Profitability and Capital Structure on Firm Value with Currency Exchange Rate as Moderation

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ABSTRACT: This research aims to analyze the influence of profitability and capital structure on firm value with the exchange rate as a moderating variable in construction companies listed on the Indonesia Stock Exchange in 2014 - 2023. The research sample consists of 6 construction companies. The data analysis method used in this research is panel data regression analysis and regression analysis with moderation. The research results show that all variables pass the classical assumption test and are suitable for use as research data. The t test statistic on firm value shows that profitability has a positive and significant effect on firm value, while capital structure does not have a significant effect on firm value. The exchange rate as a moderating variable has a significant effect on firm value, but the exchange rate is unable to moderate profitability and capital structure on firm value.

KEYWORDS: Firm Value, Firm Performance, Capital Structure, Exchange Rate

I. INTRODUCTION

According to Yeni et al. (2020), firm value is the selling price of a business for its ongoing operations. According to Pujia ti and Hadiani (2019), firm value is the price at which a business is appraised adequately by possible buyers and is ready to be sold. Potential investors place a fair value on the firm value, which is the selling worth of the business for the operations completed.
This is significant because, as investors, they will naturally place a high value on the company's ability to optimize perfor mance. Investors will undoubtedly purchase businesses that perform well and can maximize their value.

For investors who wish to make capital market investments, the evaluation of the firm value by investors is crucial. The growing number of investors is evidence of the capital market's rapid development in Indonesia. There are approximately 12.1 million investors in the Indonesian capital market as of December 2023, up 18% from statistics in 2022, according to informat ion on the Indonesian Central Securities Depository (KSEI) website. The building industry is one that worries investors enough. T his industry is growing as a result of the Indonesian government's present emphasis on building and developing a variety of infrastructure, including ports, railroads, toll roads, highways, and the National Capital City (IKN) development project.

A company's primary aim is to maximize profits. Additionally, this will raise the company's overall value. A high firm valuation will undoubtedly entice investors to make investments in the business. Although there are other methods for estimat ing a firm's worth, PBV will be used in this study as a stand-in for firm value. Sihombing et al. (2023) state that capital structure and profitability are two of the measures that will affect a company's worth.

The ability of a business to turn a profit on sales, assets, or its own capital is known as profitability. We will also use t he Return on Equity (ROE) ratio, which is frequently employed as a profitability measurement tool in this study, to gauge profitability. Since the profitability ratio shows how a business makes money with the capital it has, which naturally influences the company's worth, it is frequently employed as an analytical tool. The findings of earlier studies by Ardianto (2023) and Wijayaningsih and Yulianto (2021), which indicated that profitability has a major impact on firm value, further support this conclusion. However, this is contrary to Hapsoro and Falih (2020) and Suryani and Yeni (2022) who argue that the level of pro fit obtained by a company has no influence on the value of the company.

When evaluating its risks, a corporation must consider its capital structure. The company's capital sources can be described by its capital structure. Capital structure, as defined by Weston & Copeland (2010:19), is long-term debt, preferred shares, and capital combined into a permanent financing arrangement. Capital structure is the comparison between own capital and long-term debt, according to Riyanto (2001:296). Thus, a comparison of the company's capital sources, which include long-term debt financing and its own capital, can be used to determine its capital structure. Syamsudin et al. (2020) and Akhmadi et al. (2021) made t he case that capital structure significantly affects a company's value in earlier studies. This, however, runs counter to the findings of studies by

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Abdilllah and Situngkir (2021) and Wijayaningsih and Yulianto (2021), who contend that an investor's evaluation of a company is unaffected by the source of its money.

Exchange rates a form of moderation are also included in this study. The influence of the independent variable on the dependent variable may be strengthened or weakened by moderating variables. To examine the effects of changes in currency exchange rates, which were influenced by the Covid-19 epidemic and the wars in Russia and Palestine, researchers employed currency exchange rates as a moderator. Additionally, researchers want to disprove Azizah et al.'s (2023) earlier research finding that capital structure and profitability cannot be moderated by exchange rates on the value of a company.

