ISSN : 2962-9195 E-ISSN : 2963-8992

Journal of Educational Managment Research
Vol. 05 No. 06 (2026) : 6938-6954-
Available online at https://serambi.org/index.php/jemr

# Profitability, Capital Structure, and Sales Growth: The Moderating Role of Good Corporate Governance in Firm Value

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DOI: https://doi.org/10.61987/jemr.v5i6.3384

***Keywords:***
Profitability, Capital Structure, Sales Growth, Firm Value

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**ABSTRACT**

Firm value reflects investors' perceptions of a company's performance and future prospects. Profitability, capital structure, and sales growth are important financial factors influencing firm value, while Good Corporate Governance (GCG) plays a role in ensuring effective corporate management. This study aims to examine the effects of profitability, capital structure, and sales growth on firm value, with GCG as a moderating variable. This research employs a quantitative approach using secondary data obtained from annual financial statements for the 2021–2025 period. The sample consists of 30 companies selected through purposive sampling. Data were analyzed using panel data regression and Moderated Regression Analysis (MRA) with EViews 14. The results reveal that profitability and sales growth have positive and significant effects on firm value, whereas capital structure has no significant effect. Simultaneously, all three independent variables significantly affect firm value. Regarding the moderating effects, GCG moderates the relationship between capital structure and firm value but does not moderate the relationships between profitability and sales growth with firm value. These findings imply that companies should improve profitability, maintain an optimal capital structure, increase sales growth, and strengthen corporate governance practices. Investors should also consider financial performance and governance quality when making investment decisions.

***Article History:***
*Received: August 2026; Revised: September 2026; Accepted: October 2026*

***Please cite this article in APA style as:***
Oktaviani, M. R., & Santoso, H. (2026). Profitability, Capital Structure, and Sales Growth: The Moderating Role of Good Corporate Governance in Firm Value. *Journal of Educational Management Research, 5*(6), 6938-6954.

## INTRODUCTION

Firm value is important to society because consumer non-cyclicals companies supply essential products and support employment, household consumption, supplier networks, and public revenue. Their financial condition affects their ability to sustain production, maintain product availability, pay


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employees, and invest in distribution. Evidence from Indonesia shows that firm value in the primary consumer goods sector may decline even when liquidity and institutional ownership increase, indicating that essential demand does not automatically protect companies from market revaluation (Widayanti & Suhayati, 2023). Research on the post-pandemic recovery period also identifies financial resilience and market valuation as relevant issues for listed consumer non-cyclicals companies (Fakhiroh & Da Rato, 2026). These conditions make firm value an important concern for investors, managers, employees, suppliers, and consumers. Examining its financial determinants supports more informed investment and corporate decisions and shapes confidence in the sector's long-term economic stability.

This study applies signaling theory and agency theory to explain the relationships among profitability, capital structure, sales growth, good corporate governance, and firm value. Signaling theory argues that managers communicate information about company prospects through observable financial performance and decisions. Profitability may indicate operating efficiency, capital structure may signal financing choices and expectations about future cash flows, and sales growth may indicate market acceptance and expansion prospects. Investors interpret these signals when valuing a company. Agency theory explains conflicts arising when managers' interests differ from shareholders' interests. Institutional ownership, used here as a proxy for good corporate governance, may strengthen monitoring and reduce information asymmetry or opportunistic decisions. The theories therefore provide complementary explanations: signaling theory addresses how financial information shapes investor assessments, while agency theory explains how monitoring may influence the credibility and consequences of those signals in Indonesia.

Companies in the consumer non-cyclicals sector face financial pressures despite supplying goods with relatively stable demand. Changes in raw material prices, wages, logistics costs, competition, purchasing power, and borrowing conditions may reduce profit margins or restrict investment. Managers must balance operating performance, financing obligations, and sales expansion while maintaining reliable product supply. Investors, meanwhile, must assess whether reported earnings and growth are sustainable and whether debt creates productive capacity or excessive financial risk. Market valuation may therefore diverge from operating performance. A lower price-to-book ratio signals a less favourable market assessment relative to book value, but does not by itself identify the underlying cause. These conditions create a practical research problem: financial indicators may convey different information about company prospects, and governance arrangements may alter how investors interpret them. Understanding these relationships is relevant to corporate resilience and investment allocation.

