THE IMPACT OF GROWTH AND FIRM SIZE ON FIRM VALUE: THE ROLE OF PROFITABILITY MODERATION

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Abstract: The increase in company value that does not align with the pace of growth or the size of the company highlights the critical role of growth and company size in creating value, as well as the possibility that profitability becomes the key driver of this relationship. This study aims to analyze the role of profitability in moderating the impact of growth and company size on company value. This associative quantitative research uses the population of all cosmetic companies listed on the Indonesia Stock Exchange during the 2020-2024 period. Data were analyzed using MRA with the assistance of SPSS version 20 software. The results of the study indicate that growth has no effect, while size affects company value. Profitability successfully moderates the influence of company growth and size on firm value. In addition, the moderating effect on the influence of company size occurs because high profitability signals that large companies are able to manage their assets efficiently. These findings underscore the importance of profitability strategies as a complement to asset growth in creating firm value.

Keywords: Firm Value; Firm Growth; Firm Size; Profitability

Abstrak: *Peningkatan nilai perusahaan yang tidak sejalan dengan laju pertumbuhan maupun besarnya ukuran perusahaan memunculkan kritis peran pertumbuhan dan ukuran perusahaan dalam menciptakan nilai serta kemungkinan profitabilitas menjadi kunci hubungan tersebut. Penelitian ini bertujuan menganalisis peran profitabilitas dalam memoderasi pertumbuhan dan ukuran perusahaan terhadap nilai perusahaan. Penelitian kuantitatif asosiatif ini menggunakan populasi seluruh perusahaan kosmetik yang terdaftar di Bursa Efek Indonesia pada periode 2020-2024. Data dianalisis menggunakan MRA dengan bantuan software SPSS versi 20. Hasil penelitian pertumbuhan tidak berpengaruh dan ukuran berpengaruh terhadap nilai perusahaan. Profitabilitas berhasil memoderasi pengaruh pertumbuhan dan ukuran perusahaan terhadap nilai perusahaan. Selain itu, efek moderasi pada pengaruh ukuran perusahaan terjadi karena profitabilitas tinggi menjadi sinyal bahwa perusahaan besar mampu mengelola asetnya secara efisien. Temuan ini menegaskan pentingnya strategi profitabilitas sebagai pendamping pertumbuhan aset dalam menciptakan nilai perusahaan.*

Kata Kunci: *Nilai Perusahaan; Pertumbuhan Perusahaan; Ukuran Perusahaan; Profitabilitas*

Introduction

Indonesian cosmetics industry is showing very rapid growth and has become one of the promising sectors in the national economy. The main drivers of this growth include the increasing awareness among the public, especially the younger generation, of the importance of skincare and appearance.[1] In addition, the trend of using local products is becoming increasingly popular and driven by more competitive quality, which reinforces domestic market demand. Data from the Coordinating Ministry for Economic Affairs recorded that the number of cosmetic companies in Indonesia increased by 21.9% from 913 in 2022 to 1,010 in mid-2023.[2] In addition, the export value of national cosmetic products has increased rapidly,[3] showing the competitiveness of the products in the global market.[4] This massive growth creates a unique competitive landscape, where firm of different sizes and growth rates compete to increase firm value as their main objective.

Firm value reflects investors' perception of the level of success of managers in managing the resources entrusted to the firm.[5] In addition, the firm also has a responsibility to maintain public trust by protecting and securing the funds entrusted by investors.[6] It is usually related to a firm's stock price.[7] This concept is closely related to signaling theory,[8] which emphasizes that stock prices serve as a representation of the information conveyed by the firm to investors through its financial performance. One approach to determining company value is the price to book value (PBV), which is the relationship between the market price of a stock and its book value per share.[9] Factors affecting firm value include firm growth, profitability, firm size, and leverage. This research uses firm growth and firm size as well as profitability, which are believed to be able to moderate both firm growth and size. External parties' trust in the company will increase as a result of asset growth and operational results. The trust of external parties in the firm will increase as a result of the

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[1] Nawiyah, Refanov Constantin Kaemong, Muhammad Arifin Ilham, And Faraby Muhamma, "Penyebab Pengaruhnya Pertumbuhan Pasar Indonesia Terhadap Produk Skin Care Lokal Pada Tahun 2022," *Jurnal Penelitian Multidisiplin* 1 (2023): 1390.

