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## Revealing the Impact of CSR, Capital Structure, And Firm Size on Firm Value with Profitability as a Moderating Variable in the Technology Sector Listed On the Indonesia Stock Exchange

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**ABSTRACT:** The Effect of CSR, Capital Structure, and Company Size on Firm Value with Profitability as a Moderating Variable in the Technology Sector Listed on the Indonesia Stock Exchange in 2019-2022. Advisor: Redawati

This study aims to identify factors that affect firm value in the technology sector listed on the IDX in the 2019-2022 period, using Tobin's Q ratio to measure firm value. The factors analysed include Corporate Social Responsibility (CSR), Capital Structure, and Company Size, as well as profitability as a moderating variable.

The population of this study includes companies from the technology sector listed on the Indonesia Stock Exchange (IDX) in the 2019-2022 period. The research sample was selected using purposive sampling technique, resulting in a total of 8 companies. Data analysis was carried out using multiple linear regression analysis and Moderated Regression Analysis (MRA) with the help of the IBM SPSS Statistics version 26 application.

The results showed that CSR has a significant positive effect on firm value, while capital structure has no significant effect. Company size has a significant negative effect on firm value. Profitability has no significant effect on firm value, but as a moderating variable, profitability negatively affects the relationship between CSR and firm value, but does not affect the relationship between capital structure and firm size on firm value.

**KEYWORDS:** Firm Value, Corporate Social Responsibility (CSR), Capital Structure, Firm Size, and Profitability

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### INTRODUCTION

The Covid-19 pandemic, which emerged in early 2020, has impacted various economic sectors such as a decline in tourism, hospitality, and the entertainment industry, while the healthcare and technology sectors have experienced growth. The spread of the virus led to mobility restrictions, border closures, and reduced business activities, all of which impacted the performance of companies in various economic sectors, including tourism, transportation, entertainment, manufacturing, financial services, trade, and technology. This has resulted in a decline in demand and affected companies are facing major challenges in maintaining operations and retaining revenues.

As a result of the Covid-19 pandemic outbreak, the capital market has been affected. In this situation, the capital market reflects the economic turmoil and uncertainty caused by the pandemic. The capital market is a means of funding for companies and governments, and as a means of investing activities for fund owners. The capital market provides various facilities and infrastructure for buying and selling activities and other activities. The uncertainty caused by the pandemic has encouraged investors to speculate on the Indonesian capital market.

Covid-19 also contributes to current and future market movements. The company's share price is affected by changes in the market situation, decreased revenue, and uncertain business projections due to Covid-19. Investors experience anxiety and uncertainty, affecting stock buying and selling decisions.

The share price is a reflection of the value of the company itself. A high stock price indicates a good company value, while a low stock price indicates a company value that is not good enough. The purpose of this study is to find factors that affect the stock price or company value in the technology sector.

Companies must want a high and growing company value. The future goal of a business is to increase its value. This value can be seen from its share price in the market, and investors can judge it through the movement of its share price (Retno & Priantinah, 2012).

Some ratios to measure Firm Value, Price Earning Ratio (PER), Price to Book Value (PBV) and Tobin's Q. The advantages of the Tobin's Q ratio combine various elements of the company, such as debt, share capital, and all assets, so as to provide the best information to measure company value. In this study, Tobin's Q ratio is used to measure firm value because it can show important

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aspects of the company as well as market perceptions of the company through measuring its performance so that this ratio is used in this study. Firm value can maximize the welfare of shareholders if the share price increases, so that the welfare of shareholders also increases. To assess firm value, the Tobin's Q ratio is used. This ratio is considered to provide the best information because it includes all of the company's debt and equity, as well as common stock, capital, and all of the company's assets (Putri et al., 2019).

