

Does Company Size Moderate the Effect of Intangible Assets on Its Value? (A Case Study of Chemical Companies Listed on the IDX)

Abstract. The main goal of a company is to maximize profits for its shareholders, which is realized in the form of efforts to increase the market value of the company's share price in question. In scientific and technical progress conditions, the ownership of intangible assets can significantly increase the company's capitalization and the market value of its shares. This research aims to analyze the influence of intangible assets on company value moderated by company size with the control variables of leverage and profitability. The sample of this study is 108 chemical sub-sector companies listed in the Indonesia Stock Exchange (IDX) from 2013 to 2022. The study employed quantitative data obtained from secondary sources, including companies' yearly financial statements, the Indonesian Capital Market Directory (ICMD), and the official website of IDX (www.idx.co.id). The model and analysis technique uses Moderation Regression Analysis (MRA) with linear regression-process (Andrew Hayes) and IBM SPSS. The research found that intangible assets and size partially had a positive and significant effect on company value, as did leverage and profitability as control factors. However, on the other hand, size moderation weakens the relationship between intangible assets and company value. This situation shows that not all chemical subsector companies on the IDX align with the book value of shares and the share market price. Apart from that, the proportion of assets to liabilities must also be increased to build investor and public perceptions regarding the reliability of chemical companies' intangible assets in the future. It is hoped that company size will increasingly become a factor that strengthens the creation of company value in the future. Thus, companies with greater total assets, particularly intangible assets, will provide confidence in the company's financial capabilities to investors and other parties, especially those who provide sources of capital.

Keywords: company value, intangible assets, company size, debt-to-assets ratio, return on assets, IDX.

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Чи модерує розмір компанії вплив нематеріальних активів на її вартість? (дослідження компаній хімічної промисловості, зареєстрованих на IDX)

Анотація. Основною метою компанії є максимізація прибутку для її акціонерів, що реалізується у формі зусиль щодо підвищення ринкової вартості ціни акцій. В умовах науково-технічного прогресу володіння нематеріальними активами може значно підвищити капіталізацію компанії та ринкову вартість її акцій. Метою цього дослідження є аналіз впливу нематеріальних активів на вартість компанії залежно від її розміру з використанням контрольних змінних – кредитного плеча та прибутковості. Вибіркою цього дослідження є 108 компаній хімічної галузі, зареєстрованих на Індонезійській фондовій біржі (IDX) з 2013 по 2022 рік. У дослідженні використовувалися кількісні дані з вторинних джерел, включаючи річну фінансову звітність компаній, Індонезійський каталог ринку капіталу (ICMD), а також офіційний сайт IDX (www.idx.co.id). Модель і методика аналізу використовують модераційний регресійний аналіз (MRA) із процесом лінійної регресії (Ендрю Хейс) у середовищі програмного забезпечення IBM SPSS. Дослідження показало, що нематеріальні активи та розмір частково позитивно та суттєво вплинули на вартість компанії, так само як і кредитне плече та прибутковість як фактори контролю. Однак, з іншого боку, розмір компанії послаблює зв'язок між нематеріальними активами та її вартістю. Ця ситуація показує, що не всі компанії хімічного сектору на IDX відповідають балансовій вартості і ринковій ціні акцій. Крім того, співвідношення активів і зобов'язань також має бути збільшено, щоб сформувані сприйняття інвесторами та громадськістю надійності

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нематеріальних активів хімічних компаній у майбутньому. Очікується, що розмір компанії буде чинником, який посилить створення вартості компанії в майбутньому. Таким чином, компанії з більшими загальними активами, зокрема нематеріальними активами, забезпечують краю впевненість інвесторів та інших сторін у своїх фінансових можливостях, що дозволяє залучати додаткове фінансування.

Ключові слова: вартість компанії, нематеріальні активи, розмір компанії, співвідношення боргу до активів, рентабельність активів, IDX.