[2] Dwitri Waluyo, "Kinclong Industri Kosmetik Tanah Air," https://indonesia.go.id/kategori/editorial/7984/kinclong-industri-kosmetik-tanah-air?lang=1, (19 March 2025).

[3] komdigi "Kementerian Komunikasi Dan Digital," https://www.kkd.gov.my/info-korporat/pengenalan/akta-akta, (19 March 2025).

[4] Icha Nurfatiha, Zahwa Nurafalakh, Azizah Khairunnisa, Muhammad Rabbani, And Rava Arrafi, "Dampak Ekspor Impor Produk Skincare Terhadap Keberlanjutan Produk Lokal: Studi Kasus Skintific Dan Implikasinya Terhadap Kebijakan Pemerintah," *Jurnal Ekonomi, Manajemen, Akuntansi Dan Keuangan* 6, no. 2 (2025): 15.

[5] S. Indrarini, *Nilai Perusahaan Melalui Kualitas Laba*, (Surabaya: Scopindo Media Pustaka, 2019).

[6] Hotman, Anggoro Sugeng, Ananto Triwibowo, And Agus Alimuddin, "Control Strategy In The Fight Again Internal Fraud (PT BPRS Kotabumi KC Bandar Lampung)," *Islamic Economics Journal* 9, no. 1 (2023): 67.

[7] S. Indrarini, *Nilai Perusahaan Melalui*.

[8] Michael Spence, "Job Market Signaling," *The Quarterly Journal Of Economics* 87, no. 3 (1973): 355.

[9] Sri Sutrismi, Eni Minarni, Sisdiyantoro, And Krisan Defilatifah, "Analisis Penilaian Saham Dengan Metode Price To Book Value (PBV) Guna Keputusan Investasi," *Business, Entrepreneurship, And Management (BEMI)* 2, no. 2 (2023): 68.

improvement in assets and operational results.[10] Results of previous research,[11] indicate that firm growth has a positive and significant effect on firm value.

The size of the firm reflects the resources it possesses, where large firm are often associated with economies of scale, easier access to funding, and higher business stability, which can enhance investor confidence as they are believed to be capable of providing the expected returns. Previous studies have shown that business value increases in line with growth and size.[12] However, other research has found differing results that the firm size, whether large or small, does not affect firm value.[13] This difference indicates an interesting research gap to be further investigated. Profitability, measured by Return on Assets (ROA), shows the efficiency of the firm in generating profit from managed assets. It is suspected that profitability either reinforces or weakens the influence of growth on firm value. The larger the ratio, the better it is because the firm is considered capable of using its assets effectively to generate profits.[14] Research results indicate that profitability has a positive and significant effect on firm value.[15]

The empirical phenomenon based on the historical data of Akasha Wira International Tbk (ADES) during the 2020–2024 period shows a harmonious relationship.[16] The firm's total assets increased from IDR 1.25 trillion (2020) to IDR 2.30 trillion (2024), reflecting the growth and expansion of business scale. Over the same period, the annual asset growth rate (TAG) was stable in the range of 13.6% to 18.3%, indicating aggressive expansion. This increase was accompanied by a surge in ROA from 12.1% to 16.0%, as well as an increase in PBV from 3.2 times to 5.0 times, indicating that the market is giving a higher valuation as the firm's profitability performance improves. These findings reinforce the

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[10] Ni Made Novione Purnama Dewi Suweta And Made Rusmala Dewi, "Pengaruh Pertumbuhan Penjualan, Struktur Aktiva, Dan Pertumbuhan Aktiva Terhadap Struktur Modal," *Manajemen* 5, no. 8 (2016): 5172.

[11] Dewa Ayu Intan Yoga Maha Dewi And Gede Martha Sudiartha, "Pengaruh Profitabilitas, Ukuran Perusahaan, Dan Pertumbuhan Aset Terhadap Struktur Modal Dan Nilai Perusahaan," *E-Jurnal Manajemen Unud* 6, no. 4 (2017): 2222; I Nyoman Agus Suwardika And I Ketut Mustanda, "Pengaruh Leverage, Ukuran Perusahaan, Pertumbuhan Perusahaan, Dan Profitabilitas Terhadap Nilai Perusahaan Pada Perusahaan Properti" 6, no. 3 (2017): 1248; Muhammad Syamsul Fauzi And Tony Seno Aji, "Pengaruh Struktur Modal, Ukuran Perusahaan, Dan Profitabilitas Terhadap Nilai Perusahaan Sektor Agriculture Tahun 2012-2015.," *Jurnal Ilmu Manajemen (JIM)* 6, no. 1 (2018): 1–8.

