total Asset t} - 1}{\text{Total Asset t} - 1}$$

F. Capital Structure

Capital Structure is the mixture of debt and equity to finance company operations and shows the portion of capital originating from debt sources (creditors) as well as showing the share of capital from the owners of capital (equity) itself. (Rini, 2018). Capital structure measured using Debt to Equity Ratio with formula as follow:

$$Debt\ to\ Equity = \frac{Total\ Hutang}{Total\ Ekuitas}$$

G. Profitability and Capital Structure

Kusna and Setijani (2018) stated that Profitability shows the company's ability to obtain profits through the utility of assets. Profitability will affect management decisions in using funding either from internal or external funds for the company's operational needs. Profitability can affect the amount of debt or capital from external companies needed for operational needs. The higher the profitability will increase the needs of using external funds such as debt.

Akbar and Fahmi (2020) found that Profitability has significant effect on Capital Structure.

H_1: Profitability has significant effect on Capital Structure

H. Company Size and Capital Structure

Company size is one of the important factors considered before making decisions related to capital structure. Companies with large sizes will find it easier to get loans when compared to small companies. Companies with large sizes will also tend to use greater debt because the need for external funds is increasing along with the growth of company size. Therefore, the larger the company, the larger the external funds needed by the company (Arief et al., 2016)

Andrew Santoso (2018) on his research stated that Company Size has significant effect on Capital Structure.

H_2: Company Size has significant effect on Capital Structure

I. Growth Opportunity and Capital Structure

Ayu Anggraini (2019) stated that companies with high growth opportunities require greater capital because of their high productivity level and companies will continue to increase their fixed assets as well. Therefore, companies with high level of growth opportunities will use external capital in the form of debt or funds from outside the company to finance the company's operations and increase internal capital to support the company's growth. Marpuah et al., (2021) found that Growth Opportunity has significant effect on Capital Structure.

H_3: Growth Opportunity has significant effect on Capital Structure

J. Capital Structure and Firm value

Capital Structure is the decision for either use debt or equity to finance company operation. The decision to use high debt can increase firm value because it shows the company's prospects in the future. The use of debt is a positive sign or signal from the company that can make investors value the share price higher than the amount recorded on the company's balance sheet, therefore firm value will increase accordingly (Suwardika et al., 2017). Research conducted by Nurwahyuni et al (2020) stated that Capital Structure has significant effect on Firm Value .

H_4: Capital Structure has significant effect on Firm Value

K. Profitability and Firm value

Research conducted by Radja dan Artini (2020) showed that Profitability has significant effect on Firm Value.Profitability is an indicator used to assess a company because it shows the effectiveness of a company and shows how the company's management manages its resources (assets) to generate profits. High profitability will indicate good company prospects thereby increasing demand for shares. The increasing demand for shares will boost firm value (Aslindar and Lestari , 2020)

H_5: Profitability has significant effect on Firm Value

L. Company Size and Firm value

Company size represents total assets occupied by the company. The advantage of large companies is that they attract investors to invest because they are considered to have great prospects in the future, therefore company also increases (Hartini, 2019). Research conducted by Pangesti et al., (2020) showed that Company Size has significant effect on Firm Value.

H_6: Company Size has significant effect on Firm Value

M. Growth Opportunity and Firm value

Research conducted by Atiningsih dan Wahyuni (2020) stated that Growth Opportunity has significant effect on Firm Value. Companies with high growth opportunities represents that there are opportunities for companies to earn high profits in the future therefore increase the value of the company (Dewi and Sudiartha, 2017).

H_7: Growth Opportunity has significant effect on Firm Value

N. Profitability on Firm Value with Capital Structure as an intervening variable

Companies with high level of profitability will easily get funds from external parties in the form of debt because the company is considered to have good performance because the company is considered to be able to use all of its capital optimally in generating maximum profits for the company. For the purpose of increasing the value of the company, the company can make policies related to the use of debt to give investors confidence that the company's performance is getting better as indicated by the company's increasing profits. Jemani and Erawati (2020) found that Profitability has significant effect on Firm Value with Capital Structure as an intervening variable. Companies with a high level of profitability tend to be attractive to investors because they are assumed to generate large returns in the future therefore increase firm value.

H_8: Profitability has significant effect on Firm Value with Structure Capital as an intervening variable.

