International Journal of Social Science and Human Research

**ISSN (print): 2644-0679, ISSN (online): 2644-0695**

Volume 07 Issue 07 July 2024

DOI: 10.47191/ijsshr/v7-i07-20, Impact factor- 7.876

Page No: 4696- 4708

# The Role of Profitability in Moderating the Relationship between Capital Structure and Company Values (Empirical Study on Healthcare Companies for the Period 2018 – 2022 Listed on the IDX)

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**ABSTRACT:** During the COVID-19 pandemic in 2020, several companies experienced a decline. However, Healthcare Companies experienced an increase in Company Value. Judging from the PBV Ratio value, the health sector was in the spotlight during the Covid-19 pandemic. Researchers were advised to invest because it was considered profitable compared to other sectors in the current conditions. This research aims to test and explain the influence of Capital Structure on Company Value with Profitability as a Moderating Variable in companies in the Healthcare sector for 2018-2022. The type of research used is quantitative research with a data population of 33 companies and a sample of 80 data using the Purposive Sampling method. The Variabels used in this research are Solvency Ratio, Company Value, and Profitability Ratio as Moderating Variabels. Testing was carried out by carrying out Descriptive Statistical Analysis, Classical Assumption Tests (Normality, multicollinearity, Heteroscedasticity, Autocorrelation, Linearity), and Moderated Regression Analysis (MRA) using the help of the IBM SPSS 25 application. The results obtained after conducting the research were that Capital Structure had a significant positive effect on Company Value, Profitability has a significant positive effect on Company Value, and Profitability can moderate but weaken the relationship between Capital Structure and Company Values.

**KEYWORDS:** Capital Structure, Profitability, Company Value, Moderation, Health, Covid-19

## I. INTRODUCTION

Over the past few years, a pandemic has impacted the Indonesian economy. All business activities were suspended to decrease the spread of the virus. The Stay-at-Home policy led to the cessation of operations for most companies, except those in the healthcare sector. Healthcare companies had to quickly adapt to new challenges by embracing digital technology to meet the surge in demand for remote health services. Investments in health technology and services will enhance the company's value in the eyes of both investors and the public.

Assessment of company value is crucial for investors and shareholders, and it is a common topic in financial management literature. According to Akhmadi (2022), company value is a measure of how large a company is in the eyes of investors and can be determined from the price per share. Maximizing company value is an essential obligation for every company and can be assessed through various factors and aspects. The value itself serves as a benchmark for investors or customers to evaluate the business performance of a particular company (Kusumajaya, 2011). Previous research, such as that by Akhmadi (2022), has linked capital structure to company value with profitability as a mediation variable, while Novi Mubyarto (2020) has linked profitability to company value with capital structure as a mediation variable.The health industry is one of the best options for investors to invest their funds. Humans cannot be separated from health, which makes Healthcare Companies continue to improve their services and products with innovations needed by society. The COVID-19 pandemic highlights the importance of the Healthcare sector to maintaining the health and well-being of the global population by adjusting its system using technology, so this Healthcare sector is of interest for the author to research further.

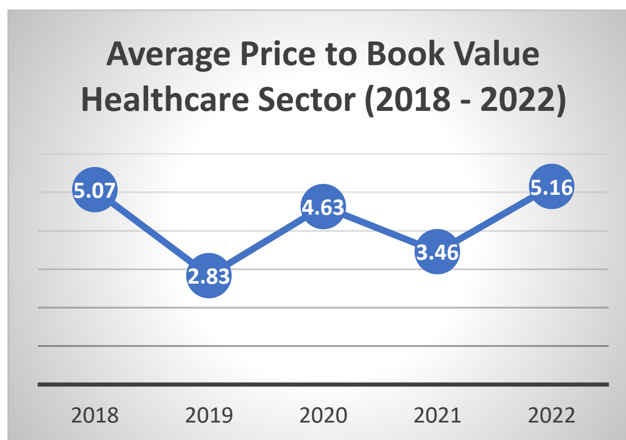


**Figure 1. Average Price to Book Value**
**Source:** Data processed by researchers, 2024

Figure 1 illustrates the changes in PBV from 2018 to 2021. There was a decrease in PBV from 2018 to 2019, dropping by 2.24. However, in 2020, there was an increase in PBV from 2.83 to 4.63, despite the pandemic causing a decrease in PBV for non-Healthcare sector companies. In 2021, the PBV decreased by 3.46 but then increased back to the 2018 level at 5.16. The fluctuation in PBV, representing the Company Value of the Healthcare sector, can lead to varying profits and losses each year, depending on market conditions. Investors should closely monitor the Company's Value to mitigate potential losses due to stock price declines.

