

THE ROLE OF PROFITABILITY IN MEDIATION THE INFLUENCE OF LEVERAGE, LIQUIDITY, AND BI RATE TO COMPANY VALUE

Heni Kurniati¹, Muhammad Sulhan²

^{1,2}(Department of Management, Faculty of Economics, UIN Maulana Malik Ibrahim, Malang, Indonesia)

ABSTRACT

This study aims to analyze and examine the role of profitability in mediating the effect of leverage ratios, liquidity, and BI rate on company value. This type of research is causal quantitative with a descriptive approach. The observation method used is path analysis with the smartPLS 3.3.0 program. This study uses samples taken from the annual reports of financial sector companies listed on the Indonesia Stock Exchange for the 2016-2020 period. The sampling technique was in the form of purposive sampling where with this technique obtained a sample of 53 companies. The indicators used in this research are Price To Book Value (PBV) as a measure for firm value, Debt To Equity Ratio as a leverage ratio parameter, Current ratio as a liquidity ratio measurement tool, BI rate using the BI-7 Days Repo Rate (BI7DRR), and Return On Assets as a measure of the profitability ratio that functions as a mediating variable. After testing the hypothesis, it was found that leverage has a significant positive effect on firm value, liquidity has a non-significant positive impact on firm value, the BI rate has an insignificant negative effect, leverage has a significant negative effect on profitability, liquidity has a significant positive effect on profitability, BI rate has no significant positive effect on profitability, profitability has no significant positive effect on firm value and profitability is not able to mediate the effect of leverage, liquidity, and the BI rate on firm value.

KEYWORDS: Leverage, Liquidity, BI Rate, Firm Value, Profitability

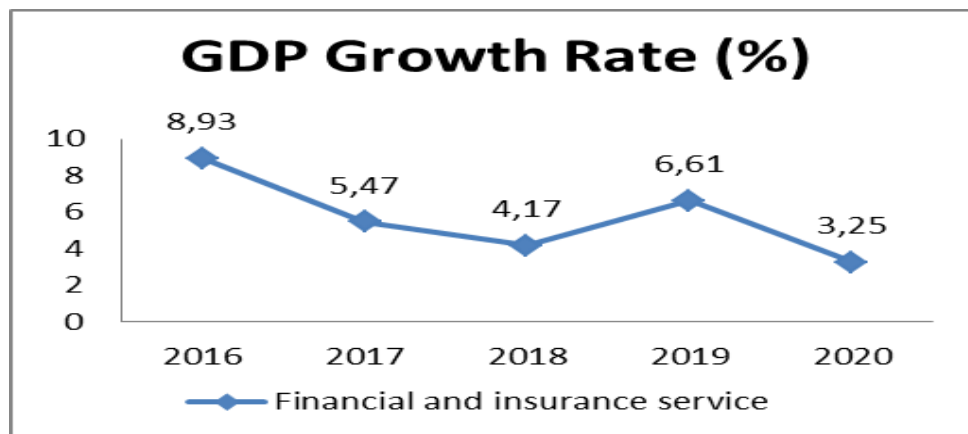
1. INTRODUCTION

The spread of the Covid-19 virus in almost all parts of the world has resulted in many negative impacts, especially in the economy. Many countries in the world in 2020 are experiencing a recession. According to the Indonesian Minister of Finance, Sri Mulyani Indrawati, almost the entire world is experiencing a recession due to Covid-19 in 2020. A total of 170 countries out of 193 countries registered with the United Nations have a negative economy (Prakoso, 2021). Of the many sectors affected, the financial sector which plays an important role as a provider of funds has also experienced a negative impact from this virus.

The financial sector is the locomotive of real sector growth through capital accumulation and technological innovation. More precisely, the financial sector is able to mobilize savings and channel them to parties who need funds through credit. The financial sector provides borrowers with a variety of high quality and low risk financial instruments. When economic capacity increases compared to the previous year, there is economic growth. At the same time, when there is new economic investment, there will be an increase in economic capacity.

