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Research Article

The Effect of Leverage and Company Size on Company Value with Profitability as an Intervening Variable in Technology Sector Companies Listed on the IDX in 2021-2023

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Abstract: With profitability acting as an intervening variable, the purpose of this study is to ascertain how leverage and company size affect company value. This research employs a quantitative methodology. Purposive sampling was used to select 26 of the 47 technology businesses listed on the Indonesia Stock Exchange in 2021–2023, yielding 78 observations in total. Secondary data was gathered from company annual reports via the Indonesia Stock Exchange's official website and the websites of the pertinent businesses. Multiple linear analysis, traditional assumption testing, and hypothesis testing with SPSS V30 software are the data analytic techniques employed in this study. Documentation and literature research are the approaches used to gather data. The study's findings indicate that while company size has no bearing on profitability, leverage does. While debt and company size have little bearing on a company's value, profitability has an impact. Neither the impact of leverage on company value nor the impact of firm size on company value can be mediated by profitability.

Keywords: Company Size; Company Value; Indonesia Stock Exchange; Leverage; Profitability

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1. Introduction

Due to the intense rivalry brought about by the current economic climate, every business must enhance its performance in order to meet its objectives. Increasing the company's value and optimising the well-being of its owners and shareholders are two objectives of starting a profit-oriented business. Companies must be able to obtain enough funding to optimise their performance in order to accomplish these goals (Keintjem et al., 2020). A company's ability to optimize resource management effectively can create a positive image in the eyes of investors, which in turn contributes to an increase in corporate value (Wahyuni & Banjarnahor, 2022).

Enterprise value is investors' perception of a company's ability to use and dispose of all its resources. Companies with good performance naturally generate high enterprise value. High corporate value reflects a corporation's success in creating prosperity for shareholders and building credibility in the eyes of the market, both in terms of current performance and future projections (Hidayatullah, 2020).

The company value for this study was estimated using the Price to Book Value (PBV) formula, namely the market price divided by the book value. A higher PBV value indicates that the company has a good reputation in terms of building company value for shareholders.

Through PBV, investors can form an opinion about the future development of company value (Fahlevi & Nazar, 2023).

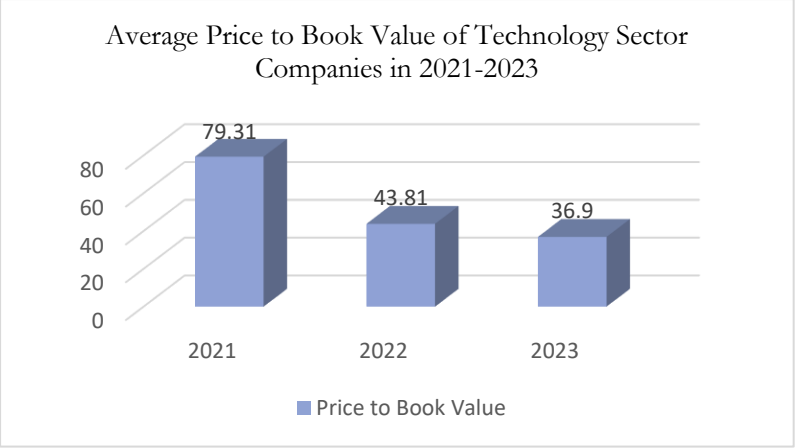

Figure 1. Average Price to Book Value of Technology Sector Companies in 2021-2023

Source: IDX data, Author's compilation (2024)

It is evident from the above table that the average PBV decreased between 2021 and 2023. Due to the peak of COVID-19 in 2021, the average value of enterprises in the technology sector was 79.32. The emergence of the Covid-19 pandemic changed people's interactions to adapt to using digital technology, thereby driving an increase in stocks in the technology sector. In addition, technology sector stocks were considered attractive because they had good business prospects from the perspective of digital business progress, which was indeed very promising (katadata.co.id, 2021). However, from 2022 to 2023, the average PBV value of the technology sector continued to decline by 6.91.

As a ratio that assesses a company's capacity to meet all of its financial obligations, both short and long-term, in the case of liquidation, leverage has a significant position among the many variables that impact corporate value. The DER, which shows the connection between a company's long-term debt and equity, is used in this study to quantify leverage. A company's value may decrease with a high DER, but it may rise with a low DER (Sagitasari, 2021). Research conducted by Taniman & Jonnardi (2020), Imnana et al. (2023), and Vianti et al. (2023) shows that leverage affects company value. Meanwhile, research by Faturrahman and Anggraeni (2024) informs leverage does not contribute to the influence of company value.