INTRODUCTION

The main goal of a company is to maximize profits or wealth, especially for its shareholders, which is realized in the form of efforts to increase or maximize the market value of the company's share price in question. This objective is broad because, in practice, this objective is always influenced by decisions in the financial sector. Value is desired if it is positive in the sense of being profitable or enjoyable, making it easier for the party who obtains it to fulfil their interests related to that value. On the other hand, value is undesirable if the value is negative because it harms or makes it difficult for the party who obtains it to influence that party's interests so that the value is avoided (Abbas et al., 2023; Mulyadi et al., 2020). Company values are like a company's DNA, and these values help the owner differentiate his business from competitors. Companies cannot make any important business decisions without considering them.

The need for chemicals in the country will continue to increase with good prospects, so the question arises about how investors can take advantage of this situation and what about the chemical industry in the stock market. It ends with whether there are shares in the chemical industry listed on the Indonesia Stock Exchange (IDX) that are still interesting to choose from. Intangible assets are increasingly essential in assessing a company's worth and competitiveness. In a decade, in a dynamic and constantly changing environment, companies must focus on their intangible assets to acquire a competitive advantage (Grant, 1991; Nahapiet & Ghoshal, 1998; Hunter, 2002). Companies can achieve high market performance and shareholder value by implementing strategies that influence market opportunity and enable the quick deployment of resources. Technological advancements and economic transformations have altered perspectives about the importance of standards. Managers must grasp the nature and structure of intangible assets, as well as how they affect the generation of firm assets. Kaplan and Norton (2004) and Libby (2005) found that "the intangible assets are "the main drivers of growth and asset value in most sectors of the economy". The significant value of intangible assets underscores their crucial significance in contemporary science. Several studies have been conducted on theoretical aspects related to intangible assets, such as their nature, value, and classification (Mayorova, 2014; Proskurina & Gorokhovets, 2016). Other studies have focused on the accounting of intangible assets (Hussinki et al., 2024; Yasyshena, 2021; Lugo, 2022; Mustapa et al., 2022; Zvyagin et al., 2023; IASB, 2022, pp. 27–8; IAI, 2018) and the audit of intangible assets (Ismailova & Mamaeva, 2018; Rustemov & Kenesbayeva, 2016). Additionally, research has explored the impact of intangible assets on

the profitability, efficiency, competitiveness, and economic security of business entities (Biimyrsaeva, 2016; Ivanov & Mayorova, 2015; Mingaleva, 2018; Perepechko, 2018). Additionally, some studies focus on the methodological aspects of analyzing and evaluating the effectiveness of utilizing intangible assets in commercial activities.

However, Dumay et al. (2020) give an alternative perspective that challenges the necessity of considering intangible factors. Therefore, it is now necessary to comprehend the alterations that have occurred in the accounting treatment of intangibles during the last two decades. What strategies have governments and researchers employed to address the issues related to intangibles? Furthermore, what novel obstacles have arisen? We have conducted a study of the accounting literature published after 2000, building upon the findings Cañibano et al. (2000). Our review focuses on the progress made in accounting for intangible assets in both finance and research. Globalization, enlargement, and technical advancement have resulted in a heightened acknowledgement of intangible assets as an essential resource for organizations to establish and sustain a competitive edge (Madhani, 2012; Thum-Thysen et al., 2017). In summary, the literature analysis has demonstrated that a company's market value encompasses not only the overall value of its assets but also considers several external and internal aspects extensively studied in empirical research (Gharaibeh & Qader, 2017; Ramadan, 2016).

On the other hand, intangible assets have a different measurement perspective, where the value of intangible assets is more volatile than that of tangible assets. This change increases book and market value differences (Chen, 2020). The accounting standards for intangibles have been a topic of extensive study and debate since Cañibano et al.'s (2000) influential review. Apart from that, intangible assets can also be measured using Market Value Equity (MVE) and Book Value Equity (BV) (MVE-BE) with the support of each formulation (Gamayuni, 2015). This situation shows that more research is needed to measure intangible assets. So, it is interesting to analyze the existing company value phenomenon further and link it to the role of company size, DAR, and ROA factors in this study.

