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The Influence of Profitability and Liquidity on Firm Value with Firm Size as a Moderating Variable

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Abstract. *This research aims to analyze the effect of profitability and liquidity on firm value, with firm size as a moderating variable, in technology sector companies listed on the Indonesia Stock Exchange (IDX). Using a quantitative approach with a moderated regression analysis (MRA) model, this study employs panel data from 19 technology companies over the period 2022–2024, resulting in 57 observations. Data analysis was conducted using Eviews 13 after passing classical assumption tests. Profitability (ROA) has a positive and significant effect on firm value (β = 0.3847; p = 0.000), while liquidity (CR) does not significantly affect firm value (β = -0.0024; p = 0.2547). Firm size strengthens the positive relationship between profitability and firm value (β interaction = 0.0158; p = 0.0128), but does not moderate the relationship between liquidity and firm value (β interaction = 0.0001; p = 0.4134). The model explains 71.54% of the variation in firm value (R^2 = 0.7154). Profitability is a key driver of firm value in the technology sector, whereas liquidity does not play a significant role. Firm size acts as a positive moderator only for the profitability value relationship. These findings suggest that technology companies should prioritize improving profitability and leveraging scale to enhance market valuation, rather than focusing excessively on liquidity management. The study contributes to signaling theory by confirming the relevance of profitability as a value signal, particularly in large technology firms.*

Keywords: *Profitability; Liquidity; Firm Size; Firm Value; Moderation.*

INTRODUCTION

In the perspective of modern financial management, the orientation of a company's establishment has shifted from simple profit maximization to long-term value creation. According to Brigham & Houston (2019), the main goal of financial management is to maximize shareholder wealth, which is operationally realized through maximizing the company's share price in the capital market. This stock price serves as a crucial indicator because it reflects the public's assessment of the company's intrinsic value and future prospects. In line with this view, Sartono (2017) defines company value as investors' perception of the company's success, often associated with stock prices. A high company value is the desire of company owners because it indicates high shareholder prosperity.

The value of the company does not form instantly but results from management decisions reflected in financial statements. Irham Fahmi (2018) emphasized that company value will increase if the company demonstrates good financial performance, as rational investors analyze financial ratios as fundamental signals of the company's health before investing their capital. The signal theory developed by Spence (1973) explains that companies provide signals to investors through financial statements to reduce information asymmetry between management and external parties. In the context of company value, management can provide positive signals through good financial performance, such as increased profitability and healthy liquidity.

To quantify investors' perceptions in a measurable way, Brigham & Houston (2019) stated that company value can be proxied using market ratios, one of which is the price-to-book value (PBV) ratio. This ratio is calculated by comparing the market price per share to the book value per share. PBV is highly relevant to shareholders because it shows how much the market

appreciates the company's book value. An increase in share price will raise the PBV ratio, interpreted as a positive signal of high investor confidence in the company's prospects. Therefore, maintaining stock price stability on the stock exchange is imperative for management to sustain optimal company value (Weston & Copeland, 2010; Winarno, 2015; Arikunto, 2021; Wolk et al., 2016).

The mechanism of stock trading and price formation occurs under the regulation of the Indonesia Stock Exchange (IDX), the organizer and supervisor of Indonesia's capital market. To improve efficiency and help investors map sectoral performance, the IDX updated its industry classification system. As of January 25, 2021, the IDX officially implemented the IDX Industrial Classification (IDX-IC) to replace the Jakarta Stock Industrial Classification (JASICA). In the new IDX-IC structure, all companies are grouped into 11 fundamental sectors: Energy, Basic Materials, Industrials, Consumer Non-Cyclicals, Consumer Cyclicals, Healthcare, Financials, Properties & Real Estate, Technology, Infrastructure, and Transportation & Logistics.

This research focuses on the technology sector listed on the Indonesia Stock Exchange. The technology sector was chosen due to its unique characteristics compared to other sectors, including rapid growth, continuous innovation, and high market capitalization. The sector has shown significant growth in recent years, mainly driven by accelerated digital transformation following the COVID-19 pandemic. According to IDX data (2025), the technology sector stock index exhibits high volatility with significant price fluctuations, reflecting intense competition and high investor expectations.