In addition to leverage, company size also contributes to company value, where size represents the scale and financial stability of a business entity (Susesti & Wahyuningtyas, 2022). A company's exposure to investors increases with its size, which can boost share prices and enhance the company's market value (Nurmansyah et al., 2023). Aldo & Iskak (2020) found in their research that company size affects the level of value created in business entities. This research is reinforced by studies conducted by Gz & Lisiantara (2022), which show that company size impacts company value. However, research by Qori & Subardjo (2021) demonstrates that the size of a corporation has no bearing on its worth.

Because profitability might indirectly affect firm value, it is positioned as a mediating variable in this study. Because profitability may indirectly affect the value of a company, it is positioned as an intermediate variable in this study. A company's share price will undoubtedly rise as investors get more interested in spending their money in it, ultimately raising the company's value (Rahmawati, 2023).

2. Literature Review

Signaling Theory

According to Brigham & Houston (2015), signaling theory is a company's perspective on the signals sent by company managers to investors or shareholders. Signaling theory also explains how internal parties, such as managers, send signals or information to external parties, such as shareholders, regarding the objectives to be achieved.

Within the framework of signal theory derived from pragmatic accounting theory, companies are required to submit financial reports to external parties as a form of transparency regarding information asymmetry. This gap arises because management has greater knowledge of future business prospects and situations than external stakeholders. Creditors,

investors, and investors rely heavily on timely and precise information in their decision-making (Fajrinilasari, 2020).

Information received by investors, whether positive or negative signals, will affect the duration of stock ownership. Positive signals encourage investors to hold on to their shares longer, while negative signals accelerate the decision to sell shares. Signal theory serves as a tool for investors in reading the direction of company policy, especially when indicators such as leverage, company size, and profitability show value dynamics. In this context, management can utilize this theory to formulate strategic decisions that contribute to company growth (Puspita, 2022).

Trade-off Theory

Modigliani and Miller (1958) proposed the theory of trade-off in relation to capital structure. Based on trade-off theory, the best capital structure is attained when businesses are able to fairly weigh the tax benefits of debt and the associated risks, such as interest payments, the potential for bankruptcy, and agency fees (Rita, 2009).

Because trade-off theory is predicated on weighing the disadvantages and advantages of using debt, it is crucial for businesses to select the appropriate capital structure. This is due to the fact that a company's worth can be lowered by having too much or too little debt. The use of debt provides benefits in the form of a tax shield because interest on debt can reduce tax burdens, making it more economical than common or preferred shares. However, the trade-off theory proposed by Brigham & Houston (2011) emphasizes that companies must consider the threats related to debt, such as interest costs, the possibility of default, and agency costs. When these sacrifices exceed the benefits, additional debt should be stopped in order to maintain a balanced capital structure (Umdiana & Claudia, 2020).

Resource Based View Theory

Wernerfelt (1984) was the first to propose the resource-based view (RBV) idea. According to the RBV idea, a company's resources will give it a competitive edge if they are handled well. Barney (1991) defined corporate resources as any assets, skills, expertise, administrative procedures, firm characteristics, information, and so on that can be used in tactics to increase the operational cycle's efficacy and efficiency (Putri, 2021).

Financial Ratios

Profitability

Hery (2015) stated that the profitability ratio is a measuring tool for a company's capacity to earn profits.

a. Return on Assets (ROA)

ROA is a ratio that indicates the effectiveness of a company in converting assets into net profit, as seen from the returns generated from the use of those assets.

$$ROA = \frac{Net\ profit}{Total\ assets}$$

Leverage

Hery (2015) states that the leverage ratio or solvency ratio is a ratio that describes a company's ability to meet all of its liabilities.

a. Debt to Equity Ratio

DER is the amount of funds contributed by creditors to the company's total financing compared to funds from owners, as reflected in this ratio, which serves as a measure of financial leverage.

$$DER = \frac{Total\ debt}{Total\ equity}$$

Company Size

Through measures such as stock market value, total assets, and log size, companies can be categorized based on their scale, whether large or small. This scale affects the level of risk that may arise from various business challenges. Large-scale companies have an advantage in controlling market conditions, making them more capable of surviving economic competition compared to small companies, which tend to face higher risks (Purnomo et al., 2021).