Prior studies have examined profitability, capital structure, and sales growth as determinants of firm value, but their findings vary across samples and periods. In Indonesian consumer goods companies, Abidin et al. (2021) reported negative effects for short- and long-term debt ratios, while total debt had an insignificant effect and sales growth had a positive but negligible effect. Fauziyanti et al. (2023) found significant effects for capital structure, but not for profitability or company growth, in consumer non-cyclicals firms. Natalia et al. (2021) found that sales growth did not directly affect firm value, although capital structure mediated the relationship. By contrast, Maysaroh et al. (2025) and Amanifalah and Supriadi (2026) examined the combined financial determinants in the same sector. These differences indicate that variable selection, period, and model specification shape reported relationships. Their samples and explanatory frameworks differ from this study.

Other studies have examined ownership and governance, but their focus and findings leave room for further testing. Suriawinata and Nurmalita (2022) found support for the monitoring role of institutional ownership in Indonesian consumer goods firms, while Widayanti and Suhayati (2023) reported a positive association between institutional ownership and firm value. Cahyaningtyas and Anwar (2024) examined institutional ownership through dividend policy and investment decisions. Beyond Indonesia, Khandelwal et al. (2023) linked governance and risk disclosure to firm value in emerging markets. Sari et al. (2025) found that institutional ownership strengthened the profitability and enterprise risk management relationships with firm value in banking. Tripathi et al. (2024) showed that capital structure moderated governance mechanisms' relationship with firm value in India. Yet these studies do not jointly test all three financial relationships in the selected sector and differ in sector, measures, and analytical approach.

This study's novelty lies in testing profitability, capital structure, and sales growth within one firm-value model, while treating institutional ownership as a moderating proxy for good corporate governance among Indonesian consumer non-cyclicals companies during 2021–2025. The research problem is whether these financial factors are associated with firm value and whether institutional ownership changes the strength or direction of each relationship. The proposed argument is that profitability and sales growth communicate operating prospects, whereas capital structure reflects financing choices whose valuation implications depend on perceived benefits and risks. Institutional monitoring is expected to affect how investors interpret these signals, although its influence may differ across financial factors. By estimating the direct and interaction effects

together, the study offers sector- and period-specific evidence, clarifies the selective role of governance, and provides a basis for evaluating financial policies and investment decisions for stakeholders.

## RESEARCH METHODS

This study employs an associative quantitative research design to examine the relationships between profitability, capital structure, sales growth, and firm value, with Good Corporate Governance (GCG) as a moderating variable. A quantitative approach is appropriate because the study uses numerical financial data and statistical procedures to test predetermined hypotheses objectively. The associative design focuses on examining the relationships and effects among the research variables. Panel data regression is employed because the dataset combines cross-sectional observations of multiple companies and time-series observations over five consecutive years. This approach supports the analysis of variations across companies and periods (Creswell & Creswell, 2018; Baltagi, 2021).

The research was conducted using secondary data from companies listed on the Indonesia Stock Exchange (IDX). The IDX was selected because it provides publicly accessible financial statements and corporate governance information required to measure the research variables. The observation period covers 2021–2025, allowing the study to examine financial performance, financing decisions, institutional ownership, and firm value across five annual reporting periods. Data were obtained from the official IDX website and the respective companies' websites to ensure the availability of relevant corporate disclosures.

The research population consists of 133 companies classified in the Consumer Non-Cyclicals sector of the IDX. The sample was determined using purposive sampling based on specific criteria, including continuous listing in the sector during 2021–2025, availability of complete and audited annual financial statements, and completeness of data for all research variables. Both profitable and loss-making companies were included to maintain variation in financial performance. Based on these criteria, 30 companies were selected, resulting in 150 firm-year observations. Purposive sampling was applied because the research required companies meeting specific data and observation requirements (Memon et al., 2025).