II. LITERATURE REVIEW AND HYPOTHESIS
A. Literature Review
Signal Theory
According to Brigham & Houston (2013), in Sihombing, et al (2023) argue that signal theory is a signal given by a company to provide information to investors or parties in need regarding the company's performance and the company's prospects. Financial reports are a method used by companies (management) to provide information to investors regarding the company's performance. This information can be a guide for many external parties such as creditors, investors and other parties. It is hoped that the financial reports presented by the company can serve as a signal and be able to reduce information asymmetry for external parties. The use of financial reports is a way to convey information because according to Bergh, et al (2014) in Sihombing, et al (2023) states that financial reports can provide credible, relevant, accurate, timely information and information related to the company's sustainability prospects in the future.

Agency Theory
In Irwansyah, et al. (2020), Jensen and Meckling (1976) assert that there are two different kinds of agency relationships: those between managers and lenders and those between managers and shareholders. A contextual model including two or more parties, where one is referred to as the principle and the other as the agent, is what agency theory is understood as. The principle will delegate decision-making authority to the agent; this can be understood to mean that the principal grants the agent the power to perform duties in line with the terms of the work contract that the two parties have agreed upon.

Firm Value
According to Indriani (2019) in Sihombing, et al (2023) argue that firm value is an illustration of how supported the company is in utilizing the assets owned by the company. According to Riny (2018) in Ali, et al (2021), firm value is important for investors in carrying out analysis and evaluation in determining the decision to invest in a company. In fact, according to Arifianto and Chabachib (2016) and Jamaludin, et al (2021) also argue that firm value is an important aspect that investors look at before deciding to invest in a company. It can be concluded that firm value is an important thing that must be analyzed by investors before investing in a particular company.

Profitability
According to Aulia et al. (2020), profitability is a gauge of a business's capacity to turn a profit based on its total assets, capital, or purchases. Profit margin is crucial to a business since it drives its operations with the intention of making the most profit possible. Bagaskara et al. (2021) state that a company's ability to compete in the market and generate the highest possible profits will determine its level of success.

Return on Equity (ROE) is one of the ratios used to gauge profitability. ROE is significant because it demonstrates how the business uses its own capital to maximize profits. Additionally, ROE measures how well a corporation uses its capital; a rise in this ratio denotes improved performance and strength for the business, while a fall denotes the opposite (Bahri: 2022). Consequently, ROE is employed as a stand-in for profitability in this study.

Capital Structure
The financial arrangement that will affect the company's worth is explained by the capital structure. A company's value can be maximized with an effective capital structure that combines debt, equity, and capital. The use of debt in the capital structure is advantageous for the costs that must be covered. Because there is less taxable income, in-between debt has the advantage of lowering tax expenses. But using debt can also result in expenses other than interest, such as bankruptcy charges, which include price feeds for legal distress. Information asymmetry can cause businesses to prioritize releasing fresh information to the public with internal finances, which could lower the value of the company.

The debt to equity ratio (DER) is used in this study to measure the capital structure variable. The trade-off theory states that the higher the DER value, the higher the firm value will also rise, provided that the company's DER value has not yet reached the optimal level when accounting for the benefits and costs associated with debt. This is because higher debt carries a higher risk, which can have an impact on investor confidence and, in turn, affect firm value (Hirdinis, 2019).

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Exchange rate

The exchange rate, which expresses the value of one country's currency in respect to another, is a crucial component of macroeconomic considerations. Like other currencies, the value of the rupiah is impacted by the state of the economy. According to Murjiyani and Ardiyanto (2023), the exchange rate is also frequently referred to as a comparison of values in exchange for various currencies. This comparison serves as a benchmark for businesses operating in the market, allowing them to observe fluctuations in selling and buying rates that impact the company's overall worth. The middle rate, which is the average of the selling rate plus the buying rate, is the stand-in rate employed in this study.