LITERATURE REVIEW

Several studies have been conducted regarding company value. This is proven by the role of company size, DAR and ROA, which positively and significantly impact company value (Hutauruk, 2024). Previous research has investigated the correlation between intangible investment and a company's performance.

Bassi et al. (2002) proposed that a company's profitability is linked to its human resource management, with employee training being a crucial component of its economic worth. Intellectual capital as an intangible asset significantly impacts performance, and this shows new insights for managers in increasing company value (Nguyen & Doan, 2020). The findings of Dancaková et al. (2022) indicate a favourable influence of intangible assets on the company's market value. Corporate assets in today's information-based society are largely composed of many intangible elements that reflect the value of the knowledge that has been gathered within an organization rather than just tangible assets. The results of Pongsaporamat's (2023) study are consistent with the hypothesis, which states that intangible assets and goodwill are positively related to firm value. While the research findings indicate that intangible assets have a favourable influence on a company's market value, we recommend that investors prioritize evaluating companies based on their profitability rather than relying solely on the information provided in companies' financial reports regarding intangible assets (Dancaková et al., 2022). Assessing intangible assets is important in determining a company's overall value. Consequently, the valuation of intangible assets has become a subject of considerable interest in the economy's future (Lu et al., 2010). Firm value as proxied by Market Value has a positive and significant effect on firm value as proxied by Tobin's Q (Gamayuni, 2015).

The research of Anggraeni & Rahyuda (2020) and Taufan et al. (2019) indicate that a firm's size, capital structure, and profitability all have a positive and considerable impact on its overall worth. Investors and firms are anticipated to prioritize company size, capital structure, and profitability as key determinants of corporate value. The extent of its total assets can gauge the magnitude of a corporation. A huge corporation is characterized by its strong operational stability. According to signalling theory, the company's scale is considered a favourable signal to investors, indicating that the company has promising future possibilities. Consequently, investors have a higher demand for large companies, increasing stock prices and corporate value. According to the findings of Ardiana and Chabachib (2018), Aldi et al. (2020), Parnata et al. (2023), and Widnyana et al. (2020), there is evidence to support the notion that the size of a corporation has a beneficial impact on its value.

The findings of Cahyani et al. (2023) indicate that business value is influenced by three main criteria: profitability, liquidity, and company size. Investors like to consider this factor when making investment decisions, as an increase in a company's value is often accompanied by a rise in its stock price, ensuring that investors can achieve maximum profit from their investment. The study by Silvia et al. (2023) of test findings indicates that profitability and leverage favourably impact firm value. In contrast, liquidity does not have any impact on company value. The findings from this literature review article show that financial performance significantly influences company value (Hartoyo et al., 2023).

Agency Theory

Agency theory is based on the interaction between a principal and an agent. The principal refers to the individual or entity that owns the firm or provides the investment. In contrast, the agent refers to the management responsible for running the company on behalf of the owner (Jensen & Meckling, 1976). Dalton et al. (2007) demonstrated that agency theory can result in "managerial misconduct" due to the divergence of interests between the principal and the agent. This behaviour is linked to the behaviours of each party that are driven by their self-interest. The conflict of interest described above is sometimes referred to as an agency problem. This problem subsequently results in a situation where there is a lack of equal information between investors and management, known as information asymmetry.

Intellectual Capital

Atashi and Kharabi (2012) defined intellectual capital as the combination of human and structural capital, including factors such as customer interactions, network management, and information technology. Choong (2008) determines intellectual capital's surplus return on assets (ROA) by considering human, customer, and structural intangible assets. Intellectual capital refers to the combined output of the three primary components of an organization (human capital, structural capital, and customer capital) in terms of knowledge and technology, which can provide a competitive advantage and increased value to the company.

Company Size

Company size refers to the magnitude of a company, which can be measured by its total assets or total net sales. The size of a company increases proportionally with its total assets and sales. The company size is categorized into three distinct groups: major firms, medium-sized firms, and tiny firms. The aggregate value of its assets determines the firm's size. The size of a company refers to the magnitude or quantity of assets the organisation possesses (Iswajuniet al., 2018).