[12] Amalia Dewi Rahmawati, Topowijono, And Sri Sulasmiyati, "Pengaruh Ukuran Perusahaan, Profitabilitas, Struktur Modal, Dan Keputusan Investasi Terhadap Nilai Perusahaan (Studi Pada Perusahaan Sektor Properti, Real Estate, Dan Building Construction Yang Terdaftar Di Bursa Efek Indonesia (BEI) Periode 2010-2013)," *Jurnal Administrasi Bisnis (JAB)* 23, no. 2 (2015): 1.

[13] Hafriz Rifki Hafas, Khairizki Putri, And Teguh Setiawan, "Pengaruh Kinerja Keuangan Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Dengan Corporate Social Responbility Sebagai Variabel Moderasi Pada Perusahaan Manufaktur Sub Sektor Barang Konsumsi Yang Terdaftar Di BEI Tahun 2016–2020," 3, no. 1 (2024): 211.

[14] Dahrul Aman Harahap and Ade Isyana Hairunnisah, "the Effect of NPL, LDR, GCG , NIM , ROA , ROE , CAR ,BOPO Towards the Stock Price in Banking," *Jurnal Dimensi* 6, no. 1 (2017): 22.

[15] Stevani Mandey, Sifrid Pangemanan, And Sonny Pangerapan, "Analisis Pengaruh Insider Ownership, Leverage, Dan Profitabilitas Terhadap Nilai Perusahaan Pada Sektor Perusahaan Manufaktur Di Bursa Efek Indonesia Periode Tahun 2013-2015," *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi* 5, no. 2 (2017): 1463; Nurwani, "Pengaruh Profitabilitas Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Pada Perusahaan Yang Terdaftar Di Jakarta Islamic Index (JII)," *Jurnal Riset Akuntansi Dan Bisnis* 19, no. 2 (2019): 221.

[16] PT. Akasha Wira International, "Annual Report 19," 2019.

hypothesis that profitability is able to strengthen the relationship between growth and size on a firm's value. This finding reinforces the suspicion that profitability can strengthen the relationship between growth and size with corporate value. The phenomenon of an increase in corporate value that does not always align with the growth rate or the size of the company raises uncertainty about the impact of these two variables. This condition indicates the existence of other factors that influence the extent to which growth and business scale are truly translated into added value in the eyes of the market. This question becomes increasingly relevant when profitability, which reflects the efficiency of the firm's operational performance, is present as a variable that may either enhance or even neutralize the impact of the firm's growth and size. In other words, does profitability moderate the influence of the firm's growth and size on firm value.

With this theoretical background and empirical evidence, this study intends to examine more deeply the role of profitability as a moderation variable, which strengthens or weakens the relationship between growth and firm size to the value of cosmetic companies on the IDX during 2020–2024. It is hoped that this research can provide academic contributions in the form of a broader understanding of the dynamics of the determinants of firm value in the cosmetics sector, which is relatively underexplored, and, practically, this research provides strategic contributions for management and investors.

Methods

This research uses a quantitative research method with secondary data. The population in this study consists of cosmetic companies listed on the Indonesia Stock Exchange from 2020 to 2024, totaling 10 companies. The study uses the Purposive Sampling technique, which involves selecting samples based on certain criteria.[17]

Table 1. Research Sample Criteria

Criterion	Sum
Cosmetics companies listed on the Indonesia Stock Exchange from 2020 -2024	10
Companies that do not publish financial statements during the period of 2020 -2024	(3)
The firm has a negative profit in the period of 2020 – 2024	(1)
Number of Samples	6
Number of Observations for 5 years	30

Source: Data Processed 2025

The final sample of 6 companies remains relevant because the cosmetics sector is a specific industry with a limited population of firms. Strict sample selection, such as excluding companies with incomplete and negative data, as well as the use of panel data, aims to enhance the quality and consistency of the data and provide a more stable representation. The data were analyzed using Moderated Regression Analysis (MRA) with

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[17] Sugiyono, *Metode Penelitian Kuantitatif, Kualitatif, Dan R&D,* (Bandung: CV. Alfabeta, 2018).

an analytical approach that considers sample integrity and provides a basis for controlling the influence of moderating variables.[18]

Table 2. Operational Variables

	Variable	Measurement
Dependent	Firm Value	PBV = price per share/book value per share.[19]
Independent	Fir Growth	TAG = TAt – (TAt-1) / (TAt-1).[20]
	Firm Size	Ln Total Asset.[21]
Moderator	Profitability	ROA = Net profit / total assets.