B. Hypothesis

The effect of Profitability on Firm Value

Profitability is the ability of a company to generate profits. This will be very important for investors who will invest their funds in a company because investors will expect profits from the investment made. Signal theory states that companies that have high profitability will be very attractive to investors because they provide a positive signal that the company is able to generate maximum profits. This will make investors made a decision to invest their funds in the company. Previous research by Ardianto (2023), Fajaria and Isnalita (2018), Kurniasaria and Bernawatib (2020) stated that profitability has a significant effect on firm value.

H1: There is a significant effect of profitability on firm value

The effect of Capital Structure on firm Value

If a company has very large debts, then a company like this has a high risk of liquidation because if it is unable to generate profits then there are no funds that can be used to pay debts and if this happens continuously then this company will go bankrupt. Therefore, such a company will have high risks which will make investors less interested in investing, but on the other hand, investors will be interested in investing if the company is able to manage its debt effectively and can generate maximum profits. with the risk, the profits that are likely to be obtained will also be large. These two things will affect the value of the company. Syamsudin, et al (2020) and Sari, et al (2020) argue that capital structure has a significant effect on firm value.

H2: There is a significant effect of capital structure on firm value

The Effect of Exchange Rates on firm Value

The exchange rate of the Rupiah against the USD has fluctuated due to the unstable world economic and world political situation. This has an impact on the company's profits. The weakening rupiah exchange rate will certainly mean that construction companies that purchase raw materials, procure heavy equipment, or rent machinery using the USD currency will certainly increase the company's costs. This can make companies earn less than optimal profits, which as a result can make investors less interested in investing in construction sector companies. Previous research by Kartikaningsih (2020) argued that currency exchange rates have an influence on the value of the company.

H3: There is a significant effect of currency exchange rates on firm value

Exchange rates between currencies might reveal a construction company's profitability level. In order to carry out their daily business, construction companies must import heavy machinery and raw materials from overseas. If the value of the rupiah declines, this will force the company to sell its products at a premium, which will reduce its potential profit margin. This may deter investors from funding businesses that are unable to turn a profit because of higher expenses brought on by the rupiah's decline in value relative to other currencies. Research conducted by Nadzifah and Sriyana (2020) argues that the exchange rate has a significant effect on profitability. Pujiati and Hadiani (2019) argue that the exchange rate has a significant effect on firm value.

H4: Currency exchange rates moderate the effect of profitability on firm value

Because the amount of money needed to buy raw materials may rise due to the decreasing exchange rate, companies may turn to increasing debt as a substitute source of funding in an attempt to expand operations. Due to the high level of risk involved, investors will become less interested in this increase in debt. According to Pattiruhu (2020), currency rates have a big impact on capital structure, and Pujiati and Hadiani (2020) contend that exchange rates have a big impact on corporate value. H5: Currency exchange rates moderate the effect of capital structure on firm value

III. RESEARCH METHODOLOGY

Population and Sample Data

The study's population consists of 21 businesses that operate in the building construction subsector between 2014 and 2023. The sample comprises six companies, selected through a purposive sampling technique that adheres to multiple criteria. These criteria include not being subject to special monitoring conditions, as well as having reported annual financial reports for a minimum of ten years, from 2014 to 2023, and having conducted an initial public offering (IPO) by December 31, 2023.

In order to gather observation data, a panel data series comprising six (six) building construction sub-sector companies listed on the Indonesia Stock Exchange between 2014 and 2023 was created. As a result, the panel data amounted to sixty observation data, meeting the required sample size. Research methods for documentation were used to obtain data.

