

The Effect of Profitability Liquidity and Company Size on Firm Value in Food and Beverage Companies on the Indonesia Stock Exchange (IDX) for the Period 2018-2022

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ABSTRACT

This study aims to determine the effect of profitability liquidity and company size on firm value in food and beverage companies on the Indonesian stock exchange (IDX) for the period 2018-2022. The data used in this study are quantitative data. The population in this study were 33 companies, and the samples used in this study were 12 companies. The observation period was carried out for 5 years, starting from 2018-2022. The data used is secondary data, namely data obtained directly in the form of financial reports on the site www.idx.co.id. The data analysis technique used uses statistical analysis, namely: The results of the study simultaneously show that profitability liquidity and company size have a significant effect on firm value in food and beverage companies listed on the Indonesian stock exchange (IDX) for the period 2018 - 2022. Then the partial research results profitability has no significant effect on firm value and liquidity has a negative and insignificant effect on firm value. While company size has a negative and significant effect on firm value.

Keywords: Profitability, Liquidity, Company Size, Company Value.

PENDAHULUAN

Financial statements, as a result of the company's activities, serve as a channel of information for external parties who are not included in the scope of the company's management. It provides the ability for them to understand the financial situation of the company at a certain period. Essentially, financial statements act as a source of information for investors, being one of the footholds in making investment decisions in the capital market. In addition, financial statements also serve as a means of management accountability for the management of resources entrusted to them. The level of information obtained from a company's financial statements depends on the extent to which the financial statements disclose relevant information.

The development of an economy can be seen from the increasing number of companies, especially those listed on the Indonesia Stock Exchange. These companies are categorised into several sectors, and regrouped into several sub-sectors. All companies are expected to contribute well to the Indonesian economy. One of them is the food and beverage industry sector, which is a sector that produces the daily needs of the general public. during a crisis, people still need daily necessities for consumption.

As the population increases, it will have a very good impact on the food and beverage industry sector, which can increase stability. Therefore, stocks in this sector are



stocks that have a very good defence when experiencing a crisis. In any situation, everyone really needs food and beverage goods to survive. In the midst of the Covid-19 pandemic, food and beverage companies are called defensive or resistant to crisis. Because the food and beverage sector has a very broad product diversification and always carries out the right strategy so that it can survive the impact of the pandemic.

But on the other hand, the influence of the covid 19 pandemic is also felt by the food and beverage sector, including this sector experiencing a tendency to continue to decline. Where the decline comes from the instability of the rupiah value in the midst of the global economy, this has a huge impact on investor interest in the food and beverage sector, which has decreased the level of people's purchasing power and is getting weaker (dyah ayu wulandari, 2021) In addition, investor interest in the food and beverage sector has decreased. Because market players are switching to the technology sector. From the influences on the food and beverage sector above, it has a huge impact on food and beverage consumption, including the potential for the company both in terms of production due to the purchase of increasingly expensive raw materials and also has an impact on selling value, both in terms of liabilities and corporate debt.

Suhadak and Arifin (2012) assert that the main goal of investors is to obtain profits from the results of their investment. So that various efforts are made by the company to make a profit as a form of responsibility for the welfare of the owner and increase business value (dyah ayu wulandari, 2021).

Increasing company value is a long-term goal that must be achieved by the company so that investors are more interested. The condition of a company is the value of the company, if the company has a good value then the company's performance is also good.

Liquidity describes the company's ability to meet its short-term financial obligations that must be met immediately when billed to maintain its liquidity. Liquidity ratio is a ratio that describes the company's ability to meet or pay its short-term obligations in a timely manner.

Company size is a reflection of the total assets owned by a company. The larger the size of the company, the more investors tend to pay attention to the company, so that it will increase the value of the company in the eyes of investors. Increased company value can be indicated by the company's total assets that have increased and are greater than the amount of company debt. This is because large companies tend to have more stable conditions. Determination of company size is based on the company's total assets.

