**Moderating Effects of Gender Diversity and Company Size on the Financial Determinants of Firm Value**

# ABSTRACT

**Aims:** Moderating effects is critical to corporate finance and governance. This study explores how gender diversity and firm size alter the influence between the key financial drivers of profitability, capital structure, and current ratio on firm value.

**Study Design:** This Study is a quantitative analysis that employs a purposive sampling method, we used 92 companies as the population with 79 data were used as the sample in the basic materials sector listed on the Indonesia Stock Exchange from 2021 to 2023. Test carried out using MRA analysis and classical assumption test.

**Methodology:** This study examines how capital structure, current ratio, and profitability on firm value are moderated by gender diversity and firm size. The analysis was conducted using SPSS 26.

**Results:** The results of the study indicate that capital structure and profitability do not affect firm value, while the current ratio has a positive effect. Gender diversity as a moderator is able to strengthen the influence of capital structure and current ratio. However, gender diversity is able to weaken the effect of profitability. Furthermore, company size as a moderator is not able to moderate the effect of capital structure on firm value, but company size is able to strengthen the effect of profitability, and finally, company size is able to weaken the effect of current ratio on firm value.

**Conclusion:** Practically, our findings can help shape policies that support financial stability, assist investors in their decision-making in the basic materials sector, and encourage management in devising impairment mitigation strategies, including improving gender equality in leadership. Theoretically, this shows the importance of moderating variables emphasizing that gender diversity is not an automatic guarantee of value, but rather a strategic investment that requires careful management to optimize its positive impact on firm performance and value.

*Keywords: capital stucture; current ratio; profitability; firm value; gender diversity; company size*

# INTRODUCTION

Around 2021 the economy in Indonesia had experienced a very drastic decline. The impact of Covid-19 is the main trigger for the decline in the economy in various industrial sectors. This of course also has an impact on the value of a company, company value is a reflection of a situation achieved by the company which shows how much public trust after establishing various activities with the company for several years (Rossa et al., 2023). This is a type of asset that businesses own, and its growth may be seen from the prices of stocks that remain steady over time. When one day share price of a company rises and stabilizes, the company value is also likely to increase. (Suryandari et al., 2021).

The basic material sector was one of the industries significantly impacted by the COVID-19 pandemic, which entered Indonesia around 2020. This sector is responsible for producing goods and services that other industries use as inputs to create final products. However, the onset of COVID-19 triggered an unprecedented economic crisis. The influencing factor was the social distancing policies, which led many industries such as automotive, construction, and food and beverage to halt production. This, in turn, had a significant impact on the basic materials sector by directly reducing its sales volume and revenue. This decline certainly affects the value of a company because the share price of companies in the basic material sector will decrease.

Company value is seen from the achievements achieved by the company, which shows the trust of investors after establishing activities with the company. This value is a company asset whose increase can be seen from the consistent stability of the share price. Keep in mind that a company needs to take actions that are certainly able to maintain its company value (Suryandari & Mongan, 2020). An investor who will invest in a company must certainly know how to assess a good company's shares. The company's published financial statements can be a reference for an investor to assess the company's shares, where company Value is quantified using the Price-to-Book (PBV) ratio, which assesses stock market performance against its book value (Putri et al., 2023). The following is a graph of the average company value for the 2021-2023 period in the basic material sector



Fig 1. PBV Data

Source: IDX processed by researchers

The graph in the figure shows changes in the value of companies in the basic material sector from 2021 to 2023. In 2021 the company value was 1.7 then fell to 1.0 in 2022 and fell back to 0.9 in 2023. The company value is decreasing every year. This indicates that the economy in Indonesia is still not improving after the impact of covid 19 which entered Indonesia in 2020 and the raw goods sector has not been able to face the challenges that exist and this change certainly reflects the financial condition in the raw goods sector which has not been able to improve after being affected by covid 19.

From this phenomenon, the company is required to be more vigorous in improving corporate worth because if the corporate has a good value, this will affect the share price as well, which of course the share price will also be better. This can be a good representation for the corporate in the eyes of investors in making an investment in a company (Retno & Suprihhadi, 2021). Multiple elements influence the company's worth, such as capital structure, current ratio, and profitability.

Within the framework of Signal Theory, a firm's capital structure, current ratio, and profitability can be considered as strong signals about its financial health and future prospects. An optimal capital structure, healthy current ratio, and high profitability will send a positive signal to the market, attracting investors and potentially increasing firm value. Conversely, weak indicators may send a negative signal.

Furthermore, this study also considers the role of gender diversity in the board of directors and firm size as moderating factors. The presence of gender diversity can be a positive signal of better governance and more comprehensive decision-making, thereby reducing investor uncertainty. Meanwhile, larger firm size may have stronger signaling capabilities due to better visibility and access to resources.

Capital structure is important for a company, because capital is the basic thing in building and running a company. According to (Ningrum & Khairunnisa, 2022) The capital structure outlines how the company's finances are organized by comparing the capital obtained from debt and equity to be used as a source of corporate funding. The research results of this variable have not been consistent from research (Dayanty & Setyowati, 2020), (Setiawan et al., 2021), dan (Fitria & Irkhami, 2021) stated that the repercussions of capital structure on firm value is generally recognized, but according to (Permadani et al., 2021), (William & Tanusdjaja, 2023) contends that firm value is unaffected by capital structure.

*Current Ratio* is a gauge used to evaluate the degree to which a company can fulfill its financial obligations that are due in the near future (Oktaviani et al., 2023). If the *current ratio* of the corporate is high, it shows that the corporate's ability to meet its short-term obligations that are due is paid on time to creditors, so the company in that position in the credit market is seen as getting better(Ummah & Yuliana, 2023). According to research from (Siahaan & Herijawati, 2023), and (Savira & Ferdinan, 2024) asserts that the current ratio impacts firm value but is different from research from (Artati, 2020), (Tandanu & Suryadi, 2020), and (Ventury & Oktaviani, 2022) which states that *the current ratio* has no effect on firm value.

