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CAPITAL STUCTURE, FIRM SIZE, VERTICAL INTEGRATION, EXPORT INTENSITY AND FIRM VALUE

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ABSTRACT

The textile and textile products (TPT) industry is one of Indonesia's strategic manufacturing sectors, yet its profitability and firm value have been challenged by increasing import competition, rising production costs, and global market uncertainty. This study examines the effect of capital structure, firm size, vertical integration, and export intensity on profitability and firm value of TPT companies listed on the Indonesia Stock Exchange during 2021-2024. A quantitative research design was employed using secondary data from annual financial statements, analyzed through Partial Least Squares (PLS). Profitability was measured by Gross Profit Margin (GPM), while firm value was measured by PRICE-TO-BOOK Value (PBV). The findings reveal that capital structure and vertical integration positively and significantly influence profitability, whereas firm size and export intensity have no significant effect. In addition, capital structure, firm size, and profitability positively affect firm value, while vertical integration and export intensity show no significant influence. This study contributes to the literature by providing empirical evidence on the determinants of profitability and firm value in Indonesia's TPT industry and highlights profitability as a key mechanism linking financial decisions to firm value. The study offers practical insight for managers and investors in improving corporate financial performance and value.

INTRODUCTION

The textile and textile products industry, commonly known as TPT, has become a popular and important sector, even considered the backbone of Indonesia. According to 2025 data from the Central Statistics Agency (BPS) and the 2021–2024 Ministry of Industry Performance Report, the manufacturing industry is the largest contributor to national GDP, with the non-oil and gas manufacturing industry being the primary contributor (Badan Pusat Statistik, 2025) However, it cannot be denied that this industry faces numerous challenges, including bankruptcies and massive layoffs(Ali et al., 2023). Government data on the textile industry, which showed stagnant conditions from 2018 to 2024, explains that TPT industry companies are facing difficulties, including affecting profitability and company value. The impact is evident in Figure 1, where TPT companies are closing, laying off, and furloughing workers.

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In 2018, textile imports reached a peak with a volume of 2.56 million tons and a value of US$10.02 billion. Although there was a decline in 2019 and 2020, textile imports rose again in 2021, reaching a value of US$9.43 billion and a volume of 2.21 million tons. In 2023, textile imports decreased to 1.96 million tons with a value of US$8.34 billion, but this figure was still relatively high compared to domestic production capacity. Meanwhile, in 2024, textile imports increased again, reaching a value of US$8.94 billion and a volume of 2.19 million tons. This situation makes it difficult for domestic products to compete, particularly on price, thus impacting the profitability of textile and textile-industry companies(Chandra et al., 2024).

This pressure is further exacerbated by high production costs, particularly for energy and raw materials, and low economies of scale compared to competitors such as China, India, and Vietnam. Furthermore, relatively relaxed import policies, such as Minister of Trade Regulation No. 8 of 2024, have facilitated the entry of imported textile products into the domestic market. Although the government has implemented various protectionist policies, such as safeguard duties (BMTP) and anti-dumping duties (BMAD), these policies have not been fully effective While they protect the industry, they also have the potential to increase production costs due to limited access to raw materials. In line with this, profitability is a key factor determining company value in the textile industry. High profitability reflects a company's ability to manage production costs and improve operational efficiency, thereby increasing investor confidence and boosting company value(Riyana et al., 2024). Conversely, declining profitability due to high import pressure and production costs can undermine market perceptions of company performance (Rasa & Setyawati, 2024).

Therefore, increasing profitability is a strategic step in maintaining and enhancing company value (Adityaputra & Perdana, 2024). An optimal capital structure can improve financing efficiency; company size reflects economies of scale and competitiveness; vertical integration can strengthen supply chains and operational efficiency, while export intensity opens up opportunities for market expansion. By analyzing these four factors, it is hoped that effective strategies can be formulated to increase profitability and company value in the textile and apparel industries amidst import pressures and global competition(Dewi et al., 2022).

This is in line with the trade-off theory, which states that the use of debt can increase company value through the benefits of a tax shield as long as it is at an optimal level (Adityaputra & Perdana, 2024). Capital structure has been widely recognized as an important determinant of corporate performance. According to the trade-off theory, an optimal level of debt provides tax shield benefits that can improve financial performance and ultimately increase firm value (Brigham & Houston, 2001). Empirical evidence by Riyana et al. (2024) and Adityaputra and Perdana (2024) also demonstrates that capital structure positively affects profitability and firm value. However, other studies argue that excessive leverage increases financial distress risk and interest expenses, which may reduce profitability, especially in industries experiencing unstable cash flows and declining demand. These inconsistent findings suggest that the relationship between capital structure and firm performance remains context-dependent.