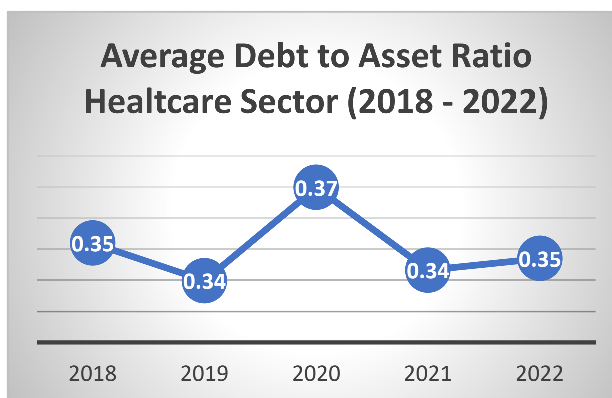


**Figure 2. Average Debt to Asset Ratio**
**Source:** Data processed by researchers, 2024

Figure 2 shows that there was a decrease in DAR from 2018 to 2019 by 0.1, but there was an increase in PBV in 2020 which was initially 0.34, rising to 0.37, where this year many will use their external funds to survive the onslaught of the pandemic. In 2021, the DAR decreased again by 0.3 and increased back to normal as in 2018 by 0.35. With the increase in the value of DAR which represents the Capital Structure of the Healthcare sector, it can be used as capital to maintain the respective companies by managing infrastructure and technology adjustments as well as funding operations at critical times.

According to Siti Miftahul Jannah & Indah Yuliana (2021) explained that good debt risk management and return on capital can increase the value of the Company, Novi Mubyarto (2020) Fund control that can reduce the amount of debt and increase productivity can cause an increase in the value of the Company because it is considered to be able to manage assets effectively and get high profits. The better the financial performance of a company, the higher the value of the company, because this attracts investors to invest in companies that can benefit according to Maya Indriastuti & Indri Kartika (2021). Another case is Muhammad Saifi (2021), who stated that the increase in capital structure will make the company's value decrease because it is considered too much debt which gives a negative signal to investors. Higher debt to a company can pose a higher risk and require the company to pay off its debts, thereby reducing retained earnings and cash holdings (Hasannudin et al. (2023)). An increase in capital structure can potentially increase the enterprise's value rather than the risk. This is because a good capital structure will increase investor confidence to invest by investing in the Company according to Falen et al (2022). Meanwhile, Karin et al (2020) stated that the Capital Structure does not affect the value of the Company because investors do not see the Capital Structure carried out by the Company as one of the things needed to assess the Company.

The inconsistency of the relationship between capital structure and company value is influenced by many factors. Based on several relevant references, it should be suspected that profitability is one of the factors that affect the relationship between capital structure and company value Previous research conducted is Rika et al (2023) states that Profitability weakens the relationship between Capital Structure and Company Value, this indicates that the cost of debt used is greater but the benefits received are less giving a negative signal for investors in capital market due to uncertainty affected by the Covid-19 Pandemic. Meanwhile, according to Cahya et al (2022), Profitability cannot moderate the Capital Structure against the Company's Value because investors pay more attention to capital market conditions compared to the level of Profitability when they want to sell and buy shares.

With the results of previous research, an analysis can be carried out on "The Role of Profitability in Moderating the Influence of Capital Structure on Company Value" with various Gap Research, researchers want to test whether Profitability can strengthen or weaken the relationship between capital structure and company value, an empirical study on companies listed on the IDX in the Healthcare sector for the period 2018 – 2022.

## II. LITERATURE REVIEW

### A. *Grand Theory*

#### *Trade Off Theory*

The trade-off theory was developed by Modigliani and Miller in 1958 and perfected by Myers in 1977. According to exchange theory, the optimal mode of operation can be achieved by balancing the benefits of using leverage (tax haven) against currency crises and exchange rate risks. If the Capital Structure target point is not optimal, any debt modification will cause the company to become valuable, then every additional debt will make the company more valuable (Haryono et al., 2017). The Capital Structure trade-off theory is a theory that explains that the ideal Capital Structure is achieved by maximizing the benefits of using debt. Trading theory explains that if the Capital Structure position is below the ideal threshold, then any increase in debt will increase the Company's Value. Conversely, if the position of the Capital Structure is close to the ideal threshold, any increase in human resources will reduce the Company's Value. Because of this, assuming that the desired Capital Structure is not achieved, the trade-off theory predicts a positive relationship with the valuation of the company (Brealey and Myers, 1991 in Nugroho, 2006) in (T. C. Putri & Puspitasari, 2022).