Several factors influence the value of a company, one of which is Corporate Social Responsibility (CSR), which is defined as the company's social responsibility towards all its stakeholders. These stakeholders include customers, consumers, communities, owners, investors, governments, suppliers, and even competitors (Tenriwaru & Nasaruddin, 2020). Companies that are active in CSR activities can build a positive image in the eyes of society, which in turn can affect the value of the company. Calculating CSR using a ratio, namely CSRI (Corporate Social Responsibility Index), which includes six performance indicators with a total of 91 items, refers to the Global Reporting Initiative (GRI) version 4. Information to calculate this index is obtained from the company's annual report, which includes six GRI-G4 performance categories, namely Economy, Environment, Labor, Human Rights, Community Social, and Product Responsibility.

The second factor that affects firm value is Capital Structure. Capital structure is a description of how the company funds itself, either through loans (debt) or by using profits that have been earned and shares issued. If there is too much debt, tax benefits can be reduced due to high interest payments, and the risk of default will increase. Conversely, if the company uses too much capital, the risk of failing in business expansion and operational disruption may arise. Therefore, companies need to determine the optimal capital structure, considering the risks and benefits, in order to minimize risks and keep the company value stable (William & Tanusdjaja, 2023).

Some ratios that can be used in calculating Capital Structure are: DER (Debt-to-Equity Ratio), DAR (Debt-to-Asset Ratio), STDR (Short-Term Debt to Long-Term Debt Ratio) and others. In this study, researchers used DER in calculating Capital Structure because this ratio has the advantage that DER provides a direct picture of the proportion of debt and equity in the company's capital structure. The concept is simple: the higher the DER, the greater the proportion of debt in comparison with equity. Because of its simplicity, DER is easily understood by stakeholders, including investors, financial analysts, and company management.

Another factor that affects firm value is firm size, which is determined by the amount of assets it has. The greater the assets owned by the company, the greater the funds needed for its operations. Companies with large sizes tend to be better known by the public, which in turn can affect the value of the company. As a result, people will have more confidence in the goods and services marketed by companies with a large size (Khotimah et al., 2020).

Several ways to calculate company size, namely by using Total Assets, Annual Revenue, Number of Employees, Market Value and others. In this study the authors used Total Assets to measure Company Size because Total assets reflect the sum of all assets owned by the company, including tangible and intangible assets. This provides a more comprehensive picture of the company's financial health than relying solely on annual revenue.

Profitability is a ratio used to assess how effective a business is in generating profits or profits based on sales, assets, and equity. According to Margaretha (2014) profitability is a ratio that assesses the company's ability to generate profits during a certain accounting period. There are three common ratios for measuring profitability: profit margin, return on assets (ROA), and return on equity (ROE). In this study, the authors used the return on assets (ROA) ratio because it reflects how much net profit can be obtained from all assets owned by the company. A high ROA value gives a positive signal to investors, indicating that the company will be in a profitable condition in the future. This increases the attractiveness of the company for investors (Ramadhani et al., 2021).

Due to some of the above, the researcher is interested in raising the research title. "The Effect of Corporate Social Responsibility, Capital Structure, and Company Size on Firm Value With Profitability as a Moderating Variable in the Technology Sector Listed on the IDX in 2019-2022".

## LITERATURE REVIEW

Legitimacy theory states that organizations always try to be seen by society as something that is recognized and in accordance with the prevailing norms. They want their activities to be perceived as legitimate by outsiders. However, these norms are not always fixed; they change over time. Therefore, organizations must be prepared to adjust to ethical or moral changes in their environment. According to Lindblom (1994) in (Ghozali, 2020) explains that legitimacy theory can be distinguished between legitimacy as a status or condition and legitimacy as a process that makes organizations considered legitimate (Ghozali, 2020).

Stakeholder theory states that a company should not only operate for its own benefit, but should also provide benefits to all parties involved such as shareholders, creditors, consumers, suppliers, government, communities, analysts, and others. In this case, the success of the company is highly dependent on the support provided by these parties. The greater the support from stakeholders, the harder the company must try to conform. Social information disclosure is considered a way for companies to communicate with their stakeholders (Ghozali, 2020).