Result And Discussion
A Classical Assumption
Test of Normality

The normality test aims to test whether, within the regression model, the disruptive or residual variables have a normal distribution.[22] In this study, a normality test was used with a non-parametric statistical test Kolmogorov-Smirnov (K-S). The results of the K-S test are as follows:

Table 3. Kolmogorov-Smirnov One-Sample Test Results

N	30
Kolmogorov-Smirnov Z	.901
Asymp. Sig. (2-tailed)	.391

Source: Data Processed 2025

From the table above, it can be seen that the Kolmogorov-Smirnov value is normally distributed because each of the variables is more than 0.05 (5%). The significance value of 0.391 > 0.05; therefore it can be concluded that the residual values are normally distributed.

Multicollinearity Test

The multicoloniality test aims to test whether the regression model finds a correlation between independent variables. Multicollinearity causes the standard error of the regression coefficients to increase, which can render the t-test invalid.[23] A good regression model should have no correlation between independent variables. One way to find out the existence or absence of this multicollinearity is to use Tolerance and Variance Inflation Factor (VIF). The following are the results of the multicollegiate test:

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[18] Imam Ghozali, *Aplikasi Analisis Multivatiate Dengan Program IBM SPSS 25*, (Yogyakarta: Badan Penerbit Universitas Diponegoro, 2018).

[19] S. A Haryono, "Analisis Pengaruh Struktur Modal Dan Struktur Kepemilikan Terhadap Nilai Perusahaankepemilikan Terhadap Nilai Perusahaan," *Simposium Akuntansi Nasional XVIII Medan*, (2015): 1.

[20] Kasmir, *Analisis Laporan Keuangan,* (Jakarta: PT Raja Grafindo Persada, 2015).

[21] E. F Brigham, *Manajemen Keuangan,* (Jakarta: Salemba Empat, 2010).

[22] Imam Ghozali, *Aplikasi Analisis Multivatiate.*

[23] Hair, *Multivariate Data Analysis*, (New Jersey: Pearson, 2014).

Table 4. Multicollinearity Test Results

	Tolerance	VIF
TAG	.413	2.421
Ln Asset	.413	2.421

Source: Data Processed 2025

The VIF value of Growth and firm size is 2,421 < 10, and the Growth Tolerance Value and firm size is 0.413 > 0.10, so the firm growth variable is declared not to be multicollinearity. Therefore, it can be concluded that there is no multicollinearity among the independent variables in this study.

t- Test

The t-test is known as the partial test, which is used to examine the influence of each independent variable individually on its dependent variable. The results of the linear regression test are presented as follows:

Table 5. t-Test (Partial) Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1(Constant)	36.866	9.001		4.096	.000
TAG	-1.544	1.438	-.240	-1.074	.292
Ln Asset	-3.107	.833	-.833	-3.732	.001

a. Dependent Variable: PBV

The regression equation can be found based on a table that shows the regression coefficient of each variable. So the regression equation is as follows:

Y = a + β1 X1 + β2 X2 + e

Y = 36,866 – 1,544 X1 – 3,107 X2

The regression equation above can be explained as follows: the constant of 36.866 indicates that if firm growth and firm size are at point 0, the firm value is 36.866. The regression coefficient of the firm growth variable is -1.544, meaning that every 1% increase in firm growth actually decreases the firm Value by 1.544, assuming that the values of other independent variables remain constant. This indicates that asset growth is not always accompanied by an increase in productivity, so asset expansion is not always interpreted as good news by the market. The regression coefficient for the firm size variable of -3.107 indicates that for every 1% increase in firm size, the firm Value decreases by 3.107. This shows that when a cosmetic company becomes too large, it creates managerial complexity and operational inefficiencies.

Hypothesis Testing Coefficient Determination Test

The determination coefficient (R2) test is used to measure the ability of the independent variables to explain the dependent variables used in the study. The following are the results of the determination coefficient (R2) test:

Table 6. Determination Coefficient Test Results

Model	R	R Square	Adjusted R Square	Std. Error Of The Estimate
1	.667[a]	.445	.404	3.293

Source: SPSS Results 2025

Based on the table above, it can be seen that the Adjusted R Square value which is 0.404, this indicates that the influence of Firm Growth and firm size on the Firm Value variable of 40.4% means a significant contribution in influencing market perception of the value of cosmetic companies on the IDX, while the remaining 59.6% is influenced by other variables outside the research model.