The size of the financial sector's GDP decreased compared to the previous year. GDP or Gross Domestic Product is used as an important indicator to determine the economic condition of a country in a certain period. GDP is the amount of added value generated by all business units in a particular country. GDP at current prices can be used to see the shift and structure of the economy, while constant prices are used to determine economic growth from year to year.

Figure 1. GDP growth rate based on constant prices for financial and insurance services



Source: Statistics Indonesia, 2021

Based from the graph above, the GDP in 2016 was 8.93%, then there was a decline in 2017 to 5.47%. In 2018 the GDP growth rate on a constant basis in the financial services and insurance sectors was 4.17%, then in 2019 it rose to 6.61% and in 2020 it decreased to 3.25%. Despite a significant decline, Indonesia's financial stability is still stable. OJK in 2020 has issued various *forward-looking* and *countercyclical policies* To anticipate the impact of the COVID-19 pandemic, this policy aims to reduce market volatility, provide room for the real sector to survive, and maintain overall financial system stability. The government and Bank Indonesia also greatly assisted with fiscal stimulus and accommodative monetary policy. One of the reasons for good economic growth is the encouragement from the development of the financial sector. *Financial Depending* is intended to show an indication of an increase in the role and activities of financial services in the economy.

The main goal of a company is to maximize the value of the company and is sustainable. A company that has a high company value is considered positive in the eyes of investors. According to (Putra & Wiagustini, 2013) company value reflects investors' perceptions of the company where this is related to stock prices. The prosperity of the shareholders can be reflected in the value of the company. A high company value indicates that a company has good performance and reflects good prospects in the future. Firm value can be measured by Price Book Value. PBV is used to measure how well the company can create firm value relative to the amount of capital that has been invested. PBV is measured by comparing the stock price with the book value of a company.

The value of the company can be reflected in the company's financial performance. Financial ratio analysis is often used to evaluate a company's performance and financial condition. By comparing the company's financial ratios from year to year, it will be known how the condition and performance of the company at that time, whether there was an increase or decrease. According to (Hanafi and Halim, 2009) financial performance can be measured using financial ratios including the leverage ratio or solvency, liquidity, profitability, activity ratio, and market ratio. In this study, leverage and liquidity ratios are used as independent variables and profitability as a mediating variable.

Leverage ratio is a ratio that measures how much the company is financed with debt. Therefore the company should need to balance how much debt is worth taking and which sources can be used to pay off debt (Fahmi, 2014). The leverage ratio can be measured by the *Debt to Equity Ratio* (DER), this ratio measures the amount of debt or funds from outside the company to its own capital (*shareholder equity*).

The value of the liquidity ratio reflects the company's ability to meet its short-term obligations. Liquidity ratio is a ratio used to measure a company's ability to meet short-term financial obligations on time. In this study, the liquidity ratio is measured through the *Current ratio* (CR). *Current Ratio* as a proxy for liquidity in this study is a ratio to measure the company's ability to meet current liabilities using all current assets owned (Sudiani & Darmayanti, 2016). The high level of company liquidity will give a positive signal to investors. Investors consider companies with high liquidity to have good company performance because the higher the liquidity value, the higher the company value.

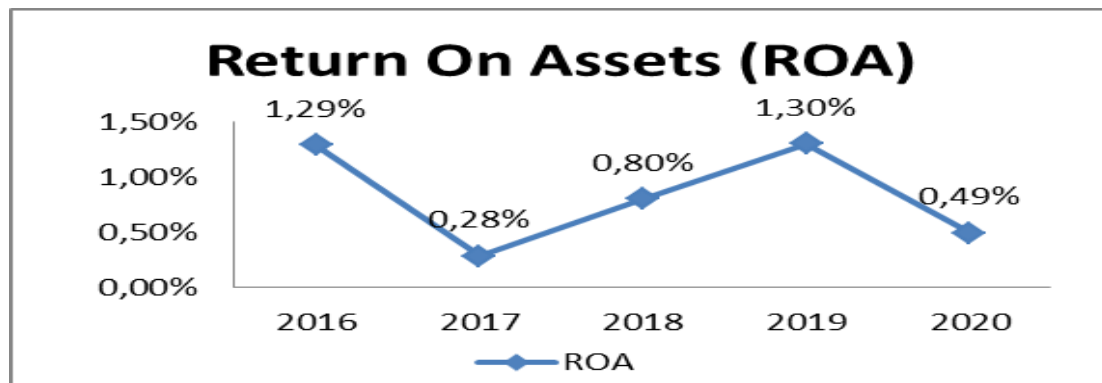
In addition to the factors above, there are several external factors that can also affect the value of the company, including interest rates, inflation, and movements in currency exchange rates. External factors also need to be considered in increasing company value because these factors cannot be controlled by the company, so