Signaling theory, first developed by Spence in 1973, addresses how the behavior of two parties differs when they have access to different information, particularly in the labor market. It describes how signalers, such as company managers, seek to

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influence the actions of signal receivers, such as investors. The theory is also commonly used in the fields of accounting, auditing, and financial management. In this context, management uses various forms of financial information disclosure as signals to the market, hoping that investors change their valuation of the company. The signals can be information that is easily observable or requires deeper research. In essence, the signal chosen should have sufficient informational power to influence external parties' assessment of the company (Ghozali, 2020).

The trade-off theory of capital structure presents a new view on how a firm's capital structure should be, but does not provide a definitive formula to determine the ideal level of debt. Therefore, until now, this theory has not provided a satisfactory explanation of the ideal debt level (Mamduh M. Hanafi, 2016). Companies that have a capital structure with high external funding will face large interest payments. The amount of this interest payment will reduce the company's pre-tax income, thus also reducing the amount of tax that must be paid by the company. As a result, an increase in the use of external funding can increase the value of the company because the interest expense generated will reduce the company's tax burden. Although companies that rely on external funding have a potential risk of bankruptcy, the benefit of reduced tax burden derived from interest can partially offset this risk. This situation reflects a concept known as the trade-off theory in corporate capital structure (Wirianata & Wijoyo, 2020).

Corporate Social Responsibility (CSR) is measured using the Corporate Social Responsibility Index (CSRI), which evaluates six performance indicators based on the Global Reporting Initiative (GRI) version 4. The index is based on 91 items contained in the company's annual report. The six performance indicators covered in GRI-G4 include Economic, Environmental, Labor, Human Rights, Community Social, and Product Responsibility aspects.

The Corporate Social Responsibility Index (CSRI) formula is as follows:

$$CSRI = \frac{\text{Number of items disclosed by the company}}{\text{Number of items to report (91 item)}} \times 100\%$$

The capital structure shows how a company's funding sources consist of debt and common and preferred stock. Due to the large amount of interest expense to be paid, increasing debt excessively will reduce the benefit of tax savings. However, excessive use of capital will threaten the failure of the company as it grows and disrupt operational activities that must be borne by the company as a whole. Therefore, in order to minimize the risk of existing capital sources and still maintain its stable value, the company must determine the ideal level of capital structure by considering the risks and benefits (William & Tanusdjaja, 2023).

DER can be calculated using the formula:

$$DER = \frac{\text{Total Debt}}{\text{Total Equity}} \times 100\%$$

Menurut (Firda & Efriadi, 2020), Company size can be seen from the value of equity, sales, and assets owned. Companies with widely dispersed shares tend to have less influence on the risk of losing or shifting control of the dominant party over the company, despite expanding share capital.

The size of the company using Total Assets gets the formula as follows:

$$\text{Firm Size} = \text{Ln} (\text{Total Assets})$$

Profitability ratio is a tool to evaluate the company's ability to generate profits or profits during a certain period. This ratio also reflects how effective the company's management is in generating profits from operating income and investment (Nurul Dzikir et al., 2020).

The Return On Asset (ROA) formula is as follows:

$$ROA = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%$$

Firm value is an investor's view of the company based on the share price in the capital market. A company's share price increases along with its value, which is followed by shareholder welfare. Different company policies relating to asset management, investment and financing affect the market price of the shares. A company's value is primarily determined by its ability to achieve its objectives, which is shown in its financial and annual reports (William & Tanusdjaja, 2023).

The formula for Tobins'Q is as follows:

$$\text{Tobin Q} = \frac{(\text{MVE} + \text{Debt})}{\text{TA}}$$

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## RESEARCH METHODS

### Type of Research

The research is of the Causal research type. Causal research is a causal relationship (Sugiyono, 2013). This study has three variables, namely the independent variable or variable that affects and the dependent variable that is affected and the moderating variable that can strengthen or weaken the influence between the independent variable and the dependent variable. The variables used in this study are as follows: The independent variable is CSR, Capital Structure and Company Size, the dependent variable is Firm Value, and the moderating variable is profitability.