Profitability itself is the ability of a company to get profit in profit a certain period (Ratnasari, 2020). Of course, the higher the profitability of a company, the larger the profit obtained and this will make the company more effective and efficient in obtaining a profit in each period (Ristiani & Sudarsi, 2022). In research (Nurhaliza & Azizah, 2023), (Nurmala et al., 2023), and (Riki et al., 2022) it is said that profitability affects firm value but this is different from research from (Tandanu & Suryadi, 2020), (Putra & Gantino, 2021), dan (Putranto et al., 2022) indicates that profitability has no implications for firm value.

One factor that can affect the relationship is gender diversity in the Company's leadership. Gender diversity, especially at the management or board level, often plays a moderating role. Gender diversity in a company is a very important topic today. The presence of men and women in the management or board of directors can provide different perspectives in decision making (F. Anggraini et al., 2023). Gender differences in work are now widely found in the environment around us, where men are considered more assertive and hard in making decisions inversely proportional to women who are delicate and have sensitive feelings. However, it is precisely the presence of women that is very beneficial in the company because usually women have a cautious and risk averse nature in making decisions which benefits the company to avoid projects that are too risky (Lubis et al., 2022).

This study aims to explore how gender diversity and firm size modify the influence between the key financial drivers of profitability, capital structure, and current ratio on firm value. Understanding these moderating effects is important for corporate finance and governance as it reveals how diversity and size shape investor perceptions and strengthen or weaken financial signals under signaling and stakeholder theories. Theoretically, this study enriches the literature of corporate finance and governance in emerging markets. Practically, the findings will provide valuable insights for policymakers, investors, and corporate management in formulating adaptive strategies. Empirically, we present direct evidence from the Indonesian context, filling a data gap and providing a basis for a deeper understanding of corporate resilience amidst crisis.

# 2. LITERATURE REVIEW

## **Signaling Theory**

Signaling theory*,* this theory elucidates how companies signal to investors by providing company information to shareholders and other external parties which includes financial reports and company annual reports that are officially published(William & Tanusdjaja, 2023). Later, the report becomes information for potential investors, which is previously analyzed first, whether the signal is considered good news or bad news (Rossa et al., 2023).

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

Modigliani and Miller (1958, as cited in Khoa et al., 2021) first proposed that capital structure is irrelevant under perfect market assumptions. Subsequently ,Modigliani and Miller (1963, as cited in Cerkovskis et al., 2021) relaxed these assumptions by introducing corporate taxes, demonstrating that leverage creates firm value through interest tax shields. Building upon these foundational ideas, the trade-off theory argues that firms seek an optimal capital structure by balancing the tax advantages of debt against the rising risk and costs associated with financial distress and bankrupty (Cerkovskis et al., 2021). Therefore, an elevated capital structure may send a positive signal to potential investors, conveying strong growth expectation, supporting the conclusion that using more debt can enhance firm value R. Sari et al., 2025), considering this explanation which is reinforced by research from (S. Anggraini & Indrawati, 2021),(Mariani et al., 2023), (Ariani et al., 2024) and (R. Sari et al., 2025) which reveals that capital structure plays a positive role

H1: Capital structure has a positive effect on firm value.

## **The Effect of *Current Ratio* on Firm Value**

As a financial indicator, the current ratio assesses a firm's liquidity by gauging its proficiency in meeting short-term liabilities upon maturity (Oktaviani et al., 2023). A greater value suggests the corporate is able to pay on time. This can provide a positive signal to investors that the company is using its assets to cover existing debt. This is reinforced through research from (Imanah et al., 2020) and (Sukmayanti & Sembiring, 2022) which state that the current ratio has a positive influence on firm value.

H2: *Current Ratio* Has a Positive Effect on Firm Value

## **The Effect of Profitability on Firm Value**

Company must be able to convey information to shareholders about the company's future prospects. If a company achieves substantial profits, it's often seen as an encouraging sign by investors. This is because robust earnings demonstrate the firm's sound financial well-being, which in turn can attract investment (Riki et al., 2022). Based on this explanation which is reinforced by research from (Nurhaliza & Azizah, 2023), (Nurmala et al., 2023), (Riki et al., 2022), (Firmansyah et al., 2025) (Rahmawati et al., 2023) which suggests high profitability is positively correlated with an increase in firm value.

H3: Profitability Has a Positive Effect on Firm Value

## **The Effect of Capital Structure on Firm Value with Gender Diversity as Moderation**

According to Agency Theory, the separation of ownership (principal) and management (agent) can lead to agency problems, where managers may act in their own self-interest, rather than the interest of shareholders, potentially lowering the value of the company. The presence of gender diversity in the board of directors can be an effective governance mechanism to mitigate this agency problem. That female directors who tend to exhibit higher risk awareness and stronger alignment with shareholder interests lead to more conservative financing choices, thereby moderating the effect of capital structure on firm value by reducing agency costs Amin et al., 2022). Frames diverse boards, particularly with female representation, as strategic resources that provide external networks, legitimacy, and unique insights, supporting better capital decisions and governance outcomes (Chang et al., 2024). Posits that the demographic and psychological traits of top management including gender influence strategic direction; gender diversity introduces varied cognitive perspectives, which in turn affect how financial measures like leverage are converted into firm (Tashfeen et al., 2023). In research according to (Rindorindo & Soewignyo, 2022) explaining that gender diversity has the potential to optimize the effect of capital structure on firm value.

H4: Gender diversity strengthens the effect of capital structure on firm value

## **The Effect of *Current Ratio* on Firm Value with Gender Diversity as Moderation**

A high current ratio means disbursed by the corporate its short-term debt on time, which can make investors believe in the corporate's future prospects. Moreover, with the presence of gender in the company which makes the company have a diverse team that brings a broader view in making decisions in asset management, with gender the company is better at managing risks related to its liquidity so that it can increase company value. A good current ratio can certainly be managed well by a combination of several teams of different genders.