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Operational Variables

Profitability is determined by utilizing ROE (Return on Equity) and capital structure is determined by using DER (Debt to Equity Ratio) as an independent variable. These are examples of observable, legitimate operations. Next, utilizing the Price to book value (PBV) ratio for firm value as a dependent variable, per Ely Siswanto (2021) The PBV ratio, which is computed by dividing the market price of the stock by its book value, illustrates how much investors consider the state of the business by contrasting the difference between the market value and book value. The middle exchange rate, or the average of the purchasing and selling prices of the Rupiah currency versus the US dollar from 2014 to 2023, is used by the exchange rate as a moderating variable.

Descriptive Statistical Analysis

A general description of the data sample is obtained by the application of descriptive statistical analysis. The average (mean), standard deviation, variance, maximum, minimum, total, range, kurtosis, and skewness (distribution differences) of the data are all summarized or described using descriptive statistics.

Classic assumption Test

The purpose of the normality test, according to Ghozali (2016), is to determine if the residual or confounding variables in the regression model have a normal distribution. According to Ghozali (2016), the multicollinearity test can be used to determine whether the suggested regression model has discovered a significant connection between the independent variables. Testing whether the regression model detects correlation between independent variables is the goal of the multicollinearity test. There should not be any correlation between the independent variables in a decent regression model. The Tolerance and Variance Inflatation (VIF) values show multicollinearity. The heteroscedasticity test, according to Ghozali (2016), is a test used to determine whether there is an inequality in variance from the residuals of one observation to another observation in a regression model. The purpose of the auto correlation test is to determine whether confusing errors in one period and confusing errors in the t-1 (prior) period are correlated in the linear regression model (Ghozali 2016). using glacier parameters for testing. To determine if the model specifications employed are accurate or not, linearity is checked. Information on whether the empirical model should be linear, square, or cubic can be found using the linearity test (Ghozali 2016).

Moderated Regression Analysis (MRA) Test

In contrast to subgroup analysis, moderated regression analysis (MRA) employs an analytical technique that preserves sample integrity and offers a foundation for managing the influence of moderator variables. Using MRA, one can ascertain whether moderating variables have the potential to bolster or undermine the correlation between the independent and dependent variables (Ghozali, 2016: 219). Here is the regression equation:

$$PBV = b_0 + b_1ROE + b_2DER + e \dots \dots (1)$$
$$PBV = b_0 + b_1ROE + b_2DER + b_3EXCHANGE + b_4EXCHANGE*ROE + b_5EXCHANGE*DER + e \dots (2)$$

IV. RESULTS AND DISCUSSION

Descriptive Statistical Analysis

The results of descriptive statistical analysis on each variable, namely profitability, capital structure, exchange rate and firm value are shown in the results of the data processed with SPSS as follows:

Table 1. Results of descriptive statistical analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PBV	60	.23	8.82	1.9533	2.03074
ROE	60	-1.24	.28	,0785	,18665
DER	60	.44	6.05	2,2015	1.40502
EXCHANGE	60	12440.00	15731.00	14112.2030	913.07454
Valid N (listwise)	60				

Based on the descriptive statistics table above, it can be explained that the dependent variable PBV in 6 samples of construction companies in 2014-2023 has an average (mean) of 1.95; with the lowest value being 0.23; the largest value is 8.82. Profitability which is proxied using Return on Equity (ROE) has an average (mean) of 0.07%; the lowest rate was -1.24% ; the highest rate was 0.28%. The capital structure proxied using the Debt to Equity Ratio (DER) ratio has an average of 2.20; the lowest level was 0.44;

the highest level was 6.05. The Rupiah exchange rate against USD as a moderating variable in the data above has an average (mean) of 14,112.10; the lowest level was 12,440; the highest level was 15,731.

Classic Assumption Test

1. Normality test

Table 2. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		59
Normal Parameters, b	Mean	,0000000
	Std. Deviation	,23218125
Most Extreme Differences	Absolute	,083
	Positive	,083
	Negative	-,059
Statistical Tests		,083
Asymp. Sig. (2-tailed) c		,200d

Based on the results of the normality test above, it can be seen that the 2-tailed Asymp Sig has a value of >0.05, namely 0.200. If the Asymp Sig (2-tailed) value is >0.05, it can be concluded that the data is normally distributed. So it can also be concluded that the data in this study is normally distributed.