### Population and Sample

The population used in this study are Technology Companies listed on the Indonesia Stock Exchange. The sample is part of the characteristics and numbers possessed by the population. Sampling technique is a technique that is useful for determining the sample to be used in research. In this study, the sampling technique used was purposive sampling. This technique was chosen because the sample was selected based on special considerations that were in accordance with the variables studied in the study (Sugiyono, 2013). So that the population obtained in this study amounted to 43 companies. After that, it is reduced by the sample criteria, so that the number of samples studied in this study becomes 8 companies.

### Data Analysis Technique

This study uses Multiple Linear Regression and also Moderated Regression Analysis (MRA) as data analysis techniques in this study. Multiple Linear Regression is used to explain the relationship between the independent variables, namely: CSR, Capital Structure and Company Size to the dependent variable, namely: Company Value. Meanwhile, the Moderated Regression Analysis (MRA) technique is used to test the causal relationship between the independent variable and the dependent variable, which can be strengthened or weakened by the presence of moderating variables, namely Profitability (Ghozali, 2021). But before using Multiple Linear Regression and also Moderated Regression Analysis (MRA) in this study, the Descriptive Statistical Test and Classical Assumption Test in the form of Normality Test, Multicollinearity Test, Heteroskedasticity Test, and Autocorrelation Test.

## RESEARCH RESULTS

### Data Analysis

#### Classical Assumption Test

##### Normality Test

In this study, the Komogorov-Smirnov test was used to test normality. The test results show a significance value (sig) of 0.200. So that a sig value greater than 0.05 means that it is normally distributed, while one smaller than 0.05 means that it is not normally distributed. In the research that has been done, the sig value is 0.200, which is greater than 0.05 so that the data is **normally distributed**.

##### Multicollinearity Test

The multicollinearity test is used to assess the high level of correlation between the independent variables in a multiple linear regression model. If there is a high correlation between the independent variables, the relationship between the independent variable and the dependent variable may be disrupted. There are no symptoms of multicollinearity if the tolerance value is  $> 0.100$  and  $VIF < 10.00$ . So that in the research that has been done, it is obtained that the tolerance value on CSR is  $0.884 > 0.100$  and  $VIF$  is  $1,131 < 10.00$ , the tolerance value of Capital Structure is  $0.837 > 0.100$  and  $VIF$  is  $1,194 < 10.00$ , the tolerance value of Company Size is  $0.762 > 0.100$  and  $VIF$  is  $1,313 < 10.00$ , and the tolerance value of Profitability is  $0.929 > 0.100$  and  $VIF$  is  $1,076 < 10.00$ . So that all variables are declared **not to occur symptoms of Multicollinearity**.

##### Heteroscedasticity Test

In the Heteroscedasticity Test, you can use the Glejser method, which is the method most often used by researchers. Because the Glejser Test is one way to accurately detect symptoms of Heteroscedasticity. So that in the research that has been done, it is found that the Significance Value for the CSR variable and company size is below 0.05, so the conclusion that can be seen in the table above is that **Heteroscedasticity symptoms occur**.

If symptoms or problems of heteroscedasticity occur, it will cause doubt (inaccuracy in a regression analysis result), so it is recommended to use a healing method, namely using data transformation on one or all of the variables used. Data transformation is the process of changing the original data measurement scale to another form, so that the data meets the assumptions required in the Pre-Conditional Test (Classical Assumption Test) before Regression Analysis is carried out. Researchers transformed the data by making the Y variable into LN (Y), which in this case the researcher made the Company Value variable into LN (Company Value). After treatment, the Significance Value for all variables is greater than 0.05, so it can be concluded that **there are no symptoms of Heteroscedasticity and the data has been treated**.