Company Value

The Modigliani and Miller theory, initially introduced in 1958, posits that in the absence of taxes, the value of leveraged enterprises (those with debt) is equivalent to the value of unleveraged firms (those without debt). If a tax is imposed, the company will have an obligation to pay a reduced amount of tax. Consequently, investors will perceive organisations with outstanding debts as more valuable than those without debts (Modigliani & Miller, 1958). Therefore, the firm that has been subjected to taxation is more valuable compared to the firm that has not been subjected to taxation. The literature suggests that the worth of the measurement firm can be determined using Tobin's Q, which is calculated by dividing the market value of stocks by the book value of equities. This concept was introduced by James Tobin (1967) and has been further explored by scholars such as Copeland and Norell (2002) and Lindenberg and Ross (1981).

Financial Leverage

Brigham and Houston (2015) put forward enterprise value, which is calculated by adding the market value of a company's equity to its debt and subtracting its cash holdings. The debt-to-assets ratio (DAR) is a financial leverage measure used to assess a company's debt-to-assets ratio. As stated by Carlson (2020), the debt-to-assets ratio is the proportion of a company's total assets that have been funded by borrowed capital. It is determined by dividing the company's total liabilities by its total assets. DAR results represent the aggregate value of a company's assets that creditors have funded. It serves as a measure of the company's capacity to fulfil its debt obligations.

Profitability

Profitability refers to the capacity of a firm to make a profit in the future and serves as a measure of the company's operational success. The company's high profitability will catalyze its growth and development, and conversely, its

growth and development will also contribute to its high profitability. The rise in profitability has a favourable impact on the company's financial performance in its pursuit to maximize the firm's worth. This will be met with a positive response from investors, leading to increased demand for the company's stock and subsequently raising its price. Return on assets (ROA) is a metric that can be used to measure profitability ratios. Brigham and Houston (2010) define ROA as the quotient obtained by dividing the net income of a corporation by its total assets. ROA is a metric used to evaluate the profitability of a company's assets.

Supported by both theoretical and empirical evidence, the following research hypothesis can be proposed:

- H1: Intangible assets affect the company value;
- H2: Size affects the company value;
- H3: Size to moderate relation of intangible assets and company value;
- H4: DAR affects company value;
- H5: ROA affects company value.

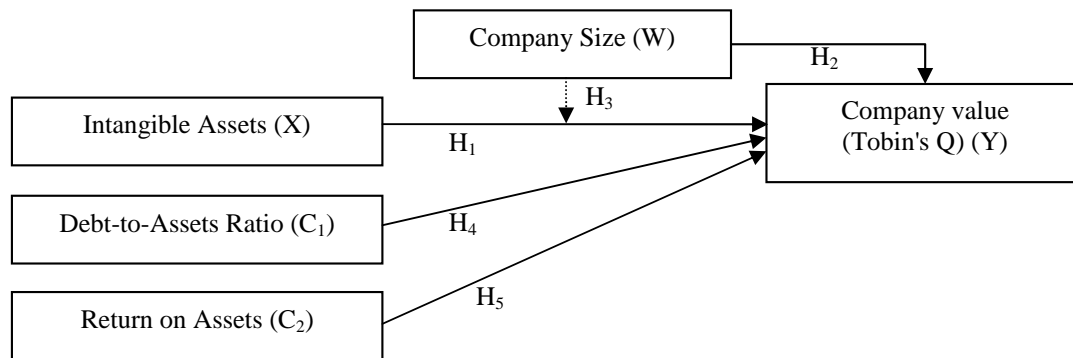


Figure 1. Research Conceptual Framework

RESEARCH METHODOLOGY

This study was carried out on chemical sub-sector companies listed in the Indonesia Stock Exchange (IDX) from 2013 to 2022. The participants were chosen by nonprobability sampling. The study investigated a total sample of 108 organizations utilizing three stages: descriptive statistics, evaluating conventional assumptions in regression analysis, and testing hypotheses using process analysis (Macro SPSS).