companies need to consider external factors in increasing company value and in maintaining stock price movements. In this study, the external factor used is the interest rate or BI rate.

The selection of the BI rate as a variable that affects the firm's value externally is because Bank Indonesia as the person in charge of the community's economy makes various policies. One of Bank Indonesia's policies is to set Bank Indonesia interest rates. In the financial world, the BI rate is used as a reference by all banking institutions in Indonesia as the mandatory interest rate standard. Quoted from the official website of Bank Indonesia, the Bank Indonesia interest rate (BI rate) is a policy interest rate that reflects the monetary policy stance set by Bank Indonesia and announced to the public by the Board of Governors of Bank Indonesia at every monthly Board of Governors Meeting (bi.go.id). , 2021). According to (Tandelilin, 2010), interest rates have a negative relationship to stock prices, meaning that when interest rates increase, stock prices will decrease.

Firm value is also strongly influenced by the profitability of a company. The company's financial performance shows how a company uses its assets to obtain maximum profit. According to (Husnan, 2015) profitability is the level of net profit that can be achieved by the company when carrying out its operations. The high profitability of the company will indicate a positive signal on the company's future prospects that can trigger investors to invest in the company. The better the growth of the company's profitability, the better the prospect of the company in the future for investors.

Figure 2. Graph of ROA Development in the Financial Sector



Source: Data processed by researchers, 2022

Based on the graph above, it can be concluded that the profitability value measured using *Return On Assets* (ROA) in financial sector companies listed on the Indonesia Stock Exchange (IDX) shows fluctuations. In 2016 the ROA value reached 1.29%, then in 2017 it decreased to 0.28% and in 2018 the ROA increased to 0.80%. In 2019 the profitability of the financial sector was at 1.30% and in 2020 it fell to 0.49%.

The increases and decreases of the company's profitability level can be caused by fluctuations in the company's income which results in the level of profit that can be generated by the company. Seeing world conditions with the outbreak of the COVID-19 pandemic, it had a negative impact on the company's financial performance. The spread of the corona virus (Covid-19) throughout 2020 was a big storm for the Indonesian economy. In the financial services sector, this pandemic has an impact on increasing several potential risks, both in terms of liquidity risk in the form of outflows of funds, credit risk in the form of debtors defaulting due to a decrease in business activities, as well as profitability pressures on both companies and debtors (Sitanggang, 2021).

In this study, the profitability ratio is used as an intervening variable, where the intervening variable is a variable that theoretically affects the relationship between the independent variable and the dependent variable to be an indirect relationship. The choice of profitability as an intervening variable is because profitability has an important influence in determining firm value. Profitability in this study is measured by *Return on assets*. ROA is a measurement used to assess the ability of the company as a whole the assets available in the company. A company that has a fairly high ROA ratio means that the company is working quite effectively and this is an attraction for investors which results in an increase in the value of the company's shares.

Previous research from (Pradana, 2021) proves that leverage has a significant positive effect on firm value. Meanwhile, research from (Palestine and Djawoto, 2020) proves that leverage positive and insignificant effect

on firm value. Then the research of (Casriningrum, Hutomo, & Hikmah, 2019) proves that leverage has a negative and significant effect on firm value.