METODE

This study employs associative research with a quantitative approach, focusing on determining relationships between two or more variables to develop theories that explain, predict, and control phenomena. Data collection utilizes documentation and literature studies, while analysis is quantitative, aiming to describe and test hypotheses. Conducted from February to May 2024, the research centers on the Food and Beverage industry companies listed on the Indonesia Stock Exchange (IDX) and examines profitability, liquidity, and company size using annual financial reports from 2018 to 2022. The population includes all 33 food and beverage companies listed on the IDX during the specified period. Using purposive sampling, the study selects companies that meet criteria such as consistently publishing complete financial reports in Indonesian rupiah and reporting positive profits. Quantitative data analysis techniques are applied, employing numerical calculations to derive precise and measurable conclusions. This approach enables hypothesis testing to determine relationships among the variables under investigation.

Table 3.4
List of Research Samples That Meet the Criteria

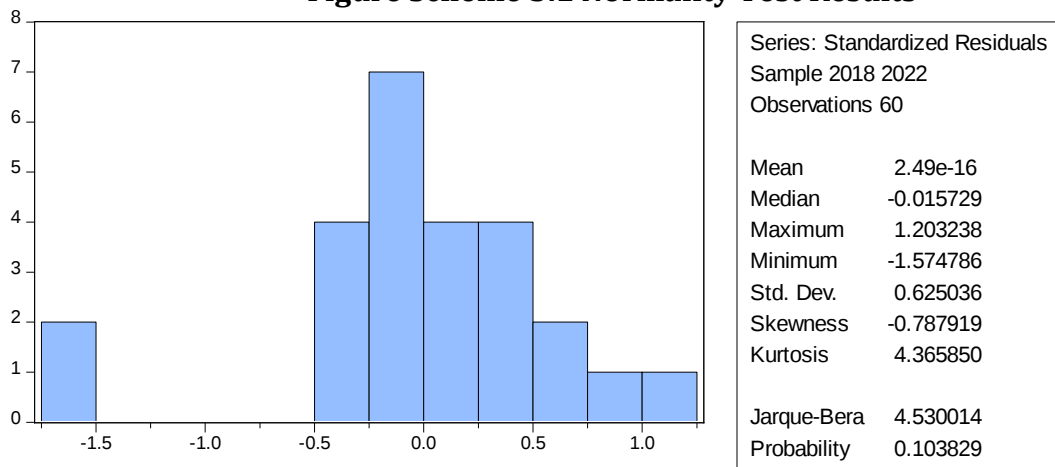
No	Company Name	Kode
1	PT Indofood Consumer Branded Product Tbk	ICBP
2	PT Ultrajaya Milk Industri and trending company Tbk	ULTJ
3	PT Mulia Boga Raya Tbk	KEJU
4	PT Tri Banyan Tirta Tbk	ALTO
5	PT Wilmar Cahaya Indonesia Tbk	CEKA
6	PT Nippon Indosari Corporindo Tbk	ROTI
7	PT Pratama Abadi Nusa Industri Tbk	PANI
8	PT Delta Jakarta Tbk	DLTA
9	PT Sariguna Primatirta Tbk	CLEO
10	PT Sekar Bumi Tbk	SKBM
11	PT Akasha Wira International Tbk	ADES
12	PT FKS Food Sejahtera Tbk	AISA

Source: Indonesia Stock Exchange (2022)

Data Analysis Technique

The data analysis method used by this research is quantitative data analysis method. This method uses numerical calculations, which will be used to make decisions when solving problems, and analyse the data obtained through theories related to the research so that conclusions can be drawn and can be tested precisely and measurably, whether a hypothesis can be accepted or rejected.

Figure Scheme 3.1 Normality Test Results



Source : Eviews10

Based on the picture of the normality test results above, it can be seen that the probability value of Jarque-Bera is $0.103829 > 0.05$, it can be concluded from the results of the normality test that the data is normally distributed.

Multicollinearity Test

According to Ghozali (2012), a good regression model is one in which there is no correlation between independent variables. An indication of multicollinearity in a model is indicated by the presence of a high coefficient of determination (R^2) but many independent variables are not significant. Multicollinearity can be detected by looking at the partial correlation value $<$ or equal to 0.80 then there is no multicollinearity problem,

otherwise if the correlation value is > 0.80 then it can be stated that there is a multicollinearity problem in this study.