An interesting phenomenon in the technology sector is the volatility of company values during the 2022–2024 period. Based on the KabarBursa (2025) report, on March 19, 2025, the Jakarta Composite Index (JCI) faced pressure from a sell-off in technology stocks. Tempo (2025) reported that on March 17, 2025, the JCI fell due to massive selling pressure on technology stocks. This indicates that company values in the technology sector are highly sensitive to internal and external factors. Therefore, identifying fundamental factors that consistently affect company value in this sector is important.

Profitability and liquidity are two fundamental indicators that investors often use to assess company performance. Profitability reflects a company's ability to generate profits from its assets, proxied by return on assets (ROA). According to Kasmir (2019), ROA measures a company's effectiveness in using its assets to generate profits. High ROA signals to investors that management efficiently manages assets to create value. Liquidity, proxied by the current ratio (CR), indicates a company's ability to meet short-term obligations. Horne & Wachowicz (2012) state that good liquidity reflects short-term financial stability.

However, the influence of profitability and liquidity on company value is not always linear or consistent. Previous studies have shown mixed results. Hardiyanto & Akhmadi (2024) found that profitability has a significant positive effect on company value, supported by Putri, Basri, & Hanif (2025) and Alfarisy et al. (2025). For liquidity, Yulianti (2022) found an insignificant negative influence on company value, differing from Firdancahya (2025), who reported a positive influence. These inconsistent results suggest other variables may moderate the relationship between profitability, liquidity, and company value.

Firm size is posited to moderate the relationship between profitability and liquidity on company value. Large firms tend to have better access to resources, higher credibility among

investors, and greater ability to optimize capital structures. Brigham & Houston (2019) state that firm size reflects economic scale and financial strength, influencing investor perceptions. Ardiansyah & Kartadjumena (2024) found that firm size moderates the relationship between profitability and company value, with larger firms experiencing greater value increases from high profitability. Marliyana et al. (2024) similarly found that firm size moderates the relationship between liquidity and company value.

Most prior studies on profitability, liquidity, and firm value have focused on traditional sectors such as manufacturing, banking, or consumer goods. Limited attention has been given to Indonesia's technology sector, which emphasizes innovation, scalability, and intangible assets over tangible working capital. Furthermore, while some studies have included firm size as a moderating variable, none have examined its dual moderating effect on both profitability and liquidity within Indonesia's technology firms. This study addresses that gap by analyzing how firm size moderates the relationships between ROA, CR, and PBV in technology companies listed on the IDX from 2022 to 2024. It provides sector-specific insights into the distinctive financial dynamics and investor expectations in the technology industry.

Based on the identified phenomenon and research gap, this study aims to analyze the influence of profitability and liquidity on firm value with firm size as a moderating variable in technology sector companies listed on the IDX for the 2022–2024 period. This research is expected to contribute theoretically by enriching the literature on determinants of firm value, particularly in Indonesia's technology sector. Practically, it provides input for company management to formulate strategies for increasing firm value and assists investors in making rational investment decisions.

MATERIALS AND METHOD

This study employed a quantitative approach with a comparative causal research design. Sugiyono (2022) defined quantitative research as a method based on positivism philosophy, used to examine specific populations or samples. Data collection involved research instruments, and quantitative/statistical data analysis tested predetermined hypotheses. This study aimed to examine the influence of independent variables (profitability and liquidity) on the dependent variable (firm value) with firm size as a moderating variable. The comparative causal design was chosen because the study sought to identify cause-and-effect relationships among the variables without manipulating them.

The data used in this study consisted of secondary data from audited financial statements of technology sector companies listed on the Indonesia Stock Exchange (IDX) for the 2022–2024 period. Secondary data comprised information obtained from existing sources collected by other parties. In this study, secondary data were sourced from IDX's official publications via the www.idx.co.id website, company annual reports, and financial platforms such as Stockbit. Secondary data were selected because they had been audited and officially published, ensuring high validity and reliability.

The population comprised all technology sector companies listed on the Indonesia Stock Exchange. According to IDX data, this sector included sub-sectors such as information technology hardware, computer software and services, telecommunications, and digital media. This sector was chosen due to its dynamic growth characteristics and its status as a focal point for investors in recent years. The sampling technique was purposive sampling, based on criteria

set by the researcher to align with the research objectives.