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## Autocorrelation Test

The autocorrelation test is used to evaluate whether there is a correlation between the value of a period and the previous period (t-1). In this study using the Run Test as a determination to determine whether or not autocorrelation symptoms occur. If the value of Asymp Sig. (2-tailed) is greater than 0.05, it concludes that the data does not occur autocorrelation symptoms and vice versa. So that in the research that has been done, the Asymp Sig value is obtained. (2-tailed) appears to be 0.208 which is greater than 0.05, so it can be concluded **that the data does not occur autocorrelation symptoms and vice versa.**

## Multiple Linear Regression Analysis

### Coefficient of Determination

The Coefficient of Determination is a statistical measure used in regression analysis to assess how well the regression model explains the variability of the observed data. In this study, the Adjusted R Square value is 0.449, which indicates that the contribution of the influence of the independent variable on the dependent variable simultaneously is 44.9%.

### Anova Significance Test (F Statistical Test)

In contrast to the t test which tests the significance of partial regression coefficients individually by testing a separate hypothesis that each regression coefficient is equal to zero. So the F test is an indication to see a partial t test and not a simultaneous test which is often misunderstood by researchers, the Regression Model is declared FIT if the Sig Value. (<0.05). The results of the Anova Signification (F Statistic Test) in this study are with a Sig. value of 0.000 <0.05, it can be concluded that the independent variable has a significant effect simultaneously on the dependent variable.

### Individual Parameter Significance Test (t Statistical Test)

The t statistical test basically shows how much influence the individual of one explanatory or independent variable has in explaining the variation in the dependent variable. If the Sig Value. <0.05 concludes that there is a significant influence, and if the Sig. value is right at 0.05 then to find out whether or not there is an influence of the Independent Variable on the Dependent Variable. The results of the Individual Parameter Significance Test (t Statistical Test) in this study are:

- The CSR variable has a **significant effect** on the firm value variable because its Sig value is 0.001 <0.050.
- The capital structure variable has **no effect** on the firm value variable because its Sig value is 0.819 > 0.050.
- The firm size variable has a **significant effect** on the firm value variable because its Sig value is 0.000 <0.050.

From this study, multiple linear regression equations can also be made, namely:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

$$19.394 + 4.769X_1 + 0.057X_2 - 0.707X_3$$

- The constant value obtained is 158.023, indicating that if the independent variable is 0 (constant), then the dependent variable is 19.394.
- The regression coefficient of variable  $X_1$  (CSR) is **positive (+)** of 4.769, meaning that if variable  $X_1$  (CSR) increases, then variable Y (Company Value) also tends to increase, and vice versa.
- The regression coefficient of variable  $X_2$  (Capital Structure) is **positive (+)** of 0.057, which means that if variable  $X_2$  (Capital Structure) increases, variable Y (Company Value) also tends to increase.
- The regression coefficient of variable  $X_3$  (Company Size) is **negative (-)** of -0.707, which indicates that if variable  $X_3$  (Company Size) increases, variable Y (Company Value) will tend to decrease, and vice versa..

## Moderated Regression Analysis (MRA) Test

Moderated Regression Analysis (MRA) is a special form of multiple linear regression in which the regression equation contains an element of interaction between two or more independent variables. The results of the Moderated Regression Analysis in this study are:

- The CSR variable has a significant **effect on** the firm value variable because its Sig value is 0.001 <0.050.
- The capital structure variable has **no effect on** the firm value variable because its Sig value is 0.790 > 0.050.
- The firm size variable has a significant **effect on** the firm value variable because its Sig value is 0.010 < 0.050.
- The interaction variable between CSR and Profitability has a Sig value of 0.039 > 0.050, so the Profitability variable is **able to moderate** the influence of the CSR variable on the firm value variable.
- The interaction variable between Capital Structure and Profitability has a Sig value of 0.626 > 0.050, so the Profitability variable is **unable to moderate** the effect of the Capital Structure variable on the firm value variable.
- The interaction variable between Company Size and Profitability has a Sig value of 0.759 > 0.050, so the Profitability variable is **unable to moderate** the effect of the Company Size variable on the firm value variable.