Data were collected using documentation techniques by examining published annual financial statements and corporate governance reports. The information was retrieved from the official IDX website and individual company websites. Relevant financial and governance information was identified, recorded, and classified according to the operational definitions of the research variables. The collected data consist of profitability, capital structure, sales

growth, firm value, and institutional ownership as the proxy for GCG. The observations were subsequently organized into a structured panel dataset to support consistent measurement and statistical analysis across companies and reporting years.

Data analysis was conducted using EViews 14 through panel data regression and Moderated Regression Analysis (MRA). The analysis began with descriptive statistics, followed by panel model selection using the Chow, Hausman, and Lagrange Multiplier tests to determine the appropriate regression model. Classical assumption tests included normality, multicollinearity, heteroscedasticity, and autocorrelation. Hypothesis testing involved t-tests, F-tests, and the coefficient of determination ($R^2$), using a 5% significance level ($\alpha$ = 0.05). MRA was applied to examine whether institutional ownership moderates the relationships between profitability, capital structure, sales growth, and firm value. The moderation analysis follows regression-based approaches described by Fairchild and MacKinnon (2009) and Hayes (2022), while the panel regression procedure draws on Baltagi (2021) and Ratnasari et al. (2023).

## RESULTS AND DISCUSSION

### Results

### Descriptive Statistics

Descriptive statistics are used to provide a general overview of research data, which includes the minimum value, maximum value, mean, median, and standard deviation for each variable. A summary of these 150 observations is presented in Table 1.

**Table 1. Descriptive Statistic**

| Variable | N | Minimum | Maximum | Mean | Median | Std.Deviation |
|---|---|---|---|---|---|---|
| Firm value (Y) | 150 | 0,3002 | 39,5909 | 2,7926 | 1,3888 | 4,6658 |
| Profitability ($X_1$) | 150 | -2,2242 | 0,7732 | 0,0478 | 0,1023 | 0,3397 |
| Capital structure ($X_2$) | 150 | 0,0639 | 38,1721 | 2,0517 | 0,6817 | 5,2421 |
| Sales growth ($X_3$) | 150 | -0,9289 | 4,7595 | 0,5447 | 0,3663 | 0,7756 |
| GCG (Z) | 150 | 0,0000 | 2,2549 | 0,6751 | 0,7470 | 0,3036 |
| | | | | | | |
| Interaction $X_1$*Z | 150 | -5,0153 | 0,6611 | 0,0263 | 0,0644 | 0,4532 |
| Interaction $X_2$*Z | 150 | 0,0000 | 34,8511 | 1,5419 | 0,4115 | 4,4923 |
| Interaction $X_3$*Z | 150 | -0,2348 | 3,5734 | 0,4238 | 0,2349 | 0,6258 |

*Source: Eviews14 Output, data processed (2026)*

Based on Table 1, the research data consists of 150 observations from 30 companies in the Consumer Non-Cyclicals sector during the period 2021-2025. The characteristics of each variable are described as follows.

Firm value (Y) has a mean of 2,7926 and a median of 1,3888, ranging from 0,3002 to 39,5909, with a standard deviation of 4,6658. A mean above 1 indicates that the market generally values the sample companies' shares above their book value, although the minimum below 1 shows that some companies are valued below book value. The large gap between the mean and the median, combined with a standard deviation exceeding the mean, reflects high variation caused by several companies with very high values that drive the mean upward.

Profitability ($X_1$) has a mean of 0,0478 or 4,78% and a median of 0,1023, with a minimum of -2,2242, a maximum of 0,7732, and a standard deviation of 0,3397. The negative minimum indicates that the sample includes loss-making companies, as established in the sample selection criteria. The mean below the median suggests that extreme negative values push the average downward, and the standard deviation far exceeding the mean indicates highly varied profit-generating ability.