Table 3.5 Multicollinearity Test Results

	X1	X2	X3
X1	1.000000	0.298091	-0.359914
X2	0.298091	1.000000	0.150485
X3	-0.359914	0.150485	1.000000

Source : Eviews10

Autocorrelation Test

The test method often used is the Durbin-Waston test (DW test) with the following conditions:

1. If DW is smaller than DL or greater than (4-DL) then the null hypothesis is rejected, which means there is autocorrelation.
2. If DW lies between DU and (4-DU) then the hypothesis is accepted, which means there is no autocorrelation.
3. If DW lies between DL and DU or between (4-DU) and (4-DL), then it does not produce a conclusion. The results of the autocorrelation test in this study can be seen in the table below:

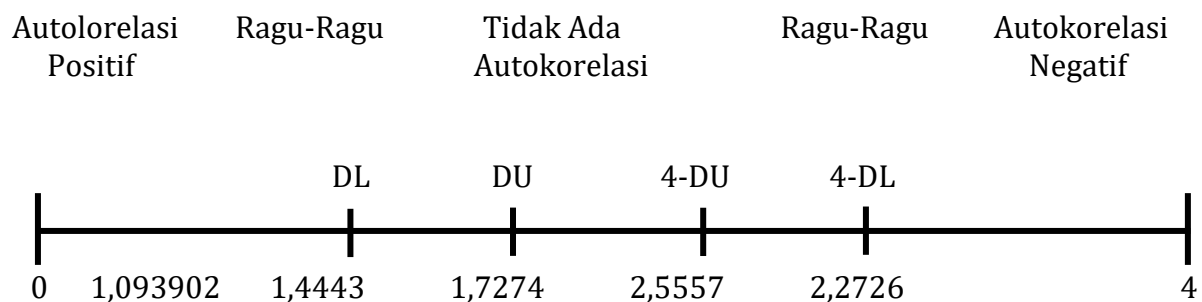


Table 3.6 Autocorrelation Test Results

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 05/28/24 Time: 23:05
Sample: 2018 2022
Periods included: 5
Cross-sections included: 12
Total panel (balanced) observations: 60
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.439447	0.739318	6.004785	0.0000
X1	2.383745	1.975541	1.206629	0.2410
X2	-0.119084	0.069682	-1.708956	0.1022
X3	-0.159458	0.025591	-6.231053	0.0000
Effects Specification				
			S.D.	Rho
Cross-section random			0.053969	0.0080
Idiosyncratic random			0.599149	0.9920

Weighted Statistics			
R-squared	0.708696	Mean dependent var	0.772785
Adjusted R-squared	0.667081	S.D. dependent var	1.155412
S.E. of regression	0.666663	Sum squared resid	9.333223
F-statistic	17.02987	Durbin-Watson stat	1.093902
Prob(F-statistic)	0.000008		
Unweighted Statistics			
R-squared	0.715429	Mean dependent var	0.788304
Sum squared resid	9.376091	Durbin-Watson stat	1.088901

Source : Eviews10

Heteroscedasticity Test

Dependent Variable: Y
Method: Panel EGLS (Cross-section random effects)
Date: 05/28/24 Time: 23:05
Sample: 2018 2022
Periods included: 5
Cross-sections included: 12
Total panel (balanced) observations: 60
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.439447	0.739318	6.004785	0.0000
X1	2.383745	1.975541	1.206629	0.2410
X2	-0.119084	0.069682	-1.708956	0.1022
X3	-0.159458	0.025591	-6.231053	0.0000

Effects Specification		S.D.	Rho
Cross-section random		0.053969	0.0080
Idiosyncratic random		0.599149	0.9920