H5: Gender diversity strengthens the effect of current ratio on firm value

## **The Effect of Profitability on Firm Value with Gender Diversity as Moderation**

The existence of gender in the Company can encourage better Company performance, especially in increasing Company profits. Where the female gender is considered to have different advantages. Usually, women have the ability to be more meticulous and more able to supervise and be better at managing the Company and this can certainly increase the ability to increase Company profits because basically women have a cautious nature in making a decision. Sustained increases in company profits are likely to enhance firm value, implying that gender can build a positive image and can maintain excellence so that this will have implications for the value of the corporate. This is in line through research from (Muzanni et al., 2021) dan (Rahmawati et al., 2025) which confirms that gender diversity has the potential to optimize the effect of profitability on firm value.

H6: Gender diversity strengthens the effect of profitability on firm value

## **The Effect of Capital Structure on Firm Value with Company Size as Moderation**

Larger firms, by virtue of their scale and visibility, enhance the credibility of financial signals such as leverage decisions sent to the market. When a large firm uses more debt financing, this action is more likely interpreted by investors as a confident managerial signal, signaling strong future prospects and lower perceived bankruptcy risk. Empirical research supports this: in emerging markets, the positive influence of leverage on firm value is conditionally strengthened or even weakened depending on firm size; larger firms tend to transmit stronger signaling credibility but may also trigger concerns over overleveraging. Consequently, the interaction between capital structure and firm value is moderated by company size: the leverage firm value effect becomes more nuanced in larger firms, where higher debt can either amplify the signaling boost or undermine value if perceived as excessive risk. This is in line through study from (R. Sari et al., 2025) which asserts that company size can moderate or strengthen the effect of capital structure on firm value.

H7: Company size strengthens the influence of capital structure on firm value

## **The Effect of Current Ratio on Firm Value with Company Size as Moderation**

Companies with good current ratios are considered to have good performance by investors or creditors. Companies with high current ratio values and large sizes can provide strong trust signals because investors may assume that large, liquid companies can take advantage of investment opportunities and can withstand economic shocks to remain stable. Companies with a good current ratio have a good view of investors, this of course can make the value of the company rise. It can be concluded that the liquidity of a large company can send a strong signal of security and potential to the market.

H8: Company size strengthens the effect of current ratio on firm value

## **The Effect of Profitability on Firm Value with Company Size as Moderation**

Large company sizes are considered capable of generating large profits compared to small companies. Companies with large sizes are considered to have a positive response from investors because they can be used as indicators by investors to make investments which if a large-sized company has good management so that in the future it can generate large profits. Companies with large sizes get a lot of relationships and can easily get capital for the future. It's anticipated that the acquired capital will be effectively managed by the company to generate greater profits and enhance its overall value. This corroborates through research from (Janah & Munandar, 2022) and (D. N. Sari & Suwitho, 2023) that company size can to strengthen the effect of profitability on firm value.

H9: Company size strengthens the effect of profitability on firm value



Fig 2. Research Framework

#  METHODS

The study sets the companies from the basic material industry publicly listed on the IDX as the population. The secondary data used is sourced derived from annual reports obtainable via the Indonesia Stock Exchange's official website. ([www.idx.co.id](http://www.idx.co.id)). The data were analyzed using SPSS statistics version 26. The data was analyzed using descriptive statistics, and then the regression model's validity was checked using a classical assumption test. Next, the hypotheses were tested using a moderation regression analysis. This analysis looked at the impacts of the independent factors on the dependent variable, both individually and when combined, as well as the moderating role of gender diversity and company size. The data collection procedure for the research sample used a purposive sampling technique by considering several criteria. The sample criteria are as follows:

**Table 1. Sample Criteria**

|  |  |  |
| --- | --- | --- |
| No | Criteria | Summary |
| 1. | IDX-listed companies operating within the basic materials sector for the period 2021 - 2023 | 92 |
| 2. | Research data sample 2021 - 2023 (92 × 3 years) | 276 |
| 3. | Companies that do not make a profit during the 2021-2023  | (92) |
| 4. | Companies that do not use rupiah units for the period 2021 - 2023 | (63) |
| 5. | Data affected by Outliers | (42) |
| Total Sample | 79 |

*Source: annual report processed by researchers*

**Table 2. Variable Measurement**

| No | Variable | Description | Formula |
| --- | --- | --- | --- |
| 1. | Capital Structure | Capital structure is defined as the ratio between internal and external financing sources. The Debt to Asset Ratio (DAR) is used to indicate the proportion of a company's assets that are funded through debt (Kurniadiantoyo & Kurnia, 2022) | DAR = $\frac{Total Debt}{Total Asset}$ |
| 2. | Current Rasio | Determining the the firm's ability to cover its current liabilities, the current ratio is used by comparing these liabilities to overall current assets (Kaaba et al., 2022) | *CR* = $\frac{Current Asset}{Current Liabilities}$ |
| 3. | Profitability | Profitability is important to increase company value, which is the corporate's effort to generate maximum profit (Kurniadiantoyo & Kurnia, 2022) | ROA = $\frac{Net Income}{Total Asset}$ |
| 4. | Firm Value | The present study uses (PBV), which is the market price of a company's shares over the book value of the shares (Febriyanti et al., 2023) | PBV = $\frac{Share Price}{Book Value of Shares}$ |
| 5. | Gender Diversity | Gender is defined as a difference between women and men\ (Ballian Siregar, 2020) | Dummy0: does not have female directors1: has fimale directors |
| 6. | Company Size | Company size is a scale that classifies the size of the assets owned by the company (D. N. Sari & Suwitho, 2023) | Size = Ln (Total Asset) |

Data analysis in this study uses moderated regression analysis (MRA). The regression equation is as follows:

Y= α ​+ β1​X1​ + β2​X2 ​+ β3​X3 ​​+ β4​(X1​⋅M1​) + β5​(X2​⋅M1​) + β6​(X3​⋅M1​) + β7​(X1​⋅M2​) + β8(X2​⋅M2) + β9​(X3​⋅M2​) + €

Description:

α: Constanta

Y: Firm Value

X1: Capital Structure

X2: Current Rasio

X3: Profitability

M1: Gender Diversity

M2: Company Size

β1 – β9: Regression Coefficient

€: Error Term

# RESULTS AND DISCUSSION

## **Analysis Descriptive**

The descriptive statistical analysis provides an initial overview of the characteristics of the key variables in this study. Capital structure, represented by the Debt-to-Asset Ratio (DAR), shows an average of 0.37295. This indicates that, on average, about 37.3% of the company's assets are financed by debt, reflecting a relatively manageable level of leverage. For the current ratio (CR) shows an average of 3.49016. This figure confirms a strong liquidity position, where the company has more than three times the current assets to cover its short-term liabilities. Meanwhile, profitability, as measured by Return on Assets (ROA), has an average of 0.05642. This means that the companies on average generate a profit of around 5.64% from each of their assets, indicating positive operational performance. In the context of gender diversity, the dummy variable proxy shows an average of 0.43038. This figure indicates that around 43.04% of the companies in the sample have female directors, suggesting a varied gender representation. Firm size, as measured by the natural logarithm of total assets, has an average of 28.25803. This value represents a wide range of firm sizes in the sample, ranging from small to large. Finally, firm value, proxied by Price-to-Book Value (PBV), shows an average of 0.85277. This indicates that, on average, the market value of companies is below their book value, which could be an area for further exploration.

**Table 3. Descriptive Analysis Results**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Variabel | N | Min | Max | Mean | St. Dev |
| Firm Value | 79 | 0.220 | 1.728 | .85277 | .390043 |
| Capital Structure | 79 | 0.033 | .838 | .37295 | .192894 |
| Current Rasio | 79 | 0.890 | 24.804 | 3.49016 | 4.166462 |
| Profitability | 79 | 0.002 | .241 | .05642 | .043874 |
| Gender Diversity | 79 | 0.000 | 1.000 | .43038 | .498293 |
| Company Size | 79 | 25.313 | 31.389 | 28.25803 | 1.481073 |

*Source: Data Processed, 2025*

## **Normality Test**

As per the Kolmogorov-Smirnov Normality Test results, the processed data shows a normal distribution. This is confirmed by the Asymp. Sig. (2-tailed) value, which is 0,200 > 0,05. This condition fulfills an important requirement to continue the regression analysis.

## **Heteroscedasticity Test**

No heteroscedasticity was identified in the tested variables, as confirmed by the Glejser Test and the significance values of all variables obtained were > 0.05 for capital structure (X1 = 0.382), current ratio (X2 = 0.349), and Profitability (X3 = 0.381) Then this validates that the assumptions are met and can proceed for further testing.

## **Autocorrelation Test**

The Durbin-Watson (DW) test of 1.094 indicating no evidence of autocorrelation, which as per the Durbin-Watson test criteria the value must be between -2 and +2, which from the processing results obtained -2 <

1.094 < +2, this indicates that the autocorrelation test is declared fulfilled.

## **R Square Test Results**

Data processing shows that firm value is influenced by the variables of capital structure, current ratio, profitability, gender diversity, and firm size. The R Square value obtained is 0.445 or 44.5%, which explains the extent to which the independent variable affects the dependent variable, while the rest is caused by other factors not included in this study.

## **F Test**

In accordance with the data that has been processed, the F-test is obtained at 6,141 with a significance of 0.000 with a low significance value below 0.05, it can be concluded that the company value is influenced by a combination of capital structure variables, current ratio, profitability, gender diversity, and company size.

## **Moderated Regression Analysis (MRA)**

Hypothesis testing in this study is the interaction test or can be called the Moderated Regression Analysis (MRA) test. MRA itself is an application for multiple linear regression in which there is an element of interaction. The aim is to explore how the independent variables relate to the dependent variables can be modified or influenced by the presence of a third variable, known as the moderating variable.

**Table 4. Uji MRA**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Variabel | Coefficient | t | P Value | Conclusion |
| Capital Structure | -1.488 | -0.484 | 0.630 | Not Supported |
| Current Rasio | 0.333 | 1.924 | 0.060 | Supported |
| Profitability | -30.235 | -1.714 | 0.091 | Not Supported |
| Capital Structure\* Gender Diversity | 0.871 | 3.513 | 0.001 | Supported |
| Current Ratio\* Gender Diversity | 0.048 | 2.025 | 0.047 | Supported |
| Profitability\* Gender Diversity | -3.833 | -2.278 | 0.026 | Not Supported |
| Capital Structure\* Company Size | 0.061 | 0.551 | 0.584 | Not Supported |
| Current Ratio\* Company Size | -0.013 | -1.993 | 0.050 | Not Supported |
| Profitability\* Company Size | 1.269 | 2.000 | 0.049 | Supported |

**Dependent Variabel: Firm Value**

*Source: Data processed, 2025*

Based on Table 4, the significance values of the capital structure and profitability variables are 0.630 and 0.091 > 0.05 respectively, these variables are not proven to affect firm value. The significance value of the current ratio variable of 0.060 < 0.1 (sig. 10%) states that the

current ratio has a positive effect on firm value. Gender diversity as a moderator of the effect of capital structure and current ratio has a significance value of each variable of 0.001 and 0.047 < 0.05 and the direction is positive, meaning that gender diversity as a moderator can strengthen its influence on firm value. However, gender diversity can weaken the effect of profitability on firm value seen from its significance value of 0.026 < 0.05 and the direction is negative. Company size as a moderator is not able to moderate the effect of capital structure on firm value with a significance value of 0.584 > 0.05. The significance value of company size as a moderating current ratio of 0.050 ≤ 0.05 and its negative direction means that company size here can weaken its influence on firm value. Furthermore, the profitability variable moderated by company size has a significance value of 0.049 < 0.05 and the direction is positive, meaning that company size can strengthen its influence on firm value.