2. Multicollinearity Test

Table 3. Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	LOGDER	,982	1,018
	LOGROE	,707	1,415
	LOGEXCHANGE	,703	1,422

Based on the results of the multicollinearity test in the table above, it is known that the tolerance value of DER is 0.982 > 0.1 and VIF 1.018 <10, so there are no symptoms of multicollinearity. The tolerance value of ROE is 0.707 > 0.1 and VIF 1.415 <10, so there are no symptoms of multicollinearity. The tolerance value of the exchange rate is 0.703 > 0.1 and VIF 1.422 < 10, so there are no symptoms of multicollinearity.

3. Heteroscedasticity Test

Table 4. Heteroscedasticity Test Results

Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	77,675	41,891		1,854	,069
	LOGROE	1,409	1,139	,187	1,237	,221
	LOGDER	-1,704	,854	-,256	-1,995	,051
	LOGEXCHANGE	-19,321	9,974	-,294	-1,937	,058

a. Dependent Variable: LN_RES

From the test results above, it is known that DER has a significant value of 0.051 > 0.05, so there are no symptoms of heteroscedasticity. ROE has a significant value of 0.221 > 0.05, so there are no symptoms of heteroscedasticity. The exchange rate has a significance value of 0.058 > 0.05, so there are no symptoms of heteroscedasticity.

Because this research is not a research based on time series data but uses panel data, there is no need to require an auto correlation test because this would be in vain (Basuki and Prawoto, 2017: 297)

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Regression Test
1. Multiple linear regression
Table 5. Multiple Linear Regression Test Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,561	,133		-4,221	,000
	LOGROE	-,901	,157	-,608	-5,752	,000
	LOGDER	-,074	,139	-,056	-,531	,597

a. Dependent Variable: LOGPBV

Based on the results of the multiple linear regression test in the table above, the regression equation is obtained as follows:
$Y_{it} = -0.561 - 0.901\ ROE_{it} - 0.074\ DER_{it} + e_{it}$

Based on the results of the multiple linear regression test in the table above, it is known that ROE has a coefficient value of 0.901 and has a significant value of 0.000 <0.05. It can be concluded that profitability which is proxied by ROE has a negative and significant influence on firm value which is proxied using PBV.
Based on the results of the non-MRA (Moderated Regression Analysis) regression test in the table above, it is known that DER has a coefficient value of -0.074 and has a significant value of 0.597 > 0.05, meaning that capital structure as proxied by DER has a negative and insignificant influence on firm value. which is proxied using PBV.

Table 6. Determination Coefficient Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,613a	,376	,353	,30302

a. Predictors: (Constant), LOGDER, LOGROE

Based on the coefficient of determination test table in the table above, the adjusted R-squared value is 0.353. Thus, it can be concluded that the ability of the independent variables, namely profitability and capital structure, to explain the dependent variable, namely firm value, is 35.3%. The remaining 64.7% is explained by other variables outside the model.

2. Moderated Regression Analysis (MRA)
Table 7. Moderated Regression Analysis (MRA) Test Results

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	30,631	8,284		3,698	,001
	LOGROE	-1,635	8,507	-1.103	-,192	,848
	LOGDER	,003	8,737	,003	,000	1,000
	LOGCURS	-7,425	1,989	-,574	-3,733	,000
	ROE_EXCHANGE	,292	2,057	,805	,142	,888
	DER_EXCHANGE	-,039	2,108	-,122	-,018	,985

a. Dependent Variable: LOGPBV

The regression equation is based on the results of the MRA (Moderated Regression Analysis) regression test. After adding the exchange rate variable as a moderating variable as in the table above, the regression equation is obtained as follows:
$Y_{it} = -0.561 - 0.901\ ROE_{it} - 0.074\ DER_{it} - 7.425\ EXCHANGE_{it} + 0.292\ ROE*EXCHANGE_{it} - 0.039\ DER*EXHANGE_{it} + e_{it}$