O. Company Size on Firm Value with Capital Structure as an intervening variable

Nurul Isnaeni (2020), Company size is one of the significant factors that affects the capital structure because large companies often have a lot of loans/debts. An increase in debt can raise the value of the company because investors believe that the company can set up optimal capital structure to improve company performance as well as firm value. Vernando and Erawati (2018) on their research stated that Company Size has significant effect on Firm Value with Capital Structure as an intervening variable

H_9: Company Size has significant effect on Firm Value with Capital Structure as an intervening variable

P. Growth Opportunity on Firm Value with Capital Structure as an intervening variable

Growth opportunities expressed by asset growth indicate the level of asset development from the previous period. Companies with fast growth rates highly rely on external funding sources. Thus, the growth of the company will trigger an increase in the capital structure. Companies with external funds obtained will be used to finance company operations in improving company performance. Investors will believe in investing in the company therefore firm value increases.

Pratiwi dan Budiarti (2020) on the research showed that Growth Opportunity has significant effect on Firm Value with Capital Structure as an intervening variable

H_{10}: Growth Opportunity has significant effect on Firm Value with Capital Structure as an intervening variable

III. RESEARCH METHOD

This research is associative research that focused on analyzing the relationship between two or more variables on firm value. The research was conducted on consumer goods companies listed on the Indonesia Stock Exchange period 2018-2020.This research uses secondary data such as financial statements of each company selected as sample obtained from official website of Indonesia Stock Exchange. This research applies non-probability sampling technique with purposive sampling method. This method establishes certain criteria to select sample that applied in this research.

IV. RESEARCH FINDINGS

Table 4.1 Descriptive Statistics Result

Delimiter: Semicolon Encoding: UTF-8 Re-Analyze Open External
Value Quote Character: None Sample size: 90
Number Format: US (example: 1,000.23) Indicators: 5
Missing Value Marker: None Missing Values: 0

Indicators: Indicator Correlations Raw File Copy to Clipboard

	No.	Missing	Mean	Median	Min	Max	Standard ...	Excess Ku...	Skewness
ROA	1	0	0.120	0.097	0.001	0.921	0.126	18.009	3.549
SIZE	2	0	28.943	28.695	25.955	32.726	1.560	-0.314	0.601
GROWTH...	3	0	0.112	0.082	-0.287	1.676	0.218	29.156	4.407
DER	4	0	0.651	0.506	0.130	3.159	0.525	7.922	2.351
PBV	5	0	4.654	2.398	0.295	60.672	8.704	24.290	4.668

Source: Authors' calculations (2021)

Based on the results of converting Microsoft Excel data which is then run on SmartPLS as shown in Table 4.1, it shows the minimum value, maximum value, average value (mean), and standard deviation of the ROA variable ($X1$), SIZE variable ($X2$), TAG (X3) , DER (Z), and PBV (Y) with the following explanation:

1. The ROA variable has a sample size of 90, with a minimum value of 0.001 at Sekar Bumi Tbk in 2019 and a maximum value of 0.921 at Merck Tbk in 2018 while the mean is 0.120 with standard deviation of 0.126.
2. The SIZE variable has a sample size of 90, with a minimum value of 25,955 at Pyridam Farma Tbk in 2018 and a maximum value of 32,726 at Indofood Sukses Makmur Tbk in 2020, while the mean is 28,943 with standard deviation of 1,560.
3. The Growth Opportunity variable has a sample size of 90, with a minimum value of -0.287 at Merck Tbk in 2019 and a maximum value of 1.676 at Indofood CBP Sukses Makmur Tbk in 2020 while the mean is 0.112 with standard deviation of 0.082
4. The DER variable has a sample of 90, with a minimum value of 0.130 at Campina Ice Cream Industry Tbk in 2020 and a maximum value of 3.159 at Unilever Indonesia Tbk in 2020 while the mean is 0.651 with standard deviation of 0.525.
5. The PBV variable has a sample size of 90, with a minimum value of 0.295 at Wismilak Inti Makmur Tbk in 2018 and a maximum value of 60,672 at Unilever Indonesia Tbk in 2019 while the mean is 4,654 with standard deviation of 8,704.