The effect of company or firm size on profitability and firm value is also subject to debate. Large firms generally benefit from economies of scale, stronger bargaining power, and easier access to external financing, enabling them to improve operational efficiency and enhance firm value (Ahmed et al., 2023; Riyana et al., 2024). Conversely, Gunawan and Ramli (2023) found that firm size does not necessarily improve profitability because larger organizations often experience bureaucratic inefficiencies, higher operating costs, and slower decision-making processes. In highly competitive industries such as TPT, these disadvantages may offset the benefits associated with larger operational scale. Conversely, smaller companies tend to be more flexible but face limitations in access to capital and markets. Therefore, effective company size management is crucial to maintaining a balance between operational efficiency and increasing company value (Rasa & Setyawati, 2024).

In the context of the profitability issues of the textile and apparel industries in Indonesia, export intensity is a crucial factor to consider. Export intensity reflects a company's ability to expand its market globally, which theoretically can increase revenue and efficiency through economies of scale (Hoque & Das, 2024; Ferranti & Hindardjo, 2024). Companies that focus solely on the domestic market tend to face price pressures, high production costs, and fluctuating demand, potentially reducing profitability. Conversely, export-oriented companies have the opportunity to increase sales volume and tap into a broader market, thus driving increased profitability.

In addition to impacting profitability, export intensity also has the potential to impact company value. Companies with high export levels generally have better market diversification and higher revenue stability, thus sending positive signals to investors regarding the company's growth prospects and competitiveness (Hoque & Das, 2024). This can increase market confidence and impact company value. This study examined the textiles and textile industry listed on the Indonesia Stock Exchange (IDX). Data was collected from financial reports released by all textile and textile industry companies listed on the IDX. Companies are required to publish four financial reports annually: first-quarter, second-quarter, third-quarter, and annual reports(Kementerian Perindustrian Republik Indonesia, 2025).

Previous findings regarding vertical integration remain mixed. Transaction Cost Economics suggests that vertical integration reduces transaction costs, minimizes supply uncertainty, and improves operational efficiency, thereby enhancing profitability (Williamson, 1985). Empirical evidence from Mehzabin et al. (2023) also supports the positive impact of vertical integration on corporate performance. However, Beal Partyka and Laureano Paiva (2024) argue that vertical integration requires substantial capital investment and increases organizational complexity, which may reduce flexibility and fail to generate additional firm value. Consequently, the effectiveness of vertical integration largely depends on industry characteristics and managerial capability.

The relationship between export intensity and firm performance is perhaps the most controversial. Export-oriented firms are theoretically expected to achieve higher profitability through market diversification, economies of scale, and broader revenue opportunities (Hoque & Das, 2024). Likewise, Ferranti and Hindardjo (2024) found that export activities can contribute positively to firm performance. In contrast, other

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studies indicate that export expansion in labor-intensive and cost-sensitive industries may compress profit margins because firms are exposed to exchange rate volatility, rising logistics costs, and stronger international price competition (Goh & Simanjuntak, 2018). For Indonesia's TPT industry, which relies heavily on imported raw materials while simultaneously competing in global export markets, these opposing effects make the influence of export intensity uncertain

These conflicting empirical findings reveal that there is still no consensus regarding how capital structure, firm size, vertical integration, and export intensity influence profitability and firm value, particularly in Indonesia's textile and textile products industry during the post-pandemic period. Most previous studies were conducted in different industries or countries, while limited evidence specifically examines publicly listed Indonesian TPT companies under the unique conditions of increasing import pressure, rising production costs, and post-COVID-19 market recovery. This study addresses this gap by investigating the simultaneous effects of these four strategic variables on profitability and firm value using financial data from TPT companies listed on the Indonesia Stock Exchange during the 2021–2024 period.

This study utilizes financial report data from 2021 to 2024. The purpose of this study period was to examine the post-COVID-19 pandemic situation, where many textile and textile industry sectors are facing various challenges, one of which is profitability. Therefore, the researcher chose the title "The Effect of Capital Structure, Company Size, Vertical Integration, and Export Intensity on Profitability and Company Value for the 2021-2024 Period." The findings of this study can be used as a reference in formulating corporate strategies to maintain financial stability and increase profitability amidst global and domestic pressures. Furthermore, the findings of this study are also useful for corporate management in making appropriate strategic decisions, for investors in assessing the performance and prospects of textile and textile companies, and for the government in formulating policies that support the sustainability and competitiveness of the Indonesian textile and textile industry in the future.