Weighted Statistics			
R-squared	0.708696	Mean dependent var	0.772785
Adjusted R-squared	0.667081	S.D. dependent var	1.155412
S.E. of regression	0.666663	Sum squared resid	9.333223
F-statistic	17.02987	Durbin-Watson stat	1.093902
Prob(F-statistic)	0.000008		
Unweighted Statistics			
R-squared	0.715429	Mean dependent var	0.788304
Sum squared resid	9.376091	Durbin-Watson stat	1.088901

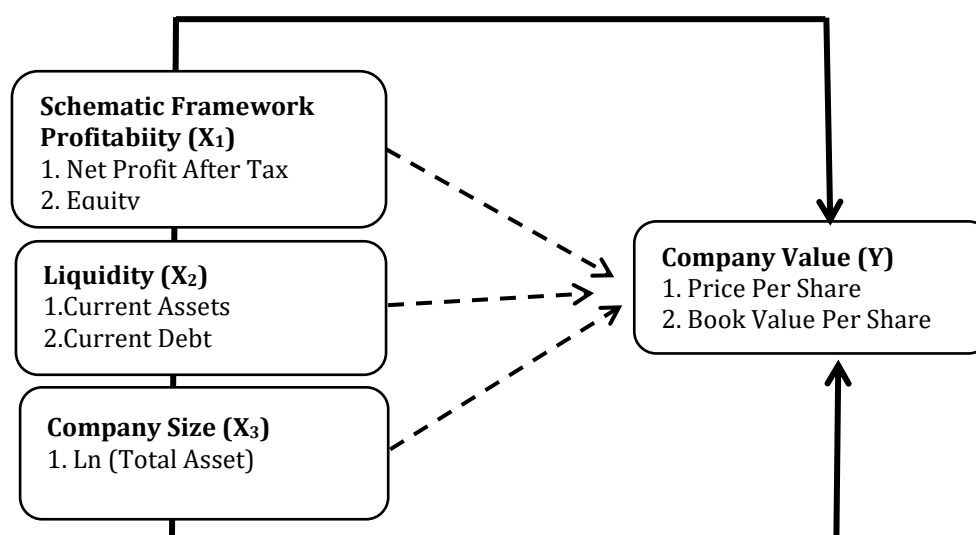
Source : Eviews10

Hypothesis and Conceptual Framework

- Profitability liquidity and company size have a simultaneous effect on firm value in food and beverage companies on the Indonesian stock exchange (IDX) 2018-2022 period.

- Profitability has a significant effect on firm value in food and beverage companies on the Indonesian stock exchange (IDX) 2018-2022 period.
- Liquidity has a significant effect on firm value in food and beverage companies on the Indonesian stock exchange (IDX) 2018-2022 period.
- Company size has a significant effect on firm value in food and beverage companies on the Indonesian stock exchange (IDX) 2018-2022 Period.

Schematic Drawing Table 2.1
Schematic Framework



Hypothesis Test

Hypothesis testing in this study uses multiple regression analysis. This analysis is used to determine the effect of several independent variables (X) on the variable (Y). Multiple linear analysis is carried out by testing the coefficient of determination, t test, and F test. Before doing regression, you should first test the feasibility of the model using the coefficient of determination and the F statistical test. The coefficient of determination (R²) can be seen from the R-square value of the Eviews 10 regression results. While the F statistical test can be seen in the F-Statistic value in the Eviews 10 regression results. The t statistical test is used to determine how far the influence of the independent variable partially explains the dependent variable.

Statistik Test F

The F test is used to test the effect of independent variables (profitability, liquidity and company size). Against the dependent variable (firm value). The significance level used is 0.05 with a two-party test (df) and Ftable, The following are the results of the F test output, namely:

Table 4.12 F Test Results

R-squared	0.708696	Mean dependent var	0.772785
Adjusted R-squared	0.667081	S.D. dependent var	1.155412
S.E. of regression	0.666663	Sum squared resid	9.333223
F-statistic	17.02987	Durbin-Watson stat	1.093902
Prob(F-statistic)	0.000008		

Source : Eviews10

Based on the Fcount value contained in the table above, the value is 17.02987 with a significant 0.00000, this value (<0.05) while F_{table} is 2.77 with a significant level of 0.05. this means that F_{hitung} is in the H_0 rejection area.