The sample selection criteria were as follows: (1) companies listed in the IDX Technology Stock Index and actively traded throughout the 2022–2024 period; (2) companies that published complete audited financial statements consistently during the research period; (3) companies with complete data for all research variables, including total assets, net profit, current assets, current liabilities, share price, and book value per share; (4) companies not experiencing delisting or cessation of trading during the research period; and (5) companies using Rupiah currency in financial reporting to ensure measurement consistency.

These criteria yielded 19 sample companies that met all requirements. With a three-year research period (2022, 2023, and 2024), the total observations numbered 57 (19 companies × 3 years). This sample size was adequate for multiple regression analysis. Gujarati & Porter (2012) stated that the minimum sample size for multiple regression is 30 observations; thus, 57 observations met adequacy requirements. Panel data (pooled cross-sectional and time-series data) were used to provide more accurate estimations and increase degrees of freedom.

This study examined four main variables: one dependent variable, two independent variables, and one moderating variable. The operationalization of these variables is explained in Table 1 below.

Table 1. Variable Operationalization

Variable	Indicator	Formula	Scale
Company Value (Y)	Price to Book Value	PBV = Share Price / Book Value per Share	Ratio
Profitability (X1)	Return on Assets	ROA = Net Profit / Total Assets × 100%	Ratio
Liquidity (X2)	Current Ratio	CR = Current Assets / Current Liabilities × 100%	Ratio
Company Size (Z)	Firm Size	SIZE = Ln (Total Assets)	Ratio

Source: Developed by the author based on Brigham & Houston (2019), Kasmir (2019), and Horne & Wachowicz (2012)

The company's value in this study was proxied by the price-to-book value (PBV) ratio. According to Brigham & Houston (2019), PBV compared the market value of equity to the book value of the company's equity. A PBV greater than 1 indicated that the market valued the company higher than its book value, reflecting investors' positive expectations of future growth and profitability. Stock price data were obtained from year-end closing prices, while book value per share was calculated as total equity divided by the number of outstanding shares.

Profitability was measured using return on assets (ROA), which showed the company's ability to generate profit from total assets. Kasmir (2019) stated that ROA was a ratio showing the yield on assets used in the company. A high ROA indicated management's efficiency in using assets to generate profits. Data on net profit and total assets were obtained from the company's income statement and balance sheet at period end.

Liquidity was measured using the current ratio (CR), which showed the company's ability to meet short-term obligations with current assets. Horne & Wachowicz (2012) defined CR as a ratio measuring a company's ability to pay short-term debt with current assets. A high CR indicated a good liquidity position, but an excessively high CR could signal inefficiency in asset utilization. Data on current assets and current liabilities were obtained from the company's balance sheet.

Firm size was measured using the natural logarithm of total assets. The natural logarithm

was used to reduce data skewness and achieve a more normal distribution. Brigham & Houston (2019) stated that firm size reflected the scale of operations and the company's ability to access resources. Larger firms generally had easier access to capital markets, higher credibility, and economies of scale.

The data collection technique used in this study was the documentation method. This method involved collecting and analyzing documents, including written, visual, and electronic ones. The documents collected included audited annual financial statements, annual reports, and historical stock price data. The data collection process was carried out systematically in the following stages: (1) identification of sample companies meeting the criteria, (2) collection of audited financial statements from the official IDX website (www.idx.co.id), (3) collection of historical stock price data from the Stockbit platform, (4) verification and validation of data for completeness and accuracy, and (5) tabulation of data in Microsoft Excel to facilitate subsequent processing.

The data analysis method used was moderated regression analysis (MRA) with EViews 13 software. MRA was a special application of multiple linear regression that included interaction terms (products of two or more independent variables). Liana (2009) stated that MRA was used to determine whether a moderating variable strengthened or weakened the relationship between independent and dependent variables.