HYPOTHESIS DEVELOPMENT

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Profitability represents a firm's ability to generate earnings from its operating activities and serves as an important indicator of financial performance. However, the relationship between profitability and firm value is not merely because profitable firms "attract investors." Conversely, low profitability can indicate problems with operational efficiency, cost control, or inappropriate business strategies. Furthermore, profitability also serves as an important signal for investors in assessing company performance (Tui et al., 2017; Sudiyatno et al., 2020). Companies with high profits tend to be more attractive to investors because they are perceived as having good future prospects (Riyana et al., 2024).

According to (Darmawan, 2020) profitability is a key factor in assessing the effectiveness of a company's financial performance because higher profitability indicates a greater ability to create shareholder value and maintain business continuity. This aligns with the view of (Hanafi & Halim, 2012) who stated that profitability influences various strategic corporate decisions, such as dividend policy, investment, and financing. Companies with high profitability have greater flexibility in allocating profits for business development, strengthening capital structures, and improving shareholder welfare.

Corporate value has a crucial influence on a company's sustainability and development, as it reflects the level of investor confidence in the company's performance and future prospects (Yu et al., 2015). The higher the company's value, which is generally reflected in an increase in share price, the greater investor interest in investing, thus increasing the company's opportunities to obtain external funding (Rasa & Setyawati, 2024). This situation demonstrates that corporate value is not only a performance indicator but also serves as a positive signal to the market regarding the quality of management and the company's growth prospects.

Furthermore, high corporate value also impacts a company's ease of access to capital markets and financial institutions, as investors and creditors tend to have more confidence in companies with strong performance and lower risk (Adityaputra & Perdana, 2024). With increased access to funding, companies can more freely undertake business expansion, investment, and operational development, ultimately

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enhancing their competitiveness. Therefore, maintaining and enhancing corporate value is crucial for management, as it directly impacts growth, sustainability, and shareholder prosperity.

The relationship between corporate strategic decisions and firm performance has been widely explained through several complementary theories in corporate finance and strategic management. One of the most prominent is the Trade-off Theory, which argues that firms seek an optimal capital structure by balancing the benefits of debt financing against the costs of financial distress (Brigham & Houston, 2001). Within this framework, debt financing generates tax shield advantages that reduce the overall cost of capital and improve financial performance, provided that leverage remains at an optimal level.

Beyond financing decisions, operational strategy also plays a crucial role in determining firm performance. Transaction Cost Economics proposes that firms can improve efficiency by internalizing activities previously conducted through market transactions (Williamson, 1985). Vertical integration enables companies to reduce transaction costs, minimize supply uncertainty, improve coordination across the production process, and strengthen control over quality and production inputs (Arora et al., 2025). These advantages are particularly relevant in industries such as textile and textile products (TPT), where raw material availability, production continuity, and cost efficiency strongly influence profitability.

Ultimately, improvements in profitability are expected to influence firm value through the mechanism explained by Signaling Theory (Spence, 1973). Because investors possess less information than managers regarding a firm's future prospects, profitability functions as a credible market signal that reduces information asymmetry. Firms capable of consistently generating higher profits demonstrate stronger operational efficiency, better resource allocation, and greater potential to produce future cash flows. From a corporate valuation perspective, investors assess firm value based on expectations of future earnings and cash-generating capacity rather than current accounting profits alone (Jia & Li, 2021; Sangadji et al., 2025). Consequently, this gives an explanation that sustainable profitability increases

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investor confidence, stimulates demand for company shares, raises stock prices, and ultimately enhances firm value.

These theoretical perspectives collectively provide the conceptual foundation for examining how capital structure, firm size, vertical integration, and export intensity influence profitability and firm value in Indonesia's textile and textile products industry during the 2021–2024 period. By the explanation provided above, firms capable of maintaining consistent profitability are expected to receive more favorable market valuations. Empirical evidence generally supports this theoretical argument. Riyana et al. (2024) found that profitability positively affects firm value because profitable firms provide stronger signals regarding future growth opportunities. Similarly, Rasa and Setyawati (2024) reported that profitability significantly mediates the relationship between financing decisions and firm value.