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The exchange rate in the results of the MRA (Moderated Regression Analysis) regression test has a coefficient of -7.425 with a significant value of 0.000 <0.05, meaning that the exchange rate has a negative and significant influence on firm value. In the interaction between ROE (Return on Equity) and the exchange rate in the regression test results, it is known that it has a coefficient of 0.292 and a significant value of 0.888 > 0.05, meaning that the exchange rate is not able to moderate ROE (Return on Equity). In the interaction between DER (Debt to Equity Ratio) and the exchange rate in the regression test results, it is known that it has a coefficient of -0.039 and a significant value of 0.985 > 0.05, meaning that the exchange rate is unable to moderate the DER (Debt to Equity Ratio).

Table 8. Determination Coefficient Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,788a	,620	,585	,24284

a. Predictors: (Constant), DER_EXCHANGE, LOGROE, LOGEXCHANGE, ROE_EXCHANGE, LOGDER

Based on the coefficient of determination test table in the table above, the adjusted R-squared value is 0.585. This it can be concluded that the ability of the independent variables, namely profitability and capital structure and the addition of the moderating variable, namely the exchange rate, in explaining firm value is 58.5%. The remaining 41.5% is explained by other variables outside the model. It can be concluded that the exchange rate can strengthen the relationship between profitability and capital structure and firm value, this is because before the moderating variable the adjusted R-squared value was 35.3% and after adding it it was 58.5%.

DISCUSSION OF RESEARCH RESULTS

The Effect of profitability on Firm value (H1)

The results of hypothesis testing conclude that profitability has a positive and significant effect on firm value in construction sector companies listed on the IDX in 2014-2023. With a coefficient of -0.901 and a probability value of 0.001 < 0.05. The negative value of the ROE coefficient explains that every 1% increase in profitability will result in a decrease in firm value of 0.901% assuming other ratios are constant. This is in accordance with the hypothesis that has been developed where profitability will have a significant effect on firm value. The results of this research are also consistent with previous research conducted by Akhmadi, et al (2018), Ardianto (2023), Fajaria and Isnalita (2018), Kurniasaria and Bernawatib (2020) which stated that profitability has a significant effect on firm value.

It can be concluded that although construction companies are able to generate maximum profits, this does not increase the value of the company. Investors do not see this as something that will influence investors to invest in construction companies.

The Effect of Capital Structure on Firm Value (H2)

The results of hypothesis testing conclude that capital structure has a positive and insignificant influence on the firm value of construction companies listed on the IDX in 2014-2023. With a coefficient of -0.074 and a probability value of 0.597 > 0.05. The negative value of the capital structure coefficient explains that every 1% increase in DER does not have a significant impact on a decrease in firm value of 0.074%, assuming the other variables are fixed. This is not in accordance with the hypothesis that has been developed where capital structure will have a significant effect on firm value. The results of this research also support the results of research conducted by Wijayaningsih and Yulianto (2021), Abdilllah and Situngkir (2021), Dhani and Utama (2017) and Chasanah (2018) which stated that capital structure has no effect on the value of the company.

This, capital structure does not have a significant effect on the assessment of a company, but investors will still see the company as a risky company because it has a bad capital structure. This can make investors less confident about investing in the company.

The Effect Exchange Rate to Firm Value (H3)

The results of hypothesis testing conclude that the exchange rate has a negative and significant effect on the value of construction sector companies listed on the IDX in 2014-2023. With a coefficient of -7.425 and a probability value of 0.001 < 0.05. The negative value of the exchange rate coefficient explains that every 1% increase in the exchange rate will result in a decrease in firm value of 7.425%, assuming the other variables are fixed. This is in accordance with the hypothesis that has been developed where the exchange rate will have a significant effect on firm value. This is also in accordance with research by Kartikaningsih and Nugraha (2020), Yoshinta, et al (2018), Maronrong and Nugroho (2017).