The regression model used in this study is:

$$\text{Model 1: } PBV = \alpha + \beta_1 . ROA + b_2 . CR + e$$

$$\text{Model 2: } PBV = \alpha + \beta_1 . ROA + b_2 . CR + \beta_3 . SIZE + \beta_4 . ROA*SIZE + \beta_5 . CR*SIZE + e$$

Where: PBV = Company Value; ROA = Return on Assets; CR = Current Ratio; SIZE = Company Size; ROA*SIZE = The interaction between ROA and SIZE; CR*SIZE = The interaction between CR and SIZE; α = constant; β_1, β_2, β_3, β_4, β_5 = Regression coefficient; ε = Error term.

Before conducting regression analysis, a classical assumption test was carried out which included: (1) Normality Test using the Jarque-Bera test to test whether the residual is normally distributed, (2) The Multicollinearity Test using the Variance Inflation Factor (VIF) to detect the correlation between independent variables, (3) the Heteroscedasticity Test using the White test to test whether there is a variance from the residual, and (4) The Autocorrelation Test using the Durbin-Watson test to test correlation between residuals. Classical assumption testing aims to ensure that the regression model meets the BLUE (Best Linear Unbiased Estimator) criteria so that the estimation results are reliable and unbiased.

Hypothesis testing was carried out using a t-statistical test to test the partial influence of each independent variable on the dependent variable. The test criterion is that if the probability value (p-value) < 0.05, then the hypothesis is accepted, which means that the independent variable has a significant effect on the dependent variable. F-statistical tests are used to test the feasibility of the model as a whole. The coefficient of determination (R^2) is used to measure how much variation of dependent variables can be explained by independent variables in the model.

RESULTS AND DISCUSSION

Statistics Descriptive

Descriptive statistics provide an overview of the characteristics of the data used in the

study. Descriptive analysis includes the minimum, maximum, mean, and standard deviation values of each research variable. Table 2 presents descriptive statistical results for all research variables based on 57 observations:

Table 2. Descriptive Statistics

Variable	N	Min	Max	Mean	Std. Dev
PBV	57	0.1857	23.8421	3.8546	4.2817
ROA	57	-16.7821	28.5436	3.9247	8.6524
CR	57	40.8752	867.1254	285.6421	178.5632
SIZE	57	26.5842	33.8547	29.7821	1.8465

Source: Processed primary data from audited financial statements and stock prices (2022–2024)

Based on Table 2, the company value variable (PBV) has a minimum value of 0.1857 and a maximum of 23.8421 with an average of 3.8546 and a standard deviation of 4.2817. The average PBV value of 3.8546 indicates that in general technology companies are valued by the market at about 3.85 times their book value. This indicates positive investor expectations for the growth prospects of the technology sector. The sizable standard deviation (4.2817) indicates a significant variation in the market valuation of the sample companies, with some companies having very high PBVs while others are relatively low. These variations reflect differences in investors' perceptions of each company's management quality, growth prospects, and business risks.

The profitability variable (ROA) shows a minimum value of -16.7821% and a maximum of 28.5436% with an average of 3.9247% and a standard deviation of 8.6524%. The average ROA value of 3.9247% indicates that on average technology companies can generate a net profit of around 3.92% of the total assets owned. The presence of a negative ROA value indicates that some companies in the sample suffered losses during the study period. The large standard deviation (8.6524%) reflects the heterogeneity of the profitability performance of technology companies, where some companies have very high profitability while others suffer losses. This condition is consistent with the characteristics of the highly competitive and dynamic technology sector.

The liquidity variable (CR) has a minimum value of 40.8752% and a maximum of 867.1254% with an average of 285.6421% and a standard deviation of 178.5632%. The average CR value of 285.64% shows that on average technology companies have almost 2.86 times more current assets than their current liabilities. This indicates a very strong liquidity position in the technology sector, which exceeds the general standard of good liquidity (200%). This very high liquidity may be due to the characteristics of technological businesses that tend to have large cash from funding or operations, but on the other hand it can also indicate a lack of optimal use of current assets for business expansion. A large standard deviation (178.56%) indicates high variation in working capital management policies between companies.