Based on the theoretical perspectives discussed previously, this study proposes several hypotheses regarding the relationships between capital structure, firm size, vertical integration, export intensity, profitability, and firm value. The proposed hypotheses are developed from the Trade-off Theory, Transaction Cost Economics, and Signaling Theory, as well as empirical findings from previous studies. This study proposes the following hypotheses:

H1: Capital structure positively affects profitability.
H2: Capital structure positively affects firm value.
H3: Firm size positively affects profitability.
H4: Firm size positively affects firm value.
H5: Vertical integration positively affects profitability.
H6: Vertical integration positively affects firm value.
H7: Export intensity positively affects profitability.
H8: Export intensity positively affects firm value.
H9: Profitability positively affects firm value.

METHODS

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This research was conducted using applied research methods. This research process is carried out to find a solution to a specific problem (Sekaran & Bougie, 2019). The primary objective of applied research is to solve a problem so that the research findings can be used for personal, organizational, industrial, or political purposes. This study aims to determine the effect of capital structure, company size, vertical integration, and export intensity on the profitability and value of textile and textile-based companies on the Indonesia Stock Exchange (IDX) from 2021 to 2024.

The method used is an explanatory research method. This method was developed to examine an event that has not been previously studied or has not been explained in detail through appropriate means (Sekaran & Bougie, 2019). Explanatory research will help in a deeper understanding of a problem by providing more information on a topic.

The object of this research is determined based on the IDX Industrial Classification (IDX-IC), focusing on sector E41: clothing and luxury goods, which includes companies producing clothing, footwear, and textile-based luxury goods and their derivatives. By subsector, this study covers E411 (apparel, accessories, and bags), E412 (footwear), and E413 (textiles). E412 (footwear) was not included in the study because its industry characteristics differ from those of textiles and textile products (TPT), both in terms of raw materials, supply chain, and market structure. The Indonesian footwear industry is more closely tied to leather, rubber, and other non-textile components, making it less representative for research on the profitability of the TPT sector. Furthermore, Hartadinata Abadi Tbk, although a gold and diamond jewelry manufacturer within the E411 sector, was also not included in this study because it lacks any connection to the TPT industry. Companies listed on the IDX during the 2021-2024 period Companies included in the study are those listed on the IDX and have published complete financial reports for the 2021-2024 period. 3. The company must have complete required data. The company must have data on its capital structure, company size, export intensity, profitability, and company value for the 2021–2024 period used in this study.

Table 1. TPT companies that have gone public in Indonesia

No	Company name	Emiten	IPO Date
1	Samcro Hyosung Adilestari Tbk	ACRO	11/01/2024
2	Argo Pantes Tbk	ARGO	07/01/1991

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3	Trisula Textile Industries Tbk	BELL	03/10/2017
4	Century Textile Industry Tbk	CNTX	22/05/1979
5	Eratex Djaja Tbk	ERTX	21/08/1990
6	Ever Shine Textile Industry Tbk	ESTI	13/10/1992
7	Indorama Synthetics Tbk	INDR	03/08/1990
8	Inocycle Technology Group Tbk	INOV	10/07/2020
9	Asia Pacific Investama Tbk	MYTX	10/10/1989
10	Pan Brothers Tbk	PBRX	16/08/1990
11	Golden Flower Tbk	POLU	26/06/2019
12	Asia Pacific Fibers Tbk	POLY	12/03/1991
13	Ricky Putra Globalindo Tbk	RICY	22/01/1998
14	Sejahtera Bintang Abadi Textile Tbk	SBAT	08/04/2020
15	Sunson Textile Manufacture Tbk	SSTM	20/08/1997
16	Tifico Fiber Indonesia Tbk	TFCO	26/02/1980
17	Trisula International Tbk	TRIS	06/28/2012

Sumber: (Bursa Efek Indonesia, 2025)

RESULTS

Capital Structure and Profitability in Textile and Textile Companies

The test results indicate that capital structure has a positive and significant effect on company profitability. This is indicated by the original sample coefficient (O) of 0.251, the t-statistic of 2.973 (> 1.96), and the p-value of 0.003 (< 0.05). Thus, the hypothesis that capital structure has a positive effect on profitability is accepted. Furthermore, based on the f-square result of 0.109, the effect of capital structure on profitability falls into the small effect category, indicating that although its influence is significant, the relative contribution of capital structure in explaining changes in profitability is still limited compared to other variables in the model.