Size = Ln (Total Aset)

Company Value

Investors' perceptions of a company's success are often reflected in their assessment of its share price. A high company value not only reflects the reputation of the business, but also serves as an indicator of the achievements expected by shareholders. The welfare of shareholders will also be boosted as the value of the company they invest in increases. Therefore,

company value plays a strategic role in shaping investor expectations and satisfaction (Apriwandi & Christine, 2023).

$$PBV = \frac{Market\ price\ per\ share}{Book\ value\ per\ share}$$

3. Research Method

This study employs a quantitative approach, which generates results by using statistical methods and methodical quantification procedures to the variables being examined. All technology companies registered on the Indonesia Stock Exchange between 2021 and 2023 make up the study's population. In this study, the sample was chosen via purposeful sampling. Out of 47 organisations, 26 sample companies that satisfied the sample requirements were chosen, and they were observed for three years, yielding a total of 78 observation data. Descriptive statistical analysis, path analysis, and Sobel's test using SPSS V30 software were the data analytic techniques used in this study.

4. Results and Discussion

Research Result

Descriptive Statistical Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Leverage	78	-4,09	78,61	1,96	9,36
Ukuran Perusahaan	78	22,84	29,95	26,97	1,81
Nilai Perusahaan	78	,06	1886,17	53,03	257,40
Profitabilitas	78	-3,76	,54	-,09	,54
Valid N (listwise)	78				

Source: Data processed with SPSS 30, 2025

Figure 2. Results of Descriptive Statistical Analysis

The Leverage variable (X1) had a minimum value of -4.09, observed in PT. Envy Technologies Tbk in 2022, and a maximum value of 78.61, found in PT Anabatic Technologies Tbk in 2021. The average value was 1.96, with a standard deviation of 9.36. For the Company Size variable (X2), the minimum value was 22.84, recorded in PT Tourindo Guide Indonesia Tbk in 2023, while the maximum value was 29.95, seen in PT Metrodata Electronics Tbk in the same year. The average value was 26.97, with a standard deviation of 1.81. The Company Value variable (Y) exhibited a minimum value of 0.06, found in PT DCI Indonesia Tbk in 2022, and a maximum value of 1886.17, observed in PT Bukalapak.com Tbk in 2021. The average value was 53.03, with a standard deviation of 257.40.Lastly, the Profitability variable (Z) had a minimum value of -3.76, recorded in PT Envy Technologies Tbk in 2021, and a maximum value of 0.54, found in PT Distribusi Voucher Nusantara Tbk in the same year. The average value was -0.09, with a standard deviation of 0.54.

Classical Assumption Test

a. Normally Test

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual	Unstandardized Residual
N		48	48
Normal Parametersa,b	Mean	,0000000	,0000000
	Std. Deviation	,05524912	,70603197
Most Extreme Differences	Absolute	,092	,117
	Positive	,092	,117
	Negative	-,084	-,070
Test Statistic		,092	,117
Asymp. Sig. (2-tailed)c		,200d	,097

a. Test distribution is Normal.

b. Calculated from data.

Source: Data processed with SPSS 30, 2025

Figure 3. Normality Test Result

The asympto of Equation 1. The asympto of Equation 2 has a Sig value of 0.200. The Sig value is 0.97. The results of the normality test using the "Kolmogorov-Smirnov test" for both equations show that the Asympto. Sig exceeds 0.05. Therefore, it can be said that both equations are normally distributed.

To confirm multicollinearity, look at "the tolerance value and variance inflation factor (VIF)." If the VIF value exceeds 10 and the tolerance value is below 0.10, multicollinearity is present.

b. Multicollinearity Test

To confirm multicollinearity, look at the tolerance and VIF values. If the VIF value exceeds 10 and the tolerance value is below 0.10, multicollinearity is present (Ghozali, 2018).

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Leverage	,804	1,243
	Ukuran Perusahaan	,804	1,243

a. Dependent Variable: Profitabilitas

Source: Data processed with SPSS 30, 2025

Figure 4. Multicollinearity Test Results Equation 1

Regarding to the Figure 4, the results of the multicollinearity test in equation 1 exhibit that there are no multicollinearity problems in all variables in this study. This can be seen from the tolerance values of all variables produced > 0.10, namely the Leverage variable (X1) and the Company Size variable (X2) at 0.804. And the VIF values of all variables are in the range of 1 to 10, namely the Leverage variable (X1) and the Company Size variable (X2) at 1.243.