#### *Signaling Theory*

According to the Signal theory, a business can provide information to all its stakeholders (Pratiwi, 2020). To provide the information mentioned above in an accurate and relevant manner An analytical tool needed by investors and management to make decisions about the need for a financial report (Wijayaningsih & Yulianto, 2021) in (Alfiah & Hermanto, 2024) this is due to a lower efficiency threshold in the company's financial records compared to its profitability thus making the company's workforce more visible. According to Hartono (2013) (Yustrianthe & Mahmudah, 2021) explains that signal theory emphasizes the importance of the information that businesses collect in relation to their external investment decisions. Information is a very important tool for business owners and investors because it provides information about the conditions of past, current, and future states for a company's operations and how it affects the market. Investors in the capital market need complete, relevant, accurate, and timely information as an analytical tool in making investment decisions. Investors in the stock market need comprehensive, timely, accurate, and relevant information as an analytical tool when making investment decisions. Good business practices can have a positive signal effect, while bad business practices can have a negative signal effect. This is the result of investors' motivation to maximize profits, which means that businesses with negative equity are less likely to be targeted by investors. In other words, an investor will not put money in a business that has a high debt burden.

### B. *Variable Concept*

#### *Capital Structure*

Capital structure is an analysis used to determine how each operational business activity is weighted against revenue. This analysis is used to determine how much funds are provided by the owner of the company in relation to the funds received from the company's creditors or to determine how much the company has been affected by its debts and obligations (Putra & Dewi, 2023). The size of the intended profit will be lowered by the increase in debt in the company. The best results can be obtained by optimizing the use of debt for business operations. In order for a business to achieve its goals, managers must be able to maximize return on investment. This involves determining the Capital Structure and understanding the relationship between the aforementioned and the risks, as well as the net present returns and values according to Purnamaningsih and Wirawati (2014) in (Noviani et al., 2019). The purpose of the Capital Structure is to achieve the target so as to create a suitable and profitable combination of trading modalities and business and finance itself.

#### *Profitability*

According to (Mukti & Winarso, 2020), the work culture of an organization can be determined by its ability to generate revenue, because in the case of a Profitability company, it is considered a measure of its marketing effectiveness. Profitability is the ability

of a business to generate revenue within a certain period of time. Profitability shows the relationship between variables and assets or capital that generate profits according to (Pardian et al., 2022). Profitability is essential because it can be used as a tool to reduce the level of workforce participation in a business, making it a useful tool when comparing businesses. According to Ayu and Surjaya (2017) in (Noviani et al., 2019), a larger company profitability as measured by financial statements can show that if the company's operations are successful, the company's future cash flow will also be more profitable.

***Company Value***

The value of a company can be determined by its share price, when the Company Value increases, as well as the willingness of investors to invest and the associated Company Value. The purpose of this business is to increase its value or the existing growth that the business has. Business growth can be observed by comparing the growth of external businesses with the assets they own, such as stock market growth. Company value is an investor's perception of a company's performance based on stock price. High stock prices are seen by investors as a sign of a successful venture, allowing them to freely transfer their capital to businesses (Fithrishiyam and Willy, 2018) in (Soge & Brata, 2021). high stock prices also result in high Company Value (Mangondu & Diantimala, 2021). The value of a company is evaluated based on their financial statements and serves as the basis for its valuation. The capital structure of a company affects the Company. The theory of capital structure states that when the capital structure exceeds the ideal target and debt arises, the value of the business will decrease (Martha & Afdella, 2022).