This finding aligns with trade-off theory, which explains that the use of debt can provide benefits in the form of a tax shield, namely tax savings from debt interest expenses, as long as the leverage level remains at an optimal level(Brigham & Houston, 2001). Although the tax shield benefits primarily affect net income, an optimal capital structure also provides companies with funding flexibility to improve operational efficiency and production productivity. This can ultimately reduce

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production costs per unit and increase gross profit margins (Adityaputra & Perdana, 2024).

Therefore, it can be concluded that capital structure plays a crucial role in increasing the profitability of textile and textile-industry companies, as long as it is optimally managed and utilized for productive activities. Therefore, companies need to maintain an optimal balance between debt and equity and ensure that funds obtained from debt are properly allocated to productive activities to maximize Gross Profit Margin (GPM) growth without excessively increasing financial risk.

Capital Structure on Firm Value in Textile and Textile Industry Companies

The test results indicate that capital structure has a positive and significant effect on firm value. This is indicated by the original sample coefficient (O) of 0.384, the t-statistic of 2.299 (>1.96), and the p-value of 0.022 (<0.05). Therefore, the hypothesis that capital structure has a positive effect on firm value is accepted. Furthermore, based on the f-square value of 0.195, the effect of capital structure on firm value falls into the medium effect category. This indicates that capital structure plays a significant role in explaining variations in firm value compared to several other variables in the research model(Goh & Simanjuntak, 2018).

This finding aligns with trade-off theory, which states that the use of debt can increase firm value through tax shield benefits, namely tax savings from interest expenses (Brigham & Houston, 2001). As long as debt levels remain at optimal levels, the benefits of tax savings and capital cost efficiency can outweigh the risk of financial distress, enabling the company to maximize its value (Adityaputra & Perdana, 2024). In this context, debt is not merely viewed as a burden but also as a strategic instrument to strengthen the company's financing capacity.

Thus, it can be concluded that capital structure plays a significant role in increasing firm value, especially when optimally managed and used to support productive activities. Therefore, companies need to maintain a balance in the use of debt to maximize firm value without excessively increasing financial risk(Hermanto & Dewinta, 2023).

Company Size on Profitability in Textile and Textile Products Companies

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The test results indicate that company size has a negative and insignificant effect on profitability. This is indicated by the original sample coefficient (O) of -0.018, the t-statistic of 0.151 (<1.96), and the p-value of 0.880 (>0.05). Thus, the hypothesis that company size has a positive effect on profitability cannot be accepted. Furthermore, based on the f-square value of 0.001, the effect of company size on profitability is categorized as very small or almost insignificant (negligible effect), indicating that company size contributes little to explaining variations in profitability in textile and textile product (TPT) companies(Tey & Arsil, 2021).

This finding suggests that company size is not a primary factor determining profitability in textile and textile product (TPT) companies. This means that companies with large market capitalizations are not necessarily more efficient at generating profits than smaller companies. In other words, a large market scale does not automatically reflect a company's operational efficiency(Gunawan & Ramli, 2023).

Thus, it can be concluded that company size does not significantly influence the profitability of textile and textile industry companies in Indonesia for the 2021–2024 period, with the effect being practically insignificant. Therefore, companies need to focus not only on increasing business scale but also on operational efficiency, asset management, and appropriate business strategies to sustainably increase profitability. Furthermore, further research is recommended to use broader data coverage and a longer period to more robustly test the relationship between variables.

Company Size on Firm Value in Textile and Textile Industry Companies

The test results indicate that company size has a positive and significant influence on firm value. This is indicated by the original sample coefficient (O) of 0.323, the t-statistic of 3.185 (>1.96), and the p-value of 0.001 (<0.05). Therefore, the hypothesis that company size has a positive effect on firm value is accepted. Furthermore, the f-square value of 0.150 indicates that the influence of company size on company value is in the medium category (Anwar et al., 2023), meaning that company size contributes significantly to explaining variations in company value.

This finding aligns with the theory that company size reflects a company's economic strength, stability, and operational capacity. Larger companies generally have broader access to funding sources, greater expansion capabilities, and a stronger

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bargaining position in the market (Brigham & Houston, 2001); Dang et al., 2018)). Furthermore, larger companies also have a stronger bargaining position with suppliers, distributors, and financial institutions, which can strengthen the company's competitiveness in the market (Ahmed et al., 2023). This provides a positive signal to investors that the company has good future prospects.

Therefore, it can be concluded that company size plays a significant role in increasing company value, especially when measured using market capitalization, which directly reflects investor perceptions. Therefore, companies need to continue to increase their business scale in a healthy and sustainable manner, while maintaining operational efficiency so that the growth in company size can truly have a positive impact on increasing the company's value.