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

The MRA test results show that the capital structure variable (DAR) has no effect on firm value, so H1 is not supported. This is corroborated by research according to (Permadani et al., 2021), (William & Tanusdjaja, 2023) , and (Ummah & Yuliana, 2023) which state that capital structure has no effect on firm value. Capital structure has no effect on firm value because debt is a source of high risk for the company. It is known that high debt can lead to bankruptcy and large interest expenses (Permadani et al., 2021). This could indicate that an investor does not see debt as a positive signal, but as a risk. Investors are certainly reluctant to invest more in the company, which then causes less demand and more supply, this has the potential to drop the corporate's share price, this indicates the corporate value does not increase (Nufyar & Mulyani, 2023).

## **The Effect of Current Ratio on Firm Value**

The results state that the current ratio has a positive effect on firm value, which means H2 is supported. One of the liquidity ratios is the current ratio, a high ratio indicates that the company can meet its short-term debt on time, because the company has excess current assets compared to the amount of debt. this can be a positive signal to encourage investors to invest in the company because of the company's ability to cover all its debts with available current assets. If the company can cover its debts, this will certainly have an impact on investor interest in investing so as to increase the company's value. This is in line with research from (Imanah et al., 2020) and (Sukmayanti & Sembiring, 2022) which states that the current ratio is proven to contribute positively to firm value.

## **The Effect of Profitability on Firm Value**

Based on the mra test table, the profitability variable has a negative effect on firm value, this is not in accordance with the initial hypothesis which states that profitability has a positive effect on firm value, meaning that H3 is not supported. This explains that the company cannot utilize its assets effectively and efficiently, which means that the company cannot earn high profits to increase its company value. this can be bad news or a bad signal because the company's profitability is inconsistent and tends to fluctuate every year, causing investors to be less confident about the potential results expected from the company in the future (Farizki et al., 2021). As a result, this is not able to encourage a rise in value of the company, as seen from the movement of the stock price. This finding aligns with studies by (Tandanu & Suryadi, 2020), (Putra & Gantino, 2021), (Farizki et al., 2021), and (Putranto et al., 2022).

## **The Effect of Capital Structure on Firm Value Moderated by Gender Diversity**

The results of the mra test state that gender diversity variables can strengthen capital structure on firm value, meaning that H4 is supproted. Gender diversity is able to strengthen the influence of capital structure because with a variety of genders in the company's ranks, it is able to consider a better decision for the future in using debt or equity to finance the company. The presence of gender in this company brings a broader perspective and the company is able to improve the quality of decision making where this gender helps the company manage risks related to capital and this provides a positive message to investors. This is in line with research from (Rindorindo & Soewignyo, 2022) which indicates that gender can increase the effect of capital structure on firm value.

## **The Effect of Current Ratio on Firm Value Moderated by Gender Diversity**

The mra test table states that the gender diversity variable can strengthen the current ratio on firm value, meaning that H5 is supported because gender diversity is capable of either reinforcing the current ratio's effect on firm value. The higher the current ratio shows that the company pays its short-term debt on time and this can provide a positive signal to increase investor confidence. Moreover, the presence of gender in the company which makes the company have a diverse team brings a broader perspective in making decisions in asset management, with gender the company is better at managing risks related to its liquidity so that it can increase the value of the company but this is at odds with the findings (Ummah & Yuliana, 2023) dan (Rahmawati et al., 2025).

## **The Effect of Profitability on Firm Value Moderated by Gender Diversity**

As shown in the MRA test table, gender diversity as a moderator weakens the effect of the profitability variable on firm value, which H6 is not supported. An elevated degree of profitability is a reflection of effective corporate management and positive growth, making it an important indicator. (Damayanti & Retnani, 2024). Investors often look for signals to help assess future risks. If board members from diverse gender backgrounds, especially women, usually tend to be more oriented towards employee welfare, it may have an impact on company profits because some of the company's profits can be allocated to social programs, not solely to increase the value of the company. Therefore, companies must pay attention to the balance between financial performance and diversity in management to maximize the value of the company. This data is inconsistent with research from (Ummah & Yuliana, 2023) and (Rahmawati et al., 2025)

## **The Effect of Capital Structure on Firm Value Moderated by Firm Size**

Firm size does not act as a moderator on the impact of capital structure on firm value, meaning H7 is not supported. This may happen because the size of the corporate does not result in strengthening the effect of capital structure on firm value. The greater the number of assets owned by the corporate, the more complicated the management will be because of the large number of assets, the company is at risk of inefficient resource allocation, for example assets that are not optimally utilized or even idle can cause waste of costs. However, if the company has a relatively small amount of assets but is able to manage debt effectively to fund productive activities, then this can actually increase the value of the company. This is because optimal use of debt can provide financial leverage, which increases profits and returns for shareholders. This research is congruent with prior work from (Dayanty & Setyowati, 2020), (Rasyid et al., 2022), and (Ummah & Yuliana, 2023) stated that firm size has no moderating function in the interaction between capital structure and firm value.

## **The Effect of Current Ratio on Company Value Moderated by Company Size**

The MRA test table states that company size is able to moderate but because the direction of the relationship is negative, this means that company size serves to weaken the effect of current ratio on firm value, so H8 cannot be supported. This happens because of the assumption of investors that companies with large sizes must be able to face risks in the future. Investors assume that companies with large sizes have a good current ratio. However, because major corporations are generally seen as possessing a strong current ratio and are sufficient to provide guarantees, this causes the current ratio to be less important for investor assessments in determining the value of the company. What's more, if a corporate cannot optimally utilize its current assets, this can affect its ability to generate profits. This condition can even be an unfavorable signal for investors and potentially reduce the value of the corporate. This finding aligns with research by (Andriyanti & Khuzaini, 2023) dan (Putri & Imronudin, 2025).