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Leverage	,711	1,406
	Ukuran Perusahaan	,803	1,246
	Profitabilitas	,872	1,147

a. Dependent Variable: Nilai Perusahaan

Source: Data processed with SPSS 30, 2025

Figure 5. Multicollinearity Test Results Equation 2

Figure 5 shares the findings of the multicollinearity test on equation 2, namely that none of the variables in this investigation have multicollinearity problems. The tolerance values of all variables generated > 0.10, including the Leverage variable (X1) of 0.711, the Company Size variable (X2) of 0.803, and the Profitability variable (Z) of 0.872, demonstrate this. All of the variables, including the Leverage variable (X1) at 1.406, the Company Size variable (X2) at 1.246, and the Profitability variable (Z) at 1.147, have VIF values between 1 and 10.

c. Autocorrelation Test

Finding a relationship between the disturbance error in period t and the disturbance error in period t-1 (previous) in a linear regression model is the purpose of the autocorrelation test. If there is a relationship, there is an autocorrelation problem.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,358[a]	,128	,089	,05646	,990

a. Predictors: (Constant), Ukuran Perusahaan, *Leverage*

b. Dependent Variable: Profitabilitas

Source: Data processed with SPSS 30, 2025

Figure 6. Autocorrelation Test Results Equation 1

The Durbin-Watson value of 0.990 was determined regarding to the findings of the autocorrelation test for equation 1 in Figure 6. The conclusion that there is no autocorrelation in this study because the DW value exceeds -2 and is below +2 (-2<0.990<+2).

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,398[a]	,159	,101	,72970	1,367

a. Predictors: (Constant), Profitabilitas, Ukuran Perusahaan, *Leverage*
b. Dependent Variable: Nilai Perusahaan
Source: Data processed with SPSS 30, 2025

Figure 7. Autocorrelation Test Results Equation 2

Regarding to the autocorrelation test results in Table 6 for equation 2, a Durbin-Watson value of 1.367 was obtained. The DW value is greater than -2 and less than +2 (-2<1.367<+2), so the conclusion is that there is no autocorrelation in this study.

d. Heteroscedasticity Test

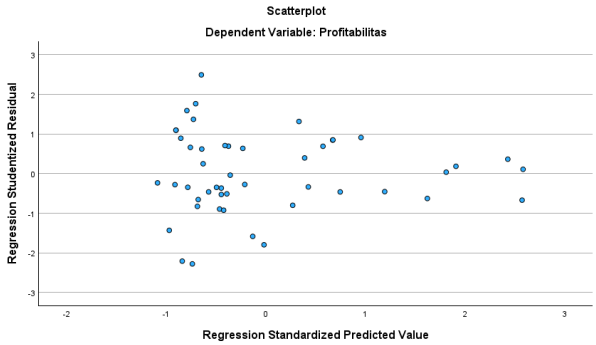

Figure 8. Heteroscedasticity Test Results Equation 1
Source: Data processed with SPSS 30, 2025

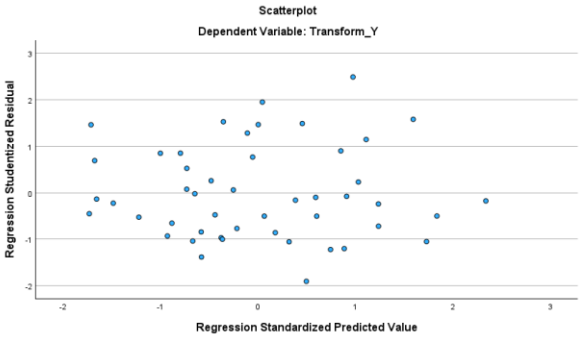

Figure 9. Heteroscedasticity Test Results Equation 2
Source: Data processed with SPSS 30, 2025

The scatterplots in Figures 1 and 2 above show that the points are randomly distributed, both above and below the 0 point of the Y axis. We can conclude that both regression models do not have heteroscedasticity.