This study employed quantitative data obtained from secondary sources, including companies' yearly financial statements, the Indonesian Capital Market Directory (ICMD), and the official website of IDX (www.idx.co.id). The data was deductive, specifically involving assessing general data and theories by examining provided hypotheses. This study also incorporated a financial architecture variable into the financial performance analysis, which impacted the value of chemical sector companies.

IBM SPSS 26 version software is used for all data analysis activities.

The variables used in this study were:

- (1) Independent variables were intangible assets and company size.
- (2) The dependent variable was company value.
- (3) The moderating variable was company size.

(4) The control variables in this study were leverage and profitability.

The operational definition of the research variable is as follows.

Intangible Assets (X)

Intangible assets (proxied IA) enhance the industry's trade efficiency and competitiveness. There currently needs to be a universally agreed-upon method for establishing the fundamental nature of intangible assets, their makeup, analytical indicators, and methodologies for evaluating the efficiency of their utilization. Nevertheless, Turovets (2021) discovered that while it was previously believed that intangible assets positively impacted overall production, there need to be more needs to be more investigations into the role of intangible assets as indicators of organizational efficiency. Intangible assets proxied IA can be formulated as *Market Value Equity (MVE) – Book Value Equity (BVE)* (Gamayuni, 2015).

Size (W)

Company size (proxied SIZE) refers to the magnitude of a company, which can be measured by its total assets or total net sales. A firm's size is directly proportional to its total assets and sales. The firm's size is categorized into three distinct groups: major firms, medium-sized

firms, and tiny firms. The company's total assets determine the firm's size. The size of a company refers to the magnitude or quantity of assets the firm possesses. Firm size: in this study, the size of the firm is described by the amount of assets owned by the company as measured by total assets, commonly called Ln (*Assets*) (Iswajuni et al., 2018).

Company Value (Y)

Company value (proxied Tobin's Q) is an indicator of how effectively management is handling a company's assets. According to Fama (1978), the market price of a company's shares will accurately represent its value. This study utilized all corporate value proxies derived from the literature and empirical investigations while adjusting to suit the specific research requirements. Mahrani and Soewarno (2018) and Husnan (2006) state that the value of a company that has not gone public is determined by the amount of money potential buyers are willing to pay if the company is sold. On the other hand, for companies that have gone public, their value can be assessed based on the value of their stocks in the capital market. Tobin's Q is one of the alternatives employed to assess the assets and worth of a company. Tobin's Q proxied TBQ is a comparison between the market value of total assets and the total book value of total assets owned by the corporation. Mathematically, the calculation is formulated as follows:

$$Tobin's Q = \frac{Total\ assets_{(market\ value)}}{Total\ assets_{(book\ value)}} = \frac{Debt + Equity_{(market\ value)}}{Debt + Equity_{(book\ value)}}$$

Leverage (C₁)

Leverage as a control variable is one source of company capital loans used to achieve maximum returns. This study uses the proxied debt-to-assets ratio (DAR) to measure company leverage. DAR is a measure of the proportion of total debts to total assets owned by the corporation being analyzed (Walsh, 2012).

$$Debt - to - assets\ ratio\ (DAR) = \frac{Total\ debt}{Total\ assets} = \frac{Total\ debt}{Total\ debt + Equity}$$

Profitability (C₂)

Profitability as a control variable is a ratio to determine a company's ability to earn profits, and in this case, is measured using proxy Return on Assets (ROA). ROA is a comparison between earnings before interest and taxes (EBIT) or operating income with total assets owned by the corporation (Marr, 2012, p. 49). The value of return on assets is a ratio scale. Mathematically, the calculation is formulated as follows:

$$Return\ on\ Assets\ (ROA) = \frac{EBIT}{Total\ assets}$$

Analysis Technique

The study employed the multiple regression model and utilized Statistical Product and Service Solutions 26 to test and validate the hypothesis. The research model for this study can be represented by the following equation:

$$\hat{Y} = \beta_0 + \beta_1 IA + \beta_2 SIZE + \beta_3 IASIZE + \beta_4 DAR + \beta_5 ROA + \varepsilon$$