## **The Effect of Profitability on Firm Value Moderated by Company Size**

Based on the mra test table, company size is able to moderate because the direction is positive, meaning that company size strengthens the effect of profitability on firm value H9 is supproted. Companies with large sizes have a positive response from investors because they can be used as indicators by investors to make investments which if a large-sized company has good management so that in the future it can generate large profits. Companies with large sizes get a lot of relationships and can easily get capital for the future. The capital obtained is expected to be managed properly by the company to get greater profits and be able to increase the firm's worth. Our data are consistent with the findings reported by (Janah & Munandar, 2022) dan (D. N. Sari & Suwitho, 2023).

# CONCLUSION

The research outcomes state that capital structure and profitability have no effect on firm value but current ratio affects the value of the corporate. This study also states that gender diversity as a moderating variable can strengthen the influence of capital structure and current ratio on the value of the corporate but for the profitability variable gender diversity can weaken the influence on the value of the company. For the company size variable as the next moderator, the results state that company size does not moderate the effect of capital structure on the value of the company, however company size has the potential to strengthen the impact of profitability, but weaken the effect of current ratio on firm value.

These findings provide important implications that companies should not only focus on the quantity of gender diversity, but also on the quality of its implementation. Theoretical implications, this study enriches the theory of corporate finance and corporate governance in emerging markets. We highlight how gender diversity and firm size affect the post-pandemic decline in firm value, providing new nuances to the understanding of value drivers in the context of crisis. It demonstrates the importance of moderating variables emphasizing that gender diversity is not an automatic guarantee of value, but an investment strategy that requires careful management to optimize its positive impact on firm performance and value.

The practical implications of the results of this study provide important implications for various stakeholders. For policymakers, the findings underscore the urgency of encouraging policies that support gender diversification in corporate leadership, which can contribute to broader economic stability. For investors, an understanding of the role of gender diversity and firm size can aid in a smarter and risk-informed investment decision-making process. Meanwhile, for corporate management, this research offers guidance to strengthen their governance structure, optimize board composition, and devise strategies that are more adaptive to external shocks, taking into account the unique characteristics of their company size.

Empirically, this study presents direct and contextualized evidence from emerging markets, filling an existing data gap. We have used actual data from Indonesian firms to validate our hypotheses, providing a solid foundation for further studies in similar regions. Nonetheless, this study has limitations, such as focusing on one sector and a specific time period. Therefore, future research could expand the coverage to other sectors, analyze a longer time period, or use different methodologies to confirm and deepen these findings.

# DISCLAIMER (ARTIFICAL INTELLIGENCE)

The authors hereby declare that there was no assistance from AI technologies such as (ChatGPT and others) during the writing and editing of the manuscript.

## **REFERENCES**

Andriyanti, S. P., & Khuzaini. (2023). The Effect of Profitability and Liquidity on Firm Value Moderated by Firm Size. Journal of Management Science and Research (Jirm), 12.

Anggraini, F., Annisa, A., & Zefriyenni, Z. (2023). The Effect of Board Gender Diversity and Earnings Management on Firm Financial Performance. Proaksi Journal, 10(4), 437–449. <https://Doi.Org/10.32534/Jpk.V10i4.4534>

Anggraini, S., & Indrawati, N. (2021). The Effect of Capital Structure, Profitability, and Dividend Policy on Firm Value in the Consumer Goods Industry on the Indonesia Stock Exchange. Kiat Economic Journal, 32(1). <https://Journal.Uir.Ac.Id/Index.Php/Kiat>

Amin, A., ur Rehman, R., Ali, R., & Mohd Said, R. (2022). Corporate governance and capital structure: Moderating effect of gender diversity. *Sage Open*, *12*(1), 21582440221082110

Ariani, S., Purwidianti, W., Inayah, M. N., & Haryanto, T. (2024). Determining Company Value in the Manufacturing Sector in Indonesia. *Journal of Economics, Finance And Management Studies*, *07*(05), 2315–2324. <https://doi.org/10.47191/jefms/v7-i5-05>

Artati, D. (2020). Dwi Artanti - The Effect of Return on Assets, Size, and Current Ratio on Firm Value Through Dividend Policy. The Effect of Return on Assets, Size, and Current Ratio on Firm Value Through Dividend Policy. vii(1).

Ballian Siregar, V. S. W. M. A. (2020). Gender Mainstreaming: A Case Study of Female Journalists on Metro TV. Global Komunika Journal of Social and Political Sciences, Vol. 3 (Vol. 3 No. 2 (2020): Global Komunika), 24–31. [https://Doi.Org/Https://Doi.Org/10.33822/Gk.V3i2.1788](https://Doi.Org/Https%3A//Doi.Org/10.33822/Gk.V3i2.1788)

Cerkovskis, E., Gajdosikova, D., & Ciurlau, C. F. (2022). Capital Structure Theories: Review Of Literature. *Economic & Managerial Spectrum/Ekonomicko-manažérske Spektrum*, *16*(1).

Chang, Y., Wu, K. T., Lin, S. H., & Lin, C. J. (2024). Board gender diversity and corporate social responsibility. *International Journal of Corporate Social Responsibility*, *9*(1), 7.

Damayanti, H. E., & Retnani, E. D. (2024). The Influence of Profitability, Capital Structure, and Investment Decisions on Firm Value. Journal of Accounting Science and Research (Jira), 13(4).

Dayanty, & Setyowati. (2020). The Effect of Financial Performance and Capital Structure on Firm Value Moderated by Firm Size (An Empirical Study of Companies in the Trade, Services, and Investment Sectors Listed on the Indonesia Stock Exchange in 2016-2018). Agisma: Scientific Journal of Economics and Business, 8, 77–87.