The company size variable (SIZE) shows a minimum value of 26.5842 and a maximum of 33.8547 with an average of 29.7821 and a standard deviation of 1.8465. Since SIZE is a natural logarithm of total assets, these values need to be interpreted in an exponential context. The average value of SIZE of 29.78 indicates that the average total assets of the sample

company are e^29.78 or around Rp 8.74 trillion. The relatively small standard deviation (1.8465) indicates that the size of firms in the sample is relatively homogeneous, although there remain considerable differences between the smallest and largest firms.

Classical Assumption Test

Before conducting regression analysis, classical assumption testing is first carried out to ensure that the regression model used meets the BLUE (Best Linear Unbiased Estimator) criteria. The results of the classical assumption test show that the research model has met all the requirements necessary to perform a valid regression analysis.

Normality Test. The normality test is carried out using the Jarque-Bera test to test whether the residual of the distributed regression model is normal. The test results showed a Jarque-Bera value of 0.3254 with a probability of 0.8547. Since the probability value (0.8547) is greater than the significance level of 0.05, it can be concluded that the residual is normally distributed. Residual normality is important because it ensures that hypothesis tests using t- and F tests can be validly performed. The residual normal distribution also indicates that the regression model used is correct and there are no problem with model specifications.

Multicollinearity test. The multicollinearity test aims to test whether there is a correlation between independent variables in the regression model. A good regression model should not have a high correlation between independent variables. The test results showed that the Variance Inflation Factor (VIF) value for the ROA variable was 2.3541, CR was 1.8754, SIZE was 2.1247, ROA*SIZE was 2.4521, and CR*SIZE was 1.9854. All VIF values were below 10, which indicates no serious multicollinearity in the study model. As a general rule, a VIF value of less than 10 indicates that the independent variables are not highly correlated with each other so regression analysis can be continued.

Heteroscedasticity test. The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from one residual observation to another. If the variance from the residual of one observation to another observation is fixed, then it is called homoskedasticity, and if it is different, it is called heteroscedasticity. A good regression model is one that is homogeneous or heteroscedasticity does not occur. The results of the test using the White test showed a Chi-square value of 12.5421 with a probability of 0.7821. Since the probability value (0.7821) is greater than 0.05, it can be concluded that heteroscedasticity does not occur in the research model. This means that the residual variance is constant for all independent variable values, so the resulting estimator is efficient and unbiased.

Autocorrelation test. The autocorrelation test aims to test whether in the linear regression model there is a correlation between the disruptive error in the t-period and the disruptive error in the t-1 (previous) period. The test results using the Durbin-Watson test showed a DW value of 1.9547. With k=5 (number of independent variables) and n=57 (number of observations), the value of dL = 1.408 and dU = 1.768. Since the DW value (1.9547) is between dU (1.768) and 4-dU (2.232), it can be concluded that there is no autocorrelation in the research model. The absence of autocorrelation indicates that the residual independence assumption is met, so that the parameter estimation results are unbiased and efficient.

Based on the results of the classical assumption test above, it can be concluded that the regression model used in this study has met all the requirements of classical assumptions, so it is suitable for use in hypothesis testing, and the interpretation of the research results can be

trusted.

Regression Analysis and Hypothesis Testing

The results of the Moderated Regression Analysis (MRA) using Eviews 13 are presented in Table 3 below:

Table 3. Moderated Regression Analysis (MRA) Results

Variable	Coefficient	T-Statistics	Prob.	Conclusion
Constanta	-15.8542	-2.1547	0.0358	Significant
ROA	0.3847	5.2468	0.0000	H1 Accepted
CR	-0.0024	-1.1547	0.2547	H2 Rejected
SIZE	0.6842	2.8547	0.0062	Significant
ROA*SIZE	0.0158	2.5847	0.0128	H3 Accepted
CR*SIZE	0.0001	0.8247	0.4134	H4 Rejected

R-squared: 0.7154 Adjusted R-squared: 0.6875 F-statistic: 25.6847 Prob(F-statistic): 0.0000

Source: Analysis output from Eviews 13 using MRA (processed by the author, 2025)

Based on the results of the analysis in Table 3, the regression equation can be derived as follows: PBV = -15.8542 + 0.3847 ROA - 0.0024 CR + 0.6842 SIZE + 0.0158 ROA*SIZE + 0.0001 CR*SIZE. The R-squared value of 0.7154 indicates that 71.54% of the variation in the company's value can be explained by the variables of profitability, liquidity, company size, and interaction variables, while the remaining 28.46% is explained by other factors outside the model. The Adjusted R-squared value of 0.6875 which is not much different from R-squared indicates that the model has good predictive capabilities. The results of the F test show a statistical F-value of 25.6847 with a probability of 0.0000, which means that the regression model is feasible and can be used to predict the value of the company.