***C. Hypothesis Development***

***The Effect of Capital Structure on Company Value***

An increase in the Company's Value will occur if the amount of debt in the Capital Structure is below the optimum point and there is an increase in debt that results in tax savings and a decrease in the Company's Value will occur if the amount of debt in the Capital Structure is above the optimal point, as it will increase the risk of bankruptcy due to excessive debt. Therefore, if the Capital Structure does not meet the desired level, there may be a positive relationship with the company's Profitability as stated by Pratama and Wirawati (2016) in (Noviani et al., 2019). Company Value is a linear function of the Capital Structure, which means that a positive debt ratio will negatively impact the consistency of the Company Value. To achieve the goal of increasing the Capital Structure, using debt will produce two possible outcomes: debt will have a positive effect and increase the Company's Value, or it will have a negative effect and decrease the Company's Value, as stated by Kuon (2014) in (Mangondu & Diantimala, 2021). Previous research on capital structure in relation to Company Value has been conducted by several researchers with positive results. (Jemani & Erawati, 2020) Capital Structure has a positive and significant impact on the Company's Value. The capital structure is a combination of the company's change agent, or debt and equity. This ratio is useful for determining how much money the lender provides relative to the business owner. If the capital structure is tight, the company will use more external funds than internal funds for its operational activities. The higher the value of the Capital Structure generated by the company, the higher the Value of the Company. This describes the Capital Structure, which serves as information for investors in making investment decisions. Investors believe that if they have large profits, they will also benefit from the large amounts disclosed by the research (Amelia et al., 2019). (Dwiputra & Cusyana, 2022) also conducted a study linking DAR and PBV which assumed that Bisnis affirmed that using debt is safer than investing in new stocks. DAR is a ratio that subtracts some significant assets from a company's ability to profit from its corporation. If the debt-to-asset ratio is high, the company's risk in fulfilling its obligations will also be high. These results are supported by research (Ramdhonah et al., 2019), (Astuti et al., 2018) and (Rahayu & Utami, 2021). different results are done by (Buhaenah & Pradana, 2022) which results in a capital structure that has a negative impact on the value of the company assuming that if the capital structure uses more debt, it can reduce the value of the company, because the higher the DER value, the more debt the company has in its capital structure. This can provide a greater risk of default so that investors are worried that the company will not be able to meet its obligations. Thus, the first hypothesis formulated is as follows:

**H1: Capital Structure has a positive effect on the Company's Value.**

***The Effect of Profitability on Company Value***

Profitability is used as a tool to measure the financial performance of a company. The company's ability to generate profits is one of the factors in the Company's performance assessment, because ptofitability is used as an assessment of the effectiveness of the Company's management. A good capital structure of the Company reflects the good management of the Company. Empirical research has been conducted by (Ayu, et al 2018). Profitability is the ability of a company to generate revenue. A high Profitability Ratio in a business will encourage investors to make investments (Hermuningsih, 2013) in (Ayu, et al 2018). A healthy business capital structure is determined by the high profits that the company receives. The increase in Company Value was due to an increase in profit according to (Chen, et al 2011) in (Ayu et al., 2018). Investors today have a lot of anxiety regarding their investments. However, it is evident in the company's performance. If an organization experiences consistent profits from year to year, investors will likely have very optimistic expectations regarding future profits. However, if a company suffers losses in the following years, it will automatically default on a large amount of unrealized investor losses (Astuti et al., 2018). This profitability has a positive impact on the company's net worth, similar to what is report (Jemani & Erawati, 2020) Profitability has a positive and significant

impact on the company's value. According to the theory of rational thinking, businesses with a high profitability threshold will be able to provide information to potential investors, explaining that they have a profitable business to reach a high profitability threshold. This is supported by research conducted by (Yudistira et al., 2021), which states in his research that Profitability is the ability of a business to earn profits. A high level of profitability indicates a healthy business model for investors, which will lead to an increase in stock prices and positive returns. As a result, investor confidence in the company will also increase, so that the stock price is higher and the value of the company will increase (Novilyan, 2016) in (Yudistira et al., 2021). High Profitability Rate reduces the company's ability to generate a high level of profit for investors. Stronger profits are generated by a stronger business capacity to pay dividends, and this negatively impacts the company's net worth. Businesses with high Profitability ratios will encourage investors to consider investing in companies (Astuti et al 2018). These results are supported by research (Ramdhonah et al., 2019) and (Noviani et al., 2019). Thus, hypothesis formulated is as follows:

**H2: Profitability has a significant positive effect on the Company's Value.**

***The Role of Profitability Moderating the Influence of Capital Structure on Company Value***

The value of a company can be determined by its share price. When the value of the Company increases, it will result in the willingness of investors to invest and the value of the Company related to it will automatically increase, the purpose of this business is to increase its value or the growth of the Company owned by the business. The growth of a company can be shown in the high valuations that external companies place on their assets, such as bonds. Businesses of larger size have the potential to receive more loan proceeds from a variety of sources, making it easier to handle credit approvals. This is because larger businesses have a higher likelihood of receiving loan yields. Empirical research has been conducted by (Sari, et al 2020) which shows that when a company's Profitability increases, it will use its revenue as a test subject and improve its organizational structure to positively impact its net worth. In addition, (Noviani et al., 2019) also stated that along with the increase in the value of the Capital Structure, business actors will continue to monitor its value in order to maintain stability. This correlates with increasing Profitability, so investors will have more trust in the Company. This research was conducted by (Artanti & Rahmiyati, 2022), which stated that the increase in the value of companies is due to the position of the capital structure below the optimal threshold and the increase in debt. Increased profitability can be of particular concern to investors, resulting in an increase in interest rates for stocks. If a company has an uneven Capital Structure, this can have a negative impact on the public's perception of the Company (Rasyid et al., 2022). According to the research of Ramadhani et al. in (Buhaenah & Pradana, 2022), profitable businesses can provide investors with positive information about the potential of a business to increase value. Businesses affected by the research conducted (Rahayu & Utami, 2021) and (Al-fisah, 2016). Thus, hypothesis formulated is as follows:

**H3: Profitability can moderate the influence of Capital Structure on Company Value.**

## III. RESEARCH METHODOLOGY

### *A. Population and Sample*

The population in this study is all companies listed on the Indonesia Stock Exchange (IDX) in the Healtcare Sector in 2018-2022, which is 33 companies. The sampling technique used in this study is the Purpossive Sampling method with criteria 1). Companies that have gone public on the Indonesia Stock Exchange (IDX) during the research period 2018-2022. 2). Companies that are consistently listed on the Indonesia Stock Exchange (IDX) during the research period 2018-2022.3). The company presented its complete financial statements during the 2018-2022 research period. Thus producing 16 samples that met the sampling criteria with observation data of 80 data. The data collection method used is through documentation techniques, namely collecting publicly available company historical data found in annual reports, ICMDs, and summaries of other related information. The data used in this study is the Annual Report of the Pharmaceutical Industry on the Indonesia Stock Exchange (IDX) in 2018–2022. A summary of the data is obtained from www.idx.co.id website.

### *B. Variable Measurement*

The dependent variable in this purchase is the value of the company proxied by the price book value (PBV), the calculation of the price to book value, namely the market price per share divided by the book value per share (Hery, 2017) in (Dwiputra & Cusyana, 2022) Price to book value is utilized as a proxy for this research because it can be used as a benchmark for a good company value (Akhmadi et al., 2023). The independent variable in this study is the capital structure measured by the Debt to Asset Ratio (DAR), According to Kasmir (2009) in (Yustrianthe & Mahmudah, 2021), this ratio is the debt ratio used to measure the balance between total debt and total assets. The moderation variable in this study is profitability measured by Return on Assets, a ratio known as return on equity (ROE) measures net profit after tax with own capital. Khanmir (2016) in (Akhmadi et al., 2023).

### C. Data Analysis Methods

***Descriptive Statistical Analysis***

Descriptive statistics are related to the collection and analysis of data that describe the characteristics of the sample used in this study. The purpose of this analysis is to clarify the characteristics of the sample in this study, which includes mean calculation, extreme mean, minimum and maximum mean, and standard deviation. (Ghozali, 2018) in (Rachmadevi et al., 2023).

***Classical Assumption Test***

The Classical Assumption Test is used to find out whether the results of the regression analysis used to analyze in this study are free from classical assumption deviations which include 1). Normality test, According to Ghozali, (2018) in (Rachmadevi et al., 2023) explained the purpose of the Normality test for the evaluation of regression models, namely residual variables or perturbators that aim to determine whether the data used in the normal distribution analysis is representative of the data. The normality test in this study uses the Kolmogorov-Smirnov (K-S) non-parametric statistical test. 2). Multicollinearity testing is carried out to determine whether or not there is a regression model that includes independent variable correlations. According to Ghozali (2018) in (Yustrianthe & Mahmudah, 2021), there is evidence that Multicholinearity correction reduces the correlation of independent variables in regression models. 3). As stated by Ghozali (2018) in (Yustrianthe & Mahmudah, 2021), the Heteroscedasticity test is carried out to determine whether there is an inequality variant from residue from one observation to another in the regression model. 4). According to Ghozali (2018) in (Yustrianthe & Mahmudah, 2021), Autocorrelation analysis was carried out to find out if there was a correlation between confounding error in the t-period and t-1 period in the regression line model. When correlation occurs, the problem is known as Autocorrelation. 5). The Linearity Test is a test used to determine whether or not the relationship between each research variable is linear or not (Imron & Kurniawati, 2020).