Then according to (Kristianti & Foeh, 2020) proves that liquidity has a positive and significant effect on firm value. However, according to (Palestine & Djawoto, 2020) liquidity has a positive but not significant effect on firm value. (Hendayana & Riyanti's research, 2019), states that liquidity has a significant negative effect on firm value.

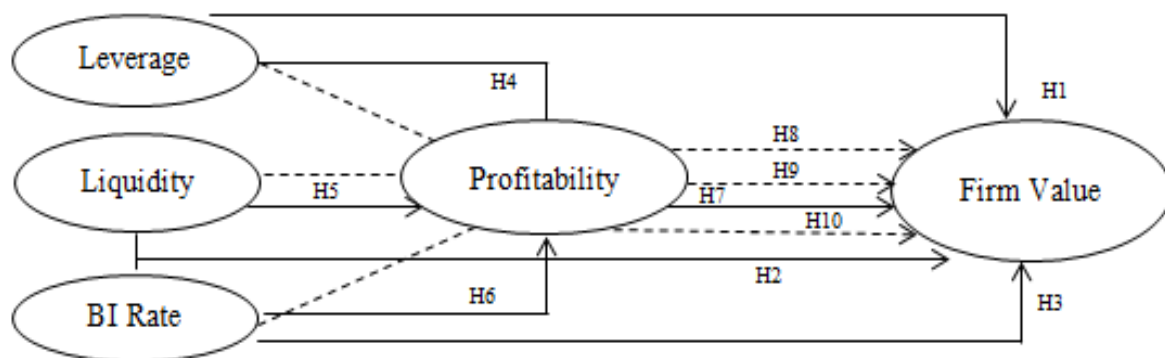
In addition, according to (Ningsih & Waspada, 2019), his research proves that the BI rate has a significant and positive effect on firm value. Meanwhile, according to (Pangestuti & Louisa, 2020) interest rates have no effect on firm value. Then according to (Hendayana & Riyanti, 2020) states that interest rates have a positive and insignificant effect on firm value.

Meanwhile, according to (Japhar, Mangantar, & Baramuli, 2020) stated that the BI rate had an insignificant negative effect on firm value. Meanwhile, according to (Jabhar, Mengantar, & Baramuli, 2020) it proves that profitability has a positive and significant effect on firm value. But according to (Meivinia, 2018), it proves that profitability has a negative and significant effect on firm value. Meanwhile, according to (Reschiwati, Syahdina, & Handayani, 2020) profitability has no significant effect on firm value.

Based on the phenomena that occur above and several previous studies that still have contradictions from some of the theories above, the researchers decided to further investigate the effect of the leverage ratio, liquidity, and BI rate on firm value by adding profitability as an intervening variable.

2. METHODOLOGY

This study aims to examine and analyze the effect of the leverage ratio, liquidity, and BI rate on firm value by adding the profitability ratio as a mediating variable. This research can be shown in a conceptual framework in Figure 3:



Survey and Sampling Procedures: this study uses secondary data which is obtained from the financial statements of financial sector companies listed on the IDX which can be accessed through the IDX official website or related company websites. The population in this study were 89 companies listed on the Indonesia Stock Exchange in the financial sector for the 2016-2020 period. The sampling technique used is purposive sampling where the criteria used are the following