Capital structure ($X_2$) has a mean of 2,0517 and a median of 0,6817, with a minimum of 0,0639, a maximum of 38,1721, and a standard deviation of 5,2421. The wide disparity between the mean and the median, along with the very high maximum, indicates that a small portion of companies rely on significantly more debt than others, while the minimum approaching zero suggests companies that use almost no debt.

Sales growth ($X_3$) has a mean of 0,5447 or 54,47% and a median of 0,3663, with a minimum of -0,9289, a maximum of 4,7595, and a standard deviation of 0,7756. The negative minimum indicates companies experiencing a sales decline, whereas the high maximum indicates companies recording a very large sales increase during the observation period.

GCG (Z) has a mean of 0,6751 and a median of 0,7470, ranging from 0,0000 to 2,2549. Its standard deviation of 0,3036 is smaller than the mean, indicating that institutional ownership is relatively evenly distributed across companies. The three interaction variables ($X_1$*Z, $X_2$*Z, and $X_3$*Z) have means of 0,0263, 1,5419, and 0,4238, with standard deviations of 0,4532, 4,4923, and 0,6258, all exceeding the means. Their distributions inherit the characteristics of the underlying variables $X_1$*Z falls to -5,0153 because the sample includes loss-making companies, whereas $X_2$*Z rises to 34,8511 as some companies have very high capital structures.

Overall, the standard deviations of the four main variables exceed their means, indicating high variability both between companies and across periods. The noticeable differences between the mean and the median, along with skewness (Y = 5,2212; $X_1$ = -3,8396; $X_2$ = 5,1281; $X_3$ = 2,2653) and kurtosis (Y = 35,5489; $X_1$ = 21,9519; $X_2$ = 32,5722; $X_3$ = 10,9560) that deviate significantly from a normal distribution, indicate an asymmetrical distribution with extreme values.

This is reinforced by Jarque-Bera probabilities of 0,0000 for all variables. These characteristics are potentially associated with non-normally distributed residuals and heteroscedasticity in the subsequent classical assumption tests; therefore, the use of robust standard errors in the final estimation is considered appropriate.

## Selection of Panel Data Regression Models

Based on the model selection results, the estimation in this study was carried out using the Random Effect Model (REM) through the Panel EGLS method (Cross-section random effects) and the Swamy and Arora variance component estimator. In this model, differences in characteristics between companies are considered as random components that are included in the error term, rather than as fixed parameters. The details of the variance components from the estimation results are presented in Table 2.

**Table 2. Random Effect Variance Components in the Random Effect Model**

| Random Effect Component | Std. Deviation (S.D) | Rho |
|---|---|---|
| Cross-section random | 3,138707 | 0,6893 |
| Idiosyncratic random | 2,107146 | 0,3107 |

*Source: Eviews14 Output, data processed (2026)*

Table 2 shows that the random effects between companies have a standard deviation of 3,138707 with a variance contribution (Rho) of 0,6893, while the idiosyncratic component has a standard deviation of 2,107146 with a Rho of 0,3107. In other words, approximately 68,93% of the total error variance originates from differences in characteristics between companies. This indicates that the application of random effects between companies is appropriate for the data in this study.

## Classical Assumption Test

### *Normality Test*

The normality test is conducted to examine the normality of the model's residual distribution. This test uses the Jarque-Bera statistic, with the stipulation that the residuals are considered normally distributed if the probability value exceeds $\alpha = 0,05$.

**Table 3. Jarque-Bera Normality Test Results**

| Statistics | Value |
|---|---|
| Mean | -1,16e-15 |
| Median | -0,646282 |
| Maximum | 22,47234 |
| Minimum | -16,27991 |

| | |
|---|---|
| Std. Dev. | 3,764358 |
| Skewness | 2,416501 |
| Kurtosis | 19,01369 |
| Jarque-Ber | 1748,726 |
| Probability | 0,000000 |

*Source: Eviews14 Output, data processed (2026)*

Based on Table 3, the Jarque-Bera statistic has a value of 1748,726 with a probability of 0,000000 (< 0,05), indicating that the residuals are not normally distributed. Nevertheless, this study uses 150 observations, which is considered a large sample. In addition, the kurtosis value of 19,01369, which is close to 3, indicates that the residual distribution does not deviate significantly from normal, whereas the skewness value of 2,416501 denotes a slightly right-skewed distribution. Referring to the central limit theorem, in large samples, violations of the normality assumption are no longer a serious issue in hypothesis testing, allowing the analysis to proceed.