Farizki, F. I., Suhendro, S., & Masitoh, E. (2021). The Effect of Profitability, Leverage, Liquidity, Firm Size, and Asset Structure on Firm Value. Ekonomis: Journal of Economics and Business, 5(1), 17. <https://Doi.Org/10.33087/Ekonomis.V5i1.273>

Febriyanti, N. R., Aryani, F., & Hendratni, T. W. (2023). The Effect of Leverage and Profitability on Firm Value (A Case Study of Telecommunications Sub-Sector Companies Listed on the Indonesia Stock Exchange (IDX) Period 2016-2021. Jimp, 3(2), 99–109.

Firmansyah, D. Y., Purwidianti, W., Tubastuvi, N., & Fakhruddin, I. (2025). Governance Profitability Matters : Boosting Firm Value Through. *Jurnal Bisnis, Manajemen Dan Perbankan*, *11*(01), 1–14. https://doi.org/10.21070/jbmp.v11i1.2075

Fitria, & Irkhami. (2021). Firm Size as a Moderator of the Effect of Capital Structure, Profitability, and Islamic Social Reporting on Firm Value in Islamic Commercial Banks. Scientific Journal of Islamic Economics, 7(03), 1629–1643. <https://Doi.Org/10.29040/Jiei.V7i3.3584>

Imanah, M., Alfianur, & Setiyowati, W. S. (2020). The Effect of Debt to Equity Ratio and Current Ratio on Firm Value with Return on Assets as an Intervening Variable. Journal of Accounting Student Research (Jrma), 8.

Janah, N., & Munandar, A. (2022). The Effect of Tax Planning and Profitability on Firm Value with Firm Size as a Moderating Variable. Scientific Journal of Management, Economics, & Accounting (Mea), 6, 1421–1437.

Kaaba, W., Dama, H., & Dungga, M. F. (2022). Liquidity Ratio Analysis of Banking Companies Listed on the Indonesia Stock Exchange (IDX) During the Covid-19 Pandemic Period (2019–2020). Scientific Journal of Management and Business, Vol. 5.

Khoa, B. T., & Thai, D. T. (2021). Capital structure and trade-off theory: Evidence from Vietnam. *The Journal of Asian Finance, Economics and Business*, *8*(1), 45-52.

Kurniadiantoyo, G. M., & Kurnia. (2022). The Effect of Capital Structure, Leverage, and Profitability on Firm Value (A Case Study of a Retail Company Listed on the Indonesia Stock Exchange). Journal of Accounting Science and Research, 11.

Lubis, N. R. H., Syahyunan., & Azhmy, M. F. (2022). The Effect of Board of Director Diversity on Financial Performance in Manufacturing Companies.

Mariani, D., Ayu Nursanty, I., & Amm, S. (2023). The Effect of Structure Capital, Dividend Policy, Efficiency of Working Capital Use, and Intellectual Capital on the Value of Idx80 Companies on the Indonesia Stock Exchange in 2017-2019. In Jurnal Ilmiah Ekonomi dan Bisnis (Vol. 1, Issue 4). [Www.Idx.Co.Id](http://Www.Idx.Co.Id).

Muzanni, M., Yuliana, I., Malik, M., & Malang, I. (2021). Does Gender Diversity Moderate the Relationship Between Profitability and Company Value? (Vol. 28).

Ningrum, & Khairunnisa. (2022). The Effect of Company Size, Sales Growth, Profitability, and Liquidity on Capital Structure (A Case Study of Food and Beverage Subsector Companies Listed on the Indonesia Stock Exchange 2016-2020). Journal of Economic Research, 2, 28–37.

Nufyar, A., & Mulyani, E. (2023). The Effect of Capital Structure and Profitability on Company Value in the Metal and Related Sectors 2017-2021. Journal of Accounting Exploration, 5(3), 1239–1254. <https://Doi.Org/10.24036/Jea.V5i3.686>

Nurhaliza, & Azizah. (2023). Analysis of Capital Structure, Managerial Ownership, Company Growth, and Profitability on Firm Value. Journal of Financial and Accounting Research, 9(1), 31–44.

Nurmala, T., Komala, Y., & Andriani, R. (2023). The Effect of Capital Structure and Profitability on Firm Value. Journal of Business, 11(1), 1–11. <https://Doi.Org/10.62739/Jb.V11i1.2>

Oktaviani, Mursalini, & Sriyanti. (2023). The Effect of Current Ratio, Debt to Equity Ratio, and Net Profit Margin on Profit Growth (A Case Study of Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2018-2020 Period). Journal of Economics, Management, and Business Research (Jekombis), 2, 66–83.

Permadani, Novitasari, & Nurhayati. (2021). Simba Seminar on Management Innovation in Business and Accounting 3: The Effect of Capital Structure and CSR on Firm Value with Profitability as a Moderating Variable.

Putra, & Gantino. (2021). The Effect of Profitability, Leverage, and Firm Size on Firm Value. Esensi: Journal of Business and Management, 11, 81–96.

Putranto, Maulidhika, & Scorita. (2022). The Impact of Good Corporate Governance and Profitability on Firm Value. Online Journal of Accountants, 7, 61–74.

Putri, K. N., & Imronudin. (2025). The Moderating Role of Firm Size: The Effect of Capital Structure, Current Ratio, and Profitability on Company Value. El-Mal: Journal of Islamic Economics & Business Studies, 6(1). <https://Doi.Org/10.47467/Elmal.V6i1.6524>

Putri, Linawati, & Solikah. (2023). Factors Affecting Company Value in Transportation Companies Listed on the Indonesia Stock Exchange. Journal of Economics, Business, and Management (Ebismen), 3, 36–55.

Rahmawati, D. A., Biduri, S., & Rahmawati, I. D. (2025). Profitability, Leverage Ratio, and Liquidity to Firm Value with Gender Diversity as a Moderating Variable. International Journal of Accounting Innovation, 1(1), 55–75.