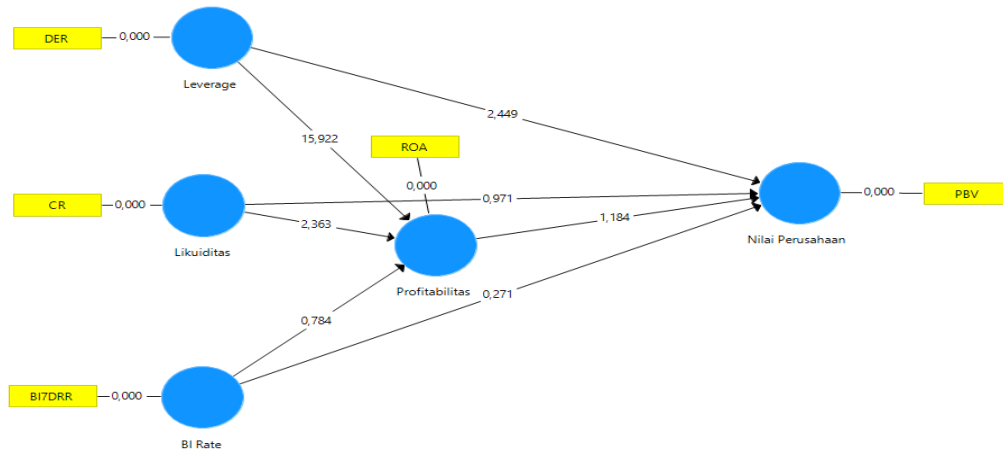
- Financial sector companies listed on the Indonesia Stock Exchange during the 2016-2020 period
- The company publishes complete financial statements in 2016-2020 continuously
- The company has the positive profitability in 2016-2020 in a row.

From these criteria, a research sample of 53 companies was obtained.

Research instrument: this study consists of five variables, namely the ratio of leverage, liquidity, and BI rate as the independent variable, firm value as the dependent variable and profitability as the mediating variable. Debt to Equity ratio is used as a leverage ratio parameter, Current ratio as a measure of liquidity ratio, BI-7 Days Repo Rate (BI7DRR) as an indicator of BI rate, Price to Book Value as a measuring tool for firm value, and profitability as a mediating variable proxied by Return On Assets.

3. DATA ANALYSIS

This study uses the path analysis method, where this method serves to examine the relationship between variables and to explain the relationship between several independent variables and the dependent variable either directly or indirectly (Supriyanto & Ekowati, 2019). The results of the path analysis are shown in Figure 4:



The first step of the analysis: testing the outer model. The outer model test consists of a convergent validity test where an indicator is declared valid if it has a positive loading factor with a value of more than 0.7. then there is a discriminant validity test where an indicator is declared valid if it has an AVE value of more than 0.5. In addition to convergent and discriminant validity tests, it is also necessary to carry out reliability tests. Reliability test is used to measure an indicator of a variable or construct. Reliability is measured by *Composite Reliability* and *Cronbach's Alpha*. The amount of *composite reliability* along with *Cronbach's alpha* used as a measure of reliability. If the nominal *Cronbach's alpha* exceeds 0.6 and the value of *Composite reliability* > 0.7 means that the parameters used are reliable.

The results of the convergent validity test from SmartPLS

Variable	Indicator	Loading Factor	Description
Leverage	DER	1,000	Valid
Liquidity	CR	1,000	Valid
BI Rate	BI7DRR	1,000	Valid
Profitability	ROA	1,000	Valid
Company Value	PBV	1,000	Valid

The *loading factor* listed in the table above proves that the value exceeds 0.7. this means that the parameter is declared valid.

The results of the discriminant validity test from SmartPLS

Variable	AVE	Description
Leverage	1,000	Valid
Liquidity	1,000	Valid
BI Rate	1,000	Valid
Profitability	1,000	Valid
Company Value	1,000	Valid

The amount of AVE value stated in the table states that the number exceeds 0.5. So that the indicator is declared valid.

The results of the reliability test using SmartPLS

Variable	Cronbach's Alpha	Composite Reliability	Description
Leverage	1,000	1,000	Reliable
Liquidity	1,000	1,000	Reliable
BI Rate	1,000	1,000	Reliable
Profitability	1,000	1,000	Reliable
Company Value	1,000	1,000	Reliable

Cronbach's alpha in the table above proves a value greater than 0.6 and the amount of *composite reliability* resulting index shows a number more than 0.7, so the index is said to be reliable.