Regression Results with Moderation

The second hypothesis test was carried out using *the Moderated Regression Analysis method* or interaction test, to find out whether a variable that is used as a moderation variable can strengthen or weaken the relationship between independent and dependent variables. The following presents a table of the results of the moderation test for each variable.

Table 7. Moderation Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.053	2.367		2.134	.043
TAG	-.798	.407	-.124	-1.962	.061
Ln Asset	-.892	.238	-.248	-3.754	.001
X1Z	.854	.402	.254	2.121	.044
X2Z	1.144	.142	.692	8.085	.000

a. Dependent Variable: PBV

Based on the table above, the results of the regression equation are obtained as follows: Firm value = 5,053 - 798 X1 – 892 X2 + 0,854X1Z + 1,144 X2Z

Constant: Significant (Sig. = 0.043), indicating that when all variables are zero, the PBV is estimated to be 5.053. The TAG variable: Not significant (Sig. = 0.061), indicating that TAG had no significant influence on PBV in the moderation model. The Ln Asset variable: Significant (Sig. = 0.001) with a negative coefficient (-8.92), corroborates the previous finding that Ln Asset has a negative effect on PBV. X_1Z Moderation variable: Significant (Sig. = 0.044) with a positive coefficient (0.854), indicating that X_1Z moderates the relationship between ROA and PBV positively. X_2Z Moderation Variable: Very significant (Sig. = 0.000) with a positive coefficient (1.144), indicating that X_2Z has a strong and positive moderation effect on the ROA-PBV relationship.

The Effect Of Firm Growth On Firm Value

The significance value (Sig) for the Firm Growth variable is 0.292, which means that the Firm Growth has no effect on the Firm Value. The results of this study show that there is no significant impact of firm growth on firm value. An increase in the number of firm assets, which is a benchmark for firm growth, is not a guarantee that the firm will receive a positive valuation from investors. This finding was observed in MBTO and MRAT, which experienced dynamics in asset growth but were not followed by an increase in market valuation. The average TAG growth from 2020-2023 is -5.2% with a PBV of 0.2x – 0.3x, indicating that the decrease in assets due to restructuring does not necessarily push the PBV lower. In line with that, MRAT shows an average TAG of 3.1% from 2021-2023, but the PBV actually dropped from 1.0% to 0.4%, meaning that asset growth was unable to boost the PBV. This result can be explained by the Resource-Based View theory,[24] that this pattern shows investors do not see asset growth as an absolute signal. On the contrary, the market doubts the sustainability of growth that is not supported by an increase in fundamental profitability.[25]

The analysis above shows that if firm growth increases, the firm value will not increase. This happens because when firm growth is high, the funds needed for the firm's operational activities are also high. When the firm focuses on its growth, it will use all its resources to finance that growth and will not pay attention to the welfare of its shareholders. When this happens, the impact is a decline in the firm's value.[26] This is also in line with research stating that company growth does not affect the company's value.[27] Asset growth does not automatically translate into an increase in the company's value in the eyes of investors, especially if it is not supported by healthy financial fundamentals.

The Effect Of Firm Size On Firm Value

The significance value is 0.001<0.05, which means that firm size has an effect on farm value. The MRAT and MBTO companies tend to show that relatively small-sized firms have low firm values, which in 2023 is 0.4x and 0.3x due to facing intense competition. Large-sized firms have the advantage of obtaining funding and attracting investor attention because larger firms are better known to the public, which impacts the increase in firm value. Basically, investors want to invest in a firm with good prospects. One of the advantages of a large firm is that it easily attracts funding and investor attention because it is better known to the public, which in turn increases its value. From an investor's point of view, firm size is a major factor when investing in a firm. So, when the total value of a firm's assets increases, so does its value. Firm size indicates how big or small the firm is: the larger the firm, the more investors trust it to deliver high returns.

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[24] Jay Barney, "Firm Resources and Sustained Competitive Advantage," 1991.

[25] Michael Spence, "Job Market Signaling.

[26] Nadya Novelia Rahmadanti And Rahman Amrullah Suwaidi, "Analisis Nilai Perusahaan: Studi Empiris Pada Perusahaan Manufaktur Subsektor Makanan Dan Minuman Di Bursa Efek Indonesia," *Jurnal Manajemen* 6, no. 2 (2023): 233.