Rahmawati, D. V., Wahyuni, S., Fitriati, A., & Purwidianti, W. (2023). Kebijakan Dividen Sebagai Pemoderasi Terhadap Determinan Nilai Perusahaan. *JAP (Jurnal Akuntansi Dan Pajak)*, *23*(02), 1–10. http://jurnal.stieaas.ac.id/index.php/jap

Rasyid, C. A. M. P., Indriani, E., & Hudaya, R. (2022). The Effect of Corporate Social Responsibility and Capital Structure on Firm Value, with Firm Size and Profitability as Moderating Variables in Mining Companies. Journal of Accounting Applications, 7(1), 136–156. <https://Doi.Org/10.29303/Jaa.V7i1.146>

Ratnasari, (2020). Efforts to Increase Business Profitability. Focus: Scientific Publications for Students, Lecturers, and Alumni of Kapuas Sintang University, 18, 25–34.

Retno, & Suprihhadi, (2021). The Effect of Profitability, Market Value, Firm Size, and Leverage on Stock Prices in Property and Real Estate Companies Listed on the Indonesian Stock Exchange (IDX). Journal of Management Science and Research, 10.

Riki, M., Tubastuvi, N., Darmawan, A., & Rahmawati, I. Y. (2022). Capital Structure, Profitability, and Liquidity on Firm Value with Dividend Policy as a Moderator. Journal of the Academy of Accounting, 5(1), 62–75. <https://Doi.Org/10.22219/Jaa.V5i1.19409>

Rindorindo, C., & Soewignyo, F. (2022). The Moderating Effect of Gender on the Influence of Capital Structure on Firm Value in the Consumer Goods Industry on the Indonesia Stock Exchange. Literatus, 4(3), 1080–1090. <https://Doi.Org/10.37010/Lit.V4i3.1047>

Ristiani, L., & Sudarsi, S. (2022). Analysis of the Effect of Profitability, Liquidity, Firm Size, and Capital Structure on Firm Value. Scientific Journal of Accounting and Finance, 5(2), 837–848. <https://Journal.Ikopin.Ac.Id/Index.Php/Fairvalue>

Rossa, Susandya, & Suryandari. (2023). The Effect of Liquidity, Profitability, Firm Growth, Firm Size, and Capital Structure on Firm Value of Banking Companies at the Indonesian Stock Exchange (BEI) 2019-2021. Collection of Accounting Student Research Results (Kharisma), 5, 88–99.

Sari, D. N., & Suwitho. (2023). The Effect of Profitability, Liquidity, and Dividend Policy on Firm Value with Firm Size as a Moderating Variable. Journal of Management Science and Research, 12.

Sari, R., Rifan, D. F., & Selvina, M. (2025). The Effect of Sustainability Report Disclosure, Environmental Performance, and Capital Structure on Firm Value with Firm Size as a Moderating Variable. Journal of Applied Management Finance, 6, 444–470.

Savira, M., & Ferdinan, R. (2024). The Effect of Current Ratio, Debt to Equity Ratio, and Return on Equity on Firm Value. Jibema: Journal of Business, Economics, Management, and Accounting, 1(4), 274–285. https://Doi.Org/10.62421/Jibema.V1i4.23

Setiawan, M. R., Susanti, N., & Nugraha, N. M. (2021). The Effect of Capital Structure, Working Capital Turnover, and Firm Size on Firm Value. Owner: Research and Accounting Journal, 5(1), 208–218. <https://Doi.Org/10.33395/Owner.V5i1.383>

Siahaan, D. B., & Herijawati, E. (2023). The Effect of Current Ratio, Debt to Equity Ratio, and Return on Equity on Firm Value (A Study of Food and Beverage Companies Listed on the Indonesian Stock Exchange (IDX) for the Period 2016–2020). Innovative: Journal of Social Science Research, 3(4), 1742–1751. <https://Doi.Org/10.31004/Innovative.V3i4.3674>

Sukmayanti, C. P., & Sembiring, F. M. (2022). The Effect of Current Ratio and Debt to Equity Ratio on Price to Book Value with Return on Assets as an Intervening Variable (A Study of Non-Financial Companies in the Lq45 Index Group in Indonesia). Inobis: Indonesian Journal of Business Innovation and Management, 5(2), 202–215. <https://Doi.Org/10.31842/Jurnalinobis.V5i2.224>

Suryandari, & Mongan. (2020). Firm Value Reviewed from Social Responsibility, Governance, and Investment Opportunities. Accounting Profession Journal (Apaji, 2, 94–103).

Suryandari, Susandya, & Wijaya. (2021). Profitability Factors, Debt Policy, Dividend Policy, Investment Decisions, and Company Size on Banking Firm Value. Access Journal, 13, 102–117.

Tandanu, Andrew., & Suryadi, L. (2020). The Effect of Profitability, Liquidity, and Company Size on Firm Value. Accounting Paradigm Journal, 2, 108–117.

Tashfeen, R., Saleem, I., Ashfaq, M., Noreen, U., & Shafiq, M. (2023). How do women on board reduce a firm’s risks to ensure sustainable performance during a crisis?. *Sustainability*, *15*(14), 11145.

Ummah, D. R., & Yuliana, I. (2023). Liquidity Relations, Current Ratio, Profitability, Gender Diversity, Company Size, and Company Value: Studies in Indonesia. Journal of Finance and Banking, 27, 2443–2687. <https://Doi.Org/10.26905/Jkdp.V27i1.9169>

Ventury, R. I., & Oktaviani, Y. (2022). The Effect of Current Ratio, Quick Ratio, and Cash Ratio on Firm Value in Manufacturing Companies Listed on the Indonesia Stock Exchange in the 2016-2020 Period. Journal of Accounting and Management Research, 11, 76–86. [https://Doi.Org/Https://Doi.Org/10.32546/Lq.V11i1.1295](https://Doi.Org/Https%3A//Doi.Org/10.32546/Lq.V11i1.1295)

William, & Tanusdjaja. (2023). The Effect of Liquidity and Capital Structure on Firm Value with Profitability as a Moderator. Article Sidebar. Multiparadigma Accounting Journal, 5, 859–868.