The second step of analysis: testing the inner model. Inner model testing is done to test the structural model on the variables used. In this test R-Square is used as a measure in the inner model. The results of testing the inner model using Smart PLS

Variable	R Square	Adjusted R Square
Firm Value	0.025	0.010
Profitability	0.328	0.320

R-Square firm value variable is 2.5% which means that 2.5% leverage, liquidity, and BI rate variables can explain firm value variables and 97.5% described by different variables outside this study. Then the R-Square grade of the profitability variable is 32.8%, this value means that 32.8% of the leverage, liquidity, BI rate variables can interpret the profitability variable and the variables that are not in this research are 67.2% .

The third step of analysis: after testing the outer model and inner model, then it is necessary to test the hypothesis analysis. This test uses a statistical t value. If the t-statistic value is greater than the t-table value of 1.96 and the P-value is smaller than the significance value of 0.05%, then this indicates that the variable has a significant effect. The following are the results of hypothesis testing.

Effect	Original Sample	STDEV	T Statistics	P Values
Leverage -> Firm Value	0.164	0.067	2,449	0.015
Liquidity -> Firm Value	0.971	0.093	0.332	0.090
BI Rate -> Firm Value	-0.018	0.066	0.271	0.787
Leverage -> Profitability	-0.523	0.033	15,922	0.000
Liquidity -> Profitability	0.108	0.046	2.363	0.019
BI Rate -> Profitability	0.036	0.046	0.784	0.433
Profitability -> Firm Value	0.132	0.112	1.184	0.237
Leverage -> Profitability -> Firm Value	-0.069	0.057	1.206	0.228
Liquidity -> Profitability -> Firm Value	0.014	0.016	0.867	0.386
BI Rate -> Profitability -> Firm Value	0.005	0.008	0.595	0.552

From the above hypothesis testing, it can be explained that:

The first hypothesis suggests that leverage has a significant positive effect on firm value. The test results show that the original sample value is 0.164 with the statistical t-value of the leverage variable is 2.449, which is greater than the t-table value with a p-value of 0.015. Based on t-statistic > t-table and p-value < 0.05, which means that the leverage variable directly has a significant positive effect on firm value, the hypothesis is accepted.

The second hypothesis holds that liquidity has a significant positive effect on firm value. The test results show that the original sample value is 0.971 with the statistical t value of the liquidity variable is 0.332, which is smaller than the t table value with a p value of 0.090. Based on t-statistic < t-table and p-value > 0.05, this means that the liquidity variable directly has a positive but insignificant effect, thus rejecting the hypothesis.

The third hypothesis states that BI rates have a significant negative impact on firm value. The test results showed that the original sample value is -0.018 with the statistical t-value of the BI rate was 0.271, and the p-value was 0.787. Hypotheses were rejected based on statistical T-statistic < T-table and P-value > 0.05, which means that the BI rate has no significant and negative effect on firm value.

The fourth hypothesis is that leverage has a significant negative effect on profitability. The test results show that the original sample value is -0.523 with the statistical t-value of the leverage variable is 15.922, which is greater than the t-table value with a p-value of 0.000. Based on t-statistic > t-table and p-value < 0.05, which means that the leverage variable directly has a significant positive effect on profitability, the hypothesis is accepted.

The fifth hypothesis suggests that liquidity has a significant negative effect on profitability. The test results show that the original sample value is 0.108 with the statistical t value of the liquidity variable is 2.363, where

this value is greater than the T table value with a p value of 0.019. Due to T statistic > T table and p value < 0.05, this means that the liquidity variable directly has a significant positive effect, so the hypothesis is rejected.

The sixth hypothesis states that BI rates have a significant negative impact on profitability. The test results showed that the original sample value is 0.036 with the statistical t-value of the BI rate was 0.784, and the p-value was 0.433. Based on the statistical T value < T table and P value > 0.05, this means that the BI rate has no significant positive effect on profitability, thus rejecting the hypothesis.

The seventh hypothesis states that profitability has no significant positive effect on firm value. The test results show that the original sample value is 0.132 with the statistical t-value of profitability is 1.184 and the p-value is 0.237. Based on the statistics T value < T table and P value > 0.05, it means that profitability has no significant positive effect on profitability, so the hypothesis is rejected.