Table 4.2 R Square

R Square

Matrix R Square R Square Adjusted

	R Square	R Square Adjusted
Y	0.487	0.462
Z	0.150	0.121

Based on table 4.2, the value of R-Square Adjusted on the firm value is 0.462. This value is interpreted as the ability of Profitability (ROA), Firm Size (SIZE), Growth Opportunity (TAG) and Capital Structure (DER) in influencing Firm Value (PBV) of 46.2% and the rest is explained by other variables/factors of 53.8%.

Based on table 4.2, the R-Square Adjusted value on the capital structure is 0.121. This value is interpreted as the ability of Profitability (ROA), Firm Size (SIZE), and Growth Opportunity (TAG) in influencing Capital Structure (DER) of 12.1% and the rest is explained by other variables/factors of 87.9%.

Table 4.3 F Square

f Square

Matrix | f Square | Copy to Clipboard:

	X1	X2	X3	Y	Z
X1				0.298	0.105
X2				0.011	0.032
X3				0.050	0.004
Y					
Z				0.288	

Source: Authors' calculations (2021)

Based on table 4.3, it can be stated as follow:

a. The effect of ROA on firm value has F Square = 0.298 is moderate or medium category

b. The effect of SIZE on firm value having F Square = 0.011 is a weak or small category

c. The effect of TAG on firm value having F Square = 0.050 is a weak or small category

d. The effect of DER on firm value having F Square = 0.288 is a moderate or medium category

e. The effect of ROA on DER having F Square = 0.105 is a moderate or medium category

f. The effect of SIZE on DER having F Square = 0.032 is a weak or small category

g. The effect of TAG on DER having F Square = 0.004 is a weak or small category

Table 4.4 Path Coefficients

Path Coefficients

Mean, STDEV, T-Values, P-... | Confidence Intervals | Confidence Intervals Bias ... | Samples | Copy to Clipboard: | Excel Format | R Format

	Original ...	Sample ...	Standard ...	T Statistic...	P Values
X1 -> Y	0.418	0.499	0.179	2.334	0.020
X1 -> Z	0.303	0.283	0.149	2.027	0.043
X2 -> Y	0.080	0.039	0.096	0.839	0.402
X2 -> Z	0.170	0.170	0.078	2.177	0.030
X3 -> Y	-0.166	-0.137	0.088	1.886	0.060
X3 -> Z	0.064	0.072	0.094	0.681	0.496
Z -> Y	0.417	0.380	0.164	2.535	0.012

Source: Authors' calculations (2021)

Hypothesis test is the analysis performed by comparing the T-table with the T-statistics obtained from bootstrapping result in SmartPLS. The hypothesis is accepted if the T-statistics value > T-table (1.96) with a significance level of 5% or through P-value = 5%, p-value = 0.05 (Ghozali, 2011). Path Coefficients are useful for testing the hypothesis of the influence of an exogenous variable on the endogenous variable. The result based on table 4.4 showed that Profitability (X1) and Company Size (X2) have positive and significant effect on capital structure (Z) whereas Growth Opportunity (X3) has no significant effect on capital structure (Z). Furthermore, Capital Structure (Z) has significant effect on Firm Value (Y). Profitability (X1) also has significant effect on Firm Value (Y).On the other hand, Company Size (X2) and Growth Opportunity (X3) has no significant effect on firm value (Y).

The test result shows that H1 is proven and consistent with result of the research done by Thaib and Dewantoro (2017), Savitri et al (2021), Azmi et al (2019), Jemani and Erawati (2020), Ayu Anggraini (2019), Antoro et al (2020), Denziana dan Yunggo (2017), Warsono and Zoebaedi (2019). The results of the study indicate that companies that have high profitability will encourage company managers to borrow more debt because the company require more external funds to continuouslly expand. In accordance with the Signaling theory which states that an increase in profitability will be captured as a positive signal that can increase creditor willingness to lend company debt. With high profitability, companies will have easier access to external funds because creditors are more confident in lending funds to companies with high profitability because they believe that the company can meet its financial obligations. Increase in debt can result in an increase in capital structure.

In this research, Consumer goods companies are selected as sample which process raw materials into finished goods for the people's daily needs. So that in operational activities, the company needs more external funds to encourage increased profits in the future because company will continue to expand related to product development and production processes. Therefore, companies that have high profitability will need more external funds and have easier access to loans so that the capital structure will also improve.