RESULTS AND DISCUSSION

Descriptive Analysis

The descriptive statistical analysis of this study aims to characterize the variables used, namely intangible assets, company size, DAR, ROA, and TBQ. The research findings display the minimum, maximum, and average values of each variable for the sample companies from 2013 to 2022 (Table 1). Their average TBQ is 0.7494, ranging from a minimum of 0.26 to a maximum of 3.30. It illustrates that the market value of assets surpasses the costs of replacing them borne by the organization. On average, the value of intangible assets is 1.8097, ranging from a low of -30.66 to a maximum of 178.14. The variable "SIZE" represents the firm size and has a mean value of 28.6628, a minimum value of 25.64, and a maximum value of 32.61. The investigation reveals that the lowest standard deviation value is 0.2698 on DAR and 8.4198 on ROA.

Output Model

Tables 1, 2, and 3 describe the results of the MRA analysis supported by the process program IBM SPSS (Andrew Hayes).

Table 1. **Descriptive Statistics**

Variables	n	Minimum	Maximum	Mean	SD
Tobin's Q	108	0.26	3.30	0.7494	0.4228
Intangible Assets	108	-30.66	178.14	1.8097	21.3675
Firm Size	108	25.64	32.61	28.6628	1.8125
DAR	108	0.07	1.31	0.4054	0.2698
ROA	108	-16.86	34.06	3.9707	8.4198

Source: Processed Data (2024).

Table 2. The Pearson correlation coefficient and variance expansion coefficient (n = 108)

Variables	Tobin's Q	Intangible Assets	Company Size	DAR	ROA
Tobin's Q	1.00				
Intangible Assets	0.727**	1.00			
Company Size	0.453**	0.225**	1.00		
DAR	0.564**	0.048	0.396**	1.00	
ROA	-0.182	-0.082	-0.138	-0.453**	1.00

Source: Processed Data (2024).

Note:

Correlation is significant at the 0.01 level (2-tailed).**

Correlation is significant at the 0.05 level (2-tailed).*

Table 3. Results of Regression Analysis Examining Moderation of Company Size on the Effect of Intangible Assets on Company Value based on Leverage and Profitability

			Coeff.	SE	t	p
	Constant	i_Y	-0.9638	0.2259	-4.2660	0.0000
	Intangible Assets (X)	b_1	0.7747	0.0819	9.4574	0.0000
	Size (W)	b_2	0.0501	0.0083	6.0422	0.0000
	Intangible Assets x Size (XW)	b_3	-0.0238	0.0026	-9.2909	0.0000
	DAR (C_1)	b_4	0.7339	0.0584	12.5617	0.0000
	ROA (C_2)	b_5	0.0041	0.0017	2.3694	0.0197

$$R^2 = 0.9102, MSE = 0.0168$$

$$F(5.102) = 206.7502, p < 0.0000$$

Source: Processed Data (2024).

The best-fitting regression model, standard errors and p-values for all coefficients can be found in Table 1. The equation model resulting is:

$$\hat{Y} = -0.9638 + 0.7747IA + 0.0501SIZE - 0.0238IASIZE + 0.7339DAR + 0.0041ROA$$

DISCUSSION

There is an influence of intangible assets on the company value of the chemical sub-sector in IDX. Based on the statistical analysis results from regression, a coefficient value of 0.7747 was found, the t-statistic was 9.4574 > 1.96, and the p-value was 0.000 < 0.05 or classified as positive and significant. Thus, hypothesis 1 (H1) is accepted, and intangible assets has a positive and significant effect on the company value. This research is in line with Dancaková et al. (2022) findings, which show that intangible assets benefit the company's market value. Likewise, the research results of Pongsaporamat (2023) are consistent with the hypothesis that intangible assets and goodwill are positively related to company value. Intangible assets for chemical companies listed on IDX are a critical factor in determining company value with the involvement of investors' perceptions. Thus, companies must maintain intangible assets properly.