From this study, the Moderated Regression Analysis equation can also be made, namely:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_1 * Z + \beta_5 X_2 * Z + \beta_6 X_3 * Z$$

$$21.539 + 9.482X_1 + 0.119X_2 - 0.845X_3 - 73.749X_1 * Z - 1.572X_2 * Z + 1.159X_3 * Z$$

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- The constant value obtained is 21.539, indicating that if the independent variables are 0 (constant), the dependent variable will be 21.539.
- The regression coefficient of variable  $X_1$  (CSR) is **positive (+)** at 9.482, which means if variable  $X_1$  (CSR) increases, the dependent variable Y (Firm Value) also tends to increase, and vice versa.
- The regression coefficient of variable  $X_2$  (Capital Structure) is **positive (+)** at 0.119, meaning if variable  $X_2$  (Capital Structure) increases, the dependent variable Y (Firm Value) also tends to increase.
- The regression coefficient of variable  $X_3$  (Firm Size) is **negative (-)** at -0.845, indicating that if variable  $X_3$  (Firm Size) increases, the dependent variable Y (Firm Value) tends to decrease, and vice versa.
- The regression coefficient of the interaction variable between CSR and Profitability is **negative (-)** at -73.749, which can be interpreted as indicating that the variable Profitability weakens the influence of the CSR variable on the Firm Value variable.
- The regression coefficient of the interaction variable between Capital Structure and Profitability is **negative (-)** at -1.572, which can be interpreted as indicating that the variable Profitability weakens the influence of the Capital Structure variable on the Firm Value variable.
- The regression coefficient of the interaction variable between Firm Size and Profitability is **positive (+)** at 1.159, which can be interpreted as indicating that the variable Profitability strengthens the influence of the Firm Size variable on the Firm Value variable.

### RESULT AND DISCUSSIONS

#### Effect of CSR (Corporate Social Responsibility) on Firm Value

The results of the first hypothesis testing in this study show that the CSR (Corporate Social Responsibility) variable has a regression coefficient of 4.769 and a significance value of 0.001, which is lower than 0.05. Based on these results, it can be concluded that the CSR (Corporate Social Responsibility) variable has a positive and significant effect on the firm value in the Technology Sector listed on the Indonesia Stock Exchange for the period 2019-2022, thus hypothesis 1 is accepted.

The study indicates that CSR activities can enhance firm value. This aligns with Stakeholder Theory, which emphasizes the importance of meeting stakeholder expectations, and Legitimacy Theory, which highlights the importance of gaining and maintaining social legitimacy. Through CSR, companies can build reputation, reduce conflicts, and create sustainable relationships, making it a crucial strategy for long-term success.

#### Effect of Capital Structure on Firm Value.

The results of the second hypothesis testing in this study show that the Capital Structure variable has a regression coefficient of 0.057 and a significance value of 0.819, which is greater than 0.05. Based on these results, it can be concluded that the Capital Structure variable does not affect the firm value in the Technology sector listed on the Indonesia Stock Exchange for the period 2019-2022, thus hypothesis 2 is rejected.

The study indicates that in the Technology sector of the Indonesia Stock Exchange, capital structure does not have a significant effect on firm value. The COVID-19 pandemic in 2019 may have blurred the signals of capital structure as investors focused more on the company's response and resilience. Many technology companies prefer equity financing to maintain flexibility and avoid debt risks, making the capital structure signal unclear to investors. Investors also pay more attention to long-term return potential rather than the debt-to-equity ratio, resulting in an insignificant effect of capital structure.