The worth of a corporation is significantly impacted by the exchange rate. One could argue that construction companies' operations will be disrupted by the weakening of the rupiah's exchange rate against foreign currencies because these companies will require more funds to support their operations, such as purchasing heavy equipment, rent or buying raw materials.

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Currency Exchange Rates Moderate the Effect of Profitability on Firm Value (H4)

The results of hypothesis testing conclude that the interaction of profitability with the exchange rate has a positive and insignificant effect on the value of construction sector companies listed on the IDX in 2014-2023. With a coefficient of 0.292 and a probability value of $0.888 > 0.05$. This is not in accordance with the hypothesis that was developed so that it can be concluded that the exchange rate is not able to moderate the relationship between profitability and firm value.

This validates earlier research by Azizah et al. (2023) that claimed profitability on firm valuation could not be moderated by exchange rates. Because investors believe that a company will still be able to generate maximum profits so that investors will still receive dividends from profits earned by the company, the rise or fall in the value of the rupiah relative to other currencies is therefore not a significant factor in determining the value of a company.

Currency Exchange Rates Moderate the Effect of Profitability on Firm Value (H5)

The results of hypothesis testing conclude that the interaction of capital structure with the exchange rate has a negative and insignificant effect on the value of construction sector companies listed on the IDX in 2014-2023. With a coefficient of -0.039 and a probability value of $0.985 > 0.05$. This is not in accordance with the hypothesis that was developed so that it can be concluded that the exchange rate is unable to moderate the relationship between capital structure and firm value.

This supports earlier research by Azizah et al. (2023) that found no relationship between exchange rate and capital structure and firm value. Because investors believe that even a decline or strengthening of the exchange rate will not have a significant impact on raising more money for operating expenses or taking on more debt, the strength or decline of the rupiah exchange rate relative to other currencies has no bearing on a company's value. Investors believe that the company will be able to handle debt well and that taking on more debt not significantly affect operations, which could lower profits and drive away potential investors.

V. CONCLUSIONS AND RECOMMENDATIONS

Conclusion

The conclusions obtained based on data analysis in this research resulted in the following conclusions:

1. Companies that are able to generate maximum profits in this research will influence the value of the company. This is because investors will judge that the company is able to provide profits for investors who invest their funds in the company,
2. Investors will not pay too much attention to the capital structure of construction companies, this is because investors assess that the company will still be able to generate profits because it is supported by the Indonesian government program which is currently focused on infrastructure development,
3. This research proves that the exchange rate will affect the value of the company, because of course the weakening of the exchange rate will disrupt operations because of course the company needs quite large funds to cover the company's operational activities,
4. This research also proves that the exchange rate cannot moderate profitability on firm value because the exchange rate will not have a significant effect on the level of profit, because investors believe that the level of profit obtained is not determined by the rise and fall of the rupiah exchange rate against foreign currencies, and
5. This research also proves that the exchange rate cannot moderate capital structure on firm value because the exchange rate will not have a significant effect because investors feel that additional funds or debt for activities are not influenced by the rise and fall of the rupiah exchange rate against foreign currencies.

Limitations And Recommendations

1. This research is only limited to the construction sector, so it is hoped that future research can be carried out using other sectors so that we can find out whether the results in other sectors are the same as the construction sector or different.
2. Companies are advised to further improve their overall performance in all aspects so that they can attract investors, especially in obtaining maximum profits.
3. The government is expected to be able to overcome rising/weakening exchange rates against foreign currencies which could disrupt company operations.
4. Future researchers are advised to use other financial ratios or add research variables, as well as test other factors that may influence the value of the company. Apart from that, it also uses other monetary variables such as interest rates and inflation rates for further research

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