Multiple Linear Regression Analysis

Based on the results of SPSS 30, the following result were obtained:

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,064	,158		,406	,687
	Leverage	,047	,019	,376	2,426	,019
	Ukuran Perusahaan	-,002	,006	-,047	-,304	,763

a. Dependent Variable: Profitabilitas
Source: Data processed with SPSS 30, 2025

Figure 10. Multiple Linear Regression Test Results Equation 1

Based on Figure 10, it shows that the multiple linear regression equation that can be formulated in this study is as follows:

ROA = 0.064 + 0.047 DER – 0.002 SIZE + e

The linear regression equation can be explained as follows: First, the constant has a value of 0.064, which means that when the independent variables, Leverage and company size, are both equal to 0, the profitability variable will have a value of 0.064. Second, the regression coefficient of the Leverage variable is 0.047, indicating that if the value of Leverage increases by 1 unit while the other variables remain constant, profitability will increase by 0.047. Lastly, the regression coefficient of the company size variable is -0.002, which implies that if the company size variable increases by 1 unit, profitability will decrease by 0.002, assuming the other variables remain constant.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,518	2,052		,253	,802
	Leverage	-,526	,264	-,326	-1,988	,053
	Ukuran Perusahaan	,037	,077	,073	,473	,638
	Profitabilitas	5,063	1,927	,389	2,628	,012

a. Dependent Variable: Transform_Y

Source: Data processed with SPSS 30, 2025

Figure 11. Multiple Linear Regression Test Results Equation 2

Regarding to the Figure 11, it can be seen that the multiple linear regression equation that can be formulated in this study is as follows:

PBV = 0.518 – 0.526 DER + 0.037 SIZE + 5.063 ROA + e

The linear regression equation can be explained as follows: The constant is 0.518, indicating that the firm value will be 0.518 when the leverage, firm size, and profitability variables are all equal to zero. The regression coefficient for the leverage variable is -0.526, suggesting that the firm's value will decrease by 0.526 if the leverage variable increases by 1 unit while the other variables remain unchanged. The regression coefficient for the firm size variable is 0.037, meaning that the firm's value will increase by 0.037 if the firm size increases by 1 unit, holding the other variables constant. Finally, the regression coefficient for profitability is 5.063, which implies that the firm's value will increase by 5.063 if profitability increases by 1 unit while the other variables remain the same.The linear regression equation can be explained as follows: The constant is 0.518, indicating that the firm value will be 0.518 when the leverage, firm size, and profitability variables are all equal to zero. The regression coefficient for the leverage variable is -0.526, suggesting that the firm's value will decrease by 0.526 if the leverage variable increases by 1 unit while the other variables remain unchanged. The regression coefficient for the firm size variable is 0.037, meaning that the firm's value will increase by 0.037 if the firm size increases by 1 unit, holding the other variables constant. Finally, the regression coefficient for profitability is 5.063, which implies that the firm's value will increase by 5.063 if profitability increases by 1 unit while the other variables remain the same.

Path Analysis

This model tests the independent factors' direct and indirect impacts on the dependent variable. Leverage's effect on a company's profitability (equation 1) and the influence of firm size on firm value through profitability (equation 2) will be determined in this analysis, along with the coefficient (ε) values for each equation. The following is how to obtain the ε value:

$\varepsilon 1 = \sqrt{1 - R^2} = \sqrt{1 - 0,089} = 0,954.$

$\varepsilon 2 = \sqrt{1 - R^2} = \sqrt{1 - 0,101} = 0,948.$

The path analysis diagram and path coefficients in this study are detailed as follows:

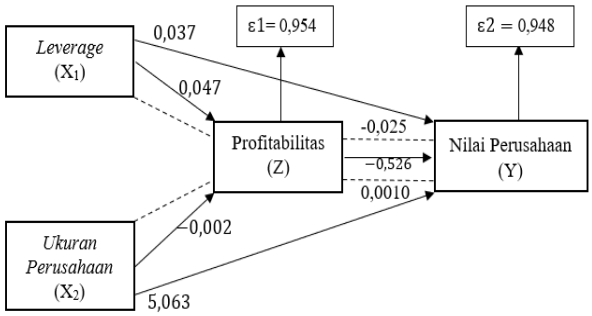

Figure 12. Path Analysis Model

To determine the statistical significance of mediation, it is essential to assess both the direct and indirect impacts in this study. The path coefficient value of the Leverage variable on company value through profitability is -0.025, which is lower than the direct effect of Leverage on company value, which is 0.037. This indicates that Leverage has a stronger direct impact on company value than it does through the intermediary variable (indirect effect), suggesting that profitability does not mediate the relationship between Leverage and company value. Similarly, the path coefficient value of the Company Size variable on company value through profitability is 0.0010, which is much smaller than the direct effect of Company Size on company value, which is 5.063. This suggests that Company Size has a more significant direct influence on company value than through an intermediary variable (indirect influence), and therefore, profitability does not mediate the relationship between Company Size and company value.

