

## **ABSTRACT**

*In the era of globalization, business competition between industries is getting tighter, so companies must compete to achieve their goals. Firm value is one of the company's goals which reflects the investor's perspective and valuation of the company. The ability to utilize resources efficiently and generate large profit indicates the company has a good performance that will be a great measurement to build investor's confidence thus the value of the company could be increased. However, in this study the capital structure (DER) and firm growth (AG) will be tested for their effect on the value of pharmaceutical companies (Tobin's Q) listed on the Indonesia Stock Exchange (IDX) in 2011-2020 and the role of profitability (ROA) will be tested as a mediation.*

*The population in this study was 12 pharmaceutical companies listed on the Indonesia Stock Exchange in 2011-2020. With the purposive sampling method, 9 companies were selected as samples. Multiple linear regression was used in testing the direct effect of the independent variables on the dependent variable. Path analysis was used in examining the indirect effect of the independent variables on the dependent variable through the intervening variable.*

*The results obtained in this study are DER has a negative and significant effect on ROA, AG has no significant effect on ROA. AG and ROA have a significant positive effect on Tobin's Q, while DER has no significant effect on Tobin's Q. Profitability is not able to mediate the effect of capital structure and firm growth on firm value. However, capital structure, company growth, and profitability together affect Tobin's Q.*

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