In these results it can be seen that Fcount is greater than Ftable ($17.02987 > 2.77$), this means that H_0 is rejected so that it can be concluded that simultaneously (simultaneously) the effect of profitability, liquidity and company size as an independent variable (X) has a significant effect on firm value as the dependent variable (Y).

Statistik Test t

The t test is a regression tool used to show the magnitude of the influence of each independent variable (profitability, liquidity and company size) on the dependent variable (company value). With the decision-making criteria is if $t_{count} < t_{table}$ then H_0 is accepted, meaning X has no effect on Y. Conversely, if $t_{count} > t_{table}$ then H_0 is rejected, meaning X has an effect on Y. With a significance level of $\alpha = 5\%$, if the prob value $> \alpha$ (0.05) then it is not significant, otherwise if the prob value $< \alpha$ (0.05) then it is significant. The following are the results of the t test research, namely:

1. The effect of profitability on firm value

Based on the test results above, partially the effect of variable X_1 (profitability) on firm value is obtained t_{count} value of 1.206629 smaller than the T_{table} value of 1.673 ($1.206629 < 1.673$) and a probability (significance) value of 0.2410 which means greater than the significance level ($0.2410 > 0.05$) which means H_0 is accepted and H_1 is rejected. So it can be concluded that the profitability variable has no effect and is not significant to the value of the company in food and beverage companies on the Indonesian stock exchange (IDX) in 2018-2022.

2. The effect of liquidity on firm value

Based on the test results above, partially the effect of variable X_2 (liquidity) on firm value is obtained a t_{count} value of -1.708956 smaller than the T_{table} value of 1.673 ($-1.708956 > 1.673$) and a probability (significance) value of 0.5715 which means greater than the significance level ($0.1022 > 0.05$) which means H_0 is accepted and H_1 is rejected. So it can be concluded that the liquidity variable has a negative and insignificant effect on firm value in food and beverage companies on the Indonesian stock exchange (IDX) 2018-2022.

3. The effect of company size on firm value

Based on the test results above, partially the effect of variable X_3 (company size) on firm value is obtained a t_{count} value of: -6.231053 is greater than the T_{table} value of 1.673 ($-6.231053 > 1.673$) and the probability (significance) value of 0.0000 which means less than the significance level ($0.0000 < 0.05$) which means H_0 is rejected H_1 is accepted. So it can be concluded that the company size variable has a negative and significant effect on firm value in food and beverage companies on the Indonesian stock exchange (IDX) 2018-2022.

Determination Test (R^2)

The purpose of this analysis is to calculate the magnitude of the influence of the independent variable on the dependent variable. The coefficient of determination is 0 and the value is 1. A coefficient value close to zero means that the ability of all independent variables to explain the dependent variable is very limited, while a coefficient of determination close to zero means that the independent variable almost provides the information described to predict the variation in the dependent variable.

Table 4.13 R2 Test Results

R-squared	0.708696	Mean dependent var	0.772785
Adjusted R-squared	0.667081	S.D. dependent var	1.155412
S.E. of regression	0.666663	Sum squared resid	9.333223
F-statistic	17.02987	Durbin-Watson stat	1.093902
Prob(F-statistic)	0.000008		

Sumber : Eviews10

In the table above, it is known that the Adjusted R-Squared value is 0.667081. then it is concluded that the effect of independent variables (profitability, liquidity and company size). In explaining the dependent variable (company value).

RESULTS AND DISCUSSION

Effect of profitability, liquidity and company size on firm value

The results of the hypothesis simultaneously show that the independent variables which include profitability liquidity, and company size significantly affect simultaneously the value of the company in food and beverage companies on the Indonesian stock exchange (IDX) for the 2018-2022 period. This indicates that these three factors have a simultaneous contribution in determining the value of the company in food and beverage companies.

The hypothesis confirms that liquidity profitability and firm size have a significant relationship to firm value, which supports these factors as important determinants in the performance of food and beverage companies in the Indonesian capital market during the period.