T-test Statistics

The t-test essentially describes the extent to which the variation in a dependent variable can be explained by the influence of one independent variable. Here's the testing process: After the t-value is calculated, compare it to the t-table (Ghozali, 2018).

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,064	,158		,406	,687
	Leverage	,047	,019	,376	2,426	,019
	Company Size	-,002	,006	-,047	-,304	,763

Dependent Variable: Profitability

Source: Data processed with SPSS 30, 2025

Figure 13. Result of T-test Equation 1

Referring to Figure 13, it shows that the t-table is t(a/2; n-k) = t(0.05/2; 48-3) = t(0.025; 45) = 2.01410. Based on the table, the significance value and partial t-values are as follows: The t-value of 2.426 exceeds the t-table value of 2.01410, and the significance value of Leverage (X1) on Profitability (Z) is 0.019, which is below 0.05, indicating that H1 can be accepted. The positive t-value suggests that leverage has an influence on profitability to some extent. On the other hand, the t-value of -0.304 is lower than the t-table value of 2.01410, and the significance value of Company Size (X2) on Profitability (Z) is 0.763, which exceeds 0.05. Therefore, H2 is rejected. The negative t-value indicates that company size does not have a significant influence on profitability.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,518	2,052		,253	,802
	Leverage	-,526	,264	-,326	-1,988	,053
	Company Size	,037	,077	,073	,473	,638
	Profitability	5,063	1,927	,389	2,628	,012

Dependent Variable: Company Value

Source: Data processed with SPSS 30, 2025

Figure 14. Result of T-test Equation 2

Based on Figure 14, it reveals that the t-table value is calculated as t(a/2; n-k) = t(0.05/2; 48-4) = t(0.025; 44) = 2.01537. From the table, the significance value and partial t-value are presented as follows: The significance value of Leverage (X1) on Company Value (Y) is 0.053, which exceeds 0.05, and the calculated t-value is -1.988, which is below the t-table value of 2.01537. Therefore, H4 is rejected. The negative t-value suggests that Leverage does not have a partial contribution to the influence on company value. For Company Size (X2) on Company Value (Y), the t-value is 0.473, which is below the t-table value of 2.01537, and the significance value is 0.638, which exceeds 0.05. As a result, H5 is rejected. The positive t-value indicates that company size does not significantly influence company value. On the other hand, for Profitability (Z) on Company Value (Y), the t-value of 2.628 exceeds the t-table value of 2.01537, and the significance value is 0.012, which is below 0.05. Hence, H3 is accepted. The positive t-value indicates that company value is influenced by profitability.

Sobel Test

The Sobel test determines the degree of the indirect effect of an independent variable on the variable that is dependent through the mediator variable by contrasting the immediate impact of the independent variable on the dependent variable and the direct impact of the independent variable on the mediator variable. The mediation effect is evident by the significance of the coefficient. Decision-making in the Sobel test is based on the ratio of the calculated t-value and the t-table. If the calculated t-value exceeds the t-table, the mediation effect can be identified (Ghozali, 2018).

a. The Effect of Leverage on Company Value with Profitability as an Intervening Variable

$$t = \frac{ab}{\sqrt{b^2Sa^2 + a^2Sb^2 + Sa^2Sb^2}}$$

$$t = \frac{(0{,}047)(5{,}063)}{\sqrt{5{,}063)^2(0{,}019)^2 + (0{,}047)^2(1{,}927)^2 + (0{,}019)^2(1{,}927)^2}}$$

$$t = 1{,}735598$$

Based on the above calculation, the t-value of 1.735598 is smaller than the t-table value of 2.01537 (1.735598 < 2.01537), so hypothesis H6 is refused. This indicates that profitability cannot mediate the effect of leverage on company value.

b. The Effect of Company Size on Company Value with Profitability as an Intervening Variable

$$t = \frac{(-0{,}002)(5{,}063)}{\sqrt{(5{,}063)^2(0{,}006)^2 + (-0{,}002)^2(1{,}927^2) + (0{,}006)^2(1{,}927^2)}}$$

$$t = -0{,}313692$$

Based on the calculations above, hypothesis H7 is refused due to the t-value of -0.313692 is below the t-table value of 2.01537 (-0.313692 is below 2.01537). This indicates that the relationship between firm size and value cannot be mediated by profitability.