The test result shows that H2 is proven and consistent with result conducted by Marpuah et al (2021), Warsono dan Zoebaedi (2019), Andrew Santoso (2018), Vernando dan Erawati (2018). Based on Signalling Theory, large companies is a positive signal for creditors to lend debt. Because large companies are considered capable of paying back debts as they have high profits and have stable cash flows so that companies can reduce the risk of using debt and the probability of bankruptcy is low compared to small companies. Therefore, larger companies will increase capital structure.

Consumer goods companies tend to have relatively large sizes, which can be seen through the total assets possessed by companies in this sector. Because starting from the processing of raw goods to production, it requires various kinds of assets, including high-tech production machines and factories

Furthermore, asset turnover in the consumer goods industrial sector tends to be high. Asset turnover is a ratio that shows the company's efficiency in using its assets to generate a certain sales volume. The higher the ratio, the more efficient the use of the company's overall assets which causes the company's sales level to increase. Therefore, consumer goods companies with relatively large size will increase capital structure as external funds such as debt is also increasing.

The test result shows that H3 is not proven but is consistent with result conducted by Afinindy (2021), Antoro et al (2020), Yanti et al (2018), dan Ayu Anggraini (2019) that stated Growth Opportunity or changes in asset growth obtained by the company do not affect management's funding decisions, because asset growth without an increase in profit does not affect the company's capital structure.

The high level of sales in consumer goods companies can cause the company's Growth Opportunity to be even higher. Furthermore, this sector produces products for the daily needs of the community so that the growth opportunities for this sector tend to be high. However, Growth Opportunity, which is marked by changes in the increase in an asset obtained by the company but is not followed by an increase in profit, will not have significant impact on the company's capital structure. This condition shows that companies with high assets tend to use internal funds and company’s fixed assets to meet the company's operational needs. The increase in assets indirectly makes the company's debt increase. Companies that have abundant cash flow can use their internal funds to purchase assets without having to use debt.

The test result shows that H4 is proven and is consistent with result conducted Anjarwati et al (2016), Jemani and Erawati (2020), Afinindy (2021), Aslindar and Lestari (2020), Nurwahyuni et al (2020), Radja and Artini (2020), serta Novitasari and Krisnando (2021). This result is in line with signaling theory which states that the decision to use debt gives a positive signal to investors. Companies that use debt are considered as companies that are confident in their company's prospects in the future. The company uses debt at a certain level and uses it as capital so that it can develop its business in the hope that the company will receive greater profits. With a larger profit or profit, of course, it can increase the value of the firm.

Consumer goods companies produces product such as food and beverages, household needs, pharmaceuticals and so on, has the advantage of the demographic factor of the population and a large consumer base like Indonesia. With this advantage, consumer goods companies have high resilience to the economic crisis, but are still experiencing changes in the composition of their capital structure. Capital structure of companies in this sector continues to increase because this sector has high operating activity so that it requires external funds to meet the company's operational activities, which in turn can increase the firm value.

The test result shows that H5 is proven and is consistent with result conducted by Aslindar and Lestari (2020), Nurwahyuni et al (2020), Radja and Artini (2020),Warsono and Zoebaedi (2019). This research is in accordance with signaling theory which explains that higher profitability can indicate better company prospects so that it will be a positive signal for investors to invest in the company. If the market can respond positively to the signal, then the firm value will increase consecutively.

Consumer goods companies have a high operating activity thus this sector company must be able to manage each of its activities in order to obtain maximum profit therefore this sector also tends to have a high inventory turnover. Inventory turnover that is increasing indicates the level of turnover of funds embedded in inventory is also high. Inventory turnover shows the company's performance in its operational activities. The higher the level of inventory turnover, the company's profitability will be higher as well. (Hery, 2018)

The test result shows that H6 is not proven but is consistent with result conducted by Mardevi et al., (2020), Oentoro and Susanto (2020) and Rizkya Paulita Nasution (2021). This result indicates that investors do not consider the total value of the assets owned by the company, whether the company enters the large-scale category or not is not a determinant in determining the value of the company. This is due to the company's lack of ability to manage assets efficiently, if the company has a large or small company size but has the ability to manage assets efficiently then this will certainly affect the increase in firm value (Laveda and Khoirudin, 2020)