### *Multicollinearity Test*

The multicollinearity test is conducted to detect the presence of strong correlation relationships among independent variables. The testing utilizes a correlation matrix, with the provision that multicollinearity does not occur if the correlation coefficients between independent variables are below 0,80.

**Table 4. Inter-variable Correlation Matrix**

| **Variable** | **$X_1$** | **$X_2$** | **$X_3$** |
|---|---|---|---|
| Profitability ($X_1$) | 1,000000 | -0,307260 | 0,313681 |
| Capital structure ($X_2$) | -0,307260 | 1,000000 | -0,004789 |
| Sales growth ($X_3$) | 0,313681 | -0,004789 | 1,000000 |

*Source: Eviews14 Output, data processed (2026)*

Based on Table 4, the highest correlation is found between the pair X1 and $X_2$ with a value of -0,307260. The correlation between $X_1$ and $X_3$ is recorded at -0,313681, while between $X_2$ and $X_3$ it is recorded at -0,004789. Since all of these correlation coefficients are less than 0,80, it can be concluded that there is no multicollinearity among the independent variables.

### *Heteroskedasticity Test*

The heteroskedasticity test is conducted to examine whether the residual variance is constant. This test applies the Glejser method, which involves regressing the absolute residual values (ABSRES) on the independent variables. Heteroskedasticity is considered absent if the probability of each variable exceeds 0,05.

**Table 5. Heteroskedasticity Test Results (Glejser)**

| Variable | Coefficient | Std. Error | t-Statistics | Prob. | Description |
|---|---|---|---|---|---|
| Constant | 0,614763 | 0,236191 | 2,602821 | 0,0102 | Significant |
| $X_1$ | 0,782256 | 0,464475 | 1,684171 | 0,0943 | Not Significant |
| $X_2$ | 0,473676 | 0,032607 | 14,52670 | 0,0000 | Significant |
| $X_3$ | 0,675823 | 0,218329 | 3,095428 | 0,0024 | Significant |

*Source: Eviews14 Output, data processed (2026)*

Based on Table 5, the probability of $X_1$ is 0,0943 (> 0,05), whereas the probability of $X_2$ is 0,0000 and $X_3$ is 0,0024 (both < 0,05). Since some independent variables significantly affect the absolute residuals, the model is stated to exhibit heteroskedasticity symptoms. As a remedy, the final estimation is performed using robust standard errors (Cross-section SUR/PCSE with degrees of freedom correction) so that the t-test conclusions are not distorted by heteroskedasticity. This correction does not change the coefficient values but only adjusts the standard errors.

### *Autocorrelation Test*

The autocorrelation test is conducted to examine the presence or absence of a relationship between the error in period t and the error in the previous period (t-1). The test uses the Durbin-Watson statistic, with a value close to 2 indicating that autocorrelation does not occur.

**Table 6. Autocorrelation Test Results (Durbin-Watson)**

| Statistics | Value | Description |
|---|---|---|
| *Durbin-Watson stat (weighted statistics)* | 1,985532 | Indicated positive autocorrelation |

*Source: Eviews14 Output, data processed (2026)*

In the REM model, the Durbin-Watson statistic value is taken from the weighted statistics because the estimation is carried out using Generalized Least Squares. Table 6 shows a value of 1,446597, which is below 2 and below the lower bound (dL), thus it can be concluded that the model is indicative of positive autocorrelation.

## Hypothesis Testing

### *Test of Coefficient of Determination (R2) and F Test (Simultaneous)*

The coefficient of determination is used to determine the extent to which the independent variables are able to explain the variations in company value, while the F test is used to examine the effect of the independent variables collectively.