[27] Nurhayati Olii, Eka Zahra Solikahan, And Ariawan Ariawan, "Pertumbuhan Perusahaan Dan Struktur Modal Terhadap Nilai Perusahaan Pada Sub Sektor Makanan Dan Minuman Di Bursa Efek Indonesia," *Journal Of Technopreneurship On Economics And Business Review* 3, no. 1 (2021): 21.

This research is in line with previous research that has been conducted; the firm size affects the firm value. Conversely, research shows that company size does not affect firm value.[28] This difference indicates that the influence of company size on firm value is contextual and can highly depend on the industry sector, market structure, and asset management strategies implemented by the company. Thus, this finding emphasizes that firm size is relevant to increasing company value when followed by adaptive business strategies in facing the dynamics of the cosmetic industry.

The Effect Of Firm Growth On Firm Value Moderated Profitability

Based on the moderation results, the TAG coefficient was negative (-7.98) with a p-value of 0.061 (close to significant). This shows that every 1 unit increase in TAG tends to lower the PBV by 7.98, but this effect is not entirely significant at the 95% confidence level. These findings are in line with research,[29] That states that profitability is not always directly proportional to market valuation if there are risk factors such as leverage or growth stagnation. ROA moderation effect: TAG×ROA interactions had a positive (1.144) and very significant (p=0.000) coefficient, suggesting that ROA attenuated the negative influence of TAG on PBV. This means that in a firm with high ROA, the decrease in PBV due to TAG will be smaller. Example: If the ROA increases by 1 unit, the negative effect of TAG on PBV decreases from -7.98 to -6.836 (-7.98 + 1.144).

Consistent with Signal Theory,[30] ROA as a moderator serves as a quality signal that reduces information asymmetry. A strong ROA sends a message to the market that the firm is not only large and growing but also capable of managing its resources efficiently to generate profits. This result aligns with research,[31] About the role of profitability in increasing investor confidence.

Contingency theory,[32] Which emphasizesw that the effectiveness of a strategy or organizational structure is greatly influenced by its alignment with both the external environment and internal conditions. In this study, the effect of TAG on PBV depends on the context ROA. The more funds allocated to productive assets will impact the increase in

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[28] Hermawan Sutanto, *Pengaruh Ukuran Perusahaan, Pertumbuhan Perusahaan, Profitabilitas Dan Struktur Modal Terhadap Nilai Perusahaan Dengan Kebijakan Dividen Sebagai Variabel Interveng Pada Perusahaan Telekomunikasi Yang Terdaftar Di Bursa Efek Indonesia,* (Sumatera Utara: Universitas Sumatera Utara, 2019), p. 125; I Suwardika And I Mustanda, "Pengaruh Leverage, Ukuran Perusahaan, Pertumbuhan Perusahaan, Dan Profitabilitas Terhadap Nilai Perusahaan Pada Perusahaan Properti," *None* 6, no. 3 (2017): 254488; Octavia Languju, Marjam Mangantar, And Hizkia H. D. Tasik, "Pengaruh Return On Equity, Ukuran Perusahaan, Price Earning Ratio Dan Struktur Modal Terhadap Nilai Perusahaan Property And Real Estate Terdaftar Di Bursa Efek Indonesia," *Jurnal Berkala Ilmiah Efisiensi* 16, no. 2 (2016): 387.

[29] Silvia Anke Siregar And Basuki Hadiprajitno, "The Effect Of Managerial Ability On Goodwill Impairment (Empirical Study On Non-Financial Companies Listed On The Indonesia Stock Exchange In 2014-2017)," *Diponegoro Journal Of Accounting* 9, (2019): 1.

[30] Michael Spence, "Job Market Signaling.

[31] Sri Layla Wahyu Istanti Himmatul Munfarida, "Peran Profitabilitas, Likuiditas Dan Ukuran Perusahaan Dalam Memberi Perubahan Pada Kebijakan Dividen 1*)," *Scientific Journal Of Economic, Management, Business And Accounting* 15, no. 1 (2025): 242.

[32] Lex Donaldson, *The Contingency Theory of Organizations, Encyclopedia of Sustainable Management*, 2001.

profitability.[33] Similar findings were reported in the manufacturing sector in ASEAN,[34] That found that growth only creates value under certain profitability conditions.