Effect of Profitability on Company Value

Based on the partial test results that the profitability variable has no effect and is not significant to the value of the company in food and beverage companies on the Indonesian stock exchange (IDX) for the 2018-2022 period. Profitability is an important indicator that describes the company's ability to generate profits or profits by using the resources it has.

An increase in profitability may indicate an improvement in the company's performance, which in turn may increase investor interest in investing in the company's shares. This is because higher profits are usually perceived as a positive sign about the company's prospects and stability. Therefore, the results of this study make an important contribution by showing that profitability has a significant role in determining firm value in food and beverage companies in the Indonesian capital market. This reinforces the importance of effective financial management and appropriate business strategies to increase profitability and in turn increase firm value.

This statement is also supported by research conducted by Savitri (2021) with the title The effect of profitability and company size on firm value with capital structure as an intervening variable (Study on manufacturing companies listed on the Indonesian stock exchange in 2017-2019). The results show that the profitability ratio and company size have no effect on the value of manufacturing companies listed on the Indonesian stock exchange.

The effect of liquidity on firm value

Based on the research results that the liquidity variable has a negative and insignificant effect on firm value in food and beverage companies on the Indonesia Stock Exchange (IDX) 2018-2022 period. Liquidity is an important indicator that describes the company's ability to fulfill its long-term obligations using the company's current assets.

However, the results that show that the effect of liquidity is not significant do not mean that liquidity is not important. Liquidity remains a critical factor in corporate financial management, as it affects the company's ability to deal with urgent financial obligations and maintain smooth operations. Financial managers need to pay attention to the company's liquidity level and carefully manage the supply of funds available to pay off short-term obligations. Although this study did not find a significant relationship between liquidity and firm value, it is still important to pay attention and maintain a healthy level of liquidity in an effort to maintain the stability and continuity of the company's business.

This statement is also supported by previous research conducted by lili iftah istiana (2021) with the title influence of liquidity, leverage and profitability on the value of infrastructure, utility and transportation sector companies listed on the Indonesia stock exchange. These results show that liquidity has a negative and insignificant effect on the value of infrastructure, utility and transportation sector companies.

The effect of company size on firm value

Based on the results of the study that the firm size variable has a negative and significant effect on firm value in food and beverage companies on the Indonesian stock exchange (IDX) in 2018-2022. This means that the larger the company size, the lower the company value.

The negative effect of company size on firm value can also be caused by investors who think that companies with large total assets tend to set larger retained earnings compared to dividends distributed to shareholders. Large company size can indeed reflect the good development and growth of the company. However, the results show that in the context of food and beverage companies on the IDX, a larger company size actually correlates with lower firm value. This may be due to a number of factors, such as operating efficiencies that go hand in hand with larger firm size, complexity in management, or structural problems within the firm. Nonetheless, these results suggest that managers need to pay critical attention to the impact of firm size growth on firm value, and may need to evaluate and restructure in an effort to increase overall firm value.

This statement is also supported by previous research conducted by usvita amanda (2022) with the title of the effect of profitability, company size, and leverage on firm value in cigarette sub-sector companies listed on the Indonesian stock exchange in 2011-2020. The results state that the company size variable proxied through SIZE has a positive effect on firm value.

Company size is a measurement scale that shows the size or size of a company through its total assets and total sales (Habsari & Akhmadi, 2018). Company size is also a scale or variable that describes the size or size of a company in various ways, among others, with the company's total assets.

CONCLUSIONS

The findings of this research on the influence of profitability, liquidity, and company size on firm value in food and beverage companies listed on the Indonesia Stock Exchange (IDX) for the 2018–2022 period reveal several conclusions. Simultaneously, profitability, liquidity, and company size collectively impact the firm value within the industry. However, partial analysis presents varied effects: profitability does not significantly influence firm value, while liquidity exhibits a negative yet insignificant effect on firm value. Conversely, company size demonstrates a negative but significant effect on firm value, indicating that larger company sizes may inversely correlate with value within the examined context.

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