Vertical Integration's Profitability in Textiles and Textile Companies

The test results show that vertical integration has a positive and significant impact on company profitability. This is indicated by the original sample coefficient (O) of 0.574, the t-statistic of 3.254 (> 1.96), and the p-value of 0.001 (< 0.05). Thus, the hypothesis that vertical integration has a positive effect on profitability is accepted. Furthermore, the f-square value of 0.565 indicates that vertical integration has a large effect on company profitability (Anwar et al., 2023), making this variable one of the most dominant factors explaining changes in profitability in the research model(Fahmi, 2018).

This finding aligns with the transaction cost economics theory proposed by Williamson (1985), which states that vertical integration can reduce transaction costs arising from dependence on external parties. By internalizing the production process, companies can reduce negotiation costs, monitoring costs, and the risk of supply uncertainty, thereby increasing operational efficiency and profitability.

Thus, it can be concluded that vertical integration is a highly effective strategy for increasing the profitability of textile and textile product companies, particularly profitability as measured by gross profit margin. Therefore, companies need to consider strategically implementing vertical integration at the most critical stages of the value chain to maximize cost efficiency, increase profit margins, and strengthen competitiveness sustainably(Mehzabin et al., 2023).

Vertical Integration on Firm Value in Textile and Textile Companies

The test results indicate that vertical integration has a negative and insignificant effect on firm value. This is indicated by the original sample coefficient (O) of -0.240, the t-statistic of 1.597 (<1.96), and the p-value of 0.110 (>0.05). Therefore, the hypothesis that vertical integration has a positive effect on firm value cannot be accepted. Furthermore, the f-square value of 0.053 indicates that the effect of vertical integration on firm value is small (Anwar et al., 2023), indicating that this variable's contribution to explaining variations in firm value is relatively low.

This finding does not fully align with Porter's (1985) theory, which states that vertical integration can create competitive advantage through cost control and improved product quality, which should ultimately increase firm value. Furthermore, from the resource-based view (RBV), vertical integration enables firms to master strategic resources that are difficult to imitate, thereby creating sustainable competitive advantage and increasing firm value(Barney & Hesterly, 2019).

Thus, it can be concluded that vertical integration has not yet had a significant impact on firm value in textile and textile industry companies in Indonesia. Therefore, companies need to consider implementing vertical integration selectively and efficiently, ensuring that the strategy not only improves operational performance but also creates tangible added value for investors.

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Profitability on Firm Value in Textile and Textile Companies

The test results show that profitability has a positive and significant influence on firm value. This is indicated by the original sample coefficient (O) of 0.300, the t-statistic of 2.073 (> 1.96), and the p-value of 0.038 (< 0.05). Furthermore, the F-square value of 0.076 indicates that profitability has a small influence but still makes a significant contribution to changes in firm value. Therefore, the hypothesis that profitability has a positive effect on firm value is accepted(Beal Partyka & Laureano Paiva, 2024).

This finding aligns with signaling theory, which states that profitability is an important signal to investors regarding a company's future prospects and performance. Companies with high profitability provide a positive signal to the market that the company has the ability to generate sustainable profits, thereby increasing investor confidence and driving increased firm value (Rasa & Setyawati, 2024).

Therefore, it can be concluded that profitability plays a crucial role in increasing firm value. Companies that manage operations efficiently and generate optimal profits will command greater investor trust, leading to sustainable company value growth. Therefore, companies need to focus on improving operational efficiency, cost control, and employing appropriate business strategies to increase profitability in an effort to enhance company value.

CONCLUSION AND SUGGESTION

Based on the research results, the condition of textile and textile product (TPT) companies listed on the Indonesia Stock Exchange for the 2021–2024 period showed relatively low and fluctuating profitability, while firm value was influenced by various internal and external factors. The test results indicate that capital structure has a positive and significant effect on profitability and firm value. Firm size has a positive and significant effect on firm value, but not significantly on profitability. Vertical integration has a positive and significant effect on profitability, but not significantly on firm value. Meanwhile, export intensity has no significant effect on profitability or firm value. Other findings indicate that profitability has a positive and significant effect on firm value, indicating that a company's ability to generate profits is an important factor in increasing investor confidence and firm value. Overall, capital structure and profitability were the most consistent factors in improving firm performance and value in the textile and apparel industries during the study period.

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