#### Effect of Firm Size on Firm Value.

The results of the third hypothesis testing in this study show that the Firm Size variable has a regression coefficient of -0.707 and a significance value of 0.000, which is less than 0.05. Based on these results, it can be concluded that the Firm Size variable has a negative and significant effect on the firm value in the Technology sector listed on the Indonesia Stock Exchange for the period 2019-2022, thus hypothesis 3 is accepted.

The study shows that in the Technology sector of the Indonesia Stock Exchange, larger firm sizes tend to have a significant negative impact on firm value. This indicates an inverse relationship between firm size and firm value in this sector. Large companies, with diverse portfolios and complex operations, often face high management risks, especially related to the complexity of their organizational systems. The inability to respond quickly to market changes or effectively address policy changes can pose additional risks. This reduces the company's resilience to market fluctuations, affecting investors' assessments of the firm value.

#### Effect of CSR (Corporate Social Responsibility) on Firm Value with Profitability as a Moderating Variable.

The results of the fourth hypothesis testing in this study indicate that the CSR (Corporate Social Responsibility) \* Profitability variable has a regression coefficient of -73.749 and a significance value of 0.039, which is less than 0.05. This concludes that the Profitability variable can moderate the relationship between the effect of CSR (Corporate Social Responsibility) on firm value in the Technology Sector listed on the Indonesia Stock Exchange for the period 2019-2022, thus hypothesis 4 is accepted.

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The study shows that profitability can moderate the relationship between CSR and firm value in the Technology sector of the Indonesia Stock Exchange for the period 2019-2022. When profitability is low, CSR becomes important to enhance the company's image and reputation amid difficult financial conditions. Stakeholders are more concerned about the company's social responsibility, and transparent CSR efforts can strengthen their positive perception. However, when profitability is high, CSR efforts may be viewed as an additional expense that is not significant for growth or profitability, given the already good reputation of the company. In this case, the company may feel that extensive CSR efforts are unnecessary to maintain their positive image.

### **Effect of Capital Structure on Firm Value with Profitability as a Moderating Variable**

The results of the fifth hypothesis testing in this study indicate that the Capital Structure \* Profitability variable has a regression coefficient of -1.572 and a significance value of 0.628, which is greater than 0.05. This concludes that the Profitability variable cannot moderate the relationship between the effect of Capital Structure on firm value in the Technology Sector listed on the Indonesia Stock Exchange for the period 2019-2022, thus hypothesis 5 is rejected.

The study shows that in certain industries, such as the dynamic and innovative technology sector, profitability does not moderate the relationship between capital structure and firm value. Factors such as product innovation, market penetration, and product lifecycle may have a more significant impact on firm value. Rapid changes in technology and markets cause companies to focus more on long-term growth strategies rather than on capital structure or profitability. Therefore, a company's investment decisions are more influenced by long-term strategic considerations rather than current profitability or capital composition.

### **Effect of Firm Size on Firm Value with Profitability as a Moderating Variable**

The results of the sixth hypothesis testing in this study indicate that the Firm Size \* Profitability variable has a regression coefficient of 1.159 and a significance value of 0.759, which is greater than 0.05. This concludes that the Profitability variable cannot moderate the relationship between the effect of Firm Size on firm value in the Technology Sector listed on the Indonesia Stock Exchange for the period 2019-2022, thus hypothesis 6 is rejected.

The study shows that in the technology sector, profitability cannot moderate the relationship between firm size and firm value. Companies are more focused on increasing operational scale and market penetration rather than on specific profitability. In this context, firm size becomes a more relevant indicator for evaluating firm value, suggesting that the profitability variable is better replaced by company growth. Profitability is seen as a result of aggressive growth strategies, such as large investments in research and development, market expansion, or company acquisitions. Thus, in the technology industry, profitability is not always the main focus. More importantly, it is about how companies implement aggressive growth strategies to expand and strengthen their market position.