Contrary research[35] found that ROA does not moderate the TAG-PBV relationship in the banking sector, due to the dominance of regulatory factors. This shows the importance of the characteristics of the industry. The results of MRA prove that ROA successfully moderates the influence of TAG on PBV. The negative effects of TAG can be reduced or even changed to positive if the ROA is high enough. These findings confirm the importance of profitability strategies as a companion to asset growth in creating firm value.

The Effect of Firm Size on Firm Value Moderated Profitability

Based on the results of MRA, this study revealed that the findings of Firm Size (Ln Total Asset) had a significant negative influence on PBV with a coefficient of -8.92 (p=0.001). The interaction between Ln Total Asset and ROA had a positive value of 1,144 (p=0,000), indicating a strong moderation effect. ROA itself had a positive effect on PBV (β=0.854, p=0.044). This moderation effect occurs because high ROA is a signal that large firms are able to manage their assets efficiently. A study of Resource-Based View Theory,[36] That competitive advantage comes from the utilization of resources and capabilities. Firm size can be considered as the firm's effort to build those capabilities. However, the findings of this research indicate that an increase in firm value occurs when it is balanced with high profitability. ROA, which serves as a measure of financial performance, has a significant and positive influence on firm value.[37] This finding is then supported by the Signal Theory,[38] That profitability information reduces information asymmetry. Profitability becomes a positive signal that reinforces the market's perception of the firm's value. Meanwhile, Contingency Theory,[39] Emphasizes that the relationship between size and valuation is conditional. The firm's ability to convert assets into solid profitability is a determining factor in creating added value. This finding provides a new perspective that firm size does not always inversely correlate with valuation, but rather depends on the firm's ability to generate profitability. The research findings emphasize the importance of contingency approaches in analyzing the relationship between firm size and market valuation.

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[33] Elsa Fadilah, Suryani Suryani, And Fitri Raya, "Pengaruh Aset Produktif, Pembiayaan Bermasalah Dan Likuiditas Terhadap Profitabilitas Dengan Kecukupan Modal Sebagai Variabel Moderasi," *FINANSIA : Jurnal Akuntansi Dan Perbankan Syariah* 6, no. 2 (2023): 167.

[34] Nur Asni And Dian Agustia, "The Mediating Role Of Financial Performance In The Relationship Between Green Innovation And Firm Value: Evidence From ASEAN Countries," *European Journal Of Innovation Management* 25, no. 5 (2021): 1328.

[35] Suwardika And Mustanda, "Pengaruh Leverage, Ukuran Perusahaan, Pertumbuhan Perusahaan, Dan Profitabilitas Terhadap Nilai Perusahaan Pada Perusahaan Properti," 2017.

[36] Fransisca Mulyono, "Firm Capability Dalam Teori Resource-Based View," *Jurnal Administrasi Bisnis* 9, no. 2 (2013): 128; Rima Elya Dasuki, "Manajemen Strategi : Kajian Teori Resource Based View," *Coopetition : Jurnal Ilmiah Manajemen* 12, no. 3 (2021): 447.

[37] Dwi Suhartini, Bambang Tjahjadi, And Yenni Fayanni, "Impact Of Sustainability Reporting And Governance On Firm Value: Insights From The Indonesian Manufacturing Sector," *Cogent Business And Management* 11, no. 1 (2024).

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Conclusion

Based on the results of the research and discussion conducted by the author, it can be concluded that profitability is able to moderate the growth and size of the firm toward the value of the firm, although partially, firm growth does not affect firm value. This finding strengthens the Resource-Based View theory, which emphasizes that competitive advantage is not merely about asset ownership, but about the ability to utilize those assets productively to generate high profitability, which then functions as a positive signal for investors according to signaling theory. However, this study has limitations in the scope of the sample and the variables used. For future research, it is recommended to expand the sample to various industrial sectors and different periods, add other moderating variables such as ownership structure, corporate governance, as well as conduct more in-depth analysis of specific industries that allow asset growth to become relevant to firm value.

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Author Contributions Statement

The authors stated that the entire research process was the result of teamwork, including Concept Design: RY prepared the research background, objectives, and methodology. AH downloaded and processed company financial reports from official sources (the IDX website and each issuer). RA conducted statistical tests (linear regression and MRA) using SPSS 20 and Excel software. AH and RA drew conclusions and recommendations based on the data findings. RY independently compiled all research documents, including the abstract, discussion, and bibliography.

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