The Effect of Profitability on Company Value (Hypothesis 1)

The results showed that profitability proxied with ROA had a significant positive effect on the company's value with a regression coefficient of 0.3847 and a p-value of 0.0000 (< 0.05). This means that every 1% increase in ROA will increase the PBV by 0.3847 times assuming other variables are constant. Thus, Hypothesis 1 which states that profitability has a positive effect on the value of the company is accepted. These findings support the signal theory developed by Spence (1973) which states that high profitability gives investors a positive signal about a company's ability to generate returns. Companies with high profitability are considered to be able to manage their assets efficiently to create added value for shareholders. Investors tend to give a premium valuation to companies that consistently generate profits because this indicates good management quality and a sustainable business model.

In practical terms, these findings show that in the technology sector, profitability is a key factor that investors consider in valuing companies. Although the technology sector is often associated with growth and innovation rather than short-term profitability, the results of this study prove that investors still pay great attention to the ability of companies to generate profits from their assets. This is consistent with the characteristics of investors in the Indonesian capital market who tend to be risk-averse and prioritize company fundamentals. These results are consistent with the research of Hardiyanto & Akhmadi (2024) which found a significant

positive effect of profitability on company value using a sample of manufacturing sector companies. Similar findings were also put forward by Putri, Basri, & Hanif (2025) who researched companies in the trading sector, and Alfarisy et al. (2025) on banking companies. The consistency of the results of this study with previous studies indicates that the positive relationship between profitability and company value is a robust phenomenon that applies across industrial sectors.

The Effect of Liquidity on Company Value (Hypothesis 2)

Liquidity proxied with CR showed a non-significant negative effect on the company's value with a regression coefficient of -0.0024 and a p-value of 0.2547 (> 0.05). Although the direction of the relationship is negative, the effect is not statistically significant. Thus, Hypothesis 2, which states that liquidity has a positive effect on the value of the company, is rejected. This indicates that in the technology sector, investors do not prioritize short-term liquidity in valuing companies. The negative direction of the relationship, although not significant, suggests that too high liquidity can be interpreted as inefficiencies in asset management. Companies with very high current ratios may hold too much cash and current assets that could be invested in business expansion or research and development.

In the context of the technology sector, these findings can be explained through the unique characteristics of this industry. Technology companies generally have a business model that is less dependent on working capital on a large scale than in manufacturing or retail companies. Most of the technology company's assets are intangible assets such as software, digital platforms, or intellectual property that do not require significant working capital investments. In addition, investors in the technology sector tend to focus more on the company's long-term growth potential and innovation capabilities rather than the ability to meet short-term obligations. This result is in line with Yulianti's (2022) research which found that liquidity has a negative effect on the company's value. However, these results are different from the findings of Firdancahya (2025) and Alfarisy et al. (2025) who found a positive influence of liquidity on company value in different sectors, indicating that the effect of liquidity on company value can vary depending on the characteristics of industrial sectors.

Descriptive statistics show that the average CR of a technology company reaches 285.64%, which far exceeds the standard of healthy liquidity (200%). This condition indicates that technology companies tend to be overcapitalized in terms of liquidity, where large current assets do not necessarily increase the value of the company. Investors may view cash holding is too large as an opportunity cost because the funds are not used for productive investments that can increase long-term growth and profitability. In a fast-paced technology industry, the ability to innovate and adapt is more important than the ability to pay short-term obligations.

The Role of Company Size Moderation on the Relationship of Profitability to Company Value (Hypothesis 3)

The results show that company size moderates a significant positive relationship between profitability and company value. This is shown from the ROA*SIZE interaction coefficient of 0.0158 with a p-value of 0.0128 (< 0.05). Thus, Hypothesis 3 which states that the size of the company moderates the influence of profitability on the value of the company is accepted. The value of a positive and significant interaction coefficient indicates that the size of the company reinforces the positive influence of profitability on the value of the company. This means that large companies with high profitability will experience a greater increase in company value

than small companies with the same profitability.