Discussion

The Effect of Leverage on Profitability

The t-test findings in table 1. show that the t-count value of 2.426 > t-table value of 2.01410 with a significance value of 0.019 < 0.05, so it can be concluded that the leverage variable affects profitability. Thus, the first hypothesis H1, which states that the leverage variable affects profitability, can be accepted.

The greater the proportion of debt used to run company operations, the greater the opportunity to earn profits. Profitability can be maximized by managing the use of debt for company operations so that debt policy has a positive impact on profitability.

The Effect of Company Size on Profitability

The t-test findings in Table 1 indicate that the firm size variable does not contribute to profitability, with a calculated t-value of -0.304, below the t-table of 2.01410, and a significance value of 0.763 exceeding 0.05. Consequently, the second hypothesis, H2, which asserts that the firm size variable influences firm value, is refuted.

These results indicate that large total assets do not necessarily increase a company's profits. Profitability depends more on resource management strategies, operational efficiency, and financial policies implemented by management.

The Effect of Profitability on Company Value

With a computed t-value of 2.628 above the t-table of 2.01537 and a significance value of 0.012 below 0.05, the t-test findings in Table 2 show that the profitability variable influences company value. Thus, the third hypothesis, H3, which confirms that the profitability variable contributes to the influence of company value, is accepted.

A company's value will inevitably increase as its profitability increases. High profitability indicates that a company can utilize its resources profitably.

The Effect of Leverage on Company Value

With a computed t-value of -1.988, below the t-table of 2.01537, the t-test findings in Table 2 show that the leverage variable has no effect on firm value, and a significance value of 0.053 exceeding 0.05. Thus, the fourth hypothesis, H4, which asserts that the leverage variable contributes to firm value, is refuted.

The results of research by Putri and Binastuti (2023) state that there is no impact between leverage and company value, indicating that companies have sufficient capital to finance themselves rather than using debt, and this does not affect company value or share price. Companies use their own capital in the form of retained earnings and share capital, which is considered more efficient than using loans/debt. Thus, an increase in leverage will not affect company value because the adequacy of capital owned can reduce the level of debt.

The Effect of Company Size on Company Value

The t-test outcomes in Table 2 indicate that the company size variable does not contribute to the influence of the company value, with a calculated t-value of 0.473 below the t-table of 2.01537 and a significance value of 0.638 > 0.05. Thus, the fifth hypothesis, H5, which states that The effect of the company value is impacted by the company size variables, is refuted.

The size of a company is not the main factor for an investor in assessing whether a company is good or bad. However, investors will pay more attention to the company's performance as reflected in its financial statements and its reputation. A company's ability to secure both internal and external funding increases with its size, although this has no bearing on the company's worth or price of shares.

The Effect of Leverage on Company Value through Profitability

The Sobel test findings show a t-value of 1.735598, below the t-table value of 2.01537. Thus, it can be confirmed that profitability cannot mediate the effect of leverage on firm value. Therefore, the sixth hypothesis, H6, which states that leverage contributes to it rejects the idea that business value is influenced by profitability as a mediating variable.

Regarding to the outcomes of the path analysis, the direct impact of leverage on business value is higher than the indirect impact through profitability. Therefore, the conclusion that the effect of leverage on business value cannot be mitigated by profitability.

The Effect of Company Size on Company Value through Profitability

The Sobel findings, which reveal a t-value of -0.313692 below 2.01537, indicate that productivity is unable to moderate the influence of company size on firm value. As a result, the seventh hypothesis, H7, which asserts that profitability functions as an intermediary between company size and firm value, is disproved.

From 2021 to 2023, it appears that the profitability of publicly traded technology companies does not adequately represent the relationship between the size of a business and worth. Profitability is considered to have no mediating effect on the transmission of a company's size ratio to its business value. Assuming that profit (ROA) does not increase the ratio of company size to company value, a high rate of return (ROA) fails to demonstrate the impact of company size on company value (PBV).

5. Conclusion

Leverage contributes to profitability, but firm size does not, based on findings and testing of the correlation between leverage and firm size on firm value, includes businesses in the technology sector registered on the Indonesia Stock Exchange between 2021 and 2023 using profitability as an intervening variable. Profitability, but not firm size or level, affects firm value. Profitability cannot operate as a mediator between the effects of leverage and company size on value.

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