The eighth hypothesis states that profitability can convey the effect of leverage on firm value. The test results show that the indirect relationship between leverage and enterprise value through profitability has a statistical t-value smaller than the t-table, which is 1.206, and the p-value is 0.228 and the original sample value is -0.069. Based on the statistical T-value < T-table and P-value > 0.05, which means that profitability cannot convey the impact of leverage on firm value, the hypothesis is rejected.

The ninth hypothesis states that profitability can convey the effect of liquidity on firm value. The test results show that the indirect relationship between liquidity and firm value through profitability has a smaller statistical t-value of 0.867 than the t-table, with a p-value of 0.386 and the original sample value is 0.014. Based on statistical T-value < T table and P-value > 0.05, this implies that profitability cannot convey the impact of liquidity on firm value, thus rejecting the hypothesis.

The tenth hypothesis states that profitability can convey the effect of BI rates on enterprise value. The test results show that the indirect relationship between the BI rate and the corporate profit value has a statistical t value smaller than the t table, which is 0.595, and the p value is 0.552 and the original sample is 0.005. Based on the statistics t-value < t-table and p-value > 0.05, this means that profitability cannot convey the impact of BI statements on enterprise value, so this hypothesis is rejected.

4. DISCUSSION AND CONCLUSION

The Effect of Leverage on Firm Value

Observations's result show that leverage has a significant positive effect on firm value. This means that increasing the level of leverage can increase the value of the company. An appropriate proportion of borrowed capital increases the value of the company. According to (Kasmir, 2014), solvency or leverage is used to measure how well a company is financed through debt. Leverage can determine the value of the company through the management of debt policies by the company. Companies sometimes create debt at a certain point to increase the value of the company. Good debt management in a company makes the value of the company also increase because it is considered to have a low risk of bankruptcy due to the right proportion of debt. The results of this study are in line with research conducted by (Pradana, 2021) which proves that leverage has a significant positive effect on firm value.

The Effect of Liquidity on Firm Value

The results of the path analysis test prove that liquidity has a positive and insignificant effect on firm value, which means that the company's ability to meet its current obligations may not necessarily make its firm value high, this is because it is seen from the large number of current assets embedded in the firm. The company's receivables are too large so that it is at risk of being uncollected, this causes the company to find it difficult to cover its current debt so that it will experience problems in increasing revenue. This research is in line with research conducted by (Adita & Mawardi, 2018), and (Palestine & Djawoto, 2020) where liquidity has a positive but not significant effect on firm value. However, it is not in line with the research of (Kristianti & Foeh, 2020) and (Mery, 2017) which proves that liquidity has a positive and significant effect on firm value.

The Effect of BI Rate on Firm Value

The results of the path analysis test prove that the BI rate has no significant negative effect. This means that not every change in the BI rate will affect the value of the company because not all companies, especially in the financial sector, have an effect on changes in interest rates. According to (Tandelilin, 2010), interest rates have a negative relationship to stock prices, meaning that when interest rates increase, stock prices will decrease. The decline in stock prices can be an indication that the company has a bad company value. This is in line with the

research of (Japhar, Mangantar, & Baramuli, 2020) which states that interest rates have no significant negative effect on firm value.

Effect of Leverage on Profitability

The results show that leverage has a significant negative effect on profitability. This means that when the company's debt increases, this will reduce the company's profitability. Companies that use sources of funds from debt must consider their ability to pay off their fixed obligations. The selection of leverage that is not optimal will minimize the level of profitability which is indicated by the losses experienced by the company. The increase in corporate debt will create a large burden so that the company's profits decrease. This is in accordance with research conducted by (Febriani, 2020) which states that leverage has a significant negative effect on profitability.

Effect of Liquidity on Profitability

The results showed that liquidity had a significant positive effect. This means that the higher the company's liquidity, the higher the profitability value. The better the company's ability to earn profits, the better the company's ability to pay off its short-term obligations. The higher level of liquidity can increase the credibility of the company which causes a positive reaction from investors to provide capital that the company can use for investment in an effort to increase its profitability. The results of this study are in line with research conducted by (Prabowo & Sutanto, 2019) and (Fadhilah, 2017) which prove that liquidity has a significant positive effect on profitability.