**Table 7. Results of the Coefficient of Determination Test and the F Test**

| Statistics | Value |
|---|---|
| R-squared | 0,282110 |
| Adjusted R-squared | 0,267359 |
| S.E. of regression | 2,114259 |
| F-statistic | 19,12460 |
| Prob(F-statistic) | 0,000000 |
| F-tabel ($\alpha$ = 5%; df = 3 dan 146) | 2,667 |

*Source: Eviews14 Output, data processed (2026)*

Based on Table 7, the Adjusted R-squared value is 0,267359 or 26,74%. This means that profitability, capital structure, and sales growth are able to explain 26,74% of the variation in firm value, while the remaining 73,26% is explained by other factors outside the model. In the F-test, the probability value is 0,000000 < 0,05 and the calculated F is 19,12460 > F-table 2,667, indicating that profitability, capital structure, and sales growth simultaneously have a significant effect on firm value.

**Partial t-test**

The t-test is conducted to determine the effect of each independent variable on the company's value. Considering that the proposed hypothesis is positively directed, the test uses a one-sided t-table at $\alpha$ = 5% with 146 degrees of freedom (150 - 3 - 1), which is valued at 1,655. The results of the t-test with robust standard error are presented in Table 8.

**Table 8. Estimation Results of the Random Effect Model with Robust Standard Errors**

| Variable | Coefficient | Std. Error | t-value | Prob. | Decision |
|---|---|---|---|---|---|
| Constant (C) | 1,308028 | 0,437424 | 2,990298 | 0,0033 | - |
| Profitability ($X_1$) | 0,369489 | 1,719824 | 0,214841 | 0,8302 | $H_1$ is rejected |
| Capital structure ($X_2$) | 0,399951 | 0,114310 | 3,498833 | 0,0006 | $H_2$ is accepted |
| Sales growth ($X_3$) | 1,186558 | 0,330889 | 3,585969 | 0,0005 | $H_3$ is accepted |

*Source: Eviews14 Output, data processed (2026)*

Profitability ($X_1$) obtained a probability of 0,8302 > 0,05 and a calculated t-value of 0,214841, which is smaller than the table t-value of 1,655. This means that profitability does not have a significant effect on firm value, thus H1 is rejected.

Capital structure ($X_2$) obtained a probability of 0,7498 < 0,05 and a calculated t-value of 3,498833, which is greater than the table t-value of 1,655. This means that capital structure has a positive and significant effect on firm value, thus H2 is accepted.

Sales growth ($X_3$) obtained a probability of 0,0005 < 0,05 and a calculated t-value of 3,585969, which is greater than the table t-value of 1,655. This means that sales growth has a positive and significant effect on firm value, thus H3 is accepted.

***Panel Data Regression Equation***

Based on Table 8, the resulting regression equation is as follows:

$$Y = 1{,}308028 + 0{,}369489\ X_1 + 0{,}399951\ X_2 + 1{,}186558\ X_3 + e$$

A constant of 1,308028 indicates that when profitability, capital structure, and sales growth are zero, the firm value stands at 1,308028. This constant is not significant at $\alpha$ = 5% (probability 0,0033).

The profitability coefficient of 0,369489 indicates that every one-unit increase in profitability will increase the firm value by 0,369489 (ceteris paribus) however, this effect is not significant.

The capital structure coefficient of 0,399951 indicates that every one-unit increase in the capital structure is followed by an increase in firm value of 0,399951, assuming other variables remain constant (ceteris paribus).

The sales growth coefficient of 1,186558 indicates that every one-unit increase in sales growth is followed by an increase in firm value of 1,186558, assuming other variables remain constant (ceteris paribus).