***Regression model***

Equation 1 : $PBV = a + \beta 1DAR + e$ (1)

Equation 2 : $PBV = a + \beta 1DAR + \beta 2ROE + e$ (2)

Equation 3 : $PBV = a + \beta 1DAR + \beta 2ROE + \beta 3DAR*ROE + e$ (3)

***Hypothesis Test***

The purpose of the t-test in this study is to estimate the influence of the regression model on all independent variables participally on the bound variables. The test was carried out by determining the response based on a significance threshold of 0.05 or 5%. In (Yustrianthe & Mahmudah, 2021) (Ghozali, 2018) Checking the significance level at the level of 0.05 can be used to determine the results of the t-test. If the significance value is ≥ 0.05, then the independent variable does not have a significant effect on the dependent variable, while if the significance value is < 0.05, then the independent variable has a significant effect on the dependent variable (E. K. H. Putri et al., 2022).

***MRA (Moderating Regression Analysis) Test***

The MRA test is a tool specifically designed for linear regression multiples, where the mean regression value includes the term interaction (two or more independent variables) (Ghozali, 2011) in (Bintara, 2018).

## IV. RESULTS AND DISCUSSION

***Results of Descriptive Analysis***

**Table 1**

**Descriptive Statistics**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| DAR | 80 | .05 | .94 | .3506 | .21063 |
| ROE | 80 | -4.96 | 2.24 | .0669 | .63618 |
| PBV | 80 | .11 | 41.28 | 4.2295 | 6.97894 |
| Valid N (listwise) | 80 | | | | |

N = 80 indicates that this study processed data from 80 samples in 16 companies for 5 years. The data that has been processed includes the variables of Capital Structure, Profitability, and Company Value. The highest value of DAR (Debt to Asset Ratio) is 0.94, while the lowest value is 0.05. In addition, the DAR has an average of 0.3506. The highest value of ROE (Return on Equity)

is 2.24, while the lowest value is -4.96. In addition, ROE has an average of 0.0669. The highest value of PBV (Price to Book Value) was 41.28, while the lowest value was 0.11. In addition, the PBV has an average of 4.2295.

***Results of the Classic Assumption Test***

1. ***Normality Test***

**Table 2**

**One-Sample Kolmogorov-Smirnov Test**

| | | Unstandardized Residual |
|---|---|---|
| N | | 52 |
| Normal Parameters[a,b] | Mean | .0000000 |
| | Std. Deviation | 1.33290063 |
| Most Extreme Differences | Absolute | .090 |
| | Positive | .090 |
| | Negative | -.066 |
| Test Statistic | | .090 |
| Asymp. Sig. (2-tailed) | | .200[c,d] |

a. Test distribution is Normal.
b. Calculated from data.
c. Lilliefors Significance Correction.
d. This is a lower bound of the true significance.

Based on the results, the significant value of Asymp. Sig (2-Tailed) by 0.200 > 0.05. By the decision-making in the Kolmogorov-Smirnov Normality Test, the data obtained is normally distributed.

2. ***Multicollinearity Test***

**Table 3**

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 2.536 | .558 | | 4.548 | .000 | | |
| | DAR | -2.541 | 1.181 | -.279 | -2.152 | .036 | .943 | 1.060 |
| | ROE | 5.636 | 2.285 | .320 | 2.466 | .017 | .943 | 1.060 |

a. Dependent Variable: PBV

Based on the results, it is known that the tolerance value for the variables DAR (X) and ROE (Z) is 0.943 greater than 0.10. Meanwhile, the VIF value for the DAR(X) and ROE (Z) variables is 1.060 less than 10.00. This refers to the basis for decision-making in the Multicollinearity Test, so it can be concluded that there are no symptoms of multicollinearity in the regression model.

3. ***Heteroscedasticity Test***

**Table 4**

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .691 | .302 | | 2.290 | .026 |
| | DAR | .675 | .639 | .152 | 1.057 | .296 |
| | ROE | 1.526 | 1.237 | .178 | 1.234 | .223 |

a. Dependent Variable: ABS

Based on the results, it is known that the significant value of DAR is 0.296 > 0.05 and the significant value of ROE is 0.223 > 0.05, so it can be said that the two variables are free from heteroscedasticity.