### **Practical Implications**

The research shows that in the technology sector, non-financial factors such as Corporate Social Responsibility (CSR) and firm size have a significant impact on firm value. Practitioners need to pay attention to social commitment and the company's position within the industry, as well as the effective implementation of CSR to enhance firm value and build social legitimacy.

The hypothesis that capital structure does not significantly affect firm value indicates that other factors, such as innovation, company growth, and stakeholder management, are more relevant. Practitioners should consider these factors in strategic decision-making and resource allocation.

The negative impact of firm size on firm value highlights the importance of innovation and sustainable growth. Practitioners need to focus on developing new products, expanding markets, and adapting to industry changes to maintain competitiveness and firm value.

Profitability moderates the relationship between CSR and firm value, indicating that CSR strategies should not only create positive social impacts but also provide significant financial value. When considering capital structure and firm size, financial practitioners need to account for risks, capital needs, and company growth. Flexible financial policies are recommended so that companies can adjust to changing market conditions without being overly fixated on profitability.

## **CONCLUSION**

Based on the results of the study on the influence of Corporate Social Responsibility (CSR), Capital Structure, and Firm Size on Firm Value with Profitability as a Moderating Variable in the technology sector listed on the Indonesia Stock Exchange (IDX) for the period 2019-2022, several conclusions can be drawn:

1. Corporate Social Responsibility has a positive and significant effect on Firm Value in the Technology sector listed on the Indonesia Stock Exchange for the period 2019-2022. This indicates that the higher the Corporate Social Responsibility, the greater the increase in Firm Value.
2. Capital Structure does not affect Firm Value in the Technology sector listed on the Indonesia Stock Exchange for the period 2019-2022. This shows that an increase or decrease in Capital Structure does not impact Firm Value.

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3. Firm Size has a negative and significant effect on Firm Value in the Technology sector listed on the Indonesia Stock Exchange for the period 2019-2022. This indicates that the larger the Firm Size, the more it decreases Firm Value.
4. Profitability as a Moderating Variable can negatively influence the relationship between Corporate Social Responsibility (CSR) and Firm Value in the Technology sector listed on the Indonesia Stock Exchange for the period 2019-2022. This indicates that higher Profitability can reduce the effect of Corporate Social Responsibility on Firm Value.
5. Profitability as a Moderating Variable cannot influence the relationship between Capital Structure and Firm Value in the Technology sector listed on the Indonesia Stock Exchange for the period 2019-2022. This shows that an increase or decrease in Profitability cannot affect the relationship between Capital Structure and Firm Value.
6. Profitability as a Moderating Variable cannot influence the relationship between Firm Size and Firm Value in the Technology sector listed on the Indonesia Stock Exchange for the period 2019-2022. This shows that an increase or decrease in Profitability cannot affect the relationship between Firm Size and Firm Value.

### RECOMMENDATIONS

Based on the analysis results described earlier, the study provides the following recommendations:

1. Based on the research findings, Corporate Social Responsibility (CSR) has a positive and significant effect on firm value. Therefore, companies should continue to enhance and expand their CSR programs to continuously increase firm value.
2. Capital structure does not have a significant effect on firm value. Therefore, investors and managers do not need to overly consider capital structure when determining firm value.
3. Firm size has a negative and significant effect on firm value. Therefore, companies should be cautious in their expansion efforts and ensure that growth is efficient and does not reduce firm value.
4. Profitability as a moderating variable can negatively influence the relationship between CSR and firm value. Therefore, companies need to balance investments in CSR with profitability goals to maintain the positive impact of CSR on firm value.
5. Profitability as a moderating variable cannot influence the relationship between capital structure and firm size on firm value. Therefore, companies should conduct further research to understand other factors that may play a role in this relationship.
6. For investors, it is recommended to carefully consider the variables that affect firm value before investing their capital in a company.
7. For future researchers, this study is expected to serve as a reference or guideline for further research on CSR, capital structure, firm size, and profitability on firm value. They should consider adding other variables that may influence firm value, which were not used in this study.

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