***Moderated Regression Analysis (MRA) Test***

The MRA test is used to examine whether GCG acts as a moderating variable by including three interaction variables in the model, namely $X_1$*Z, $X_2$*Z, dan $X_3$*Z. The moderation hypothesis does not specify a particular direction of effect, so the significance test uses a two-tailed t-table at a 5% level with 142 degrees of freedom (150 - 7 - 1), which is 1,977. The test results are presented in Table 9.

**Table 9. MRA Test Results with Robust Standard Error**

| Variable | Coefficient | Std. Error | t-value | Prob. | Decision |
|---|---|---|---|---|---|
| Firm value (Y) | 1,206275 | 0,531810 | 2,268245 | 0,0248 | - |
| Profitability ($X_1$) | 0,235283 | 1,693358 | 0,138945 | 0,8897 | - |
| Capital structure ($X_2$) | 0,400668 | 0,110187 | 3,636254 | 0,0004 | - |
| Sales growth ($X_3$) | 1,680396 | 0,490220 | 3,427842 | 0,0008 | - |
| GCG (Z) | -0,089595 | 2,318603 | -0,038642 | 0,9692 | - |
| Interaction $X_1$*Z | 41,13287 | 13,98746 | 2,940697 | 0,0038 | $H_4$ is accepted |
| Interaction $X_2$*Z | -10,94728 | 6,686648 | -1,637185 | 0,1038 | $H_5$ is rejected |
| Interaction $X_3$*Z | -3,004667 | 0,935962 | -3,210244 | 0,0016 | $H_6$ is accepted |

*Source: Eviews14 Output, data processed (2026)*

The interaction variable $X_1$*Z has a coefficient of 41,13287 with a probability of 0,0038 (< 0,05) and a t-count of 2,940697 (> 1,977). Its effect is positive and significant, which means that GCG strengthens the influence of profitability on firm value, thus H4 is accepted.

The interaction variable $X_2$*Z has a coefficient of -10,94728 with a probability of 0,1038 (> 0,05) and an absolute t-count of 1,637185 (< 1,977). Its effect is not significant, which means that GCG does not moderate the influence of capital structure on firm value, thus H5 is rejected.

The interaction variable $X_3$*Z has a coefficient of -3,004667 with a probability of 0,0016 (< 0,05) and an absolute t-count of 3,210244 (> 1,977). Its effect is negative and significant, which means that GCG weakens the influence of sales growth on firm value, thus H6 is accepted.

$$Y = 1{,}206275 + 0{,}235283\ X_1 + 0{,}400668\ X_2 + 1{,}680396\ X_3 - 0{,}089595\ Z + 41{,}13287\ X_1{*}Z - 10{,}94728\ X_2{*}Z - 3{,}004667\ X_3{*}Z + e$$

**Discussion**

The insignificant effect of profitability on firm value indicates that higher profitability does not automatically translate into higher market valuation. This finding is consistent with Mawardi and Malikah (2025), who also found an insignificant relationship between profitability and firm value among Indonesian consumer goods companies. Similarly, Chotimah Majdid et al. (2026) reported that profitability did not significantly affect firm value in the Consumer Non-Cyclicals sector during 2021–2025. These results differ from Fatoni and Yuliana (2021) and Adnan and Hidayati (2025), who identified significant relationships. The differences suggest that profitability signals depend on sector conditions and investor assessments. This study extends previous evidence by showing that profitability alone does not explain market valuation, particularly when companies exhibit substantial differences in earnings performance.

The positive and significant effect of capital structure on firm value supports the argument that debt financing contributes to market valuation when companies manage their financial obligations effectively. This finding is consistent with Mawardi and Malikah (2025), who identified a positive relationship between capital structure and firm value. Hafidz and Purbawangsa (2026) also reported a positive effect of capital structure, while finding that institutional ownership strengthens this relationship. In addition, Tsaniatuzaima and Maryanti (2022) identified an effect of debt-to-equity ratio on firm value in food and beverage companies. These findings support the view that investors consider debt as a potential source of business expansion rather than exclusively

as a financial risk. The contribution of this study lies in confirming the positive association between capital structure and firm value within the broader Consumer Non-Cyclicals sector.