### 4. *Uji Autokorelasi*

**Table 5**

**Model Summary[b]**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
|---|---|---|---|---|---|
| 1 | .472[a] | .223 | .191 | 1.35983 | 1.913 |

a. Predictors: (Constant), ROE, DAR
b. Dependent Variable: PBV

Based on the results, it is known that the Durbin-Watson value is 1.913. In the Durbin-Watson table distribution, it was found that the dL value was 1.4741 and the dU was 1.6334. Therefore, dU < dW < 4 – dU (2.3666) so it can be concluded that there are no problems or symptoms of autocorrelation.

### 5. *Linearity Test*

**Table 6**

**ANOVA Table**

| | | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|---|
| PBV * DAR | Between Groups | (Combined) | 89.814 | 28 | 3.208 | 2.758 | .008 |
| | | Linearity | 14.708 | 1 | 14.708 | 12.646 | .002 |
| | | Deviation from Linearity | 75.107 | 27 | 2.782 | 2.392 | .019 |
| | Within Groups | | 26.749 | 23 | 1.163 | | |
| | Total | | 116.564 | 51 | | | |

**Table 7**

**ANOVA Table**

| | | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|---|
| PBV * ROE | Between Groups | (Combined) | 74.789 | 25 | 2.992 | 1.862 | .061 |
| | | Linearity | 17.396 | 1 | 17.396 | 10.827 | .003 |
| | | Deviation from Linearity | 57.393 | 24 | 2.391 | 1.488 | .162 |
| | Within Groups | | 41.775 | 26 | 1.607 | | |
| | Total | | 116.564 | 51 | | | |

Based on the results, it is known that the Linearity value in PBV*DAR is significant at 0.002 < 0.05, as well as the significant PBV*ROE is 0.003 < 0.05, so it can be concluded that there is a linear relationship between variables.

***Regression Equation***

PBV = a + β1DAR + e
= 3,488 – 3,235DAR + e ………………………………………….. (1)
PBV = a + β1DAR + β2ROE + e
= 2,536 – 2,541DAR + 5,636ROE + e …………………………… (2)
PBV = a + β1DAR + β2ROE + β3DAR*ROE + e
= 0,181 + 3,418DAR + 24,478ROE – 52,558DAR*ROE + e ……. (3)

Interpretation:

1. 3.488 is the PBV value if the DAR value is 0 or very low. The value of the DAR coefficient of -3.235 means that every 1% change in DAR causes a change in PBV of -3.235%.
2. 2.536 is the PBV value when the DAR and ROE values are 0 or very low. The coefficient value of -2.541 DAR and 5.636 ROE means that every 1% change in DAR and ROE causes a change in PBV of -2.541% and 5.636%.
3. 0.181 is the PBV value, when the value of DAR, ROE, and the interaction between DAR and ROE is 0 or very low. The coefficient values of 3.418 DAR and 24.478 ROE, as well as the interaction of both DAR and ROE -52.558, means that every 1% change in DAR and ROE causes a change in PBV of around 3.418% and 24.478%.

***Results of Hypothesis Test (t-Test)***

***Hypothesis 1 (The Influence of Capital Structure on Company Value)***

*Table 8*

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 3.488 | .422 | | 8.257 | .000 |
| | DAR | -3.235 | 1.204 | -.355 | -2.687 | .010 |

a. Dependent Variable: PBV

Based on the results, the comparison of the value of t calculated with t table is t calculated < t table (-2.687 < 2.00856), at a significant level of 5%. The significant value is 0.010 < 0.05, so the Capital Structure has a significant effect on the Company's Value. With a regression coefficient (-3.235), it shows that the Capital Structure variable has a negative effect on the Company's Value. So that H0 is rejected and H1 is accepted.

***Hypothesis 2 (The Effect of Profitability on Company Value)***

**Table 9**

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 2.536 | .558 | | 4.548 | .000 |
| | DAR | -2.541 | 1.181 | -.279 | -2.152 | .036 |
| | ROE | 5.636 | 2.285 | .320 | 2.466 | .017 |

a. Dependent Variable: PBV

Based on the results, the comparison of the value of t calculated with t table is t calculated > t table (2.466 > 2.00856), at a significant level of 5%. The significant value is 0.017 < 0.05, then Profitability has a significant effect on the Company's Value. With a regression coefficient (5.636), it shows that the Profitability variable has a positive effect on the Company's Value. So that H0 is rejected and H2 is accepted.