The test result shows that H7 is not proven but is consistent with result conducted by Aslindar and Lestari (2020) , Terrania and Wahidahwati (2021) Setiyowati et al., (2020) and Desy Harfiani (2021). Growth Opportunity of companies in the consumer goods companies sector tends to be high because this sector produces people's daily needs such as food, medicine, etc. However, companies that have high level of Growth Opportunity but not followed by an increase in profit does not impact the value of a company. Companies that grow rapidly often have to increase their fixed assets for the purpose of development for the companies. Thus, companies with high growth rates require more funds in the future and also retain more profits. Companies with this condition are less attractive to investors so that Growth Opportunity is not included as one of the consideration for investors to invest.

Table 4.5 Specific Indirect Effects

Specific Indirect Effects

Mean, STDEV, T-Values, P-... | Confidence Intervals | Confidence Intervals Bias ... | Samples | Copy to Clipboard: Excel Format | R Format

	Original ...	Sample ...	Standard ...	T Statistic...	P Values
X1 -> Z -> Y	0.126	0.116	0.079	1.604	0.109
X2 -> Z -> Y	0.071	0.067	0.044	1.612	0.108
X3 -> Z -> Y	0.027	0.025	0.037	0.717	0.474

Source: Authors' calculations (2021)

Specific Indirect Effect or Path Analysis (Path Analysis) showed in table 4.5 determine the direct and indirect effect between the variables of profitability, firm size, growth opportunity, capital structure, and firm value.

Path analysis is an analysis used to explore the influence (either direct or indirect) of the independent variable (independent) on the dependent variable (dependent). (Sihite, 2018)

The test result shows that H8 is not proven but is consistent with result conducted by Savitri et al (2021), Azmi et al (2019), Afinindy (2021), Rahmatullah (2019), Aslindar dan Lestari (2020), Yanti et al (2018). This result indicates that when the company's profitability is high, it will increase investor interest so tthe value of the company increases. Companies with high profitability will have an increased capital structure as well. Although the capital structure increases, it does not affect the value of the company because investors tend to pay attention to the company's profitability performance because companies that have high profitability are assumed to be able to fulfill their debt obligations so the value of the company can still increase even though investors know the company's capital structure is high.

The test result shows that H9 is not proven but is consistent with result conducted by Pratiwi dan Budiarti (2020), Azmi et al (2019), Afinindy (2021), Nurul Isnaeni (2020). Large companies with large total assets but are not able to manage assets efficiently to generate profits will not attract investors and cannot affect the effect of size on firm value. Because investors often focus on the ability of company to manage their assets to maximize profit.

The test result shows that H10 is not proven but is in line with result conducted by Afinindy (2021), Aslindar and Lestari (2020), Yanti et al (2018). Growth opportunity, which is expressed by asset growth, shows the level of asset development from the previous period to a certain period. The result of this study indicate that growth opportunities have no effect on firm value through capital structure as an intervening variable because companies that have a high level of growth opportunities have large assets but are not followed by an increase in profits will not have an impact firm value. Companies with high growth rates require a lot of funds in the future and also retain more profits so that they are less of a concern to investors.

V. CONCLUSIONS

The conclusion of this study is Profitability had a positive and significant effect on Capital Structure, Firm Size had a positive and significant effect on Capital Structure, Growth Opportunity had a positive and not significant effect on Capital Structure. Profitability had a positive and significant effect on firm value, firm size has a positive and not significant effect on firm value, growth opportunity had a negative and not significant effect on firm value. Capital Structure could not be the intervening variable toward the effect of Profitability, Company Size and Growth Opportunity toward firm value

This study may have managerial implications which show that investors who want to invest in companies in consumer goods companies, they should consider the ratios used in research such as Profitability (ROA) as a reference for determining the company to invest in. Investors are advised to choose a company that has a high ROA value because it will be able to increase the value of the company by using assets efficiently. Furthermore, investors also need to pay attention to the company's ability to determine the optimal capital structure (DER), which can increase company value and increase shareholder wealth through increasing share prices. Future research should be able to more secondary data of other sectors of the company. Moreover, future research is also expected to be able to add more independent variables to analyze their effect on firm value and increase the period of research.

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