Sales growth has a positive and significant effect on firm value, indicating that increasing sales contributes to stronger market valuations. This finding is consistent with Fajriah et al. (2022), who reported a positive and significant relationship between sales growth and firm value in food and beverage companies. Ardiani et al. (2025) also confirmed this positive relationship within the Consumer Non-Cyclicals sector. Similarly, Chotimah Majdid et al. (2026) found that sales growth significantly increases firm value, supporting the relevance of sales performance as an investment signal. These results reinforce signaling theory, as increasing sales communicate market demand and business development prospects. This study contributes further evidence by confirming the importance of sales growth as a determinant of firm value, particularly in companies operating within the Consumer Non-Cyclicals sector.

The simultaneous testing results demonstrate that profitability, capital structure, and sales growth jointly have a significant effect on firm value, as indicated by an F-statistic of 19.12460 and a probability value of 0.000000. The adjusted R-squared of 0.267359 indicates that the model explains 26.74% of the variation in firm value, while the remaining 73.26% relates to factors outside the model. This finding complements Chotimah Majdid et al. (2026), who also identified a significant simultaneous effect of profitability, asset growth, and sales growth on firm value. The difference in explanatory power suggests that variations in sample composition, observation periods, and variable selection influence model performance. This study contributes an integrated empirical perspective by examining profitability, capital structure, and sales growth together, including their different individual contributions to market valuation.

The Moderated Regression Analysis demonstrates that GCG strengthens the relationship between profitability and firm value but does not moderate the relationship between capital structure and firm value. The first result is consistent with Adnan and Hidayati (2025), who found that institutional ownership strengthens the profitability–firm value relationship. Putri et al. (2026) also reported a strengthening moderation effect of institutional ownership on profitability. Fatoni and Yuliana (2021), in contrast, found no moderating effect of GCG, indicating differences across research settings. Regarding capital structure, the insignificant moderation effect differs from Tsaniatuzaima and Maryanti (2022) and Hafidz and Purbawangsa (2026), who identified a governance moderation effect on debt-related relationships. These findings extend agency theory by demonstrating the selective role of institutional ownership in influencing how financial information relates to firm value.

The negative moderating effect of GCG on the relationship between sales growth and firm value indicates that stronger institutional ownership weakens the positive relationship between these variables. This result is consistent with Putri et al. (2026), who also found that institutional ownership weakens the relationship between sales growth and firm value. It also provides a different perspective from the positive sales growth findings reported by Fajriah et al. (2022) and Ardiani et al. (2025), which did not examine the same moderation mechanism. One possible explanation is that institutional investors evaluate sales expansion alongside its associated costs, financing requirements, and business risks. The estimated moderation threshold of approximately 0.559 further indicates a weakening relationship at higher GCG levels. The main novelty of this study lies in identifying GCG as a selective moderator that strengthens the profitability relationship, leaves the capital structure relationship unchanged, and weakens the sales growth relationship.

## CONCLUSION

This study concludes that profitability, capital structure, and sales growth have different relationships with firm value. Capital structure and sales growth have positive and significant effects, whereas profitability has no significant direct effect. Simultaneously, the three variables significantly influence firm value. GCG strengthens the relationship between profitability and firm value, does not moderate the capital structure relationship, and weakens the relationship between sales growth and firm value. These findings highlight that financial performance does not automatically translate into higher market valuation, as its influence also depends on corporate governance conditions. The implications of these findings suggest that management should maintain effective financing policies, improve sales performance, and strengthen institutional monitoring while ensuring sustainable profitability. Investors should evaluate financial performance alongside governance quality when making investment decisions. Theoretically, this study contributes to signaling theory and agency theory by demonstrating that GCG has different moderating effects across financial relationships. Nevertheless, this study is limited to 30 companies, one industrial sector, and a five-year observation period. Future research should expand the sample across sectors, extend the observation period, and incorporate additional variables such as liquidity, dividend policy, company size, and managerial ownership to provide a broader understanding of the determinants of firm value.

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