***Hypothesis 3 (The Role of Profitability Moderating Capital Structure on Company Value)***

**Table 10**

**Coefficients[a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .181 | .565 | | .320 | .751 |
| | DAR | 3.418 | 1.307 | .375 | 2.615 | .012 |
| | ROE | 24.478 | 3.485 | 1.389 | 7.024 | .000 |
| | DARxROE | -52.558 | 8.456 | -1.259 | -6.215 | .000 |

a. Dependent Variable: PBV

Based on the results, the comparison of the value of t calculation with t table is t calculated < t table (-6.215 < 2.00856), at a significant level of 5%. If a significant value of 0.000 < 0.05, then Profitability has a significant effect on the Company's Value. The regression coefficient (-52.558) shows that the negative Moderation Variable moderates the relationship between Capital Structure and Company Value. So that H0 is rejected and H3 is accepted.

***Results of MRA (Moderated Regression Analysis)***

**Table 11**

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 3.488 | .422 | | 8.257 | .000 |
| | DAR | -3.235 | 1.204 | -.355 | -2.687 | .010 |

a. Dependent Variable: PBV

**Table 12**

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 2.536 | .558 | | 4.548 | .000 |
| | DAR | -2.541 | 1.181 | -.279 | -2.152 | .036 |
| | ROE | 5.636 | 2.285 | .320 | 2.466 | .017 |

a. Dependent Variable: PBV

**Table 13**

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | .181 | .565 | | .320 | .751 |
| | DAR | 3.418 | 1.307 | .375 | 2.615 | .012 |
| | ROE | 24.478 | 3.485 | 1.389 | 7.024 | .000 |
| | DARxROE | -52.558 | 8.456 | -1.259 | -6.215 | .000 |

a. Dependent Variable: PBV

Based on the data results from table 11 to table 13 above, it can be concluded that ROE as a moderation variable is significantly positive for PBV when it functions as an independent variable. Meanwhile, if ROE interacts with DAR as a moderation variable, it has a significant negative effect on PBV. This moderation model is called quasi-moderation.

## DISCUSSION

***The Effect of Capital Structure on Company Value***

Based on the results of the analysis that has been carried out, it can be seen that the Capital Structure has a positive and significant effect on the Company's Value. With an optimal Capital Structure, companies can minimize capital costs and maximize Company Value. Research shows that a balanced Capital Structure between debt and equity can provide significant positive results on Company Value. This can increase the efficiency of the company in utilizing its financial resources and provide trust to shareholders and creditors.

***The Effect of Profitability on Company Value***

Based on the results of the analysis that has been carried out, it can be seen that Profitability has a positive and significant effect on the Company's Value. High profitability reflects efficiency in the use of company resources and the ability to generate sustainable

profits. This gives a positive signal to investors that the company has good growth. Thus, companies with a high level of Profitability tend to have a higher Company Value and create added value for shareholders.

***The Role of Profitability in Moderating the Relationship Between Capital Structure and Company Value***

Profitability can weaken the relationship between Capital Structure and Company Value because companies that have a high level of Profitability tend to be less dependent on their Capital Structure to fund operations and expansion. Highly profitable companies are usually able to generate enough internal cash to meet their investment needs without having to rely on external debt or equity.

## V. CONCLUSION

Based on the results of the research and discussion that has been described, the first research conclusion can be drawn, namely, Capital Structure with DAR proxy has a significant positive effect on Firm Value with PBV proxy in the Healthcare sector listed on the IDX for the period 2018-2022. This explains that the ratio of debt to company assets has a clear impact on increasing the Company's Value. When the Capital Structure is well managed, that is, the company uses debt optimally without burdening its assets, this can increase investor confidence and the company's financial performance. The results of further research are Profitability with ROE proxy has a significant positive effect on Firm Value with PBV proxy in the Healthcare sector listed on the IDX period 2018-2022. This explains that an increase in profitability, which reflects the company's efficiency in generating profits from shareholders' equity, can increase the company's value. Companies with high profitability show a better ability to utilize equity to generate profits and increase investor confidence and the attractiveness of the company as an investment. The last research result, namely Profitability can moderate the relationship between Capital Structure and Firm Value. However, the results of this study indicate that Profitability weakens the relationship between Capital Structure and Firm Value.

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