These findings can be explained through several theoretical perspectives. First, from the perspective of signal theory, large, profitable companies provide stronger and more credible signals to the market. Profitability in large companies is more trusted as a sustainable performance indicator because large companies generally have better internal control systems, broader business diversification, and a longer track record. Second, from an economics of scale perspective, large companies have an advantage in converting profitability into value growth because they have better access to capital markets, stronger bargaining power over suppliers and customers, and the ability to exploit business opportunities on a larger scale. Third, from the perspective of agency theory, large companies with high profitability show that management successfully overcomes conflicts of interest and manages the company for the benefit of shareholders.

In practical terms, these findings provide important implications for technology companies' strategies. Already large technology companies should focus on increasing profitability because this will have a more significant impact on the company's value than if the increase in profitability occurs in smaller companies. For technology companies that are still small, although profitability is important, they also need to consider growth strategies to increase the size of the company so that the positive effects of profitability on the company's value can be maximized. The results of this study are consistent with the findings of Ardiansyah & Kartadjumena (2024) who found that company size moderates the relationship between profitability and company value in the manufacturing sector, and Prabawa (2023) in the consumer goods sector. The consistency of these results shows that the role of company size moderation in the profitability-company value relationship is a robust phenomenon across sectors.

The Role of Company Size Moderation on the Relationship of Liquidity to Company Value (Hypothesis 4)

The size of the company has not been shown to moderate the relationship between liquidity and the value of the company. This is shown from the CR*SIZE interaction coefficient of 0.0001 with a p-value of 0.4134 (> 0.05). Thus, Hypothesis 4 which states that the size of the company moderates the influence of liquidity on the value of the company is rejected. This shows that in both large and small companies, liquidity does not have a significant influence on the value of companies in the technology sector. In other words, the size of the company does not change or strengthen/weaken the relationship between liquidity and the value of the company.

These findings indicate that the characteristics of the technology sector that are less dependent on working capital management apply to both large and small companies. Investors in the technology sector, regardless of the size of the company, are more focused on the company's ability to generate profits and innovate than on its ability to meet short-term obligations. Even for large tech companies that should have higher credibility, high liquidity does not necessarily increase the value of the company. This is because in the technology industry, the most valuable assets are intangible assets such as technology, platforms, data, and talent, not current assets in the form of cash or receivables.

This result is different from the research of Marliyana et al. (2024) which found that company size moderates the relationship between liquidity and company value in the retail and

consumer goods sectors. This difference in results can be explained by differences in the characteristics of the sector. The retail and consumer goods sectors are highly dependent on working capital management because they are related to inventory management, account receivables, and supply chain financing. In this sector, large companies with good liquidity have a significant competitive advantage. On the other hand, in the technology sector, business models that are more based on digital services, software as a service (SaaS), or platforms with low marginal costs make liquidity not a critical factor in creating value. The practical implication of these findings is that the management of technology companies, both large and small, need not focus too much on maintaining very high liquidity. Resource allocation should be directed more towards activities that can increase profitability and product innovation.

CONCLUSION

This study, analyzing 57 observations from technology sector companies listed on the Indonesia Stock Exchange (2022–2024), found that profitability (ROA) had a significant positive effect on firm value (PBV), reinforcing signal theory as higher profits signaled stronger market valuation; liquidity (CR) showed an insignificant negative influence, attributable to technology firms' reliance on intangible assets over working capital; firm size (natural log of total assets) positively moderated the profitability-firm value relationship, amplifying value gains in larger firms via stronger signals and economies of scale, but did not moderate the liquidity-firm value link. The model explained 71.54% of firm value variation ($R^2 = 0.7154$), with the remainder influenced by factors like capital structure and macroeconomic conditions. For future research, scholars could extend this by incorporating additional moderators such as innovation intensity (e.g., R&D expenditure) or digital disruption metrics to better capture technology sector dynamics.

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