There is an influence of size on the company value of the chemical sub-sector in IDX. Based on the statistical analysis results of Regression, a coefficient value of 0.0501 was found, the t-statistic was 6.0422 > 196, and

the p-value was 0.000 < 0.05, or classified as positive and significant. Thus, hypothesis 2 (H2) is accepted, and size positively and significantly affects company value. The results of this research align with the research findings of Hutauruk (2024), where company size has a positive and significant effect on company value. This shows that the larger the company size, the more convincing investors will be of the company's strength and superiority, thereby causing the company's value to increase as well. Based on the research conducted by Ardiana and Chabachib (2018), Aldi et al. (2020), Parnata et al. (2023), and Widnyana et al. (2020), there is empirical evidence suggesting that the size of a firm positively influences its value. Companies are getting bigger, generally seen from the total assets owned. Companies with greater total assets will provide confidence in the company's financial capabilities to investors and other parties, especially those who provide sources of capital.

There is an influence of size moderation on the company value of the chemical sub-sector in IDX. Based on the statistical analysis results of regression, a

coefficient value of -0.0238 was found, the t-statistic was $-9.2909 > 196$, and the p-value was $0.000 < 0.05$, or classified as negative and significant. Thus, hypothesis 3 (H3) is accepted, and size moderation negatively and significantly impacts the relation between intangible assets and company value. The findings of this study show that it is in line with the study conducted by Cahyani et al. (2023), which reveals that business value is determined by three primary factors: profitability, liquidity, and company size. Also confirming research conducted by Dancaková et al. (2022) revealed the positive impact of intangible assets on an organization's market valuation. In contemporary culture, a company's assets consist largely of intangible components that represent the value of knowledge accumulated in the business, as opposed to physical assets. Intangible assets are important in supporting the total asset value as an element of company size. So, company size moderates the relationship between intangible assets and company value. However, on the other hand, the nature of size moderation is negative or weakens the relationship between intangible assets and company value. It also shows that only a few firms are owned by chemical sub-sector companies on IDX. Evidence shows that companies in the large-size category need to have adequate intangible assets. Thus, company size further weakens the relationship between intangible assets and company value.

There is an effect of leverage on the company value of the chemical sub-sector in IDX. Based on the statistical analysis results of regression, a coefficient value of 0.7339 was found, the t-statistic was $12.5617 > 196$, and the p-value was $0.000 < 0.05$, or classified as positive and significant. Thus, hypothesis 4 (H4) is accepted, and leverage positively and significantly impacts company value. This finding aligns with the empirical study of Hutaeruk (2024), which found that the role of leverage, as proxied by DAR, has a positive and significant impact on company value. It is also the case with the findings of Silvia et al. (2023) empirical study that leverage is an

important factor that impacts company value. This situation shows that the higher the leverage, the higher the company value. It shows that a large company's leverage will be increasingly able to support funding sources for the company's operational activities. This will give the company greater opportunities to gain profits and increase its value.

The profitability significantly impacts the company value of the chemical sub-sector in IDX. Based on the statistical analysis results of regression, a coefficient value of 0.0041 was found, and the t-statistic was classified as $2.3694 > 1.96$ and p value $0.0197 < 0.05$ or positive and significant. Thus, hypothesis 5 (H5) is accepted, and profitability positively impacts company value. This finding is consistent with the study of Anggraeni and Rahyuda (2020) and Taufan et al. (2019). Investors are expected to prioritise profitability as a crucial factor in determining corporate value. Profitability can be measured as the ratio of earnings before tax to total assets. Usually, a massive corporation has robust operational stability. Signalling theory suggests that the company's scale serves as a positive indication to investors, signalling that the company has great future prospects.

CONCLUSION

The research found that intangible assets and size partially had a positive and significant effect on company value, as did leverage and profitability as control factors. However, on the other hand, size moderation weakens the relationship between intangible assets and company value. This situation shows that not all chemical subsector companies on the IDX align with the book value of shares and the share market price. Apart from that, the proportion of assets to liabilities must also be increased to build investor and public perceptions regarding the reliability of chemical companies' intangible assets in the future. It is hoped that company size will increasingly become a factor that strengthens the creation of company value in the future.

4 References

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