The effect of the BI rate on profitability

The results showed that the BI Rate had no significant effect on profitability. This means that changes in interest rates do not affect the company's ability to create profits. The insignificant results prove that not all companies have an impact on changes in interest rates. This could be because there are several companies in the financial sector, especially banking which is Islamic banking where the company's profits are not influenced by the amount of interest rates. These results are in line with research conducted by (Inventa & Sidik, 2021) and (Rachmawati & Marwansyah, 2019) which proves that the BI rate has no significant effect on profitability.

The Effect of Profitability on Firm Value.

The results showed that profitability had an insignificant positive effect on profitability. This means that the increase in profitability may not necessarily increase the value of the company. The absence of ROA influence on firm value can be caused by the performance of management who does not have the ability to use the assets owned which causes net income to be small, while the assets owned by the company are very large. These results are in line with research conducted by (Sondakh, 2019) and (Reschiwati, Syahdina & Handayani, 2020) which proves that profitability has a positive but not significant effect on firm value.

Effect of Leverage on Firm Value through Profitability as an Intervening Variable

The results show that indirectly, leverage through profitability has an insignificant negative effect. This means that profitability has not been able to mediate the effect of leverage on firm value. The results of this study indicate that high leverage does not always increase firm value even through profitability. The proportion of debt that is too large will make the company have a high risk of bankruptcy and will be a negative signal to investors so that the value of the company will decrease and the profit generated will also decrease. This is in line with research conducted by (Auliani, 2022) and (Paradila, Wijaya, & Widiasmara, 2019) which proves that profitability is not able to mediate the effect of leverage on firm value.

Effect of Leverage on Firm Value through Profitability as an Intervening Variable

The results show that indirectly, liquidity through profitability has a positive and insignificant effect. This means that profitability has not been able to mediate the effect of liquidity on firm value. The results of this study indicate that high liquidity does not always increase firm value even through profitability. Liquidity that is too high will cause idle assets so that assets are not used optimally to generate profits. This result is in line with research from (Pratiwi & Muthohar, 2019) and (Uli, Ichwanudin, & Suryani, 2020) which proves that profitability has not been able to mediate the effect of liquidity on firm value.

The effect of the BI Rate on firm value through profitability as an intervening variable

The results show that indirectly the BI rate through profitability has no significant positive effect. The results of this study indicate that a high BI rate will not always increase firm value even through profitability. The amount of interest rates can not always affect the company in earning profits and increasing the value of the company.

Some Islamic banking companies do not depend on interest rates in obtaining corporate profits so that profitability is not able to mediate the effect of the BI rate on firm value.

5. CONCLUSION

From the results of the research that has been done, it can be concluded that:

1. Leverage as measured by Debt To Equity Ratio (DER) has a significant positive effect on firm value as proxied by Price Book Value (PBV)
2. Liquidity as measured by Current Ratio (CR) has no significant positive effect on firm value as proxied by Price Book Value (PBV)
3. BI rate as measured by BI-7 Day Reserve Repo Rate (BI7DRR) has an insignificant negative effect on firm value as proxied by Price Book Value (PBV)
4. Leverage as measured by Debt To Equity Ratio (DER) has a significant negative effect on profitability as proxied by Return On Asset (ROA)
5. Liquidity as measured by Current Ratio (CR) has a significant positive effect on profitability as proxied by Return On Asset (ROA)
6. BI rate as measured by BI-7 Day Reserve Repo Rate (BI7DRR) has no significant positive effect on profitability as proxied by Return On Asset (ROA)
7. Profitability as measured by Return On Asset (ROA) has no significant positive effect on firm value as proxied by Price Book Value (PBV)
8. Profitability is not able to mediate the effect of leverage, liquidity, and BI rate on firm value

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